

Directors' report

The Directors present their report together with the financial statements of Commodities Group Limited (referred to hereafter as the Group) consisting of Commodities Group Limited and the entities it controlled at the end of or during the year ended 30 September 2014.

Directors

The following persons were Directors of Commodities Group Limited during the whole of the financial year and up to the date of this report:

Ian Norman Trahar
 Harley Ronald Whitcombe
 Dr Christopher David Mitchell
 Paul John Favretto

Andrew Grant was Chief Executive Officer and an Executive Director until his resignation on 21 January 2014.

Principal activities

The Group's principal continuing activity during the year consisted of aquaculture project development, aquaculture operations, carbon project management (Australia, New Zealand and Vietnam), the provision of environmental services (advisory in ecosystem offsets and carbon farming projects), and trading environmental credits.

Review of operations

The Group has reported a loss for the year after taxation of \$6,649,228 (2013: loss \$6,779,523).

A summary of consolidated revenues and results for the year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2014	2013	2014	2013
Consolidated	\$	\$	\$	\$
Carbon services	17,382,355	43,745,896	1,440,089	579,072
Aquaculture	4,979,411	5,593	(4,005,648)	(5,588,886)
Other	1,330,727	1,588,502	35,029	804,179
Total segment revenue/result	23,692,493	45,339,991	(2,530,530)	(4,205,635)

Segment results are adjusted earnings before interest and tax, which is the measure of segment result that is reported to the strategic steering committee to assess the performance of the operating segments.

Comments on the operations and the results of those operations are set out below:

Carbon Services

The Group delivered a profitable result at the operating level across its portfolio of carbon, trading and environmental activities.

Carbon services

The company successfully delivered major biodiversity plantings in Western Australia, New South Wales and Victoria for the Commonwealth Government and Parks Victoria.

Our major program of work to transition the carbon projects we manage into the Carbon Farming Initiative and to create ACCUs continued with a very large body of work successfully completed. The company has an exemplary record in managing the complex processes of in-field sampling and measurement, preparation of off-sets reports, carbon audit prior to ACCU issuance.

Review of operations (continued)

Carbon Services (continued)

Carbon services (continued)

With the recent passage of the legislation to implement the Australian Government's Direct Action package, these projects will remain able to produce ACCUs.

The company restructured its operations to ensure that it allocates appropriate resources to the contracted management of its plantations.

Advisory services

CO2 Australia's dedicated team of environmental and technical professionals continue to deliver outstanding service to their blue-chip clients. The advisory team specialises in a number of areas, notably biodiversity offsets in which both State and Commonwealth requirements need to be met. The pipeline of resource projects particularly in Queensland translates to a continuing need for CO2 Australia's services.

Trading

Carbon Banc continues to selectively trade a range of instruments. Returns throughout 2014 were volatile driven in part by the nature of the instruments but also the contested policy domain which underlies the creation of some certificates. In particular the REC market faced challenges as a result of the Warburton Review and associated media commentary. Nonetheless, trading in the voluntary sector and through compliance carbon instruments offered opportunities well-captured by the company. Environmental trading represents a very dynamic space and the Board retains a close oversight of all trading activities with a preparedness to respond to changes quickly.

Aquaculture

Our aquaculture business Seafarms Group Limited (Seafarms) has had a company-defining year having undertaken significant acquisitions, commenced farming operations, continued to advance its major greenfield project and been awarded a major R&D grant. Seafarms reported a loss for the period but with farming operations producing a small start-up year profit and with an earnings growth outlook expects to be able to fund the final planning of Project Sea Dragon over the next year.

Farming Operations

Seafarms commenced its first prawn farming operations this year after successfully acquiring two farm assets in North Queensland and combining them into a single operation. The two acquisitions comprising a hatchery in Innisfail, two growout farms and a processing plant in Cardwell as well as another growout farm in Ingham has given Seafarms a large-scale integrated hatchery-growout-processing hub which is now Australia's largest producer of farmed prawns.

Due to the timing of the acquisitions, the growout production was only operated for about half of this financial year and produced around 600 tonnes of fresh and cooked prawns sold into Australian and some export markets.

Seafarms produces two types of prawns: bananas and black tigers sold under the unique Crystal Bay™ Prawns brand which are available in supermarkets, seafood markets and wholesalers and can be found on the menus at many fine restaurants across Australia.

Having established a major prawn farming operation in Queensland, Seafarms has continued to look for other strategic opportunities to grow and make the business more efficient.

Project Sea Dragon

Seafarms has continued to develop its plans to leverage from our Queensland farming operations platform into a world-class greenfield development in northern Australia via the company's Project Sea Dragon. Project Sea Dragon, a 100,000 tonne per annum prawn farming operation has continued to progress through feasibility studies and the company is well advanced in securing land tenure arrangements in several preferred locations in northern Australia. Upon securing land on one of more of these sites, Seafarms is targeting to receive planning & environmental permits in the 2014-15 year with an outlook to commencing operations in 2017-18.

Review of operations (continued)

Aquaculture (continued)

Research & Development

Also significant this year and an integral step to advancement of both our Queensland operations and Project Sea Dragon was the Australian Research Councils' award of a prestigious funding grant to a research consortium that will map the genome of the Black Tiger Prawn, in which Seafarms is the industry partner.

This \$5M *Industrial Transformation Research Hub* program - led by Townsville's James Cook University and involving CSIRO, the Australian Genome Research Facility, Sydney University and the Vlaams Instituut voor Biotechnologie in Belgium - will for the first time link the genetics of the black tiger prawn to the selection of superior breeds. Seafarms' hub of aquaculture assets situated in the Ingham-Cardwell region will be the industry research laboratories for the project that will lead to the most advanced selective breeding program in the world, transforming the productivity of Australian prawn farming operations for this important aquaculture species globally.

Seafarms' Exmouth operations site continues to be upgraded and following receipt of permits from the Western Australian government will be used to quarantine, hold and test wild-caught prawn broodstock for translocation and introduction into Seafarms breeding programs, genomic research and founder population development for Project Sea Dragon.

Significant changes in the state of affairs

Contributed equity increased by \$10,063,346 (from \$44,288,480 to \$54,351,826) as the result of a rights issue. Details of the changes in contributed equity are disclosed in note 30 to the financial statements.

Matters subsequent to the end of the financial year

Since 30 September 2014 Commodities Group Limited has acquired the assets and business of Coral Seafarms Pty Ltd, a prawn farm 45 km from Seafarm Queensland Pty Ltd for cash consideration of \$4,200,000. The vendor has provided \$3,800,000 finance repayable over 3 years.

The fair value of the net identifiable assets of the Company at the date of acquisition has been provisionally determined to be \$4,200,000 and accordingly there is no purchased goodwill.

Except for the new acquisition discussed above, no other matter or circumstance has arisen since 30 September 2014 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Information on directors

Ian Norman Trahar B.Ec, MBA. *Executive Chairman*

Experience and expertise

Mr Trahar has a resource and finance background. He is a director and significant shareholder of Avatar Industries Pty Ltd, an unlisted public company. Ian is a member of the Australian Institute of Company Directors.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chair of the board.

Member of the audit committee.

Member of remuneration committee.

Interests in shares and options

329,706,461 shares in Commodities Group Limited.

Harley Ronald Whitcombe B.Bus, CPA. *Executive Director.*

Experience and expertise

Mr Whitcombe has had many years' commercial and finance experience, providing company secretarial services to publicly listed companies. He is a member of the Australian Institute of Company Directors.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chief Financial Officer of Commodities Group Limited & Company Secretary.

Interests in shares and options

12,013,259 ordinary shares in Commodities Group Limited.

Dr Christopher David Mitchell PhD, BSc (Hons), GAICD. *Executive Director.*

Experience and expertise

Dr Mitchell has a PhD in biology from the University of Melbourne, is a graduate of the Australian Institute of Company Directors and has a 20 year involvement in Australian and international climate change research. He is an Adjunct Professor at the School of Environmental Science Murdoch University. Prior to joining the Group full time Dr Mitchell was Foundation Director of the Centre for Australian Weather and Climate Research, a partnership between CSIRO and the Bureau of Meteorology, and was CEO of the Cooperative Research Centre for Greenhouse Accounting. He chaired the Victorian Climate Change Minister's Reference Council on Climate Change Adaptation and is on the CSIRO's Environment and Natural Resources Sector Advisory Committee.

Information on directors (continued)

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Member of the audit committee.

Member of remuneration committee.

Interests in shares and options

1,903,050 ordinary shares in Commodities Group Limited.

Paul John Favretto LL.B. *Non-executive Director.*

Experience and expertise

Mr Favretto was previously Managing Director of Avatar Industries Limited. Before that Mr Favretto worked for 20 years in the financial services industry holding senior management positions with Citibank Limited (1976 to 1985) and Bankers Trust Australia Limited (1986 to 1994).

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of remuneration committee.

Chairman of audit committee.

Interests in shares and options

30,000,000 ordinary shares in Commodities Group Limited.

Company secretary

The Company secretary is Mr Harley Ronald Whitcombe B.Bus, CPA. Mr Whitcombe was appointed to the position of Company secretary on 12 November 2001. Mr Whitcombe has had many years' commercial and finance experience, providing company secretarial services to publicly listed companies. He is a member of the Australian Institute of Company Directors.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 September 2014, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
Ian Norman Trahar	12	14	2	2	1	1
Harley Ronald Whitcombe	14	14	-	-	-	-
Andrew William Thorold Grant	4	5	-	-	-	-
Dr Christopher David Mitchell	14	14	2	2	-	1
Paul John Favretto	14	14	2	2	1	1

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Retirement, election and continuation in office of directors

Remuneration report (audited)

The Directors are pleased to present your Company's 2014 remuneration report which sets out remuneration information for Commodities Group Limited's non-executive Directors, executive Directors and other key management personnel.

Non-executive director remuneration policy

The shareholders of Commodities Group Limited on 24 February 2012 approved, for the purposes of the ASX Listing Rules and Commodities Group's Constitution, an increase in the maximum aggregate directors' fees to \$400,000, with such fees to be allocated to the directors as the board of directors may determine.

The Board determines the remuneration payable to the non-executive directors. The remuneration covers the non-executive directors for both their work as a director and as a member of any committees.

The Remuneration Committee determines the remuneration of all non-executive directors, none of whom have service contracts with the company.

Executive remuneration policy and framework

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- performance linkage / alignment of executive compensation;
- transparent; and
- acceptable to shareholders.

Alignment to shareholders' interests:

- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience; and
- provides recognition for contribution.

The board has established a remuneration committee which makes recommendations to the board on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non executive directors. The Corporate Governance Statement provides further information on the role of this committee.

The executive remuneration and reward framework has three components:

- base pay and benefits, including superannuation
- short-term performance incentives, and
- long-term incentives through participation in the CO2 Employee Option Plan.

The combination of these comprises an executive's total remuneration. The Group intends to conduct a review of the incentive plans during the year ending 30 September 2015 to ensure continued alignment with financial and strategic objectives.

Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Remuneration report (audited) (continued)

Executive remuneration policy and framework (continued)

Base pay and benefits (continued)

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

Short-term incentives

If the Group achieves a pre-determined profit target set by the remuneration committee, a short-term incentive (STI) pool is available to executives and other eligible participants. Cash incentives (bonuses) are payable on 15 November each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The distribution of the STI pool is at the discretion of the Executive Chairman.

Long-term incentives

Long-term incentives are provided to certain employees via the Commodities Group Limited Employee Incentive Plan which was approved by shareholders at the 2010 annual general meeting.

The Commodities Group Limited Employee Incentive Plan is designed to provide long-term incentives ("LTI") for executives to deliver long-term shareholder returns. Under the plan, participants are granted Performance Rights which only vest if certain performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

There are three tranches of Performance Rights each with a different vesting condition. The first tranche was dependent upon the employee still being employed by the Group on 30 September 2012. The second tranche vested on 1 February 2013 as the audited results for the prior financial year produce an average ROCE of 25% or greater. The ROCE calculation is modified to exclude bank balances and deferred income from the average capital employed, and interest income and profit on sale of fixed assets from EBIT. The final tranche of Performance Rights did not vest on 1 February 2014 because the average ROCE for the 24 month period to 30 September 2013 was not 25% or greater.

(a) Voting and comments made at the company's 2013 Annual General Meeting

Commodities Group Limited received more than 98% of "yes" votes on its remuneration report for the 2013 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(b) Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) of Commodities Group Limited and the Group are set out in the following tables.

The key management personnel of Commodities Group Limited includes the directors as listed below:

- Ian Norman Trahar (Chairman and Executive Director)
- Andrew William Thorold Grant (Chief Executive Officer and Executive Director until his resignation on 21 January 2014)
- Harley Ronald Whitcombe (Executive Director and Company Secretary)
- Dr Christopher David Mitchell (Executive Director)
- Dr Malcolm Brian Hemmerling (Non-executive Director until his resignation 26 July 2013)
- Paul John Favretto (Non-executive Director)

In addition to the directors the following executives that report directly to the Board are key management personnel:

Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

Amounts of remuneration (continued)

- Aaron Soanes (Director and General Manager of Operations, CO2 Australia Limited)
- Dr James Bulinski (Director, CO2 Australia Limited)
- Dallas Donovan (Chief Operating Officer, Seafarms Group Limited)
- Paul Thomas (Sales Director, CO2 Australia Limited, until 31 July 2013)

The following tables show details of the remuneration received by the Directors and the key management personnel of the Group for the current and previous financial year.

2014	Short-term employee benefits		Post-em	Long-	Share-based payments			Total
	Cash salary and fees	Cash bonus*	Non-monetary benefits	employment benefits	term benefits	Termination benefits	Performance rights	
Name	\$	\$	\$	Super-annuation	Long service leave	\$	\$	\$
Non-executive Directors								
P Favretto	35,200	-	-	24,922	-	-	-	60,122
Sub-total non-executive directors	35,200	-	-	24,922	-	-	-	60,122
Executive Directors								
I Trahar	240,450	-	-	23,529	4,388	-	-	268,367
H Whitcombe	291,641	-	-	27,172	4,942	-	-	323,755
A Grant (until 21 January 2014)	136,075	-	20,881	44,389	-	563,771	-	765,116
C Mitchell	244,398	-	19,779	22,760	4,460	-	-	291,397
Other key management personnel (Group)								
A Soanes	201,983	-	-	18,796	3,285	-	-	224,064
J Bulinski	182,160	-	15,888	16,964	3,324	-	-	218,336
D Donovan (from 1 October 2013)	241,500	15,000	-	23,877	4,407	-	-	284,784
Total key management personnel compensation (Group)	1,573,407	15,000	56,548	202,409	24,806	563,771	-	2,435,941

* The cash bonus was paid to D Donovan on 23 December 2013 for successfully negotiating the purchase of the business and assets of Seafarm Pty Ltd (refer to note 36).

Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

2013	Short-term employee benefits		Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Non-monetary benefits			Termination benefits	Performance rights	
Name	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors							
M B Hemmerling (retired 26 July 2013)	41,711	-	7,929	-	-	-	49,640
P Favretto	33,383	-	26,601	-	-	-	59,984
Sub-total non-executive directors	75,094	-	34,530	-	-	-	109,624
Executive Directors							
I Trahar	239,156	-	23,529	4,378	-	-	267,063
H Whitcombe	295,184	-	33,756	4,931	-	-	333,871
A Grant (until 21 January 2014)	406,028	33,900	36,798	7,433	-	74,522	558,681
C Mitchell	240,322	11,011	27,014	4,450	-	37,261	320,058
Other key management personnel (Group)							
A Soanes	233,450	-	21,156	5,135	-	18,630	278,371
J Bulinski	182,700	15,041	16,557	4,018	-	18,630	236,946
P Thomas (until 31 July 2013)	186,957	-	17,519	-	32,138	-	204,476
Total key management personnel compensation (Group)	1,858,891	59,952	210,859	30,345	32,138	149,043	2,309,090

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Consolidated

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Executive Directors of Commodities Group Limited						
I Trahar	100%	100%	-%	-%	-%	-%
H Whitcombe	100%	100%	-%	-%	-%	-%
A Grant	100%	87%	-%	-%	-%	13%
C Mitchell	100%	88%	-%	-%	-%	12%
Other key management personnel of the group						
A Soanes	100%	93%	-%	-%	-%	7%
J Bulinski	100%	92%	-%	-%	-%	8%
D Donovan	100%	-%	-%	-%	-%	-%
P Thomas (until 31 July 2013)	-%	100%	-%	-%	-%	-%

(c) Service agreements

Remuneration has been determined after the Remuneration Committee, for executive directors, and the Board, for group executives, has investigated current market terms and conditions.

The Remuneration Committee will continue to revise the remuneration practices and develop policy for future appointments and determine performance-based salary increases and bonuses, bearing in mind the size of the Group and the need to ensure quality staff are employed and retained.

Remuneration report (audited) (continued)

(c) Service agreements (continued)

I Trahar, H Whitcombe, Executive Directors:

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer may terminate employment on giving twelve months notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The employee may terminate on giving three months notice.

A Grant Chief Executive Officer of Commodities Group Limited and Managing Director of subsidiary CO2 Australia Limited (until 21 January 2014) and C Mitchell, Executive Director and Managing Director of CO2 Australia Limited (from 21 January 2014):

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer may terminate employment on giving six months notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to six months of base salary for the unexpired period of notice;
- In the event of redundancy, six months base salary is to be paid plus payment equivalent to three weeks of base salary for each completed year of service;
- Salary-packaged motor vehicle is included.

A Soanes Director and Manager of Operations, CO2 Australia Limited:

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer or employee may terminate employment on giving one months notice;
- In the event of redundancy, three months base salary is to be paid plus payment equivalent to two weeks of base salary for each completed year of service;

J Bulinski Director, CO2 Australia Limited

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer or employee may terminate employment on giving one months notice;

D Donovan Chief Operating Officer, Seafarms Group Limited

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer or employee may terminate employment on giving one months notice;

(d) Share-based compensation

No options over ordinary shares in the company were provided to any director or key management personnel of the parent entity or the Group during the year (2013: Nil). Additionally, the final tranche of Performance Rights did not vest during the year as the performance conditions were not achieved. There are currently no option or share schemes that may affect remuneration in future reporting periods.

Shares provided on exercise of options

No shares were provided to any Director of Commodities Group Limited or other Key Management Personnel on exercise of options during the financial year.

Remuneration report (audited) (continued)

(d) Share-based compensation (continued)

Shares provided on exercise of options (continued)

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the last five financial periods:

	Year ended 30 September				15 months
	2014	2013	2012	2011	30 September
	\$	\$	\$	\$	\$
Revenue	23,692,492	45,339,991	64,263,790	35,424,605	27,714,064
Net profit/(loss) before tax	(8,045,200)	(10,735,144)	7,045,442	2,206,062	(4,701,603)
Net profit/(loss) after tax	(6,649,228)	(6,779,523)	4,912,698	1,549,727	(345,464)

	30 September				
	2014	2013	2012	2011	2010
Share price at start of year	6c	10c	16c	20c	34c
Share price at end of year	6c	6c	10c	16c	20c
Dividend	-	-	-	-	-
Basic earnings/(loss) per share	(1.36)c	(1.50)c	1.19cps	0.52cps	(1.20)cps
Diluted earnings/(loss) per share	(1.36)c	(1.50)c	1.12cps	0.42cps	(1.20)cps

Changes in the wealth of the business prior to the 2012 financial year bore no relationship to the remuneration of key management personnel. On 31 August 2011, shareholders approved the Commodities Group Limited Employee Incentive Plan. Under the Plan, eligible participants were granted Performance Rights to acquire ordinary shares in Commodities Group Limited, subject to satisfying any vesting conditions. The Plan commenced on 30 September 2011, and terminated 1 February 2014.

(e) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company and rights to deferred shares granted under the executive short-term incentive scheme that were held during the financial year by each Director of Commodities Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. No options were held or issued at any time to Directors of Commodities Group Limited and other key management personnel during the year ended 30 September 2014.

Consolidated 2013 Name	Granted			Other changes	Balance at end of the year	Vested and exercisable	Unvested
	Balance at start of the year	as compen- sation	Exercised				
Directors of Commodities Group Limited							
I N Trahar	-	-	-	-	-	-	-
H R Whitcombe	-	-	-	-	-	-	-
A W T Grant	-	-	-	-	-	-	-
M B Hemmerling*	1,500,000	-	(1,500,000)	-	-	-	-
C D Mitchell	3,000,000	-	(3,000,000)	-	-	-	-
P J Favretto	-	-	-	-	-	-	-
Other key management personnel of the Group							
A J Soanes	500,000	-	(500,000)	-	-	-	-
J Bulinski	400,000	-	(400,000)	-	-	-	-
P Thomas (until 31 July 2013)	-	-	-	-	-	-	-

*Resigned 26 July 2013

Remuneration report (audited) (continued)

(e) Equity instrument disclosures relating to key management personnel (continued)

Share holdings

The numbers of shares in the Company held during the financial year by each Director of Commodities Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Consolidated 2014	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at end of the year
Name					
Directors of Commodities Group Limited					
Ordinary shares					
I N Trahar	214,673,321	-	-	115,033,140	329,706,461
H R Whitcombe	12,013,259	-	-	-	12,013,259
A W T Grant (until 21 January 2014)	6,985,032	-	-	-	6,985,032
C D Mitchell	1,903,050	-	-	-	1,903,050
P J Favretto	20,730,720	-	-	9,269,280	30,000,000
Other key management personnel of the Group					
Ordinary shares					
A J Soanes	1,931,525	-	-	-	1,931,525
J Bulinski	931,525	-	-	-	931,525
D Donovan (from 1 October 2013)	-	-	-	-	-

Consolidated 2013	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at end of the year
Name					
Directors of Commodities Group Limited					
Ordinary shares					
I N Trahar	214,673,321	-	-	-	214,673,321
H R Whitcombe	12,013,259	-	-	-	12,013,259
A W T Grant (until 21 January 2014)	5,121,982	-	-	1,863,050	6,985,032
M B Hemmerling*	575,625	-	-	-	575,625
C D Mitchell	971,525	-	-	931,525	1,903,050
P J Favretto	20,730,720	-	-	-	20,730,720
Other key management personnel of the Group					
Ordinary shares					
A J Soanes	1,465,763	-	-	465,762	1,931,525
J Bulinski	465,763	-	-	465,762	931,525
P Thomas (until 31 July 2013)	-	-	-	-	-

*Resigned 26 July 2013

Loans to key management personnel

There are no loans made to directors of Commodities Group Limited and other key management personnel.

Shares under option

There are no unissued ordinary shares of Commodities Group Limited under option at the date of this report.

Shares under option (continued)

The company has in issue 30,150,190 convertible preference shares that have not been exercised. For further information relating to the convertible preference shares, please refer to note 30(d).

Shares issued on achievement of performance hurdles

The Group did not issue any ordinary shares in the financial year as performance hurdles were not achieved.

The following ordinary shares of Commodities Group Limited were issued during the year ended 30 September 2013 on the achievement of hurdles set by the Commodities Group Limited Employee Incentive Plan, as detailed earlier in this Remuneration Report. No further shares have been issued since that date.

Date Rights vested	Issue price of shares	Number of shares issued
1 February 2013	\$0.11	4,571,861
		4,571,861

Of the 4,571,861 ordinary shares referred to above, 845,762 were issued to employees other than Key Management Personnel.

Insurance of officers

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr H R Whitcombe, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined at note 33 to the financial statements.

Dividends - Commodities Group Limited

The Directors of Commodities Group Limited do not recommend the payment of a dividend for the year ending 30 September 2014 (2013: Nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Rounding of amounts

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Harley Ronald Whitcombe', with a long horizontal stroke extending to the left.

Harley Ronald Whitcombe
Melbourne
4 December 2014