





|   | annual report                                                      |      |
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|   | for the year<br>ended 30th<br>June 2014                            | 一一多人 |
| 1 | WE KNOW WOOL  Australian Wool Exchange Limited. ABN 35 061 495 565 |      |
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# Chairman's Message



The wool market offered little excitement for woolgrowers throughout fiscal 2014. Prices for fine and medium wools generally drifted at levels similar to those experienced in the previous year, whilst prices for superfine wool continued at unsustainably low levels. The AWEX Eastern Market Indicator closed the year at 1016 cents per kilogram clean, compared with 1047 cents per kilogram clean at the end of fiscal 2013.

Not unexpectedly in light of these market conditions, national wool production has continued to decline, reaching an estimated 340 million kg in fiscal 2014, and forecast to decline to just 328 million kg in fiscal 2015. National sheep flock numbers have also continued to fall, to an estimated 72 million in June 2014, from 75 million a year earlier, a far cry from around 120 million in 2000, and around 160 million in 1990. Unfortunately, productivity gains in the merino wool production sector have been insufficient to counter downward price pressure, so producers are increasingly in a classic cost/price squeeze.

At the operational level, AWEX returned an overall surplus for fiscal 2014 of \$553,350, compared with a deficit of \$121,207 in the prior year. The strong result in 2014 comprised a surplus from ongoing operations of just over \$43,000, and an amount of \$510,000 for refunds of payroll tax paid in earlier periods to governments of New South Wales, Victoria and Western Australia. These one-off refunds have provided a useful boost to AWEX's reserves.

Just after year-end, we received notice from the Australian Government that it had approved the revised wool pack design that had been developed in response to concerns about over-width loads on trucks transporting wool bales. The new design will be applied compulsorily by Australian Customs to imports of wool packs from 1 October 2014. Development of the new pack has involved extensive trialling, and has been a collaborative effort of wool pack manufacturers, growers, industry organisations and NSW Roads and Maritime Services. This effort, mostly on a voluntary basis, has been excellent and is gratefully acknowledged.

Looking forward, the Board will be overseeing, in particular:

- (i) the continued evaluation of the technical and commercial potential of electronic bale identification, which is looking reasonably prospective.
- (ii) the completion of the major upgrade of its computer systems. Implementation is scheduled for June 2015. The project is on budget and slightly behind schedule.
- (iii) a review of the NWD system, with a view to improving uptake by growers, which has stalled at around 43% in recent years. Feedback from the downstream users of wool consistently highlight the importance of the NWD as underlining the quality assurance arrangements for Australian wool.

During the year, AWEX celebrated its twentieth year. That is a time to thank our members and our customers for their ongoing support. In this context, it was particularly satisfying to welcome Elders return as a member of AWEX just after year end. We also took the opportunity during the year to particularly recognise the integral, and frequently un-sung role of woolclassers within the industry's overall quality

assurance system. Certificates and commemorative stencils were issued to some 185 woolclassers who had been recognised for fifty or more years of continuous registration as a woolclasser. Throughout the year 7 wool forums were held throughout the country. These were generally very well attended by wool growers, brokers and woolclassers. Overall some 650 people attended, and topics included AWEX activities, as well as general interest subjects presented by Sheep CRC and wool exporters.



Finally, I want to acknowledge the many people who work hard to make AWEX a success in its own right and for the industry that it serves. These people comprise the management team that is led very ably and enthusiastically by the CEO Mark Grave, and my fellow directors whose close involvement within the industry ensures that board decisions are informed by grass roots input.

We are looking forward to a successful year in 2015.

John Keniry AM, Chairman September 2014

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# CEO's Report



2013/14 was an improved year for AWEX in both operational and financial performance compared with 2012/13. Despite the difficulties of the wool market and seasonal conditions in some areas of Australia, AWEX continued to deliver improved services to members and industry stakeholders.

Work continued on the development of AWEX's Customer Relationship Management (CRM) software system, which underpins the AWEX quality assurance and administration services. This long term project will assist AWEX over the next 10+ years to increase our operational efficiency,

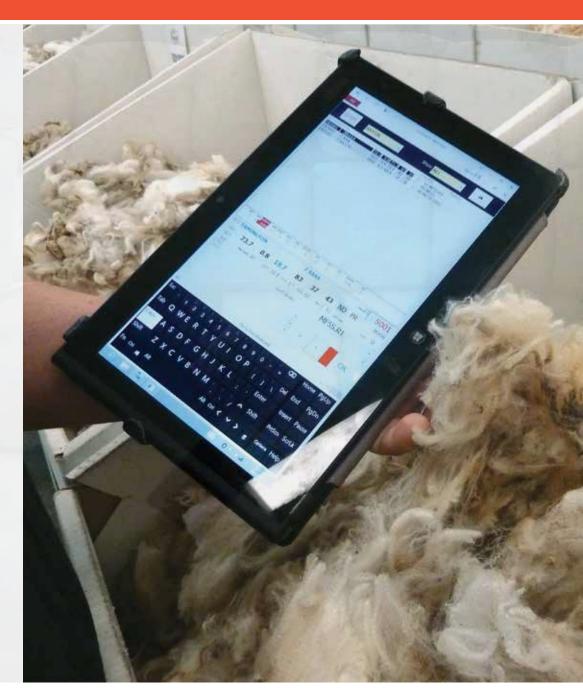
provide lower running costs and give AWEX the ability to make modifications as required without the need for outside technical assistance. The benefit to AWEX, our members, woolclassers and clients will be increased operational efficiencies and the opportunity to develop services, some interactive, to meet the increasing demands from our customers.

The 'go live' date for the CRM is June 2015. The CRM will also provide additional access for members, woolclassers and customers via a web portal interface. The web portal will provide a secured link to the AWEX data base and allow users to make modifications to their details, input data and have access to some essential reports.

I am confident that members and customers will see an improved interface with AWEX, which will lead to better and more timely information and services. 2013/14 was also an improved financial performance when compared to 2012/13. The operational profit for 2013/14 was just over \$43,000 compared to the loss of \$121,207 reported in 2012/13. This turn around was largely due an increase in bale label sales, higher registrations of woolclasser and tighter cost control.



In addition, AWEX was successful in making a claim for previously paid payroll tax of approximately \$510,000. This one-off payment will strengthen member reserves and contribute towards the development of industry quality assurance programs. In addition AWEX, as a not-for-profit industry organisation, will have a lower payroll tax commitment and this will be ongoing. The final overall result for 2013/14 is a profit of \$553,350.





# CEO's Report cont...

#### **National Wool Declaration (NWD)**

AWEX remains committed to the National Wool Declaration (NWD). We are now in the 6th year since the introduction of the NWD in 2008, and the 4th year since the introduction of the NWD-Integrity Program on-farm inspections.

The program of desk audits and on-farm inspections run seamlessly behind the trading scenes. The concept of the wool industry conducting a declaration system with matched integrity is no longer the sensitive issue it was when introduced. The concern, as with all voluntary schemes, is firstly increasing the level of participation and secondly, improving the quality of data by reducing the error rate.

To date the participation rate seems to have stalled at 43-44%, with the compliance rate running at approximately 70% for desk audits and 90% for on-farm inspections. The AWEX Board has raised, as a matter of priority, that AWEX looks to address the participation rate and examines ways to reduce the error rate.

#### The New Wool Pack Standard

In 2013/14, AWEX recommended changes to the wool pack standard. These changes were a result of the extensive trial work conducted by AWEX during 2011-13 involving over 1,800 wool packs, 27 properties from various farming zones, various sheep breeds, wool types and wool press brands.



All wool pack manufacturers were kept fully briefed on the developments and a cut-off date of 31st October 2014 was set for the last batch of old standard (year 2000) wool packs to be imported. This has been extensively communicated to all importers and manufacturers, and AWEX is confident that the first of the new 2013 standard wool packs will be imported by the end of 2014. This is an important innovation for the industry.

I would like to acknowledge the support and collaboration of all industry stakeholders, the NSW Government, the Hon. Duncan Gay MLC and the NSW Roads and Maritime Services, who were instrumental in allowing the trials to be conducted and a sensible resolution, to what is essentially a road safety issue, to be reached.

Also during 2013/14, AWEX furthered its project work with investigations into the radio frequency identification (RFID) of wool bales. Known internally as e-Bale, AWEX has been working closely with RFID suppliers to source a durable and functional identification source for wool packs. The project has been partnered with AWH Ltd who have worked actively with AWEX on this project.

AWEX has also continued with the release of the woolclasser software program, 'WoolClip'. The introduction of a software program at shearing, adds value and skills to the woolclasser and the opportunity to use analytical information that is error free.

AWEX was pleased to introduce the Wool Forum series in 2013/14. The Forums bring independent speakers normally not accessible to the wider wool industry to key locations throughout Australia.

The Wool Forum is aimed at the woolclasser, wool grower and service providers. To bring all sectors of the industry together and to provide the opportunity for candid questions and answers has been a positive move for all. During the past 12 months Wool Forums were held in Hamilton, Bendigo, Katanning, Naracoorte, Burra, Dubbo, Wagga Wagga, Armidale and Cooma. The Wool Forums were very successful and planning is underway for the 2015 series.

In 2014, AWEX joined the Sheep CRC as an "other participant". The work of the Sheep CRC is exciting and AWEX has been fortunate to have participated in selected programs. This cooperation also extends to the Sheep CRC being available to present and participate in the Wool Forums, where possible.

A key event for AWEX during 2014 was the annual National Graduate Woolclasser Competition held at the Sydney Royal Easter Show. It was the third year of the national competition, which brings together the best woolclassers from across the country. This is a positive event for the industry, particularly as it showcases the skills of these outstanding candidates. The competition is keen, even though the location of centre stage at the Sydney Royal Easter Show is a little outside their comfort zone.

In last year's annual report, I was pleased to make two further announcements: 50th Anniversary Woolclassing and Woolclasser Ambassador.

### 50th Anniversary Woolclassing

This has been an excellent opportunity to recognise those who have devoted themselves to the wool industry over such a long period of time. I am proud to say that I have spoken to most of the recipients and they are humble and proud. Each has a wonderful story to tell and as an industry we share their pride. Thank you to all those who have achieved this milestone and to those to come.



Phillip Kennedy Woolclasser Ambassador at the Nanjing training semin

#### Woolclasser Ambassador

In 2013, AWEX appointed Phillip Kennedy as Woolclasser Ambassador. Phillip travelled to China, he met with the Department of Agriculture at the Australian Embassy, Beijing, attended the Nanjing Wool Conference, presented at the Nanjing Training Seminar and met with processors to discuss woolclassing, quality issues and to gain an understanding of issues they face. Phillip told the story of why Australian wool is regarded as the best prepared in the world.



# CEO's Report cont...

On his return, Phillip made himself available to attend the Wool Forums and report back to industry on his experience – what he saw and what he heard. Phillip has been an excellent choice and represented "the face" of wool classing extremely well.

AWEX Market Information Services continue to be heavily utilised by buyers and sellers. The interest in AWEX Online and e2 information services continues to grow as our customers thirst for accurate and timely information increases.

Industry issues such as the review of bale weights, RFID project and the review of the Code of Practice will dominate the next 12 months. Preparation is already underway for the 2016-18 Woolclasser Registration, which will open in less than 12 months. The Australian wool industry continues to change and as a service provider to the industry, AWEX will continue to develop our services and evolve as a company.

On behalf of the AWEX Board, Management and staff I want to sincerely thank our members for their support, contribution and constructive comments throughout the year. A membership organisation is only successful if its members are willing to contribute in a meaningful way to the future direction of the company – a measure of the success is when we, the company, listen and respond. Thank you.

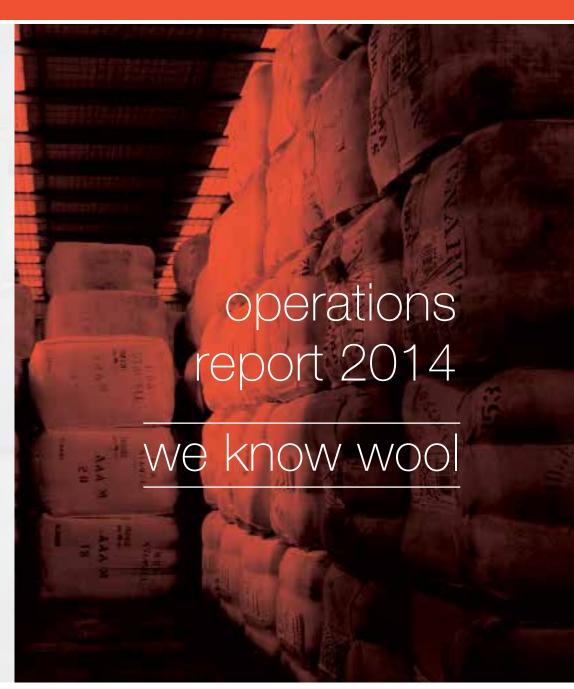
To the AWEX Chairman, John Keniry AM and the AWEX Board of Directors, I appreciate the time and expertise you provide, which helps AWEX to service its members and the wider wool industry. The support of the Board is essential for AWEX to develop services and invest in the infrastructure essential to providing the services.

By the end of 2014, 2 more AWEX staff will have completed 20 years service: David Aslett and David Williams, in the Western and Southern Regions respectively. These men have been the face of AWEX for two decades and in that time they have served the company and its members with great distinction. Both David's have earned the respect of their peers and the admiration of the AWEX Board and management.

Once again I would like to acknowledge the valuable contribution all AWEX staff make to the success of the company. Our staff are dedicated to the pursuits of AWEX and their experience adds considerable value to the service we provide. Being an independent organisation in the Australian wool industry can be difficult, particularly when AWEX addresses issues that have conflicting views. AWEX staff, who work in this sometimes difficult environment, are the company's and the members' most valuable asset. Thank you.

Mr.

Mark Grave, CEO September 2014





# Operations Report

#### The Wool Market

Over the course of the 2013/14 wool selling season the benchmark AWEX-EMI fell 31 cents, or 3.0%. Although it closed in negative territory, in percentage terms it was a fairly modest decline and was the second smallest fall in 10 years, beaten only by a 2.7% fall in the previous season.

As measured by the Melbourne market, most of the Merino Micron Price Guides (MPG) closed the season lower, the exception being the 21-micron MPG which firmed 1 cent. The prices were increasingly worse towards the finer microns, culminating in the 16.5 MPG finishing 195 cents lower (-13.2%).

There was initially some optimism through the first half of the season when the broader microns gathered momentum and firmed ahead of the Christmas recess. Sentiment changed after January and a sharp reversal during the Autumn period took place before a late rally towards the end of the season helped to restore some respectability to overall seasonal performance.

The micron differentials were initially very close, especially in the medium/broader range but began to stretch out when the market was rising, before narrowing again at the close. The often-quoted 19 to 21-micron differential, which gives an insight into the relative strength of fine wool over medium wool types, averaged the season at +3.2% (the 19 MPG averaged 3.2% higher than the 21 MPG). This was the lowest differential on record (including the Australian Wool Corporation series, which goes back to 1979).

A positive sign in an otherwise disappointing market was the Crossbred sector, which had good support during the season despite increasing volumes. The season average for the 30 MPG was a record, eclipsing the previous high set by the Australian Wool Corporation indicator back in 1987. Prices for these types improved steadily during the season and finished with all the main Crossbred Indicators ahead of 2012/13 season. Whilst the 30-micron MPG closed almost 6% higher, season-on-season, the limited quantity of 32-micron wool pushed that MPG almost 16% higher.

Merino Cardings also attracted good buyer competition during the season. Although it closed 4.5% lower year-on-year, the average for Merino Cardings over the 12 months was a record. As with 30-microns, the previous high was set in 1987.

Overall, the number of bales offered and sold during the season was lower than the previous season. The combination of weaker market conditions, changes to the sheep profile and farming mix profile all contributed to this fall. The higher passed-in rate reflected a weaker market and grower sentiment over the year.

Auction Statistics: Bales

| Season  | Offered   | Sold      | Passed-in | Passed-in% |
|---------|-----------|-----------|-----------|------------|
| 2012/13 | 1,929,183 | 1,740,975 | 188,208   | 9.76%      |
| 2013/14 | 1,814,818 | 1,625,115 | 189,703   | 10.45%     |
| Change  | -5.9%     | -6.6%     | +0.7%     |            |

Wool production is forecast to fall to 328m kg during 2014/15 and this will further impact on the wool market and the availability of some types of wool.

#### **Wool Packs**

As reported in the 2013 Annual Report, the AWEX Board recommended changes to the AWEX Wool Pack standard in June 2013. The changes to the wool pack are designed to minimise the bulging of a wool bale and, as a result, produce compliant (and safer) loads of wool bales for transport on Australian roads. The changes include a four-seamed base and a new Bale Fastening Guide. The new wool pack will be accompanied by a "Best practice wool pressing campaign" that will identify the changes and advise how to use them to press a bale that meets road transport requirements.

On July 24, 2014 the new (2013) standard was approved by Australian Customs and Border Protection Service (ACBPS), effective immediately. In consultation with the Department of Agriculture and wool pack manufacturers, a final date for the importation of 'old' standard wool packs was set at 31st October 2014. The Department of Agriculture and ACBPS set up transitionary arrangements for the remaining 'old' standard wool packs to be imported with approval from the Minister.

During the wool pack trials, all wool pack manufacturers and importers were advised of progress and they have since been briefed on the approval announcement for the 2013 standard wool pack. Wool packs are manufactured in Thailand, China and Korea.

Manufacturers have ceased production of the 'old' standard wool packs prior to the 30th September and commenced training staff to produce the 2013 wool pack. With training well under way and the last of the 'old' standard wool packs being shipped, it is hoped that the new wool pack will arrive in Australia before the end of 2014.

This is a positive story for the wool industry and demonstrates our ability to respond pro-actively to the issues of the day. All users will benefit from the changes with safer loads of wool bales being transported and stacked in warehouses.







#### Industry Services Advisory Committee (ISAC)

The AWEX NWD-Integridy Program is now in its 7th year. When the NWD for mulesing was introduced in 2008, it was a very divisive and sensitive issue. Today, the sensitivity has subsided and the NWD-IP system runs seamlessly in the background - as it should.

AWEX is concerned at the participation rate and the level of errors. The AWEX Board has asked ISAC to review the NWD. The current participation rate appears to have plateaued between 43-44%. At the same time, buyer and processor interest in the NWD continues to grow.

AWEX's intention is to provide a meaningful, user friendly declaration backed by a system that validates and provides integrity to the declarations of Australia's farmers.

### **NWD - Key Auction Statistics**

Table 1: Auction Statistics for 2008-2014 (First Hand Offered Australian Clip Wool)

| On a 'Bale' basis       | 2008/9 | 2009/10 | 20010/11 | 2011/12 | 2012/13 | 2013/14 |
|-------------------------|--------|---------|----------|---------|---------|---------|
| % of Wool Clip Declared | 37.7   | 37.0    | 42.2     | 44.3    | 44.6    | 43.3    |
| % Declared NM/CM/PR     | 8.7    | 11.5    | 16.7     | 20.3    | 23.0    | 22.9    |
| Non Mulesed (NM)        |        |         |          |         |         |         |
| Total NM Bales          | 44,255 | 56,218  | 83,677   | 88,929  | 103,421 | 91,287  |
| Ceased Mulesed (CM)     |        |         |          |         |         |         |
| Total CM Bales          | 36,604 | 36,513  | 49,102   | 32,831  | 37,650  | 35,683  |
| Pain Relief (PR)        |        |         |          |         |         |         |
| Total PR Bales          | 42,705 | 75,865  | 131,493  | 173,615 | 223,812 | 205,954 |

Table 2: 690 Properties randomly selected for inspection for the year 2010-2013

|                                                                      | Number | Compliant    | Non-Compliant |
|----------------------------------------------------------------------|--------|--------------|---------------|
| No Inspection (advised inspector by phone that mulesed sheep in mob) | 44     | 6<br>(14%)   | 38<br>(86%)   |
| On Farm Inspection                                                   | 646    | 569<br>(88%) | 77<br>(12%)   |
| Total                                                                | 690    | 575<br>(83%) | 115<br>(17%)  |

Table 3: 237 Properties randomly selected for inspection for the year 2013-2014

|                                                                      | Number | Compliant    | Non-Compliant |
|----------------------------------------------------------------------|--------|--------------|---------------|
| No Inspection (advised inspector by phone that mulesed sheep in mob) | 44     | 27<br>(61%)  | 17<br>(39%)   |
| On Farm Inspection                                                   | 193    | 179<br>(93%) | 14<br>(7%)    |
| Total                                                                | 237    | 206<br>(87%) | 31<br>(13%)   |

### **Bale Weights**

In March 2014, the Australian Council of Wool Exporters and Processors (ACWEP) and the Private Treaty Merchants of Australia (PTWMA) called an industry meeting to raise their concerns related to low weight bales of wool.

Analysis of the 2012/13 AWTA test data, undertaken by ACWEP and PTWMA, showed that 4.6% of all wool bales fell into the 110-129kg weight range. A major concern of low weight bales is safety. Low weight bales tend to be softer or not as well completed and this can be a safety issue for transport and warehouses or wherever wool is stacked.

The other issue related to low weight bales is that they are inherently more costly (per kg) to test, transport, buy and ship. This means they are more costly for the grower, warehouse and buyer to handle as many costs in the industry are on a per bale basis and not per kg basis.

This issue represents an opportunity for the industry to work together for the benefit of all by increasing the efficiency and productivity of the wool industry. An education campaign will be used to help address the issues, sell the message and improve the standard of wool bale pressing. This issue remains under review in 2014/15.



#### The 'Better Bales' check list

- ✓ Check & calibrate wool press scales
- of Don't go over 204kg or under 110kg

  ✓ Use the Bale Fastening Guide (2014)

  ✓ The maximum bale length is 1.25m





## Woolclassing 50 Years

The recognition of the 50th Anniversary of woolclasser registration culminated with four woolclassers, registered in 1963, being invited to attend the AWEX 20th Year dinner in Sydney. Left to right: Dr John Keniry AM, AWEX Chairman; Mr Nevile Bonnett, TAS; Mr Ian Tiver, SA; Mr Patrick Thompson, NSW; Mr Kevin Thomas, VIC; Mr Peter Sudholz, AWEX.



The four woolclassers were presented with their certificate and limited edition commemorative 50th year stencil to mark the occasion in front of a guest list of dignitaries and industry representatives. Each woolclasser has a story to tell and several brought along some of their older stencils and memorabilia that represents a small yet significant slice of the history of the wool industry.

The recognition of woolclassers and woolclassing is well deserved and the 185 woolclassers who have been recognised for achieving this milestone are a tribute to the character and dedication of the people in the Australian wool industry. The industry is proud of its heritage and the achievement of this lifetime milestone.

2015 will see the next registration triennium of woolclasser registration and the recognition of the 50th anniversary of woolclassers will continue.







### **National Graduate Woolclassing Competition**

The National Graduate Woolclassing competition is now in its third year. This successful competition was built on the success of the NSW/QLD competition, which commenced in 2007.

The competition brings together the best graduate woolclassers from around the country and involves all states. This year's winner, Ally Horan, Goulburn, is continuing her career in the wool industry and has gained local, state and national recognition for her achievement.

The competition is aimed at raising the profile of the woolclasser, recognising the importance of the role as well as the skills required to be a professional woolclasser. It is also a professional skills development opportunity for the competitors. Competition is strong and pride is high when the competition starts at the Sydney Royal Easter Show. Congratulations to those who participated, thanks to the trainers and judges for their valued contribution. AWEX looks forward to the event in 2015. Left to right: 2nd Place & Silver Stencil: Shireen Monds, NSW; 5th Place: Scott Austen, NSW; 1st Place & Golden Stencil: Ally Horan, Goulburn, NSW; 4th Place: Jake Walkom, NSW; 3rd Place & Bronze Stencil: Clare Price, VIC.



#### **Train The Trainer**

AWEX held the annual national training workshop for woolclasser trainers in Melbourne this year. 27 woolclasser trainers representing 15 training providers from across Australia gathered in Melbourne to calibrate their skills, discuss training issues including assessment resources as well as visit the AWTA laboratory, Victoria Wool Processors, AWH Limited and meet with wool buyers.

AWEX and the trainers extend their thanks and appreciation to AWTA and AWH for the use of their facilities, to Victoria Wool Processors and wool buyers for giving their time and expertise. This is a valuable exercise which bodes well for the future of wool training in Australia.

Attendees were greatly saddened by the news of the passing of a colleague, Paul Lennon, whilst travelling to the workshop. Paul was a larger than life character who spent his life wool classing (more recently in the Glen Innes, Inverell and Armidale regions). Paul was a woolclasser trainer from 1985 and more recently delivered in shed coaching of wool handling. Paul also trained junior fleece competition judges and promoted and prepared fleeces for the Sydney Royal Easter Show fleece competition.

#### **Wool Forums**

AWEX completed the 2014 series of Wool Forums in July. This year, Forum's were held in Katanning, Armidale, Cooma, Bendigo and Naracoorte. Attendance at the Forums has been outstanding, given the state of the wool market. A highlight of the Wool Forums has been the level of interest and participation from the audience, particularly in the buyer question and answer session: Tradetalk. Woolclassers, wool growers, students and service providers have utilised the opportunity to question the buyers of their wool to improve their understanding of what buyers require.



Woolclasser Ambassador, Phillip Kennedy, also made a presentation at the Forums, where he recounted his travel through China, the key issues as he saw them, delivering the story in his own unique style. The Forums are successful with over 650 people attending this year. Inevitably, choosing a time and date to maximise the opportunity to attend is difficult and the success can depend on the season and the availability of guest speakers.

AWEX along with the woolclassers, wool growers and industry personnel who attended the Wool Forums, would like to thank the buyers and key note speakers, in particular Prof. James Rowe, CEO Sheep CRC, who all made significant contributions to the success of this year's Wool Forums. Planning is underway for the 2015 series of AWEX Wool Forums.





#### **AWEX Certification Services**

#### Appraisal

AWEX offers independent appraisal certification to vendors of deliverable contracts or parties seeking independent assessment. This service is priced on application.

### **Mulesing Status**

AWEX also provides, on request, a Certificate of Mulesing Status to buyers (wishing to supply it to their clients). This statement details the Mulesing Status known to AWEX at the time of request and includes the results of desktop audits or on farm inspections as prescribed in the National Wool Declaration Integrity Program (NWD-IP).

This service has, to date, been provided free of charge. From July 1, 2014 certificates will incur a small fee to cover the administration costs of production.

#### **Certificate of Production Region**

For a number of years, AWEX has provided on request a Certificate of Production Region to buyers (wishing to supply it to their clients). This statement details the production region of components within a batch. (For example, a buyer may require a batch to be certified as containing only lots produced in Tasmania.)

This service has, to date, been provided free of charge. From July 1, 2014 certificates will incur a small fee to cover the administration costs of production.

#### Communication - Facebook

The AWEX Facebook page has been used to great effect for just over 12 months and it continues to grow. This form of communication is a vibrant platform to communicate with woolclassers, wool growers and industry stakeholders.

Information has a life of 24 - 36 hours, after which it is considered 'old news'. The platform is immediate and the savvy industry person is able to glean valuable information in an instant or at their leisure.

This is fast becoming AWEX's main distribution method for communicating with industry.

#### e-Bale

AWEX has been conducting limited trials using RFID technology to identify wool bales: e-Bale.

AWEX first commenced this project in 1998 and again in 2006, it wasn't until 2013 the technology was considered either too expensive or not robust enough to be effective through the wool supply chain. AWEX has tangible support from AWH Ltd to extend these trials of the available technology as well as interest from buyers who want to utilise the technology to improve information and deliveries.

The project is far from finished but to date the technology is showing encouraging signs. The concerns associated with whether the technology is robust enough to handle the pressures of the life of a wool bale appear to have been addressed and the cost of the technology has been substantially reduced.

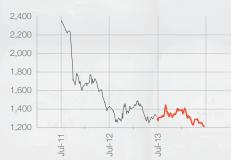
Over the coming 12-18 months AWEX will conduct extensive trials from wool pack manufacturer - to farm - to warehouse - to processor. Industry and members will be kept up to date with the progress of the trials and; at the conclusion, any recommendations would be taken to the industry for further consultation.



# The Market in Review

## Micron Price Guides: 2013/14 season performance

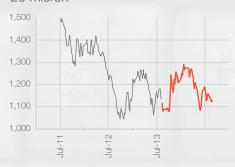
## 17 micron



| -107 (-8 1%) |
|--------------|
| 1,219        |
| 1,326        |
|              |

|                | 2011/12 | 2012/13 | 2013/14 |
|----------------|---------|---------|---------|
| Season maximum | 2,400   | 1,510   | 1,457   |
| Season average | 1,755   | 1,368   | 1,328   |
| Season minimum | 1,381   | 1,244   | 1,215   |

## 20 micron



|               | -6 (-0.5%) |  |
|---------------|------------|--|
| 2013/14 close | 1,131      |  |
| 2012/13 close | 1,137      |  |

|                | 2011/12 | 2012/13 | 2013/14 |
|----------------|---------|---------|---------|
| Season maximum | 1,498   | 1,276   | 1,296   |
| Season average | 1,353   | 1,158   | 1,187   |
| Season minimum | 1,222   | 1,047   | 1,077   |

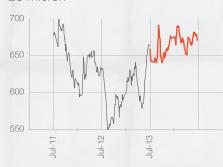
## 23 micron



|               | -24 (-2 1%) |  |
|---------------|-------------|--|
| 2013/14 close | 1,133       |  |
| 2012/13 close | 1,157       |  |

|                | 2011/12 | 2012/13 | 2013/14 |
|----------------|---------|---------|---------|
| Season maximum | 1,347   | 1,218   | 1,248   |
| Season average | 1,199   | 1,111   | 1,158   |
| Season minimum | 995     | 998     | 1.040   |

## 28 micron



|               | +8 (+1 2%) |  |
|---------------|------------|--|
| 2013/14 close | 670        |  |
| 2012/13 close | 662        |  |
|               |            |  |

|                | 2011/12 | 2012/13 | 2013/14 |
|----------------|---------|---------|---------|
| Season maximum | 703     | 671     | 694     |
| Season average | 643     | 601     | 664     |
| Season minimum | 592     | 545     | 637     |

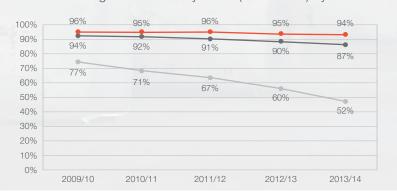
## Merino Carding Indicator



|               | -35 (-4.2%) |  |
|---------------|-------------|--|
| 2013/14 close | 794         |  |
| 2012/13 close | 829         |  |

|                | 2011/12 | 2012/13 | 2013/14 |
|----------------|---------|---------|---------|
| Season maximum | 835     | 830     | 874     |
| Season average | 712     | 677     | 816     |
| Season minimum | 598     | 499     | 771     |

## Aution Offering - % Classed by breed (fleece wool) by season







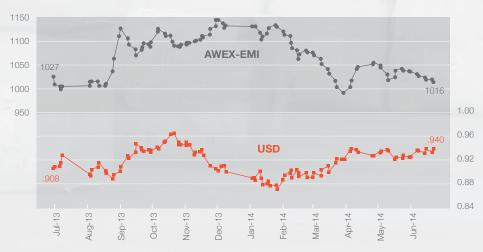
## Micron Price Guides - seasonal high/low/averages

| Nat      |                            | High       |          |                            | Low               | Ave      |            |
|----------|----------------------------|------------|----------|----------------------------|-------------------|----------|------------|
| EMI      | 04 Dec 2013                | 1,145      | EMI      | 02 Apr 2014                | 993               | EMI      | 1,073      |
| North    |                            | High       |          |                            | Low               | Ave      |            |
| Ind.     | 05 Dec 2013                | 1171       | Ind.     | 3 Apr 2014                 | 1,006             | Ind.     | 1,088      |
| 16.5     | 04 Sep 2013                | 1573       | 16.5     | 25 Jun 2014                | 1,267             | 16.5     | 1,431      |
| 17       | 04 Sep 2013                | 1457       | 17       | 25 Jun 2014                | 1,215             | 17       | 1,336      |
| 17.5     | 29 Jan 2014                | 1411       | 17.5     | 25 Jun 2014                | 1,175             | 17.5     | 1,299      |
| 18       | 05 Dec 2013                | 1394       | 18       | 25 Jun 2014                | 1,161             | 18       | 1,268      |
| 185      | 05 Dec 2013                | 1367       | 18.5     | 10 Jul 2013                | 1,129             | 18.5     | 1,239      |
| 19       | 05 Dec 2013                | 1331       | 19       | 10 Jul 2013                | 1,108             | 19       | 1,217      |
| 19.5     | 04 Dec 2013                | 1317       | 19.5     | 10 Jul 2013                | 1,092             | 19.5     | 1,198      |
| 20       | 04 Dec 2013                | 1287       | 20       | 10 Jul 2013                | 1,077             | 20       | 1,185      |
| 21       | 04 Dec 2013                | 1281       | 21       | 21 Aug 2013                | 1,071             | 21       | 1,179      |
| 22       | 04 Dec 2013                | 1267       | 22       | 21 Aug 2013                | 1,054             | 22       | 1,166      |
| 23       | 28 Nov 2013                | 1219       | 23       | 14 May 2014                | 1,112             | 23       | 1,144      |
| 24       | 14 May 2014                | 1027       | 24       | 14 May 2014                | 1,027             | 24       | 1,027      |
| 25       | 29 Aug 2013                | 924        | 25       | 14 May 2014                | 825               | 25       | 878        |
| 26       | 12 Sep 2013                | 873        | 26       | 02 Apr 2014                | 734_              | 26       | 785        |
| 28       | 22 Jan 2014                | 694        | 28       | 18 Aug 2013                | 638_              | 28       | 665        |
| 30       | 22 Jan 2014                | 655        | 30       | 02 Jul 2013                | 591               | 30       | 629        |
| 32       | 18 Jun 2014                | 569_       | 32       | 23 Jul 2013                | 496_              | 32       | 538        |
| MC       | 4 Sep 2013                 | 874        | MC       | 03 Apr 2013                | 771               | MC       | 815        |
| South    |                            | High       | 1        |                            | Low               | Ave      |            |
| Ind.     | 04 Dec 2013                | 1,128      | Ind.     | 02 Apr 2014                | 981_              | Ind.     | 1,059      |
| 16.5     | 04 Sep 2013                | 1,548      | 16.5     | 19 Jun 2014                | 1,276             | 16.5     | 1,397      |
| 17       | 04 Sep 2013                | 1,451      | 17       | 25 Jun 2014                | 1,216             | 17       | 1,322      |
| 17.5     | 04 Sep 2013                | 1,381      | 17.5     | 25 Jun 2014                | 1,178             | 17.5     | 1,286      |
| 18       | 05 Dec 2013                | 1,369      | 18       | 04 Jul 2013                | 1,156             | 18       | 1,259      |
| 18.5     | 04 Dec 2013                | 1,358      | 18.5     | 04 Jul 2013                | 1,131             | 18.5     | 1,237      |
| 19       | 04 Dec 2013                | 1,327      | 19       | 02 Apr 2014                | 1,111             | 19       | 1,221      |
| 19.5     | 04 Dec 2013                | 1,309      | 19.5     | 02 Apr 2014                | 1,096             | 19.5     | 1,203      |
| 20       | 04 Dec 2013                | 1,296      | 20       | 15 Aug 2013                | 1,083             | 20       | 1,189      |
| 21       | 04 Dec 2013                | 1,281      | 21       | 21 Aug 2013                | 1,068             | 21       | 1,182      |
| 22       | 04 Dec 2013                | 1,261      | 22       | 18 Aug 2013                | 1,054             | 22       | 1,171      |
| 23       | 12 Dec 2012                | 1,248      | 23       | 03 Apr 2014                | 1,040             | 23       | 1,159      |
| 24       | 29 Jan 2014                | 1,213      | 24       | 28 Aug 2013                | 1,054             | 24       | 1,088      |
| 25<br>26 | 11 Sep 2013<br>11 Sep 2013 | 957        | 25       | 03 Apr 2014                | 799<br>725        | 25       | 866<br>784 |
| 28       |                            | 887<br>693 | 26<br>28 | 03 Apr 2014                |                   | 26<br>28 | 663        |
| 30       | 04 Sep 2013<br>04 Sep 2013 | 651        | 30       | 19 Sep 2012<br>06 Aug 2013 | <u>637</u><br>586 | 30       | 625        |
| 32       | 26 Jun 2014                | 585        | 32       | 06 Aug 2013                | 497               | 32       | 548        |
| MC       | 03 Sep 2013                | 866        | MC       | 15 May 2014                | 778               | MC       | 816        |
|          | 03 3ep 2013                |            | IVIC     | 13 Way 2014                |                   |          | 010        |
| West     |                            | High       |          |                            | Low               | Ave      |            |
| Ind.     | 05 Dec 2013                | 1,189      | Ind.     | 10 Jul 2013                | 999               | Ind.     | 1,107      |
| 18       | 05 Dec 2013                | 1,347      | 18       | 02 Apr 2014                | 1,148             | 18       | 1,255      |
| 18.5     | 05 Dec 2013                | 1,327      | 18.5     | 10 Jul 2013                | 1,126             | 18.5     | 1,235      |
| 19       | 04 Dec 2013                | 1,316      | 19       | 10 Jul 2013                | 1,108             | 19       | 1,216      |
| 19.5     | 05 Dec 2013                | 1,302      | 19.5     | 02 Apr 2014                | 1,087             | 19.5     | 1,201      |
| 20       | 12 Dec 2013                | 1,282      | 20       | 10 Jul 2013                | 1,082             | 20       | 1,188      |
| 21       | 12 Dec 2013                | 1,267      | 21       | 02 Apr 2014                | 1,072             | 21       | 1,178      |
| 22       | 22 Jan 2014                | 1,251      | 22       | 02 Apr 2014                | 1,057             | 22       | 1,162      |
| 23       | 29 Jan 2014                | 1,227      | 23       | 14 Aug 2013                | 1,053             | 23       | 1,151      |
| MC       | 03 Sep 2013                | 856        | MC       | 02 Apr 2014                | 758               | MC       | 793        |

## **Top Export Destinations**

| Destination              | Greasy Equivalent kg | % Change | % of Total | Value AUD\$   | % Change |
|--------------------------|----------------------|----------|------------|---------------|----------|
| 1. China                 | 237.4 Mkg            | -11%     | 71.2%      | \$ 1,730.7m.  | -7%      |
| 2. India                 | 25.4 Mkg             | 17%      | 7.6%       | \$ 187.9m.    | 22%      |
| 3. Italy                 | 15.6 Mkg             | -1%      | 4.7%       | \$ 151.2m.    | 9%       |
| 4. Czech Republic        | 14.8 Mkg             | 5%       | 4.4%       | \$ 103.7m.    | 16%      |
| 5. Korea, Republic Of    | 10.9 Mkg             | 24%      | 3.3%       | \$ 61.1m.     | 41%      |
| 6. Malaysia              | 7.5 Mkg              | 61%      | 2.2%       | \$ 59.1m.     | 83%      |
| 7. Thailand              | 3.3 Mkg              | 271%     | 1.0%       | \$ 27.5m.     | 259%     |
| 8. Egypt                 | 3.3 Mkg              | 10%      | 1.0%       | \$ 28.8m.     | 9%       |
| 9. Taiwan                | 2.8 Mkg              | -33%     | 0.8%       | \$ 20.4m.     | -30%     |
| 10. United Kingdom       | 2.0 Mkg              | 10%      | 0.6%       | \$ 14.6m.     | 46%      |
| 11. Japan                | 1.9 Mkg              | -54%     | 0.6%       | \$ 10.9m.     | -63%     |
| 12. United Arab Emirates | 1.5 Mkg              | -        | 0.4%       | \$ 12.5m.     | -        |
| 13. Germany              | 1.4 Mkg              | 0%       | 0.4%       | \$ 8.7m.      | -9%      |
| 14. USA                  | 1.1 Mkg              | -32%     | 0.3%       | \$ 6.6m.      | -25%     |
| 15. Turkey               | 0.9 Mkg              | 48%      | 0.3%       | \$ 5.9m.      | 83%      |
| 16. Others               | 3.6 Mkg              | -13%     | 1.1%       | \$ 23.6m.     | -7%      |
|                          | 333.4 Mkg            |          |            | \$ 2,453.1 m. |          |

## **AWEX-Eastern Market Indicator**





## Members

### **Trading Members**

A S Gedge Australia Pty Ltd

ACF Wool Traders Pty Ltd

AR Rhodes & Co (Wool) Pty Ltd

Attadale Wool Company Pty Ltd

Australia Beyond Investment Pty Ltd

Australian Wool & Pastoral Agency Limited

Australian Wool Network Pty Ltd

Australis Wool Pty Ltd

Aztech Investments Pty Ltd

B N Proud & Company

Barwon & Yarra Valley Wool Brokers Pty Ltd

Beecher Wool Services

Bo Rui Pty Ltd

Bryton Wool

Chinatex (Australia) Pty Ltd

Cogtrust Pty Ltd T/As Coggan Wool

Conn Wool Pty Ltd

Don Belgre Pty Ltd

Donghai Australia Pty Ltd

Dyson Jones Wool Marketing Services

E P Robinson Pty Ltd

Fletcher International Exports Pty Ltd

Fox & Lillie Australia Pty Ltd

Fremantle Wool Trading Company Pty Ltd

Goldex Corporation Pty Ltd

Gordon Litchfield Wool Pty Ltd

H Dawson Sons & Co (Aust) Pty Ltd

Hodge Wool Pty Ltd

Jemalong Wool Pty Ltd

John Marshall & Company Limited

Kathaytex Trading Pty Limited

Landini Industries Pty Ltd

Landmark Operations Limited t/as Dalgety Wool

Lempriere (Australia) Pty Ltd

Macdonald & Co Woolbrokers

Michell Wool Pty Ltd

Modiano Australia Pty Ltd

Montgomery Wools Pty Ltd

Morepen Pty Ltd

Moses and Son

New England Wool Pty Ltd

Ostini Wool Pty Ltd

P J Morris Wools Pty Ltd

Peter Scanlan Wools

Quality Wool Pty Ltd

Queensland Cotton Corporation Pty Ltd

Reward Australia Pty Ltd

Riverina Wool (Aust) Pty Ltd

Ruralco Holdings Limited

S & G Cotton Australia Pty Ltd

Saunders Wool Pty Ltd

Segard Masurel (Australia) Pty Ltd

Sky Wool Australia Pty Ltd

Spearwood Wools Pty Ltd

Stockwool Pty Ltd

Sunshine Fortex (Australia) Groups Pty Ltd

Swan Wool Pty Limited

Taiyuan International (Australia) Pty Ltd

Techwool Trading Pty Ltd

The New Zealand Merino Company Ltd

Tradeswool Country Woolbuyers Pty Ltd

Tradeswool Pty Ltd

Victoria Wool Processors Pty Ltd

Watswool Pty Ltd

Weddin Wool Services

West Coast Wools Ptv Ltd

Western Wool Marketing

Williams Wool Export Pty Ltd

Williams Wool Pty Ltd

Wool Agency Company Pty Ltd

Yangtse (Australia) Pty Ltd

Yarra Wool

Yeoward & Company

Zhong Long International Pty Ltd

#### **Grower Members**

Autumnvale Pastoral Company

Bickleigh Hillburn Pty Ltd

Bloomfield Pastoral Company

Carnbrae (Harden) Pastoral Company

Cavanagh Partnership

DD&AJLong

ER & RL Amery

Gorrinn Pastoral Company

GW & RT Bridgman

Hamblin & Company

IK, MJ & CLK McIvor

Kentucky Pty Ltd

Kildara Pastoral Company

KM & YC Gill

Max Zell Family Settlement Trust

Mr Ian Aubrey

Mr Ian Burbury

Mr Ian McLean

Mr Robert Pietsch

Mr Robert Richardson Dick

Paling Yards Trading Company

Phil O'Brien Wool Pool

Stonehouse Grazing

T & J Spielvogel

The Mutooroo Pastoral Company Pty Ltd

Twynam Pastoral Company Pty Ltd

W.J.& S. Parkins

WoolProducers Australia Limited

Yarrabee Grazing Company

#### **Associate Members**

Australian Superfine Wool Growers' Association Inc

Australian Wool Innovation Limited

WA Department of Agriculture

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# Company Principles

Although AWEX is not a listed company, it adopts the best practice recommendations as drafted by the ASX Corporate Governance Council in so far as those recommendations are appropriate for a company of the size and nature of AWEX.

## 1. Lay solid foundations for management and oversight

AWEX's Constitution sets out the role of the Board. A number of Board Committees have been established to assist the Board in carrying out its role.

## 2. Structure the Board to add value

The Board is comprised primarily of sectoral members, in accordance with the Company's constitution. There are two separate appointees to the positions of Chairman and Independent Director. The CEO is not a member of the Board.

Details of Directors' term of office appear later in this report. Under the Constitution, each Director will retire at the third annual general meeting held after that Director's appointment or election and they may offer themselves for re-election.

Through the Chairman, all Board members can take appropriate professional advice at AWEX's expense.

## 3. Promote ethical and responsible decision-making

A code of conduct for staff and Directors has been developed. The Company is limited by guarantee and as such there is no trading in company securities.

# 4. Safeguard the integrity in financial reporting

The Board has both an Audit Committee and a Compliance and Corporate Governance Committee, both of which have formal terms of reference. Details of committee members and the number of meetings attended are set out in the following pages.

The Audit committee meets at least once per year independently of management.

# 5. Make timely and balanced disclosures

The company is not a listed entity and is not subject to ASX Listing Rule disclosure requirements. AWEX does disclose significant information to members through Members' Updates and Media Releases.

# 6. Respect the rights of shareholders

The company has members rather than shareholders. The company complies with all relevant legislation, as well as the Constitution and provides detailed explanatory notices to general meetings of members. AWEX's external auditors, Thomas Davis and Co attend the AGM and are available to answer members' questions.

## 7. Recognise and manage risk

As noted above, the Board is responsible for identifying risks and opportunities on a timely basis and has mechanisms in place to oversee specific aspects of management's functionality and performance. This includes the convening of the Audit and Compliance and Corporate Governance Committees, which monitor and advise the Board on management, finance, corporate governance and expenditure policies and oversee the external financial statement audit process; the Remuneration Committee, which monitors and advises the Board on issues relating to policies as well as remuneration for AWEX staff.

## 8. Encourage enhanced performance

The Compliance and Corporate Governance Committee annually reviews the performance of Directors. The Chairman overviews the performance of the CEO annually and reviews for all staff, including senior management are also carried out.

## 9. Remunerate fairly and responsibly

Details of Directors and Key Management Personnel are set out in note 15 to the accounts. In addition to Directors' remuneration, Directors are entitled to be reimbursed for all travel and other expenses incurred in connection with attendance at Board and Committee meetings or otherwise in connection with AWEX's business.

Details of the Remuneration Committee members and the number of meetings and attendees are set out in the Directors' report. The committee makes recommendations to the Board which determines the remuneration of the CEO and senior management. The committee also considers reviews and approves annual salaries for all staff.

# 10. Recognise the legitimate interests of shareholders

AWEX is a member-based company and does not have shareholders. AWEX recognises the interests of Members in accordance with Corporations Law.

The company through the Compliance and Corporate Governance Committee has developed a code of conduct for staff and directors. The code gives all staff and directors a best practice guide for conduct.



## Directors' Report

Your Directors submit their report for the year ended 30 June 2014. The names of the company's directors in office during the financial year and until the date of this report are as follows

Dr John S. Keniry AM

Donald M. Watt

Michael D. Avery

John H. Colley

Geoffrey C. Fisken Appointed 17th Feb 2014

Ben A. Litchfield

Martin J. Moses

Geoffrey M. Power Resigned 17th Feb 2014

Directors were in office for the entire period unless otherwise stated.

#### **Principal Activities**

The Australian Wool Exchange Limited is a member services organisation. Members include Australian and international wool brokers, processors, exporters, private treaty merchants, wool producers and industry associations.

The principal activities of the entity are to support the Australian Wool Industry by achieving the following short and long term objectives.

#### Short-term and Long-term Objectives

The short-term and long-term objectives for which the Australian Wool Exchange Limited was established are set out in its Constitution and are to:

- a) Establish and provide an internationally competitive system for the fair, efficient and informed trading of Australian wool;
- b) Encourage competition;
- c) Facilitate self-regulation amongst market participants; and
- d) Develop and implement innovations, for the benefit of all wool market participants.

#### **Strategies**

The Australian Wool Exchange achieves these objectives by offering:

- Market Information,
- Appraisal,
- Clip Inspection,
- Wool Clearing and
- other services to all wool industry participants.

In addition, AWEX engages with members and industry through various committees and working groups to:

- Establish and review wool preparation standards which encourages competition in a self-regulated market;
- Develop and administer quality assurance programs;
- Administer wool quality management programs;
- Manage wool pack quality; and
- Manage the registration of woolclassers.

AWEX also carries out projects into various wool related activities with a view to increasing efficiency.

### **Key Performance Indicators**

AWEX measures its own performance through the use of both qualitative and quantitative benchmarks. The benchmarks are used by the Directors to access the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

|                                                       | 2014   |           | 201    | 3         |
|-------------------------------------------------------|--------|-----------|--------|-----------|
|                                                       | Actual | Benchmark | Actual | Benchmark |
| Percentage of revenue provided by                     |        |           |        |           |
| Quality Activities                                    | 66%    | 67%       | 62%    | 65%       |
| Commercial Activities                                 | 25%    | 25%       | 28%    | 26%       |
| Project Activities                                    | 1%     | 1%        | 0%     | 0%        |
| Investing Activities                                  | 8%     | 7%        | 10%    | 9%        |
| Percentage of expenditure spent on Quality Activities | 72%    | 72%       | 67%    | 66%       |
| Commercial Activities                                 | 22%    | 22%       | 27%    | 24%       |
| Project Activities                                    | 6%     | 6%        | 6%     | 10%       |
| Investing Activities                                  | 0%     | 0%        | 0%     | 0%        |
| Work Health & Safety                                  |        |           |        |           |
| Number of lost time injuries                          | 0      | 0         | 0      | 0         |



# Directors' Report cont...

#### Information on Directors



Dr John S. Keniry AM Chairman, Director (non-executive).

#### Qualifications

- BSc (Hons 1), Physical Chemistry University of NSW;
- PhD, Chemical Engineering University of Cambridge; Fellow, Royal Australian Chemical Institute;
- Fellow, Australian Academy of Technological Sciences
- Fellow, Australian Institute of Company Directors; Woolgrower.

#### Experience

- Appointed Director and Chairman on 26th November 2010;
- Chairman, Burra Foods Ltd;

Donald M. Watt

Qualifications

Experience

- Chairman, Sheep Cooperative Research Centre;
- Chairman, Sydney Institute of Marine Science;
- Commissioner, Natural Resource Commission of NSW;

- Appointed Deputy Chairman on 25th January 2007,

Previous Director from 24th January 1996 to

- Director, Lakelands Investments Pty Ltd.

Deputy Chairman, Director (non-executive).

- LL.B - University of Western Australia.

#### Special Responsibilities - Chairman;

- Chairman, Compliance and Corporate
- Governance Committee;
- Chairman, Remuneration Committee.



John H. Colley Director (non-executive).

#### Qualifications

- Registered Real Estate Agent;
- Stock and Station Agent;
- MAICD (Member Australian Institute of Company Directors).

#### Experience

- Appointed Director on 25th November 2011;
   Director, National Council of Woolbrokers Association;
- Director, Arlia Pty Ltd;
- Director, Australian Pastoral Investments Pty Ltd;
- Director, Australian Wool Network Pty Ltd;
- Director, AWN Property Pty Ltd;
- Director, AWN Pastoral Pty Ltd;
- Director, Colley Pty Ltd;
- Director, Jemina Pty Ltd.



Geoffrey C. Fisken Director (non-executive) appointed in 17th Feb 2014.

#### Qualifications

- Diploma of Business and Communications SMB Ballarat 1980.

#### Experience

- Alternate Director from 1st October 2008 to 24th November 2011 and from 30th April 2012 to 17th February 2014;
- Chairman, Victorian Sheep and Goat Compensation
- Advisory Committee;
- Director, Woolproducers Australia Ltd:
- Director, Black Creek Farming Pty Ltd;
- Director, Australian Wool Testing Authority Ltd;
- Director, Sheep Industry Health & Welfare Pty Ltd;
- Director, Livestock Biosecurity Network;
- Woolgrower.

#### Special Responsibilities - Member, Remuneration Committee.

Special Responsibilities

- Member, Audit Committee.



Michael D. Avery Director (non-executive).

17th November 2006;

- Director, Sharus Pty Ltd.

Director, Netherhill Pty Ltd.

Director, Sanur Pty Ltd (Group);

#### Qualifications

- B.AppSc (Wool and Pastoral Sciences) University of NSW.

#### Experience

- Appointed Director on 4th December 2009;
- General Manager, Wool, Queensland Cotton Ltd;
- Director, Australian Wool Testing Authority Ltd;
- Director, MA Consulting Pty Ltd.

#### Special Responsibilities

Special Responsibilities

- Member, Compliance and Corporate

- Member, Remuneration Committee.

- Chairman, Audit Committee;

Governance Committee:

- Member, Audit Committee;
- Member, Compliance and Corporate Governance Committee;
- Member, Membership Admission



Ben A. Litchfield

Director (non-executive)

### Qualifications

- Auctioneer;
- Australian College of Professionals:
- Real Estate;
- Agency Operations; Property Management;
- Stock and Station Agent.

- Appointed Director on 25th November 2011;
- Alternate Director from 22nd June 2011 to 25th November 2011;
- Vice President, Private Treaty Wool Merchants Australia;
- Manager, Monaro Wool Services;
- Professional Woolclasser

Special Responsibilities - Member, Membership Admission Committee.



- Director, Royal National Capital Agricultural Society;



# Directors' Report cont...

#### Information on Directors



Martin J. Moses Director (non-executive).

Qualifications Woolgrower.

#### Experience

- Appointed Director on 1st December 2000;
  Managing Director B A Moses and Son Pty Ltd;
  Director, Inland Woolbrokers Association;
- Director, Yennora Wool Brokers;
- Director, Bluechip Livestock;
- Director, Merinolink Ltd:
- Director, Pinefarm Pty Ltd;
- Director/Secretary, The Pinnacles (Temora) Pty Limited.

#### Special Responsibilities

- Member, Membership Admission Committee.



Geoffrey M. Power

Director (non-executive) Resigned on 17th February 2014.

#### Qualifications Woolgrower.

#### Experience

- Appointed Director on 27th February 2012, resigned 17th February 2014;
- Alternate Director from 24th November 2011 to 27th February 2012;
- Director, Australian Wool Testing Authority Ltd; Director, Sheep Industry Health & Welfare Pty Ltd;
- Director, WoolProducers Australia Ltd;
- Woolgrower.

### Special Responsibilities

- Member, Audit Committee.

Experience - Director from 24th October 1994 to 25th October 1996;

Qualifications

Geoffrey C. Fisken

Qualifications

Ballarat 1980.

Experience

- Woolgrower.

- Alternate Director from 25th October 1996; - Director, Don Macdonald Wool Brokers Pty Ltd;

Information on Alternate Directors

Alternate Director for G. M. Power until 17th Feb 2014.

- Alternate Director from 1st October 2008 to 24th November 2011 and from 30th April 2012 to 17th Feb 2014;

- Diploma of Business and Communications SMB

- Director, Woolproducers Australia Ltd;

- Director, Black Creek Farming Pty Ltd;

Donald A. Macdonald Alternate Director for M. J. Moses

- Director, Marra Holdings Pty Ltd;

- Director, Macdonald Rural Pty Ltd;

- Director, Yennora Wool Brokers Pty Ltd;

- Woolgrower.

#### Andrew Blanch

Alternate Director for M. D. Avery

#### Qualifications

- B.AppSc (Agriculture) Hawkesbury Agricultural College.

#### Experience

- Alternate Director from 3rd September 2010;
- Managing Director, New England Wool Pty Ltd.;
- Managing Director, New England Wool Holdings Pty Ltd.

## Gary Turner

Alternate Director for B. Litchfield

#### Qualifications

Experience

- Alternate Director 8th April 2005 to 17th November 2005,
  7th October 2010 to 24th May 2011 and from 30th April 2012;
- Director, Australian Wool Testing Authority Ltd;
- Director, Wallace Investments Pty Ltd;
- Director, Reeashbro Pty Ltd.

Special Responsibilities

Special Responsibilities

Special Responsibilities

Special Responsibilities

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# Directors' Report cont...

#### **Directors' Meetings**

The following table sets out the number of meetings of the company's Directors held during the year ended 30 June 2014, and the number of meetings attended by each director

At the date of this report, the company had the following committees:

- Audit Committee;
- Compliance and Corporate Governance Committee;
- Membership Admissions Committee; and
- Remuneration Committee.

|                                      | Board             | Committees |                                         |            |              |
|--------------------------------------|-------------------|------------|-----------------------------------------|------------|--------------|
|                                      | Board<br>Meetings | Audit      | Compliance<br>& Corporate<br>Governance | Membership | Remuneration |
| Directors                            | E/A               | E/A        | E/A                                     | E/A        | E/A          |
| Dr J. S. Keniry AM, Chairman         | 7/7               | -          | 1/1                                     | -          | 1/1          |
| D. M. Watt                           | 7/7               | 1/1        | 1/1                                     | -          | 1/1          |
| M. D. Avery                          | 7/7               | 1/1        | 1/1                                     | 1/1        |              |
| J. H. Colley                         | 7/6               | -          | -                                       | -          | 1/1          |
| G. C. Fisken<br>Appointed 17.02.2014 | 3/3               | 1/0        | -                                       | -          | -            |
| B. A. Litchfield                     | 7/7               | -          | -                                       | 1/1        |              |
| M. Moses                             | 7/7               | -          | -                                       | 1/1        |              |
| G. M. Power<br>Resigned 17.02.2014   | 4/4               | 1/1        | -                                       | -          | -            |
|                                      |                   |            |                                         |            |              |
| Alternate Directors                  | E/A               | E/A        | E/A                                     | E/A        | E/A          |

| Alternate Director | 'S            | E/A | E/A | E/A | E/A | E/A |
|--------------------|---------------|-----|-----|-----|-----|-----|
| A. Blanch          | M. D. Avery   | 0/0 | -   | -   | -   |     |
| G. C. Fisken       | G. M. Power   | 0/0 | -   | -   | -   | -   |
| D. A. Macdonald    | M. Moses      | 0/0 | -   | -   | -   | -   |
| G. Turner          | B. Litchfield | 0/0 | -   | -   | -   | -   |

A = Attended. E = Eligible to Attend.

### Company Limited by Guarantee

The Australian Wool Exchange Ltd is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the Constitution states that each member undertakes to contribute to the property of the company a maximum of \$5.00 towards meeting any outstanding obligations of the company. Whilst the Directors do not believe that any contribution will be required in the event of the company being wound up, the maximum collective liability of members at 30 June 2014 is \$530.00 (2013: \$555.00).

#### **Auditors' Independence Declaration**

A copy of the Auditors' Independence Declaration as required under Section 307c of the Corporations Act 2001 is attached to this Directors' Report.

Signed in accordance with a resolution of the Directors.

Dr J. S. Keniry AM, Chairman

Sydney 30th September 2014.

D. M. Watt. Director



## Auditor's Declaration

#### Australian Wool Exchange Limited

A.B.N. 35 061 495 565

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Thomas Dans & Co.

Thomas Davis & Co

J.G. Rym

J. G. Ryan

Sydney 30th September 2014.

Liability limited by a scheme approved under Professional Standards Legislation



| Statement of Profit or Loss and Other Con                               | nprel | nensive             | Income                | Statement of changes in Members' Funds                           |                       |           |  |
|-------------------------------------------------------------------------|-------|---------------------|-----------------------|------------------------------------------------------------------|-----------------------|-----------|--|
| for the year ended 30 June 2014                                         | Notes | 2014                | 2013                  | for the year ended 30 June 2014  Members Reserves                | Retained<br>Surpluses | Total     |  |
|                                                                         |       | \$                  | \$                    | \$                                                               | \$                    | \$        |  |
| Revenues from ordinary activities                                       | 2     | 4,190,622           | 3,550,149             | Balance at 1 July 2012 640,000                                   | 4,646,900             | 5,286,900 |  |
| Employee benefit expenses                                               |       | (1,863,650)         | (1,851,690)           | Profit attributable to the entity                                | (121,207)             | (121,207) |  |
| Depreciation and Amortisation Expenses                                  | 3     | (72,108)            | (89,674)              | Total other comprehensive income for the year                    | (121,207)             | (121,207) |  |
| Occupancy Costs Other expenses from ordinary activities                 |       | (271,426)           | (309,236) (1,420,756) | Balance as at 30 June 2013 640,000                               | 4,525,693             | 5,165,693 |  |
| Profit/(Loss) for the year before income tax expense                    | 3     | (1,430,088) 553,350 | (121,207)             | Profit attributable to the entity                                | 553,350               | 553,350   |  |
| Income tax expense                                                      | 1(b)  | -                   | (121,201)             | Total other comprehensive income for the year                    | -                     | -         |  |
| Profit/(loss) from ordinary activities after related income tax expense | 14    | 553,350             | (121,207)             | Balance as at 30 June 2014 640,000                               | 5,079,043             | 5,719,043 |  |
| Other comprehensive income for the year                                 |       |                     | _                     | The above statement of changes in Members Funds is to be read in |                       |           |  |
| Total comprehensive income/(loss) for the year                          |       | 553,350             | (121,207)             | conjunction with the accompanying notes.                         |                       |           |  |
|                                                                         |       |                     | , ,                   |                                                                  |                       |           |  |
| Profit/(Loss) attributable to members of the entity                     |       | 553,350             | (121,207)             |                                                                  |                       |           |  |
| Total comprehensive income/(loss) attributable to members of the entity |       | 553,350             | (121,207)             |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
| The above statement of Profit or Loss and Other Comprehensive Income    |       |                     |                       |                                                                  |                       |           |  |
| is to be read in conjunction with the accompanying notes.               |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |
|                                                                         |       |                     |                       |                                                                  |                       |           |  |



| Statement of Financial Position                                                                     |       |                               |                               | Statement of Cash Flows                                                                                                                             |                     |             |
|-----------------------------------------------------------------------------------------------------|-------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
| as at 30 June 2014                                                                                  | Notes | 2014                          | 2013                          | for the year ended 30 June 2014 Notes                                                                                                               | 2014                | 2013        |
|                                                                                                     |       | \$                            | \$                            |                                                                                                                                                     | \$                  | \$          |
| Current Assets                                                                                      |       |                               |                               | Cash flows from operating activities                                                                                                                |                     |             |
| Cash and cash equivalents                                                                           | 4     | 2,289,142                     | 6,731,793                     | Receipts from customers*                                                                                                                            | 3,126,151           | 4,960,958   |
| Receivables                                                                                         | 5     | 207,907                       | 153,887                       | Payments to suppliers and employees Interest Received                                                                                               | (3,503,468) 292,432 | (3,529,045) |
| Other current assets                                                                                | 6     | 98,475                        | 96,623                        | Net cash inflows / (outflows) from operating activities 20                                                                                          | (84,885)            | 1,786,323   |
| Total Current Assets                                                                                |       | 2,595,524                     | 6,982,303                     |                                                                                                                                                     | (0.,000)            | 1,1.00,020  |
| Non Current Assets                                                                                  |       |                               |                               | Cash flows from investing activities                                                                                                                |                     |             |
| Cash and cash equivalents                                                                           | 7     | 4,559,320                     | 500,000                       | Payments for property, plant & equipment                                                                                                            | (298,446)           | (369,236)   |
| Property, Plant & Equipment                                                                         | 8, 21 | 627,391                       | 403,590                       | Proceeds from sale of plant and equipment                                                                                                           | -                   | 528         |
| Total Non Current Assets                                                                            | 0, 2. | 5,186,711                     | 903,590                       | Net cash inflows / (outflows) from investing activities                                                                                             | (298,446)           | (368,708)   |
|                                                                                                     |       |                               |                               | Net increase (decrease) in cash held                                                                                                                | (383,331)           | 1,417,615   |
| Total Assets                                                                                        |       | 7,782,235                     | 7,885,893                     | Net increase (decrease) in cash held                                                                                                                | (363,331)           | 1,417,015   |
|                                                                                                     |       |                               |                               | Cash and cash equivalents at the beginning of the financial year                                                                                    | 7,231,793           | 5,814,178   |
| Current Liabilities                                                                                 |       |                               |                               | Cash and cash equivalents at the end of the financial year                                                                                          | 6,848,462           | 7,231,793   |
| Payables                                                                                            | 9     | 230,143                       | 184,505                       |                                                                                                                                                     |                     |             |
| Provisions Other current liabilities                                                                | 10    | 425,958                       | 410,925                       | Current 4                                                                                                                                           | 2,289,142           | 6,731,793   |
| Total Current Liabilities                                                                           | 11    | 1,321,491<br><b>1,977,592</b> | 2,037,658<br><b>2,633,088</b> | Non Current 7                                                                                                                                       | 4,559,320           | 500,000     |
| Total Out on Elabilities                                                                            |       | 1,077,002                     | 2,000,000                     | Cash and cash equivalents at the end of the financial year                                                                                          | 6,848,462           | 7,231,793   |
| Non Current Liabilities                                                                             |       |                               |                               | the halo the superior of OF4Oh in Devel Toward and a due to AAAFV lesion                                                                            |                     |             |
| Provisions                                                                                          | 12    | 85,600                        | 87,112                        | * Includes the receipt of \$510k in Payroll Tax refunds due to AWEX being granted an exemption from Payroll Tax. In the previous year receipts from |                     |             |
| Total Non Current Liabilities                                                                       |       | 85,600                        | 87,112                        | customers includes Woolclasser registration fees received for the period                                                                            |                     |             |
|                                                                                                     |       |                               |                               | 1/1/2013 to 31/12/2015.                                                                                                                             |                     |             |
| Total Liabilities                                                                                   |       | 2,063,192                     | 2,720,200                     | The above statement of cash flows is to be read in conjunction with the                                                                             |                     |             |
| Net Assets                                                                                          |       | 5,719,043                     | 5,165,693                     | accompanying notes.                                                                                                                                 |                     |             |
| Members' Funds                                                                                      |       |                               |                               |                                                                                                                                                     |                     |             |
| Members' Reserves                                                                                   | 13    | 640,000                       | 640,000                       |                                                                                                                                                     |                     |             |
| Retained Surpluses                                                                                  | 14    | 5,079,043                     | 4,525,693                     |                                                                                                                                                     |                     |             |
| Total Members' Funds                                                                                |       | 5,719,043                     | 5,165,693                     |                                                                                                                                                     |                     |             |
|                                                                                                     |       |                               |                               |                                                                                                                                                     |                     |             |
| The above statement of Financial Position is to be read in conjunction with the accompanying notes. |       |                               |                               |                                                                                                                                                     |                     |             |
|                                                                                                     |       |                               |                               |                                                                                                                                                     |                     |             |
|                                                                                                     |       |                               |                               |                                                                                                                                                     |                     |             |
|                                                                                                     |       |                               |                               |                                                                                                                                                     |                     |             |



# Notes to the Financial Statements



| Notes to the Financial Statements cont                                                                                                                    |       |      |      |                                                                                                                                                    |       |           |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------|-----------|
| for the year ended 30 June 2014                                                                                                                           | Notes | 2014 | 2013 | for the year ended 30 June 2014                                                                                                                    | Notes | 2014      | 2013      |
|                                                                                                                                                           |       | \$   | \$   |                                                                                                                                                    |       | \$        | \$        |
| (e) Revenue Recognition                                                                                                                                   |       |      |      | (f) Employee Benefits                                                                                                                              |       |           |           |
| Revenue is recognised to the extent that it is probable that the economic benefits will flow to Australian Wool Exchange Limited and that it can be       |       |      |      | Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits |       |           |           |
| reliably measured.                                                                                                                                        |       |      |      | expected to be paid within one year together with benefits arising from                                                                            |       |           |           |
| Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.                         |       |      |      | wages and salaries, superannuation and long service leave which will be settled after one year, have been measured at the amount expected to be    |       |           |           |
| Revenue from the rendering of a service is recognised upon delivery of                                                                                    |       |      |      | paid plus related on-costs.                                                                                                                        |       |           |           |
| the service to the customers. Triennium Wool Classer registration income                                                                                  |       |      |      | (i) Superannuation                                                                                                                                 |       |           |           |
| is recognised based on the pattern of services rendered. Income not recognised as earned is carried forward as unearned, and shown in the                 |       |      |      | The company contributes to employee accumulation superannuation funds. Contributions are charged against income.                                   |       |           |           |
| Statement of Financial Position as Unearned Income under the heading                                                                                      |       |      |      | (ii) Number of employees at year end                                                                                                               |       |           |           |
| Current Liabilities - Other.                                                                                                                              |       |      |      | - Permanent staff                                                                                                                                  |       | 14        | 14        |
| The net gain/(loss) of non-current asset sales is included as revenue/ (expense) at the date control passes to the buyer, usually when an                 |       |      |      | - Casual Staff                                                                                                                                     |       | 7<br>14.0 | 7<br>14.5 |
| unconditional contract of sale is signed. The net gain or loss on disposal is                                                                             |       |      |      | - Total full time equivalent Staff                                                                                                                 |       | 14.0      | 14.5      |
| calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.                           |       |      |      | During the year, the company adopted AASB 119: Employee Benefits                                                                                   |       |           |           |
| Government grants for any purpose other than for research and development                                                                                 |       |      |      | (September 2011) together with the relevant consequential amendments arising from the related Amending Standards, which are mandatorily            |       |           |           |
| are recognised as revenue when the right to receive the grant exists, or when control over the grant is obtained. Where government grants are received or |       |      |      | applicable from 1st January 2013.                                                                                                                  |       |           |           |
| receivable in relation to research and development costs which have been                                                                                  |       |      |      | The company has applied AASB 119 (September 2011) with retrospective                                                                               |       |           |           |
| deferred, the grant is deducted from the cost of research and development costs deferred. Where grants are received or receivable in relation to research |       |      |      | effect. Among other things, the main changes introduced by AASB 119 (September 2011) relate to defined benefit plans and termination benefits,     |       |           |           |
| and development costs which have been charged as an expense to the                                                                                        |       |      |      | which have no impact on the company's financial statements as the                                                                                  |       |           |           |
| operating statement, those grants are credited as revenue in the operating statement.                                                                     |       |      |      | company has no defined benefit obligations or termination benefits at present. Additionally AASB 119 (September 2011) has also introduced          |       |           |           |
| All revenue is stated net of the amount of goods and services tax (GST).                                                                                  |       |      |      | revised definitions for "short-term employee benefits" and "other long-                                                                            |       |           |           |
|                                                                                                                                                           |       |      |      | term employee benefits". These revisions cause a change in accounting policy for the annual leave provision amounts recognised in the financial    |       |           |           |
|                                                                                                                                                           |       |      |      | statements as explained below.                                                                                                                     |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |
|                                                                                                                                                           |       |      |      |                                                                                                                                                    |       |           |           |



| for the year ended 30 June 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Notes | 2014 | 2013 | for the year ended 30 June 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Notes | 2014 | 2013 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |       | \$   | \$   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |       | \$   | \$   |
| (f) Employee Benefits cont                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |       |      |      | (g) Goods and Services Tax (GST)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |       |      |      |
| Provision for employee benefit: annual leave                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |       |      |      | Revenues, expenses and assets are recognised net of the amount of GST except:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |       |      |      |
| For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services.  Previously, annual leave satisfied the definition of short-term employee benefits and, as a result, the leave liability was measured on an undiscounted basis at the amounts expected to be paid when the liability is settled. However, under AASB 119 (September 2011), as the company expects that some employees will not use all of their annual leave entitlements in the same |       |      |      | <ul> <li>- where the GST incurred on purchase of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable.</li> <li>- receivables and payables are stated inclusive of GST.</li> <li>The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.</li> </ul>                                                                                                                                                   |       |      |      |
| year in which they are earned or during the 12 month period that follows, some obligations for annual leave entitlements now meet the definition of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |       |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |       |      |      |
| other long-term employee benefits for those employees and, therefore, are required to be measures at their present value of expected future payments to be made to those employees. However, the effects of the adjustments required for each period are immaterial and hence have not been re-stated. These changes however do not impact the clarification of leave entitlements between current and non-current liabilities in the statement of financial position.                                                                                                                                                                                              |       |      |      | (h) Impairment  The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.  (i) Cash and cash equivalents  Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks and bank bills. Where bank bills have maturity dates greater 12 months after the end of the reporting period, they are |       |      |      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |       |      |      | classified as Non-Current.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |       |      |      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |       |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |       |      |      |



| Notes to the Financial Statements cont                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |       |      |      |                                                                                                                                                                                                                                                                                                                                                                                                      |       |      |      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|------|
| for the year ended 30 June 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Notes | 2014 | 2013 | for the year ended 30 June 2014                                                                                                                                                                                                                                                                                                                                                                      | Notes | 2014 | 2013 |
| (j) New Accounting Standards for Application in Future Periods.  The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that                                                                                  | Notes | \$   | \$   | AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:  - Tier 1: Australian Accounting Standards; and - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.                                                               | Notes | \$   | \$   |
| are relevant to the company but applicable in future reporting periods is set out below:  AASB 9: Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments and revised recognition and de-recognition requirements for                                             |       |      |      | Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.  Since the company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company may take advantage of Tier 2 reporting at a later date. |       |      |      |
| financial instruments.  The key changes that may affect the company on initial application of AASB9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.  The director's do not anticipate that the adoption of AASB9 will have any |       |      |      |                                                                                                                                                                                                                                                                                                                                                                                                      |       |      |      |
| impact on the company's financial instruments.  AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).  This standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial position.                                                       |       |      |      |                                                                                                                                                                                                                                                                                                                                                                                                      |       |      |      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |       |      |      |                                                                                                                                                                                                                                                                                                                                                                                                      |       |      |      |



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|---------------------------------------------------------------------------|-------|-----------|-----------|-----------------------------------------------------------------|-------------|-------------|
| for the year ended 30 June 2014                                           | Notes | 2014      | 2013      | for the year ended 30 June 2014 Note                            | 2014        | 2013        |
|                                                                           |       | \$        | \$        |                                                                 |             |             |
| 2. Revenue from Ordinary Activities                                       |       | T         | Ť         |                                                                 | \$          | \$          |
| Operating activities                                                      |       |           |           | Current Assets - Cash and Cash Equivalents                      |             |             |
| Joining Fees                                                              |       | 8,000     | _         | Cash on Hand                                                    | 1,354       | 1,547       |
| Subscription Fees                                                         |       | 62,900    | 59,040    | Cash at Bank                                                    | 1,494,599   | 3,221,298   |
| Fees for Service                                                          |       | 3,302,322 | 3.132.197 | Deposits at Call                                                | 793,189     | 3,508,948   |
| Other Revenue *                                                           |       | 524,968   | 3.974     | Cash and Cash Equivalents                                       | 2,289,142   | 6,731,793   |
| Interest Received                                                         |       | 292,432   | 354,410   |                                                                 |             |             |
| Non-operating activities                                                  |       |           |           | 5. Current Assets - Receivables                                 |             |             |
| Other Revenue                                                             |       | -         | 528       | Trade Debtors*                                                  | 143,840     | 38,700      |
| Total revenue from Ordinary Activities                                    |       | 4,190,622 | 3,550,149 | less: Provision for Doubtful debts                              | (15,000)    | (15,000)    |
| * Includes the receipt of \$510k in Payroll Tax refunds due to AWEX being |       |           |           | Trade debtors after provision for doubtful debts                | 128,840     | 23,700      |
| granted an exemption from Payroll Tax.                                    |       |           |           | Accrued Revenue                                                 | 79,067      | 130,187     |
|                                                                           |       |           |           | Receivables                                                     | 207,907     | 153,887     |
| 3. Profit/(Loss) from Ordinary Activities                                 |       |           |           | *Terms: Trade debtors are non-interest bearing and generally on |             |             |
| Profit/(Loss) from Ordinary Activities has been determined after          |       |           |           | 30 day terms.                                                   |             |             |
| Charging as an expense:                                                   |       |           |           |                                                                 |             |             |
| Depreciation and Amortisation of non-current assets                       |       |           |           | 6. Current Assets - Other                                       |             |             |
| - Depreciation of plant and equipment                                     |       | 72,108    | 89,674    | Prepayments                                                     | 77,899      | 73,955      |
| Total Depreciation and Amortisation Expenses                              |       | 72,108    | 89,674    | Other Debtors                                                   | 20,576      | 22,668      |
|                                                                           |       |           |           | Other                                                           | 98,475      | 96,623      |
| Operating lease rentals                                                   |       |           |           |                                                                 |             |             |
| - Minimum lease payments                                                  |       | 200,805   | 219,769   | 7. Non Current - Cash and Cash Equivalents                      |             |             |
| Total Operating Lease Rental                                              |       | 200,805   | 219,769   | Bank Bills and Term Deposits                                    | 4,559,32    | 500,000     |
|                                                                           |       |           |           |                                                                 | 4,559,320   | 500,000     |
| Transfer to/(from) provision for Holiday Pay                              |       | 10,020    | 9,621     |                                                                 | 3,000,000   | 333,333     |
| Transfer to/(from) provision for Long Service Leave                       |       | 19,771    | 44,180    | 8. Non Current Assets - Property, Plant and Equipment           |             |             |
|                                                                           |       |           |           |                                                                 | 1,749,757   | 1,860,105   |
| (Losses)/Gains on Disposal of Property, Plant & Equipment                 |       |           |           | Plant and equipment at cost less: Accumulated depreciation      | (1,643,175) | (1,694,601) |
| Gain/(loss) on disposal of property, plant and equipment                  |       | _         | 528       | less. Accumulated depreciation                                  | 106,582     | 165,504     |
| Loss on Disposal                                                          |       | (2,537)   | (376)     |                                                                 | 100,002     | 100,004     |
| Net gain/(loss) on disposal of property, plant and equipment              |       | (2,537)   | 152       | Software under development                                      | 520,809     | 238,086     |
|                                                                           |       | , ,       |           | less: Accumulated depreciation                                  | -           | -           |
|                                                                           |       |           |           |                                                                 | 520,809     | 238,086     |
|                                                                           |       |           |           | Property, Plant and Equipment 2                                 |             | 403,590     |
|                                                                           |       |           |           | Refer also to note 1(h) for impairment of assets.               |             |             |
|                                                                           |       |           |           |                                                                 |             |             |
|                                                                           |       |           |           |                                                                 |             |             |



| Notes to the Financial Otalements cont                                      |       |           |           |                                                                         |       |       |           |
|-----------------------------------------------------------------------------|-------|-----------|-----------|-------------------------------------------------------------------------|-------|-------|-----------|
| for the year ended 30 June 2014                                             | Notes | 2014      | 2013      | for the year ended 30 June 2014                                         | otes  | 2014  | 2013      |
|                                                                             |       | \$        | \$        |                                                                         |       |       |           |
| 9. Current Liabilities - Payables                                           |       |           |           |                                                                         |       | \$    | \$        |
| Creditors                                                                   |       | 58,240    | 36,894    | 14. Members' Funds - Retained Surplus                                   |       |       |           |
| Accrued Expenses                                                            |       | 171,903   | 147,611   | Retained Surplus                                                        |       |       |           |
| Payables                                                                    |       | 230,143   | 184,505   | Balance at 1 July                                                       | 4,525 |       | 4,646,900 |
|                                                                             |       |           |           | Net profit attributable to members of the company                       |       | 3,350 | (121,207) |
| 10. Current Liabilities - Provisions                                        |       |           |           | Retained Surplus                                                        | 5,079 | ,043  | 4,525,693 |
| Employee entitlements (being provision for Annual Leave, Long Service Leave |       |           |           | 45 Demonstrate of Directors and Management Demonstrate                  |       |       |           |
| due and superannuation)                                                     |       | 369,235   | 338,154   | 15. Remuneration of Directors and Key Management Personnel              |       |       |           |
| Other                                                                       |       | 56,723    | 72,771    | Income paid or otherwise made available to directors and key management |       |       |           |
| Provisions                                                                  |       | 425,958   | 410,925   | by the company or related parties.  Short-term benefits                 | 623   | 3,366 | 593,633   |
|                                                                             |       |           |           | Post-employment benefits                                                |       | 4,835 | 71,647    |
| 11. Current Liabilities - Other                                             |       |           |           | Other Long-term benefits                                                |       | 7,785 | 22,862    |
| Unearned Income*                                                            | 1(e)  | 1,321,491 | 2,037,658 |                                                                         |       | 5,986 | 688,142   |
| Other                                                                       |       | 1,321,491 | 2,037,658 | No retirement benefits were paid to directors during the year.          |       |       |           |
| * Unearned income represents Woolclasser registration fees received for     |       |           |           |                                                                         |       |       |           |
| the period 1/1/2013 to 31/12/2015                                           |       |           |           | 16. Remuneration of Auditors                                            |       |       |           |
|                                                                             |       |           |           | Amounts received or due and receivable by Thomas Davis & Co for:        |       |       |           |
| 12. Non-current Liabilities - Provisions                                    |       |           |           | - audit of the financial report of the company                          | 17    | 7,050 | 16,500    |
| Employee entitlements (being provision for Long Service Leave)              |       | 85,600    | 87,112    | - other services                                                        |       | -     | -         |
| Provisions                                                                  |       | 85,600    | 87,112    | Remuneration of Auditors                                                | 17    | 7,050 | 16,500    |
|                                                                             |       |           |           |                                                                         |       |       |           |
| 13. Members' Funds - Reserves                                               |       |           |           | 17. Expenditure Commitments                                             |       |       |           |
| Members' Reserves                                                           |       |           |           | Operating leases (non cancellable)                                      |       |       |           |
| Balance at 1 July                                                           |       | 640,000   | 640,000   | Minimum lease payments                                                  |       |       |           |
| Transfer from Retained Surplus                                              |       | -         | -         | - not later than one year                                               | 113   | 3,037 | 109,039   |
| Reserves                                                                    |       | 640,000   | 640,000   | - later than one year and not later than five years                     |       | 0,040 | 353,990   |
|                                                                             |       |           |           | - later than five years                                                 |       | -     | -         |
|                                                                             |       |           |           | Expenditure Commitments                                                 | 363   | 3,077 | 463,029   |
|                                                                             |       |           |           |                                                                         |       |       |           |
|                                                                             |       |           |           | These commitments represent payments due under non-cancellable          |       |       |           |
|                                                                             |       |           |           | operating leases that have not been recognised as liabilities in the    |       |       |           |
|                                                                             |       |           |           | current financial year.                                                 |       |       |           |
|                                                                             |       |           |           |                                                                         |       |       |           |
|                                                                             |       |           |           |                                                                         |       |       |           |
|                                                                             |       |           |           |                                                                         |       |       |           |
|                                                                             |       |           |           |                                                                         |       |       |           |



| for the year ended 30 June 2014                                                                          | Notes | 2014 | 2013 | for the year ended 30 June 2014                                                                                                                 | Notes | 2014              | 2013                |
|----------------------------------------------------------------------------------------------------------|-------|------|------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------------------|---------------------|
|                                                                                                          |       | \$   | \$   |                                                                                                                                                 |       | \$                | \$                  |
|                                                                                                          |       | Ψ    | Ψ    |                                                                                                                                                 |       | Ψ                 | Ψ                   |
| 18. Related Party Disclosure                                                                             |       |      |      | 18. Related Party Disclosure cont                                                                                                               |       |                   |                     |
| The directors of the Australian Wool Exchange Limited during the financial                               |       |      |      | Aggregate amounts of these transactions are as follows:                                                                                         |       |                   |                     |
| year were:                                                                                               |       |      |      | Income                                                                                                                                          |       |                   |                     |
| - Dr J. S. Keniry AM                                                                                     |       |      |      | Joining, subscription and trading fees                                                                                                          |       | 4,760             | 4,340               |
| - M. D. Avery                                                                                            |       |      |      | Selling facility fees                                                                                                                           |       | 86,598            | 115,873             |
| - J. H. Colley                                                                                           |       |      |      | Market Reports                                                                                                                                  |       | 34,920            | 27,756              |
| - G. C. Fisken Appointed 17th Feb 2014 - B. A. Litchfield                                                |       |      |      | Other                                                                                                                                           |       | 29,837            | 30,815              |
| - M. J. Moses                                                                                            |       |      |      |                                                                                                                                                 |       | 156,115           | 178,784             |
| - G. M. Power Resigned 17th Feb 2014                                                                     |       |      |      |                                                                                                                                                 |       |                   |                     |
| - D. M. Watt                                                                                             |       |      |      | 19. Segment Information                                                                                                                         |       |                   |                     |
|                                                                                                          |       |      |      | The company operated predominantly in one industry, being the Australian                                                                        |       |                   |                     |
| Alternate directors were:                                                                                |       |      |      | Wool Industry.                                                                                                                                  |       |                   |                     |
| - D. A. Macdonald                                                                                        |       |      |      | 00 5 11 11 1 11 11 11 11                                                                                                                        |       |                   |                     |
| - G. C. Fisken to 17th Feb 2014                                                                          |       |      |      | <ol><li>Reconciliation of operating profit/(loss) from ordinary activities<br/>after income tax to net cash from operating activities</li></ol> |       |                   |                     |
| - A. Blanch                                                                                              |       |      |      |                                                                                                                                                 |       | EE0 0E0           | (101 007)           |
| - G. Turner                                                                                              |       |      |      | Profit/(Loss) from ordinary activities  Depreciation and amortisation                                                                           |       | 553,350<br>72,108 | (121,207)<br>89,674 |
| Director and Director related entity Transactions                                                        |       |      |      | Increase/(Decrease) in Other Provisions                                                                                                         |       | 13,521            | 157,624             |
| Director and Director-related entity Transactions                                                        |       |      |      | (Profit)/Loss on disposal of plant and equipment                                                                                                |       | 2,537             | (152)               |
| A number of the directors are directors of entities which transact with the                              |       |      |      | Decrease/(Increase) in trade and other debtors                                                                                                  |       | (54,020)          | 64,593              |
| company.                                                                                                 |       |      |      | Decrease/(Increase) in other debtors and prepayments                                                                                            |       | (1,852)           | 65,506              |
| The directors involved are:  - M. D. Avery                                                               |       |      |      | Increase/(Decrease) in trade creditors, accruals and unearned income                                                                            |       | (670,529)         | 1,530,285           |
| - M. D. Avery                                                                                            |       |      |      | Net cash Inflows/(Outflows) from operating activities                                                                                           |       | (84,885)          | 1,786,323           |
| - G. C. Fisken                                                                                           |       |      |      |                                                                                                                                                 |       |                   |                     |
| - Dr J. S. Keniry AM                                                                                     |       |      |      | 21. Property, Plant and Equipment - Reconciliation                                                                                              |       |                   |                     |
| - B. A. Litchfield                                                                                       |       |      |      | Reconciliation of the carrying amounts of property, plant and equipment at                                                                      |       |                   |                     |
| - M. J. Moses                                                                                            |       |      |      | the beginning and end of the current financial year.                                                                                            |       |                   |                     |
| - G. M. Power                                                                                            |       |      |      | Plant and Equipment                                                                                                                             |       |                   |                     |
|                                                                                                          |       |      |      | Carrying amount at beginning of the period                                                                                                      |       | 403,590           | 124,404             |
| The Company received joining fees, subscriptions, trading fees and service                               |       |      |      | Additions                                                                                                                                       |       | 298,446           | 369,236             |
| fees for the use of wool selling facilities from the director-related entities                           |       |      |      | Disposals (net)                                                                                                                                 |       | (2,537)           | (376)               |
| during the financial year. All services were provided under the company's standard terms and conditions. |       |      |      | Depreciation Expense                                                                                                                            |       | (72,108)          | (89,674)            |
|                                                                                                          |       |      |      | Carrying amount at end of the period                                                                                                            |       | 627,391           | 403,590             |
|                                                                                                          |       |      |      |                                                                                                                                                 |       |                   |                     |
|                                                                                                          |       |      |      |                                                                                                                                                 |       |                   |                     |
|                                                                                                          |       |      |      |                                                                                                                                                 |       |                   |                     |



| Notes to the Financial Statements Cont                                           |       |           |           |                                                                               |       |        |         |
|----------------------------------------------------------------------------------|-------|-----------|-----------|-------------------------------------------------------------------------------|-------|--------|---------|
| for the year ended 30 June 2014                                                  | Notes | 2014      | 2013      | for the year ended 30 June 2014                                               | Notes | 2014   | 2013    |
|                                                                                  |       | \$        | \$        |                                                                               |       | \$     | \$      |
| 22. Financial Instruments                                                        |       |           |           |                                                                               |       |        |         |
| (a) Interest Rate Risk                                                           |       |           |           | 23. Contingent Liabilities                                                    |       |        |         |
| The company's exposure to interest rate risk, which is the risk that a financial |       |           |           | The company has provided a bank guarantee in respect of:                      |       |        |         |
| instument's value will fluctuate as a result of changes in market interest rates |       |           |           | Payroll Facilities                                                            |       | -      | 50,000  |
| and the effective weighted average interest rates on classes of financial assets |       |           |           | Lease obligations                                                             |       | 67,737 | 67,737  |
| and liabilities is as follows:                                                   |       |           |           |                                                                               |       | 67,737 | 117,737 |
| Cash, cash equivalents and investments - Current                                 | 4     | 2,289,142 | 6,731,793 |                                                                               |       |        |         |
| Cash, cash equivalents and investments - Non Current                             | 7     | 4,559,320 | 500,000   | Financing arrangements                                                        |       |        |         |
| Total Cash, cash equivalents and investments                                     |       | 6,848,462 | 7,231,793 | Bank Guarantees                                                               |       | 67,737 | 117,737 |
| Weighted Average Effective Interest Rate                                         |       | 4.17%     | 5.18%     | Used at balance date                                                          |       | -      |         |
| Trade Debtors & Other Receivables                                                | 5     | 207,907   | 153,887   | Unused at balance date                                                        |       | 67,737 | 117,737 |
| Weighted Average Effective Interest Rate                                         |       | N/A       | N/A       |                                                                               |       |        |         |
| Other Assets                                                                     | 6     | 98,475    | 96,623    | "In the previous year a claim had been lodged against AWEX by an employee     |       |        |         |
| Weighted Average Effective Interest Rate                                         |       | N/A       | N/A       | claiming Special Sick Leave and alleging unfair dismissal. The alleged unfair |       |        |         |
| Total Financial Assets                                                           |       | 7,154,844 | 7,482,303 | dismisal claim was disputed by AWEX and has been withdrawn."                  |       |        | 00.000  |
|                                                                                  |       |           |           |                                                                               |       | -      | 20,000  |
| Financial Liabilities                                                            |       |           |           |                                                                               |       |        |         |
| Trade Creditors and other payables                                               | 9     | 230,143   | 184,505   |                                                                               |       |        |         |
| Weighted Average Effective Interest Rate                                         |       | N/A       | N/A       |                                                                               |       |        |         |
| Total Financial Liabilities                                                      |       | 230,143   | 184,505   |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
| (b) Net Fair Value                                                               |       |           |           |                                                                               |       |        |         |
| All financial assets and liabilities have been recognised at the balance date at |       |           |           |                                                                               |       |        |         |
| their net fair values as their carrying amount approximates fair value.          |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
| (c) Credit Risk Exposure                                                         |       |           |           |                                                                               |       |        |         |
| The company's maximum exposure to credit risk at reporting date in relation to   |       |           |           |                                                                               |       |        |         |
| each class of recognised financial asset is the carrying amount of those assets  |       |           |           |                                                                               |       |        |         |
| in the statement of financial position, net of provision for doubtful debts.     |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |
|                                                                                  |       |           |           |                                                                               |       |        |         |



## Directors' Declaration

## The Directors' of the company declare that:

- 1. The financial statements set out on pages 40 to 59:
- (a) Comply with Accounting Standards and the Corporations Act 2001; and
- (b) Give a true and fair view of the Company's financial position as at 30 June 2014 and performance for the year ended on that date.
- In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Directors.

Dr J. S. Keniry AM, Chairman

D. M. Watt, Director

Sydney 30th September 2014.

## Auditor's Report

#### Independent Auditor's Report to the Members of Australian Wool Exchange Limited

We have audited the accompanying financial report of the Australian Wool Exchange Limited, which comprises the statement of financial position as at 30 June 2014, and the statement of profit and loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

#### Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

#### Opinion

In our opinion, the financial report of the Australian Wool Exchange Limited is in accordance with the Corporations Act 2001, including:

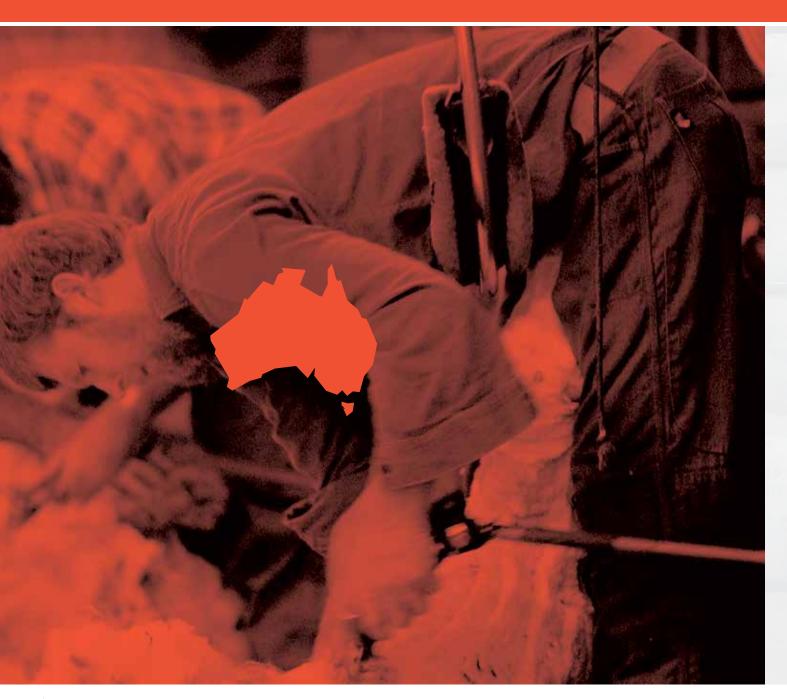
- (1) Giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (2) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Thomas Davis & Co.

J. G. Ryan, Partner

Liability limited by a scheme under Professional Standards Legislation.





## Contact Details

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