



Annual Report 2009

Australian Wool Exchange Limited

We Know Wool

We Know Wool Appraisers

We Know Wool Auctions

We Know Wool AWEX-ID

We Know Wool Cheque

We Know Wool Classers

We Know Wool Clearing

We Know Wool Classing Houses

We Know Wool Descriptions

We Know Wool EMI

We Know Wool Indicators

We Know Wool Information

We Know Wool Networks

We Know Wool Packs

We Know Wool Preparation

We Know Wool Publications

We Know Wool Quality

We Know Wool Reports

We Know Wool Rules

We Know Wool Search

We Know Wool Selling Programs

We Know Wool Seminars

We Know Wool Standards

We Know Wool Trainers

We Know Wool

2010-2012 CODE OF PRACTICE
07-09, 04-06, 01-03, 98-00, 95-97, 93-94

Report contents

Australian Wool Exchange Limited

ABN 35 061 495 565

Annual Report and Financial Statements
For the year ended 30 June 2009

1	Chairman's Message
3	CEO's Report
7	Company Principles
9	Operational Report
20	Members
23	Directors' and Financial Report
30	Auditor's Declaration
49	Directors' Declaration
50	Auditor's Report
51	Contacts

Chairman's message



During the 2008-2009 trading year, the Australian Wool Industry has again been battered by adverse operating and market conditions and a continuation of the decline in wool production.

The retraction of primary producers from their sheep enterprises is readily apparent from the statistics of sheep numbers. Merino sheep numbers have borne the brunt of the fall. Sheep meat prices have been very buoyant and in stark contrast to the wool market. The switch to meat-breed sheep is potentially disastrous for the whole industry as the merino ewe is the basis of the prime lamb industry and essential to the Australian sheep and wool industry's future. Despite somewhat better seasonal conditions, the year has been extremely testing for AWEX Members and for all participants in our industry.

If ever there was a time when the Australian Wool Industry desperately needed leadership, this must be it. It is also a time when maintenance of high quality standards is of paramount importance. AWEX has sought to provide leadership in terms of delivering continuing assurance to processors of the quality of the preparation and presentation of Australian wool and the availability of reliable, accurate and independent market information. These are the roles which AWEX carries out in seeking to achieve its objective of 'an internationally competitive system for the fair, efficient and informed trading of Australian wool, for the benefit of all market participants'.

AWEX management has continued to accept the need to deliver more, at less cost, in terms of the scope and effectiveness of AWEX services. The

AWEX operations are basic to processor confidence and particularly vital at this time. There are very good reasons to retain confidence in the future of such an excellent product as Australian wool. The AWEX Board and management are resolute in our confidence in the future of our great product and we are committed to doing all we can to assure that future.

Our CEO, Mark Grave has detailed the on-going development of our services in his report. We believe that the Members of AWEX, the Australian wool producers and the wool processing industry want AWEX to continue to deliver its services as a company which is independent and impartial. We will continue to work with our members and with the industry at large to ensure a sound financial and operational basis for the ongoing achievement of the objectives for which AWEX was established. We will continue to work to achieve membership of all industry participants. We know that this requires a commitment to consultation and communication.

As forecast in our last Annual Report the financial outcome for AWEX for 2008-2009 has been a deficit. The result, a loss of \$119,715, was better than our budgeted figure. We again achieved greater than anticipated income from woolpacks. Financial management has been sound, with continuing diligent cost control and costs were lower than budget. At 30 June 2009, Members' funds were over \$5,000,000.

Chairman's message

All investment funds are with Australian banks, in accordance with policy. The company is in a sound position, for the present, to continue the full range of our services to members and to the industry. But we have a responsibility to resolve the issues relevant to the future delivery by AWEX of its services.

On behalf of the Board, I again thank AWEX management and staff for their dedication and their efforts and achievements under challenging circumstances. The CEO has provided outstanding leadership and his team has shown their determination to continue to enhance AWEX's performance and standing in the industry. I also wish to thank your Directors for their hard work, their commitment to the future of AWEX and our industry, and their unstinting support during the year.

A handwritten signature in dark ink, appearing to read 'R. A. Farrar', with a horizontal line drawn underneath it.

Allan Farrar Chairman

September 2009



CEO'sreport

The 2008-09 financial year was one that again presented many challenges to all in the wool industry. It seems as though this scenario is one that has been repeated many times over during the last decade.

Lower wool production, volatile markets, increasing value of the Australian dollar against the USD, strong sheep-meat prices, the introduction of newer non-merino sheep breeds and continued drought in many areas; these competing elements have presented enormous challenges for this industry.

Whilst we can reflect and each one of these issues is significant to the wool industry and the sectors within it, it will be the solutions and how we cope that represents the future direction of the industry. There are of course those elements which are out of our control such as drought, but it is the response to the lack of water that counts. The Global Financial Crisis is also not within our control but the way in which we operate and gear our businesses is fundamental to how we come out the other side of this economically critical time. AWEX is not immune to any of this and we are well aware that our Members are dealing with these issues first hand.

Lower wool production is a key driver for many Members and in a year where it is forecast that 330mkgs of greasy wool will be produced the competition is fierce. The impact of the lower production volume, a level not seen since the 1940's, impacts on woolgrowers, selling agents, exporters and processors alike.

With the fall in wool production has come the shift in the profile of the Australian wool clip. The average Australian wool clip, once described colloquially as 21 micron, has shifted into distinct micron groups. There are those woolgrowers who remain committed to growing wool who have shifted their production to a finer micron (less than 20 micron) and then there are those who have decided to concentrate on sheep-meat production reflecting an increase in production of crossbred wool 26-28 micron. This is a significant shift in the profile of the merino dominant Australian wool clip.

Woolgrowers are making strategic business decisions based on the returns of each commodity to the farming enterprise. For many woolgrowers the lack of water has presented real tangible problems; little or no irrigation, the sell off of excess sheep due to no water and the cost of sheep feed, these are real issues which require long term solutions. The poor performing markets have also given woolgrowers the incentive to seek alternatives in difficult times.

Wool buyers are all too aware of the effect of these problems including lower weekly offerings and the limited offering of particular types of wool each sale. Wool processors have machinery that can essentially only be used for one thing and that is to process wool.

We are not in this alone: the issues being faced

CEO'sreport *continued*

here in Australia are also being experienced in every wool-producing country around the world. The global supply of greasy wool is well down. Collectively the industry has been challenged with restructuring but the pace is faster than some would hope and slower than others can bear. This is not lost on AWEX.

It is an old maxim but when faced with difficult times, quality will always stand on its own. There has never been a more important time for the Australian wool industry to work together to maintain the quality and reputation of the Australian wool clip. Australia has benefited from the investments made in woolclassing, shearing and various quality related programs over many years. AWEX has been working hard in these areas to ensure the future direction of the wool industry is assured. This work relies on the co-operative approach of all who have an investment in and benefit from the Australian wool industry.

The 2008-09 financial year has been a productive year for AWEX building on the sound foundation of 2007-08. AWEX continues to innovate and deliver services of the highest quality and timing to ensure the market place remains well informed.

The key plank of the AWEX platform in 2008-09 has been the review of the AWEX Code of Practice: Preparation of Australian wool clips (COP). AWEX has over 22,000 registered woolclassers and they are the key ingredient to maintaining the enviable reputation of the Australian wool clip. The review has been extensive both in terms of the detail in which the COP has been reviewed and also in the level of input provided by industry stakeholders. Input to the Code of Practice was received from over 1,000 woolclassers and this has been invaluable.

The Code of Practice is an integral part of the reputation of the Australian wool industry. With the recent changes made to wool test certificates, where wool is prepared by registered woolclassers, we can now measure the value to buyers of a professionally classed and prepared clip. The real value to the industry is in the confidence a buyer has in a clip prepared by a woolclasser and this adds value to the Australian wool clip. AWEX will again be building the reputation of the Australian woolclasser with the commencement of re-registration of woolclassers in October 2009. AWEX will also, for the first time, be inviting some of our best woolclassers with the opportunity to register as a 'Masterclasser'.

'Masterclasser' is a program where professional woolclassers are identified for their professional skill and influence on the Australian wool clip, the sheer quantity of wool that they class and their character. Masterclasser is an intensive 4 day professional skills development program designed to support our top woolclassers and build on their leadership qualities. AWEX identified the need to improve the support to this group of key influential people and they in turn have shown their commitment to the Australian wool industry. To date AWEX has held the Masterclasser program in all regions with a specialist Superfine program held in Newcastle.

The future of the Australian wool industry will rely on the professional skills of people right throughout the pipeline and woolclassers are fundamental as the first step in wool processing.

AWEX has also made significant changes to several other services. During 2008-09 a significant change to the Bale label in both concept and design has seen a dramatic reduction to the cost of woolpack



manufacturing of 50 cents per bale. The new label has a landscape design which makes it more practical to use in the shed and in the warehouse. In addition, the inclusion of a 'Bin Code' on the label will aide the identification of bales and lines of wool for the woolclasser, presser and warehouse operator. These changes have been made in consideration of issues brought to AWEX and as a recommendation from the Industry Services Advisory Committee (ISAC).

One of the most visible changes which has occurred, in 2008-09, has been the introduction of the National Wool Declaration (NWD). The NWD, in a very short time, has become one of the most important tools used by the industry to inform the market.

AWEX developed the NWD and released it in August 2008. Since then AWEX has continued to monitor its progress and development with weekly desk audits to ensure that the information provided to the Buyer is accurate. Over and above this AWEX has formed an On-Farm Mulesing Audit Working Group to establish the relevant protocols for an on-farm audit to take place. At this time the working group has trialed the on-farm audit program with a view to recommending it to ISAC.

In 2008 AWEX also undertook a review of the NWD with some slight modifications being adopted. This annual review is designed to make sure that the NWD remains relevant and meets the needs of all stakeholders. The second review will take place during November – December 2009 and again industry input has been sought. Undoubtedly one of AWEX's biggest challenges will be in providing adequate extension to ensure the message of the NWD and Australian quality is well understood both

domestically and internationally.

As flagged to industry in August 2008, AWEX has introduced a Quality Service Fee (QSF). The QSF has been introduced to contribute to the cost recovery for those Quality Services delivered by AWEX at the auction showfloor and to services such as the development and ongoing monitoring of the NWD. AWEX is only too aware of the sensitivity surrounding all costs in today's difficult economic climate but equally the services provided by AWEX are fundamental to a transparent and well informed selling system. The benefits of the services under the QSF are received by many and not just one particular sector so cost recovery is an important issue for AWEX and for the industry. The QSF rate is a modest 17 cents per bale sold (+ gst) but the benefit far outweighs the monetary value.

The short term direction for AWEX will be to continue to deliver improved services to Members and industry. Containing the costs of services will always remain high on our agenda as I know they are also with members. From a management perspective AWEX is conscious of the ever tightening economic circumstances in which we find ourselves. The financial performance of AWEX in 2008-09 has been a responsible one in terms of cost control but ensuring that the essential services of AWEX have not diminished. AWEX recorded a loss of \$120,000 in 2008-09 and whilst below budget, it represents a concerted effort by all to minimise the impact of rising costs and falling volume. Fiscal responsibility is a key objective of both Board and management to ensure Members' assets are used to the benefit of Members. AWEX's investment policy has again assured that Members' funds are protected and invested prudently through Australian Banks.

CEO'sreport *continued*

The number of AWEX staff remains at an all time low with a permanent staff number of 15 (full time equivalents). Many of our staff are long term employees with AWEX benefiting from their understanding of the wool industry, AWEX Members and the knowledge services AWEX provides. AWEX has proven to be very flexible and able to adapt to meet the economic and service needs of the industry.

2009-10 will again present many challenges, many of them different to those of the past decade. AWEX is taking the view that Australian wool production will most likely be at its lowest level over the next 2-3 years. AWEX must deliver increased value for money services, improved wool quality programs enhanced and timely information and greater Member value. These are the goals for AWEX in 2009-10.

I would like to express my thanks and gratitude to:

ISAC: The Industry Services Advisory Committee has been a strength to AWEX and the industry in guiding the review of the Code of Practice, the review of the Bale Label, the review of the NWD, the introduction of the Sheep Breed Compendium and all things which are quality related to AWEX and the wool industry. ISAC is led by the Chairman, Russell Pattinson and is also serviced by its permanent members Mr. Don MacDonald, Mr. Stuart Clayton, Dr. Peter Morgan and Mr. Brent Finlay. I would also like to thank AWEX staff and those members seconded to ISAC to review each of the specific issues raised.

The National Woolclasser Consultative Group: This group of professional woolclassers from across Australia was formed specifically to provide input to the review of the Code of Practice. In return the industry has received so much more. Their views provide a practical reality check to AWEX and provides

greater insight into the working life and issues faced by a woolclasser. This group has added great value to AWEX and the review of the Code of Practice and it is a group that we will keep intact.

AWEX staff: Each year I pay tribute to AWEX staff and each year I am amazed by their professionalism, their sound counsel and their ability to work in some difficult circumstances. The industry benefits from the character and knowledge of AWEX staff. I want to acknowledge their support for the industry and their support to me and each other.

I would also like to thank the Directors of AWEX and in particular the Chairman, Mr. Allan Farrar for his commitment and willingness to devote much of his time to AWEX and the Australian wool industry. The support and counsel of Directors is greatly appreciated by myself and AWEX staff. I believe their thorough process has demonstrated sound decisions in challenging times.



Mark Grave CEO

September 2009



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.

Principle 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.

Principle 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 may then offer themselves for re-election.

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

Principle 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.

Principle 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.

Principle 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.

Company principles *continued*

Principle 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.

Principle 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. This includes the convening of the Audit and Compliance and Corporate Governance Committees, which monitors and advises the Board on management finance, corporate governance and expenditure policies and oversees 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.

Principle 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.

Principle 9

Remunerate fairly and responsibly.

Details of Directors' remuneration are set out in the following pages. 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 elsewhere in this report. The committee determines the remuneration of the CEO and senior management. The committee also considers and reviews annual salary reviews for all staff.

Principle 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 Corporate 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 of conduct.



Operationalreport



Operationalreport

Market Information and Analysis

During 2008-09 wool season the volatility of the wool market had been severely hampered by the Global Financial Crisis and recession impacting on trading conditions right throughout the wool pipeline. Exporters and processors reported difficulties in sourcing credit as banks tightened up on the amount of available funds and associated lending conditions.

When reviewing the performance of the Australian wool market, the AWEX Eastern Market Indicator generally reflected the negative sentiment of the economy with a general trend downward over the course of the last twelve months. The AWEX-EMI opened the season at 876 cents (kg clean) and reached a high of 896 c/kg clean in September before easing lower over the following nine months. The lowest point in the market during last season was in February where the AWEX EMI reached 721 c/kg clean. The market then proceeded to recover late in the season to close at 777 c/kg clean, a movement of -99 cents (or -11%) when compared to the opening.

The Australian Dollar was similarly affected with a drop of over 16 percent over the year. At the start of the season the Australian dollar was worth over 95 US cents and closed at 80 US cents after bottoming out below 61 US cents. Typically a weak exchange rate has a positive benefit on the wool market, however, global conditions conspired against most commodity markets with an under-performing market prevailing.

Australian shorn-wool production fell to 355 million kilograms (mkg), a drop of 35 mkg (-8.7%) when compared to the previous season, the lowest since the 1950's. Wool production has fallen due to a number of factors including poor seasonal conditions in a large number of significant wool-growing areas. The trend towards meat-sheep was also apparent as the percentage market share of Merino wool continued to decline.

Again the dominant export country for Australian greasy wool is China. Wool exports to China increased during the season and in May 2008 represented over 80% of all greasy wool exports for the month. In the current season 2009-10 over 70% of all wool exported from Australia was shipped to China.

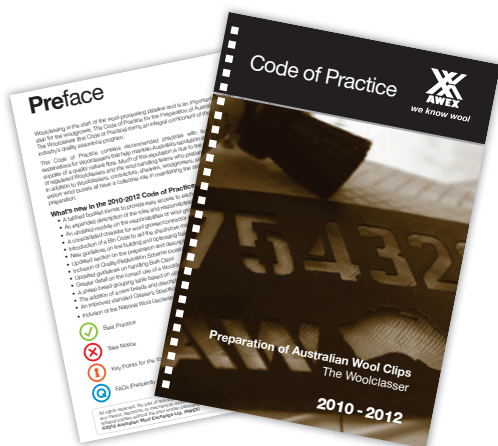
The changing profile of the Australian wool clip is also starting to develop with a slight increase in crossbred wool types 27-28 micron. Equally the increase in the quantity of finer merino wool production, less than 19.5 micron represents a significantly larger market share of total wool production when compared to analysis of 20 years ago. Whilst the total wool production has more than halved, the total volume of merino fleece wool less than 19.5 micron has increased from 23 mkg in 1989-90 to 79 mkg in 2008-09. Conversely, Merino fleece wool of 23-25 micron has fallen from 283 mkg in 1989-90 to 14 mkg in 2008-09. This represents a large shift in production en-mass as well as a strategically aligned shift by wool producers.

Standard economic modelling scenarios no longer apply and the wool market is moving in a number of different ways. A key to future wool production will be the seasons but equally the reward of a sound market is in itself incentive.

Woolclasser Registration

Every three years AWEX undergoes the registration process for all woolclassers. In October 2009 AWEX will commence registration for the 22,500+ woolclassers currently registered with AWEX.

This process is a very important one for AWEX and for the Australian wool industry. The woolclasser is the recognised trained professional who prepares wool for sale to prospective buyers. It is the training, support and recognition (stencil) of our



AWEX is also investigating ways in which new woolclassers might be interested in a career in the wool industry. Every year approximately 250 new woolclassers are trained and register as woolclassers, it is important that these numbers are maintained and that the next generation of woolclassers continues to be developed.

Masterclasser

In 2010-12 a new category of woolclasser is being introduced: Masterclasser. Masterclasser originally was developed from the 'Boardtalk to the Bush' series of seminars which were created to provide extension and education to woolclassers. During these seminars it became clear that some of our most talented and influential woolclassers also required support. In the past this group of highly skilled professionals has gone unnoticed as it was assumed that they didn't need support. Through these seminars it became evident that as the requirements of the woolclasser continue to increase, the importance and focus on the woolclasser continues to be raised, this experienced group also needs support. Woolclassers are faced with many challenging issues including being a mediator and an educator as well as the shed manager. Increasing pressures on woolclassers in non-wool related issues is common place today.

Through the Masterclasser workshops invited woolclassers are able to receive professional advice on such matters. They also receive skills training, advice and support from wool buyers and AWEX.

'Masterclasser' registration recognises their experience and skills as a woolclasser and is already well recognised across Australia.

woolclassers that underpins the enviable reputation that Australia has in producing wool of the highest quality.

This year invitations will be sent to all of our registered woolclassers, included in that invitation are the rules under which they agree to register to and abide by. Once registered a woolclasser will receive a copy of the 2010-12 Code of Practice, stencil, stamp and this year a new publication, the Sheep Breed Compendium. In addition they will also receive a new poster on Bale preparation and a New Bale Description Chart.

The process of reviewing the Code of Practice and the administering of the registration takes 18 months of preparation. The Code of Practice is reviewed from front cover to back cover and each section is considered for relevance. The Code of Practice will be in place for the next three years so every care is taken.

In addition, once the registration period is underway, AWEX will recommence the 'Boardtalk to the Bush' series of seminars across Australia. This has proven to be an important communication tool for AWEX and woolclassers and allows woolclassers to meet with their colleagues and AWEX to learn more about their industry.

Operationalreport *continued*

Sheep Breed Compendium



As part of the Australian Wool Exchange's (AWEX) commitment to the Australian wool industry, in 2009 AWEX has published the AWEX Sheep Breed Compendium (Australia). This Compendium will be a key reference document for all personnel working in the Australian sheep industry.

The Compendium focuses on the wool characteristics of each breed used commercially in Australia today, it also recognises that today's sheep producer may have a multi-faceted approach to production with the enterprise varying from meat to wool to milk, or a combination of these.

The principle aims of this Compendium are to provide:

- Sheep producers with information that may be useful when making strategic management decisions, selecting a sheep breed for their enterprise and/or when choosing sires for crossbreeding.
- Woolclassers with knowledge to help them class clips for all breeds and crossbreeds.

- A description and photo of each breed allowing easy recognition, along with their commercial purpose and objective data to quantify the wool characteristics.
- Contact details for sheep breed societies of Australia.

The information presented in the AWEX Sheep Breed Compendium is based on published material (e.g. books, journals and websites), information provided by sheep breed societies and other industry organisations as well as the results of objective wool testing undertaken by AWEX.

Boardtalk to the Bush

'Boardtalk to the Bush' (BttB) has been a solid platform which supports the quality and extension work AWEX provides to all woolclassers. The aims are simple, namely, to provide all woolclassers with the opportunity to meet with AWEX and to learn and be updated on issues related to the wool industry.

AWEX has used this series of seminars to introduce woolclassers to changes to the Code of Practice and this year will be no exception. At this time, AWEX has planned to conduct between 40-50 seminars to again disseminate the significant changes to the Code of Practice, the review of the National Wool Declaration and to receive feedback on issues related to woolclassing, wool quality and all other woolclasser matters.

The BttB series has been a successful vehicle for AWEX and woolclassers in providing the latest wool information across the country.

The feedback from these seminars has also driven a number of projects for AWEX such as a standardised woolclasser's specification, bale label and the Code of Practice.



National Wool Declaration

In 2008 there has been no more successful introduction of a new information system in the wool industry than the National Wool Declaration (NWD).

The NWD was first implemented in August 2008. AWEX introduced this to ensure that a transparent system of lot identification was available to wool buyers. To support this system AWEX also introduced weekly monitoring of the declaration via a desk audit. The desk audit, done on a random basis, checks the signed declaration against the woolclasser's specification and the sale catalogue to ensure that the information as completed is correct and consistent.

This simple check has helped identify issues that need to be addressed. The system provides buyers with the confidence that they can buy wool in the knowledge that AWEX, as an independent organisation, has performed due diligence on the declarations from woolgrowers. It also provides woolgrowers with the opportunity of representing their clip.

In addition, AWEX is also developing an on-farm audit/inspection model which will provide further assurances to the customers and users of Australian wool that Australia can meet their needs. The new inspection framework has been trialled in recent weeks and will undergo further review before it is adopted by the wool industry.

Feedback from buyers, processors and retailers indicates that this extra step in the system is essential for the integrity of the Australian wool industry.

In November – December 2009 AWEX, through ISAC, will conduct the review of the NWD. The annual review is an open and transparent method of ensuring ownership of the NWD by the industry and provides an opportunity for all stakeholders to have input to the process.

The timing of the review is such that if any changes to the NWD are made there is adequate time to update all systems and software before it comes into effect.

On-Farm Mulesing Audit Working Group

AWEX formed a small working group of industry experts to discuss the protocols and technical requirements of an on-farm mulesing audit/inspection. The work in this area is vital to the ongoing success of the NWD and its reputation both locally and internationally.

The working group consists of qualified veterinarians, qualified woolgrowers and former state department of primary industry personnel. After several meetings a trial of the inspection program was trialled in September with a view of making recommendations to the NWD review being conducted by ISAC.

Such issues as the type and manner of inspection to be conducted, the sample size of the inspection, key document search and who might conduct the inspection have been raised and discussed by the working group.

The outcomes of the review are of course yet to be known but a key issue to be considered will be the cost recovery of providing this service to industry.

Network Services

The performance of AWEX Network Services is subject to production volumes; both rises and falls. In recent years the fall in production has impacted severely on the auction offerings and, as a consequence, the volume of traffic through the network has been severely affected. AWEX is considering an upgrade to the AWEX Network which will provide a lower cost base and prepare the network for the next decade. All services require investments at various times in their life-cycle. The likely investment is in line with expectations in terms of the age and performance of the current platform.

Operationalreport *continued*

Woolpack Quality Program

During 2008-09 AWEX made some significant changes to the woolpack program and was also faced with some issues of concern to be addressed.

As previously noted the most significant change to the Woolpack Quality Program was the review and redesign of the bale label. The bale label was first developed as a low cost introduction to electronic bale identification (bar code) and as a tool to consolidate bale information. Since its introduction the value of a bar code has been limited as it does not work through dumping and it was not being used by warehouses. The electronic bale identification project has been run in parallel but has not met all the objectives set out at this time.

AWEX surveyed and has taken counsel with woolclassers about what they would see as an improvement in the practical application of the label as well as discussing this review with warehouse operators who were critical of the minimal area to write and identify each bale.

The review was conducted through ISAC and has seen three significant improvements:

The removal of the bar-code: As the bar-code was not being used it, therefore, did not serve the purpose for which it was introduced. The bar-code itself was large in terms of cm² and it occupied a significant area on the label which could be used for bale identification.

Change from portrait to landscape orientation: This change has made the bale label more user-friendly by maximising the available area to complete details. Most property names and even some bale descriptions did not fit well on the former portrait designed label. The new landscape version will provide more space for clearer bale identification.

Introduction of 'Bin Code': The introduction of the "Bin Code" will now serve as an important aide to woolclassers, pressers and warehouse operators enabling easy differentiation of each line of wool.

These enhancements have also allowed AWEX to introduce a significant price reduction in the cost of manufacturing a woolpack which will benefit woolgrowers.

In addition, AWEX has also been monitoring woolpack quality. All woolpacks imported into Australia must meet criteria set out in the AWEX woolpack standards. These standards are recognised by Australian Customs and if not certified will not be accepted for importation. The quality of a woolpack is not just based on the objective tests or the technical specifications of the woolpack. The quality of a woolpack also includes the workmanship of the woolpack and whether the woolpack received is indeed fit for purpose.

Over the past 18 months AWEX has received and acted on complaints regarding woolpack quality. These complaints have either been generated by woolgrowers or by rural merchandise outlets where they have found that the woolpack does not meet AWEX standards or are not fit for purpose.

In receiving a complaint AWEX investigates the complaint with the woolgrower, importer and the manufacturer. The AWEX quality system provides for each complaint to be traced back through the system so that a complete history of the production of the woolpack and those involved in the actual cutting and sewing can be made. Traceability can also be made back even as far as the yarn purchases used in that batch. The result of the complaints has, in practical terms, prompted changes to production and training of staff to ensure that these issues can be prevented in the future.

The ongoing round trials between the various laboratories ensure consistency in testing and the monitoring of production batches together with feedback from woolgrowers and selling agents ensures that manufacturers are provided with timely feedback on their production.

Clearing Services

The AWEX Clearing Services have again delivered a very important time critical service to industry. The timely notification of deliveries to dump is vital to any shipping or logistic industry. The AWEX Clearing Services is a nationally centralised service which provides all users with additional confidence that delivery times will be met.

The volume of throughput through this service is also subject to the prevailing wool production and auction sale timetable. It is therefore a surprise that the throughput in 2008-09 saw an increase of 9% over the previous 2007-08 financial year. This highlights the value of the service and that based on its excellent reputation, Members and industry stakeholders see this as a valued service to industry.

Community

AWEX has demonstrated many times it is a community conscious and responsible company.



Members would remember that AWEX donated \$USD200,000 towards the Test Marketing Project on behalf of Members. The decision by the AWEX Board to make this donation was at a time when the wool industry was in need, this was followed up by AWEX donating \$AUD17,000 towards the Tsunami appeal, again at a time when the wider community and those who have involvement with

the Australian wool industry were in need.

In 2008 AWEX donated \$10,000 to Beyond Blue. Beyond Blue is an organisation that works with men suffering from depression. This illness is something that has affected the rural communities of Australia and Beyond Blue is an organisation with national responsibilities in this area of support and research.

In addition, AWEX has contributed to the Royal Flying Doctor Service which is an important service to rural Australia.

In addition, AWEX staff has also picked up the mantle of community awareness and responsibility. For the second year in a row AWEX staff has participated in the Oxfam Trailwalker Challenge in Sydney. The Trailwalker Challenge is an event where teams of four walk 100kms, as a team, within 48 hours. AWEX also chose to use this as an opportunity to raise the awareness of Australian wool and woollen products with product sponsorship provided by Red Island – an Australian company which produces garments made from Australian merino wool.

The real challenge of course is to raise money for Oxfam to use in various charitable projects and countries around the world. In the last two events, AWEX staff has raised nearly \$20,000. On behalf of our staff I would like to thank those, including AWEX staff, who have made donations to this fund raising event. We are grateful for the support and interest shown by many colleagues throughout the industry, both domestically and internationally.

AWEX will again be entering the Oxfam Trailwalker Challenge in 2010 for our third successive year. Our fund raising has already begun and we look forward to the opportunity of increasing the profile of Australian wool. If you want more information please contact any AWEX staff member or office.

Mark Grave CEO

September 2009

Operationalreport *continued*

Statistical Overview for Season 2008-09

(c) Australian Wool Exchange Ltd

		North	South	West	2008/09	2007/08
Total Offered	Bales	624,316	931,579	478,785	2,034,680	2,277,360
	Lots	145,412	158,443	73,586	377,441	422,625
	Tonnes	109,322	165,679	85,009	360,009	403,469
First Hand Offered	Bales	577,903	845,896	418,709	1,842,508	2,071,161
	Lots	135,427	143,433	63,916	342,776	385,495
	Tonnes	101,140	150,347	74,332	325,819	366,784
Reoffer %		7.43%	9.20%	12.55%	9.44%	9.05%
Total Sold	Bales	564,567	809,586	398,210	1,772,363	1,988,383
	Lots	132,631	137,122	60,279	330,032	371,704
	Tonnes	98,785	143,822	70,698	313,306	352,057
Average Lot Size (Total)		4.29	5.88	6.51	5.39	5.39
Average Lot Size (First Hand)		4.27	5.90	6.55	5.38	5.37
Average Bale Weight (kgs)		168.31	173.24	173.80	171.58	171.83
Average Price (c/kg)	Greasy	540	492	437	500	589
	Clean	822	768	703	777	915
Average Micron		20.21	20.98	20.23	20.54	20.59
Micron profile (%)	<19.6	46.0%	33.7%	36.0%	38.0%	38.1%
	19.6 - 23.5	38.7%	47.2%	60.0%	47.5%	46.4%
	>23.5	15.2%	18.7%	3.8%	14.1%	15.1%
Average Staple Length - MFLC		83.6	87.0	84.9	85.3	85.4
Average Staple Strength - MFLC		37.6	33.4	32.0	34.7	33.8
Average Position of Break - MFLC		50.1	49.9	51.8	50.4	52.0
Average VMB		3.1	1.8	2.2	2.3	2.0
Average Yield (Schlun)		63.1	62.9	61.2	62.7	62.6
Wool Type Profiles % Bales offered						
Fleece		58.3%	62.0%	65.2%	61.6%	61.4%
Pieces		15.1%	10.4%	10.0%	11.8%	11.5%
Bellies		4.7%	6.1%	5.1%	5.4%	6.2%
Lambs		3.9%	4.6%	7.8%	5.1%	4.9%
Weaners		11.3%	10.5%	5.4%	9.6%	9.7%
Crutchings		4.2%	3.6%	4.1%	3.9%	3.5%
Locks		2.5%	2.7%	2.3%	2.6%	2.6%
Method of Offer %						
Growers		83.8%	80.8%	80.8%	81.7%	86.6%
bulk class & interlots		16.2%	19.2%	19.2%	18.3%	13.4%

•All Averages are Simple Averages •Bales Offered including reoffers unless stated • Includes New Zealand Stored Wool

EMI vs US Dollar by Week for Season 2008-09

(c) Australian Wool Exchange Ltd

Date	EIND	US\$	Date	EIND	US\$
03/07/2008	874	0.96	09/07/2008	864	0.95
07/08/2008	846	0.91	14/08/2008	873	0.87
21/08/2008	859	0.87	27/08/2008	850	0.86
04/09/2008	855	0.83	11/09/2008	881	0.80
18/09/2008	896	0.79	25/09/2008	859	0.84
02/10/2008	858	0.79	09/10/2008	868	0.69
16/10/2008	839	0.67	23/10/2008	764	0.67
30/10/2008	738	0.68	06/11/2008	723	0.67
13/11/2008	766	0.64	20/11/2008	788	0.64
27/11/2008	779	0.65	04/12/2008	789	0.65
11/12/2008	780	0.66	17/12/2008	764	0.70
15/01/2009	760	0.66	22/01/2009	744	0.66
29/01/2009	741	0.66	05/02/2009	743	0.64
12/02/2009	730	0.66	19/02/2009	725	0.64
26/02/2009	722	0.65	05/03/2009	725	0.64
12/03/2009	742	0.65	19/03/2009	743	0.68
26/03/2009	751	0.70	02/04/2009	765	0.70
08/04/2009	767	0.70	23/04/2009	790	0.71
30/04/2009	823	0.73	07/05/2009	830	0.75
14/05/2009	834	0.75	21/05/2009	812	0.78
28/05/2009	783	0.78	04/06/2009	753	0.80
11/06/2009	771	0.81	18/06/2009	775	0.79
25/06/2009	777	0.80			

Week Ending EMI vs US Dollar



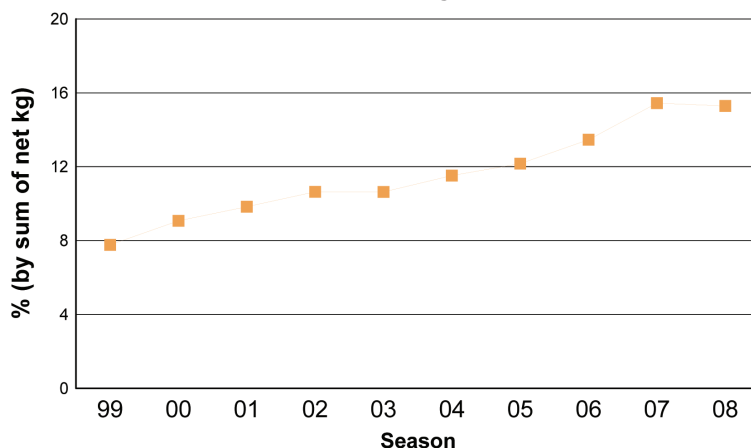
Operationalreport *continued*

Wool Breed Analysis (Bales Sold) for Season 2008-09

(c)Australian Wool Exchange Ltd

		Merino	Other	Total
99/00	Bales	2,794,897	249,570	3,044,467
	Gross \$	\$1,854,534,424	\$86,795,585	\$1,941,330,009
00/01	Bales	2,572,668	271,706	2,844,374
	Gross \$	\$2,153,051,302	\$119,235,538	\$2,272,286,840
01/02	Bales	2,283,469	262,784	2,546,253
	Gross \$	\$2,204,704,384	\$166,726,146	\$2,371,430,530
02/03	Bales	1,897,563	239,888	2,137,451
	Gross \$	\$2,333,719,680	\$186,896,331	\$2,520,616,011
03/04	Bales	1,891,617	239,073	2,130,690
	Gross \$	\$1,775,853,485	\$134,314,258	\$1,910,167,743
04/05	Bales	2,007,278	277,732	2,285,010
	Gross \$	\$1,755,588,866	\$135,624,872	\$1,891,213,739
05/06	Bales	1,950,654	287,380	2,238,034
	Gross \$	\$1,596,848,675	\$133,678,937	\$1,730,527,612
06/07	Bales	1,972,032	325,831	2,297,863
	Gross \$	\$1,973,506,116	\$165,718,409	\$2,139,224,525
07/08	Bales	1,666,173	322,210	1,988,383
	Gross \$	\$1,827,347,052	\$164,905,584	\$1,992,252,636
08/09	Bales	1,487,687	284,676	1,772,363
	Gross \$	\$1,355,939,318	\$136,845,382	\$1,492,784,700

Non-Merino % by season

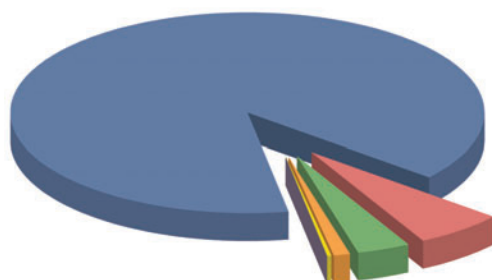


Top 15 Export Destinations 2008-09 (Excluding Sheep Skins)

(c) Australian Wool Exchange Ltd

Destination	Greasy Equivalent Kg	% Change	% of total	Value AUD\$	% Change
1 China	263.3 Mkg	6%	69.6%	\$1,386.0 Mill.	-7%
2 No Country Details	29.9 Mkg	-46%	7.9%	\$141.3 Mill.	-55%
3 India	24.9 Mkg	3%	6.6%	\$131.1 Mill.	-8%
4 Italy	23.2 Mkg	-37%	6.1%	\$174.8 Mill.	-39%
5 Korea, Republic Of	9.2 Mkg	39%	2.4%	\$36.8 Mill.	27%
6 Slovakia	8.7 Mkg	-53%	2.3%	\$38.7 Mill.	-60%
7 Japan	3.4 Mkg	-18%	0.9%	\$14.7 Mill.	-27%
8 Taiwan	2.7 Mkg	702%	0.7%	\$12.4 Mill.	835%
9 Thailand	2.6 Mkg	-42%	0.7%	\$16.0 Mill.	-49%
10 Mauritius	1.2 Mkg	-12%	0.3%	\$6.0 Mill.	-23%
11 Malaysia	1.1 Mkg	602%	0.3%	\$5.0 Mill.	262%
12 Mexico	1.1 Mkg	35%	0.3%	\$6.6 Mill.	101%
13 USA	1.0 Mkg	-45%	0.3%	\$7.4 Mill.	-33%
14 Germany	0.9 Mkg	-56%	0.2%	\$4.6 Mill.	-61%
15 Iran	0.8 Mkg	3%	0.2%	\$5.1 Mill.	0%
16 Others	4.4 Mkg	-31%	1.2%	\$22.0 Mill.	-35%
	378.4 Mkg			\$2,008.4 Mill.	

Export Summary by Class (% of mass KG)



Greasy	88.9%
Scoured	5.9%
Carbonised	3.6%
Tops	1.3%
Noil	0.2%
Waste	0.0%
Total	100.0%

Members

Trading Members

A C Pacific Trading Pty Ltd

A R Rhodes & Company

A S Gedge Australia Pty Ltd

ABB Wool Export - Division of ABB Grain Ltd

ACF Wool Traders Pty Ltd

Adelaide Wool Company - Division of ABB Grain Ltd

Associated Wool Exporters 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

B & Z Enterprises Pty Ltd

B N Proud & Company

Barwon & Yarra Valley Wool Brokers Pty Ltd

Beecher Wool Services

Bo Rui Pty Ltd

Bryton Wool

BWK Elders Australia Pty Ltd

Cable Wool Pty Ltd

Chargeurs Wool Australia Pty Ltd

Chinatex (Australia) Wool Company Pty Ltd

Cogtrust Pty Ltd T/as Coggan Wool

Conn Wool Pty Ltd

Dewavrin Australia Pty Ltd

Don Belgre Pty Ltd

Donghai Australia Pty Ltd

Dynon Wools (Aust) Pty Ltd

Dyson Jones Wool Marketing Services - Division of Australian Wool Network Pty Ltd

E P Robinson Pty Ltd

Fibres (Australia) Pty Ltd

Fletcher International Exports Pty Ltd

Fox & Lillie Australia Pty Ltd

Fremantle Wool Trading Company Pty Ltd

Goddard Wool Marketing - Division of Australian Wool & Pastoral Agency

Goldex Corporation Pty Ltd t/as Mascot Wool

Gordon Litchfield Wool Pty Ltd

GrainCorp Operations Limited

Harvest Wool (Australia) Pty Limited

Hodge Wool Pty Ltd

J A Seager & N E Seager Partnership

James Stedman (Wool) Pty Ltd

Jemalong Wool Pty Ltd

Jenkyn Wool Exports Pty Ltd

John Marshall & Company Limited

Kathaytex Pty Limited

Landini Industries Pty Ltd

Lanoc Wool Pty Ltd

Laycock Speciality Fibres Pty Ltd

Lempriere (Australia) Pty Ltd



M & M Wools (Aust) Pty Ltd

M A Kiernan & Company Pty Ltd

Maggie International Trading Pty Ltd

McFeeters Wool & Company

Michell Pty Ltd

Modiano Australia Pty Ltd

Montgomery Wools Pty Ltd

Morepen Pty Ltd

Moses and Son Pty Ltd

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

Riverton Wools Pty Ltd

Ruralco Holdings Limited

Saunders Wool Pty Ltd

Segard Masurel (Australia) Pty Ltd

Sky Wool Australia Pty Ltd

Southern Cross Wool Pty Ltd

StaWool Brokers - Division of ABB Grain Ltd

Stockwool Pty Ltd

Sunshine Fortex (Australia) Groups Pty Ltd

Swan Wool Processors Pty Limited

Techwool Trading Pty Ltd

The New Zealand Merino Company Ltd

Tradeswool Country Woolbuyers Pty Ltd

Sunshine Fortex (Australia) Groups Pty Ltd

Swan Wool Processors Pty Limited

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

West Coast Wools Pty Ltd

Western Wool Marketing

Williams Wool Export Pty Ltd

Williams Wool Pty Ltd

Wool Agency Company Pty Ltd

Woolgrowers Independent Selling Services Ltd

Yarra Wool

Yeoward & Company

Associate Members

Australian Superfine Wool Growers Association Inc

Australian Wool Innovation Limited

WA Department of Agriculture

Members *continued*

Grower Members

A J Byrne & Company

Autumnvale Pastoral Company

Bickleigh Hillburn Pty Ltd

Bloomfield Pastoral Company

Brett Campbell

Bukalong Enterprises

Byanga Pastoral Company

C W A & D W Prell

Cambrae (Harden) Pastoral Company

Cavanagh Partnership

Clyde Agriculture Limited

D D & A J Long

Dingo Range

East Mundal

ER & RL Amery

Garth England

Glenbuddah Pty Ltd

Glenelg Estate

Gordon Litchfield

Gorrinn Pastoral Company

GW & RT Bridgman

Ian Aubrey

Ian Burbury

Ian Mclean

J P & S M Ranken

J S & W A Parkinson

K A & J J Miller

Kentucky Pty Ltd

KM & YC Gill

Malison Pastoral Holdings

Mance Pastoral Company Pty Ltd

Marong Pastoral Company Pty Ltd

Max Zell Family Settlement Trust

Mclvor Agricultural Consultants Pty Ltd

Paling Yards Trading Company

Pete Longley

Phil O'Brien Wool Pool

R F Mason

Robert Pietsch

Robert Richardson Dick

Stonehouse Grazing

T & J Spielvogel

Terinallum Partnership

The Mutooroo Pastoral Company Pty Ltd

Twynam Pastoral Company Pty Ltd

W J & S Parkins

William Whiteley

Woolaway Grazing

WoolProducers

Yarrabee Grazing Company



Directors' and Financial report




Directors' report

Your Directors submit their report for the year ended 30 June 2009.

The names of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Director	Experience	Special Responsibilities
	R.A. Farrar Chairman <ul style="list-style-type: none"> Chairman, McGarvie Smith Institute; Hon. Councillor, Royal Agricultural Society of NSW. 	<ul style="list-style-type: none"> Chairman; Chairman, Compliance and Corporate Governance Committee; Chairman, Remuneration Committee; Member, Audit Committee.
	R.W. Amos Director <ul style="list-style-type: none"> Business Unit Manager - Domestic, Adelaide Wool Division of ABB Grain Ltd; Past Federal President, Federal Council of Private Treaty Merchants of Australia; Managing Director, Robaine Pty Ltd. 	<ul style="list-style-type: none"> Non Executive Director; Member, Organisational Review Committee.
	D.R. Belgre Director <ul style="list-style-type: none"> Managing Director, Don Belgre Pty Ltd; Managing Director, G. Schneider Australia Pty Ltd; Chairman, Australian Wool Network Pty Ltd; Chairman, AWN Property Pty Ltd. 	<ul style="list-style-type: none"> Non Executive Director; Member, Audit Committee; Member, Compliance and Corporate Governance Committee; Member, Rules Committee; Member, Remuneration Committee; Member, Membership Admission Committee.
	T.J. Doolan Director (Appointed 27/11/2008) <ul style="list-style-type: none"> National Business Development Manager, Wool, Livestock, Environment - Ruralco Holdings Ltd Director, Sneydes Pastoral Co Pty Ltd 	<ul style="list-style-type: none"> Non Executive Director.
	D.R. Hamblin Director <ul style="list-style-type: none"> Grazier; President, WoolProducers Australia Ltd; Director, Australian Wool Testing Authority Ltd; Councillor, NSW Farmers Executive; Professional Woolclasser. 	<ul style="list-style-type: none"> Non Executive Director; Chairman, Rules Committee.
	M.J. Moses Director <ul style="list-style-type: none"> Managing Director, Moses and Son Pty Ltd; Director, Pinefarm Pty Limited; Director, Yennora Wool Brokers; Director/Secretary, The Pinnacles (Temora) Pty Limited; Director, Inland Woolbrokers Association. 	<ul style="list-style-type: none"> Non Executive Director; Member, Rules Committee; Member, Membership Admission Committee.
	D.M. Watt <ul style="list-style-type: none"> Lawyer; Woolgrower; Chairman, Integrated Tree Cropping Limited. 	<ul style="list-style-type: none"> Non Executive Director; Member, Audit Committee; Member, Compliance and Corporate Governance Committee; Member, Remuneration Committee.

Secretary	Experience	Special Responsibilities
	M.F. Pritchard (Originally appointed 01/06/2005) • Chartered Accountant.	• Company Secretary; • Chief Financial and Administrative Officer; • Secretary, Audit Committee; • Secretary, Compliance and Corporate Governance Committee; • Secretary, Membership Admission Committee; • Secretary, Remuneration Committee; • Secretary, Organisational Review Committee.
Alternate Director	Experience	Special Responsibilities
D.A. MacDonald Alternate for M.J.Moses	• Managing Director, Lanoc Wool Pty Ltd; • Managing Director, Yennora Wool Brokers Pty Ltd.	• Alternate Director.
G.C. Fiskén Alternate for D.R. Hamblin appointed 1/10/2008	• Director, WoolProducers Australia Ltd;	• Alternate Director.
M.J. de Kleuver Alternate for T.J. Doolan appointed 26/6/2009	• Wool Manager, Rodwell & Co. Pty Ltd; • Operations Manager, Southern Wool Warehousing	• Alternate Director.

Directors' report *continued*

Corporate Information

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 liability of the company's Members is limited.

Principle Activities

The company's Principle continuing activities during the year consisted of:

- Supply of market information on behalf of members;
- Administration of quality management programs;
- Wool pack quality management;
- Administering the conduct of wool selling; and
- Registration of wool classers.

Employees

The company employed 15 permanent and 6 casual employees as at 30 June 2009. Total full time equivalent employees 14.0. (2008: 16 permanent and 8 casual employees, Full time equivalent 16.1).

Results

An operating deficit of \$119,715 (2008: surplus \$312,021) was achieved for the year.

Dividends

Being limited by guarantee, the company does not pay dividends.

Review of Operations

Revenue for the year was primarily derived from service fees received of \$3,471,779 (2008: \$4,535,210). Total revenue for the period was \$4,024,495 (2008: \$5,083,146).

Total operating expenses for the year were \$4,144,210 (2008: \$4,771,125) relating to the provision of projects and ongoing services.

Performance Management

Management and the Board monitor the company's overall performance, from its implementation of the mission statement and strategic plan through to the performance of the company against operating plans and financial budgets. Directors receive financial reports monthly and prior to each Board meeting allowing all directors to actively monitor the company's performance.

Risk Management

The Board is responsible for identifying risks and opportunities on a timely basis and for ensuring the company's objectives and activities are aligned with those risks and opportunities. The Board considers this to be a crucial function and therefore does not have a separate risk management sub-committee.

The Board has mechanisms in place to oversee specific aspects of management's functionality. These include:

- Audit Committee - which monitors and advises the Board on management finance and oversees the external financial statement audit process;
- Compliance and Corporate Governance Committee – which monitors and advises the Board on corporate governance and expenditure policies;
- Remuneration Committee – which monitors and advises the Board on issues relating to personnel policies as well as remuneration for AWEX staff.



Corporate Governance

The business and affairs of AWEX are vested in the Board, which has responsibility for the management and control of the Company. The Board elects the Chairman.

At present there are 7 Directors, including the Chairman. There are six face-to-face Board meetings each year. In addition, the Board holds a number of teleconferencing meetings.

Day to day management of AWEX is delegated to the Chief Executive Officer. To assist the Board and management in carrying out their duties, permanent Board Committees are created with either delegated authority or in an advisory role. All committees have terms of reference. Ad hoc committees, established for a specific special purpose, are established as required.

Significant Changes in the State of Affairs

There have been no significant changes to the company's state of affairs during the year.

Matters Subsequent to the End of the Financial Year

As at the date of this report no matters or circumstances have arisen since 30 June 2009 that have significantly affected or may significantly affect:

1. the company's operations; or
2. the result of those operations; or
3. the company's state of affairs;

in the financial year subsequent to 30 June 2009.

Likely Developments and Expected Result of Operations

There are no other likely developments which will adversely impact on the results of the company.

Directors' Meetings

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2009, 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;
- Organisational Review Committee;
- Remuneration Committee; and
- Rules Committee.

Directors' report *continued*

A / E = Attended / Eligible to Attend
 Note: The Rules Committee and the Organisational Review Committee did not meet during the financial year.

		Board		Committees											
		Board Meetings		Audit		Compliance & Corporate Governance		Membership		Remuneration		Rules		Organisation Review	
Directors:		A	E	A	E	A	E	A	E	A	E	A	E	A	E
R A Farrar		7	7	1	1	1	1			1	1				
R W Amos		6	7												
D R Belgre		7	7	1	1	1	1	3	3	1	1				
T J Doolan		4	4												
D R Hamblin		5	7												
M J Moses		7	7					3	3						
D M Watt		7	7	1	1	1	1			1	1				
Alternate Directors:	For	A	E	A	E	A	E	A	E	A	E	A	E	A	E
D A MacDonald	M J Moses														
G C Fiskien	D R Hamblin	2	2												
M J de Kleuver	T J Doolan														



Directors' Indemnity

During the year the company has paid a premium of \$8,530 (2008: \$8,555) for professional indemnity insurance for Directors and Officers of the company, which provides cover for all past, present and future Directors and Officers.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company.

Directors' Benefits

A number of the directors have interests in organisations that utilise the services of the company in the ordinary course of business. These services were provided under the company's standard terms and conditions.

With these exceptions, since 30 June 2008 no director of the company has received or become entitled to receive a benefit (other than remuneration included in note 14 to the accounts) because of a contract that the director, a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made (during the year ended 30 June 2009 or at any other time) with either the company or an entity that the company controlled, or a body corporate that was related to the company, when the contract was made or when the director received or became entitled to receive the benefit.

Auditor

Thomas Davis and Co was appointed as the auditor of the company by vote at the Annual General Meeting on 13 November 1998 in accordance with section 327 of the Corporations Act 2001.

Auditor's 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.

R A Farrar
Chairman

D R Belgre
Director

Melbourne 26 August 2009

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 2009 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 DAVIS & CO



P.L. WHITEMAN

Date 26th August 2009

Liability limited by a scheme approved under Professional Standards Legislation



Financialreport

Income statement

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
Revenues from ordinary activities	2	4,024,495	5,083,146
Employee benefit expenses		(1,561,094)	(1,668,177)
Depreciation and Amortisation Expenses	3	(136,951)	(266,822)
Occupancy Costs		(563,387)	(567,374)
Other expenses from ordinary activities		(1,882,778)	(2,268,752)
Profit/(Loss) from ordinary activities before income tax expense		(119,715)	312,021
Income tax expense relating to ordinary activities	1(b)	-	-
Net profit from ordinary activities after related income tax expense	14	(119,715)	312,021

The above income statement is to be read in conjunction with the accompanying notes.

Financialreport *continued*

Statement of changes in members' funds

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
Total members' funds at the beginning of the financial year		5,179,608	4,867,587
Net income recognised directly in members' funds		-	-
		5,179,608	4,867,587
Net Profit/(Loss) for the year		(119,715)	312,021
Total recognised income and expense for the year		(119,715)	312,021
Total members' funds at the end of the financial year		5,059,893	5,179,608

The above statement of changes in members' funds is to be read in conjunction with the accompanying notes.

Balance sheet

as at 30 June 2009	Notes	2009	2008
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	1,960,015	6,432,605
Receivables	5	243,956	296,707
Other current assets	6	145,844	132,966
Total Current Assets		2,349,815	6,862,278
NON CURRENT ASSETS			
Investments	7	3,616,870	-
Property, Plant & Equipment	8, 21	70,949	183,338
Total Non Current Assets		3,687,819	183,338
TOTAL ASSETS		6,037,634	7,045,616
CURRENT LIABILITIES			
Payables	9	170,658	355,935
Provisions	10	184,992	173,982
Other current liabilities	11	479,993	1,189,972
Total Current Liabilities		835,643	1,719,889
NON CURRENT LIABILITIES			
Provisions	12	142,098	146,119
Total Non Current Liabilities		142,098	146,119
TOTAL LIABILITIES		977,741	1,866,008
NET ASSETS		5,059,893	5,179,608
MEMBERS' FUNDS			
Members' Reserves	13	640,000	640,000
Retained Surpluses	14	4,419,893	4,539,608
TOTAL MEMBERS' FUNDS		5,059,893	5,179,608

The above balance sheet is to be read in conjunction with the accompanying notes.

Financialreport *continued*

Cash flow **statement**

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
Cash flows from operating activities			
Receipts from customers		2,895,057	3,939,391
Payments to suppliers		(4,184,814)	(4,398,124)
Interest Received		459,332	455,454
Net cash inflows/(outflows) from operating activities	20	(830,425)	(3,279)
Cash flows from investing activities			
Payments for property, plant & equipment		(25,295)	(23,095)
Proceeds from sale of plant and equipment		-	45
Net cash inflows / (outflows) from investing activities		(25,295)	(23,050)
Net increase (decrease) in cash held		(855,720)	(26,329)
Cash and cash equivalents at the beginning of the financial year		6,432,605	6,458,934
Cash and cash equivalents at the end of the financial year	4, 7	5,576,885	6,432,605

The above cash flow statement is to be read in conjunction with the accompanying notes.



Notes to the financial statements

for the year ended 30 June 2009	Notes	2009	2008
<p>1. Summary of significant accounting policies</p> <p>This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.</p> <p>The financial report has been prepared in accordance with the historical cost convention, and does not take into account changes in money values or except where stated, current valuations of non-current assets. The accounting policies have been consistently applied except where stated in the Financial Report.</p> <p>The company is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office is Ground Floor, 318 Burns Bay Road, Lane Cove, NSW 2066. In accordance with the Constitution of Australian Wool Exchange Limited, the liability of the members in the event of the company being wound up would not exceed \$5 per member. As the company is limited by guarantee, there is no reference in the Balance Sheet to Share Capital.</p> <p>This Financial Report was authorised for issue by the Board of Directors on 26th August 2009.</p> <p>A summary of significant accounting policies is set out below:</p>			

Financialreport *continued*

Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009	2008
Statement of Compliance			
<p>The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). A statement of compliance with International Financial Reporting Standards cannot be made due to the Company applying the not for profit sector specific requirements contained in AIFRS.</p>			
(a) Property, Plant & Equipment			
<p>AASB1 allows for the current carrying values to be the deemed cost under AIFRS. Each class of property plant and equipment is carried at cost or deemed cost, where applicable, less any accumulated depreciation and any impairment in value. Assets are depreciated on a straight line basis to write off the net cost of each item over its expected useful life to the company. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:</p>			
Plant and Equipment		3-8 Years	3-8 Years
Software		3-4 Years	3 Years
(b) Income Tax			
<p>The company has been granted an exemption from income tax under Section 23(h) of the Income Tax Assessment Act 1936.</p>			
(c) Recoverable Amount of Non-Current Assets			
<p>Where the carrying amount of an individual non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount.</p>			
<p>The expected net cash flows included in determining recoverable amounts of non-current assets have not been discounted to their present values.</p>			

Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009	2008
(d) Receivables			
<p>All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of invoicing. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to the collection exists.</p>			
(e) Revenue Recognition			
<p>Revenue is recognised to the extent that is probable that the economic benefits will flow to Australian Wool Exchange Limited and that it can be reliably measured.</p>			
<p>Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.</p>			
<p>Revenue from the rendering of a service is recognised upon delivery of the service to the customers. Triennium Wool Classer registration income is recognised based on the pattern of services rendered. Income not recognised as earned is carried forward as unearned, and shown in the Balance Sheet as Unearned Income under the heading Current Liabilities - Other.</p>			
<p>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 unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.</p>			
<p>Government grants for any purpose other than for research and development, 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 receivable in relation to research and development costs which have been deferred, the grant is deducted from the cost of research and development costs deferred. Where grants are received or receivable in relation to research and development costs which have been charged as an expense to the operating statement, those grants are credited as revenue in the operating statement.</p>			
<p>All revenue is stated net of the amount of goods and services tax (GST).</p>			

Financial report *continued*

Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009	2008
(f) Employee Benefits			
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be paid within one year together with benefits arising from wages and salaries, superannuation and long service leave which will be settled after one year, have been measured at the amount expected to be paid plus related on-costs.			
(i) Superannuation			
The company contributes to an employee accumulation superannuation fund. Contributions are charged against income.			
(ii) Number of employees at year end			
- Permanent staff		15	16
- Casual Staff		6	8
- Total full time equivalent Staff		14.0	16.1
(g) Goods and Services Tax (GST)			
Revenues, expenses and assets are recognised net of the amount of GST except:			
<ul style="list-style-type: none"> - 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. - receivables and payables are stated inclusive of GST. 			
The net amount of GST recoverable from, or payable to the Australian Taxation Office is included as part of receivables or payables in the balance sheet.			

Notes to the financial statements – continued

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
(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.			
2. Revenue from Ordinary Activities			
<i>Operating activities</i>			
- Joining Fees		16,000	32,000
- Subscription Fees		71,127	60,180
- Fees for Service		3,471,779	4,535,210
- Other Revenue		6,257	257
- Interest Received		459,332	455,454
<i>Non-operating activities</i>			
- Other Revenue		-	45
Total revenue from Ordinary Activities		4,024,495	5,083,146
3. Profit(Loss) from Ordinary Activities			
Profit/(Loss) from Ordinary Activities has been determined after Charging as an expense:			
Depreciation and Amortisation of non-current assets			
- Depreciation of plant and equipment		136,951	266,822
Total Depreciation and Amortisation Expenses		136,951	266,822

Financialreport *continued*

Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
3. Profit from Ordinary Activities cont.			
Operating lease rentals			
- Minimum lease payments		451,973	442,473
Total Operating Lease Rental		451,973	442,473
Transfer to/(from) provision for Holiday Pay		(12,186)	(16,169)
Transfer to/(from) provision for Long Service Leave		(4,021)	30,315
(Losses)/Gains on Disposal of Property, Plant & Equipment			
Gain/(loss) on disposal or Property, Plant & Equipment		-	45
Loss on Disposal		(733)	(438)
Net gain/(loss) on disposal or Property, Plant & Equipment		(733)	(393)
4. Current Assets - Cash and Cash Equivalents			
Cash on Hand		800	800
Cash at Bank		1,167,310	3,226,896
Deposits at Call		791,905	3,204,909
Cash and Cash Equivalents		1,960,015	6,432,605
5. Current Assets - Receivables			
Trade Debtors *		148,013	176,408
less: Provision for Doubtful debts		(15,000)	(15,000)
Trade debtors after provision for doubtful debts		133,013	161,408
Accrued Revenue		110,943	135,299
Receivables		243,956	296,707

* Terms: Trade debtors are non-interest bearing and generally on 30 day terms.

Notes to the financial statements – continued

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
6. Current Assets - Other			
Prepayments		109,317	82,398
Other Debtors		36,527	50,568
Other		145,844	132,966
7. Investments			
Investments in Bank Bills due beyond 30 June 2010		3,616,870	-
		3,616,870	-
8. Non Current Assets - Property, Plant and Equipment			
Plant and equipment at cost	21	2,164,056	2,179,792
less: Accumulated depreciation		(2,093,107)	(1,996,454)
Property, Plant and Equipment		70,949	183,338
Refer also to note 1(h) for impairment of assets.			
9. Current Liabilities - Payables			
Creditors		58,830	224,656
Accrued Expenses		111,828	131,279
Payables		170,658	355,935
10. Current Liabilities - Provisions			
Employee entitlements (being provision for Annual Leave and Superannuation)		148,372	146,159
Other		36,620	27,823
Provisions		184,992	173,982

Financialreport *continued*

Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
11. Current Liabilities - Other			
Unearned Income	1(e)	479,993	1,189,972
Other		479,993	1,189,972
12. Non-current Liabilities - Provisions			
Employee entitlements (being provision for Long Service Leave)		142,098	146,119
Provisions		142,098	146,119
13. Members' Funds - Reserves			
Members' Reserves			
Balance at 1 July		640,000	640,000
Transfer from Retained Surplus		-	-
Reserves		640,000	640,000
14. Members' Funds - Retained Surplus			
Retained Surplus			
Balance at 1 July		4,539,608	4,227,587
Net profit attributable to members of the company		(119,715)	312,021
Retained Surplus		4,419,893	4,539,608
Refer also to note 1(h) for impairment of assets.			
15. Remuneration of Directors and Key Management Personnel			
Income paid or otherwise made available to directors and key management by the company or related parties.			
Short-term benefits		509,523	552,475
Post-employment benefits		65,422	59,147
Other Long-term benefits		5,965	9,591
No retirement benefits were paid to directors during the year.		580,910	621,213

Notes to the financial statements – continued

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
16. Remuneration of Auditors			
Amounts received or due and receivable by Thomas Davis & Co for:			
- audit of the financial report of the company		15,400	14,520
- other services		-	-
Remuneration of Auditors		15,400	14,520
17. Expenditure Commitments			
Operating leases (non cancellable)			
Minimum lease payments			
- not later than one year		455,836	442,329
- later than one year and not later than five years		127,469	563,949
- later than five years		-	-
Expenditure Commitments		583,305	1,006,278
These commitments represent payments due under non-cancellable operating leases that have not been recognised as liabilities in the current financial year.			
18. Related Party Disclosure			
The directors of the Australian Wool Exchange Limited during the financial year were:			
R.A.Farrar	D.R.Hamblin		
R.W.Amos	M.J.Moses		
D.R.Belgre	D.M.Watt		
T.J.Doolan (Appointed 27/11/2008)			
Alternate directors were: D.A.MacDonald, G.C.Fiskin (Appointed 1/9/2008), M.J.de Kleuver (Appointed 26/6/2009), D.J.Nancarrow (Resigned 27/8/2008)			

Financialreport *continued*

Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009	2008
		\$	\$
18. Related Party Disclosure cont.			
Director and Director-related entity Transactions			
A number of the directors are directors of entities which transact with the company. The directors involved are:			
R.W.Amos D.R.Belgre T.J.Doolan			
D.R.Hamblin M.J.Moses			
The company receives joining fees, subscriptions, trading fees and service fees for the use of wool selling facilities from the director-related entities during the financial year. All services were provided under the company's standard terms and conditions.			
Aggregate amounts of these transactions are as follows:			
Income			
Joining, subscription and trading fees		-	36,364
Selling facility fees		192,571	170,446
EDI Network fees and Market Reports		73,976	48,355
Other		7,899	16,880
		274,446	272,045
19. Segment Information			
The company operated predominantly in one industry, being the Australian Wool Industry.			

Notes to the financial statements – continued

for the year ended 30 June 2009	Notes	2009 June	2008 June
		\$	\$
20. Reconciliation of operating profit from ordinary activities after income tax to net cash from operating activities			
Profit(Loss) from ordinary activities		(119,715)	312,021
Depreciation and amortisation		136,951	266,822
Increase/(Decrease) in Other Provisions		6,989	41,969
(Profit)/Loss on disposal of plant and equipment		733	393
Decrease/(Increase) in trade and other debtors		52,751	90,752
Decrease/(Increase) in other debtors and prepayments		(12,878)	(45,769)
Decrease/(Increase) in trade creditors, accruals and unearned income		(895,256)	(669,467)
Net cash Inflows/(Outflows) from operating activities		(830,425)	(3,279)
21. Property, Plant and Equipment - Reconciliation			
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.			
Plant and Equipment			
Carrying amount at beginning of the period		183,338	427,503
Additions		25,295	23,095
Disposals (net)		(733)	(438)
Depreciation Expense		(136,951)	(266,822)
Carrying amount at end of the period		70,949	183,338

Financialreport *continued*

Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009 June	2008 June
		\$	\$
22. Financial Instruments			
(a) Interest Rate Risk			
The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities is as follows:			
Financial Assets			
Cash, cash equivalents and investments	4, 7	5,576,885	6,432,605
Weighted Average Effective Interest Rate		7.59%	7.01%
Trade Debtors & Other Receivables		243,956	296,707
Weighted Average Effective Interest Rate		N/A	N/A
Other Assets		145,844	132,966
Weighted Average Effective Interest Rate		N/A	N/A
Total Financial Assets		5,966,685	6,862,278
Financial Liabilities			
Trade Creditors and other payables		170,658	355,935
Weighted Average Effective Interest Rate		N/A	N/A
Total Financial Liabilities		170,658	355,935
(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.			



Notes to the financial statements – *continued*

for the year ended 30 June 2009	Notes	2009 June	2008 June
		\$	\$
23. Contingent Liabilities			
The company has provided a bank guarantee in respect of payroll obligations to the value of:		50,000	89,218
Financing arrangements			
Payroll facility		50,000	50,000
Used at balance date		-	-
Unused at balance date		50,000	50,000

Financialreport *continued*

Notes to the financial statements – *continued*

24. New Accounting Standards for Application in Future Periods

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

The following are other new or revised standards which are not expected to have any impact on the company

AASB 2008-11: Amendments to Australian Accounting Standard - Business Combinations among Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 July 2009).

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12] (applicable to annual reporting periods beginning on or after 1 January 2009).

AASB 2008-2: Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation [AASB 7, AASB 132 and AASB 139 and Interpretation 2] (applicable to annual reporting periods beginning on or after 1 January 2009).

AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6).

AASB 2008-8: Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139] (applicable to annual reporting periods beginning on or after 1 July 2009).

AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 - Distributions of Non-cash Assets to Owners [AASB 5 and AASB 110] (applicable to annual reporting periods beginning on or after 1 July 2009).

AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable to annual reporting periods beginning on or after 1 January 2009).

AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable to annual reporting periods beginning on or after 1 October 2008).

AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable to annual reporting periods beginning on or after 1 July 2009).

AASB Interpretation 18: Transfer of Assets from Customers (applicable to annual reporting periods beginning on or after 1 July 2009).



Directors' declaration

The Directors' of the company declare that:

1. the financial statements set out on pages 24 to 48:
 - 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 2009 and performance for the year ended on that date.
2. 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.

R A Farrar
Chairman

D R Belgre
Director

Melbourne 26th August 2009

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 comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in members' funds and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material mis-statement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 mis-statement.

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 mis-statement 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 and fair presentation of the financial report in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

Auditor's 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 2009 and of its performance for the year ended on that date; and
- (2) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



THOMAS DAVIS & CO.



P.L. WHITEMAN, Partner
Chartered Accountants

SYDNEY, 26th August, 2009

Liability limited by a scheme approved under
Professional Standards Legislation



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