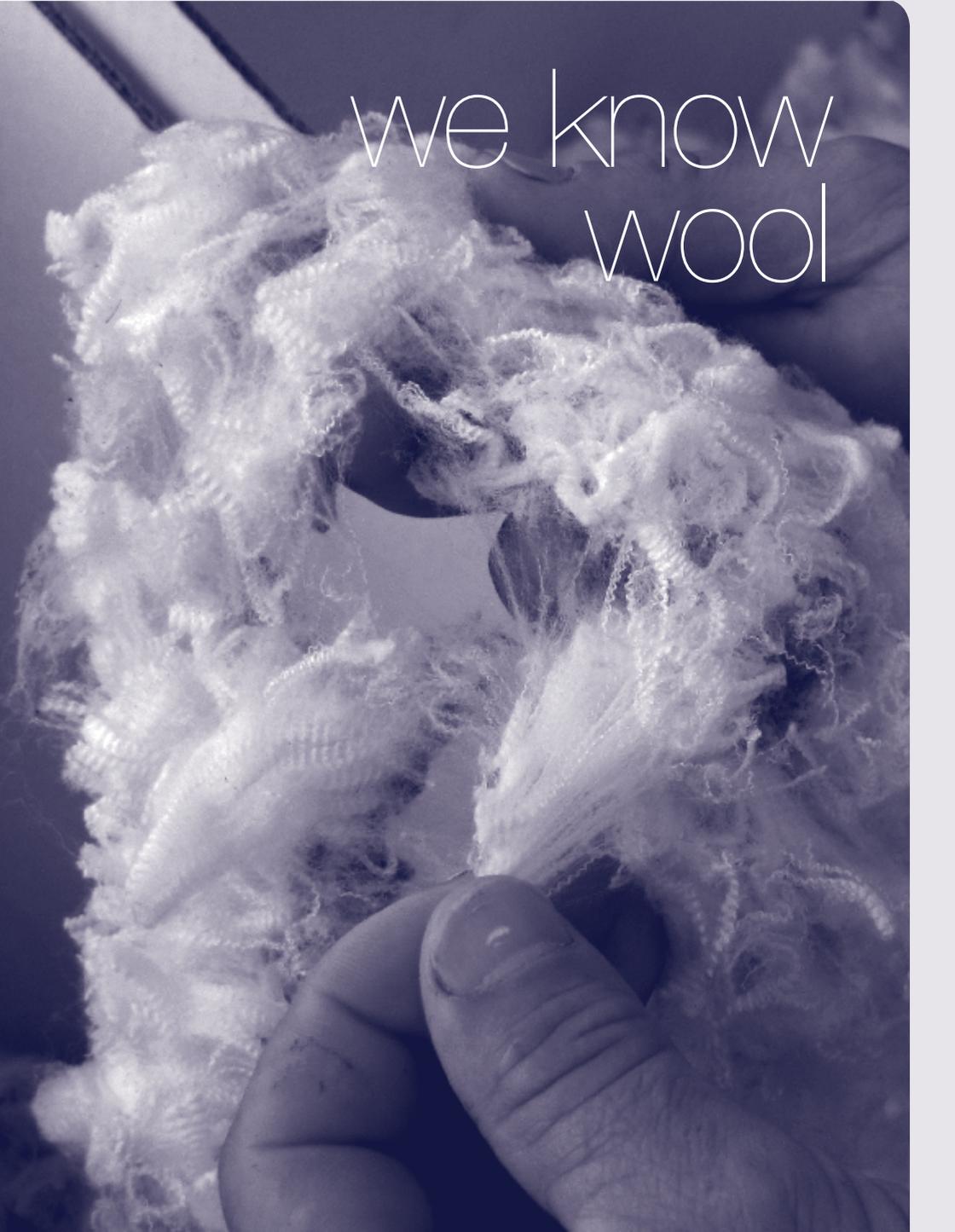




annualreport

Australian Wool Exchange Limited | 2015

Annual Report for the year ended 30 June 2015.



we know
wool



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Australian Wool Exchange Limited ABN 35 061 495 565.

chairman's message



In fiscal 2015, the wool market offered little excitement for woolgrowers until April 2015, when prices began to rise quite strongly, peaking in early June before falling back by year end. The AWEX EMI opened the year at 1016 cents (per kilogram clean), peaked at 1373 cents in the first week of June, and closed the year at 1250 cents. The gains in the final quarter of the year applied across all micron categories, but were proportionately greater for broader wools. The market for superfine and ultrafine wools, whilst offering improved returns compared with recent years, remains depressed and unattractive for many wool growers.

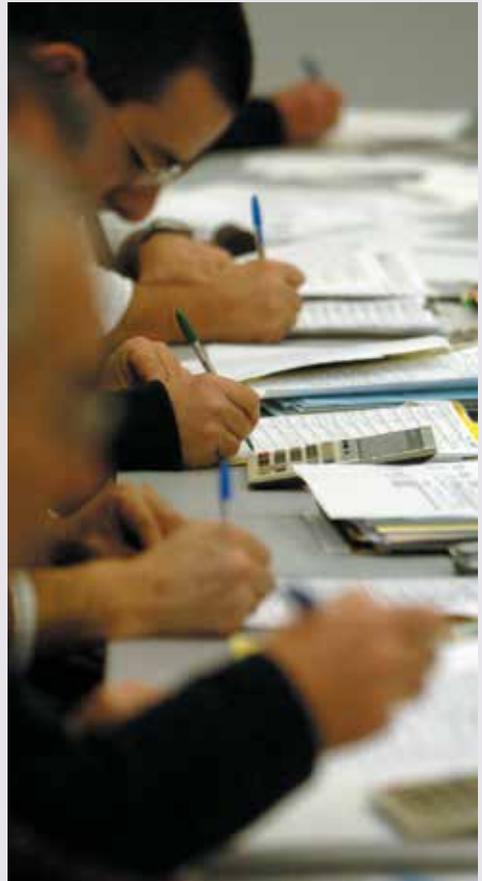
Data released by the Australian Wool Testing Authority Limited indicates that there has been a reduction in production of wool of 17.5 micron and finer, and an increase in production of broader wool. This trend is probably a reflection of some superfine growers responding to depressed prices by moving to sheep with increased wool cut and improved meat production characteristics.

Overall sheep numbers have continued to decline, by some 5% from the previous year, and were forecast to fall below 70 million by the start of fiscal 2016. On the other hand, improved seasonal conditions resulted in improved wool cut per head, and forecast wool production remained flat year on year, at approximately 340 million kg greasy.

At the operational level, AWEX returned an overall surplus for fiscal 2015 of \$512,111, compared with a surplus of \$553,350 in the prior year. The strong result in 2015 arose principally from tight control of costs, and from unusually strong sales of wool pack labels. Label sales in fiscal 2015 exceeded two million, compared with an expected annual requirement for wool packs of around 1.8 million, based on average bale weights and annual wool production. We anticipate a correction in label sales in fiscal 2016.

Fiscal 2015 saw the introduction of the revised wool pack standard, which had been designed to reduce overall bale length and thereby alleviate road safety concerns associated with over-width loads. The introduction went smoothly overall, with little if any discernible cost increases to industry.

During 2015, the Australian Government initiated an inquiry into reducing the involvement of



Customs in the inspection of prohibited import goods. Wool packs were identified as a possible imported good for which Customs inspection might be dispensed with, thereby leaving the wool pack design and standard to market forces. The prospect of more than one wool pack design being sold in Australia raises several important issues, not least of which are safety concerns in road transport and warehousing, matters incidentally which the industry has spent several years addressing at the explicit request of the NSW state government! AWEX has submitted that wool packs should continue to be subject to Customs regulation against a uniform industry standard.

A further issue affecting safety in wool warehousing is minimum bale weight, which for several decades has remained at 110 kg, except for specialty fleece lines of superfine wool for which a lower minimum bale weight is permitted. After extensive and vigorous discussion within the industry, AWEX determined that the minimum bale weight should be increased to 120 kg effective from the 1st January 2016, and that this change should be accompanied by a widespread information campaign to encourage growers and wool classers to increase bale weights to not less than 120 kg, preferably to well above 120 kg. This campaign is underway, and AWEX has developed an APP to assist wool classers and growers to avoid producing underweight bales.

Throughout fiscal 2015, the Board continued to oversee:

- 1). The evaluation of electronic bale identification, which now appears to be both technically and commercially feasible, with very significant savings available along the wool supply chain. Discussions are underway with industry groups with a view to planning its widespread adoption by industry.
- 2). The completion of the major upgrade of AWEX's computer systems. The project is on budget and slightly behind schedule. Implementation is now scheduled for September 2015.
- 3). A review of the National Wool Declaration (NWD) system, with a view to improving uptake by growers, which has stalled at just under 50% 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. A campaign to increase both the accuracy and completion rate of NWDs has received strong support from both brokers and exporters, so we are expecting a significant improvement in the coming years.

Throughout the year, AWEX undertook several activities that were aimed at explaining to the broader industry what AWEX is about, and promoting the industry and its quality systems generally. These activities include Wool Forums in Northam (WA), Dubbo & Wagga Wagga (NSW), Hamilton (VIC), Oatlands (TAS) and Clare (SA) attended by over 400 people, and a real time open-cry auction of wool at the Sydney Royal Show, which attracted widespread interest and favourable community and industry reaction.

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.

During the year, the terms of appointment as directors for John Colley and Ben Litchfield expired. Both have been diligent, supportive and engaged directors. After year-end, Michael Avery advised his intention to not seek re-election at the forthcoming AGM in November. This will bring to an end a very long and valued association between Michael and AWEX. On behalf of AWEX and the wider industry, I thank the departing directors sincerely and wish them well. Andrew Basire and Malcom Hunt were elected to replace Ben Litchfield and John Colley, and they have already made positive contributions at Board level.

We are looking forward to a successful year in 2016.



John Keniry AM, Chairman
September 2015

ceo report



2014/15 was a productive year for AWEX. AWEX maintained the momentum of the 2013/14 year by improving our financial performance for the year and operationally, AWEX was able to deliver outcomes of projects and events, some of which had been in progress for over 12 months. All will be influential in the future direction of AWEX and the services we provide.

Another positive sign for 2014/15 was the performance of the wool market. The wool market gathered momentum during the year with the last three months of the season providing strong results for all sectors. As the market improved, clearance rates of wool at auction also improved. Wool growers embraced the new higher price levels as the wool offered for sale increased 7.7% compared to 2013/14. To emphasize the improved market conditions wool sold at auction increased by 10.8%. All this was achieved in a flat wool production year.

The improved 2014/15 financial result saw AWEX achieve a profit of \$512,111. This result was above expectations and principally on the back of some unexpected results in key activities.

Bale label sales increased 35% when compared to 2013/14 and were of a similar level to the 2007/08 season. The increased bale label sales against budget equated to approximately 60% of the profit result.

The wool pack manufacturing environment is highly competitive. Australia is fortunate to have the number of manufacturers it has, especially considering the relatively flat wool production trend of the last five years, increasing labour costs throughout Asia and an Australian dollar which has fallen significantly over the past 18 months. This spirited competition has meant that the retail price of wool packs is relatively low in real terms with woolgrowers being the benefactors.

In last year's Annual Report I reported on AWEX's investment in developing a new Customer Relationship Management (CRM) software system. I am pleased to report that the implementation of the CRM has commenced

and during 2015/16 Members, woolclassers and customers will start to experience this new interface with AWEX. It is critical to any company to have fully supported software and this was the business decision that we had to make.

In real terms what does this mean to our members and customers?

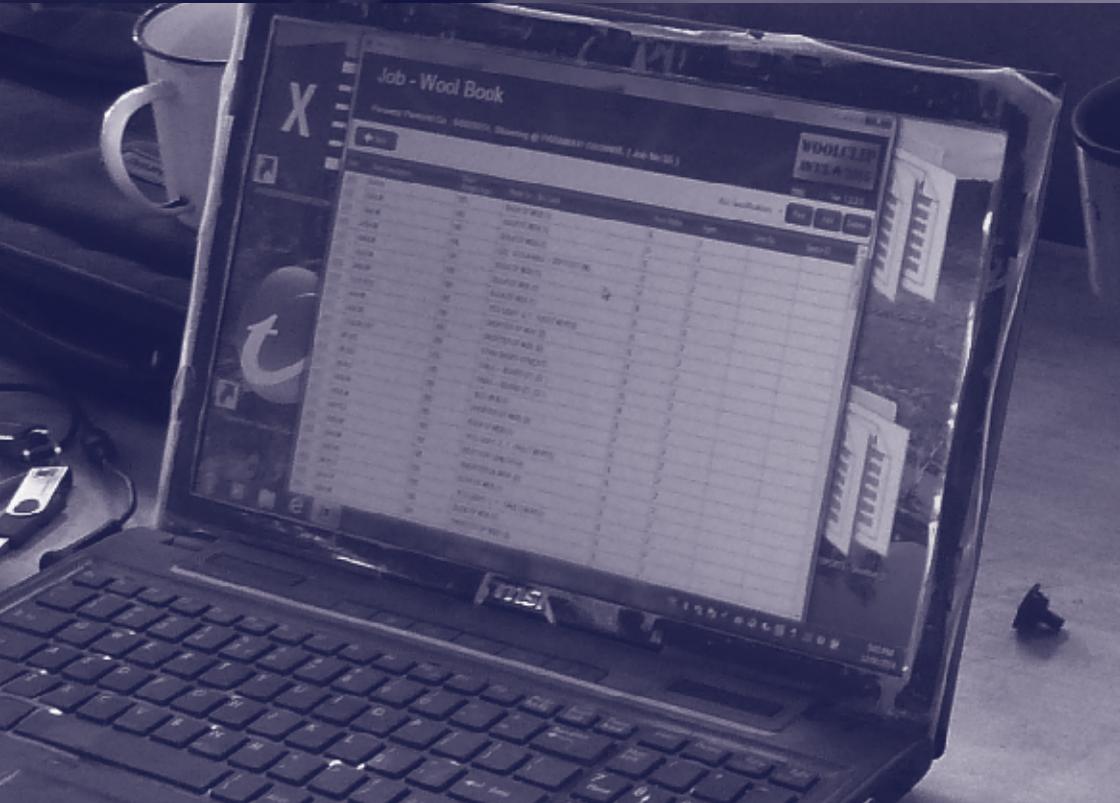
- 1). Members, woolclassers and customers will be able to gain secure access to AWEX systems and update their details, receive information and interact directly with AWEX,
- 2). Woolclassers will be able to contact AWEX through the "Woolclasser Portal" where they will be able to access clip inspection information, activity reports, respond to AWEX on issues and complete their registration, and
- 3). Auction sellers will be able to provide weekly sale roster information online.

The intention of the CRM is for users to have a greater interface with AWEX. The system is now live.

National Wool Declaration (NWD)

AWEX's commitment to the National Wool Declaration (NWD) commenced in 2008 and the supporting Integrity Program (IP) in 2010. The NWD-IP is now a globally recognised and credible system. Through the support of industry the completion rate of the NWD has increased nationally from 33.7% initially to 49.5% of First Hand Offered wool. The increased adoption of the NWD over the last twelve months has been significant and with the continued support of industry we will achieve greater than 50% of the wool being declared in 2015/16.

A significant part of AWEX's commitment to the NWD-IP is the behind the scenes administration,



Minimum Bale Weight

Following extensive consultation with and input from industry, the AWEX Board has approved changes to the minimum bale weight for non-speciality wool bales. From the 1st January 2016, the minimum bale weight will increase from 110 kg to 120 kg. Whilst this change may seem small, it is significant, as it is the first modification to bale weights since converting from imperial to metric in the 1960s. Wool growers are encouraged to change sooner rather than later so that they can adjust to the new standard.



To support its implementation, AWEX has developed and released a Bale Weight Calculator App. The Bale Weight Calculator App was developed for use on all smartphones and is available for free. The App will be critical in communicating the new standard and act as an aid to encourage woolclassers, wool pressers and wool growers to start planning their shearing. The App calculates five potential strategies to optimise the pressing of wool bales using parameters entered by the user, and it will calculate the number of bales using each strategy and whether any wool will remain in the butt or not pressed.

The message from exporters on this issue has been very clear, they want to reduce the per kg costs of purchasing wool where per bale service charges are incurred. The unintended consequences of low weight bales can be minimised if a pressing strategy is implemented. There will also be follow up extension and communication on this issue ahead of the 1st January 2016 commencement date.

Radio Frequency Identification (RFID)

During 2014/15, AWEX continued its project investigating the suitability of radio frequency identification (RFID) of wool bales. Over the last twelve months the project focussed on the two key phases of the supply chain:

- 1). Wool pack manufacturer-farm-warehouse, and
- 2). Warehouse-dump-overseas processor.

The project has delivered a reliable low cost technology complete with robust packaging that has enabled the RFID to be read all the way through the pipeline. The project is capable of delivering a traceable product with greater efficiencies through the supply chain.

This project would not be possible without the significant contribution and co-operation from AWH Ltd and its staff. The co-operation AWEX has received from AWH in conducting this project has enhanced the speed of the project and is a tangible reason for its success. I would also like to acknowledge the involvement and support of our two RFID suppliers as well as the valuable support and involvement of New England Wool and Modiano Australia. Thank you.

Woolclassing

2015 will also see the commencement of the next woolclasser registration period. This tri-ennial event is an important fixture for woolclassers and significant for AWEX. As well, it is a census of the available wool skills in the Australian industry. Currently, there are over 19,200 trained and registered woolclassers in Australia. Woolclassing remains a valuable and revered skill of the Australian wool industry.

AWEX has continued with its Wool Forum seminars in 2015. The Wool Forums are held in key regional locations and provide woolclassers, wool handlers, wool growers and industry personnel the opportunity to meet with exporters and industry speakers not normally

CEO report cont...

accessible to them. This year's Forum in Dubbo saw over 170 people attend, which is testimony to the renewed interest in wool. Further Wool Forums are scheduled for Oatlands (TAS), Hamilton (VIC), Clare (SA), Northam (WA) and Wagga Wagga (NSW). AWEX is grateful for the support we receive from exporters who make themselves available to speak at the Forums. The interaction with wool exporters is the most successful session of each Forum and is critical in developing the farm gate – customer relationship.

The 4th National Graduate Woolclasser Competition was again held at the Sydney Royal Easter Show. This national competition brings together the best woolclassers from across the country. Each finalist is nominated from their respective TAFE College and the event showcases the skills of these outstanding candidates. This year's competition also coincided with the first ever wool auction held at the Sydney Royal Easter show. Both events were an outstanding success.



AWEX Information Technology

AWEX, with the support of AWH Ltd, was able to conduct the auction sale successfully by making use of the AWEX IT infrastructure. AWEX developed a special display screen to enhance the auction and give show goers a sense of what they were witnessing. The event showcased wool as a professional industry and demonstrated what can be done when we work together.

AWEX Market Information services continue to deliver timely and accurate market information. Each year there is increased interest in AWEX Online as buyers and brokers explore the potential efficiencies and benefits credible, independent information can deliver to their businesses.

AWEX will continue to develop our services to the wool industry and continue to evolve as a company.

On behalf of the AWEX Board, Management and staff I sincerely thank our Members for their ongoing support, contribution and constructive comments throughout the year. We are ever mindful of our roles and responsibilities and our Members are central to these. The contribution of Members is meaningful and always welcome. Thank you.

AWEX Members and staff are fortunate to have the support and experience of the AWEX Chairman, Dr. John Keniry AM and fellow Directors. The continued support and strategic guidance of the AWEX Board is critical to AWEX's success as an industry service organisation.

This year Lionel Plunkett, Market Information Manager, reached 20 years' service with AWEX. Lionel is well known and respected within the wool industry for his skill as a market analyst and for his personal qualities. Over the past 20 years Lionel has been an integral part of the strategic development of AWEX Information Services.

The expertise and support of AWEX staff is what makes AWEX successful. AWEX staff are committed to the pursuits of AWEX and their experience and understanding of the wool industry is a valuable resource to members and the industry. On a personal level, I would like to thank all AWEX staff for their commitment to the ideals of AWEX. I also appreciate the personal qualities which each person contributes to AWEX's identity as well as the camaraderie and friendships that have been formed. Thank you.

Mark Grave, CEO
September 2015



operations
report

operations report

The Market

The Australian wool market posted a strong result in 2014/15 with the benchmark AWEX-EMI gaining 247 cents, or 24.3% over the 12 months. The result was supported by strong market conditions in the fourth quarter and was even more notable given the AWEX-EMI had fallen a total of 27.3% in the three previous seasons.

The season started slowly for the mainstream wool types until well after Christmas. The Crossbred and Carding wool types were strong throughout the year on the back of the well-publicised support for the woollen sector. These wool types continually firmed throughout the season and pushed into record territory early into the 2015 calendar year. The Southern Region Merino Carding Indicator had an unprecedented rally during the November till June period, falling only 1 week over 28 selling weeks.

The Merino Fleece sector eventually followed the other categories higher, aided by the strong Crossbred sector, which was able to put a floor underneath the broader Merino prices. It was, however, the superfine microns which saw the greatest rises in February 2015. The largest market increases came after Easter when a number of the MPGs rose 200 to 300 cents. The consistent week-on-week rises proved difficult to maintain and the market eventually peaked prior to the end of the season; the AWEX-EMI peaking on June 4th.

Assisting the market during the season was the depreciation in the Australian dollar which eventually closed 17.6% lower after making steady falls during the year. When converted to USD terms, the AWEX-EMI finished only 2.4% higher, compared to a 24.3% rise in AUD terms.

Market rallies in more recent times have largely been driven by the medium and broader wool types of the Merino sector. The decline in significant quantities of 20 to 24-micron range have tended to make this category more sensitive to demand signals. The recovery during this season was more widespread however, and the superfine microns generally enjoyed larger rises than the broader Merino types.

The strong market flushed out a significant amount of wool late in the season. The increase in volume came from brokers' long-term "hold" wool stocks as well as from wool held on farm. The pass-in rate for the season was a record low as growers sold at the higher market levels, with overall offered volumes at auction 7.7% higher and sold wool 10.8% higher than the previous season.

Table 1. Auction statistics: Bales

Season	Offered	Sold	Passed-in	Passed-in%
2013/14	1,814,818	1,625,115	189,703	10.45%
2014/15	1,954,834	1,800,549	154,275	7.89%
Change	+7.71%	+10.79%	-18.67%	

Wool Packs

After two years of research, development and trial work, the 2013 wool pack standard was implemented on the 31st October 2014. The lengthy gestation period was necessary to ensure that all issues had been addressed and that all sectors of the industry from farm gate to Governments were satisfied.

The timing of the implementation was delayed after the calling of the 2013 Federal Election, however, in the lead up to the October change-over date, all manufacturers were kept fully briefed on the development of the wool pack and the progress towards the implementation of the new standard. Manufacturers were encouraged to use the lead up period to assess what changes they needed to make to their production lines to ensure that they could consistently produce the new wool pack and meet all technical and quality standards.

Some manufacturers used this as an opportunity to completely change their production lines and to also re-train staff in order to meet Australia's new standard. Between October 2014 and August 2015, 1.5 million wool packs of the 2013 standard have been imported. Due to the shortage of supply, these wool packs were being used on farm well before Christmas 2014 and in warehouses or being shipped shortly thereafter.



The implementation has been well received and feedback, particularly quality complaints, have been relatively low. All manufacturers have received direct feedback on the performance and quality of their wool packs. When a complaint is received, it together with any photographic evidence and production information, is communicated to the manufacturer. An investigation into the complaint is conducted and a response from the manufacturer is sought.

The feedback from woolclassers and woolgrowers is constructive and has helped overcome some early production issues. Initial concerns about potential slow production times (because of the new design) have been dismissed as all manufacturers have become more familiar with the new production process.

operations report cont...

AWEX encourages woolclassers, woolgrowers and wool pack suppliers to forward any complaints regarding the quality of wool packs to AWEX. This is an important part of the AWEX Wool Pack Quality Assurance Program. With the advent of improved and mobile communications in regional areas, AWEX has never been more accessible than it is today. There is greater awareness amongst woolgrowers that they can contact AWEX and 'be heard'. Woolgrowers and woolclassers can lodge their complaint by sending an email or text to AWEX, supported by a photograph of the quality issue and the manufacturer's label. The process is streamlined, effective and immediate.

All issues including breakages in seams, 'stress' fractures or tears in the nylon material under pressure or any other concerns are all investigated immediately when received. The AWEX Wool Pack QA Program ensures that all manufacturers must be able to reference the production process for all batches. Manufacturers take this responsibility seriously and AWEX receives a response within 5 working days (often within 48 hrs).



It is the constructive feedback on quality issues that helps maintain the current wool pack standard and improve the performance level of manufacturers.

The wool pack market is very competitive. The number of wool packs imported in 2014/15 was just over 2.1 million – a level not seen since 2007/08 – which is above current wool production forecast estimates. Production lines have capacity to increase production subject to demand. Manufacturers are constantly looking for ways to improve their production methods and control or lower their costs. In recent times, the most significant increase in production costs has been the cost of labour. As labour costs increase, the manufacturer must focus on lowering other production costs that they can control, as well as invest in improved machinery to increase the efficiency of their production lines. Ultimately, the wool grower benefits from highly competitive pricing at retail level.



Bale Weights

As reported in the 2014 Annual Report, the review of the minimum and maximum bale weights was completed in 2014/15.

Following extensive analysis, input and consultation with industry, the AWEX Board made the decision to change the minimum bale weight for non-speciality fleece wool from 110 kg to 120 kg from the 1st January 2016. The change to 120 kg is considered achievable and manageable at a farm level.

Publicity about this issue began in early 2014 with exporters highlighting their concerns. It was agreed that the issue provided the opportunity for the industry to work towards a common beneficial goal. Exporters expressed their concern that whilst they purchase and trade wool on a per kilogram basis, many of their post sale service costs were charged on a per bale rate. Logically, the cost of post sale services increased on a per kilogram basis for lower weight bales.

AWEX has promoted this issue through the media, woolclassers, industry stakeholders and via Boardtalk. In addition, AWEX produced and distributed a set of bale weight stickers highlighting the maximum and new minimum bale weights to be effective from the 1st January 2016.

Already there has been a measurable increase in the distribution of bale weights towards heavier bales. This will be pushed harder through all available means as we get closer to the implementation date of 1st January 2016.

Another innovation by AWEX has been the release of the AWEX Bale Weight Calculator App (BWC). The BWC App is a decision-support-tool that allows the user to model different line pressing outcomes based on forecast or actual wool output.

The BWC App is available in both Apple and Android and is free. It has been designed for use on any smartphone, in the wool shed without internet connectivity.

By inputting the following variables:

- Number of sheep,
- Estimated cut/hd,
- Maximum bale weight, and
- Minimum bale weight,

the BWC App is able to calculate five optional bale pressing strategies. The BWC App highlights if a residual amount of wool will remain unpressed after employing a set strategy. It allows the user to plan the wool pressing strategy at the beginning or at any time during shearing.

This is an example of a simple but effective technology that has resulted in a tool for commercial use by industry. The BWC App is aimed at all smartphone users of any age and any ability but clearly it will be picked up by younger users and used by educators as a valuable resource.

Woolclasser Registration 2016-18

Registration of woolclassers for the 2016-18 triennium will commence on the 1st October 2015. AWEX currently has over 19,200 woolclassers and all will be sent an invitation to register for 2016-18. Preparation for registration commenced 18 months earlier with the review of the Code of Practice. This was followed by a review of the processes that support the registration including ensuring that the online registration was ready, the supply of materials to be sent to each registered woolclasser and reviewing the cost of the 'registration pack' including postage.

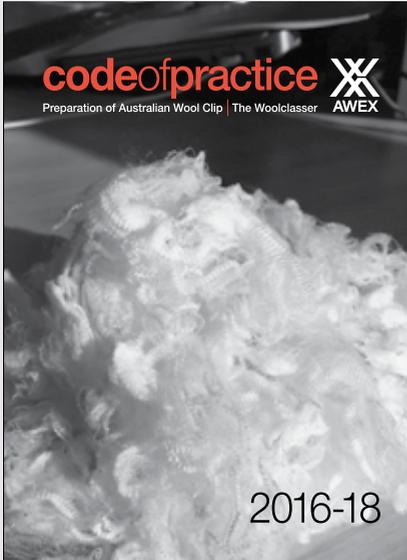
The cost of registration is significant and this triennium the Board has approved a change to the stencil and stamp for each woolclasser. Most woolclassers class less than 10 wool clips per annum. The stencil and stamp provided as part of the registration pack are made of a material durable to survive the harsh environment of the Australian wool shed. This triennium the new stencil and stamp will not include a date so can be used in years to come. The intention is that woolclassers need only replace their stencil/stamp in the event that they have been lost or broken. This will reduce the cost of future registrations.

operations report cont...

In addition, AWEX will develop a batch validation service for brokers to validate woolclasser stencils prior to a catalogue being transmitted. This service will be available for the commencement of 2016.

The AWEX registration of woolclassers is one of the few opportunities to conduct a true census on the availability and profile of wool skills in the industry.

Review of the Woolclassing Code of Practice



An important activity during 2014/15 is the review of the Woolclassers Code of Practice for the preparation of Australian Wool Clips. This review takes place every three years. A significant component of this review is the consideration of submissions from industry stakeholders and the results of an industry wide online survey.

AWEX issued an online survey to woolclassers and industry stakeholders in late 2014, with over 900 responses received. In addition to the survey, several submissions were received from industry on key issues which they felt needed to be reviewed and considered.

The Review of the Code of Practice was categorised into the following:

- Classing policies,
- Description policies,
- Packaging policies (including bale weights), and
- Documentation policies (including Declarations).

Overall, there was significant input to the consultative phase of the review. The results indicated a high degree of satisfaction with the 2013-15 Code of Practice.

Some of the items identified in the survey or raised in the submissions include:

- Request for recognition of unskirted wool as classed,
- Greater detail on how wool from “composites” should be classed and described,
- More detail of how shedding breeds should be classed,
- Use of AAAM as a descriptor,
- The number of bale descriptors in the supply chain,
- Conflict between marketing advice versus technical advice,
- Issues associated with raising the minimum bale weight, and
- More clarity regarding some oddment preparation standards.



Online Survey

The following summary of the online survey results is expressed as the “Weighted Average Response”, calculated on a scale of 1 to 5.

Table 2. Classers rating of the Services provided to Woolclassers by AWEX

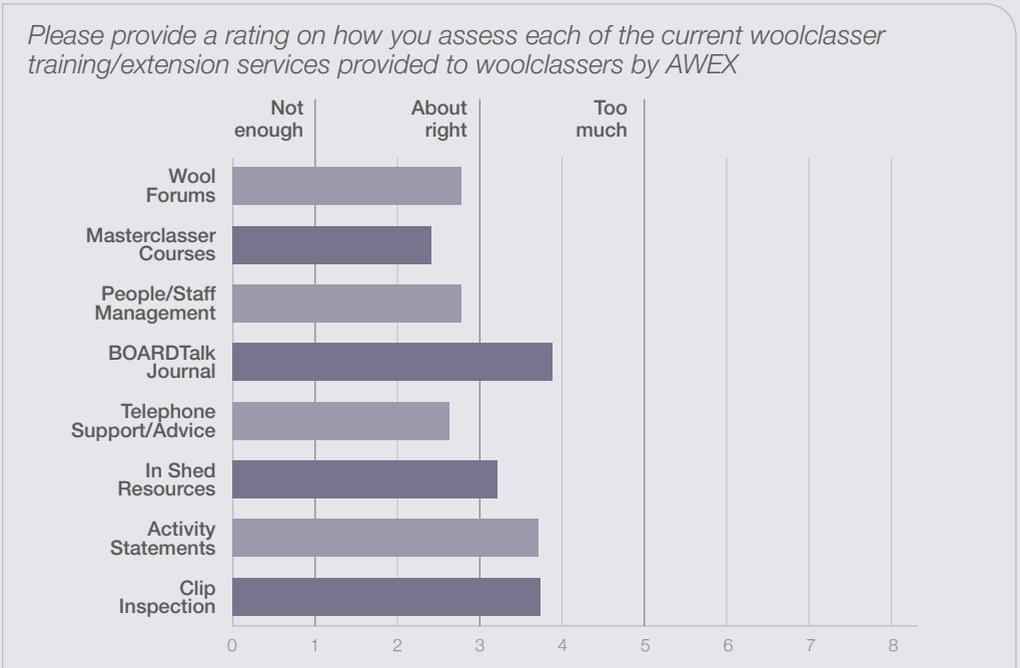


Table 3. Classers rating of AWEX Initiatives introduced in Recent Years

Scale: 1 = Poor 'up to' 5 = Excellent:

Landscape Bale Label	4.2
5 Bale Fasteners in Top Flap	4.3
Bale Pressing Posters/Labels	4.1
Sheep Breed Compendium	4.3
AWEX Facebook Site*	2.4
Bale Label Marking Pen	4.4
Woolclasser Stamp	4.7
WoolClip*	3.3

*Results influenced by Classer indicating "Have not used".

operations report cont...

Table 4. Classers rating of their Work Environment compared to 3 Years Ago

Scale: 1= Much worse 'up to' 5 = Much improved:

Shed Conditions	3.2
Quality/Expertise of Wool Handling Staff	3.0
Alcohol/Drugs in the Workplace	2.9
Woolgrower awareness of Wool Quality Requirements	3.3
Adequate Shed Staff	2.9
Quality/Expertise of Wool Pressers	3.0

Other Survey Results

- There was strong support (83%) that no content should be removed from the COP.
- Regarding COP policies/rules, 65% supported no change. Unskirted Crossbred fleece wool and Merino Bin Codes were identified for consideration.
- In general, the current Woolclasser training/extension services provided by AWEX was assessed as meeting Woolclassers' needs.
- A mandatory 2-day training program was conducted for all Woolclassers in 2001. For the responses received, 62% supported the concept of a similar training program for 2019-2021.
- The survey identified that a high proportion of Woolclassers (over 80%) use Computer, Internet, e-mail and/or Mobile Phone services on a daily/weekly basis.
- In relation to the National Wool Declaration, around 80% filled out the Mob Details and Dark and Medullated Fire Risk sections, while only 60-70% completed the Mulesing Status section.

The outcomes of the review have been implemented in the 2016-18 Code of Practice to be released as part of the woolclasser registration program.



Wool Forums

AWEX Wool Forums remain a key communication opportunity with woolclassers and woolgrowers. The Wool Forums are held in key regional locations of each state and this year have been held on a Saturday morning in each location.

AWEX is grateful for the support that it receives from the range of key note speakers and in particular the active involvement of exporters. The 'TRADEtalk' session of each Wool Forum has proven to be the most popular session as it is an open and candid exchange between exporters and woolclassers/woolgrowers.

AWEX remains committed to this program and it is one of our most effective extension activities. Attendances have been very strong with over 170 people attending the Wool Form held in Dubbo, NSW.

Wool Forums this year have been held at:

- Northam, Western Australia
- Dubbo, New South Wales
- Hamilton, Victoria
- Oatlands, Tasmania
- Clare, South Australia
- Wagga Wagga, New South Wales

Masterclasser

AWEX is continuing to offer the professional development course for woolclassers (Masterclasser). The course includes:

- a). a full day on effective communication skills and understanding how people work as a team, and
- b). meeting with buyers and brokers.

Attendance at the Masterclasser course is by invitation and each Masterclasser must meet set criteria to maintain their MC registration.

Registration Review Committee (RRC)

The RRC meets to review the performance of woolclassers referred to it by the AWEX Woolclasser Registrar. This Committee makes recommendations to AWEX on appropriate actions to be taken where there are concerns about classing performance, or a breach of registration rules. The committee makes recommendations to the AWEX Board and Management on appropriate actions.

New Graduate Woolclasser Reports

One of the services AWEX provides to woolclassers who have graduated in the last 12 months is a summary report on each clip offered at auction. The report is provided to support the new graduate and where appropriate practical suggestions are offered. The reports are completed by the regional AWEX Auditor and aspects such as wool preparation quality and quality of work when completing specifications.

Registered Training Organisation Workshop 2015

The annual national RTO workshop for woolclasser trainers will be held in Sydney on the 15th and 16th October 2015. Topics covered during this workshop include national assessment standardisation, wool technical updates and updates on 2016 Code of Practice. This also presents as an opportunity for trainers to discuss key issues of the day and calibrate to ensure that a consistent level and approach to training is delivered across Australia.

operations report cont...

NWD-IP

The AWEX NWD was first introduced in 2008 with on farm inspections commencing in 2010. Until 2014/15 the participation rate ranged between 37-44%. The participation rate in 2014/15 was 49.5%. This increase is significant in terms of the NWD now being accepted as an integral part of wool industry documentation and that the NWD is a less-sensitive issue than what it had been at the time it was introduced.

The NWD-IP involves not only the completion of the NWD but also the behind-the-scenes administrative support together with the on-farm inspections conducted throughout the year.

In 2015 AWEX embarked on an extension program with Brokers and their staff to ensure that they were fully aware of the NWD system and how it is utilised by buyers. But more importantly, AWEX meet each Broker's administration staff to ensure that they too understood the system and were able to interpret the NWD and the feedback from AWEX. The intent is to reduce the data entry error rate.

AWEX also updated it's extension documents, viz. "Declaring What the World is Demanding" and "How to complete the NWD correctly". They were distributed electronically to the industry and are also available on the AWEX website.

Table 5: Mulesing Status Auction Statistics for 2008-2015
(First Hand Offered Australian Clip Wool)

On a 'Bale' basis	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
% of Wool Clip Declared‡	37.7	37.0	42.1	44.3	44.6	43.3	49.5
Total Bales	1,416,656	1,467,058	1,589,514	1,456,151	1,567,166	1,452,077	1,617,165
NM, CM and PR							
% Declared NM/CM/PR	8.7	11.5	16.6	20.3	23.0	22.9	29.0
Total NM/CM/PR Bales	123,564	168,596	264,272	295,375	364,883	332,879	470,121
% Change Y-O-Y	-	36.4	56.7	11.8	23.5	-8.8	41.2
Non Mulesed (NM)							
Total NM Bales	44,255	56,218	83,677	88,929	103,421	91,287	121,249
% Change Y-O-Y	-	27.0	48.8	6.3	16.2	-11.7	32.8
Ceased Mulesed (CM)							
Total CM Bales	36,604	36,513	49,102	32,831	37,650	35,683	44,550
% Change Y-O-Y	-	-0.2	34.5	-33.1	14.7	-5.2	24.8
Pain Relief (PR)							
Total PR Bales	42,705	75,865	131,493	173,615	223,812	205,954	304,322
% Change Y-O-Y	-	77.6	73.3	32.0	28.9	-8.0	47.8

Sydney Royal Easter Show Wool Sale – S40/14

In April this year, the Northern Region wool auction was held at the Sydney Royal Easter Show for the first time. The Sydney Royal Easter Show is the biggest agricultural event in Australia. This inaugural event brought all sides of the wool industry together under one roof. Within the sheep pavilion it was possible to see world class stud sheep, some of the best fleeces from NSW, the national graduate woolclassing competition, junior judging, training and education stands plus retail outlets. The concept was the first of its type and proved to be a great success.

The fully commercial wool sale was held over 2 days with 14,085 bales offered, generating over \$17.5 million in sales.



Both buyers and brokers were enthusiastic, and together they demonstrated how the industry works best. They showed their flexibility and preparedness to work effectively in unfamiliar surroundings yet still maintain a commercial focus. Technical support for the sale including sale result entry, display screens and buyer IT needs were supplied by AWEX and run through a robust business grade Wi-Fi service provided by the Royal Agricultural Show of NSW. Nearly all buyers operated by using laptops, with the sale room becoming their 'defacto' office.

The aim of holding the wool auction at the Sydney Royal Easter Show was to demonstrate and educate people on the level of professionalism in the wool industry, highlighting that wool remains a significant financial contributor to the Australian economy.

A new display screen developed by AWEX presented live updates on critical information including sale turn over, which kept attendees engaged in the sale. Feedback from everyone involved in the sale was extremely positive.

The decision has been made to conduct a similar event at the 2016 Sydney Royal Easter Show, and in addition, conduct a full commercial sale at the 2016 IWTO Congress to be held in Sydney in April.

Live Sale info on AWEX home page

One of the successful innovations developed by AWEX in 2015 was the display screen used to promote and educate observers at the Sydney Royal Easter Show wool auction. The success of the display board encouraged AWEX to adapt it to integrate it with the AWEX website. A cut down version of the display used at the Sydney Royal Easter Show is now available on the AWEX website Home Page. The display shows progressive sale results, for each sale, every sale day.

Woolclassers, growers and industry personnel can view this information on the AWEX website www.awex.com.au. Table 6 shows an example of the live information provided.

operations report cont...

Table 6. Today's Progressive Sale Results

Sale Centre	Bales Remaining	Bales Sold	\$ Total	\$ Av/Bale
Fremantle	0	5,147	\$6,115,268	\$1,188
Melbourne	0	9,191	\$11,376,469	\$1,238
Sydney	0	5,669	\$6,766,943	\$1,194
Total	0	20,007	\$24,258,679	\$1,213

AWEX Project: e-Bale

Radio Frequency Identification (RFID) of Wool Bales

This project has been important in terms of development and innovation for AWEX and the wool industry.

Wool industry participants, including AWEX, have previously investigated the electronic identification of wool bales during the 1980s, 90s and 2000s. Numerous RFID tags were examined for their suitability with a cost/benefit analysis (CBA) undertaken in 2006. This work revealed that e-Bale potentially offers significant benefits to the industry. In 2013/14, AWEX commissioned a review of RFID Technology and an updated CBA of e-Bale. The review indicated that RFID tags that may survive the wool bale life-cycle could be sourced at a price point of less than AUD\$1.00. The outcomes from the CBA were positive and together with renewed interest from industry, the e-Bale research recommenced.

What is e-Bale?

The identification of wool bales via RFID technology. The intention is that the RFID tag can be read at any stage through the wool supply chain, from farm to broker to processor, and accurately identify each bale using a unique RFID number.

How do you use e-Bale?

On its own the RFID number is just a number, but combined with other information such as the wool specification or dumping and shipping information, it can create enormous efficiencies in wool handling and data input with a high degree of accuracy. No mistakes!

What are the potential benefits of e-Bale to industry?

The benefits that might be achieved through the wool pipeline using e-Bale include:

- Improved bale traceability and quality control allowing; for example, traceback.
- Improved information flow from farm to processor, including the accurate identification and streamlining of delivery of bales from farm to mill.
- Enhanced performance of electronic Woolclasser's Specifications (e.g. WoolClip) by providing details of the clip/bales prior to their arrival at the wool store.
- Rapid identification of wool bales in the event of an Exotic Animal Disease outbreak, with this information extremely valuable when preparing for and/or responding to such a situation.
- Improved downstream (processing mill) efficiency and quality management to maintain the price and position of wool in a competitive textile market.
- Enhanced reputation of the Australian wool industry for quality and innovation.



An example of a Hand-Held reader

operations report cont...

e-Bale: the Wool grower

The benefits to the grower will most likely be achieved through a linkage between electronic Classer's Specifications and RFID tagged bales, ensuring that all bales are identified and described correctly. WoolClip provides analytical capabilities and being able to transmit the data direct to the wool broker could open up all sorts of possibilities.

e-Bale: Industry Working Together

Throughout this project, AWEX has been working closely with AWH Pty Ltd (Australia's largest provider of wool logistics including transport, storage, handling, dumping and shipping) and with well-known wool exporters New England Wool Pty Ltd and Modiano Australia Pty Ltd.

It is critical to have commercial support for the project from wool industry participants.

Trials to identify suitable RFIDTags

In 2014, AWEX began its research to identify appropriate RFID technologies (tags and associated equipment) that had the potential to survive the wool pipeline, viz. pack manufacture, shearing shed, transport, wool store, dumping, shipping and the mill.

The dumping process, where three bales are compressed to the size of one bale and encased in 5 steel bands (to form a tri-pak), is the most challenging in terms of reading RFID tags. This environment, comprising metal, moisture, grease and wool can affect whether a bale reads or not.

The "best performing" tags have been subjected to whole of wool pipeline trials, described in Parts A and B below.



Examples of different RFID tag types tested to determine the "best performing"

Part A: Dump to Mill Trials

The Part A trials involved the following stages: wool storage and handling, dumping, shipping and arrival/storage at the mill. An antenna (scanner) connected to a reader and computer was installed above the conveyor to the dump.

Merino and Crossbred consignments were purchased by New England Wool and Modiano Australia for their mills in Biella, Italy and Nejdek, Czech Republic, respectively. The bales in these consignments had RFIDs inserted under the pack labels of each bale.

The RFID tags were read prior to 3 bales being dumped into a tri-pak, with the 3 bales within a tri-pak linked. This linkage is to evaluate the concept that if only one bale in a tri-pak can be read, then the other two bales are known by association. Both the tri-paks and the individual bales were read again on arrival at the mills to determine the tag survival rate. Different hand-held readers were also tested to ascertain any variance in their performance.

Part B: Farm to Store Trials

Part B trials involved the following stages: pack manufacture, shearing shed (pressing), transport, storage and handling and core/grab sampling. RFID tags were adhered to the back of wool pack labels, with these applied to wool packs by a pack manufacturer and returned to Australia for use in the trials. The packs were distributed to wool growers within Victoria, with all bales being delivered to the Brooklyn wool store where the RFID equipment is located.



Bale passing under antenna before the Dump



Three bales pressed into a Tri-pak



Reading bales on a truck with Hand-held

To measure their performance, the tags were read when the bales arrived at the store as well as post-sampling. Future trials will see AWEX investigate the use of WoolClip (electronic Classer's Specification and Wool Book) to facilitate a link from the shearing shed to the wool store.

Part B has also included setting up a portal to read bales as they enter a wool store on a truck. Trials conducted to date have resulted in the truck portal reading 99 to 100% of bales on a truck as they are driven past the antennas at a speed of 5 to 10 km/hour.



Loaded truck passing Antennas.

e-Bale Outcomes

The results of the RFID trials conducted to date have been successful. AWEX is confident that the technology is suitable and will survive the rigours of the wool supply chain. AWEX has formed an implementation working group to assess the best method to introduce e-Bale, determine the level of industry support for its introduction and to encourage the benefits of the use of the technology to be shared through the pipeline.

operations report cont...

2015 National Graduate Woolclasser Competition

The 2015 Sydney Royal Easter Show was again the host venue for the AWEX/TAFE National Graduate Woolclasser Competition. This is the fourth year the competition has been run, bringing together the best 2014 graduate Woolclassers from across Australia to compete for the “Golden Stencil”. The event first began as state competitions in 2007, and based on their success, became a national competition in 2012. The AWEX/TAFE competition is a showcase for woolclassing and the wool industry, and has proven to be a popular event on the Show programme.

Competitors travelled from New South Wales, Tasmania and Victoria to vie for the coveted “Golden Stencil”. This year’s winner of the competition and “Golden Stencil” was Gabrielle Saliba from Gulgong, NSW. Competitors completed the tasks of classing “simulated” fine Merino, medium Merino and Crossbred wool clips as well as applying AWEX-ID and valuing the wool, culminating in an oral presentation to the judges. The competition cannot replicate the pressure of the wool shed environment but it does place all competitors in the unfamiliar position of performing in front of the public and making a presentation explaining their classing strategies to judges who provide constructive feedback.

Gabrielle Saliba is a graduate from Western Institute of TAFE, Dubbo Campus and was trained by Frank Roberts. She was also the winner of the DAS Campbell prize for the top NSW graduate.

2nd place was awarded to Grace Delahunty, Invermay VIC. This year there was tie for 3rd place with joint winners Candida Johnson, Minhamite VIC and Lucy Pigram, Cootamundra NSW.

The Dennis Teasdale Perpetual Trophy, awarded to the training organisation and trainer of the competition winner, was presented to Western Institute of TAFE and trainer Frank Roberts. The Dennis Teasdale Trophy recognises the valuable contribution that education plays in the wool industry.

This year’s competition judges were: Mr Rowan Woods, Jemalong Wool, Mr John Mills, NSW TAFE and Mr Peter Sudholz, AWEX Woolclasser Registrar.

The RAS Easter Show continues to be a world class, iconic event in Australian agriculture. The sustained pressure of the Graduate Woolclasser Competition, held over 6 hours, is what sets it apart from anything else on the industry calendar. The aim of the event is to recognise excellence in woolclassing and education and to lift woolclassing’s profile as a profession and career opportunity.

The 2015 National Finalists were:

- Kylie Mckinnell Evandale, TAS
- Kirsty Bone Nhill, VIC
- Candida Johnson Minhamite, VIC
- Lucy Pigram Cootamundra, NSW
- Brad O’leary Elong Elong, NSW
- Grace Delahunty Invermay, VIC
- Gabrielle Saliba Gulgong, NSW

The competition would not be possible without the support and encouragement of AWEX, NSW TAFE and the Royal Agricultural Society of NSW. NSW TAFE, in conjunction with AWEX, was integral in expanding the competition from State-based to the National-level. AWEX has proudly sponsored this event since it began in 2007.



AWEX Buyer-Code Masking Trial

AWEX conducted the six-month trial in response to concerns raised by some AWEX Buyer Members regarding the ready availability of detailed auction information. The trial was conducted using the following AWEX services:

- AWEX Online “Gallery” folder (drill-down detail data),
- AWEX Online custom reports,
- e2 auction viewer, and
- e2 LPB (Talman system online catalogue).

The purpose of the trial was to determine whether the suppression of the Buyer Code from AWEX services made a significant difference in the availability in detailed sale data beyond the immediate participants of the auction sale function.

AWEX Members and subscribers to AWEX Online, e2 and e2 LPB services were invited to complete a survey on the trial with the results tabled for the consideration of the AWEX Board.

The survey results indicated that:

- 1). **71.4%** of respondents believe that the availability of detailed auction information to overseas clients had not changed during the Buyer-Code Masking Trial period,
- 2). **58.8%** of respondents believe that their overseas clients do not have access to detailed lot data,
- 3). **69.1%** of respondents believe that detailed sales data is available through other means,
- 4). **48.0%** of respondents believe the trial was detrimental to their business, and
- 5). **60.0%** of respondents do not support the continuation of the trial.

The AWEX Board reaffirmed their support for a fully informed market and after considering the survey results agreed to cease the trial effective July 1.

operations report cont...

If you believe your (overseas) client(s) receives detailed lot data, please indicate where you believe this has been sourced

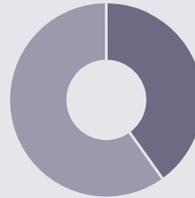
Answer Options	Response Percent
From yourself (e.g. as end of day file)	7.7%
EDI network	0.0%
AWEX	23.1%
Another buyer	38.5%
Don't know	7.7%
Other (please specify)	23.1%



- From yourself
- EDI network
- AWEX
- Another buyer
- Don't know
- Other (please specify)

Do you support Buyer Masking on an ongoing (permanent) basis?

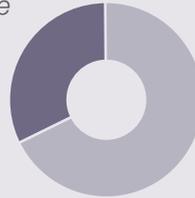
Answer Options	Response Percent
Yes , I support buyer Masking on an ongoing basis	40.0%
No , I do not support Buyer Masking on an ongoing basis	60.0%



- **Yes**, I support buyer Masking on an ongoing basis
- **No**, I do not support Buyer Masking on an ongoing basis

Do you believe Buyer Masking impacts on the value of AWEX Market Information Services?

Answer Options	Response Percent
Yes , there is less information so therefore less value	72.0%
No , seeing the buyer is of no value to me	28.0%



- **Yes**, there is less information so therefore less value
- **No**, seeing the buyer is of no value to me





AWEX-ID Accreditation Courses 2015

AWEX continues to provide AWEX-ID accreditation courses and calibration workshops subject to demand. AWEX-ID Accreditation courses are provided for those who have not previously attended an AWEX-ID course and wish to apply AWEX-ID. Registration as an AWEX-ID appraiser grants the user rights to apply AWEX-ID.

AWEX Certification Services

Mulesing Status

A Certificate of Mulesing Status is available to buyers (wishing to supply it to their clients). The 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).

The service is sought by buyers wishing to provide added assurance to the downstream customers.

Certificate of Production Region

A Certificate of Production Region is also available on request 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 all lots produced in Tasmania.)

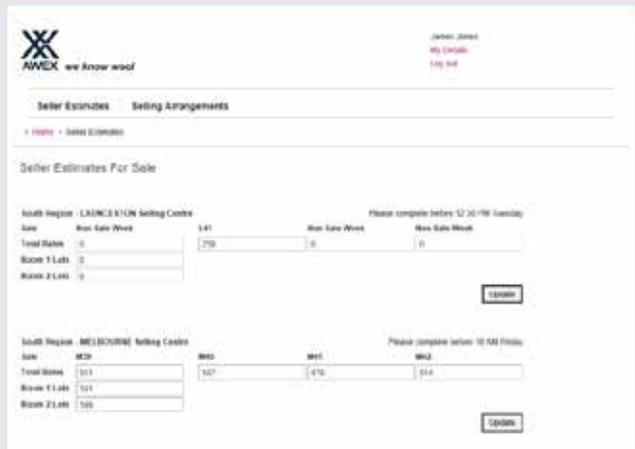
Online Submission of Sale Estimates – (NEW)

AWEX is in the final stage of testing a new online sale estimates submission portal for wool brokers. Over the next 3-4 months we will be migrating sale roster and selling arrangement submissions to this online system. A training program will be provided prior to the project going live.

This system will allow brokers to update their estimates and will reduce the requirement for double entry. Reminders will be automatically issued where submissions are pending and/or overdue.

The illustration shows a sample page of a Sale Roster.

This forms part of the AWEX Customer Relationship Management system (CRM) project aimed at ensuring that AWEX systems remained current and supported.

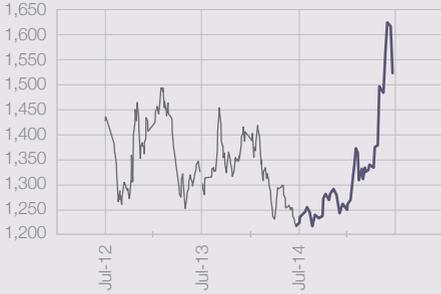


A sample page of Sale Roster

the market in review

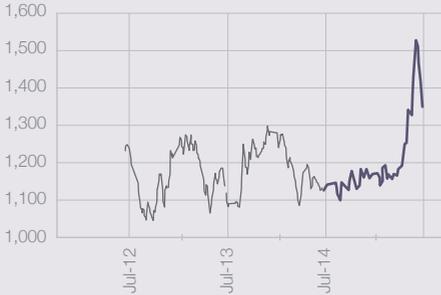
Micron Price Guides: 2014/15 season performance

17 micron



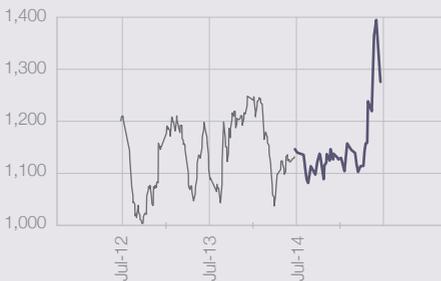
2013/14 close	1,219		
2014/15 close	1,524		
	+305 (+25.0%)		
	2012/13	2013/14	2014/15
Season maximum	1,510	1,457	1,627
Season average	1,368	1,328	1,331
Season minimum	1,244	1,215	1,218

20 micron



2013/14 close	1,131		
2014/15 close	1,348		
	+216 (+19.1%)		
	2012/13	2013/14	2014/15
Season maximum	1,276	1,296	1,521
Season average	1,158	1,187	1,200
Season minimum	1,047	1,077	1,095

23 micron



2013/14 close	1,133		
2014/15 close	1,276		
	+143 (+12.6%)		
	2012/13	2013/14	2014/15
Season maximum	1,218	1,248	1,396
Season average	1,111	1,158	1,153
Season minimum	998	1,040	1,081



28 micron



2013/14 close	670		
2014/15 close	928		
	+258 (+38.5%)		
	2012/13	2013/14	2014/15
Season maximum	671	694	978
Season average	601	664	769
Season minimum	545	637	639

Merino Carding Indicator



2013/14 close	794		
2014/15 close	1,097		
	+303 (+38.2%)		
	2012/13	2013/14	2014/15
Season maximum	830	874	1,134
Season average	677	816	884
Season minimum	499	771	764

Export Summary by Class (% of mass kg)

Greasy	92.4%
Carbonised	3.8%
Scoured	3.8%
Tops	0.0%



Micron Price Guides - seasonal high/low/averages

Nat		High		Low	Ave		
EMI	04 Jun 2015	1,373	EMI	27 Aug 2014	999	EMI	1,097
North		High		Low	Ave		
Ind.	10 Jun 2015	1,399	Ind.	20 Aug 2014	1,017	Ind.	1,123
16.5	04 Jun 2015	1,657	16.5	10 Dec 2014	1,273	16.5	1,370
17	04 Jun 2015	1,624	17	27 Aug 2014	1,220	17	1,342
17.5	04 Jun 2015	1,612	17.5	02 Jul 2014	1,184	17.5	1,326
18	04 Jun 2015	1,607	18	02 Jul 2014	1,171	18	1,309
18.5	04 Jun 2015	1,579	18.5	02 Jul 2014	1,148	18.5	1,281
19	04 Jun 2015	1,553	19	27 Aug 2014	1,129	19	1,241
19.5	04 Jun 2015	1,529	19.5	27 Aug 2014	1,097	19.5	1,218
20	10 Jun 2015	1,517	20	27 Aug 2014	1,095	20	1,203
21	10 Jun 2015	1,500	21	27 Aug 2014	1,090	21	1,192
22	04 Jun 2015	1,458	22	27 Aug 2014	1,086	22	1,177
23	03 Jun 2015	1,381	23	27 Aug 2014	1,081	23	1,152
24	07 May 2015	1,150	24	18 Mar 2015	1,077	24	1,114
25	17 Jun 2015	1,219	25	06 Aug 2014	874	25	985
26	11 Jun 2015	1,165	26	27 Aug 2014	785	26	888
28	17 Jun 2015	974	28	19 Aug 2014	639	28	771
30	10 Jun 2015	876	30	19 Aug 2014	615	30	729
32	27 May 2015	743	32	19 Aug 2014	563	32	653
MC	11 Jun 2015	1,112	MC	27 Aug 2014	764	MC	881
South		High		Low	Ave		
Ind.	04 Jun 2015	1,357	Ind.	27 Aug 2014	986	Ind.	1,082
16.5	10 Jun 2015	1,655	16.5	09 Dec 2014	1,253	16.5	1,357
17	11 Jun 2015	1,627	17	02 Jul 2014	1,218	17	1,321
17.5	10 Jun 2015	1,600	17.5	02 Jul 2014	1,181	17.5	1,308
18	04 Jun 2015	1,592	18	02 Jul 2014	1,167	18	1,296
18.5	04 Jun 2015	1,573	18.5	02 Jul 2014	1,146	18.5	1,270
19	04 Jun 2015	1,548	19	27 Aug 2014	1,133	19	1,237
19.5	04 Jun 2015	1,525	19.5	27 Aug 2014	1,105	19.5	1,214
20	04 Jun 2015	1,521	20	27 Aug 2014	1,101	20	1,197
21	04 Jun 2015	1,511	21	27 Aug 2014	1,095	21	1,189
22	04 Jun 2015	1,475	22	27 Aug 2014	1,085	22	1,169
23	04 Jun 2015	1,396	23	27 Aug 2014	1,083	23	1,153
24	20 May 2015	1,142	24	27 Aug 2014	1,020	24	1,065
25	23 Apr 2015	1,013	25	04 Sep 2014	899	25	949
26	18 Jun 2015	1,175	26	27 Aug 2014	776	26	870
28	17 Jun 2015	978	28	27 Aug 2014	641	28	767
30	11 Jun 2015	869	30	27 Aug 2014	623	30	722
32	10 Jun 2015	754	32	27 Aug 2014	561	32	649
MC	11 Jun 2015	1,134	MC	20 Aug 2014	764	MC	885
West		High		Low	Ave		
Ind.	10 Jun 2015	1,428	Ind.	27 Aug 2014	1,040	Ind.	1,124
17.5	10 Jun 2015	1,577	17.5	28 Jan 2015	1,202	17	1,334
18	10 Jun 2015	1,567	18	09 Jul 2014	1,137	18	1,238
18.5	10 Jun 2015	1,554	18.5	09 Jul 2014	1,126	18.5	1,222
19	10 Jun 2015	1,546	19	27 Aug 2014	1,116	19	1,211
19.5	10 Jun 2015	1,526	19.5	27 Aug 2014	1,106	19.5	1,200
20	10 Jun 2015	1,506	20	28 Aug 2014	1,096	20	1,185
21	10 Jun 2015	1,501	21	28 Aug 2014	1,091	21	1,172
22	10 Jun 2015	1,463	22	27 Aug 2014	1,072	22	1,154
23	20 May 2015	1,211	23	09 Jul 2014	1,106	23	1,159
26	19 Nov 2014	758	26	19 Nov 2014	758	26	758
MC	10 Jun 2015	1,088	MC	27 Aug 2014	758	MC	863



Top Export Destinations

Destination	Greasy Equivalent kg	% Change	% of Total	Value AUD\$	% Change
1. China	270.5 Mkg	14%	73.1%	\$ 2,020.8 m.	17%
2. India	23.6 Mkg	-7%	6.4%	\$ 184.1 m.	-2%
3. Czech Republic	16.5 Mkg	12%	4.5%	\$ 122.5 m.	18%
4. Italy	14.8 Mkg	-5%	4.0%	\$ 143.1 m.	-5%
5. Korea, Republic Of	13.4 Mkg	23%	3.6%	\$ 81.4 m.	33%
6. Malaysia	8.6 Mkg	15%	2.3%	\$ 64.7 m.	10%
7. Thailand	3.9 Mkg	16%	1.0%	\$ 31.4 m.	14%
8. Egypt	3.3 Mkg	0%	0.9%	\$ 29.9 m.	4%
9. Taiwan	3.1 Mkg	11%	0.8%	\$ 24.1 m.	18%
10. Japan	2.5 Mkg	31%	0.7%	\$ 14.4 m.	33%
11. United Kingdom	1.7 Mkg	-15%	0.5%	\$ 11.2 m.	-23%
12. Germany	1.6 Mkg	11%	0.4%	\$ 11.4 m.	32%
13. Iran	1.4 Mkg	200%	0.4%	\$ 10.1 m.	147%
14. USA	1.3 Mkg	18%	0.4%	\$ 9.4 m.	42%
15. Turkey	0.9 Mkg	-8%	0.2%	\$ 5.9 m.	0%
16. Others	2.8 Mkg	-41%	0.7%	\$ 17.6 m.	-45%
	369.9 Mkg			\$ 2,781.9 m.	

AWEX-Eastern Market Indicator



members as at 30th june 2015

Trading Members

A R Rhodes & Co (Wool) Pty Ltd
A S Gedge (Aust) Pty Ltd
ACF Wool Traders
Australia Beyond Investment Pty Ltd
Australian Wool & Pastoral Agency Limited
Australian Wool Network Pty Ltd
Australis Wool Pty Ltd
Aztech Investments Pty Ltd
B A Moses Pty Ltd
B N Proud
Barwon & Yarra Valley Wool Brokers Pty Ltd
Beecher Wool Services
Bo Rui Pty Ltd
Bryton Wool
Chinatex (Australia) Pty Ltd
Coggan Wool
Conn Wool Pty Ltd
Don Belgre Pty Ltd
Donghai Australia Pty Ltd
Dyson Jones Wool Marketing Services
E P Robinson Pty Ltd
Elders Rural Services Ltd
Fletcher International Exports Pty Ltd
Fox & Lillie Pty Ltd
Fremantle Wool Trading Company Pty Ltd
Global Wool Export (Australia) Pty Ltd
Goldex Corporation Pty Ltd
Gordon Litchfield Wool Pty Ltd
H Dawson Sons & Co (Aust) Pty Ltd
Hodge Wool Pty Ltd
I H Yeoward & Co Pty Ltd
Jemalong Wool
John Marshall & Company Limited
Kathaytex Pty Limited
Landini & Co
Landmark Operations Limited t/as
Dalgety Wool Exports
Lempriere (Australia) Pty Ltd
Maccdonald & Co Woolbrokers Pty Ltd
Michell Wool Pty Ltd
Modiano Australia Pty Ltd
Montgomery Family Trust
Morepen 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 Trust
Ruralco Holdings Limited
S & G Cotton Australia Pty Ltd
Saunders Wool Pty Ltd
Segard Masurel (Australia) Pty Ltd
Spearwool Wool Handlers
Stockwool Pty Ltd
Sunshine Fortex (Australia) Groups Pty Ltd
Swan Wool Processors Pty Limited
Taiyuan International (Australia) Pty Ltd



Techwool Trading Pty Ltd
The New Zealand Merino Company Ltd
Tianyu Wool Pty Ltd
Tradeswool Country Woolbuyers Pty Ltd
Tradeswool Pty Ltd
Victoria Wool Processors Pty Ltd
Watswool Pty Ltd
Weddin Wool Services
Westcoast Wools
Western Wool Marketing
Williams Wool Export Pty Ltd
Wool Agency Co Pty Ltd
Yangtse (Australia) Pty Ltd
Yarra Wool
Zhong Long International Pty Ltd

Grower Members

Amberedge Pty Ltd
Autumnvale Pastoral Company
Bickleigh Hillburn Pty Ltd
Bloomfield Pastoral Company
Carnbrae Harden Pastoral Co
Cavanagh Partnership
D D & A J Long
Gorrinn Pastoral Company
GW & RJ Bridgman
Hamblin & Co
IK, MJ & CLK McIvor
Kentucky Pty Ltd
Kildara Pastoral Co
KM & YC Gill

MI & ME Zell
Mr Ian Aubrey
Mr Ian Burbury
Mr Ian McLean
Mr Robert Richardson Dick
Paling Yards Trading Co
Phil O'Brien Wool Pool
Stonehouse Grazing
T & J Spielvogel
Terlinga Partnership
The Mutooroo Pastoral Co Pty Ltd
Twynam Pastoral Co Pty Ltd
WoolProducers Australia Limited
Yarrabee Grazing Co

Associate Members

Australian Wool Innovation Limited
The Australian Superfine Wool Growers'
Association Inc
WA Department of Agriculture

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.

Lay solid foundations for management and oversight

1

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.

Structure the Board to add value

2

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.

Promote ethical and responsible decision-making

3

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.

Safeguard the integrity in financial reporting

4

The Board has an Audit Committee which has 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.

Make timely and balanced disclosures

5

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.

Respect the rights of shareholders

6

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.



Recognise and manage risk

7

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 Committee, which monitor and advise the Board on management, finance 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.

Encourage enhanced performance

8

The Board 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.

Remunerate fairly and responsibly

9

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.

Recognise the legitimate interests of shareholders

10

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

The company has developed a code of conduct for staff and directors. The code gives all staff and directors a best practice guide to conduct.

directors' report

Your Directors submit their report for the year ended 30 June 2015.

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
- Andrew Basire Appointed 28th November 2014
- John H Colley Until 28th November 2014
- Geoffrey C Fisken Until 3rd March 2015
- Richard Halliday Appointed 3rd March 2015
- Malcolm L Hunt Appointed 28th November 2014
- Ben A Litchfield Until 28th November 2014
- Martin J Moses

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 of 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 assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

	2015		2014	
	Actual	Benchmark	Actual	Benchmark
Percentage of revenue provided by				
Quality Activities	69%	66%	66%	67%
Commercial Activities	24%	26%	25%	25%
Project Activities	1%	1%	1%	1%
Investing Activities	6%	7%	8%	7%
Percentage of expenditure spent on				
Quality Activities	73%	72%	72%	72%
Commercial Activities	21%	23%	22%	22%
Project Activities	6%	5%	6%	6%
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 J. S. Keniry AM

Director from 26/11/2010.

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 & Engineering;
- Fellow, Australian Institute of Company Directors;
- Woolgrower.

Company and Directorship

- Sydney Institute of Marine Science, Director and Chairman;
- Natural Resource Commission of NSW, Commissioner;
- Burra Foods Ltd, Independent non-voting Chairman;
- Lakelands Investments Pty Ltd, Director.

Special Responsibilities

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



D. M. Watt

Director from 24/1/1996 to 17/11/2006;
Director from 25/1/2007.

Qualifications

- LL.B – University of Western Australia.

Company and Directorship

- Sanur Pty Ltd (Group), Director;
- Sharus Pty Ltd, Director;
- Netherhill Pty Ltd, Director.

Special Responsibilities

- Deputy Chairman
- Chairman, Audit Committee;
- Member, Compliance and Corporate Governance Committee;
- Member, Remuneration Committee.



M. D. Avery

Director from 4/12/2009.

Qualifications

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

Company and Directorship

- Queensland Cotton Limited, General Manager - Wool;
- Australian Wool Testing Authority Limited, Director;
- M. A. Consulting Pty Ltd, Director.

Special Responsibilities

- Member, Audit Committee;
- Member, Compliance and Corporate Governance Committee;
- Member, Membership Admissions Committee.



A. Basire

Director from 28/11/2014.

Qualifications

- Nil.

Company and Directorship

- Private Treaty Wool Merchants Association, Vice President;
- Spearwood Wools Pty Ltd, Director.

Special Responsibilities

- Nil.



J. H. Colley

Director from 25/11/2011 to 28/11/2014.

Qualifications

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

Company and Directorship

- Australian Pastoral Investments Pty Ltd, Director;
- Australian Wool Network Pty Ltd, Director;
- National Council of Woolbrokers Association, Director;
- Inland Woolbrokers Association, Chairman;
- Arlia Pty Ltd, Director;
- Jemina Pty Ltd, Director;
- Colley Pty Ltd, Director;
- AWN Property Pty Ltd, Director;
- AWN Pastoral Pty Ltd, Director.

Special Responsibilities

- Member, Remuneration Committee.



G. C. Fisken

Alternate Director from 1/10/2008 to 24/11/2011;
Alternate Director from 30/4/2012 to 17/2/2014;
Director from 17/2/2014 to 9/3/2015.

Qualifications

- Diploma of Business & Communications SMB Ballarat 1980.

Company and Directorship

- WoolProducers Australia Ltd, Director;
- Black Creek Farming Pty Ltd, Director.

Special Responsibilities

- Member, Audit Committee.



R. Halliday

Director from 9/3/2015.

Qualifications

- Nil.

Company and Directorship

- WoolProducers Australia Ltd, President;
- Australian Wool Testing Authority Ltd, Director.

Special Responsibilities

- Member, Audit Committee.

directors' report cont...

Information on Directors



M. Hunt

Director from 28/11/2014.

Qualifications

- Nil.

Company and Directorship

- Elders Rural Services Australia Ltd, Director;
- Livestock Markets Ltd, Director;
- Elders Ltd, Zone General Manager - South.

Special Responsibilities

- Member, Remuneration Committee.



B. A. Litchfield

Alternate Director from 22/6/2011 to 25/11/2011;
Director from 25/11/2011 to 28/11/2014;
Alternate Director from 1/6/2015.

Qualifications

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

Company and Directorship

- Australian Wool Testing Authority Ltd, Director;
- Royal National Capital Agricultural Society, Director;
- Private Treaty Wool Merchants Australia, President;
- Monaro Wool Services, Manager.

Special Responsibilities

- Member, Membership Admissions Committee.



M. J. Moses

Director from 1/12/2000.

Qualifications

- Australian College of Professionals: Real Estate, Agency Operations, Property Management & Stock & Station Agent
- Woolgrower.

Company and Directorship

- B A Moses & Son Pty Ltd, Managing Director;
- Pinefarm Pty Ltd, Director;
- Bluechip Livestock, Director;
- Yennora Wool Brokers, Director;
- The Pinacles (Temora) Pty Ltd, Director/Secretary;
- Inland Woolbrokers Association, Director;
- Merinolink Ltd, Director.

Special Responsibilities

- Member, Membership Admissions Committee



Information on Alternate Directors

A. Blanch (Alt for M. Avery)

Alternate Director from 3/4/2010.

Qualifications

- B.AppSc (Agriculture) Hawkesbury Agricultural College.

Company and Directorship

- New England Wool Pty Ltd, Managing Director;
- New England Wool Holdings Pty Ltd, Managing Director.

Special Responsibilities

- Member, Audit Committee.

B. Litchfield (Alt for A. Basire)

Alternate Director from 22/6/2011 to 25/11/2011;
Director from 25/11/2011 to 28/11/2014;
Alternate Director from 1/6/2015.

Qualifications

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

Company and Directorship

- Royal National Capital Agricultural Society, Director;
- Private Treaty Wool Merchants Australia, Executive Committee;
- Monaro Wool Services, Manager.

Special Responsibilities

- Nil.

G. Litchfield (Alt for M. Moses)

Alternate Director from 12/5/2015

Qualifications

- Nil.

Company and Directorship

- Gordon Litchfield Wool Pty Ltd, Director;
- National Auction Selling Committee, Committee Member.

Special Responsibilities

- Nil.

D. A. Macdonald (Alt for M. Moses)

Director from 24/10/1994 to 25/10/1996;
Alternate Director from 25/10/1996 to 4/12/2014.

Qualifications

- Nil.

Company and Directorship

- Yennora Wool Brokers Pty Ltd, Director;
- Don Macdonald Woolbrokers Pty Ltd t/a Macdonald & Co Woolbrokers, Director;
- Marra Holdings Pty Ltd, Director.

Special Responsibilities

- Nil.

E. Storey (Alt for R. Halliday)

Alternate Director from 29/6/2015.

Qualifications

- BEc, Sydney University.

Company and Directorship

- WoolProducers Australia Ltd, Vice President;
- Futter Park Pty Ltd, Director.

Special Responsibilities

- Nil.

G. Turner (Alt for B. Litchfield)

Alternate Director from 7/10/2010 to 24/5/2011;
Alternate Director from 30/4/2012 to 28/11/2014.

Qualifications

- Nil.

Company and Directorship

- Reeashbro Pty Ltd, Director.

Special Responsibilities

- Nil.

directors' meetings

Directors' meetings

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2015, and the number of meetings attended by each director.

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

- Audit Committee, and;
- Remuneration Committee.

Directors	Board	Committees		
	Board Meetings A/E	Audit A/E	Compliance & Corporate Governance* A/E	Remuneration A/E
Dr J. S. Keniry AM Chairman	7 / 7	-	1 / 1	1 / 1
D. M. Watt	6 / 7	1 / 1	1 / 1	1 / 1
M. D. Avery	1 / 7	1 / 1	1 / 1	-
A. Basire Appointed 28.11.2014	4 / 4	-	-	-
J. H. Colley Until 28.11.2014	3 / 3	-	-	-
G. C. Fisken Until 03.03.2015	4 / 4	0 / 1	1 / 1	-
R. Halliday Appointed 3/3/15	2 / 3	-	-	-
M. L. Hunt Appointed 28/11/2014	4 / 4	-	-	1 / 1
B. A. Litchfield Until 28.11.2014	3 / 3	1 / 1	-	-
M. Moses	6 / 7	-	-	-
Alternate Directors	A/E	A/E	A/E	A/E
A. Blanch M. D. Avery	6 / 6	-	-	-
E. Storey R. Halliday	1 / 1	-	-	-
D. A. Macdonald M. Moses	1 / 1	-	-	-
G. Litchfield M. Moses	0 / 0	-	-	-
B. A. Litchfield A. Basire	0 / 0	-	-	-

A = Attended. E = Eligible to Attend.

*= The compliance and corporate governance committee was disbanded on the 9th Marh 2015 and it's functions taken over by the full board.



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 2015 is \$525.00 (2014: \$530.00).

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

D. M. Watt

Director

26th August 2015

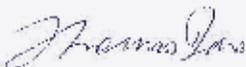
Australian Wool Exchange Limited

A.B.N. 35 061 495 565

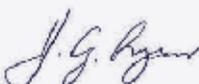
Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

1. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; *and*
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Thomas Davis & Co



J G Ryan

Date 26th August 2015

Liability limited by a scheme approved under Professional Standards Legislation



financial
report

statement of profit or loss and other comprehensive income

for the year ended 30 June 2015	notes	2015	2014
		\$	\$
Revenues from ordinary activities	2	4,138,152	4,190,622
Employee benefit expenses		(1,815,377)	(1,863,650)
Depreciation and Amortisation expenses	3	(55,096)	(72,108)
Occupancy costs		(286,183)	(271,426)
Other expenses from ordinary activities		(1,469,385)	(1,430,088)
Profit/(Loss) for the year before income tax expense	3	512,111	553,350
Income tax expense	1(b)	-	-
Profit/(loss) from ordinary activities after related income tax expense	14	512,111	553,350
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		512,111	553,350
Profit/(Loss) attributable to members of the entity		512,111	553,350
Total comprehensive income/(loss) attributable to members of the entity		512,111	553,350

The above statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.



statement of changes in members' funds

for the year ended 30 June 2015	Members' Reserves	Retained Surpluses	Total
	\$	\$	\$
Balance as at 30 June 2013	640,000	4,525,693	5,165,693
Profit attributable to the entity	-	553,350	553,350
Total other comprehensive income for the year	-	-	-
Balance as at 30 June 2014	640,000	5,079,043	5,719,043
Profit attributable to the entity	-	512,111	512,111
Total other comprehensive income for the year	-	-	-
Balance as at 30 June 2015	640,000	5,591,154	6,231,154

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

statement of financial position

as at 30 June 2015	notes	2015	2014
		\$	\$
Current Assets			
Cash and cash equivalents	4	1,651,158	2,289,142
Receivables	5	120,756	207,907
Other current assets	6	154,081	98,475
Total Current Assets		1,925,995	2,595,524
Non Current Assets			
Cash and cash equivalents	7	4,665,412	4,559,320
Property, Plant & Equipment	8	894,041	627,391
Total Non Current Assets		5,559,453	5,186,711
Total Assets		7,485,448	7,782,235
Current Liabilities			
Payables	9	319,073	230,143
Provisions	10	452,400	425,958
Other current liabilities	11	421,236	1,321,491
Total Current Liabilities		1,192,709	1,977,592
Non Current Liabilities			
Provisions	12	61,585	85,600
Total Non Current Liabilities		61,585	85,600
Total Liabilities		1,254,294	2,063,192
Net Assets		6,231,154	5,719,043
Members' Funds			
Members' Reserves	13	640,000	640,000
Retained Surpluses	14	5,591,154	5,079,043
Total Members' Funds		6,231,154	5,719,043
The above statement of financial position is to be read in conjunction with the accompanying notes.			



statement of cash flows

for the year ended 30 June 2015	notes	2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from customers*		3,006,077	3,126,151
Payments to suppliers and employees		(3,479,553)	(3,503,468)
Interest received		263,365	292,432
Net cash inflows / (outflows) from operating activities	20	(210,111)	(84,885)
Cash flows from investing activities			
Payments for property, plant & equipment		(321,781)	(298,446)
Proceeds from sale of plant and equipment		-	-
Net cash inflows / (outflows) from investing activities		(321,781)	(298,446)
Net increase (decrease) in cash held		(531,892)	(383,331)
Cash and cash equivalents at the beginning of the financial year		6,848,462	7,231,793
Cash and cash equivalents at the end of the financial year		6,316,570	6,848,462
Current	4	1,651,158	2,289,142
Non Current	7	4,665,412	4,559,320
Cash and cash equivalents at the end of the financial year		6,316,570	6,848,462
<p>*In the previous financial year receipts from customers includes the receipt of \$510k in Payroll Tax refunds due to AWEX being granted an exemption from Payroll Tax.</p> <p>The above statement of financial position is to be read in conjunction with the accompanying notes.</p>			

notes to the financial statements

as at 30 June 2015

notes

2015

2014

\$

\$

1. Summary of significant accounting policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. Australian Accounting Standards set out accounting policies that AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

The financial statements have been prepared in accordance with the historical cost convention, and do 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 Statements.

The company is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office is Unit 12A, 2 Eden Park Drive, Macquarie Park NSW 2113. 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 Statement of Financial Position to Share Capital.

The financial statements were authorised for issue by the Board on 26th August 2015.

A summary of significant accounting policies is set out below:



notes to the financial statements

as at 30 June 2015	notes	2015	2014						
		\$	\$						
<p>Statement of Compliance</p> <p>The financial statements comply 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 applying the not for profit sector specific requirements contained in AIFRS.</p>									
<p>(a) Property, Plant and Equipment</p> <p>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.</p> <p>The cost of software also includes direct labour costs that are attributable to the asset. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items.</p> <p><i>The expected useful lives are as follows</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Plant and Equipment</td> <td style="text-align: center; padding-left: 100px;">3-8 Years</td> <td style="text-align: center; padding-left: 100px;">3-8 Years</td> </tr> <tr> <td style="padding-left: 20px;">Software</td> <td style="text-align: center; padding-left: 100px;">3-4 Years</td> <td style="text-align: center; padding-left: 100px;">3-4 Years</td> </tr> </table>	Plant and Equipment	3-8 Years	3-8 Years	Software	3-4 Years	3-4 Years			
Plant and Equipment	3-8 Years	3-8 Years							
Software	3-4 Years	3-4 Years							
<p>(b) Income Tax</p> <p>The company has been granted an exemption from income tax under the Income Tax Assessment Act.</p>									
<p>(c) Recoverable Amount of Non-Current Assets</p> <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>									
<p>(d) Receivables</p> <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>									

notes to the financial statements

as at 30 June 2015

notes

2015

2014

(e) Revenue Recognition

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 reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon delivery of the service to 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 Statement of Financial Position as Unearned Income under the heading Current Liabilities - Other.

The net gain/(loss) on 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. All revenue is stated net of the amount of goods and services tax (GST).

(f) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits expected to be settled wholly within one year after the end of the reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled including related on-costs. The company's obligations for short-term employee benefits are recognised as current provisions in the statement of financial position.

(i) Superannuation

The company contributes to employee accumulation superannuation funds. Contributions are charged against income.

(ii) Number of employees at year end

- Permanent staff	14	14
- Casual Staff	7	7
- Total full time equivalent Staff	14.0	14.5



notes to the financial statements

as at 30 June 2015	notes	2015	2014
<p>(j) New Accounting Standards for Application in Future Periods cont...</p> <p>- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).</p> <p>The Standard will be applicable retrospectively (subject to the provision of hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.</p> <p>The key changes that may affect the Company on initial application includes certain simplifications to the classification of financial assets, simplification to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial assets. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.</p> <p>The directors anticipate that the adoption of AASB 9 will have no impact on the Company's financial instruments.</p> <p>- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).</p> <p>When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.</p> <p>The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:</p> <ul style="list-style-type: none"> • Identify the contract(s) with a customer; • Identify the performance obligations in the contract(s); • Determine the transaction price; • Allocate the transaction price to the performance obligations in the contract(s); and • Recognise revenue when (or as) the performance obligations are satisfied. <p>This standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.</p> <p>The directors anticipate that the adoption of AASB 15 will have no impact on the Company's financial instruments.</p>		\$	\$

notes to the financial statements

as at 30 June 2015	notes	2015	2014
		\$	\$
2. Revenue from Ordinary Activities			
<i>Operating activities</i>			
Joining Fees		8,000	8,000
Subscription Fees		63,692	62,900
Fees for Service		3,798,365	3,302,322
Other Revenue*		4,730	524,968
Interest Received		263,365	292,432
<i>Non-operating activities</i>			
Other Revenue		-	-
Total revenue from Ordinary Activities		4,138,152	4,190,622
* In the previous financial year includes the receipt of \$510k in Payroll Tax refunds due to AWEX being granted an exemption from Payroll Tax.			
3. Profit/(Loss) from Ordinary Activities			
<i>Profit/(Loss) from Ordinary Activities has been determined after Charging as an expense:</i>			
Depreciation and Amortisation of non-current assets			
- Depreciation of plant and equipment		55,096	72,108
Total Depreciation and Amortisation Expenses		55,096	72,108
Operating lease rentals			
- Minimum lease payments		214,624	200,805
Total Operating Lease Rental		214,624	200,805
Transfer to/(from) provision for Holiday Pay		(5,722)	10,020
Transfer to/(from) provision for Long Service Leave		35,231	19,771
(Losses)/Gains on Disposal of Property, Plant and Equipment			
Gain/(loss) on disposal of property, plant and equipment		-	-
Loss on Disposal		(35)	(2,537)
Net gain/(loss) on disposal of property, plant and equipment		(35)	(2,537)
4. Current Assets - Cash and Cash Equivalents			
Cash on Hand		1,676	1,354
Cash at Bank		1,434,421	1,494,599
Deposits at Call		215,061	793,189
Cash and Cash Equivalents		1,651,158	2,289,142



notes to the financial statements

as at 30 June 2015	notes	2015	2014
		\$	\$
5. Current Assets - Receivables			
Trade Debtors*		45,665	143,840
less: Provision for Doubtful debts		(15,000)	(15,000)
Trade debtors after provision for doubtful debts		30,665	128,840
Accrued Revenue		90,091	79,067
		120,756	207,907
Receivables			
*Terms: Trade debtors are non-interest bearing and generally on 30 day terms.			
Trade Debtors analysis			
Within trading terms		37,513	136,400
< 30 days overdue		7,795	4,626
31-60 days overdue		357	2,814
61-90 days overdue		-	-
> 90 days overdue		-	-
Total		45,665	143,840
6. Current Assets - Other			
Prepayments		80,286	77,899
Other Debtors		73,795	20,576
Other		154,081	98,475
7. Non Current - Cash and Cash Equivalents			
Cash and Cash Equivalents		4,665,412	4,559,320
		4,665,412	4,559,320
8. Non Current Assets - Property, Plant and Equipment			
Plant and equipment at cost		1,749,664	1,749,757
less: Accumulated depreciation		(1,680,245)	(1,643,175)
		69,419	106,582
Software under development		824,622	520,809
less: Accumulated depreciation		-	-
		824,622	520,809
Property, Plant and Equipment		894,041	627,391

notes to the financial statements

as at 30 June 2015	notes	2015	2014
		\$	\$
8. Non Current Assets - Property, Plant and Equipment cont...			
Plant and Equipment			
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.			
Carrying amount at beginning of the period		627,391	403,590
Additions		321,781	298,446
Disposals (net)		(35)	(2,537)
Depreciation Expense		(55,096)	(72,108)
Carrying amount at end of the period		894,041	627,391
Refer also to note 1(h) for impairment of assets.			
9. Current Liabilities - Payables			
Creditors		140,983	58,240
Accrued Expenses		178,090	171,903
Payables		319,073	230,143
10. Current Liabilities - Provisions			
Employee entitlements (being provision for Annual Leave, Long Service Leave due and superannuation)		415,276	369,235
Other		37,124	56,723
Provisions		452,400	425,958
11. Current Liabilities - Other			
Unearned Income*	1(e)	421,236	1,321,491
Other		421,236	1,321,491
*Unearned income represents Woolclasser registration fees received for the period 1/1/2013 to 31/12/2015			



notes to the financial statements

as at 30 June 2015	notes	2015	2014
		\$	\$
12. Non-current Liabilities - Provisions			
Employee entitlements (being provision for Long Service Leave)		61,585	85,600
Provisions		61,585	85,600
Opening balance of Employee Provisions		454,835	425,266
Additions		79,438	85,902
Used		(57,412)	(56,333)
Closing balance of Employee Provisions		476,861	454,835
Employee Provisions - Current		415,276	369,235
Employee Provisions - Non-Current		61,585	85,600
Total Employee Provisions		476,861	454,835
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		5,079,043	4,525,693
Net profit attributable to members of the company		512,111	553,350
Retained Surplus		5,591,154	5,079,043
15. Remuneration of Directors & Key Management Personnel			
Income paid or otherwise made available to directors and key management by the company or related parties.			
Short-term benefits		667,972	623,366
Post-employment benefits		90,483	74,835
Other Long-term benefits		13,067	17,785
		771,522	715,986
No retirement benefits were paid to directors during the year.			

notes to the financial statements

as at 30 June 2015	notes	2015	2014
		\$	\$
16. Remuneration of Auditors			
<i>Amounts received or due and receivable by Thomas Davis & Co for:</i>			
- audit of the financial report of the company		17,600	17,050
- other services		-	-
Remuneration of Auditors		17,600	17,050
17. Expenditure Commitments			
Operating leases (non cancellable)			
Minimum lease payments			
- not later than one year		117,558	113,037
- later than one year and not later than five years		132,482	250,040
- later than five years		-	-
Expenditure Commitments		250,040	363,077
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			
<i>The directors of the Australian Wool Exchange Limited during the financial year were:</i>			
- Dr J. S. Keniry AM			
- M. D. Avery			
- A. Basire	Appointed 28th November 2014		
- J. H. Colley	Until 28th November 2014		
- G C. Fisken	Until 3rd March 2015		
- M. L. Hunt	Appointed 28th November 2014		
- B. A. Litchfield	Until 28th November 2014		
- M. J. Moses			
- R. Halliday	Appointed 3rd March 2015		
- D. M. Watt			
<i>Alternate directors were:</i>			
- D. A. Macdonald	(Alternate for Mr M. Moses) Until 4th December 2014		
- A. Blanch	(Alternate for Mr M. Avery)		
- G. Litchfield	(Alternate for Mr M. Moses) Appointed 12th May 2015		
- B. Litchfield	(Alternate for Mr A. Basire) Appointed 1st June 2015		
- E. Storey	(Alternate for Mr R. Halliday) Appointed 29th June 2015		

notes to the financial statements

as at 30 June 2015

notes

2015

2014

21. 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 - Current

4 1,651,158 2,289,142

Cash, cash equivalents and investments - Non Current

7 4,665,412 4,559,320

Total Cash, cash equivalents and investments

6,316,570 6,848,462

Weighted Average Effective Interest Rate

3.85% 4.17%

Trade Debtors & Other Receivables

5 120,756 207,907

Weighted Average Effective Interest Rate

N/A N/A

Other Assets

6 154,081 98,475

Weighted Average Effective Interest Rate

N/A N/A

Total Financial Assets

6,591,407 7,154,844

Financial Liabilities

Trade Creditors and other payables

9 319,073 230,143

Weighted Average Effective Interest Rate

N/A N/A

Total Financial Liabilities

319,073 230,143

Sensitivity Analysis

The following table illustrates sensitivity of the Company to changes in interest rates. The table indicates the impact on financial performance at the end of the financial year if interest returns had varied by what management considers to be reasonably possible. These sensitivities also assume that the movement in a particular variable is independent of other variables.

+/- 0.25% change in Interest rates

+/- 17,104 +/- 17,528

There have been no changes in any assumptions used to prepare the above sensitivity analysis from the previous year.

(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

as at 30 June 2015	notes	2015	2014
		\$	\$
22. Contingent Liabilities			
The company has provided a bank guarantee in respect of:			
Lease obligations		67,737	67,737
		67,737	67,737
Financing arrangements			
Bank Guarantees		67,737	67,737
Used at balance date		-	-
Unused at balance date		67,737	67,737

directors' declaration

The Directors' of the company declare that:

1. The financial statements set out on pages 48 to 65:
 - a). Comply with Australian Accounting Standards as stated in Note 1 to the financial statements and the Corporations Act 2001; and
 - b). Give a true and fair view of the Company's financial position as at 30 June 2015 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.



Dr J. S. Keniry AM Chairman



D. M. Watt Director

Sydney 26th August 2015



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 2015, 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

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 2015 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 Chartered Accountants

Sydney 26th August 2015

Liability limited by a scheme under Professional Standards Legislation.

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- Clip Preparation advice & support
- Extension material
- Industry collateral
- WoolClip

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AWEX *we know wool*

Australian Wool Exchange Limited ABN 35 061 495 565

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