The wool market offered little excitement for woolgrowers throughout fiscal 2014. Prices for fine and medium wools generally drifted at levels similar to those experienced in the previous year, whilst prices for superfine wool continued at unsustainably low levels. The AWEX Eastern Market Indicator closed the year at 1016 cents per kilogram clean, compared with 1047 cents per kilogram clean at the end of fiscal 2013. Not unexpectedly in light of these market conditions, national wool production has continued to decline, reaching an estimated 340 million kg in fiscal 2014, and forecast to decline to just 328 million kg in fiscal 2015. National sheep flock numbers have also continued to fall, to an estimated 72 million in June 2014, from 75 million a year earlier, a far cry from around 120 million in 2000, and around 160 million in 1990. Unfortunately, productivity gains in the merino wool production sector have been insufficient to counter downward price pressure, so producers are increasingly in a classic cost/price squeeze. At the operational level, AWEX returned an overall surplus for fiscal 2014 of $553,350, compared with a deficit of $121,207 in the prior year. The strong result in 2014 comprised a surplus from ongoing operations of just over $43,000, and an amount of $510,000 for refunds of payroll tax paid in earlier periods to governments of New South Wales, Victoria and Western Australia. These one-off refunds have provided a useful boost to AWEX’s reserves. Just after year-end, we received notice from the Australian Government that it had approved the revised wool pack design that had been developed in response to concerns about over-width loads on trucks transporting wool bales. The new design will be applied compulsorily by Australian Customs to imports of wool packs from 1 October 2014. Development of the new pack has involved extensive trialling, and has been a collaborative effort of wool pack manufacturers, growers, industry organisations and NSW Roads and Maritime Services. This effort, mostly on a voluntary basis, has been excellent and is gratefully acknowledged. Looking forward, the Board will be overseeing, in particular: (i) the continued evaluation of the technical and commercial potential of electronic bale identification, which is looking reasonably prospective. (ii) the completion of the major upgrade of its computer systems. Implementation is scheduled for June 2015. The project is on budget and slightly behind schedule. (iii) a review of the NWD system, with a view to improving uptake by growers, which has stalled at around 43% in recent years. Feedback from the downstream users of wool consistently highlight the importance of the NWD as underlining the quality assurance arrangements for Australian wool. During the year, AWEX celebrated its twentieth year. That is a time to thank our members and our customers for their ongoing support. In this context, it was particularly satisfying to welcome Elders return as a member of AWEX just after year end. We also took the opportunity during the year to particularly recognise the integral, and frequently un-sung role of woolclassers within the industry’s overall quality assurance system. Certificates and commemorative stencils were issued to some 185 woolclassers who had been recognised for fifty or more years of continuous registration as a woolclasser. Throughout the year 7 wool forums were held throughout the country. These were generally very well attended by wool growers, brokers and woolclassers. Overall some 650 people attended, and topics included AWEX activities, as well as general interest subjects presented by Sheep CRC and wool exporters. Finally, I want to acknowledge the many people who work hard to make AWEX a success in its own right and for the industry that it serves. These people comprise the management team that is led very ably and enthusiastically by the CEO Mark Grave, and my fellow directors whose close involvement within the industry ensures that board decisions are informed by grass roots input. We are looking forward to a successful year in 2015.

John Keniry AM, Chairman
September 2014
2013/14 was an improved year for AWEX in both operational and financial performance compared with 2012/13. Despite the difficulties of the wool market and seasonal conditions in some areas of Australia, AWEX continued to deliver improved services to members and industry stakeholders.

Work continued on the development of AWEX’s Customer Relationship Management (CRM) software system, which underpins the AWEX quality assurance and administration services. This long term project will assist AWEX over the next 10+ years to increase our operational efficiency, provide lower running costs and give AWEX the ability to make modifications as required without the need for outside technical assistance. The benefit to AWEX, our members, woolclassers and clients will be increased operational efficiencies and the opportunity to develop services, some interactive, to meet the increasing demands from our customers.

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

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

In addition, AWEX was successful in making a claim for previously paid payroll tax of approximately $510,000. This one-off payment will strengthen member reserves and contribute towards the development of industry quality assurance programs. In addition AWEX, as a not-for-profit industry organisation, will have a lower payroll tax commitment and this will be ongoing. The final overall result for 2013/14 is a profit of $553,350.
The Wool Forum is aimed at the woolclasser, wool grower and service providers. To bring all sectors of the industry together and to provide the opportunity for candid questions and answers has been a positive move for all. During the past 12 months Wool Forums were held in Hamilton, Bendigo, Katanning, Naracoorte, Burra, Dubbo, Wagga Wagga, Armidale and Cooma. The Wool Forums were very successful and planning is underway for the 2015 series.

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

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

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

**50th Anniversary Woolclassing**

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

**Woolclasser Ambassador**

In 2013, AWEX appointed Phillip Kennedy as Woolclasser Ambassador. Phillip travelled to China, he met with the Department of Agriculture at the Australian Embassy, Beijing, attended the Nanjing Wool Conference, presented at the Nanjing Training Seminar and met with processors to discuss woolclassing, quality issues and to gain an understanding of issues they face. Phillip told the story of why Australian wool is regarded as the best prepared in the world.
On his return, Phillip made himself available to attend the Wool Forums and report back to industry on his experience – what he saw and what he heard. Phillip has been an excellent choice and represented “the face” of wool classing extremely well.

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

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

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

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

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

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

Mark Grave, CEO
September 2014
Operations Report

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

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

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

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

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

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

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

Auction Statistics: Bales

<table>
<thead>
<tr>
<th>Season</th>
<th>Offered</th>
<th>Sold</th>
<th>Passed-in</th>
<th>Passed-in%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>1,929,183</td>
<td>1,740,975</td>
<td>188,208</td>
<td>9.76%</td>
</tr>
<tr>
<td>2013/14</td>
<td>1,814,818</td>
<td>1,625,115</td>
<td>189,703</td>
<td>10.45%</td>
</tr>
<tr>
<td>Change</td>
<td>-5.9%</td>
<td>-6.6%</td>
<td>+0.7%</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

Industry Services Advisory Committee (ISAC)

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

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

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

NWD - Key Auction Statistics

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

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>% of Wool Clip Declared</td>
<td>37.7</td>
<td>37.0</td>
<td>42.2</td>
<td>44.3</td>
<td>44.6</td>
<td>43.3</td>
</tr>
<tr>
<td>% Declared NM/CM/PR</td>
<td>8.7</td>
<td>11.5</td>
<td>16.7</td>
<td>20.3</td>
<td>23.0</td>
<td>22.9</td>
</tr>
<tr>
<td>Non Mulesed (NM)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total NM Bales</td>
<td>44,255</td>
<td>56,218</td>
<td>83,677</td>
<td>88,929</td>
<td>103,421</td>
<td>91,287</td>
</tr>
<tr>
<td>Ceased Mulesed (CM)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Total CM Bales</td>
<td>36,604</td>
<td>36,513</td>
<td>49,102</td>
<td>32,831</td>
<td>37,650</td>
<td>35,683</td>
</tr>
<tr>
<td>Pain Relief (PR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total PR Bales</td>
<td>42,705</td>
<td>75,865</td>
<td>131,493</td>
<td>173,615</td>
<td>223,812</td>
<td>205,954</td>
</tr>
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</table>

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

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

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

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

Bale Weights

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

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

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

This issue represents an opportunity for the industry to work together for the benefit of all by increasing the efficiency and productivity of the wool industry. An education campaign will be used to help address the issues, sell the message and improve the standard of wool bale pressing. This issue remains under review in 2014/15.
Woolclassing 50 Years

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

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

The recognition of woolclassers and woolclassing is well deserved and the 185 woolclassers who have been recognised for achieving this milestone are a tribute to the character and dedication of the people in the Australian wool industry. The industry is proud of its heritage and the achievement of this lifetime milestone. 2015 will see the next registration triennium of woolclasser registration and the recognition of the 50th anniversary of woolclassers will continue.
National Graduate Woolclassing Competition

The National Graduate Woolclassing competition is now in its third year. This successful competition was built on the success of the NSW/QLD competition, which commenced in 2007. The competition brings together the best graduate woolclassers from around the country and involves all states. This year’s winner, Ally Horan, Goulburn, is continuing her career in the wool industry and has gained local, state and national recognition for her achievement.

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

Train The Trainer

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

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

Wool Forums

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Micron Price Guides: 2013/14 season performance

17 micron

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<th>2013/14 close</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
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<tbody>
<tr>
<td>Season maximum</td>
<td>1,326</td>
<td>1,219</td>
<td>2,400</td>
<td>1,510</td>
<td>1,457</td>
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<tr>
<td>Season average</td>
<td>1,368</td>
<td>1,328</td>
<td>1,755</td>
<td>1,368</td>
<td>1,244</td>
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<tr>
<td>Season minimum</td>
<td>1,244</td>
<td>1,215</td>
<td>1,381</td>
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20 micron

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<tbody>
<tr>
<td>Season maximum</td>
<td>1,137</td>
<td>1,131</td>
<td>1,498</td>
<td>1,276</td>
<td>1,296</td>
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<tr>
<td>Season average</td>
<td>1,187</td>
<td>1,158</td>
<td>1,353</td>
<td>1,276</td>
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<tr>
<td>Season minimum</td>
<td>1,077</td>
<td>1,047</td>
<td>1,222</td>
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23 micron

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<tbody>
<tr>
<td>Season maximum</td>
<td>1,157</td>
<td>1,133</td>
<td>1,347</td>
<td>1,218</td>
<td>1,248</td>
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<tr>
<td>Season average</td>
<td>1,158</td>
<td>1,111</td>
<td>1,199</td>
<td>1,111</td>
<td>1,158</td>
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<tr>
<td>Season minimum</td>
<td>1,040</td>
<td>998</td>
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28 micron

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<th>2012/13</th>
<th>2013/14</th>
</tr>
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<tbody>
<tr>
<td>Season maximum</td>
<td>662</td>
<td>670</td>
<td>703</td>
<td>671</td>
<td>694</td>
</tr>
<tr>
<td>Season average</td>
<td>643</td>
<td>601</td>
<td>643</td>
<td>601</td>
<td>664</td>
</tr>
<tr>
<td>Season minimum</td>
<td>592</td>
<td>545</td>
<td>592</td>
<td>545</td>
<td>637</td>
</tr>
</tbody>
</table>

Merino Carding Indicator

<table>
<thead>
<tr>
<th></th>
<th>2012/13 close</th>
<th>2013/14 close</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Season maximum</td>
<td>829</td>
<td>794</td>
<td>835</td>
<td>830</td>
<td>874</td>
</tr>
<tr>
<td>Season average</td>
<td>712</td>
<td>677</td>
<td>712</td>
<td>677</td>
<td>816</td>
</tr>
<tr>
<td>Season minimum</td>
<td>598</td>
<td>499</td>
<td>598</td>
<td>499</td>
<td>771</td>
</tr>
</tbody>
</table>

Auction Offering - % Classed by breed (fleece wool) by season

- Merino
- Crossbred
- Total

- 2009/10: 77% Merino, 1% Crossbred, 92% Total
- 2010/11: 71% Merino, 1% Crossbred, 90% Total
- 2011/12: 67% Merino, 1% Crossbred, 87% Total
- 2012/13: 60% Merino, 1% Crossbred, 87% Total
- 2013/14: 52% Merino, 1% Crossbred, 87% Total
Micron Price Guides - seasonal high/low/averages

<table>
<thead>
<tr>
<th>Nat</th>
<th>04 Dec 2013</th>
<th>1,145</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMI</td>
<td>04 Dec 2013</td>
<td>1,145</td>
</tr>
<tr>
<td>North</td>
<td>05 Dec 2013</td>
<td>1,107</td>
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<tr>
<td>High</td>
<td>05 Dec 2013</td>
<td>1,171</td>
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<tr>
<td>Ind.</td>
<td>05 Dec 2013</td>
<td>1,171</td>
</tr>
<tr>
<td>EMI</td>
<td>02 Apr 2014</td>
<td>993</td>
</tr>
<tr>
<td>Ave</td>
<td>02 Apr 2014</td>
<td>1,073</td>
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<tr>
<td>Ind.</td>
<td>02 Apr 2014</td>
<td>1,073</td>
</tr>
<tr>
<td>16.5</td>
<td>02 Apr 2014</td>
<td>1,073</td>
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<tr>
<td>17</td>
<td>02 Apr 2014</td>
<td>1,073</td>
</tr>
<tr>
<td>17.5</td>
<td>02 Apr 2014</td>
<td>1,073</td>
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<tr>
<td>18</td>
<td>02 Apr 2014</td>
<td>1,073</td>
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<td>18.5</td>
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<td>19</td>
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<tr>
<td>22</td>
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<td>1,073</td>
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| MC      | 03 Sep 2013 | 856  

Top Export Destinations

<table>
<thead>
<tr>
<th>Destination</th>
<th>Greasy Equivalent kg</th>
<th>% Change</th>
<th>% of Total</th>
<th>Value AUD</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. China</td>
<td>237.4 Mkg</td>
<td>-11%</td>
<td>71.2%</td>
<td>$1,730.7m</td>
<td>-7%</td>
</tr>
<tr>
<td>2. India</td>
<td>25.4 Mkg</td>
<td>17%</td>
<td>7.6%</td>
<td>$187.9m</td>
<td>22%</td>
</tr>
<tr>
<td>3. Italy</td>
<td>15.6 Mkg</td>
<td>-1%</td>
<td>4.7%</td>
<td>$151.2m</td>
<td>9%</td>
</tr>
<tr>
<td>4. Czech Republic</td>
<td>14.8 Mkg</td>
<td>5%</td>
<td>4.4%</td>
<td>$103.7m</td>
<td>16%</td>
</tr>
<tr>
<td>5. Korea, Republic Of</td>
<td>10.9 Mkg</td>
<td>24%</td>
<td>3.3%</td>
<td>$61.1m</td>
<td>41%</td>
</tr>
<tr>
<td>6. Malaysia</td>
<td>7.5 Mkg</td>
<td>61%</td>
<td>2.2%</td>
<td>$59.1m</td>
<td>83%</td>
</tr>
<tr>
<td>7. Thailand</td>
<td>3.3 Mkg</td>
<td>271%</td>
<td>1.0%</td>
<td>$27.5m</td>
<td>259%</td>
</tr>
<tr>
<td>8. Egypt</td>
<td>3.3 Mkg</td>
<td>10%</td>
<td>1.0%</td>
<td>$28.8m</td>
<td>9%</td>
</tr>
<tr>
<td>9. Taiwan</td>
<td>2.8 Mkg</td>
<td>-33%</td>
<td>0.8%</td>
<td>$20.4m</td>
<td>-30%</td>
</tr>
<tr>
<td>10. United Kingdom</td>
<td>2.0 Mkg</td>
<td>10%</td>
<td>0.6%</td>
<td>$14.6m</td>
<td>46%</td>
</tr>
<tr>
<td>11. Japan</td>
<td>1.9 Mkg</td>
<td>-54%</td>
<td>0.6%</td>
<td>$10.9m</td>
<td>-63%</td>
</tr>
<tr>
<td>12. United Arab Emirates</td>
<td>1.5 Mkg</td>
<td>0%</td>
<td>0.4%</td>
<td>$12.5m</td>
<td>-</td>
</tr>
<tr>
<td>13. Germany</td>
<td>1.4 Mkg</td>
<td>0%</td>
<td>0.4%</td>
<td>$8.7m</td>
<td>-9%</td>
</tr>
<tr>
<td>14. USA</td>
<td>1.1 Mkg</td>
<td>-32%</td>
<td>0.3%</td>
<td>$6.9m</td>
<td>-25%</td>
</tr>
<tr>
<td>15. Turkey</td>
<td>0.9 Mkg</td>
<td>48%</td>
<td>0.3%</td>
<td>$5.9m</td>
<td>83%</td>
</tr>
<tr>
<td>16. Others</td>
<td>3.6 Mkg</td>
<td>-13%</td>
<td>1.1%</td>
<td>$23.0m</td>
<td>-7%</td>
</tr>
</tbody>
</table>

AWEX-Eastern Market Indicator

<table>
<thead>
<tr>
<th>Week</th>
<th>Price/Change</th>
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<tbody>
<tr>
<td>2524</td>
<td>USD 0.908</td>
</tr>
<tr>
<td>2523</td>
<td>USD 0.960</td>
</tr>
<tr>
<td>2522</td>
<td>USD 0.940</td>
</tr>
<tr>
<td>2521</td>
<td>USD 0.840</td>
</tr>
<tr>
<td>2520</td>
<td>USD 0.960</td>
</tr>
</tbody>
</table>
Members

Trading Members
A S Gedge Australia Pty Ltd
ACF Wool Traders Pty Ltd
AR Rhodes & Co (Wool) Pty Ltd
Attadale Wool Company Pty Ltd
Australia Beyond Investment Pty Ltd
Australian Wool & Pastoral Agency Limited
Australian Wool Network Pty Ltd
Australis Wool Pty Ltd
Aztech Investments Pty Ltd
B N Proud & Company
Banwom & Yarra Valley Wool Brokers Pty Ltd
Beecher Wool Services
Bo Rui Pty Ltd
Bryan Wool
Chinatex (Australia) Pty Ltd
Cogtrust Pty Ltd T/As Coggan Wool
Conn Wool Pty Ltd
Don Belgre Pty Ltd
Donghai Australia Pty Ltd
Dyson Jones Wool Marketing Services
E P Robinson Pty Ltd
Fletcher International Exports Pty Ltd
Fox & Lilie Australia Pty Ltd
Fremantle Wool Trading Company Pty Ltd
Goldex Corporation Pty Ltd
Gordon Litchfield Wool Pty Ltd
H Dawson Sons & Co (Aust) Pty Ltd
Hodge Wool Pty Ltd
Jemalong Wool Pty Ltd
John Marshall & Company Limited
Kathaytex Trading Pty Limited
Landini Industries Pty Ltd
Landmark Operations Limited t/as Daigety Wool
Lempriere (Australia) Pty Ltd
Macdonald & Co Woolbrokers
Michell Wool Pty Ltd
Modiano Australia Pty Ltd
Montgomery Wools Pty Ltd
Morepen Pty Ltd
Moses and Son
New England Wool Pty Ltd
Ostini Wool Pty Ltd
P J Morris Wools Pty Ltd
Peter Scanlan Wools
Quality Wool Pty Ltd
Queensland Cotton Corporation Pty Ltd
Reward Australia Pty Ltd
Riverina Wool (Aust) Pty Ltd
Ruralco Holdings Limited
S & G Cotton Australia Pty Ltd
Saunders Wool Pty Ltd
Segard Masurel (Australia) Pty Ltd
Sky Wool Australia Pty Ltd
Spearwood Wools Pty Ltd
Stockwool Pty Ltd
Sunshine Fortex (Australia) Groups Pty Ltd
Swan Wool Pty Limited
Taiyuan International (Australia) Pty Ltd
Techwool Trading Pty Ltd
The New Zealand Merino Company Ltd
Tradeswool Country Woolbuyers Pty Ltd
Tradeswool Pty Ltd
Victoria Wool Processors Pty Ltd
Watswool Pty Ltd
Weddln Wool Services
West Coast Wools Pty Ltd
Western Wool Marketing
Williams Wool Export Pty Ltd
Williams Wool Pty Ltd
Wool Agency Company Pty Ltd
Yangtse (Australia) Pty Ltd
Yarra Wool
Yeoward & Company
Zhong Long International Pty Ltd

Grower Members
Autumnvale Pastoral Company
Bickleigh Hillburn Pty Ltd
Bloomfield Pastoral Company
Carnbrae (Harden) Pastoral Company
Cavanagh (Harden) Pastoral Company
D D & A J Long
ER & RL Amery
Gorrinn Pastoral Company
GW & RT Bridgman
Hamblin & Company
IK, MJ & CLK McIvor
Kentucky Pty Ltd
Kildara Pastoral Company
KM & YC Gill
Max Zell Family Settlement Trust

Associate Members
Australian Superfine Wool Growers’ Association Inc
Australian Wool Innovation Limited
WA Department of Agriculture

Mr Ian Aubrey
Mr Ian Burbury
Mr Ian McLean
Mr Robert Pietsch
Mr Robert Richardson Dick
Paling Yards Trading Company
Phil O’Brien Wool Pool
Stonehouse Grazing
T & J Spielvogel
The Mutooroo Pastoral Company Pty Ltd
Twynam Pastoral Company Pty Ltd
W J & S Parkins
WoolProducers Australia Limited
Yarrabee Grazing Company

Mr Ian Aubrey
Mr Ian Burbury
Mr Ian McLean
Mr Robert Pietsch
Mr Robert Richardson Dick
Paling Yards Trading Company
Phil O’Brien Wool Pool
Stonehouse Grazing
T & J Spielvogel
The Mutooroo Pastoral Company Pty Ltd
Twynam Pastoral Company Pty Ltd
W J & S Parkins
WoolProducers Australia Limited
Yarrabee Grazing Company

Australian Wool Exchange Limited
Company Principles

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

1. Lay solid foundations for management and oversight
AWEX’s Constitution sets out the role of the Board. A number of Board Committees have been established to assist the Board in carrying out its role.

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

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

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

3. Promote ethical and responsible decision-making
A code of conduct for staff and Directors has been developed. The Company is limited by guarantee and as such there is no trading in company securities.

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

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

5. Make timely and balanced disclosures
The company is not a listed entity and is not subject to ASX Listing Rule disclosure requirements. AWEX does disclose significant information to members through Members’ Updates and Media Releases.

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

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

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

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

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

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

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

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

- Dr John S. Keniry AM
- Donald M. Watt
- Michael D. Avery
- John H. Colley
- Geoffrey C. Fisk
- Ben A. Litchfield
- Martin J. Moses
- Geoffrey M. Power (Appointed 17th Feb 2014)
- Martin J. Moses (Resigned 17th Feb 2014)

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

Principal Activities

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

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

Short-term and Long-term Objectives

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

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

Strategies

The Australian Wool Exchange achieves these objectives by offering:

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

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

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

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

Key Performance Indicators

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

<table>
<thead>
<tr>
<th>Percentage of revenue provided by</th>
<th>2014</th>
<th>Actual</th>
<th>Benchmark</th>
<th>2013</th>
<th>Actual</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Activities</td>
<td>66%</td>
<td>67%</td>
<td>62%</td>
<td>65%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Activities</td>
<td>25%</td>
<td>25%</td>
<td>28%</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Activities</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investing Activities</td>
<td>8%</td>
<td>7%</td>
<td>10%</td>
<td>9%</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of expenditure spent on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Activities</td>
</tr>
<tr>
<td>Commercial Activities</td>
</tr>
<tr>
<td>Project Activities</td>
</tr>
<tr>
<td>Investing Activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work Health &amp; Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of lost time injuries</td>
</tr>
</tbody>
</table>
Directors’ Report cont...

Information on Directors

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

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

Experience
- Appointed Director and Chairman on 26th November 2010;
- Chairman, Burra Foods Ltd;
- Chairman, Sheep Cooperative Research Centre;
- Chairman, Sydney Institute of Marine Science;
- Commissioner, Natural Resource Commission of NSW;
- Director, Lakeland Investments Pty Ltd.

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

John H. Colley
Director (non-executive).

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

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

Special Responsibilities
- Member, Remuneration Committee.

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

Qualifications
- Diploma of Business and Communications SMB Ballarat 1980.

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

Special Responsibilities
- Member, Audit Committee.

Ben A. Litchfield
Director (non-executive).

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

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

Special Responsibilities
- Member, Membership Admission Committee.

Donald M. Watt
Deputy Chairman, Director (non-executive).

Qualifications
- LL.B – University of Western Australia.

Experience
- Appointed Deputy Chairman on 25th January 2007, Previous Director from 24th January 1996 to 17th November 2006;
- Director, Netherhill Pty Ltd;
- Director, Sanur Pty Ltd Group;
- Director, Sharus Pty Ltd.

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

Dr Michael D. Avery
Director (non-executive).

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

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

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

Special Responsibilities
- Member, Membership Admission Committee.
Directors’ Report cont...

Information on Directors

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

Geoffrey M. Power
Director (non-executive) Resigned on 17th February 2014.
Qualifications
Woolgrower.
Experience
- Appointed Director on 27th February 2012, resigned 17th February 2014;
- Alternate Director from 24th November 2011 to 27th February 2012;
- Director, Australian Wool Testing Authority Ltd;
- Director, Sheep Industry Health & Welfare Pty Ltd;
- Director, WoolProducers Australia Ltd;
- Woolgrower.

Geoffrey C. Fisken
Alternate Director for G. M. Power until 17th Feb 2014.
Qualifications
- Diploma of Business and Communications SMB Ballarat 1980.
Experience
- Alternate Director from 1st October 1994 to 25th October 1996;
- Alternate Director from 25th October 1996;
- Director, Don Macdonald Wool Brokers Pty Ltd;
- Director, Marra Holdings Pty Ltd;
- Director, Macdonald Rural Pty Ltd;
- Director, Yennora Wool Brokers Pty Ltd;
- Woolgrower.

Donald A. Macdonald
Alternate Director for M. J. Moses
Qualifications
- Woolgrower.
Experience
- Alternate Director from 24th October 1994 to 25th October 1996;
- Alternate Director from 25th October 1996;
- Director, Don Macdonald Wool Brokers Pty Ltd;
- Director, Marra Holdings Pty Ltd;
- Director, Macdonald Rural Pty Ltd;
- Director, Yennora Wool Brokers Pty Ltd;
- Woolgrower.

Andrew Blanch
Alternate Director for M. D. Avery
Qualifications
- B.AppSc (Agriculture) Hawkesbury Agricultural College.
Experience
- Alternate Director from 3rd September 2010;
- Managing Director, New England Wool Pty Ltd;
- Managing Director, New England Wool Holdings Pty Ltd.

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

Information on Alternate Directors

Geoffrey C. Fisken
Alternate Director for G. M. Power until 17th Feb 2014.
Qualifications
- Diploma of Business and Communications SMB Ballarat 1980.
Experience
- Alternate Director from 1st October 2008 to 24th November 2011 and from 30th April 2012 to 17th Feb 2014;
- Director, Woolproducers Australia Ltd;
- Woolgrower.

Donald A. Macdonald
Alternate Director for M. J. Moses
Qualifications
- Woolgrower.
Experience
- Alternate Director from 1st October 1994 to 25th October 1996;
- Alternate Director from 25th October 1996;
- Director, Don Macdonald Wool Brokers Pty Ltd;
- Director, Marra Holdings Pty Ltd;
- Director, Macdonald Rural Pty Ltd;
- Director, Yennora Wool Brokers Pty Ltd;
- Woolgrower.

Andrew Blanch
Alternate Director for M. D. Avery
Qualifications
- B.AppSc (Agriculture) Hawkesbury Agricultural College.
Experience
- Alternate Director from 3rd September 2010;
- Managing Director, New England Wool Pty Ltd;
- Managing Director, New England Wool Holdings Pty Ltd.

Gary Turner
Alternate Director for B. Litchfield
Qualifications
- Woolgrower.
Experience
- Alternate Director 8th April 2005 to 17th November 2005;
- 7th October 2010 to 24th May 2011 and from 30th April 2012;
- Director, Australian Wool Testing Authority Ltd;
- Director, Wallace Investments Pty Ltd;
- Director, Reeashbro Pty Ltd.
Directors’ Report cont...

Directors’ Meetings

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

At the date of this report, the company had the following committees:
- Audit Committee;
- Compliance and Corporate Governance Committee;
- Membership Admissions Committee; and
- Remuneration Committee.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Board Meetings</th>
<th>Audit</th>
<th>Compliance &amp; Corporate Governance</th>
<th>Membership</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. J. S. Keniry AM, Chairman</td>
<td>7 / 7</td>
<td>E/A</td>
<td>E/A</td>
<td>E/A</td>
<td>E/A</td>
</tr>
<tr>
<td>D. M. Watt</td>
<td>7 / 7</td>
<td>1 / 1</td>
<td>1 / 1</td>
<td>-</td>
<td>1 / 1</td>
</tr>
<tr>
<td>M. D. Avery</td>
<td>7 / 7</td>
<td>1 / 1</td>
<td>1 / 1</td>
<td>1 / 1</td>
<td>-</td>
</tr>
<tr>
<td>J. H. Colley</td>
<td>7 / 6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 / 1</td>
</tr>
<tr>
<td>G. C. Fisken</td>
<td>3 / 3</td>
<td>1 / 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B. A. Litchfield</td>
<td>7 / 7</td>
<td>-</td>
<td>-</td>
<td>1 / 1</td>
<td>-</td>
</tr>
<tr>
<td>M. Moses</td>
<td>7 / 7</td>
<td>-</td>
<td>-</td>
<td>1 / 1</td>
<td>-</td>
</tr>
<tr>
<td>G. M. Power</td>
<td>4 / 4</td>
<td>1 / 1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternate Directors</th>
<th>E/A</th>
<th>Audit</th>
<th>Compliance &amp; Corporate Governance</th>
<th>Membership</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Blanch</td>
<td>0 / 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>M. D. Avery</td>
<td>0 / 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>G. C. Fisken</td>
<td>0 / 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>G. M. Power</td>
<td>0 / 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D. A. Macdonald</td>
<td>0 / 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>M. Moses</td>
<td>0 / 0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

A = Attended. E = Eligible to Attend.

Company Limited by Guarantee

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

Auditors’ Independence Declaration

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

Signed in accordance with a resolution of the Directors.

Dr. J. S. Keniry AM, Chairman  
Sydney 30th September 2014.

D. M. Watt, Director
Auditor’s Declaration

Australian Wool Exchange Limited
A.B.N. 35 061 495 565

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

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

(i) no contraventions of the auditor independence requirements as set out
in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in
relation to the audit.

Thomas Davis & Co
J. G. Ryan
Sydney 30th September 2014.

Liability limited by a scheme approved under Professional Standards Legislation
## Statement of Profit or Loss and Other Comprehensive Income

### for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenues from ordinary activities</td>
<td>2</td>
<td>4,190,622</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td></td>
<td>(1,863,650)</td>
</tr>
<tr>
<td>Depreciation and Amortisation Expenses</td>
<td>3</td>
<td>(72,108)</td>
</tr>
<tr>
<td>Occupancy Costs</td>
<td></td>
<td>(271,426)</td>
</tr>
<tr>
<td>Other expenses from ordinary activities</td>
<td></td>
<td>(1,430,088)</td>
</tr>
<tr>
<td>Profit/(Loss) for the year before income tax expense</td>
<td>3</td>
<td>553,350</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1(b)</td>
<td>-</td>
</tr>
<tr>
<td>Profit/(Loss) from ordinary activities after related income tax expense</td>
<td>14</td>
<td>553,350</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the year</strong></td>
<td></td>
<td><strong>553,350</strong></td>
</tr>
</tbody>
</table>

**Profit/(Loss) attributable to members of the entity**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Profit/(Loss) attributable to members of the entity</td>
<td></td>
<td>553,350</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) attributable to members of the entity</strong></td>
<td></td>
<td><strong>553,350</strong></td>
</tr>
</tbody>
</table>

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 2014

<table>
<thead>
<tr>
<th>Members</th>
<th>Retained</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>Surpluses</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at 1 July 2012</td>
<td>640,000</td>
<td>4,646,900</td>
</tr>
<tr>
<td>Profit attributable to the entity</td>
<td>-</td>
<td>(121,207)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income for the year</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2013</strong></td>
<td>640,000</td>
<td>4,525,693</td>
</tr>
<tr>
<td>Profit attributable to the entity</td>
<td>-</td>
<td>553,350</td>
</tr>
<tr>
<td><strong>Total other comprehensive income for the year</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2014</strong></td>
<td>640,000</td>
<td>5,079,043</td>
</tr>
</tbody>
</table>

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 2014**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,289,142</td>
<td>6,731,793</td>
</tr>
<tr>
<td>Receivables</td>
<td>207,907</td>
<td>153,887</td>
</tr>
<tr>
<td>Other current assets</td>
<td>98,475</td>
<td>96,623</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>2,595,524</td>
<td>6,982,303</td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4,559,320</td>
<td>500,000</td>
</tr>
<tr>
<td>Property, Plant &amp; Equipment</td>
<td>627,391</td>
<td>403,590</td>
</tr>
<tr>
<td><strong>Total Non Current Assets</strong></td>
<td>5,186,711</td>
<td>903,590</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>7,782,235</td>
<td>7,885,893</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>230,143</td>
<td>184,505</td>
</tr>
<tr>
<td>Provisions</td>
<td>425,958</td>
<td>410,925</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>1,321,491</td>
<td>2,037,658</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,977,592</td>
<td>2,633,088</td>
</tr>
<tr>
<td><strong>Non Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>85,600</td>
<td>87,112</td>
</tr>
<tr>
<td><strong>Total Non Current Liabilities</strong></td>
<td>85,600</td>
<td>87,112</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>2,063,192</td>
<td>2,720,200</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>5,719,043</td>
<td>5,165,693</td>
</tr>
<tr>
<td><strong>Members’ Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ Reserves</td>
<td>640,000</td>
<td>640,000</td>
</tr>
<tr>
<td>Retained Surpluses</td>
<td>5,079,043</td>
<td>4,525,693</td>
</tr>
<tr>
<td><strong>Total Members’ Funds</strong></td>
<td>5,719,043</td>
<td>5,165,693</td>
</tr>
</tbody>
</table>

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 2014**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers*</td>
<td>3,126,151</td>
<td>4,960,958</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(3,503,468)</td>
<td>(3,529,045)</td>
</tr>
<tr>
<td>Interest Received</td>
<td>292,432</td>
<td>354,410</td>
</tr>
<tr>
<td><strong>Net cash inflows / (outflows) from operating activities</strong></td>
<td>(84,885)</td>
<td>1,786,323</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property, plant &amp; equipment</td>
<td>(298,446)</td>
<td>(369,236)</td>
</tr>
<tr>
<td>Proceeds from sale of plant and equipment</td>
<td>-</td>
<td>528</td>
</tr>
<tr>
<td><strong>Net cash inflows / (outflows) from investing activities</strong></td>
<td>(298,446)</td>
<td>(368,708)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash held</strong></td>
<td>(383,331)</td>
<td>1,417,615</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the financial year</td>
<td>7,231,793</td>
<td>5,814,178</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the financial year</strong></td>
<td>6,848,462</td>
<td>7,231,793</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>2,289,142</td>
<td>6,731,793</td>
</tr>
<tr>
<td><strong>Non Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>4,559,320</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the financial year</strong></td>
<td>6,848,462</td>
<td>7,231,793</td>
</tr>
</tbody>
</table>

* Includes the receipt of $510k in Payroll Tax refunds due to AWEX being granted an exemption from Payroll Tax. In the previous year receipts from customers includes Woolclasser registration fees received for the period 1/1/2013 to 31/12/2015.

The above statement of cash flows is to be read in conjunction with the accompanying notes.
Notes to the Financial Statements

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 25th August 2014.
A summary of significant accounting policies is set out below:

Statement of Compliance
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 the Company applying the not for profit sector specific requirements contained in AIFRS.

(a) Property, Plant & Equipment
AASB1 allows for the current carrying values to be the deemed cost under AIFRS. Each class of property plant and equipment is carried at cost or deemed cost, where applicable, less any accumulated depreciation and any impairment in value. Assets are depreciated on a straight line basis to write off the net cost of each item over its expected useful life to the company. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:
- Plant and Equipment: 3-8 Years
- Software: 3-4 Years

(b) Income Tax
The company has been granted an exemption from income tax under the Income Tax Assessment Act.

(c) Recoverable Amount of Non-Current Assets
Where the carrying amount of an individual non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets have not been discounted to their present values.

(d) Receivables
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.
Notes to the Financial Statements cont...

(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 the customers. Triennium Wool Classer registration income is recognised based on the pattern of services rendered. Income not recognised as earned is carried forward as unearned, and shown in the Statement of Financial Position as Unearned Income under the heading Current Liabilities - Other.

The net gain/(loss) of non-current asset sales is included as revenue/(expense) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Government grants for any purpose other than for research and development are recognised as revenue when the right to receive the grant exists, or when control over the grant is obtained. Where government grants are received or receivable in relation to research and development costs which have been deferred, the grant is deducted from the cost of research and development costs deferred. Where grants are received or receivable in relation to research and development costs which have been charged as an expense to the operating statement, those grants are credited as revenue in the operating statement.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be paid within one year together with benefits arising from wages and salaries, superannuation and long service leave which will be settled after one year, have been measured at the amount expected to be paid plus related on-costs.

(i) Superannuation

The company contributes to 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

During the year, the company adopted AASB 119: Employee Benefits (September 2011) together with the relevant consequential amendments arising from the related Amending Standards, which are mandatorily applicable from 1st January 2013.

The company has applied AASB 119 (September 2011) with retrospective effect. Among other things, the main changes introduced by AASB 119 (September 2011) relate to defined benefit plans and termination benefits, which have no impact on the company's financial statements as the company has no defined benefit obligations or termination benefits at present. Additionally AASB 119 (September 2011) has also introduced revised definitions for "short-term employee benefits" and "other long-term employee benefits". These revisions cause a change in accounting policy for the annual leave provision amounts recognised in the financial statements as explained below.
(f) Employee Benefits cont...

Provision for employee benefit: annual leave

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services.

Previously, annual leave satisfied the definition of short-term employee benefits and, as a result, the leave liability was measured on an undiscounted basis at the amounts expected to be paid when the liability is settled. However, under AASB 119 (September 2011), as the company expects that some employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period that follows, some obligations for annual leave entitlements now meet the definition of other long-term employee benefits for those employees and, therefore, are required to be measures at their present value of expected future payments to be made to those employees. However, the effects of the adjustments required for each period are immaterial and hence have not been re-stated. These changes however do not impact the clarification of leave entitlements between current and non-current liabilities in the statement of financial position.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:
- where the GST incurred on purchase of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable.
- receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

(h) Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks and bank bills. Where bank bills have maturity dates greater 12 months after the end of the reporting period, they are classified as Non-Current.
Australian Wool Exchange Limited

Notes to the Financial Statements cont...

for the year ended 30 June 2014

Notes 2014 2013 $ $ 

for the year ended 30 June 2014 Notes 2014 2013 $ $ 

(j) New Accounting Standards for Application in Future Periods.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company’s assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments and revised recognition and de-recognition requirements for financial instruments.

The key changes that may affect the company on initial application of AASB9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The director’s do not anticipate that the adoption of AASB9 will have any impact on the company’s financial instruments.

AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company’s financial position.

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the company is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company may take advantage of Tier 2 reporting at a later date.
## 2. Revenue from Ordinary Activities

<table>
<thead>
<tr>
<th>Operating activities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joining Fees</td>
<td>8,000</td>
<td>-</td>
</tr>
<tr>
<td>Subscription Fees</td>
<td>62,900</td>
<td>59,040</td>
</tr>
<tr>
<td>Fees for Service</td>
<td>3,302,322</td>
<td>3,132,197</td>
</tr>
<tr>
<td>Other Revenue *</td>
<td>524,968</td>
<td>3,974</td>
</tr>
<tr>
<td>Interest Received</td>
<td>292,432</td>
<td>354,410</td>
</tr>
</tbody>
</table>

### Non-operating activities

| Other Revenue         | - | 528 |

**Total revenue from Ordinary Activities**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,190,622</td>
<td>3,550,149</td>
</tr>
</tbody>
</table>

* 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

Profit/(Loss) from Ordinary Activities has been determined after charging as an expense:

- Depreciation and Amortisation of non-current assets
  - Depreciation of plant and equipment

**Total Depreciation and Amortisation Expenses**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>72,108</td>
<td>89,674</td>
</tr>
</tbody>
</table>

### 4. Current Assets - Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Cash on Hand</th>
<th>1,354</th>
<th>1,547</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at Bank</td>
<td>1,494,599</td>
<td>3,221,298</td>
</tr>
<tr>
<td>Deposits at Call</td>
<td>793,189</td>
<td>3,508,948</td>
</tr>
</tbody>
</table>

**Cash and Cash Equivalents**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,289,142</td>
<td>6,731,793</td>
</tr>
</tbody>
</table>

### 5. Current Assets - Receivables

**Trade Debtors***

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>143,840</td>
<td>38,700</td>
</tr>
</tbody>
</table>

Less: Provision for Doubtful debts

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(15,000)</td>
<td>(15,000)</td>
</tr>
</tbody>
</table>

**Trade debtors after provision for doubtful debts**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>128,840</td>
<td>23,700</td>
</tr>
</tbody>
</table>

Accrued Revenue

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>79,067</td>
<td>130,187</td>
</tr>
</tbody>
</table>

**Receivables**

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

### 6. Current Assets - Other

Prepayments

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>77,899</td>
<td>73,955</td>
</tr>
</tbody>
</table>

Other Debtors

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,576</td>
<td>22,668</td>
</tr>
</tbody>
</table>

**Other**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>98,475</td>
<td>96,623</td>
</tr>
</tbody>
</table>

### 7. Non Current - Cash and Cash Equivalents

Bank Bills and Term Deposits

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,559,320</td>
<td>500,000</td>
</tr>
</tbody>
</table>

### 8. Non Current Assets - Property, Plant and Equipment

Plant and equipment at cost

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,749,757</td>
<td>1,860,105</td>
</tr>
</tbody>
</table>

Less: Accumulated depreciation

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,643,175)</td>
<td>(1,694,601)</td>
</tr>
</tbody>
</table>

**Software under development**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>520,809</td>
<td>238,086</td>
</tr>
</tbody>
</table>

Less: Accumulated depreciation

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Property, Plant and Equipment**

Refer also to note 1(h) for impairment of assets.
## Notes to the Financial Statements cont...

### 9. Current Liabilities - Payables

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>58,240</td>
<td>36,894</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>171,903</td>
<td>147,611</td>
</tr>
<tr>
<td><strong>Payables</strong></td>
<td><strong>230,143</strong></td>
<td><strong>184,505</strong></td>
</tr>
</tbody>
</table>


#### Employee entitlements (being provision for Annual Leave, Long Service Leave due and superannuation)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>369,235</td>
<td>338,154</td>
<td></td>
</tr>
<tr>
<td>56,723</td>
<td>72,771</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td><strong>425,958</strong></td>
<td><strong>410,925</strong></td>
</tr>
</tbody>
</table>

### 11. Current Liabilities - Other

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unearned Income*</td>
<td>1,321,491</td>
<td>2,037,658</td>
</tr>
<tr>
<td>Other</td>
<td>1,321,491</td>
<td>2,037,658</td>
</tr>
</tbody>
</table>

* Unearned income represents Woolclasser registration fees received for the period 1/1/2013 to 31/12/2015


<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>85,600</td>
<td>87,112</td>
<td></td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td><strong>85,600</strong></td>
<td><strong>87,112</strong></td>
</tr>
</tbody>
</table>

### 13. Members’ Funds - Reserves

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ Reserves</td>
<td>640,000</td>
<td>640,000</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td><strong>640,000</strong></td>
<td><strong>640,000</strong></td>
</tr>
</tbody>
</table>

### 14. Members’ Funds - Retained Surplus

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>4,525,693</td>
<td>4,646,900</td>
</tr>
<tr>
<td>Net profit attributable to members of the company</td>
<td>553,350</td>
<td>(121,207)</td>
</tr>
<tr>
<td><strong>Retained Surplus</strong></td>
<td><strong>5,079,043</strong></td>
<td><strong>4,525,693</strong></td>
</tr>
</tbody>
</table>

### 15. Remuneration of Directors and Key Management Personnel

Income paid or otherwise made available to directors and key management by the company or related parties.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term benefits</td>
<td>623,366</td>
<td>593,633</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>74,835</td>
<td>71,647</td>
</tr>
<tr>
<td>Other Long-term benefits</td>
<td>17,786</td>
<td>22,862</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>715,986</strong></td>
<td><strong>688,142</strong></td>
</tr>
</tbody>
</table>

No retirement benefits were paid to directors during the year.

### 16. Remuneration of Auditors

Amounts received or due and receivable by Thomas Davis & Co for:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>audit of the financial report of the company</td>
<td>17,050</td>
<td>16,500</td>
</tr>
<tr>
<td>other services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Remuneration of Auditors</strong></td>
<td><strong>17,050</strong></td>
<td><strong>16,500</strong></td>
</tr>
</tbody>
</table>

### 17. Expenditure Commitments

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
</table>
| Minimum lease payments
- not later than one year | 113,037| 109,039|
- later than one year and not later than five years | 250,040| 353,990|
- later than five years | - | - |
| **Expenditure Commitments** | **363,077** | **463,029** |

These commitments represent payments due under non-cancellable operating leases that have not been recognised as liabilities in the current financial year.
18. Related Party Disclosure

The directors of the Australian Wool Exchange Limited during the financial year were:
- Dr J. S. Keniry AM
- M. D. Avery
- J. H. Colley
- G. C. Fisk
  Appointed 17th Feb 2014
- B. A. Litchfield
- M. J. Moses
- G. M. Power
  Resigned 17th Feb 2014
- D. M. Watt

Alternate directors were:
- D. A. Macdonald
- G. C. Fisk
  to 17th Feb 2014
- A. Blanch
- G. Turner

Director and Director-related entity Transactions

A number of the directors are directors of entities which transact with the company.
The directors involved are:
- M. D. Avery
- J. H. Colley
- G. C. Fisk
- Dr J. S. Keniry AM
- B. A. Litchfield
- M. J. Moses
- G. M. Power

Aggregate amounts of these transactions are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joining, subscription and trading fees</td>
<td>4,760</td>
<td>4,340</td>
</tr>
<tr>
<td>Selling facility fees</td>
<td>86,598</td>
<td>115,873</td>
</tr>
<tr>
<td>Market Reports</td>
<td>34,920</td>
<td>27,756</td>
</tr>
<tr>
<td>Other</td>
<td>29,837</td>
<td>30,815</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>156,115</strong></td>
<td><strong>178,784</strong></td>
</tr>
</tbody>
</table>

19. Segment Information

The company operated predominantly in one industry, being the Australian Wool Industry.

20. Reconciliation of operating profit/(loss) from ordinary activities after income tax to net cash from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(Loss) from ordinary activities</td>
<td>553,350</td>
<td>(121,207)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>72,108</td>
<td>89,674</td>
</tr>
<tr>
<td>Increase/(Decrease) in Other Provisions</td>
<td>13,521</td>
<td>157,624</td>
</tr>
<tr>
<td>(Profit)/Loss on disposal of plant and equipment</td>
<td>2,537</td>
<td>(152)</td>
</tr>
<tr>
<td>Decrease/(Increase) in trade and other debtors</td>
<td>(54,020)</td>
<td>64,593</td>
</tr>
<tr>
<td>Decrease/(Increase) in other debtors and prepayments</td>
<td>(1,852)</td>
<td>65,506</td>
</tr>
<tr>
<td>Increase/(Decrease) in trade creditors, accruals and unearned income</td>
<td>(670,529)</td>
<td>1,530,285</td>
</tr>
<tr>
<td><strong>Net cash Inflows/(Outflows) from operating activities</strong></td>
<td><strong>(84,885)</strong></td>
<td><strong>1,786,323</strong></td>
</tr>
</tbody>
</table>

21. Property, Plant and Equipment - Reconciliation

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount at beginning of the period</td>
<td>403,590</td>
<td>124,404</td>
</tr>
<tr>
<td>Additions</td>
<td>298,446</td>
<td>369,236</td>
</tr>
<tr>
<td>Disposals (net)</td>
<td>(2,537)</td>
<td>(376)</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>(72,108)</td>
<td>(89,674)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of the period</strong></td>
<td><strong>627,391</strong></td>
<td><strong>403,590</strong></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements cont...

for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

22. Financial Instruments

(a) Interest Rate Risk

The company’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities is as follows:

- Cash, cash equivalents and investments - Current
  - 2,289,142
- Cash, cash equivalents and investments - Non Current
  - 4,559,320
- Total Cash, cash equivalents and investments
  - 6,848,462
  - Weighted Average Effective Interest Rate
    - 4.17%
    - 5.18%
- Trade Debtors & Other Receivables
  - 207,907
  - Weighted Average Effective Interest Rate
    - N/A
- Other Assets
  - 98,475
  - Weighted Average Effective Interest Rate
    - N/A
- Total Financial Assets
  - 7,154,844

(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.

23. Contingent Liabilities

The company has provided a bank guarantee in respect of:

- Payroll Facilities
  - 50,000
- Lease obligations
  - 67,737
  - 117,737

Financing arrangements

- Bank Guarantees
  - 67,737
  - 67,737
- Used at balance date
  - 67,737
  - 67,737
- Unused at balance date
  - 67,737
  - 117,737

“In the previous year a claim had been lodged against AWEX by an employee claiming Special Sick Leave and alleging unfair dismissal. The alleged unfair dismissal claim was disputed by AWEX and has been withdrawn.”

- 20,000
Directors’ Declaration

The Directors’ of the company declare that:

1. The financial statements set out on pages 40 to 59:
   (a) Comply with Accounting Standards and the Corporations Act 2001; and
   (b) Give a true and fair view of the Company’s financial position as at 30 June 2014 and performance for
   the year ended on that date.

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 30th September 2014.

Auditor’s Report

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

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

Directors’ Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and
fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such
internal control as the Directors determine is necessary to enable the preparation of the financial report that
gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

Independence

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

Opinion

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

(1) Giving a true and fair view of the Company’s financial position as at 30 June 2014 and of its
performance for the year ended on that date; and

(2) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Thomas Davis & Co

J. G. Ryan, Partner
Chartered Accountants

Liability limited by a scheme under Professional Standards Legislation.
Contact Details

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PO Box 651, North Ryde BC, NSW 2113
Telephone: +61 2 9428 6100
Facsimile: +61 2 9428 6120
Email: info@awex.com.au

Northern Region
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Telephone: +61 2 9632 6166
Email: northernregion@awex.com.au

Southern Region
Gate 4, Frederick St,
Tottenham, VIC 3012
Telephone: +61 3 9318 0277
Email: southernregion@awex.com.au

Western Region
Western Wool Centre, Gate 3,
South Store, Sudlow Rd, Bibra Lake WA 6163
PO Box 1280, Fremantle, WA 6959
Telephone: +61 8 9434 6999
Email: westernregion@awex.com.au

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