

Australian Wool Exchange Limited

Annual Report 2002



>> MOVING FORWARD

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Mission Statement

To enhance access to Australian wool for the benefit of our Members and the service of our customers by providing and facilitating efficient, innovative and informed trading systems, standards and services.

Highlights 2001/2002

The year in review was a challenging one for the Australian Wool Exchange Limited (AWEX). It was a period when the fortunes of the Australian wool industry were mixed - characterised by widespread drought, fluctuating prices and decreasing supply.

AWEX responded to the challenge of change by steadily but inexorably moving forward. The year 2001/02 saw the implementation of our comprehensive internal re-structure, affording us significant operating efficiencies with no reduction in service levels whilst maintaining a clear focus on our core business.

Specific highlights of the year 2001/02 included:

- The relocation of Head Office from the Sydney CBD to Lane Cove on Sydney's North Shore, resulting in considerable immediate and future cost-savings;
- The successful rationalisation of key functions back to Head Office in Sydney;
- Positive financial results, given the cost of implementing the re-structure. A surplus of \$662,223 means that Member's equity now stands at \$2,850,031 compared to \$1,178,554 three years ago;
- The establishment of two new internal operating divisions, Commercial Operations and Industry Services, was completed to budget and within pre-set timeframes;
- Technological improvements, including the adoption of a new financial reporting system, the integration of eight separate databases into one central program, the upgrading of our electronic sales tool, eclipse™, and the development of XML servers to supplement EDI services;
- The Woolclasser Development Program saw 18,622 Woolclassers attend 1,209 courses around Australia. At time of print (September 30, 2002) some 21,000 people have completed the course. Ninety-six per cent of the attendees rated the course as "satisfactory or better". The program will be finalised on 31 December, 2002; and
- Successful ongoing industry relationships and representation of Members at national and international forums.



 MOVING FORWARD

eclipse™ is a registered Trade Mark of the Australian Wool Exchange Limited.

Chairman's Report

The issue of vital and constant concern to the AWEX Board during 2001/02 has been the effect on our trading Members, and on the industry as a whole, of the continuing decline in Australian wool production. The drop in merino sheep numbers has been exacerbated by the worsening drought conditions, which are confronting the majority of Australian wool producers.

Restructure Results

During the year, the AWEX Board and management team have focused on the implementation of the restructuring proposals made by the Organisational Review Committee, on which we reported this time last year. Our objective was to make AWEX a more efficient and customer responsive organisation. I believe we have achieved that goal. Management has done an excellent job in implementing the staff, systems and premises changes necessary to realise this objective.

The relocation in January this year of our Head Office to Lane Cove, the subsequent movement of technology from Melbourne to Sydney, as well as the downsizing of office space

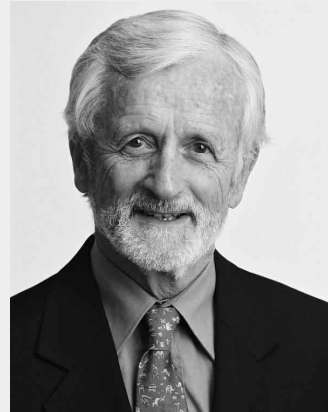
» » **“AWEX should strive, impartially, to offer the best possible facilities for the exchange of wool ownership, for the benefit of its Members.”**

at Brooklyn, have all gone according to plan, with savings ahead of those originally contemplated. After nine years of operation, AWEX is maturing as a member based organisation and the changes implemented during the last twelve months, which have been enhanced by new product and service offerings, reflect this development.

Financial Gains

This year's financial result has been a good one, given the cost of implementing the changes. The surplus of \$662,223 means that Members' equity now stands at \$2,850,031 compared to \$1,178,554 just three years ago. Whilst this is an improved situation, many challenges remain to be addressed.

In anticipation of a continuing decline in throughput, all sectors of the industry are faced with the need to increase productivity and lower their cost base. AWEX must further refine its operations and achieve higher productivity from its modest resources.



Allan Farrar, AWEX Chairman

» » **“The decline in Australian wool production is the most important issue confronting AWEX.”**

The composition of the AWEX Board reflects all the sectors of the industry in which our Members are involved. The Board has sought to address the future role and forward strategies of AWEX from the perspective of the needs and interests of the industry as a whole.

Maintaining Relevance

Information technology is bringing all sections of the industry, from the wool producer through to the end manufacturer, closer together. The development of communication protocols, internet browser services and competitive selling systems all require AWEX to be ahead of the game. The AWEX Board has to grapple with the issues associated with the impact of such technological development on our Members, all of whom are Australian based.

AWEX has never sought to be in a monopoly position in the provision of facilities for the exchange of wool ownership. AWEX certainly does not seek to be in competition with its Members, nor to see any undermining of its Members' business domains. But our mission presupposes that we

should strive impartially to offer the best possible facilities for the exchange of wool ownership and embrace effective technological advancements which assist this process.

I wish to record my appreciation for the hard work and support of the Board of Directors as well as the very important and valuable contribution made by all management and staff this past year.

AWEX would not have reached the position of maturity it has today without the support of our Members. That support is recognised and appreciated by the Board and management.

Allan Farrar

Chairman,
Australian Wool Exchange Limited

Chief Executive Officer's Report

The restructure of AWEX has achieved a clearer focus for the company as well as real productivity gains, but at some cost.

Reducing the number of employees in an organisation is never easy. In a small organisation like AWEX, when you set out to reduce staff by 25%, it is an especially difficult task when so many of those affected had been long-term employees who had matured with the company.

Fortunately, in all of our restructuring, the staff affected worked with AWEX management to ensure a smooth redefinition of their roles or their centralisation into Sydney. While we know that redundancy payments ease the transition, it has been gratifying to hear of the subsequent successful deployment of the staff affected. I would like to formally record my appreciation of the professional manner in which all staff, including those remaining with the company, have approached the implementation of the restructure.

Operational Changes

The establishment of Mark Grave and Lindsay Spencer as General Managers of their areas - Commercial Operations and Industry Services respectively - has been crucial in ensuring the remaining staff resources and skills are deployed efficiently. Mark's operational activities were most affected by the restructure and Regional offices have seen the largest changes. For example, Western Region contained four positions two years ago and is now serviced by the Regional Manager alone with casual support on sale days. Two permanent staff now maintain Southern Region and office space has been reduced significantly.

Many savings made have been achieved by the adoption of new technology, including AWEX's financial reporting system. During the year under review, a Corporate Services System (CSS) was implemented. This new system contains records for all organisations and persons to which AWEX provides services. This includes Members, Woolclassers, wool pack importers and manufacturers as well as data such as approved testing laboratories, wool deliverable on the Sydney Futures Exchange (SFE) and woolclassing educational institutions. Without modern technology in place, the restructuring and operational efficiencies could not have been achieved.

For AWEX to remain relevant and continuously improve its services, investment in information technology is essential. Current investments include the upgrading of eclipse, improvements to the wool clearing house processes, development of Extensible Mark-up Language (XML) servers to supplement Electronic Data Interchange (EDI) services and new market reporting databases.

Future Technology

AWEX's expenditure on systems will continue with a number of new internet browser-based services under investigation. These would include the provision of live auction data, SFE price data dissemination and a browser interface to eclipse.

A particular highlight of this work has been the recently released "runtime" version of eclipse that does not require a dedicated terminal but allows access from any compatible device such as a PC or laptop computer.



David White, AWEX Chief Executive Officer

» » **“Our internal re-structure led to an increasingly commercial focus and earned us tangible cost savings. Most importantly, our core functions became clearer and more transparent.”**

This coming year, following close liaison with a Trade Principals' Electronic Selling Committee, a new volume trading system is scheduled for testing and possible implementation.

The Woolclasser Development Program (WDP) for Woolclassers has seen, as at 30th June 2002, 18,622 people attend one of 1209 training sessions around Australia. The Program has been an outstanding success. I would like to record AWEX's appreciation to the national program manager, Western Institute of TAFE, the training providers in each State and the WDP sponsors - Elders Ltd and Australian Wool Testing Authority (AWTA Ltd) - all of whom have enthusiastically embraced the delivery and support of the program. The logistical requirements for the large-scale delivery of the WDP around Australia should not be underestimated.

Industry Relationships

AWEX continued its industry liaison activities during the past year and is dedicated to further development of these pivotal relationships. Our relations with state-based and national farmer organisations have been fruitful this past year and an even closer working relationship will be sought in the coming year. AWEX also actively participates in the Federation of Australian Wool Organisations (FAWO), International Wool Textile Organisation (IWTO) and other industry forums.

Recently the establishment of the Industry Services Advisory Committee (ISAC) has been announced and management is looking forward to working with this new AWEX committee to take further the excellent work of the former Quality Advisory Committee.

Making AWEX 'work' relies heavily on a positive spirit of cooperation between Board, management and staff, the members of AWEX Committees, AWEX's Members and their staff. As AWEX enters its tenth year of operation that cooperative spirit is essential for AWEX's future prosperity.

We are confident of further achievements and success going forward.

David White

Chief Executive Officer,
Australian Wool Exchange Limited

» » **“As at the 30th June 2002, the Woolclasser Development Program has been an outstanding success -18,622 Woolclassers attended one of 1,209 training sessions around Australia.”**

Implementation – AWEX Restructure

The AWEX restructure was a result of the Board's recommendation in May 2001 to form an Organisational Review Committee. The Organisational Review Committee took into consideration the responses from AWEX Members to the Commercialisation survey.

Improved Management, Accountabilites & Systems

The most obvious physical change occurred in January 2002 when the Australian Wool Exchange relocated Head Office from the original Sydney CBD site to the new address at 318 Burns Bay Rd, Lane Cove.

Other key elements of the restructure are:

- Recognition and separation of the key business units of Commercial Operations and Industry Services.
- Consolidation of commercial activities to Head Office to maximise the use of technology and increase productivity without diminishing the level of service.
- Focus on the Regional Offices for delivery of functions and services in support of the auction sales and other core activities.
- Streamlining of management, accountability and cost control measures within AWEX.
- An effective 'downsizing' of AWEX as a direct result of the gains in efficiency and in preparation for the difficult years of low wool production ahead.

New & Rationalised Premises

Now fully functioning, the new AWEX Head Office will deliver significant cost savings over the coming years while providing ample space to consolidate many of the key Commercial Operations, Industry Services and Corporate activities. Members' access to the various Commercial Operations' support areas has also improved with the Lane Cove team being better able to address all areas in relation to Market Reporting, EDI communications, Clearing Services and Wooltrak subscriptions.

As a consequence of the move, AWEX's offices at Brooklyn have been much reduced in size and AWEX's Fremantle Selling Centre will cease operation on its lease expiry in April 2003. New arrangements based in Spearwood WA are currently being finalised.

Preparing for Future Opportunities

AWEX is a technology and information driven organisation. It now has the opportunity to build on its core functions and activities while being able to investigate future opportunities, including those which add value to the exchange of wool ownership and deliver other valued services to our customer base.

Future Strategy

A number of factors are likely to affect the medium to long-term future of the Australian wool industry. It is essential that AWEX further refines its structure and operations.

AWEX will need to have a very flexible approach as changes occur.

The competition for land use between crops, cattle and sheep combined with the competition between comparative returns from sheep meat and wool is leading to a reorganisation of the way many people are farming. Severe drought conditions in 2001/02 have led to farm management decisions that may have serious impact on the wool industry's ability to restore previous levels of production.

The graph highlights this situation. Latest production estimates for the 2002/03 season are for a national clip of less than 500 million kilos. However, it is the medium to longer-term outlook that is of most concern. Our industry is threatened by a spiralling fall in wool production. Wool price increases caused by shortage of supply may soon lead to fibre substitution by mills - there is already anecdotal evidence that this is occurring at an increasing pace.

These are issues which face every participant in the Australian wool industry. As most of our services, and therefore revenue sources, are linked to production levels, AWEX will be no exception.

AWEX is committed to its leadership role in facilitating the exchange of ownership of Australian wool in accordance with our charter. However, if industry predictions hold true and production continues to fall, our operations may require a re-evaluation. The Board, in its strategy development, is conscious of the impact that reducing production will have on AWEX's continued ability to provide valuable services, without having to raise its charges.

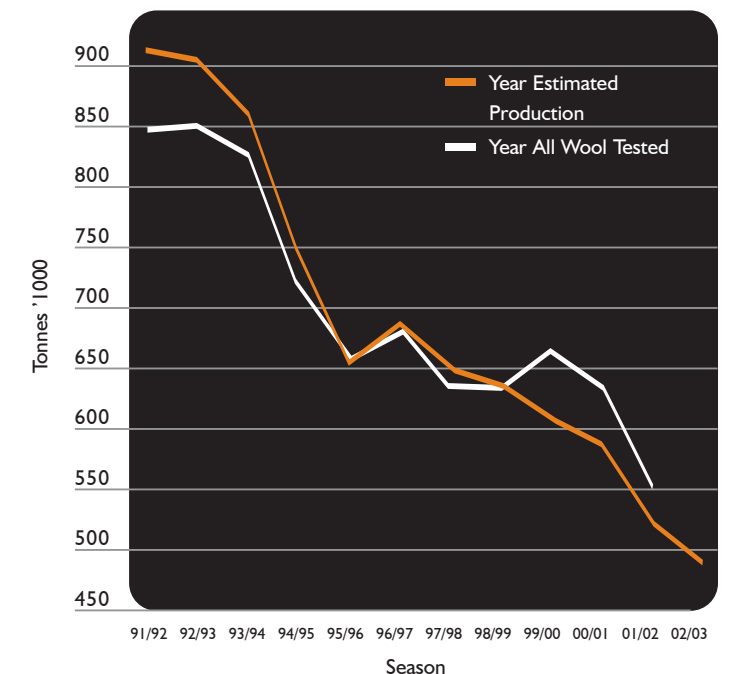
As noted in the Chairman's and CEO's Reports on pages 2 and 3 of this document, AWEX is assessing and investing in technological infrastructure and embracing internet transport mechanisms to better deliver market reporting and data transfer services.

Closer links are being pursued with other wool producing countries such as New Zealand and South Africa to enable our services to be utilised particularly in the areas of AWEX-ID and market reporting.

The bottom line is that AWEX has demonstrated the capability of being flexible and adapting to changing circumstances. Our recent restructure has proven that we can rationalise and realign our business when required. This we will continue to do. The AWEX Board is committed to pursuing strategies which will enable our valuable role to continue and, where possible, improve and enhance the benefits for our Members specifically and the Australian wool industry as a whole.

Estimated wool production compared to actual wool tested

Sources: AWEX, AWTA, AWI



Achieving Financial Stability

An adequate capital position

The Australian Wool Exchange was originally formed in 1994. Initial operations were funded by revenues and initial Member joining fees, which in the first year amounted to some \$500,000. Special loans from Members helped fund liabilities until subscriptions had been received.

In the event, AWEX's deficiency from operations in the first year was \$243,000 so it initially had Member's equity of just \$250,000. By June 1996, at \$283,500, this equity had not increased to any real degree.

As noted in the Australian Wool Exchange's 1996 Annual Report: "Capital funds will be required to be accumulated to meet the organisation's contingent liabilities, equipment replacement and to enhance services to Members."

Between 1994 and 1999, little investment in supporting systems was possible due to a basic lack of capital. Where feasible, investments were made which improved the processes, but it has not been until the last three years that AWEX has been in a position to invest adequately in its infrastructure.

Since its formation, it has been a key long-term goal for AWEX to have sufficient funds on hand to support its development efforts. Staff remember times when plans were put on hold and concerns raised as to AWEX's future viability.

The current position is much improved on those times. However, Members' equity at \$2,850,031 represents about 50% of operating costs and prudent stewardship of resources is a constant concern of management and the Board.



It is pleasing that this financial improvement has been achieved during a period when AWEX has been able to hold steady its charges to Members and generate increased Member equity from new services and infrastructure investment.

Commercial Operations and Industry Services

On a day-to-day level, AWEX works across two divisions - Commercial Operations and Industry Services. During the year under review, both areas were re-aligned as part of the company's total restructure with the objective of providing focused, more commercial services with no compromise on service quality.

Commercial Operations' Highlights

AWEX's Commercial Operations Division seeks to provide leading edge trading and support services for the full range of its clients. The division encompasses the operations of Regional Auction Centres in Victoria, New South Wales and Western Australia, electronic sales functions such as the eclipse system, as well as Market Reporting and Information, Wool Clearing Services and Member Relations. This section summarises Commercial Operations' key activities during 2001.

“We commissioned AWEX to produce a weekly report which has enabled our company to keep our clientele regularly updated on market movements/trends. It is of great assistance in helping them keep in touch and also provides a valuable tool with marketing of their wool clips.”

Robert Ellis, Wool Manager,
Woolgrowers Independent Selling Services, Melbourne.

Regional Operations

AWEX's Regional operations were rationalised as the whole company was restructured during 2001.

The redefining of Regional roles was planned to create operating efficiencies without the loss of service. This objective has been achieved with the removal of some of the ancillary services such as Market Reporting, Information Services and Wool Clearing Services. The removal of these functions provides the Regional offices with a clear focus on their primary objective of providing services to members and support of the wool auction process.

Market Reporting and Information

AWEX has long enjoyed the reputation for providing efficient, professional and independent Market Reporting and provides an independent and credible source of timely, practical and relevant market intelligence and data.

The Wooltrak series of regular market reports continued their industry penetration both nationally and internationally.

The transfer of technology platforms to a centralised base in Lane Cove is paving the way for development of a new XML data transfer protocol which will reduce reliance on the ageing EDI system, offering real advantages to users of AWEX trading systems.

“We've used AWEX's eclipse system for some twelve months and hit upon the idea that if we projected it onto a screen, we would be able to have our growers come in to our office in Parkes and watch their wool being sold in Sydney. It's been a terrific success. The growers like what eclipse does - they can see their brands up on the screen, what it sells for and who bought their wool. We've had a very positive response from our customers and are very happy to be able to provide them with an extra level of service.”

Pat Byrne, Managing Director, Western Wool, Parkes, New South Wales.

AWEX further developed its service of providing customised information reports for Members and other clients during 2001/02. Reports covering niche areas of interest such as specific mill types and grower-targeted information for brokers were created for a cross section of clients. As information increasingly becomes the commodity of the future, AWEX will expand this service, developing tailored reports for clients at every stage of the wool pipeline.

Trading Services - eclipse™

eclipse™ is AWEX's computer-based electronic trading system which is available to woolgrowers through their local wool broker. It was developed by AWEX to complement the traditional auction system and introduced to the market in 2000.

A series of upgrades were developed and promoted throughout the year with the result that in excess of 50 AWEX Members now actively use eclipse on a regular basis.

In excess of 46,000 bales of wool were traded during the period, resulting in over \$40,000,000 worth of sales. The reputation of eclipse continues to grow as a partner to the auction system.

AWEX Wool Clearing Services

The consolidation of the three regional Clearing Houses into one integrated National Clearing Service, based at Lane Cove, has proven a successful move. The national service has allowed the standardisation of the information distributed both in terms of content and timing. This brings greater efficiency to the service.

As with all AWEX functions, the Wool Clearing Service is sensitive to wool volume reductions and to the subsequent reduction in the number of industry participants.

Industry Services' Highlights

AWEX's Industry Services Division works to maintain industry standards and compliance with regard to clip preparation and presentation for sale, thereby enhancing the quality and integrity of the Australian wool clip. Three key initiatives have been undertaken this year - the Woolclasser Development Program, a review of the Industry Services Advisory Model and the establishment of an integrated Corporate and Industry Services database.

“The Woolclasser Development Program should have been compulsory not only for Australian Woolclassers but for woolgrowers as well. As an Owner/Classer, I found the course beneficial to me both in terms of my practical classing skills and as a wool producer. Now that I've done the course, I'm confident that I can present my wool for sale the best way possible. Even if woolgrowers didn't participate in the actual course, there are lessons there for us all.”

Senator Paul Calvert, Owner/Classer, "Mount Mather", Sandford, Tasmania

Woolclasser Development Program

AWEX's Woolclasser Development Program (WDP) was introduced in 2001 to:

- fulfil the objective of AWEX in operating Woolclasser Registration;
- meet the specified requirements for professional registration;
- underpin the integrity of registration;
- improve the wool preparation standards in the wool industry; and
- facilitate trade between AWEX Members.

The WDP was held in 450 locations across rural Australia, representing 1209 individual sessions. At 30th June, 2002, 18,622 of 23,851 registered Woolclassers have completed the program. At time of print (September 30, 2002) some 21,000 people have completed the course. More than 98% of Woolclassers who completed the course say they now "have greater confidence to perform their duties as a Woolclasser". Over 96% of Woolclassers stated they were satisfied with the WDP and its delivery.

“We actually helped create some of the content for AWEX's Woolclasser Development Program, so for a range of reasons, I was keen to do the course myself. Two of the issues that were particularly well covered were education on dark fibre contamination and documentation - very important concerns for brokers. As a direct result of the course, we've seen a marked improvement in understanding of dark fibre issues, most importantly, the course has made Woolclassers realise that it is their stencil on the bale and they need to be completely up to speed.”

Don Macdonald, Managing Director,
Lanoc Wool, Dubbo, New South Wales.

Industry Services Advisory Model

During 2001, AWEX reviewed the models it used to seek advice on Industry Services issues. From its inception in 1994, AWEX had used an industry-based committee called the Quality Advisory Committee (QAC) for this purpose. The review recommended that a new structure be established and as a result the QAC ceased operation.

The AWEX Board acknowledges and appreciates all the efforts of QAC members. In particular, a special mention is noted of the significant contribution made by John McCracken who chaired the QAC from its inception.

ISAC will provide advice to the AWEX Board and management on issues relating to:

- AWEX Standards and Codes;
- AWEX Registration, accreditation and licensing programs;
- AWEX Education and Training issues, specifically those supporting accreditation and registration programs procedures;
- AWEX Industry Consultation;
- AWEX Quality Assurance programs; and
- Other relevant matters relating to industry standards and services.

Short term, industry based working groups will be established to support ISAC and they will deal with specific issues.

Underpinning the operation of ISAC and the Working Groups will be specific AWEX member and industry consultation processes. This will ensure that the groups have access to appropriate information and industry views, which are required to formulate sound industry-based recommendations for the AWEX Board.

ISAC Members

| | | |
|----------------|------------------------|---|
| Chair: | Andy Hermiston | (Professional Wool/Sheep Classer & Wool Grower) |
| Members: | Geoffrey Keynes | (Michell Australia Pty Ltd, Adelaide) |
| | Peter Morgan | (Australian Wool Industries Secretariat) |
| | Phillip Goddard | (Goddard Wool Marketing, Inverell) |
| | Robert Pietsch | (Wool Grower - Queensland) |
| AWEX Director: | Marty Moses | (Wool Broker Director) |
| AWEX Staff: | Lindsay Spencer | (General Manager - Industry Services) |

Integrated Corporate Services System (CSS) Database

As part of the centralisation of many AWEX functions, eight separate Industry Services' databases held in a range of locations were integrated into one, managed from Head Office in Lane Cove.

The CSS is an integrated database system that allows AWEX to manage data in the areas of AWEX membership, Market Reporting subscriptions and all Industry Services' activities.

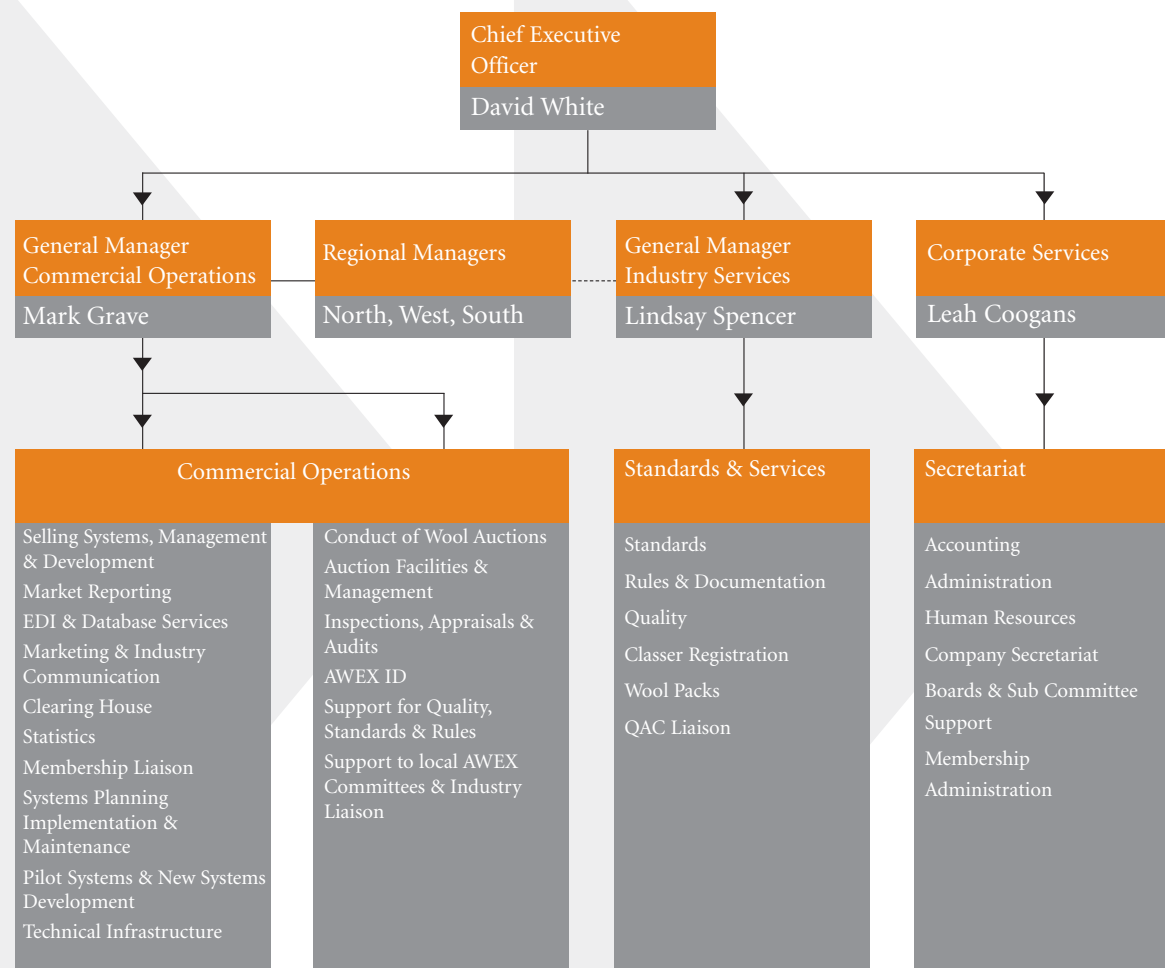
The CSS brought together several diverse databases formerly used within AWEX to manage its operations. Previously a company or individual may have appeared in more than one of the databases, but there was no relationship between the information held in each location. The CSS has overcome this problem by linking each activity together.

The CSS became fully operational in April 2002 after installation and commissioning of the Woolclassing module.

Contamination Reduction

AWEX Industry Services has been active in monitoring the potential contamination risks to the Australian wool industry. In particular, AWEX has been involved in the establishment of an international wool contamination survey. This survey is being undertaken by the CSIRO and is funded by AWI. The survey is seeking to quantify the nature and extent of contamination arising in Australian wool. The result of the survey will be available in 2003.

Also, AWEX supports the initiative taken by AWI to develop a test for identifying pigmented fibre contamination, which continues to be seen as a significant threat to the marketing of Australian merino wool.



Directors Report

Directors' Report

Your Directors submit their report for the year ended 30 June 2002.

Directors

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

| Director | Experience | Special Responsibilities |
|--|---|--|
| R.A. Farrar (Appointed 22 November 2001) | Chairman, Pitt Son and Keene Pty Ltd Chairman, McGarvie Smith Institute Director, Mayas Pty Ltd Director, Estedog Pty Ltd Councillor Royal Agricultural Society of NSW | Chairman; Chairman of Audit and Compliance Committee; Chairman of Remuneration Committee. |
| D.R. Belgre | Managing Director, Don Belgre Pty Ltd Managing Director, G. Schneider Australia P/L; Italian Region Representative, Australian Superfine Woolgrowers' Association; Chairman, Australian Wool Network Pty Ltd. | Non Executive Director; Member of Rules Committee; Member of Remuneration Committee. |
| S. Campbell (Appointed 23 November 2001) | Grazier; President, WoolProducers Director, National Farmers' Federation Director, Australian Wool Testing Authority | Non Executive Director; Chair of Rules Committee. |
| A.L. Harris | National Manager – Wool, Elders Limited | Non Executive Director; Member of Organisational Review Committee. |
| I.K. McIvor | International Trade Consultant and Woolgrower; Company Secretary, Livecorp Ltd; Director, Australian Livestock Exporters Council Ltd. | Non Executive Director; Member of Remuneration Committee; Member of Audit and Compliance Committee. |
| D.R. Michell | Chief Executive – Wool, Michell Australia Pty Ltd | Non Executive Director; Member of Organisational Review Committee. |
| M.J. Moses | Managing Director – Moses and Son | Non Executive Director; Member of Rules Committee. |
| D.J. Nancarrow | Managing Director – Dewavrin Australia Pty Ltd Director, Independent Wooldumpers Pty Ltd | Non Executive Director; Member of Organisational Review Committee. |
| M.A. Nicholls (Retired 23 November 2001) | Woolgrower; Director, Australian Animal Health Council Ltd; Director, National Registration Authority for Agricultural and Veterinary Chemicals; Director, Corke Instrument Engineering (Australia) Pty Ltd; Director, ChemCert (NSW) Pty Ltd | Non Executive Director; Chair of Rules Committee Member of Remuneration Committee; Member of Organisational Review Committee. |

| Director | Experience | Special Responsibilities |
|------------------------|---|---|
| G.M. Stooke OAM | Managing Director, Standard Wool Australia P/L; Managing Director, SH Allen & Sons Pty Ltd; Director, Independent Wooldumpers Pty Ltd; Director, Jandakot Wool Washing Pty Ltd; Member, Principals Committee of Australian Council of Wool Exporters; Chairman of WA Rugby Union Inc. | Non Executive Director; Member of Rules Committee; Chairman of Organisational Review Committee. |
| D.M. Watt | Lawyer, Woolgrower; Director of Alesco Corporation Ltd; Director of Burswood Ltd; Director of QSA Management Ltd; Associate Member of the Australian Competition & Consumer Commission; Director, Australian Plantation Timber Limited; Director, Integrated Tree Cropping Limited. | Non Executive Director; Member of Audit and Compliance Committee; Member of Remuneration Committee. |

| Alternate Director | Experience | Special Responsibilities |
|---|--|---|
| R.W. Amos | Managing Director, Adelaide Wool Company; Past Federal President of the Federal Council of Private Treaty Wool Merchants of Australia; Managing Director, Robaine Pty Ltd. | Alternate Director |
| L.E. Baronet (Appointed 25 July, 2002) | Managing Director, Chargeurs Wool, Wagga; Director, Old Mill Way; Director, Old Mill Way Super Fund | Alternate Director |
| R. Bawden | National Marketing Manager - Wool, Wesfarmers Landmark Director, Wooldumpers Australia Pty Ltd | Alternate Director; Member of Organisational Review Committee. |
| R. Cable | Director of Cable Wool Pty Ltd. | Alternate Director |
| D.A. Macdonald | Managing Director, Dubbo Wool Brokers P/L. | Alternate Director |
| R.D. Pietsch (Appointed 7 August, 2002) | Grazier; Director, Terrica Holdings; Director, AGForce Developments | Alternate Director |
| R.J. Quirk | Executive Director, Australian Wool Industries Secretariat; Deputy Chairman, Federation of Australian Wool Organisations; Advisor to IWTO President. | Alternate Director |
| D. Wolfenden (Retired 23 November 2001) | Woolgrower; | Alternate Director |

Corporate Information

The Australian Wool Exchange Limited is a member services organisation. Members include Australian and international wool brokers, processor and exporters, private treaty merchants, wool producers and industry associations. The Liability of the company's Members is limited.

Principal Activities

The company's principal continuing activities during the year consisted of: administering the conduct of wool selling; wool quality management; wool pack quality management; supply of market information on behalf of members; and the registration of wool classers.

Employees

The company employed 22 full time permanent staff and 7 casual employees as at 30 June 2002. During 2001 AWEX employed 30 full time permanent and 9 casual employees.

Results

An operating surplus of \$662,223 (2001: operating surplus \$911,064) was achieved for the year.

Dividends

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

Review of Operations

Revenue for the year was primarily derived from service fees received of \$5,683,662 (2001: \$5,086,287) and common fees received from members of \$996,926 (2001: \$1,059,178). Total revenue for the period was \$7,371,662 (2001: \$6,859,258)

Total Operating expenses for the year were \$6,709,439 (2001: \$5,948,194) relating to provision of ongoing services.

Performance Management

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

Corporate Governance and Risk Management

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

The Board does have mechanisms in place to oversee specific aspects of management functionality. These include the convening of the Audit and Compliance Sub-Committee, which monitors and advises the Board on management finance and expenditure policies and oversees the external financial statement audit process; and the Remuneration Sub-Committee, which monitors and advises the Board on issues relating to personnel policies as well as remuneration for AWEX staff.

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

In the period subsequent to 30 June 2002 drought conditions have worsened in many wool-growing areas across the country. This may significantly affect the company's operations in future financial years.

Likely Developments and Expected Results of Operations

The Directors foresee the declining wool volumes resulting from reduced sheep numbers and drought conditions across much of the country will result in reduced revenues for the company during the 2002/2003 and possibly subsequent financial years.



Directors' Meetings

The following table sets out the number of meetings of the company's Directors held during the year ended 30 June 2002, and the number of meetings attended by each Director. As at the date of this report, the company had an Audit and Compliance Committee, a Remuneration Committee, a Rules Committee and an Organisational Review Committee Meeting.

There were nine meetings of the Board of Directors and three meetings each of the Audit and Compliance Committee, the Remuneration Committee, the Rules Committee and of the Organisational Review Committee during the period ended 30 June 2002 .

| | Board Meetings | | Committee Meetings | | | | | | | |
|---|----------------|---|--------------------|---|--------------|---|-------|---|-----------------------|---|
| | E | A | Audit & Compliance | | Remuneration | | Rules | | Organisational Review | |
| <i>E = Eligible, A = Attended</i> | E | A | E | A | E | A | E | A | E | A |
| Number of meetings attended by: | | | | | | | | | | |
| Directors | | | | | | | | | | |
| R.A. Farrar (Appointed 23 November 2001) | 4 | 4 | 2 | 2 | 2 | 2 | - | - | - | - |
| D.R. Belgre | 9 | 8 | 1 | 1 | 3 | 3 | 3 | 3 | - | - |
| S. Campbell (Appointed 23 November 2001) | 3 | 3 | - | - | - | - | 2 | 2 | - | - |
| A.L. Harris | 9 | 8 | - | - | - | - | - | - | 3 | 3 |
| I.K. McIvor | 9 | 8 | 3 | 3 | 3 | 3 | - | - | - | - |
| D.R. Michell | 9 | 4 | - | - | - | - | - | - | 3 | 2 |
| D.J. Nancarrow | 9 | 4 | - | - | - | - | - | - | 3 | 2 |
| M.A. Nicholls (Retired 23 November 2001) | 6 | 6 | - | - | - | - | 1 | 1 | 2 | 1 |
| M.J. Moses | 9 | 9 | - | - | - | - | 3 | 3 | - | - |
| G.M. Stooke OAM | 9 | 9 | - | - | - | - | 3 | 3 | 3 | 3 |
| D.M. Watt | 9 | 8 | 3 | 2 | 3 | 3 | - | - | - | - |

Alternate Directors

| | | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|---|
| R.W. Amos | - | - | - | - | - | - | - | - | - | - |
| L.E. Baronet (Appointed 25 July, 2002) | - | - | - | - | - | - | - | - | - | - |
| R. Bawden (Alternate for A. Harris) | 2 | 2 | - | - | - | - | - | - | 3 | 3 |
| R. Cable | - | - | - | - | - | - | - | - | - | - |
| D.A. Macdonald | - | - | - | - | - | - | - | - | - | - |
| R.D. Pietsch (Appointed 7 August, 2002) | - | - | - | - | - | - | - | - | - | - |
| R.J. Quirk (Alternate for D. Nancarrow) | 4 | 4 | - | - | - | - | - | - | - | - |
| D. Wolfenden | - | - | - | - | - | - | - | - | - | - |

Directors Indemnity

During the year the Company has paid a premium of \$19,314 (2001:\$13,816) for professional indemnity insurance for officers and employees of the company which provides cover for all past, present and future officers and employees.

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

Directors' Benefits

Each of R.W. Amos, L.E. Baronet, R. Bawden, D.R. Belgre, R. Cable, S.H. Campbell, A.L. Harris, D.A. Macdonald, I.K. McIvor, D.R. Michell, M.J. Moses, D.J. Nancarrow, M. A. Nicholls, R.D. Pietsch G.M. Stooke, have interests in organisations which utilise the services of the company in the ordinary course of business. These services are provided under the company's standard terms and conditions.

With these exceptions, since 30 June 2002 no Director of the company has received, or has become entitled to receive, a benefit (other than a remuneration benefit included in note 17 to the accounts) because of a contract that the director, a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made (during the year ended 30 June 2002 or at any other time) with either the company or an entity that the company controlled, or a body corporate that was related to the company, when the contract was made or when the director received, or became entitled to receive, the benefit.


Auditor

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

Signed in accordance with a resolution of the directors.



R.A. Farrar
Chairman



D.R. Belgre
Director

Sydney, 10th October, 2002

Below: Awex Directors

Standing From left: D.R. Michell, D.J. Nancarrow, D.J. White (CEO), S. Campbell, A.L. Harris, G.M. Stooke, D.R. Belgre, M.J. Moses, D.M. Watt.

Seated From left: R.A. Farrar (Chairman), I.K. McIvor, L. Coogans (Company Secretary).



Our Members

Trading Members

A R Rhodes & Company
 A S Gedge Aust Pty Ltd
 A M & P Lyons
 ACF Wool Traders Pty Ltd
 Adelaide Wool Company Pty Ltd
 AES Scott & Company Pty Ltd
 AOE Grains Pty Ltd
 Arcadian Wool Brokers Ltd
 Associated Wool Exporters Pty Ltd
 Attadale Wool Company Pty Ltd
 Australian Wool & Pastoral Agency Limited
 Australian Wool Network Pty Ltd
 Barwon & Yarra Wool Brokers Pty Ltd
 Beecher Wool Services
 Bloomfield Pty Ltd
 Bowden Wool Auctions Pty Ltd
 Brockmill Pty Ltd
 Bryton Wool
 Bustan International Pty Ltd
 BWK Elders Australia Pty Ltd
 Cable Wool Pty Ltd
 Chadron Pty Ltd
 Chargeurs Wool Australia Pty Ltd
 China Zhong Hui Wooltops Australia Pty Ltd
 Cogtrust Pty Ltd
 Compagnie d'Importation de Laines
 Conn Wool Pty Ltd
 CTRC Australia Pty Ltd
 D A & R V Fry Wool Services
 Dewavrin Australia Pty Ltd
 Diamond T & Bar Pastoral Company Pty Ltd
 Don Belgre Pty Ltd
 Dubbo Wool Brokers Pty Ltd
 Dynon Wools (Aust) Pty Ltd
 E P Robinson Pty Ltd
 Elders Limited
 F Whitbread & Company
 Fibres (Australia) Pty Ltd
 Fletcher International Exports Pty Ltd (Moree)
 Formostat (Aust) Pty Ltd
 Garadon Pty Ltd
 Gemind Wool Pty Ltd
 Goddard Wool Marketing Pty Ltd
 Gordon Litchfield Wool Pty Ltd
 H Dawson Sons & Company (Aust) Pty Ltd
 Harold de Tuetey Pty Ltd
 Hodge Wool Pty Ltd
 I H Yeoward & Company Pty Ltd
 Itochu Wool Ltd

James Stedman (Wool) Pty Ltd
 Jemalong Wool Pty Ltd
 Jenkyn Wool Exports Pty Ltd
 John Boddice Wool Company Pty Ltd
 Kathaytex Australia Pty Ltd
 Kreglinger (Australia) Pty Ltd
 Lachlan Industries Pty Ltd
 Landini & Company Pty Ltd
 Laycock Speciality Fibres Pty Ltd
 Lempriere (Australia) Pty Ltd
 Lempriere Fox and Lillie Pty Ltd
 Lochville Pty Ltd
 Louis Dreyfus Australia Pty Ltd
 M & G Wool Company
 M & M Wools Pty Ltd
 M A Kiernan & Company Pty Ltd
 Macquarie Bank Ltd
 Marubeni Australia Ltd
 Masurel Fils (Australia) Limited
 McFeeters Wool
 Melbourne International Wool Traders Pty Ltd
 Melbourne Wool Exporters Pty Ltd
 Meredith Wool Company Pty Ltd
 Michell Australia Pty Ltd
 Ming Shan Company (Australia) Pty Ltd
 Modiano Australia Pty Ltd
 Montgomery Wools Pty Ltd
 Morepen Pty Ltd
 Moses & Son
 Murrumbidgee Wool Brokers Pty Ltd
 New England Fibre Testing Pty Ltd
 New England Wool Pty Ltd
 NGS Wool (Queensland) Pty Ltd
 Norfolk Wool Traders Pty Ltd
 Ostini Wool Pty Ltd
 P J Morris Wools Pty Ltd
 Peter Scanlan Wools
 Port Phillip Wool Processing Pty Ltd
 Primac Elders Wool Department
 Primaries of WA Pty Ltd
 Quality Soft Wool of Australia Ltd
 Quality Wool Pty Ltd
 Quay Wool Services Pty Ltd
 R & D Ryan Pty Ltd
 Reward Australia Pty Ltd
 Riverina Wool Brokers
 Riverton Wools
 Roberts Limited
 Rodwells & Company Pty Ltd
 Sandy Creek Wool Company Pty Ltd
 Sim International Pty Ltd

Southern Cross Wool Pty Ltd
 Standard Wool Australia Pty Ltd
 Startoy Pty Ltd
 Stirling Sorting Company Pty Ltd
 Stockwool Pty Ltd
 T L Tourrier & Co Pty Ltd
 TAS Wool Purchases Pty Ltd
 Techwool Trading Pty Ltd
 Tradeswool Country Woolbuyers Pty Ltd
 Tradeswool Pty Ltd
 United Wool Brokers Pty Ltd
 V & H Smythe Pty Ltd
 Victoria Wool Processors Pty Ltd
 Vicwool Pty Ltd
 Wesfarmers Landmark Limited
 West Coast Wools Pty Ltd
 Western Wool Marketing
 Westgate Wool Company Pty Ltd
 Williams Wool Pty Ltd
 Wool Agency Company Pty Ltd
 Woolgrowers Independent Selling Services Ltd
 Woolstock Australia Limited
 Yarra Wool

Associate Members

Australian Superfine Woolgrowers' Association
 Comex Commodity Exchange Pty Ltd
 Department of Agriculture WA

Grower Members

A J Byrne & Company
 A R Holcombe Pastoral Co
 A W Morse
 Abfam Nominees Pty Ltd
 Alister Cameron
 Allison Watson
 Andrew Wall
 Arthur M Bock
 Australian Wool Growers Pty Ltd
 Autumnvale Pastoral Company
 Balquhidder Pty Ltd
 Banks Brothers
 Barnong Pty Ltd
 Bilney, Michael
 Bloomfield Pastoral Company
 Brolga Pastoral Company
 Bruce Cumming
 Bukalong Enterprises
 Burbury Lagoon Partnership
 Burgess, Andrew
 Byanga Pastoral Company
 C W A & D W Prell
 C E Hyde & Co
 C M De Mestre
 Callubri Pty Ltd
 Carngham Station
 Carnwalla Partners
 Cavanagh Partnership
 Chain O Ponds
 Chenery, Anthony
 Clyde Agriculture Limited
 Coomba Grazing Company Pty Ltd
 D D Long & A J Long
 D W & D J Craig
 D W Taylor Pty Limited
 Danor Pty Ltd
 Dingo Range
 Dongiemon Grazing Company
 Doris G Nash
 Dr Robert N Baulch
 East Murandal
 F J Duncan
 G W & C L Clothier & Sons
 G B G & L Roberts
 G A Amery Family Trust
 Gary William Lovering
 Geoff Fiskin
 George Terrant Walker
 Glenbuddah Pty Ltd
 Glenelg Estate

Glenvue Partners
 Glenwood Cumnock Pty Ltd
 Golding Farms
 Goonigal Partnership
 Gorrinn Pastoral Company
 Granter Family Trust
 Halton Pastoral Company
 I & P Meek Pty Ltd
 Ian Aubrey
 Ian Burbury
 Ian McLean
 Ian William Whiteley
 J A & J A McCracken
 J C Irwin
 J R L Hall & Company
 J H & D R England
 J M Moore
 J P & S M Ranken
 J R & D M D Mills
 John Mayes
 John Rumph
 John Shady & Sons
 Jungaburra Pty Ltd
 Kentucky Pty Ltd
 Kevin Gill
 Kisel Holdings Pty Ltd
 Lachlan Campbell
 Larundel Pastoral Company
 Leigh Tuck
 Lindsay & Bridgman
 Litchfield, Gordon
 Lynwood Grazing Company
 M K & M A Bartholomaeus
 Mance Pastoral Co Pty
 Marong Pastoral Co Pty Ltd
 Maroona Proprietors
 Max Zell Family Settlement Trust
 McGee Pastoral Company
 McIntosh Bros
 McIvor Agricultural Consultants Pty Ltd
 McLean, Mark
 Michael Emery
 Morgan, M K
 Mr Brett Campbell
 Mr Dudley Cockington
 Mr Duncan Fraser
 Mr Garth England
 Mr John Edward Beveridge
 Mr Roger Farquharson Mason
 Mt Jetty Pastoral Company
 Mulluna Partnership
 Murragamba Pastoral Company

Murray McDonald
 N J & J A Witham
 N P O'Shannessy
 Narruc Investments Pty Ltd
 National Farmers' Federation as Trustee for WoolProducers
 Neville Parker
 Newton Land Company Pty Ltd
 Nicholls, MA & AL
 P T & K C Walker (Partnership)
 Parling Yards Trading Co
 Patrick Banks
 Peter Longley
 Peter Holding
 Peter Mallon
 Peter Walker
 Phil O'Brien Wool Pool
 Pietsch, Robert
 Princes Pastoral
 Quambaloo Pastoral Company
 Quandinnie Pty Ltd
 R D & K L Avery
 R H & C A Kemp
 R J & L J Parkins
 Redbank Pastoral Company
 Richard Knights
 Richard Vickery
 Robert Hall
 Robert Richardson Dick
 Rolfe, Stephen
 S D & W A Beveridge
 S G Groves & Company
 Spielvogel, Karalta
 S S & W A Parkinson
 Stonehouse Grazing
 Strathbogie Pastoral Company
 Stuart Kanalay
 Sun Valley AG
 T & A Silcock
 Terinallum Partnership
 Terry Carlon
 The Mutooroo Pastoral Company Pty Ltd
 Thirkell-Johnston & Company
 Tischler, Jonathan
 Trevor Mosey
 Twynam Pastoral Company Pty Ltd
 W S & M E McCann Pty Ltd
 Watts, Tim
 Windaroo Pastoral Company
 Wivenhoe Pty Ltd
 Woolaway Grazing
 Yarrabee Grazing Company

>> MOVING FORWARD



Australian Wool Exchange Limited

Financial Accounts – 30 June 2002

>> MOVING FORWARD

Statement of Financial Performance Year Ended 30 June 2002

| | Notes | 30 June 2002 | 30 June 2001 |
|--|-------|--------------|--------------|
| | | \$ | \$ |
| Revenues from ordinary activities | 2 | 7,371,662 | 6,859,258 |
| Employee benefits expense | | (2,347,231) | (2,286,606) |
| Depreciation and Amortisation Expense | 3 | (430,016) | (345,289) |
| Occupancy Costs* | | (734,844) | (814,337) |
| Borrowing costs expense | | - | (1,269) |
| Other expenses from ordinary activities | | (3,197,348) | (2,500,693) |
| Profit from ordinary activities before income tax expense | 3 | 662,223 | 911,064 |
| Income tax expense relating to ordinary activities | 1(c) | - | - |
| Net profit from ordinary activities after related income tax expense | 16 | 662,223 | 911,064 |

* Includes cost of head lease at 691 Geelong Road, Brooklyn for which \$302,168 sublease income was received for the period.

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of Financial Position At 30 June 2002

| | Notes | 30 June 2002 | 30 June 2001 |
|--------------------------------------|--------|------------------|------------------|
| | | \$ | \$ |
| Current Assets | | | |
| Cash Assets | 4 | 5,369,436 | 6,801,815 |
| Receivables | 5 | 614,861 | 701,168 |
| Other | 6 | 77,240 | 70,724 |
| Total Current Assets | | 6,061,537 | 7,573,707 |
| Non-Current Assets | | | |
| Property Plant and Equipment | 7, 23 | 748,985 | 663,696 |
| Other | 8 | - | 3,992 |
| Total Non-Current Assets | | 748,985 | 667,688 |
| Total Assets | | 6,810,522 | 8,241,395 |
| Current Liabilities | | | |
| Payables | 9 | 2,550,409 | 4,193,844 |
| Interest Bearing liabilities | 10, 19 | - | 28,593 |
| Provisions | 11 | 173,689 | 324,365 |
| Other | 12 | 1,141,855 | 1,440,656 |
| Total Current Liabilities | | 3,865,953 | 5,987,458 |
| Non-Current Liabilities | | | |
| Interest Bearing liabilities | 13, 19 | - | 14,666 |
| Provisions | 14 | 94,538 | 51,463 |
| Total Non-Current Liabilities | | 94,538 | 66,129 |
| Total Liabilities | | 3,960,491 | 6,053,587 |
| NET ASSETS | | 2,850,031 | 2,187,808 |
| Equity | | | |
| Reserves | 15 | 640,000 | 640,000 |
| Retained Surplus | 16 | 2,210,031 | 1,547,808 |
| TOTAL EQUITY | | 2,850,031 | 2,187,808 |

Note A: Cash Assets and payables at 30 June 2002 includes cash collected from Woolclassers for the Woolclasser Development Program and course fees payable to the Western Institute of TAFE for provision of the Woolclasser Development Program. Both the cash collected and the course fees payable amount to \$1,688,064.82.

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows For the Year Ended 30 June 2002

| | Notes | 30 June 2002 | 30 June 2001 |
|--|-------|--------------|--------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 6,928,427 | 11,593,317 |
| Payments to suppliers and employees | | (7,974,964) | (5,744,758) |
| Interest Received | | 230,742 | 165,505 |
| Interest and other costs of finance paid | | - | (4,898) |
| Net cash (outflows)/ inflows from operating activities | 22 | (815,795) | 6,009,166 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (574,390) | (403,372) |
| Proceeds from sale of plant and equipment | | 1,065 | 40,340 |
| Net cash outflows from investing activities | | (573,325) | (363,032) |
| Cash flows from financing activities | | | |
| Repayments of lease liabilities | | (43,259) | (26,366) |
| Net cash outflows from investing activities | | (43,259) | (26,366) |
| Net increase/(decrease) in cash held | | (1,432,379) | 5,619,768 |
| Cash at the beginning of the financial year | | 6,801,815 | 1,182,047 |
| Cash at the end of the financial year | 4 | 5,369,436 | 6,801,815 |

The above statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Year Ended 30 June 2002

I. Summary of significant accounting policies

(a) Basis of Accounting

This general purpose financial report has been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001.

The financial statements are prepared in accordance with the historical cost convention, and do not take into account changes in money values.

The company is a company limited by guarantee, incorporated and domiciled in Australia. In accordance with the Memorandum of Association the liability of 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.

(b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

(c) Income Tax

The company has been granted an exemption from income tax under Section 23(h) of the Income Tax Assessment Act 1936.

(d) Leasehold Improvements

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised at between 7.5 percent and 20 percent per annum.

(e) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets (finance leases), and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is established at its fair value at the inception of the lease. The liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the profit and loss account in the periods in which they are incurred.

(f) Depreciation

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over the expected useful life to the company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

| | 30 June 02 | 30 June 01 |
|---------------------|------------|------------|
| • Motor Vehicles | 5 years | 5 years |
| • Plant & Equipment | 3-8 years | 3-8 years |
| • Software | 3 years | 3 years |

- (g) **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.
- (h) **Receivables and Revenue Recognition**
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.
- (i) **Government Grants**
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.
- (j) **Employee Entitlements**
- (i) *Wages and Salaries*
A liability for wages and salaries is recognised, and is measured as the amount unpaid at balance date at current pay rates in respect of employees' services up to that date.
- (ii) *Superannuation*
The company contributes to an employee accumulation superannuation fund. Contributions are charged against income.
- (iii) *Annual and Long Service Leave*
A liability for annual and long service is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to balance date. In assessing expected future payments regard is had to assess expected future wage and salary levels.
- (iv) *Number of employees at year end*
There are 22 full time permanent and 7 casual employees as at 30 June 2002 (2001: 30 full permanent and 9 casual employees).
- (k) **Cash flows**
For the purpose of the statements of cash flows, cash includes cash on hand, deposits held on call with banks and investments in money market instruments, net of bank overdrafts.
- (l) **Trade and other creditors**
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.
- (m) **Unearned income**
Wool classer registration income (refer Note 12 of this annual report) is recognised as earned based on the pattern of services rendered. The pattern of services rendered is based on the proportion of costs incurred in the year to the total expected costs over the wool classer registration period. The income not recognised as earned is carried forward as unearned.

| Notes | 30 June 2002 | 30 June 2001 |
|--|------------------|------------------|
| | \$ | \$ |
| 2. Revenues from Ordinary Activities | | |
| Joining fees | 10,889 | 29,655 |
| Subscription fees | 72,854 | 80,895 |
| Common fees | 996,926 | 1,059,178 |
| Fees for services | 5,683,662 | 5,086,287 |
| Other Revenue | 321,524 | 397,398 |
| Interest received/receivable | 284,742 | 165,505 |
| Proceeds from sale of Plant and Equipment | 1,065 | 40,340 |
| Total Revenues from Ordinary activities | 7,371,662 | 6,859,258 |
| 3. Expenses and Losses/Gains | | |
| (a) Expenses | | |
| Depreciation and Amortisation of non-current assets | | |
| Depreciation of plant and equipment | 424,655 | 321,031 |
| Amortisation of plant and equipment under finance lease | 5,361 | 24,258 |
| Total Depreciation and Amortisation Expense | 430,016 | 345,289 |
| Operating lease rental | | |
| Minimum lease payments | 402,153 | 775,589 |
| Contingent Rentals | - | - |
| Rental Expense arising from sub-leases | 113,031 | - |
| Total Operating lease rental | 515,184 | 775,589 |
| Provision for doubtful trade debtors | 15,000 | - |
| Transfer to provisions for holiday pay | 95,886 | 16,311 |
| Transfer to provisions for long service leave | 43,076 | 5,709 |
| (b) Losses/(gains) | | |
| Net loss/(gain) on disposal of property, plant and equipment | 59,085 | 873 |

| | Notes | 30 June 2002 | 30 June 2001 |
|--|-------|--------------|--------------|
| | | \$ | \$ |
| 4. Current Assets - Cash Assets | | | |
| Cash on Hand | | 800 | 1,816 |
| Cash at Bank | | 338,063 | 92,900 |
| Deposits at call | | 5,030,573 | 6,707,099 |
| Cash Assets | | 5,369,436 | 6,801,815 |
| 5. Current Assets - Receivables | | | |
| Trade Debtors | 5(a) | 523,765 | 636,527 |
| less: Provision for Doubtful Debts | | (15,000) | - |
| Trade Debtors after provision for doubtful debts | | 508,765 | 636,527 |
| Accrued Revenue | | 106,096 | 64,641 |
| Receivables | | 614,861 | 701,168 |
| (a) Terms and conditions | | | |
| Trade debtors are non-interest bearing and generally on 30 day terms | | | |
| 6. Current Assets - Other | | | |
| Prepayments | | 39,590 | 31,284 |
| Other Debtors | | 37,650 | 39,440 |
| Other | | 77,240 | 70,724 |
| 7. Non-Current Assets - Property Plant and Equipment | | | |
| Plant and equipment at cost* | 23(a) | 1,868,324 | 1,703,294 |
| less: Accumulated Depreciation | | (1,119,339) | (1,050,768) |
| Total | | 748,985 | 652,526 |
| Plant and equipment under finance leases | 23(b) | - | 56,924 |
| less: Accumulated Amortisation | | - | (45,754) |
| Total | | - | 11,170 |
| Property, Plant & Equipment | | 748,985 | 663,696 |
| * Plant and equipment includes computer terminals leased to eclipse customers at cost (\$72,877.40). | | | |
| 8. Non-Current Assets - Other | | | |
| Prepayments | | - | 3,080 |
| Security Deposits | | - | 912 |
| Other | | - | 3,992 |

| | Notes | 30 June 2002 | 30 June 2001 |
|--|-------|--------------|--------------|
| | | \$ | \$ |
| 9. Current Liabilities - Payables | | | |
| Creditors | | 432,908 | 791,138 |
| Accrued Expenses | | 429,436 | 366,915 |
| Training - Classer Registration | | 1,688,065 | 3,035,791 |
| Payables | | 2,550,409 | 4,193,844 |
| 10. Current Liabilities - Interest Bearing Liabilities | | | |
| Lease Liabilities | | - | 10,997 |
| Hire purchase Liabilities | | - | 17,596 |
| Interest Bearing Liabilities | | - | 28,593 |
| 11. Current Liabilities - Provisions | | | |
| Employee Entitlements (being provision for annual leave and superannuation) | | 173,689 | 324,365 |
| Provisions | | 173,689 | 324,365 |
| 12. Current Liabilities - Other | | | |
| Unearned Income | 1(m) | 1,141,855 | 1,440,656 |
| Other | | 1,141,855 | 1,440,656 |
| 13. Non-Current Liabilities - Interest Bearing Liabilities | | | |
| Hire Purchase Liabilities | | - | 14,666 |
| Interest Bearing Liabilities | | - | 14,666 |
| 14. Non-Current Liabilities - Provisions | | | |
| Employee Entitlements (being provision for long service leave) | | 94,538 | 51,463 |
| Provisions | | 94,538 | 51,463 |
| 15. Equity - Reserves | | | |
| Members Reserves | | | |
| Balance at 1 July | | 640,000 | 640,000 |
| Transfer from retained surplus | | - | - |
| Reserves at 30 June | | 640,000 | 640,000 |
| 16. Equity - Retained Surplus | | | |
| Retained surplus at 1 July | | 1,547,808 | 636,744 |
| Net profit attributable to members of the company | | 662,223 | 911,064 |
| Retained surplus at 30 June | | 2,210,031 | 1,547,808 |

| | Notes | 30 June 2002 | 30 June 2001 |
|--|-------|--------------|--------------|
| | | \$ | \$ |
| 17. Remuneration of Directors | | | |
| Income paid or otherwise made available to Directors by the company or related parties | | 215,552 | 212,107 |

The number of Directors of the company whose income from the company or related parties was within the specified bands are as follows:

| | No. | No. |
|---------------------|-----|-----|
| \$0 – \$ 9,999 | 1 | - |
| \$10,000 – \$19,999 | 8 | 9 |
| \$20,000 – \$29,000 | 1 | - |
| \$30,000 – \$39,000 | 1 | - |
| \$40,000 – \$49,000 | - | 1 |

No retirement benefits were paid to Directors during the year.

| | | | |
|--|--|--------|-------|
| 18. Remuneration of Auditors | | | |
| Amounts received or due and receivable by Thomas Davis and Co for: | | | |
| - audit of the financial report of the company | | 11,000 | 9,500 |
| - other services | | - | - |
| Remuneration of Auditors | | 11,000 | 9,500 |

19. Expenditure Commitments

Operating leases (non-cancellable)

| | 19(a) | | |
|--|-------|---------|---------|
| Minimum lease payments | | | |
| - not later than one year | | 184,491 | 350,412 |
| - later than one year and not later than five years | | 317,529 | 42,858 |
| - later than five years | | - | - |
| Aggregate lease expenditure contracted for at balance date | | 502,020 | 393,270 |

(a) These commitments represent payments due under non-cancellable operating leases that have not been recognised as liabilities in the current financial year.

Commitments in relation to finance leases are payable as follows:

| | | |
|--|---|--------|
| Not later than one year | - | 11,143 |
| Later than one year but not later than two years | - | - |
| Later than two years but not later than five years | - | - |
| Minimum lease payments | - | - |
| Less: Future finance charges | - | (146) |
| | - | 10,997 |
| Representing lease liabilities: | | |
| Current (note 10) | - | 10,997 |
| Non-Current (note 13) | - | - |
| | - | 10,997 |

20. Related Party disclosures

The Directors of the Australian Wool Exchange Limited during the financial year were:

| | |
|---------------|----------------|
| R.A. Farrar | D.R. Belgre |
| S. Campbell | A.L. Harris |
| I.K. McIvor | D.R. Michell |
| M.J. Moses | D.J. Nancarrow |
| M.A. Nicholls | G.M. Stooke |
| D.M. Watt | |

Alternate Directors

| | |
|------------|----------------|
| R.W. Amos | R. Bawden |
| R. Cable | D.A. Macdonald |
| R.J. Quirk | |

Director and Director-related entity Transactions

A number of Directors are Directors of entities which transact with the company.

The Directors involved are:

| | |
|----------------|---------------|
| R.W. Amos | R. Bawden |
| D.R. Belgre | R. Cable |
| S. Campbell | A.L. Harris |
| D.A. Macdonald | I.K. McIvor |
| D.R. Michell | M.J. Moses |
| D.J. Nancarrow | M.A. Nicholls |
| G.M. Stooke | |

The company received joining fees, subscriptions, trading fees and service fees for the use of wool selling facilities from the Director related entities during the financial year. All services were provided under the company's standard terms and conditions.

Aggregate amounts of these transactions are as follows:

| | 30 June 2002 | 30 June 2001 |
|--|--------------|--------------|
| | \$ | \$ |
| Joining, subscription and trading fees | 1,188,484 | 1,535,142 |
| Selling facility rentals | 468,154 | 582,899 |
| EDI Network fees and Market Reports | 261,270 | 249,584 |
| Sample site and showfloor charges | 7,459 | 4,449 |
| Other | 337,315 | 176,269 |
| | 2,262,682 | 2,548,343 |

21. Segment Information

The company operates predominantly in one industry, being the Australian wool industry.

| | Notes | 30 June 2002 | 30 June 2001 |
|---|-------|--------------|--------------|
| | | \$ | \$ |
| 22. Reconciliation of profit from ordinary activities to net cash from Operating activities | | | |
| Profit from ordinary activities | | 662,223 | 911,064 |
| Depreciation and amortisation | | 430,016 | 345,289 |
| Increase in Other Provisions | | 17,397 | - |
| Loss on disposal of plant and equipment | | 59,085 | 873 |
| Decrease/(increase) in trade and other debtors | | 86,307 | (63,434) |
| Decrease/(increase) in other debtors and prepayments | | (10,986) | (48,039) |
| (Decrease)/increase in trade creditors, accruals and unearned income | | (1,942,236) | 4,828,740 |
| (Decrease)/Increase in other provisions | | (117,601) | 34,673 |
| Net cash (outflows)/inflows from operating activities | | (815,795) | 6,009,166 |

22(a). Notes to Statement of Cash Flows (continued)

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Loan Facilities

| | | |
|------------------------|--------|--------|
| Total bank overdrafts | 19,500 | 19,500 |
| Used at balance date | - | - |
| Unused at balance date | 19,500 | 19,500 |

Payroll Facility

| | | |
|------------------------|--------|--------|
| Total payroll facility | 20,000 | 20,000 |
| Unused at balance date | - | - |
| Unused at balance date | 20,000 | 20,000 |

Subject to continuation of satisfactory credit ratings, the bank loan facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on facilities are variable and subject to adjustment.

| | Notes | 30 June 2002 | 30 June 2001 |
|--|-------|--------------|--------------|
| | | \$ | \$ |
| 23. Property, Plant and Equipment - Reconciliations | | | |
| Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year. | | | |
| (a) Plant and Equipment | | | |
| Carrying amount at 1 July | | 652,526 | 90,705 |
| Additions | | 574,390 | 403,372 |
| Disposals (net) | | (53,276) | (20,520) |
| Depreciation Expense | | (424,655) | (321,031) |
| Carrying amount at 30 June | | 748,985 | 652,526 |
| (b) Plant and Equipment under finance lease | | | |
| Carrying amount at 1 July | | 11,170 | 49,771 |
| Additions | | - | - |
| Disposals (net) | | (5,809) | (14,343) |
| Amortisation Expense | | (5,361) | (24,258) |
| Carrying amount at 30 June | | - | 11,170 |



>> MOVING FORWARD

24. Financial Instruments

(a) Interest rate risk

| | Floating Interest Rate | | Non-interest bearing | | Total carrying amount as per the statement of financial position | | Weighted average effective interest rate | |
|-------------------------------------|------------------------|------------------|----------------------|------------------|--|------------------|--|------------|
| | 30 June 02 | 30 June 01 | 30 June 02 | 30 June 01 | 30 June 02 | 30 June 01 | 30 June 02 | 30 June 01 |
| (i) Financial assets | | | | | | | | |
| Cash | 5,369,436 | 6,801,815 | - | - | 5,369,436 | 6,801,815 | 4.6% | 5.9% |
| Trade Debtors and other receivables | - | - | 614,861 | 701,168 | 614,861 | 701,168 | N/A | N/A |
| Other assets | - | - | 77,240 | 74,716 | 77,240 | 74,716 | N/A | N/A |
| Total Financial assets | 5,369,436 | 6,801,815 | 692,101 | 775,884 | 6,061,537 | 7,577,699 | | |
| (ii) Financial liabilities | | | | | | | | |
| Trade Creditors and other payables | - | - | 862,344 | 1,158,053 | 862,344 | 1,158,053 | N/A | N/A |
| Lease and hire purchase liabilities | - | 43,259 | - | - | - | 43,259 | - | 6.8% |
| Total Financial liabilities | - | 43,259 | 862,344 | 1,158,053 | 862,344 | 1,201,312 | | |

(b) Net fair values

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 exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets in the statement of financial performance, net of any provisions for doubtful debts.

25. Contingent Liabilities

The company holds a bank guarantee with a face value of \$71,880 (2001: \$98,165) in respect of rental obligations to that value.

Directors' Declaration

The Directors of the company declare that:

- (1) the financial statements set out on pages 16 to 28:
 - (a) comply with Accounting Standards and the Corporation Act 2001; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2002 and performance for the year ended on that date.

- (2) In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



R.A. Farrar
Chairman



D Belgre
Director

Sydney, 10th October, 2002



Independent Auditors' Report to the members of the Australian Wool Exchange Limited

Scope

We have audited the financial report of Australian Wool Exchange Limited for the financial year ended 30th June, 2002 as set out on pages 16 to 28. The Company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

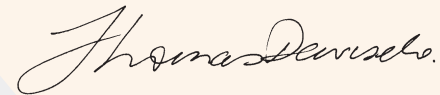
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

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

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2002 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements.



Thomas Davis & Co
Chartered Accountants



P.L. Whiteman
Partner

Sydney, 10th October, 2002
'Liability limited by the Accountants' Scheme approved under the Professional Standards Act 1994 (NSW)'

2001/2002 – An Overview

Market Overview – EMI



eclipse™ Summary of Aggregate Offer Board/Tender offering for the 2001/02 (bales)

| Micron | Wool Type Group | | | |
|----------------|-----------------|--------------|--------------|--------------|
| | MFLC | MSKT | XBFS | ODDS |
| 19.5 & finer | 23,619 | 4,199 | 72 | 1,119 |
| 19.6 - 21.5 | 31,565 | 4,046 | 119 | 1,282 |
| 21.6 - 24.5 | 18,004 | 701 | 330 | 702 |
| 24.6 - 28.5 | 498 | 2 | 2116 | 446 |
| 28.6 & broader | 120 | 5 | 2,734 | 104 |
| Total | 73,806 | 8,952 | 5,371 | 3,653 |

| | NORTHERN REGION | | SOUTHERN REGION | | WESTERN REGION | |
|---|-----------------|-----------|-----------------|-----------|----------------|---------|
| | 00/01 | 01/02 | 00/01 | 01/02 | 00/01 | 01/02 |
| Season Summary | | | | | | |
| Bales Offered | 1,248,098 | 1,147,634 | 1,311,688 | 1,218,389 | 699,917 | 599,684 |
| Bales Sold | 1,124,695 | 1,004,516 | 1,153,049 | 1,066,956 | 566,643 | 474,785 |
| Avg. Price (\$/Bale) | 862 | 991 | 782 | 919 | 708 | 852 |
| Auction Offering | | | | | | |
| Merino Fleece | 765,490 | 760,659 | 817,256 | 818,815 | 507,871 | 442,586 |
| Merino Skirts | 258,155 | 209,398 | 217,160 | 191,386 | 106,066 | 89,034 |
| Crossbred | 104,786 | 78,565 | 134,420 | 93,552 | 14,026 | 8,900 |
| Oddments | 119,661 | 99,012 | 142,852 | 114,636 | 71,954 | 59,164 |
| Avg Micron | 20.9 | 20.3 | 21.6 | 21.3 | 20.8 | 20.5 |
| Avg. Yield (ACY) | 67.06 | 65.26 | 66.30 | 64.21 | 62.12 | 58.65 |
| AM Tested (%) | 76.94 | 73.77 | 85.10 | 79.04 | 77.78 | 80.07 |
| Regional Market Indicators and Micron Price Guide (AUD cents/kg clean) | | | | | | |
| Regional Indicator | 839 | 917 | 766 | 905 | 650 | 876 |
| 17 MPG | - | - | - | - | - | - |
| 18 | - | - | - | - | - | - |
| 18.5 | - | - | - | - | - | - |
| 19 | 1280 | 1077 | 1258 | 1058 | - | - |
| 19.5 | - | - | - | - | - | - |
| 20 | 754 | 976 | 739 | 962 | 731 | 956 |
| 21 | 655 | 967 | 655 | 963 | 658 | 955 |
| 22 | 654 | 975n | 646 | 970 | 640 | 961 |
| 23 | 631 | 981n | 629 | 974n | 624 | 953 |
| 24 | 626 | 976n | 631 | 967n | 614 | 947n |
| 25 | 598 | 952n | 600 | 953n | - | - |
| 26 | 538 | 878n | 544 | 930n | - | - |
| 28 | 533 | 724n | 524 | 741n | - | - |
| 30 | 518 | 604n | 513 | 609n | - | - |
| 32 | 510 | 529n | 499 | 544n | - | - |

Note: n = nominal quote.

2001/2002 – An Overview

Market Indicators Summary – 2001/02 Season

Closing AWEX Indicators (AUD cents/kg clean)

| Sale Week | Week Starting | Indicators | | | |
|-----------------------|---------------|------------|------------|------------|------------|
| | | Northern | Southern | Western | Eastern |
| 1 | 06-Jul-01 | 848 | 764 | 662 | 803 |
| 2 | 13-Jul-01 | 848 | 756 | 666 | 799 |
| Sale Recess | | | | | |
| 3 | 20-Jul-01 | | | | |
| 4 | 27-Jul-01 | | | | |
| 5 | 03-Aug-01 | | | | |
| 6 | 10-Aug-01 | 863 | 761 | 809 | |
| 7 | 17-Aug-01 | 841 | 739 | 658 | 787 |
| 8 | 24-Aug-01 | 834 | 725 | 651 | 776 |
| 9 | 31-Aug-01 | 820 | 720 | 658 | 767 |
| 10 | 07-Sep-01 | 824 | 716 | 655 | 767 |
| 11 | 14-Sep-01 | 827 | 721 | 659 | 770 |
| 12 | 21-Sep-01 | 832 | 732 | 673 | 779 |
| 13 | 28-Sep-01 | 833 | 719 | 670 | 773 |
| 14 | 05-Oct-01 | 818 | 695 | n.s. | 753 |
| 15 | 12-Oct-01 | 794 | 653 | 623 | 719 |
| 16 | 19-Oct-01 | 766 | 631 | 611 | 694 |
| 17 | 26-Oct-01 | 768 | 637 | 621 | 698 |
| 18 | 02-Nov-01 | 775 | 653 | 635 | 710 |
| 19 | 09-Nov-01 | 780 | 645 | 623 | 708 |
| 20 | 16-Nov-01 | 761 | 641 | n.s. | 697 |
| 21 | 23-Nov-01 | 753 | 640 | 615 | 693 |
| 22 | 30-Nov-01 | 767 | 665 | 636 | 713 |
| 23 | 07-Dec-01 | 797 | 709 | 675 | 750 |
| 24 | 14-Dec-01 | 799 | 715 | 687 | 755 |
| Sale Recess | | | | | |
| 25 | 21-Dec-01 | | | | |
| 26 | 28-Dec-01 | | | | |
| 27 | 04-Jan-02 | | | | |
| 28 | 11-Jan-02 | 873 | 801 | 784 | 835 |
| 29 | 18-Jan-02 | 921 | 869 | n.s. | 894 |
| 30 | 25-Jan-02 | 926 | 881 | 851 | 902 |
| 31 | 01-Feb-02 | 965 | 926 | 889 | 944 |
| 32 | 08-Feb-02 | 977 | 946 | 929 | 960 |
| 33 | 15-Feb-02 | 1003 | 968 | 935 | 985 |
| 34 | 22-Feb-02 | 981 | 935 | 923 | 957 |
| 35 | 01-Mar-02 | 971 | 932 | 924 | 950 |
| 36 | 08-Mar-02 | 997 | 950 | n.s. | 972 |
| 37 | 15-Mar-02 | 979 | 947 | 930 | 962 |
| 38 | 22-Mar-02 | 953 | 934 | 903 | 943 |
| Sale Recess | | | | | |
| 39 | 29-Mar-02 | | | | |
| 40 | 05-Apr-02 | | | | |
| 41 | 12-Apr-02 | 933 | 917 | 891 | 924 |
| 42 | 19-Apr-02 | 963 | 941 | 916 | 951 |
| 43 | 26-Apr-02 | 936 | 920 | n.s. | 927 |
| 44 | 03-May-02 | 931 | 919 | 886 | 925 |
| 45 | 10-May-02 | 932 | 914 | n.s. | 922 |
| 46 | 17-May-02 | 921 | 910 | 878 | 915 |
| 47 | 24-May-02 | 907 | 899 | n.s. | 902 |
| 48 | 31-May-02 | 896 | 886 | 849 | 891 |
| 49 | 07-Jun-02 | 887 | 874 | n.s. | 880 |
| 50 | 14-Jun-02 | 892 | 878 | 857 | 884 |
| 51 | 21-Jun-02 | 935 | 923 | n.s. | 929 |
| 52 | 28-Jun-02 | 917 | 905 | 876 | 911 |
| Simple Average | | 876 | 809 | 762 | 841 |

Note: Northern Region Indicator comprised from sales in Sydney and Newcastle. Southern Region Indicator comprised from sales in Melbourne and Launceston. Western Region Indicator comprised from Fremantle sales only.

n.s. = No Sale.

The Eastern Indicator is the weighted average of the two prevailing North & South Regional Indicators and is expressed as provisional (p) when only one of these regional indicators is produced on the current sale day.

Statistical Overview for Season 2001/2002

| Characteristics | Region | | | Australia | | % change |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | North | South | West | 2001/02 | 2000/01 | |
| Offered bales | 1,147,634 | 1,218,389 | 599,684 | 2,965,707 | 3,422,736 | -13.4% |
| lots | 255,232 | 204,868 | 103,035 | 563,135 | 573,521 | -1.8% |
| cln ' 000 kgs | 142,825 | 150,485 | 73,788 | 367,098 | 399,682 | -8.2% |
| Sold bales | 1,004,516 | 1,066,956 | 474,785 | 2,546,257 | 2,844,378 | -10.5% |
| lots | 211,094 | 169,938 | 72,001 | 453,033 | 481,201 | -5.9% |
| cln ' 000 kgs | 118,298 | 126,450 | 52,787 | 297,535 | 332,897 | -10.6% |
| % Reoffered lots | 13.5% | 12.4% | 22.2% | 14.7% | 12.3% | 19.5% |
| Average lot size | 4.8 | 6.3 | 6.6 | 5.6 | 5.9 | -5.1% |
| Average bale weight (kgs) | 177.55 | 177.60 | 177.99 | 176.84 | 177.49 | -0.4% |
| Average clean price | 836.18 | 774.16 | 766.12 | 797.45 | 772.01 | 3.3% |
| greasy price | 561.08 | 516.62 | 478.56 | 526.96 | 511.61 | 3.0% |
| Average micron | 20.4 | 21.5 | 20.5 | 20.9 | 21.2 | -1.3% |
| % offering < 19.6 | 33.5% | 19.4% | 22.3% | 25.5% | 20.7% | 23.2% |
| 19.6 - 23.5 | 55.7% | 59.9% | 72.7% | 60.6% | 62.1% | -2.4% |
| > 23.5 | 10.8% | 20.7% | 5.0% | 13.9% | 17.2% | -19.2% |
| Average Staple Strength | 38.5 | 33.9 | 30.0 | 35.1 | 36.0 | -2.7% |
| Average Staple Length | 82.0 | 86.5 | 80.1 | 83.6 | 84.6 | -1.2% |
| Average Position Break - Mid | 57.0 | 55.0 | 51.0 | 55.0 | 56.4 | -2.5% |
| Average Yield | 67.2 | 66.8 | 62.0 | 66.3 | 66.2 | 0.1% |
| Average VM % | 2.4 | 1.9 | 1.8 | 2.1 | 2.2 | -4.1% |
| Average Hauteur Fleece | 67.4 | 70.0 | 64.8 | 67.9 | 67.4 | 0.7% |
| Skirtings | 59.7 | 58.5 | 54.5 | 57.2 | 56.7 | 0.9% |
| % Colour Fault | 33.9% | 16.3% | 14.7% | 22.9% | 22.7% | 0.9% |
| % Merino | 89.6% | 86.6% | 97.2% | 89.8% | 90.4% | -0.7% |
| Unique Brands Offered | 14,370 | 14,178 | 6,690 | 38,238 | 37,849 | 1.0% |
| Average Clip's Size | 68.9 | 59 | 83.2 | 67.7 | 59.1 | 14.6% |
| Method of Offer (%) | | | | | | |
| - growers | 92.7% | 86.0% | 88.0% | 89.0% | 89.6% | -0.7% |
| - bulk classing & interlots | 7.3% | 14.0% | 12.0% | 11.0% | 10.4% | 5.8% |
| Total lots with fault * (%) | 65.7% | 53.3% | 74.0% | 62.0% | 50.0% | 24.0% |

* Note: Faults include strength fault (<32 NKT) lines.



Australian Wool Exchange Limited

A.B.N. 35 061 495 565



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North Altona VIC 3025
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