



annual report
2016



we know wool



we

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know wool

Chairman's Message



In fiscal 2016, the wool market exhibited a slight firming tendency throughout the year. The EMI opened at 1250 cents per kg clean and closed at 1297 cents per kg clean. Throughout the year, the EMI averaged 1254 cents compared with 1102 cents per kg clean in fiscal 2015. The gains in realised prices were mainly in the 19 to 23 micron categories, with, once again, little joy for the superfine wools below 18 microns.

Wool production for the year was estimated to be 332 million kg greasy, a fall of 4.3% on the previous year. Wool sales for the 2016 year were 1.8 million bales compared with 1.96 million bales in 2015, a fall of 8.6% on a kg clean basis. The proportionately greater fall in the sales reflects generally low stocks of shorn wool throughout the industry in Australia. Overall, numbers of sheep shorn have continued to decline by around 4% from the previous year. Wool volumes continued to decline, seemingly reflecting long term trends towards increased emphasis by sheep producers on meat production.

At the operational level, AWEX returned an overall surplus for fiscal 2016 of \$123,695, compared with a surplus of \$512,111 in the prior year. The result in 2016 arose principally from tight control of costs, and was assisted by above budget sales of wool pack bale labels. Bale label sales have for several years exceeded the expected annual requirement for wool packs of around 1.8 million, based on average bale weights and annual wool production. In anticipation that sales of wool packs will eventually return to levels

consistent with production, the board determined in June to increase the price of bale labels from \$0.65 to \$0.75. This is the first increase in bale label prices since 2011. During 2015, the Australian Government initiated an inquiry into reducing the involvement of Customs in the inspection of imported goods. Wool packs were identified as a possible imported good for which Customs requirements might be dispensed with, thereby leaving wool pack design and technical attributes to market forces. The prospect of more than one wool pack design being sold in Australia raises several important issues, not least of which are safety concerns in road transport and warehousing, matters incidentally which the industry has spent several years addressing at the explicit request of government! AWEX has submitted that wool packs should continue to be subject to Customs regulation against a uniform industry standard. As yet there has been no decision by Government on this matter, but it warrants ongoing close monitoring.



Throughout fiscal 2016, the AWEX Board continued to oversee:

- (i) The continued evaluation of electronic bale identification, which now appears to be both technically and commercially feasible, with very significant savings available along the wool supply chain. Discussions are underway with industry groups with a view to implementing a full scale trial of the technology in Western Australia, to commence in 2017.
- (ii) The successful completion of the major upgrade of the majority of AWEX's computer systems, which has now been operational since late in Calendar 2015. Planning is now underway for an upgrade of the few remaining out-dated systems.
- (iii) Continued efforts to improve the uptake by growers of the National Wool Declaration (NWD) system. Pleasingly, fiscal 2016 saw a modest increase in uptake and a significant improvement in accuracy of the declarations. With increased interest from the supply chain in both the wool declaration and in non-mulesed wool, there

is still a lot of work to be done by the industry in this area. AWEX has initiated a further review of the NWD, to ensure that the declaration is both straight forward for growers and meaningful for buyers.

Throughout the year, AWEX undertook several activities that were aimed at explaining to the broader industry what AWEX does, and promoting the industry and its quality systems generally. These activities included Wool Forums in Armidale, Cooma, Bendigo, Naracoorte and Katanning attended by over 200 people, and a real time open-cry auction of wool at the Sydney Royal Show and at the IWTO conference in Sydney in April 2016. All these activities attracted widespread interest and favourable community and industry reaction.

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

I have elected to stand down as chair at the conclusion of the AGM in November 2016, after serving for six years. During the year, the Board initiated a process to recruit a successor, and, in June, announced that Ms Robyn Clubb would be appointed as Deputy Chair in August 2016, and would take over as chair from the conclusion of the AGM in November. Robyn has excellent skills and experience for the role. I welcome her appointment and wish her well in the role.

Also at board level, Mr Don Watt retired as independent director in August, after serving on the board for over twenty years. Don's contribution to AWEX has been outstanding and he will be missed. He has seen and been directly involved in many changes to AWEX over those twenty years. I thank him most sincerely for his efforts, and wish him well.

Finally, I have greatly enjoyed my term as chair, and wish AWEX all the very best in continuing its important work within the wool industry.



John Keniry AM
Chairman

September, 2016



CEO's Report



AWEX has a unique role within the Australian wool industry. AWEX has been a point of reference between buyers and sellers, sometimes an agent for change and always a valuable source of information for wool classers, wool growers and all industry stakeholders. At AWEX, we know wool.

Throughout our 23 years AWEX has worked closely with all sectors of the industry to refine, develop, implement and maintain recognised industry standards and services. Services including quality assurance programs, market information, sale infrastructure & administration services, audit/inspection services and project research and development, to name a few.

In 2015/16, AWEX continued to focus on and develop the services we provide to members, customers and industry.

AWEX, is often marked harshly but we are acutely aware that we are accountable and accept that to succeed we must be open to criticism and have a culture of continual improvement.

During the 2015/16 financial year AWEX delivered the first phase of a significant 3 year investment in our computer software infrastructure, completed our seventh triennial registration of wool classers, continued the development of the e-Bale project and continued to maintain the full range of daily and weekly services to all members and all customers.

AWEX is a small company that continues to deliver, a hallmark throughout our history.

Technology continues to play an enormous part of our services today and strategically for our future. The release of the first phase of the CRM software program has also introduced the wool classer gateway. The Wool Classer Gateway provides an interface between the wool classer and AWEX. Wool classer's can now log on through the AWEX website and complete their registration, change their contact details, receive clip inspection reports, access Boardtalk, reconcile their classing history and communicate directly with AWEX.

The Wool Classer Gateway (WCG) ushers in a new era of communication with wool classers. The WCG is an effective interface between the wool classer and AWEX and delivers greater efficiency, lower cost and a more reliable service than relying on traditional and diminishing postal services.

AWEX has for many years utilised 'tablet' technology as part of our everyday appraisal and clip inspection functions. AWEX has lead the industry in this area



and in the development of proprietary programs providing an interface between our appraisal systems and our corporate IT infrastructure. AWEX has licensed our tablet program to buyers and brokers seeking to increase their productivity.

In addition AWEX has introduced online functionality for brokers. The weekly pre-sale administration functions can now be entered online by the broker rather than telephone and fax. AWEX is continuing to march towards automated systems to improve efficiency and productivity as well as reducing the double handling of information.

Other developments initiated by AWEX include the final release of our second App, 'The Sheep Breed Compendium'. This now replaces the popular hard copy version and provides AWEX with another flexible and readily updatable educational/information app. The app is free and is available on all devices including smart phones and tablets.

For the second year AWEX conducted a live auction sale at the Sydney Royal Easter Show (SRES). Conducting the sale at the SRES gives all



patrons a taste of the wool industry – in the one location patrons can experience the total wool industry including exhibits of some of the best stud sheep, shearing demonstrations, fleece competitions, AWEX TAFE National Graduate Wool Classer Competition, 'live' commercial wool auction, processed wool and wool garments. The active involvement of the SRES and industry has helped make this event a success.

The 'live' commercial auction attracts a great deal of interest and AWEX's purpose built Display Screen is very popular. Displaying the traded turnover is a stark reminder of the significant size of the wool industry and the contribution it makes to the Australian economy. The auction is possible due to AWEX's strategic

investment in infrastructure. Auction sales could be held anywhere, any time.

As if to demonstrate this clearly AWEX also conducted a 'live' commercial wool auction at the IWTO Congress held in Sydney. The sale was held in the Four Seasons Hotel, Circular Quay, Sydney. The audience on this occasion included international delegates with proud Australian wool growers and the atmosphere created by the auction was overwhelmingly positive. Again it demonstrated the level of professionalism in the Australian wool industry, the strength of AWEX's IT platforms and the ability of the wool industry to work together. In addition AWEX Sponsored Alex Willson, Goulburn, as a Young Professional to attend the IWTO Congress. Alex is



CEO's Report (cont.)

a wool classing trainer as well as a wool grower and has a passion for wool. It was a great opportunity for Alex to learn and network with international delegates from all facets of the wool supply chain.

The National Graduate Wool Classer Competition once again brought together the best wool classing graduates from across Australia. A feature of this year's competition was South Australia having their first entrant in the national competition. This is the FIFTH running of the competition which showcases the skills of the wool classer. This year's winner and place getters were:

1st Place & Golden Stencil
Audra Field, NSW

2nd Place & Silver Stencil
Ayla Young, NSW

3rd Place & Bronze Stencil **Chris Hvass, NSW**

AWEX's annual Wool Trainer Training Day was held in Wagga Wagga, NSW. Each year AWEX conducts a learning and calibration program for all trainers across Australia as part of their professional development. The event presents a valued opportunity to discuss industry and training issues with AWEX and with each other. Industry calibration is essential to ensure that wool classers across the country are all 'singing from the same hymn sheet'.

There have been extensive changes to training funding in all states over the last two years and the restructuring of TAFE has had its impact with a loss of training experience and a reduction

in locations where wool classer training is offered. In practical terms the cost of training has increased significantly so much so that student numbers have tapered off as they prioritise their future education needs. The industry remains concerned about where the future skills of the industry will come from.

AWEX has improved our engagement with wool classers, brokers and wool growers in recent years, mainly as the 'wool pack ombudsman'. AWEX encourages the registering of complaints regarding wool pack quality as part of an immediate feedback and response mechanism for all parties. In another example of how important and integral technology is in the wool industry, complaints are accompanied by photographic evidence that supports the complaint and assists AWEX and the manufacturer to trace how/where the problem occurred and more importantly what will be done to ensure the problem is resolved.

AWEX communicates directly with wool pack manufacturers regarding any quality complaint. In most cases AWEX receives an immediate acknowledgement from the



manufacturer and this is followed up with a formal response over the next 48–72 hours. Manufacturers understand the need to produce a quality product i.e. fit for purpose, and this includes on farm, during transportation, in the warehouse and through dumping. The feedback from the Australian community is a key factor to improving the wool pack quality assurance program.

Wool classer registration for the 2016-18 period was completed earlier in the year. Online registration of wool classers continues to gather momentum but is limited by the availability of stable internet connections for our more remote rurally based classers. The trend of declining registration numbers continued but it is pleasing to report that the decline of 11.25% was lower than expected given the difficult seasons and market prices experienced for significant portions of the industry over the last triennium.

As rain continues to fall across most of Australia there is optimism of increased production, albeit be increases in cut per head, as well as better lambing percentages. The outcome of these factors on wool



production, combined with a stronger wool market, will evolve, however, wool growers now have a more attractive proposition to consider in their farming enterprise.

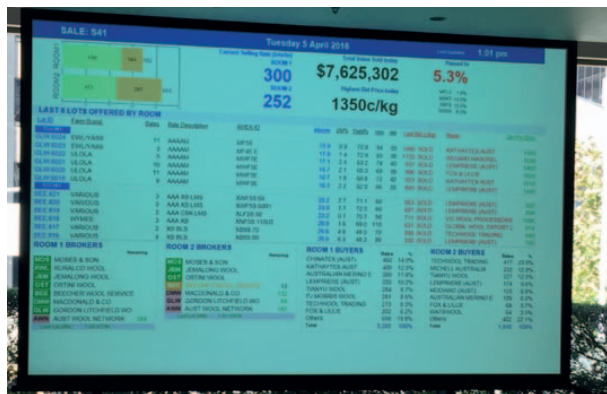
AWEX introduced the National Wool Declaration (NWD) in 2008 and the on-farm Integrity Program in 2010. The message about the commercial interest in the NWD from Exporters, Processors and Retailers is starting to resonate with wool growers. In 2015/16 the adoption of the NWD reached 55%. This is the first time the adoption rate has surpassed 50% and is a significant milestone. Equally, there remains 45% of wool that is yet to be declared. This is a challenge for the industry and a high priority for AWEX.

AWEX, in consultation with industry, is currently reviewing the NWD to ensure that it remains relevant and

can meet the needs and interests of our wool industry customers. The review is also developing a sustained communication and extension program to target the increase in its adoption. The AWEX Board continues to urge the industry to improve the uptake of the NWD, the understanding of the NWD and improve the compliance rate.

As reported last year, following extensive consultation with and input from industry, the AWEX Board approved changes to the minimum bale weight for non-speciality wool bales. From the 1st January 2016, the minimum bale weight increased from 110kg to 120kg. Whilst this change may seem small it is significant. I am pleased to report that the change has been embraced by industry.





and, as part of the Board, has met each one head on. Don's advice and counsel have been highly valued by the Board and senior staff. On behalf of Members, staff, previous Directors and CEO's, I would like to thank Don for his significant contribution to AWEX.

Secondly, Dr John Keniry AM. John joined AWEX as Chair in 2010 and immediately had an impact as we identified and planned to address the strategic challenges facing AWEX. John was instrumental in securing a funding source for the NWD-IP and other quality assurance programs through the bale label; supporting the ongoing investment in AWEX's IT infrastructure and recognising that a key strategy for AWEX's future was the adoption of new and innovative technologies such as e-Bale. As CEO I have the utmost respect for John, I value his support and acknowledge his strong support of all AWEX staff. John has never been one to shy away from a challenge and in six short years John has left an indelible mark on AWEX.

In addition, two of AWEX's senior staff retired in 2016: David Aslett (Western Region) and David Williams (Southern Region). Their tireless service and friendship for over 21 years will be missed. I would like to also recognise the contribution of AWEX staff. Working for AWEX can be challenging and the commitment shown by staff to providing services to the Australian wool industry is what makes AWEX a success. Their input and understanding of the industry and our members is unsurpassed. Thank you to our staff for their support during 2015/16 and beyond.

Finally, on behalf of the AWEX Board, Management and staff I sincerely thank our Members for their ongoing

support, contribution and constructive comments throughout the year. We continue to be conscious of our role and responsibilities and our members are central to these.

Thank you.



Mark Grave
CEO

October 2016



Vale: Robert Allan Farrar

Former AWEX Chairman, Robert (Allan) Farrar AM, passed away on 16th October 2016 after a short illness.

Allan, as he was known in the wool industry, served as AWEX Chairman from 2001 – 2010. Allan is AWEX's longest serving Chairman and he presided over AWEX during one of the company's most challenging periods.

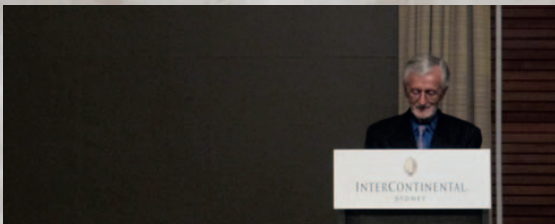
Allan had an extensive and distinguished career in agriculture, principally through the wool industry. He also had a long association and commitment to serving with the Royal Agricultural Society of NSW.

Allan will be remembered for his ability to communicate with people from all walks of life and harness their potential to achieve a common goal. Allan's personal qualities were based on respect and understanding. He respected those he met and in return was respected for his views.



Allan was awarded the Member (AM) in the General Division of the Order of Australia in the 2016 Queen's Birthday Honours.

Allan is survived by his wife Sandra, two daughters Robbie and Mandy and their respective extended families.



operations report 2016



Operations Report

AN INDUSTRY IN PROGRESS

AWEX has an ongoing commitment to work with industry to develop systems and services that benefit all stakeholders now and in the future. The adoption of current and emerging technologies will continue to play an important role in the future of the wool industry and of AWEX.

In the coming years, technology will deliver greater efficiencies, more information and be the conduit to enhance communication and extension throughout the wool pipeline. It is to be embraced.

e-BALE

AWEX has funded research and development on the use of Radio Frequency Identification (RFID) tags on wool bales for two decades. The concept of being able to identify and track individual bales from farm through to processor could deliver potential benefits to the wool pipeline.

The electronic identification of wool bales (e-Bale) is a complex project that starts with identifying an appropriate technology for tracing wool bales through the difficult, industrial wool pipeline.

The RFID tag solution must be robust and meet operational criteria, such as:

- Being capable of being read on farm, in the shearing shed,
- Being able to survive the wool press and transportation,
- Being durable for use in a warehouse that involves multiple handling processes including multiple fork lift movements and core/grab sampling,
- Being able to survive the wool dump and containerisation. In AWEX's 20 year involvement with RFID technology, the dump has

been the single biggest point of technology failure, and

- Being affordable. At all stages through this project AWEX has been mindful that any industry solution that meets the operational requirements must be affordable.

The first phase of the e-Bale project identified an RFID tag and associated technology that AWEX is confident can meet all of the above criteria. Indeed, it has been successfully demonstrated from the shearing shed, in transit, in a warehouse, through dumping, shipping and at overseas processing mills.

Over the last two years AWEX has been fortunate to have been supported by industry participants as we have investigated the technology and how this might develop. We are very appreciative of the input we have had from the wool growing community who have been willing participants in the trialling of the RFID in wool packs. We also recognise the significant contributions, both in financial and in-kind terms, particularly from AWH Ltd but also from Moses and Son P/L, Elders Rural Services, New England





Wool P/L, Tianyu Wool P/L, Zhangjiagang Yangtse Wool Combing P/L, Lempriere Aust P/L, Michell Wool P/L and Modiano Australia P/L and their affiliated European processing mills.

This is the background to e-Bale, and now the next phase of the project begins.

In recent months, wool growers and wool brokers have assisted AWEX with trialling RFID tagged bales and recording wool information in the shearing shed using the tags in combination with 'WoolClip', AWEX's wool classer software program.

The ability to record and forward accurate information from the farm to the wool selling agent can provide potential efficiencies, with reduced waiting times, less handling and reduced errors in documentation.

e-Bale is more than just an RFID tag in a wool pack. Potentially e-Bale offers any stakeholder in the wool pipeline the potential of tracking their wool through the supply chain: from farm through to the end user.

The next steps:

- AWEX has completed demonstration trials into China and made presentations to the Nanjing Wool Conference to ensure the largest buyers of Australian wool are cognisant of the potential benefits of the technology.
- AWEX is proposing to establish model wool stores where the technology will be demonstrated to industry,
- AWEX will continue to develop 'WoolClip' to enhance its capabilities and make it more user friendly on farm and in warehouses, and
- AWEX will commence an awareness and extension campaign to ensure that all stakeholders including wool growers, brokers, exporters and processors are fully aware of the project and have the opportunity to observe the technology in action and have all of their questions answered.

e-Bale is a significant project for AWEX and the industry.



We welcome industry interest, industry involvement and industry support. It will be industry involvement that will help shape the e-Bale project.

APPS

During the last 18 months, AWEX has developed two new Apps. The first, the Bale Weight Calculator, was developed in recognition that the industry needed a tool to assist wool classers and wool pressers in the shearing shed. The change made to the minimum bale weight (120 kg) was also a motivator.

In conversations with wool classers, contractors, wool growers and wool brokers, it was established that whilst a wool classer cannot be sure if they had access to an experienced wool presser or not, close to 90% of people today have a smart phone. AWEX wanted to use technology to help 'get the message out'. The App is free.

The second and more recent App is the Sheep Breed Compendium (SBC). AWEX first produced this as a printed booklet. It proved very popular with wool classers, wool growers and schools. There is a real cost to producing this as a booklet and maintaining this as a resource, and today booklets are not as portable as a smart phone.



Operations Report (cont.)



The Sheep Breed Compendium contains photos as well as valuable information about the breeds of sheep in Australia including the characteristics of their wool and their pigmented and medullated fibre risk; the App seemed a logical and progressive choice. This App is also free.

Both Apps are available for i-phone and android applications. The SBC is also available for i-pad and tablet devices.

AWEX also recognises that technology is a critical tool in educating and engaging the next generation of wool industry people.

AWEX SYSTEMS

AWEX has always invested heavily in technology. Much of this is attributed to gaining internal efficiencies and ensuring that AWEX has the capability to provide services now and in the future.

Recent technology developments have also provided greater empowerment to the user: the wool grower, contractor, wool classer and wool broker.

The AWEX Gateway has been developed to be used in the following ways:

- Wool Classers have an individual secured login where they can look at their clip inspection reports, update their details, receive the Boardtalk journal or contact AWEX, and
- Selling Brokers can enter their weekly selling estimates and selling arrangements online.

The AWEX Gateway will only grow in the level of access and information available to all wool industry stakeholders.

It is important that the wool industry doesn't stand still and that we are prepared to innovate and invest in the future.

THE MARKET

The Australian wool market sustained strong market conditions during 2015/16. The benchmark AWEX-EMI opened at a 1250 c/kg clean and steadily improved during the year averaging 1254 c/kg clean. The market finished with the AWEX-EMI at 1297 c/kg clean. Compared to 2014/15 the AWEX-EMI averaged just over 150 c/kg clean higher however superfine wool of less than 18 micron did not benefit to the same extent from the strong market conditions.

A highlight of the market over the year was that the AWEX-EMI varied less than 150 c/kg clean from its highest point to its lowest point with the long term trend steadily higher.

A key factor during the season was the regular supply of wool on to the market with only two weeks of the 46 sale weeks exceeding 50,000 bales offered. The majority of sale weeks offered between 30,000-50,000 bales nationally and only five weeks between 20,000-30,000 bales.





Season	Offered	Sold	Passed-in	PI%
2014/15	1,954,834	1,800,549	154,275	7.89%
2015/16	1,801,512	1,652,727	148,785	8.25%
Change	-7.84%	-8.20%	-3.55%	

Auction statistics: Bales

WOOL PACKS

During the year Carding wool generally held its record high prices achieved in 2014/15, however, the prices for Crossbred wool eased.

Australia's wool production forecast was revised to 325mkg for 2015/16 and the estimate for 2016/17 has been left unchanged. Expectations are positive for the season given recent rains across Australia.

The Australian wool market is tightly monitored with approximately 35,000 customers, 17,000+ wool classers and countless thousands of people that interact with the wool industry every day of each week, every year. These people are the eyes and ears of AWEX in the industry who actively provide feedback on the quality of wool packs on-farm, warehouses and dumps.

The feedback (complaints) received are valuable insight into the performance of each wool pack brand in the market place. Over the last five years or so, the Australian wool industry has taken up AWEX's challenge of providing direct feedback on the quality of their wool packs.

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

Importantly, concerns must be backed up with photographic evidence but with today's technology and the saturation of smart phones this doesn't present a problem, on the contrary it presents an opportunity. A substantive and real benefit of the rapid improvement in technology.



Operations Report (cont.)

The result is that Australia has a direct and responsive system where on-farm concerns are dealt with efficiently and effectively, culminating in changes to the production process of wool packs. AWEX works with manufacturers to ensure that they implement quality programs to educate and train their staff. It is important that they appreciate that the humble wool pack has a very specific purpose and it must meet the needs of all users.

The wool pack market is very competitive and in 2016/17 seven manufacturers produce wool packs for Australia, down from ten in 2015/16.

Wool packs are produced in China, South Korea and Vietnam.

As reported earlier in this Annual Report the number of bale labels sold, and therefore wool packs imported, was at a similar level to 2014/15 – the 2,000,000+ wool packs imported is seemingly well in excess of reported wool production estimates. This leads to a highly competitive market and wool growers have been the beneficiaries of sustained low prices – even with the AUD-USD exchange rate at \$0.75.

It is hard to see how this high volume will be sustained but seasonal conditions over the last 12 months have generally been wet and this augurs well for an increase in wool production in 2017.

The changes to the wool pack standard in 2014 have been fully implemented with near 100% saturation.

WOOL CLASSER REGISTRATION 2016-18

Registration of wool classers for the 2016-18 triennium has been completed.

The registration opened on 1st October 2015, when all 19,200 existing wool classers were invited to re-register. This triennium AWEX introduced a change to the registration with the new stencils and stamps not carrying a date. The intention is to reduce the cost of registration as stencils and stamps can generally last longer than the three year period. In the future wool classer registration will not include a new stencil unless it is requested. Stencils and stamps can in the future be ordered at any time, or as needed, by contacting AWEX.

AWEX expected a reduction in the number of wool classers, similar to the past 5 registration periods. Currently the reduction is in the order of 10% with just over 17,100 wool classers registered for 2016-18.



To support the introduction of the change to the wool classers stencil AWEX has developed and released a batch validation service for brokers to validate their stencils prior to a catalogue being transmitted. This service is also available to wool growers and contractors wishing to validate whether a wool classer is registered.

AWEX continues to investigate ways it can improve services to wool classers and control the costs of maintaining the registration scheme.



WOOL FORUMS

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

AWEX is grateful for the support that it receives from the key note speakers and in particular the active involvement of exporters. The 'TRADEtalk' session of each Wool Forum has continually proven to be the most popular session as it is an open and candid exchange between exporters and wool classers/wool growers. It can be a robust discussion.

This year AWEX introduced a new range of key note speakers including John Harper speaking on Mental Health. This was well received and resonated with the audience with many seeking assistance from John following the presentation.

AWEX remains committed to this program and it is one of our most effective extension activities. Attendances have been very strong with over 300 people attending the Wool Forms.

Wool Forums this year were held at:

Location

KATTANNING, WA

ARMIDALE, NSW

BENDIGO, VIC

NARACORTE, SA

COOMA, NSW

The 2017 Wool Forum program will be released in January.



Operations Report (cont.)



MASTERCLASSER

AWEX offered the Masterclasser professional development course in Melbourne. The course was well attended bringing people from as far as Queensland down to Melbourne for the week.

The course includes:

- a) a full day on effective communication skills and understanding how people work as a team, and
- b) touring the AWTA laboratory,
- c) visiting Victoria Wool Processors factory, and
- d) meeting with buyers and brokers.

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

WOOL PIPE LINE TOUR

This year AWEX offered a Wool Pipe Line Tour for the first time.

This was promoted as an opportunity targeted at growers and wool classers to go behind the scenes and discover how wool is processed once it leaves the farm. This was a great opportunity to get a close first-hand look at wool as it goes through receipt at a warehouse, testing, selling, dumping and processing.

The success of this event will lead to further events in the year to come.

REGISTRATION REVIEW COMMITTEE (RRC)

The RRC again met to review the performance of wool classers in 2015/16. This committee is an important part of AWEX's review process and the AWEX Board take great interest in the outcomes of the meeting referred to them.

The RRC makes recommendations to AWEX on appropriate actions to be taken where there are concerns about classing performance, or a breach of registration rules.

The committee makes recommendations to the AWEX Board and Management on appropriate actions.



NATIONAL WOOL DECLARATION INTEGRITY PROGRAM

AWEX initiated the NWD in relation to Mulesing Status in 2008 with on farm inspections commencing in 2010. Until 2014/15 the participation rate ranged between 37-44%. The participation rate in 2015/16 increased to 55%. This increase is significant. The additional support received from industry, in particular brokers and exporters, reflects the increase in awareness and interest from our international customers.

The NWD is fast becoming a required piece of wool information. At the Nanjing Wool Conference the NWD and mulesing status was discussed openly, often by buyers and processors who had not previously engaged in the discussion.

AWEX now provides a certification service for exporters and customers. Buyers are enquiring about the declaration weekly and many keep records for their customer base.

AWEX launched an awareness campaign “Declaring what the world’s demanding” in January and recruited 12 of our top buyers and overseas processors to provide testimony. The campaign also customised brochures for each broker and the results have been outstanding.

YTD 2016/17 the adoption rate has increased from 55% to 59.5% and looks like it will continue.

National Wool Declaration Adoption Rates from Aug 2008 to May 2016, all breeds and wool types, first-hand offered

Bales	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
%Clip Decl.	38	37	42	44	45	43	50	55
%NM CM PR	9	12	17	20	22	22	29	35
%NM	3	4	6	6	6	6	7	9
%CM	3	3	3	2	2	2	3	3
%PR	3	5	8	12	14	14	19	23
%Mulesed	29	25	25	24	23	21	21	20
%ND	62	63	58	56	55	57	50	45
%Total	100	100	100	100	100	100	100	100
Total Bales	1,416,656	1,467,058	1,589,514	1,456,151	1,598,009	1,452,077	1,617,165	1,487,894

NM = Non Mulesed, **CM** = Ceased Mulesing, **PR** = Mulesed *with* Pain Relief, **Mulesed (M)** = Mulesed *without* Pain Relief,
ND = Not Declared, mulesing status unknown.



Operations Report (cont.)

SYDNEY ROYAL EASTER SHOW AND IWTO WOOL SALE – 2015/16

AWEX is currently reviewing the NWD to ensure its relevance and to encourage the support of stakeholders. The outcomes of the review will be tabled for the consideration of the AWEX Board.

Key issues remain the development of a communication and extension campaign to accelerate the understanding and adoption of the NWD and the introduction of new pain relief products. The NWD continues to evolve.

AWEX continued to demonstrate the strength and flexibility of its IT infrastructure as the industry showcased the auction sale at two high profile and key industry events.

The sale ran smoothly, without a hitch, and was acclaimed by all in attendance.

The popular 'Live Display Screen' again showed how the industry has embraced technology but the key item of interest is the aggregate dollar turnover figure which highlights that the industry is still economically significant.



Number / Percentage Correct Desk Audits from 2008/09 to 2014/15 and July 2015 - June 2016 based on individual NWDs for a property / brand

Region	Desk Audit Periods	No. Audits	No. Incorrect	% Incorrect	No. Data Entry Incorrect	% Data Entry Incorrect
North	1 July 14 – 6 Feb 15	286	46	16	40	14
	1 May 15 – 10 Jul 15	90	11	12	9	10
	1 Nov 15 – 30 Jun 16	242	21	9	2	1
South	2 July 14 – 6 Feb 15	298	80	27	70	23
	1 May 15 – 10 Jul 15	85	15	18	9	11
	1 Nov 15 – 3 Jun 16	301	33	11	5	2
West	3 July 14 – 6 Feb 15	55	33	60	32	58
	1 May 15 – 10 Jul 15	16	6	38	5	31
	1 Nov 15 – 30 Jun 16	81	20	25	3	4
Total	3 July 14 – 6 Feb 15	639	159	25	142	22
	1 May 15 – 10 Jul 15	191	32	17	23	12
	1 Nov 15 – 30 Jun 16	624	74	12	10	2



the market in review 2016

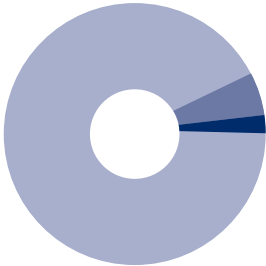


The Market in Review

Top 15 Export Destinations 2015-16 (Excluding Sheep Skins)

Destination		Greasy Equivalent Kg (Mkg)	% Change	% of Total	Value AUD \$ (Millions)	% Change
1	China	237.0	-12	70.8	2,033.5	1
2	India	24.6	4	7.3	215.3	17
3	Korea, <i>Republic of</i>	17.6	32	5.3	127.5	57
4	Czech Republic	15.0	-9	4.5	120.1	-2
5	Italy	15.0	1	4.5	159.1	11
6	Malaysia	4.8	-44	1.4	39.7	-39
7	Egypt	3.8	15	1.1	38.1	27
8	Taiwan	2.8	-9	0.8	22.9	-5
9	Japan	2.7	6	0.8	20.5	42
10	Thailand	2.2	-42	0.7	20.1	-36
11	Germany	2.1	32	0.6	16.2	43
12	United Kingdom	1.6	-3	0.5	12.4	11
13	USA	1.2	-13	0.4	11.6	23
14	Iran	1.1	-19	0.3	10.6	5
15	Turkey	0.7	-14	0.2	5.3	3
16	Others	2.6	-7	0.8	19.5	11
		334.7			2,872.4	

Export Summary by Class (% of mass Kg)



Greasy		93.1
Carbonised		4.9
Scoured		2.0
Tops		0.0
Total		100.0



Micron Price Guides: 2015/16 season performance

17 micron



2013/14 Close	1524
2014/15 Close	1538
	+14 (+0.9%)

	2013/14	2014/15	2015/16
Season Maximum	1457	1627	1583
Season Average	1328	1331	1511
Season Minimum	1215	1218	1385

20 micron



2013/14 Close	1348
2014/15 Close	1460
	+112 (+8.3%)

	2013/14	2014/15	2015/16
Season Maximum	1296	1521	1475
Season Average	1187	1200	1360
Season Minimum	1077	1095	1227

23 micron



2013/14 Close	1276
2014/15 Close	1395
	+119 (+9.3%)

	2013/14	2014/15	2015/16
Season Maximum	1248	1396	1449
Season Average	1158	1153	1320
Season Minimum	1040	1081	1195

28 micron



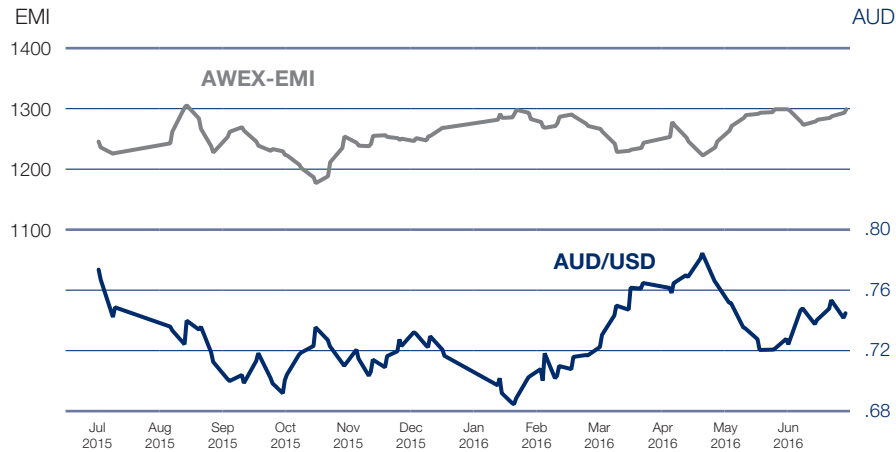
2013/14 Close	928
2014/15 Close	777
	- 151 (-16.3%)

	2013/14	2014/15	2015/16
Season Maximum	694	978	954
Season Average	664	769	844
Season Minimum	637	639	772



The Market in Review (cont.)

AWEX Eastern Market Indicator 2015-16



Merino Carding Indicator



2013/14 Close	1097
2014/15 Close	1080
	-17 (-1.5%)

	2013/14	2014/15	2015/16
Season Maximum	874	1134	1156
Season Average	816	884	1088
Season Minimum	771	764	1004



Micron Price Guides – seasonal high/low/averages

NATIONAL			HIGH				LOW	AVERAGE		
EMI	13 Aug 15		1304	EMI	15 Oct 15		1169	EMI	1254	
NORTH			HIGH				LOW	AVERAGE		
Ind.	26 May 16		1327	Ind.	15 Oct 15		1198	Ind.	1279	
165	19 May 16		1600	165	15 Oct 15		1460	165	1536	
17	18 May 16		1583	17	15 Oct 15		1419	17	1518	
175	18 May 16		1576	175	15 Oct 15		1407	175	1504	
18	25 May 16		1558	18	15 Oct 15		1401	18	1485	
185	18 May 16		1535	185	15 Oct 15		1358	185	1456	
19	12 May 16		1511	19	15 Oct 15		1286	19	1414	
195	26 May 16		1483	195	15 Oct 15		1249	195	1383	
20	30 Jun 16		1462	20	15 Oct 15		1229	20	1360	
21	30 Jun 16		1449	21	15 Oct 15		1216	21	1347	
22	30 Jun 16		1428	22	15 Oct 15		1207	22	1333	
23	6 Apr 16		1386	23	21 Oct 15		1211	23	1324	
24	6 Aug 15		1252	24	8 Oct 15		1183	24	1224	
25	17 Sep 15		1194	25	4 Feb 16		1051	25	1107	
26	17 Sep 15		1145	26	3 Feb 16		960	26	1034	
28	10 Sep 15		948	28	27 Apr 16		772	28	846	
30	3 Sep 15		897	30	21 Apr 16		669	30	770	
32	3 Sep 15		762	32	29 Jun 16		562	32	664	
MC	27 Jan 16		1152	MC	8 Jul 15		1004	MC	1083	
SOUTH										
Ind.	13 Aug 15		1292	Ind.	15 Oct 15		1151	Ind.	1238	
165	11 Feb 16		1578	165	15 Oct 15		1406	165	1513	
17	17 Feb 16		1569	17	15 Oct 15		1385	17	1503	
175	12 May 16		1557	175	15 Oct 15		1378	175	1490	
18	26 May 16		1541	18	15 Oct 15		1373	18	1473	
185	26 May 16		1520	185	15 Oct 15		1340	185	1446	
19	26 May 16		1504	19	15 Oct 15		1283	19	1409	
195	26 May 16		1474	195	15 Oct 15		1246	195	1381	
20	30 Jun 16		1458	20	15 Oct 15		1227	20	1358	
21	30 Jun 16		1444	21	15 Oct 15		1213	21	1345	
22	30 Jun 16		1431	22	15 Oct 15		1203	22	1333	
23	29 Jun 16		1395	23	14 Oct 15		1195	23	1316	
24	15 Jun 16		1321	24	21 Oct 15		1154	24	1231	
25	30 Jun 16		1201	25	2 Feb 16		1055	25	1104	
26	24 Sep 15		1143	26	24 Feb 16		955	26	1035	
28	10 Sep 15		954	28	21 Apr 16		772	28	843	
30	10 Sep 15		892	30	30 Jun 16		669	30	766	
32	16 Sep 15		748	32	15 Jun 16		568	32	652	
MC	21 Jan 16		1156	MC	8 Jul 15		1043	MC	1092	
WEST										
Ind.	30 Jun 16		1393	Ind.	15 Oct 15		1205	Ind.	1313	
175	12 May 16		1548	175	14 Oct 15		1353	175	1459	
18	12 May 16		1533	18	14 Oct 15		1328	18	1439	
185	12 May 16		1522	185	14 Oct 15		1316	185	1423	
19	12 May 16		1497	19	14 Oct 15		1276	19	1400	
195	12 May 16		1473	195	15 Oct 15		1247	195	1378	
20	30 Jun 16		1463	20	14 Oct 15		1232	20	1358	
21	30 Jun 16		1446	21	15 Oct 15		1211	21	1337	
22	30 Jun 16		1426	22	15 Oct 15		1202	22	1323	
23	18 Feb 16		1366	23	19 May 16		1359	23	1363	
MC	21 Jan 16		1149	MC	8 Jul 15		1007	MC	1078	



Members as at 30 June 2016

TRADING MEMBERS

A.R. Rhodes & Co. (Wool) Pty. Ltd.	(Australia) Pty Ltd	Stockwool Pty Ltd
A.S. Gedge (Aust.) Pty. Limited	Goldex Corporation Pty Ltd	Swan Wool Processors Pty Ltd
ACF Wool Traders	Gordon Litchfield Wool Pty Ltd	T20 Enterprises Pty Ltd
Australia Beyond Investment Pty. Ltd.	H. Dawson Sons & Co. (Aust.) Pty. Limited	Taiyuan International (Australia) Pty. Limited
Australian Wool & Pastoral Agency Limited	Hodge Wool Pty. Ltd.	Techwool Trading Pty. Ltd
Australian Wool Network Pty Limited	Kathaytex Pty Limited	The New Zealand Merino Company Limited
Australis Wool Pty Ltd	Landini & Co	The Trustee For B Proud Family Trust
Aztech Investments Pty Ltd	Lempriere (Australia) Proprietary Limited	The Trustee For Jemalong Wool Unit Trust
B A Moses Pty Ltd	Michell Wool Pty Limited	The Trustee For Westcoast Wools Unit Trust
Barwon And Yarra Valley Wool Brokers Pty. Ltd.	Modiano Australia Pty. Limited	Tianyu Wool Pty Ltd
Beecher Wool Services	Montgomery Family Trust	Tradeswool Country Woolbuyers Pty. Ltd.
Bryton Wool	Natsun Australia Pty Ltd	Tradeswool Pty Ltd
Chinatex (Australia) Wool Co Pty Ltd	New England Wool Pty. Ltd.	Victoria Wool Processors Pty Ltd
Coggan Wool	Ostini Wool Pty. Limited	Watswool Pty. Ltd.
Conn Wool Proprietary Limited	P.J. Morris Wools Pty Ltd	Weddin Wool Services
Dalgety Wool Exports	Peter Scanlan Wools	Williams Wool Export Pty Ltd
Don Belgre Pty Ltd	Pioneer Wool Pty Ltd	Wool Agency Co Pty Ltd
Don Macdonald & Co Woolbrokers	Quality Wool Pty Ltd	Yangtse (Australia) Pty Ltd
Donghai Australia Pty Ltd	Riverina Wool Trust	Yarra Wool
Dyson Jones Wool Marketing Services	Ruralco Holdings Limited	Yeoward & Co
E.P. Robinson Pty. Limited	S & G Cotton Australia Pty Ltd	Zhong Long International Pty Ltd
Elders Rural Services Limited	Saunders Wool Pty Ltd	
Fletcher International Exports Pty Ltd	Seagard Masurel (Australia) Pty Ltd	
Fox & Lillie Pty. Ltd.	Spearwood Wool	
Fremantle Wool Trading Company Pty Ltd		
Global Wool Export		





ASSOCIATE MEMBERS

Australian Wool
Innovation Limited
Department of Agriculture
& Food - WA
The Australian Superfine
Woolgrowers Association Inc

GROWER MEMBERS

Amberedge Pty Ltd	The Mutooroo Pastoral
Autumnvale Pastoral Company	Company Proprietary Limited
Bickleigh Hillburn Pty Ltd	Twynam Pastoral Co Pty Ltd
Bloomfield Pastoral Company	WoolProducers
Carnbrae Harden	Australia Limited
Pastoral Co	Yarrabee Grazing Co
Cavanagh Partnership	
D D & A J Long	
GW & RJ Bridgman	
Hamblin & Co	
IK, MJ & CLK McIvor	
Kentucky Pty. Limited	
Kildara Pastoral Co	
KM & YC Gill	
MI & ME Zell	
Mr Ian Aubrey	
Mr Ian Burbury	
Paling Yards Trading Co.	
Phil O'Brien Wool Pool	
Richardson Family Trust	
Stonehouse Grazing	
Terlinga Partnership	



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 an Audit Committee which has formal terms of reference. Details of committee members and the number of meetings attended are set out in the following pages.

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

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 Committee, which monitor and advise the Board on management, finance and expenditure policies and oversee the external financial statement audit process; the Remuneration Committee, which monitors and advises the Board on issues relating to policies as well as remuneration for AWEX staff.

8. ENCOURAGE ENHANCED PERFORMANCE

The Board annually reviews the performance of Directors. The Chairman overviews the performance of the CEO annually. Reviews for all staff, including senior management are also carried out each year.

9. REMUNERATE FAIRLY AND RESPONSIBLY

Details of Directors and Key Management Personnel are set out in note 17 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 has developed a code of conduct for staff and directors. The code gives all staff and directors a best practice guide to conduct.



Directors' Report

Your Directors submit their report for the year ended 30 June 2016.

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 *Until 23rd November 2015*

Andrew Basire

Andrew Blanch *Appointed 23rd November 2015*

Richard Halliday

Malcolm L Hunt

Martin J Moses

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

Principal Activities

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

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

Short-term and Long-term Objectives

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

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

Strategies

The Australian Wool Exchange achieves these objectives by offering:

- Quality Assurance Programs;
- Market Information,
- Appraisal,
- Clip Inspection, 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;
- Manage wool pack quality; and
- Management of registration of Wool Classers.

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




Key Performance Indicators

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





	2016 Actual %	2016 Benchmark %	2015 Actual %	2015 Benchmark %
Percentage of revenue provided by:				
Quality Activities	68	68	69	66
Commercial Activities	24	25	24	26
Project Activities	1	1	1	1
Investing Activities	7	6	6	7
Percentage of expenditure spent on:				
Quality Activities	75	74	73	72
Commercial Activities	19	21	21	23
Project Activities	6	5	6	5
Investing Activities	0	0	0	0
Work Health & Safety				
Number of lost time injuries	0	0	0	0



Directors' Report (cont.)

DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
Dr J S Keniry AM Director from 26/11/2010 	BSc (Hons 1), Physical Chemistry, University of NSW PhD, Chemical Engineering, University of Cambridge Fellow, Royal Australian Chemical Institute Fellow, Australian Academy of Technical Sciences & Engineering Fellow, Australian Institute of Company Directors Woolgrower	Director and Chairman, Sydney Institute of Marine Science Commissioner, Natural Resource Commission of NSW Director, Lakelands Investments Pty Ltd t/as Kildara Pastoral Company	Chairman Chairman, Remuneration Committee
D M Watt Director from 25/1/2007 Director from 24/1/1996 to 17/11/2006 	LL.B - University of Western Australia	Director, Sharus Pty Ltd Director, Sanur Pty Ltd (Group) Director, Netherhill Pty Ltd	Deputy Chairman Chairman, Audit Committee Member, Remuneration Committee
A Blanch Director from 23/11/2015 Alternate Director from 3/4/2010 	B.AppSc (Agriculture) Hawkesbury Agricultural College	Managing Director, New England Wool Pty Ltd Managing Director, New England Wool Holdings Pty Ltd	Member, Audit Committee




DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
M D Avery Director from 4/12/2009 to 23/11/2015 	B.AppSc (Wool and Pastoral Sciences) University of NSW Graduate Member AIDC	Director, Southern Aurora Holdings Director, Australian Wool Testing Authority Limited Director, M A Consulting Pty Ltd	Member, Audit Committee Member, Membership Admissions Committee
A Basire Director from 28/11/2014 		Vice President, Private Treaty Wool Merchants Association Director, Spearwood Wools Pty Ltd	Nil
M Hunt Director from 28/11/2014 		Director, Elders Rural Services Australia Ltd Director, Livestock Markets Ltd Zone General Manager - South, Elders Ltd	Member, Remuneration Committee
R Halliday Director from 9/3/2015 		President, WoolProducers Australia Ltd Director, Australian Wool Testing Authority Ltd	Member, Audit Committee






Directors' Report (cont.)

DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
M J Moses Director from 1/12/2000 	Australian College of Professionals: Real Estate, Agency Operations, Property Management & Stock & Station Agent Woolgrower	Managing Director, B A Moses & Son Pty Ltd Director, Pinefarm Pty Ltd Director, Bluechip Livestock Director, Yennora Wool Brokers Director/Secretary, The Pinacles (Temora) Pty Ltd Director, Inland Woolbrokers Association Director, Merinolink Ltd	Member, Membership Admissions Committee

ALTERNATE DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
J H Colley <i>(Alt for M Hunt)</i> Alternate Director from 22/2/2016 Director from 25/11/2011 to 28/11/2014 	Registered Real Estate Agent Stock & Station Agent MAICD (Member Australian Institute of Company Directors)	Director, Australian Pastoral Investments Pty Ltd Director, Australian Wool Network Pty Ltd Director, National Council of Woolbrokers Association Chairman, Inland Woolbrokers Association Director, Arlia Pty Ltd Director, Jemina Pty Ltd Director, Colley Pty Ltd Director, AWN Property Pty Ltd Director, AWN Pastoral Pty Ltd	Nil

G Litchfield <i>(Alt for M Moses)</i> Alternate Director from 12/5/2015 	Director, Gordon Litchfield Wool Pty Ltd Committee Member, National Auction Selling Committee	Nil
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ALTERNATE DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
B Litchfield <i>(Alt for A Basire)</i> Alternate Director from 1/6/2015 Director from 25/11/2011 to 28/11/2014 Alternate Director from 22/6/2011 to 25/11/2011 	Australian College of Professionals: Real Estate, Agency Operations, Property Management & Stock & Station Agent Auctioneer WoolClasser	Director, Royal National Capital Agricultural Society President, Private Treaty Wool Merchants Australia Manager, Monaro Wool Services	Nil
E Storey <i>(Alt for R Halliday)</i> Alternate Director from 29/6/2015 	BEc, Sydney University	Vice President, WoolProducers Australia Ltd Director, Futter Park Pty Ltd Director, Livestock Biosecurity Network Pty Ltd	Nil
P Morris <i>(Alt for A Blanch)</i> Alternate Director from 22/2/2016 			Nil



Directors' Meetings

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2016, and the number of meetings attended by each director.

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

- Audit Committee;
- Remuneration Committee.

DIRECTORS	Board Meetings A/E	Audit A/E	Remuneration A/E
Dr J S Keniry AM <i>Chairman</i>	5 / 5	–	1 / 1
D M Watt	5 / 5	1 / 1	1 / 1
M D Avery <i>Until 23/11/15</i>	0 / 2	0 / 1	–
A Basire	5 / 5	–	–
A Blanch <i>Appointed 23/11/15</i>	2 / 2	–	–
R Halliday	5 / 5	1 / 1	–
M L Hunt	4 / 4	–	1 / 1
M Moses	5 / 5	–	–

ALTERNATE DIRECTORS

A Blanch <i>(Until 23/11/15)</i>	M D Avery	2 / 2	1 / 1	–
P Morris <i>(Appointed 22/2/16)</i>	A Blanch	1 / 1	–	–
E Storey	R Halliday	0 / 0	–	–
J Colley <i>(Appointed 22/2/16)</i>	M Hunt	1 / 1	–	–
G Litchfield	M Moses	0 / 0	–	–
B A Litchfield	A Basire	0 / 0	–	–

A = Attended, E = Eligible to Attend



COMPANY LIMITED BY GUARANTEE

The Australian Wool Exchange Ltd is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the constitution states that each member undertakes to contribute to the property of the company a maximum of \$5.00 towards meeting any outstanding obligations of the company. Whilst the Directors do not believe that any contribution will be required in the event of the company being wound up, the maximum collective liability of members at 30 June 2016 is \$490.00 (2015: \$525.00).

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' independence declaration as required under Section 60-40 of the Australian Charities and Not-For-Profits Commission Act 2012 (ACNC Act) is attached to this Directors Report.

Signed in accordance with a resolution of the directors.



Dr J S Keniry AM
Chairman



D M Watt
Director

Date: 24th August 2016



Auditor's Declaration

AUSTRALIAN WOOL EXCHANGE LIMITED

A.B.N. 35 061 495 565

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40
OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
(ACNC ACT)

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016
there have been:

- (i) no contraventions of the auditor independence requirements as set out
in the ACNC Act 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

Date: 24th August 2016

Liability limited by a scheme approved under Professional Standards Legislation



financial report 2016



Statement of Profit or Loss and Other Comprehensive Income

	Notes	\$ 2016	\$ 2015
Revenues from ordinary activities	2	4,085,842	4,138,152
Employee benefit expenses		(2,061,318)	(1,815,377)
Depreciation and Amortisation Expenses	3	(123,935)	(55,096)
Occupancy Costs		(285,916)	(286,183)
Other expenses from ordinary activities		(1,490,978)	(1,469,385)
Profit/(Loss) for the year before income tax expense	3	123,695	512,111
Income tax expense	1(b)	-	-
Profit/(loss) from ordinary activities after related income tax expense	16	123,695	512,111
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		123,695	512,111
Profit/(Loss) attributable to members of the entity		123,695	512,111
Total comprehensive income/(loss) attributable to members of the entity		123,695	512,111

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

	\$ Members' Reserves	\$ Retained Surpluses	\$ Total
Balance as at 30 June 2014	640,000	5,079,044	5,719,044
Profit attributable to the entity	0	512,111	512,111
Total other comprehensive income for the year	0	0	0
Balance as at 30 June 2015	640,000	5,591,155	6,231,155
Profit attributable to the entity	0	123,695	123,695
Total other comprehensive income for the year	0	0	0
Balance as at 30 June 2016	640,000	5,714,850	6,354,850

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



Statement of Financial Position

	Notes	\$ 2016	\$ 2015
CURRENT ASSETS			
Cash and cash equivalents	4	5,274,761	1,651,158
Receivables	5	151,236	120,757
Other current assets	6	104,172	154,081
Total Current Assets		5,530,169	1,925,996
NON CURRENT ASSETS			
Cash and cash equivalents	7	3,000,000	4,665,412
Property, Plant, Equipment & Leased Premises	8	1,671,520	1,134,631
Total Non Current Assets		4,671,520	5,800,043
TOTAL ASSETS		10,201,689	7,726,039

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



	Notes	\$ 2016	\$ 2015
CURRENT LIABILITIES			
Payables	9	148,481	319,073
Provisions	10	497,651	452,400
Other current liabilities	11	2,364,602	421,236
Lease Liabilities	12	122,654	117,936
Total Current Liabilities		3,133,388	1,310,645
NON CURRENT LIABILITIES			
Provisions	13	49,118	61,585
Lease Liabilities	14	664,333	122,654
Total Non Current Liabilities		713,451	184,239
TOTAL LIABILITIES		3,846,839	1,494,884
NET ASSETS		6,354,850	6,231,155
MEMBERS' FUNDS			
Members' Reserves	15	640,000	640,000
Retained Surpluses	16	5,714,850	5,591,155
TOTAL MEMBERS' FUNDS		6,354,850	6,231,155

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



Statement of Cash Flows

	Notes	\$ 2016	\$ 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers*		5,774,891	3,006,077
Payments to suppliers and employees		(3,975,864)	(3,479,553)
Interest Received		273,747	263,365
Net cash inflows / (outflows) from operating activities	21	2,072,774	(210,111)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(114,583)	(321,781)
Proceeds from sale of plant and equipment		-	-
Net cash inflows / (outflows) from investing activities		(114,583)	(321,781)
NET INCREASE (DECREASE) IN CASH HELD		1,958,191	(531,892)
Cash and cash equivalents at the beginning of the financial year		6,316,570	6,848,462
Cash and cash equivalents at the end of the financial year		8,274,761	6,316,570
Current	4	5,274,761	1,651,158
Non Current	7	3,000,000	4,665,412
Cash and cash equivalents at the end of the financial year		8,274,761	6,316,570

* Includes the receipt of Wool Classer triennium registration fees.

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 24th August 2016.

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 applying the not for profit sector specific requirements contained in AIFRS.

(a) Property, Plant & Equipment

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.

The cost of software also includes direct labour costs that are attributable to the asset. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

	2016	2015
Plant and Equipment	3-8 Years	3-8 Years
Software	3-10 Years	3-10 Years



Notes to the Financial Statements (cont.)

(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.

(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.

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



(f) Employee Benefits

Short-term employee benefits

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

(i) Superannuation

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

(ii) Number of employees at year end

	2016	2015
Permanent staff	15	14
Casual Staff	7	7
Total full time equivalent Staff	15.9	12.4

Other long-term employee benefits

Provision is made for employee's long service leave and annual leave entitlements not expected to be settled within 1 year after the end of the reporting period in which the employees render the service. Other long-term employee benefits are measured at the present value of the expected future payment to be made to employees. Expected future payments incorporate related on-costs. Upon the re-measurement of these obligations, the net change is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in the statement of financial position, except where the group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.



Notes to the Financial Statements (cont.)

(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.

(j) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses over the term of the lease.



(I) Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the company becomes party to contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost or using the effective interest method or cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

(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 or 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 and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provision of hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.



Notes to the Financial Statements (cont.)

The key changes that may affect the Company on initial application includes certain simplifications to the classification of financial assets, simplification to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial assets. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will have no impact on the Company's financial instruments.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

This standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

The directors anticipate that the adoption of AASB 15 will have no impact on the Company's financial instruments.



	Notes	\$ 2016	\$ 2015
2. REVENUE FROM ORDINARY ACTIVITIES			
<i>Operating activities</i>			
Joining Fees		16,000	8,000
Subscription Fees		61,152	63,692
Fees for Service*		3,734,332	3,798,365
Other Revenue		611	4,730
Interest Received		273,747	263,365
<i>Non-operating activities</i>			
Other Revenue		-	-
Total revenue from Ordinary Activities		4,085,842	4,138,152

* Includes the receipt of Wool Classer triennium registration fees.

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	123,935	55,096
Total Depreciation and Amortisation Expenses	123,935	55,096
Operating lease rentals		
- Minimum lease payments	216,737	214,624
Total Operating Lease Rental	216,737	214,624



Notes to the Financial Statements (cont.)

	Notes	\$ 2016	\$ 2015
3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES (CONT.)			
Provision for doubtful trade debtors			
Transfer to/(from) provision for Holiday Pay		(3,787)	(5,722)
Transfer to/(from) provision for Long Service Leave		35,794	35,231
(Losses)/Gains on Disposal of Property, Plant & Equipment			
Gain/(loss) on disposal of property, plant and equipment		-	-
Loss on Disposal		(156)	(35)
Net gain/(loss) on disposal of property, plant and equipment		(156)	(35)

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash on Hand	1,366	1,676
Cash at Bank	1,191,898	1,434,421
Deposits at Call	4,081,497	215,061
Cash and Cash Equivalents	5,274,761	1,651,158

5. CURRENT ASSETS - RECEIVABLES

Trade Debtors*	66,507	45,665
less: Provision for Doubtful debts	(15,000)	(15,000)
Trade debtors after provision for doubtful debts	51,507	30,665
Accrued Revenue	99,729	90,092
Receivables	151,236	120,757

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



	Notes	\$ 2016	\$ 2015
5. CURRENT ASSETS - RECEIVABLES (CONT.)			

Trade Debtors analysis

Within trading terms		62,466	37,513
< 30 days overdue		4,041	7,795
31-60 days overdue		-	357
61-90 days overdue		-	-
> 90 days overdue		-	-
Total		66,507	45,665

6. CURRENT ASSETS - OTHER

Prepayments		58,321	80,286
Stock on Hand		30,324	42,572
Other Debtors		15,527	31,223
Other		104,172	154,081

7. NON CURRENT - CASH AND CASH EQUIVALENTS

Investments		3,000,000	4,665,412
		3,000,000	4,665,412

8. NON CURRENT ASSETS - PROPERTY, PLANT, EQUIPMENT & LEASED PREMISES

Plant and equipment at cost		2,490,382	1,749,664
less: Accumulated depreciation		(1,605,849)	(1,680,245)
		884,533	69,419



Notes to the Financial Statements (cont.)

	Notes	\$ 2016	\$ 2015
8. NON CURRENT ASSETS - PROPERTY, PLANT, EQUIPMENT & LEASED PREMISES (CONT.)			
Software under development		-	824,622
less: Accumulated depreciation		-	-
		-	824,622
Leased Premises*		1,141,642	477,309
Less: Accumulated Amortisation		(354,655)	(236,719)
		786,987	240,590
Property, Plant, Equipment and Leases Assets		1,671,520	1,134,631
<i>* The 2016 amount includes renewal of the Lease for Head Office Premises.</i>			
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.			
Plant and Equipment			
Carrying amount at beginning of the period		894,041	627,391
Additions		114,583	321,781
Disposals (net)		(156)	(35)
Depreciation Expense		(123,935)	(55,096)
Carrying amount at end of the period		884,533	894,041
Reconciliation of Leased Premises			
Opening balance of Leased Premises		240,590	353,990
Additions*		664,333	-
Used		(117,936)	(113,400)
Closing balance of Leased Assets		786,987	240,590
		1,671,520	1,134,631

** The 2016 amount includes renewal of the Lease for Head Office Premises.*

Refer also to note 1(h) for impairment of assets.



	Notes	\$ 2016	\$ 2015
9. CURRENT LIABILITIES - PAYABLES			
Creditors		24,476	140,983
Accrued Expenses		124,005	178,090
Payables		148,481	319,073
10. CURRENT LIABILITIES - PROVISIONS			
Employee entitlements (being provision for Annual Leave, Long Service Leave due and superannuation)		479,538	415,276
Other		18,113	37,124
Provisions		497,651	452,400
11. CURRENT LIABILITIES - OTHER			
Unearned Income*	1(e)	2,364,602	421,236
Other		2,364,602	421,236
* Unearned income represents Wool Classer registration fees received for the period 1/1/2016 to 31/12/2018			
12. LEASE LIABILITIES - OTHER			
Current Lease Liabilities		122,654	117,936
Other	14	122,654	117,936



Notes to the Financial Statements (cont.)

	Notes	\$ 2016	\$ 2015
13. NON-CURRENT LIABILITIES - PROVISIONS			
Employee entitlements (being provision for Long Service Leave)		49,118	61,585
Provisions		49,118	61,585
Opening balance of Employee Provisions		476,861	454,835
Additions		172,606	123,923
Used		(120,811)	(101,897)
Closing balance of Employee Provisions		528,656	476,861
Employee Provisions - Current		479,538	415,276
Employee Provisions - Non-Current		49,118	61,585
Total Employee Provisions		528,656	476,861
14. NON-CURRENT LIABILITIES - LEASES			
Non Current Lease Liabilities		664,333	122,654
Non-current Lease Liabilities		664,333	122,654
Lease Liabilities Reconciliation			
Current	12	122,654	117,936
Non Current		664,333	122,654
Closing balance of Lease Liabilities		786,987	240,590
15. MEMBERS' FUNDS - RESERVES			
Members' Reserves			
Balance at 1 July		640,000	640,000
Transfer from Retained Surplus		-	-
Reserves		640,000	640,000



	Notes	\$ 2016	\$ 2015
16. MEMBERS' FUNDS - RETAINED SURPLUS			
Retained Surplus			
Balance at 1 July		5,591,155	5,079,044
Net profit attributable to members of the company		123,695	512,111
Retained Surplus		5,714,850	5,591,155

17. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

Short-term benefits	681,883	667,972
Post-employment benefits	83,676	90,483
Other Long-term benefits	15,267	13,067
	780,826	771,522

No retirement benefits were paid to directors during the year.

18. REMUNERATION OF AUDITORS

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

- audit of the financial report of the company	18,150	17,600
- other services	-	-
Remuneration of Auditors	18,150	17,600



Notes to the Financial Statements (cont.)

	Notes	\$ 2016	\$ 2015
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19. RELATED PARTY DISCLOSURE

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

- DR J S Keniry AM
- M D Avery Resigned 23/11/2015
- A Blanch Appointed 23/11/2015
- A Basire
- R Halliday
- M L Hunt
- M J Moses
- D M Watt

Alternate directors were:

- J Colley (Alternate for Mr M Hunt)
Appointed 22/2/2016
- B Litchfield (Alternate for Mr A Basire)
- G Litchfield (Alternate for Mr M Moses)
- P Morris (Alternate for Mr A Blanch)
Appointed 22/3/2016
- E Storey (Alternate for Mr R Halliday)



	Notes	\$ 2016	\$ 2015
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19. RELATED PARTY DISCLOSURE (CONT.)

Director and Director-related entity Transactions

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

The directors involved are:

M D Avery

A Blanch

A Basire

R Halliday

M L Hunt

Dr J S Keniry AM

B A Litchfield

M J Moses

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:

Income

Joining, subscription and trading fees	2,540	4,940
Selling facility fees	23,461	46,843
Market Reports	26,659	39,623
Other	31,230	20,241
	83,890	111,647



Notes to the Financial Statements (cont.)

	Notes	\$ 2016	\$ 2015
20. SEGMENT INFORMATION			
The company operated predominantly in one industry, being the Australian Wool Industry.			
21. RECONCILIATION OF OPERATING PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES			
Profit/(Loss) from ordinary activities		123,695	512,111
Depreciation and amortisation		123,935	55,096
Increase/(Decrease) in Other Provisions		32,784	2,427
(Profit)/Loss on disposal of plant and equipment		156	35
Decrease/(Increase) in trade debtors and accrued revenue		(30,479)	87,150
Decrease/(Increase) in other debtors and prepayments		49,909	(55,606)
Increase/(Decrease) in trade creditors, accruals and unearned income *		1,772,774	(811,324)
Decrease/(Increase) in other provisions		-	-
Net cash Inflows/(Outflows) from operating activities		2,072,774	(210,111)

* Represents Wool Classer registration fees received for the period
1/1/2016 to 31/12/2018

(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:



	Notes	\$ 2016	\$ 2015
21. FINANCIAL INSTRUMENTS (CONT.)			
Financial Assets			
Cash, cash equivalents and investments - Current	4	5,274,761	1,651,158
Cash, cash equivalents and investments - Non Current	7	3,000,000	4,665,412
Total Cash, cash equivalents and investments		8,274,761	6,316,570
Weighted Average Effective Interest Rate		3.57%	3.85%
Trade Debtors & Other Receivables	5	151,236	120,757
Weighted Average Effective Interest Rate		N/A	N/A
Other Assets	6	104,172	154,081
Weighted Average Effective Interest Rate		N/A	N/A
Total Financial Assets		8,530,169	6,591,408
Financial Liabilities			
Trade Creditors and other payables	9	148,481	319,073
Weighted Average Effective Interest Rate		N/A	N/A
Total Financial Liabilities		148,481	319,073

Sensitivity Analysis

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

+/- 0.25% change in Interest rates	+/- 19,155	+/- 17,104
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There have been no changes in any assumptions used to prepare the above sensitivity analysis from the previous year.



Notes to the Financial Statements (cont.)

	Notes	\$ 2016	\$ 2015
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21. FINANCIAL INSTRUMENTS (CONT.)

(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.

22. CONTINGENT LIABILITIES

The company has provided a bank guarantee in respect of:

Lease obligations	67,737	67,737
	67,737	67,737
Financing arrangements		
Bank Guarantees	67,737	67,737
Used at balance date	-	-
Unused at balance date	67,737	67,737



Directors' Declaration

The Directors' of the company declare that:

- (1) The financial statements set out on pages 40 to 62:
 - a. Comply with Australian Accounting Standards as stated in Note 1 to the financial statements, the Australian Charities and Not-For-Profits Commission Act 2012 and the Corporations Act 2001; and
 - b. Give a true and fair view of the Company's financial position as at 30 June 2016 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 and is in accordance with clause 60-15(2) of the Australian Charities and Not-For-Profits Commission Regulations 2013.



Dr J S Keniry AM
Chairman



D M Watt
Director

Date: 24th August 2016



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 2016, 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, Australian Charities and Not-For-Profits Commission Act 2012 (ACNC Act) 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 ACNC Act and any applicable code of professional conduct in relation to the audit.



OPINION

In our opinion, the financial report of the Australian Wool Exchange Limited is in accordance with Division 60 of the Australian Charities and Not-For-Profits Commission Act 2012 and the Corporations Act 2001, including:

- (1) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (2) complying with Australian Accounting Standards, Australian Charities and Not-For-Profits Commission Regulations 2013 and the Corporations Regulations 2001.



THOMAS DAVIS & CO
J G Ryan, Partner
Chartered Accountants

Date: 24th August 2016

Liability limited by a scheme approved under Professional Standards Legislation



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- Wool Classer Registration
- Administration: Change of Address
- Code of Practice
- Sheep Breed Compendium
- Clip Preparation Advice & Support
- Clip Inspection Correspondence
- Activity Statements
- Reference Material (Woolshed Posters)
- Stencils/Stamps/Pens
- WoolClip

Northern Region

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Email northernregion@awex.com.au

- Clip Preparation Advice & Support
- Auction Enquiry

Southern Region

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- Auction Enquiry

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- Clip Preparation Advice & Support
- Auction Enquiry



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