



annual report
2017



we know wool



we

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know wool

Chair's Report



I welcome the opportunity to present my first report as Chair of AWEX. With continuing solid market conditions for wool, exciting projects such as eBale, and a dedicated Board, CEO and staff, it is a privilege to be joining AWEX at this time, given its fundamental importance to the wool industry.

The Year in Review

(a) Australian Wool Industry

A snapshot of the key wool industry performance indicators for the year to 30 June 2017, as tabled at the end of my report, underscores another period of higher returns for the wool industry. The improvement in financial returns is highlighted with comparable bales sold: 2016/17 eclipsing 2012/13 by over \$720 million.

(b) AWEX

2017 was another year of focus on continuous improvement and innovation for AWEX in the range of services we provide to the Australian wool industry.

Whilst monitoring and maintaining the quality assurance standards set in wool clip preparation and reporting, work continued on the development of efficiency and transparency projects such as e-Bale, and reviewing our strategy given the vulnerability of the organization in terms of future funding.

In times where roles may blur and technology disrupts traditional practices, it is worth re-stating the role of AWEX,

and how it serves its diverse group of members and broader participants.

As stated in our Constitution, AWEX was set up 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

Through the provision of such services as quality assurance programs, market reporting, overseeing standards for wool clip preparation and wool classer registration, we aim to underpin and maintain confidence for those participating domestically or internationally, whether it be producing, buying, selling, or processing Australian wool.

From a financial perspective, the last year for AWEX was one of achieving a modest surplus of \$124,800.



Our operating revenue was \$4.1 million, equivalent to 2016. This was comprised mainly of \$1.33 million from sales of bale labels, wool classer registration fees of \$1.27 million, and service fees of \$1.17 million. Our cash reserves, as at 30 June 2017, declined to \$7.49 million from \$8.27 million as at 30 June 2016. This reflects the deterioration in our cash flow position with net cash outflows of \$635,174, from operating activities, and net cash outflows of \$149,243 from investing activities.

These numbers highlight our continuing susceptibility to the unpredictable nature of the sale of bale labels, and on a three year cycle, the declining wool classer registrations. This year 1.758 million bale labels were sold versus 2.094 million in 2016. The Board agreed to fund the cost of the e-Bale project, given its future significance to the industry, with an increase in the price of bale labels from \$0.75 to \$1.00.

The challenge for the Board and management of AWEX, is to arrive at a long term, more sustainable funding model, and hence has established a target for minimum reserve levels in

the medium term. Whilst we enjoy broad industry support, both domestically and internationally for our role as independent keeper of standards of quality, further strengthening of our financial position is required.

It is encouraging to note the increasing adoption of the National Wool Declaration form. It is important to acknowledge and applaud those areas of the country where there has been a significant uptake on completion of NWD.

Market feedback indicates an increasing requirement for reporting of status. Not only does this reinforce confidence and trust in Australia as the premier wool producing nation, but our statistics demonstrate an emerging premium for non-mulesed wool.

With over 20 years 'in the making', the AWEX e-Bale project is nearing completion with the pilot program to launch in Western Australia in January 2018, only 3 months away. It is encouraging, that after two decades of gradual persuasion, the industry has become enthusiastic and impatient for the



benefits of traceability, starting at the farm, and reducing the time involved in the selling process with its associated cost savings.

Any development with 'e' before it is now being enthusiastically embraced as the new way forward. Innovation can take time to catch on, with some being early adopters, but with the majority, some might say wisely, waiting for proof of concept and bug-fixing.

At the time of writing to members, innovation in wool information and selling systems is accelerating with electronic portal offerings and applications either in development, about to launch or as is the case in China, up and running. And everyone wants data to feed into these portals. But the question arises as to who collects, analyses, and aggregates this data to provide meaningful reporting and at what cost to the aggregator?

We have welcomed the development of AWI's Wool Exchange Portal (WEP). As the concept has evolved, AWEX people



Chair's Report (cont.)

have attended a number of working groups to understand what was envisaged. Only in recent months, as the project entered the Discovery Phase, did it become clear to the AWEX Board, what was required from AWEX – raw, non-aggregated data. The provision of data to WEP from proprietary sources, which we currently aggregate, analyse and provide on a subscription basis, clearly is a threat to one of our revenue streams, and would represent a breach of confidentiality and loss of trust within industry. However, given previously stated objectives of AWEX, the management of WEP, where we continue to protect the confidentiality of source data, would sit very comfortably within our remit. This approach avoids the need for AWI to set up a separate company and its associated costs of administration and governance. We have offered our services to AWI, under a woolgrower governance structure, with no successful outcome at the date of writing this report.

AWEX will continue to seek innovative solutions to improve the systems and

practices within its remit, seeking collaboration and welcoming feedback from other industry participants.

(c) Acknowledgements

On behalf of the board and members of AWEX, I would like to thank and acknowledge the contribution of John Keniry, AM as the former Chairman of AWEX. The Board recognises his extensive and lasting contribution as the Chairman of AWEX from 2010 to November 2016. His tenacity and unwavering focus, preparedness to tackle challenging issues, and leadership of the organization, are valued by the Board and management.

The gratitude of the Board is also due to Don Watt, who retired in August last year after twenty years of service as a director of AWEX. With his emphasis on a sustainable strategy and structure for AWEX, underpinned by his oversight of sound financial principles, Don provided a much-valued independent oversight.

I would also mention the contribution of Allan Farrar AM, a former long-serving chairman of AWEX, who suddenly passed away in

October last year. I am one of many who benefitted from his wisdom, guidance and mentoring, in not only the wool industry but more broadly for his truly gentlemanly and professional approach in the commercial and not for profit world.

I wish to acknowledge and thank my colleagues on the Board of AWEX, who ably represent the wool industry, including importantly wool producers. They have provided valuable insights and initiatives, and exhibited a great desire to drive the organization forward to a more sustainable footing. In particular, thank you to Malcolm Hunt and Andrew Basire, as retiring directors.

Finally, recognition is due to Mark Grave, CEO and his team, who daily demonstrate their commitment and expertise to the ongoing success and continuous advancement of AWEX, and the wool industry.



Robyn Clubb
Chair

September 2017





Industry Key Performance Indicators

	12/13	13/14	14/15	15/16	16/17
AWEX EMI (ave.)	1037	1073	1097	1254	1401
AWEX EMI USD (ave.)	1065	987	909	911	1059
AUD (US ¢)	1.028	0.919	0.832	0.727	0.756
Sheep Shorn (Mil.)	78.8	78	76.9	73.4	74.3
Wool Prod. (Mkg)	352	341	346	325	340
Auction Offered (AU - Mkg)	339.88	320.32	347.49	320.99	331.91
Auction Sold (AU Mkg)	306.53	286.51	319.99	294.25	305.46
Auction Sold (AU Bales)	1,741,085	1,625,12	1,800,657	1,652,737	1,709,686
Auction Sold (\$ Mil.)	\$2,013.93	\$1,939.90	\$2,233.71	\$2,329.30	\$2,735.76
19 MPG premium over 21 MPG (cents kg clean)	68	39	48	64	248
Exports 19 mic & finer (China market share)	80.3%	79.7%	79.9%	82.8%	85.4%
Export destinations (% market share)					
China	75.4%	71.2%	73.1%	70.8%	74.5%
India	6.2%	7.6%	6.4%	7.3%	6.6%
Italy	4.4%	4.7%	-	-	4.3%
Czech Rep.	-	-	4.5%	-	-
Korea Rep.	-	-	-	5.3%	-



CEO's Report



All too rarely in agriculture do we see the combination of excellent seasons and strong markets occur in the one year but for the Australian wool industry, season 2016/17 was one to savour. In a year where the average AWEX EMI for the season increased 11.1% compared to 2015/16, the market still had periods of volatility as not all sectors enjoyed equal prosperity. However, season 2016/17 is generally regarded as one of the best seasons in recent memory.

The wool market has continued to strengthen over the past two years with the AWEX EMI reaching 1551c/kg clean in March 2017 and recently reaching 1641c/kg clean in August. This has been against a strong currency background with the Australian Dollar passing 0.80USD on more than one occasion and remaining in the historically high range of 0.78 – 0.80USD.

There is no doubt that the strong and sustained market levels have been well over due and a welcome relief to many. The grower response has been swift with many either immediately offering wool to market or finally offering wool which has been on long term

hold. This reflects a healthy market position where long term held stock in Broker's stores is being sold and the majority of wool available for sale is freshly shorn. At the time of writing, 80-87% of all wool available for sale in week 14 was offered within 14 days of it being tested. Brokers stocks are reportedly at historically low levels.

Australian wool production remains in the range of 335-340mkg. This level has been maintained over the last 4 years. What has and continues to change is the micron profile of the Australian wool clip. 15 years ago there was a considerable swing towards finer micron merino wool in part driven by seasons





but largely a response to the higher prices being achieved by wool of 18.5 micron and finer.

As fine merino wool prices stalled, meat prices increased and crossbred wool prices increased to historically high levels this has resulted in two distinctive wool clips: Merino and Crossbred. Over the last 12 months crossbred wool prices have fallen out of favour globally but what is noticeable is that wool growers are responding to market conditions and are basing their business strategy and decisions on the relevant data available.

Markets will change but what won't change is the need for well prepared and well-bred wool. It seems self-evident to repeat the virtues of a well prepared clip but as

the intensity of competition increases between fibres, microns and wool producing countries so does the need for the Australian clip to remain at the forefront of wool preparation. The Australian wool industry is revered for the education and training of wool classers, wool handlers and shearers. Wool prepared by a registered Australian wool classer is recognised globally by their personal stencil that is applied to each bale they prepare. The stencil is an investment by the classer and the wool industry and places our wool above wool prepared by other countries.

It's Australia's competitive advantage.

Wool classing remains a critical asset of the wool industry and is a focal point of

the services and investment of AWEX. As the age profile of wool classers increases, the challenge for the industry is attracting and retaining the next generation of wool classers, of wool industry people. This opens up the need for ongoing investment in technology, innovation, education and extension.

The cost of education in agriculture has been a topic of broad discussion with many stating that it has become a barrier to entry. The cost of completing a Certificate III or Certificate IV course seemingly outweighs the benefit of a low paying, seasonal occupation. These are issues that are not easily overcome but the ongoing restructure of education in each state, the higher cost of education and the resulting lower student numbers will be a concern for our industry over the next 10–15 years.

An integral part of AWEX is the development, maintenance and compliance of industry standards. The Code of Practice is no exception. During 2017 AWEX commenced the triennial review of the Code of Practice for wool preparation. The review will take 12 months to complete and an important element of this



CEO's Report (cont.)

review will be the results of the surveys of and feedback from wool classers and wool processors. It is critical that the customers of Australian wool have the opportunity to contribute to the development of the preparation standard of the wool they will buy and/or process. This two-way dialogue is vital to the successful and the ongoing relationships within the Australian wool supply chain. I am pleased to report that the declaration rates of Mulesing status increased in 2016/17.

commitment to conduct 1,000 desk audits of the NWD and 225 on-farm inspections during the year. Pain Relief authentication has increased from 100 to 200 per annum. I want to acknowledge the support and consistent effort displayed by wool Brokers in delivering the positive messages supporting the NWD and encouraging its use. The support of brokers, growers and industry is critical in lifting the declaration rate. AWEX has increased our on-farm inspectors to four

provides on-farm services to third party proprietary QA programs. Strategically this is an area which AWEX will continue to pursue.

AWEX, together with TAFE, conducted the sixth National Graduate Wool Classer Competition held at the Sydney Royal Easter Show. The national competition started in 2012 and this year saw a tight competition from the best students from each TAFE Campus from across the country. Congratulations to 1st Place: Georgia Reeves, NSW; 2nd Place: Alan Smith, NSW and 3rd Place: Casey Patterson, TAS. Our thanks are extended to all competitors for their achievements and to the Trainers who are great teachers and mentors to their students.

Another important role of AWEX is the monitoring and compliance of the performance and quality of wool packs. Throughout each year AWEX receives complaints regarding the quality of wool packs, anything from poor stitching, loose bale labels, the presence of non-nylon filaments and poor performance in dumping. Each complaint is treated urgently and where possible



During the year the NWD declaration rates surpassed 60% of all wool offered. The NWD was introduced in 2008, with on-farm inspections commencing in 2010. AWEX maintains its ongoing

which are strategically placed to minimise the cost and travel required to complete the on-farm inspections. AWEX receives recognition for our role in providing this independent service and now



supported by photos. Each complaint together with the photos are sent directly to the wool pack manufacturer within 24hrs of receiving the complaint. Manufacturers are required to respond within 72hrs and often respond in 24hrs. This vigilance and feedback from Growers has made manufacturers clearly conscious that the quality of their product is critical to its performance on farm and understanding that quality problems may have commercial implications.

As they say “the proof is in the pudding” and the number of complaints decreased in 2016/17.

Over the past 20 years AWEX has been researching and trialling the unique electronic identification of wool packs. The project known as “e-Bale” is part of a larger project known as “Bale Trail” which will commence in January 2018. This project is as innovative as it is exciting and we are confident that it will deliver benefits for all industry stakeholders.

The e-Bale RFID will be used to uniquely identify a wool bale as it moves along the wool supply chain, from Farm, to Warehouse, to Ship, to Processor. This will underpin

traceability in the Australian wool industry.

The e-Bale RFID will also be able to be captured on farm using the new “WoolClip” App. “WoolClip” will enable the classer, grower or contractor to capture bale and clip line information on farm and transmit it to the Broker. It will also have NWD capability. “WoolClip” will improve the accuracy of the data provide to Brokers and eliminate the need for additional data entry at the Broker’s warehouse. The use of “WoolClip” will reduce the cost of handling and administering wool clips from Farm to Processor.

As with all technological innovations, it will be only when it is in operation that the full benefits of this program will be realised. The AWEX Board’s bold decision to fund

this project is an important one for AWEX and the industry. We are confident this project will deliver benefits to the industry and we recognise and appreciate the support we have received from industry to continue with this project.

Investment in technology is an important part of all companies today and AWEX is no exception. AWEX continues to develop our Wool Classer Portal and Wool Broker Portal. These portals provide administrative gateways for information such as weekly sale estimates and are used weekly and daily. Accurate information is increasingly important in business today and AWEX is seeking ways to improve the delivery of information services.



CEO's Report (cont.)

I want to thank our members for their continued support over the last 24 years. It is the support and trust of our members that allows us to provide the services we do and working with them with their confidence is critical to our role as an independent service provider.

I would like to thank the AWEX staff as they make all of this possible. I regard our staff as one of the greatest resources that the industry has both in terms of knowledge and skill. Working for a company such as AWEX is not easy and the ability of AWEX staff to maintain their focus whilst keeping the objectives of AWEX in mind is unquestionable. Thank you.

I would also like to express my thanks to former AWEX Chairman Dr John Keniry AM for his leadership, mentorship and friendship during his tenure. John's direct leadership style, attentiveness to governance and thirst for progressive innovation was valuable in giving AWEX renewed direction. It would also be remiss of me not to recognise the contribution that former AWEX Independent Director Mr Don Watt has made to the company. Don was a Director of AWEX for more than 20 years. Don served as Deputy Chair, Interim Chair, Chairman of the Audit Committee and a Member of the Remuneration Committee. Don's

commitment was profound. Finally, I want to recognise the valuable contribution that the AWEX Board makes to the Australian wool industry. AWEX Directors are ably lead by Robyn Clubb and together show a commitment to the objectives of AWEX. The Board is prepared to make bold decisions and investments in the interest of AWEX, AWEX Members and the Australian wool industry. Thank you.



Mark Grave
CEO

October 2017



Operations Report 2017



Operations Report

CHALLENGE THE STATUS QUO AND DELIVER BENEFITS

The wool industry is moving forward with its adoption of technology at what seems to be a rapidly increasing pace. It is not just about the technology or its affordability, it is the fact that new technologies are more practical in their application and have the ability to deliver greater efficiencies, transparency and potentially security.

Agriculture today, from farm through to processors, is challenging the conventional approach of how a business should or could operate and how each enterprise might maximise the potential of these new technological developments.

At AWEX our approach is to challenge the status quo and deliver benefits to our Members and industry whilst recognising the rich heritage of the Australian wool industry and add greater value. It is about how we provide current and new services that are relevant to the industry today and to be prepared to invest further for the future.

e-BALE PROJECT

Earlier this year the AWEX Board made the bold decision to approve the development of Stage 2 of the e-Bale Project: the Operational Proof of Concept (OPC) with scope of between farm and receival warehouse (up to point of shipping).

The objectives of the e-Bale OPC are:

- To collate the wool book, specification & NWD data on farm and transfer the data securely to the nominated receival warehouse,
 - For receival warehouses to import farm data into their inventory systems, and
 - For receival warehouses to test e-Bale functionality at nominated control points (e.g. receival, core line, shipping) using either mobile or fixed devices.
- AWEX has been investigating machine readable identification of wool bales for more than 15 years. The rapid development of suitable technologies over recent years together with the relatively low entry cost has made the introduction of this project more attractive.
- Newly developed technologies are used daily by nearly all of us to a certain degree, be it through a computer and internet environment or through the use of smart phones. The e-Bale project is designed to make use of these every day technology tools and apply them to the wool industry. The key drivers in this project have been:
- 1) To improve the quality and accuracy of the data being received from farm/shed,



- 2) To reduce the handling and administrative costs of processing wool along each stage of the supply chain,
- 3) To be able to track wool through the wool pipeline from farm to early stage processor or in reverse, and
- 4) To enhance the handling of wool in a warehouse, and

The traceability of agricultural products from farm through the supply chain is relevant to Australia's bio-security interests and as with most projects the full benefits will not be known until it is in full commercial production.

AWEX's e-Bale OPC presents a real time opportunity to evaluate the potential of adopting machine readable technology in an on-farm to warehouse supply chain.

The basis of the project will be the application and use of a unique RFID applied to each bale of wool. The chosen RFID tag has proven to be able to survive the pipeline and has garnered interest and active participation from warehouses, dumps, exporters and processors. AWEX has worked closely with stakeholders in these sectors, most of whom

have contributed financially and in-kind to this project.

The OPC will be conducted in Western Australia during the first half of 2018.

This is a significant project for the Australian wool industry, both in terms of its detail and opportunity to demonstrate benefits to the pipeline.

The e-Bale OPC in Detail:

The design characteristics of the OPC are:

- The OPC will be conducted in Western Australia, involving interested woolgrowers and warehouse partners.
- All major warehouses in Western Australia have been invited to participate. Brokers of participating warehouses will be asked to nominate wool growers who they feel would be interested in being involved in the on-farm component.

A local working group will be established,

- The project is expected to be for a period of up to 4-6 months, commencing from early 2018,
- Up to 150,000 RFID tags will be used (representing over 40% of the WA clip),
- The BALE TRAIL software will be used to:

- Hold the master e-bale records (i.e. unique tag-id and unique bale id),
- Interface to the mobile device on farm application,
- Record users (wool grower, wool classers, warehouses),
- Collate on farm data (data equivalent of wool book, specification and NWD documents) and transfer to receival warehouses,
- Record entry and exit events at warehouses, and
- Allow users the ability to show location history of bales.
- Each participating warehouse will build interfaces between their host inventory systems (with RFID reading devices),
- Third party integrators with expertise in RFID may be used by participating warehouses.

There is great interest in this project throughout the wool supply chain, both domestically and including overseas interest from wool processors.

WOOLCLIP

An integral part of the e-Bale OPC project is the development of the new version of 'WoolClip'.



Operations Report (cont.)

WoolClip will be available as an App and web version.

WoolClip has been developed to capture wool book information on farm and in shed. Once created the clip information can be sent electronically to the selling broker to be downloaded into their selling system.

Producing critical wool clip information on farm should not only deliver greater accuracy of the data itself but also speed up the transfer of information required by each selling broker to commence their work processes.

The App. and web versions of WoolClip will be made available free of charge to all wool classers and wool growers. A key component

of the WoolClip App. will be its ability to work both online and offline. Regional areas of Australia are renowned to have internet black spots and any new technology must take this into account.

Once the data has been captured and then sent via the Bale Trail Network, wool growers will be able to track their wool through the supply chain through to the early stage processor. Equally, processors will also be able to trace their wool back through the supply chain.

The e-Bale OPC project will lead the industry into the next generation of industry development and innovation. Already many are considering how they will adapt to the new environment and what other

innovations it will inspire. Whilst there will be hurdles and issues to resolve along the way I am confident that we are on the verge of an exciting era and this is just the first step.

WOOL CLASSING

2017 National Graduate Wool Classer Competition

The 2017 AWEX/TAFE National Graduate Wool Classer Competition was once again held at the Sydney Royal Easter Show. The competition brings together the best graduate wool classers from across Australia to compete for the honour of 1st Prize - "Golden Stencil".

This year competitors travelled from New South



Wales, Tasmania and Victoria. The 2017 winner of the “Golden Stencil” was Georgia Reeves from Daysdale, NSW, 2nd place was won by Alan Smith, Gilgandra, NSW and 3rd place was won by Casey Patterson, Longford, TAS.

The national competition is now in its 6th year and has proven to be a showcase of the best up and coming talent in wool classing. This was the most even competition in terms of high level skills across multiple disciplines. Each year the calibre of the wool classers is lifting and this can only be great for the industry.

All finalists completed the tasks of classing crossbred, medium merino and fine merino wool as well as exercises in AWEX-ID, valuation and an oral presentation to the judges. Classers must demonstrate their all-round ability to class wool under the unique pressured environment of the competition.

Each year TAFE organisations are asked to nominate their best graduate from the previous year so to be nominated is an honour that has been earned and they are to be congratulated.

The winner of the Dennis Teasdale Perpetual Trophy

awarded to the training organisation and trainer of the competition winner was Jenni Turner from TAFE NSW Wagga. This award recognises the valuable contribution that trainers make to the wool industry.

The aim of the competition is to recognize excellence in wool classing and education and to lift wool classing’s profile as a profession and career opportunity.

Wool Classers

AWEX has 17,300 registered wool classers. This community plays an important role in preparing the nation’s clip. The interaction AWEX has with wool classers determines the services AWEX provides and gives an insight to the pressure points and what is being experienced in the wool sheds around Australia.

Every three years AWEX conducts a survey of wool classers which is akin to “taking the pulse” of wool classers and understanding what influences or impacts them. The survey results are also used in the review of the Code of Practice for wool preparation which all wool classers subscribe to.

The profile of the Australian wool classer is similar to that of Australian farmers

except that wool classers are marginally younger.

The more recent development has been the increase in the number of female and older wool classer graduates. Education and training is not the domain of the young school leaver. Many who complete their wool classing courses have undertaken training having experienced other work opportunities.

The skill set of the wool classer is not just limited to ‘wool’ skills. To be effective as a wool classer leading a team in the wool shed they must have strong communication skills and the ability to resolve disputes and garner the support of their wool handling team.

The wool classer of the future must also have a sound understanding of their industry, some knowledge of how wool is processed and be able to adapt to the introduction of new technology. Wool growers may not always have these skills and they will look to the wool classer as a resource in these areas.

Since the year 2000 the total number of wool classers has fallen by 35%, the greatest fall has been in the number of registered owner classers -43% and Australian wool



Operations Report (cont.)

classers -35%. This is a concern for the industry and the ongoing challenge is how do we attract new classers and retain them in wool.

AWEX once again held the annual Masterclasser course in Melbourne. 18 classers signed up to attend the four day program. The aim of Masterclasser is to improve the classers knowledge of their role, provide a better understanding of the wool pipeline with tours of wool stores, AWTA and a wool processor, meet and discuss topics one-on-one with wool exporters and undertake some personal development training on communications and dispute resolution.

Masterclasser is a valuable professional development opportunity for wool classers and now Australia has 206 registered Masterclassers who have put themselves through this program. Further education

Review of the Code of Practice

Every three years AWEX reviews the Code of Practice for the Preparation of Australian Wool Clips (Code). The review takes 12 months to complete and starts with an open call for submissions. This provides industry with an opportunity to raise issues they feel need to be addressed ahead of the 2019-21 registration period.

The number one issue from this year's submissions is whether 'unskirted wool' should be recognised in the Code as classed wool. This matter was raised during the last review but was not supported to be included in the 2016-18 Code.

It is healthy for the industry to discuss this type of issue and whilst it may appear as a small matter the impact of this and any other recommendation needs to be considered carefully and in parallel.

AWEX has also conducted a survey of wool classers to try and identify how the wool classing community feels about this and many other issues. A further survey of wool processors will be conducted shortly as it is important to hear about these types of matters from our customers; the buyers and processors of our wool.

The review will be completed by June 2018 and whilst that is still some way ahead there is a lot of work to do. Another part of the review will be how we communicate the outcomes of the review to the wool industry and of course to wool classers.

Wool Forums

AWEX Wool Forums are an important communication platform for wool classers, growers, Broker and

contractors to meet, discuss and learn more about their industry.

Each year AWEX conducts a series of Wool Forums that aim to deliver topical issues that provide insight into how they can become better equipped. In 2017/18 Wool Forums have been conducted at Young & Dubbo, NSW with further Wool Forum's planned for Clare, SA, Katanning, WA and Hamilton, VIC.

The Wool Forums bring wool buyers and industry speakers to meet with classers and provides an opportunity for classers to connect with their colleagues.

With the upcoming e-Bale Project, as the WoolClip program is released and once the recommendations to the Code of Practice have been accepted, the Wool Forums will play an important extension role for AWEX.

Compliance

An outcome of the services AWEX provides is compliance. In terms of the National Wool Declaration this relates to the desk audits or outcomes of the on farm inspections, with respect auction sales it is the validation of the catalogue data and with respect to wool classing it is the outcome and follow up of



clip inspection reports that are done on a daily, weekly and monthly basis.

Compliance is never easy and whilst AWEX tries to remain constructive there is a natural tendency for wool classers to apply a personal perspective to compliance when it is directed at the work they have produced. The response tends to be cautious and sometimes negative but from AWEX's perspective it is about understanding what the issue is and how the classer can improve their classing and avoid this issue in the future.

Some of the feedback tends to point towards outside influences such as advice from visitors to the wool shed and those working in the shed environment.

For wool classers who display repeated poor performance they are referred to the Registration Review Committee (RRC).

RRC

The RRC meets twice a year and their scope is to consider poorly performing wool classers and recommend a course of action, including: closer monitoring retraining, suspension or deregistration.

All wool classers receive details of the complaints and have rights to respond. There

is a clearly documented process to follow. Once the RRC has finalised their recommendations they are tabled for the consideration of the AWEX Board.

NWD

AWEX initiated the NWD in 2008 with the first on-farm inspection commencing in 2010. The NWD is reviewed regularly with NWD v7.0 released in 2017. Each review has sought to improve and simplify the NWD so that it is easily understood by all, provides both incentive and transparency for the grower as well as confidence to the supply chain.

It is gratifying that the process which underpins the NWD (documentation, desk audits, on-farm inspections) provides Australian wool customers with confidence.

AWEX maintains its commitment to complete 1,000 desk audits annually and 225 on-farm inspections across Australia. Outcomes of the desk audits where changes are necessary, are advised to buyers pre-sale and in the event of an adverse on-farm inspection all relevant buyers are notified as soon as practical.

Over the past five years the increase in the interest

of mulesing status from exporters, processors and retailers has more than tripled. Exporters are seeking certificates from AWEX which declare which of their purchases have been subject to desk audits and/or on-farm inspections and the relevant outcome if known.

AWEX is confident that these enquiries will continue to increase as the information is increasingly sought by customers of Australian wool.

The NWD declaration rate has increased 45% since on-farm inspections were introduced in 2010. The 2017 declaration rate of +63% has been important in establishing the NWD as a fundamental piece of information for customers of Australian wool.

The NWD is not judgemental and AWEX's role is to ensure that buyers have accurate information at hand at the time of purchase.

Now that the NWD declaration rate is over 60% AWEX can, with confidence, identify price signals for each mulesing status by micron. This information has been repeatedly requested by growers since 2008 but due to early low declaration percentages, AWEX was not able to produce the information until now.



Operations Report (cont.)

NWD DECLARATION RATES

Figures based on %sum of bales, all breeds & wool types, first-hand offered, P & D Certs only (excludes NZ)

Season	2010	2011	2012	2013	2014	2015	2016	2017 YTD 11th Aug
National Declaration Rate	42.2	44.6	44.8	43.4	49.5	55.0	61.2	63.6

By State

NSW	43.2	46.5	49.6	49.4	56.3	63.1	68.1	67.8
QLD	30.0	29.4	38.2	35.0	39.5	47.4	52.7	54.5
SA	43.6	47.9	44.8	45.4	55.7	61.3	66.6	66.0
TAS	69.1	54.7	55.3	47.0	50.8	67.2	79.9	85.8
VIC	45.3	49.6	51.0	51.3	60.9	65.2	76.0	77.9
WA	36.5	34.7	28.4	23.7	20.9	23.9	31.1	37.0

By Status

NM	5.5	6.2	6.6	6.3	7.5	9.1	9.9	9.9
CM	3.1	2.3	2.4	2.4	2.8	2.8	2.9	2.4
PR	8.4	12.1	14.3	14.2	18.8	22.8	27.7	29.3
M	25.3	24.0	21.4	20.4	20.4	20.3	20.6	21.9
ND	57.8	55.4	55.2	56.6	50.5	45.0	38.8	36.4

Compliance Performance

Desk Audit	65	58	68	73	77	86	87	88
PR Verification	88	91	89	90	76	88	93	~100
On Farm Inspection	84	80	87	85	82	86	89	N/A



The market is giving clear indications on how it responds to specific information and it is up to each buyer, processor and grower to interpret that information and what it means to their business.

On-Farm Services

AWEX has four appointed on-farm inspectors and the work they have done in this area has been recognised as valued and independent. As a result AWEX has gained contracts to provide on-farm services to commercial companies to support their proprietary QA programs.

This is an area that AWEX will pursue as these programs grow and recognition of AWEX's services increases.

SRES

In 2017 AWEX conducted the third live auction at the Sydney Royal Easter Show. This annual event is conducted with great enthusiasm and collaboration between AWEX, AWEX Members, AWH and the Royal Agricultural Society of NSW.

It has become an event in itself for the many growers who hold wool to be sold in this showcase sale. The noise of the auction combined with the noise, smells and atmosphere of the show create an event like no other wool auction.

The wool industry takes centre stage during this week where someone visiting can see nearly the entire wool industry from sheep to sale on display in the one location.

I would like to acknowledge the great cooperation we receive from the RAS and AWH. Together we are able to display how great planning, trust and collaboration can result in the mobile agility of a world class wool auction.

At the heart of this event are the star performers: the buyers and sellers. They are proud, passionate and willing to promote the wool industry to a new audience and through all of the distractions of the show their professionalism remained unwavered.

The SRES Auction grossed \$20.5million over the two days, averaging \$1,815 per bale.

Finally, the SRES Auction doesn't happen without planning and back room support. To this end I would like to thank Pat Cooper, RAS and AWEX staff David Cother, Nigel Stewart, Robert McKeown and our data entry staff – you made it look easy.

Facebook

AWEX has hosted a Facebook page for the past 3 years. It is used as an opportunity for AWEX to communicate information, issues and provide an opportunity to receive feedback.

AWEX has used Facebook to trial different communication strategies ranging from critical technical messages, humorous messages, videos and quizzes, all with an eye to see what resonates with this online community. Through all of this we have learnt quite a few things, for instance: the attention span of the audience is short – once a post is 24-48hrs old it is considered 'old news', pictures do paint a thousand word – it would seem that the online community grasps visual information quickly as it scans through a range of other social media posts and when an audience is engaged the reach of the post extends exponentially and rapidly.

We will continue to use this medium as a way of engaging with wool industry stakeholders and sharing information.



Operations Report (cont.)

Table 1. National Mulesing Status Ps and Ds for Seasons 2013, 2014, 2015 and 2016

- Australian Stored: Merino Fleece/Weaners & XB Fleece
- >30 N/ktex, >60% Schlum Dry, <2.2 VMB, Styles 4/5, Good/Light Colour (incl. H1), P Certificate
- Lengths according to Diameter Range: 70-95mm (<18um), 83-104mm (19-21um), 90-110mm (26-29um), 100-130mm (30-34um)
- Records per Group (micron/NWD status) > 2, empty cells when not enough data to generate a P or D

		Merino						Crossbred				
		16	17	18	19	20	21	22	27	28	29	30
Not Declared												
Season	13	-2	2	-1	0	0	0	-4	-4	3	-3	-2
	14	5	4	-4	0	-1	-4	-2	-4	0	-2	5
	15	8	5	-2	-4	-1	0	0	-6	-4	-2	-2
	16	-1	6	1	-12	-7	1	-3	1	0	-2	1
Ceased Mulesed												
Season	13	4	14	9	-2	3	1	16	2	-4	4	4
	14	11	4	-3	10	-5	-3	17	-1	5	-3	11
	15	51	15	3	8	5	4	-1	2	5	-8	-3
	16	1	21	15	5	5	3	8	30	9	-20	20
Non Mulesed												
Season	13	16	12	9	9	4	-3	2	0	-1	4	16
	14	28	15	11	12	13	0	5	3	4	-3	28
	15	10	15	7	8	8	1	-15	0	-1	1	4
	16	14	15	30	13	21	18	-12	-1	11	-5	-1
Pain Relief												
Season	13	0	2	0	3	0	3	-5	16	-9		0
	14	11	6	-2	1	-1	-4	1	3	0	-1	11
	15	2	2	-4	0	1	0	2	8		9	14
	16	6	-1	6	1	3	4	0	14	19	-11	12



The Market in Review 2017

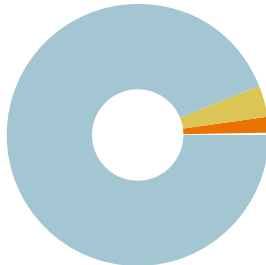






The Market in Review

Top 15 Export Destinations 2016-17 (Excluding Sheep Skins)

Destination		Greasy Equivalent Kg (Mkg)	% Change	% of Total	Value AUD \$ (Millions)	% Change
1	China	258.2	9	74.5	2,440.0	20
2	India	22.9	4	6.6	222.8	4
3	Italy	14.8	32	4.3	184.8	16
4	Korea, <i>Republic of</i>	14.8	-9	4.3	107.8	-15
5	Czech Republic	14.7	1	4.3	117.5	-2
6	Egypt	3.4	-44	1.0	42.3	11
7	Thailand	2.8	15	0.8	32.1	60
8	Taiwan	2.7	-9	0.8	20.8	-9
9	Malaysia	2.3	6	0.7	18.5	-53
10	Japan	1.4	-42	0.4	11.1	-46
11	Germany	1.4	32	0.4	8.2	-50
12	United Kingdom	1.4	-3	0.4	10.0	-19
13	Iran	1.3	-13	0.4	11.6	9
14	Bulgaria	0.8	-19	0.2	6.5	633
15	USA	0.7	-14	0.2	5.0	-56
16	Others	2.9	-7	0.8	21.3	-11
		346.6			3260.4	

Export Summary by Class (% of mass Kg)



Greasy		94.1
Carbonised		3.8
Scoured		2.0
Tops		0.1
Total		100.0

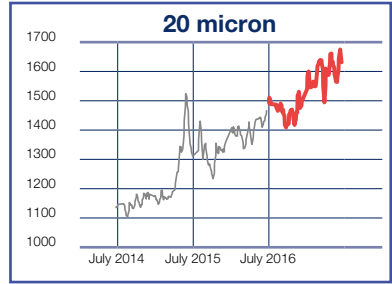


Micron Price Guides: 2016/17 season performance



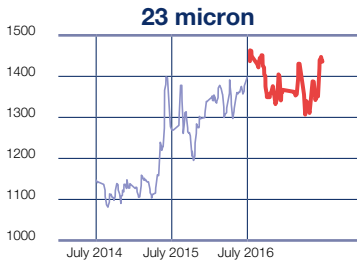
2015/16 Close	1538
2016/17 Close	2187
	+649 (+42.2%)

	2014/15	2015/16	2016/17
Season Maximum	1627	1583	2411
Season Average	1331	1511	1914
Season Minimum	1218	1385	1540



2015/16 Close	1460
2016/17 Close	1626
	+166 (+11.4%)

	2014/15	2015/16	2016/17
Season Maximum	1521	1475	1672
Season Average	1200	1360	1526
Season Minimum	1095	1227	1397



2015/16 Close	1395
2016/17 Close	1434
	+39 (+2.8%)

	2014/15	2015/16	2016/17
Season Maximum	1396	1449	1466
Season Average	1153	1320	1387
Season Minimum	1081	1195	1303



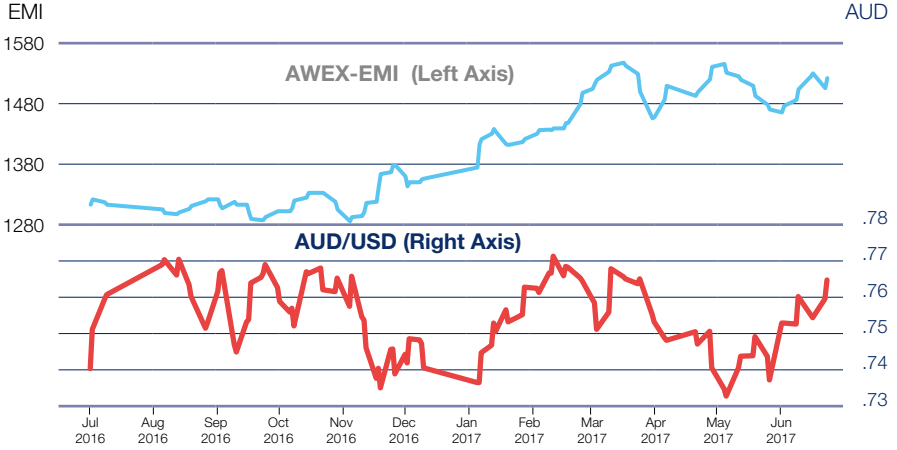
2015/16 Close	777
2016/17 Close	760
	- 17 (-16.3%)

	2014/15	2015/16	2016/17
Season Maximum	978	954	803
Season Average	769	844	729
Season Minimum	639	772	648

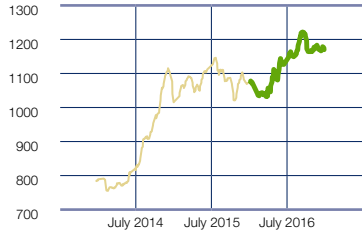


The Market in Review (cont.)

AWEX Eastern Market Indicator 2015-16



Merino Carding Indicator



2015/16 Close	1080
2016/17 Close	1177
	+17 (-1.5%)

	2014/15	2015/16	2016/17
Season Maximum	1134	1156	1234
Season Average	884	1088	1136
Season Minimum	764	1004	1037



Micron Price Guides – seasonal high/low/averages

NATIONAL			HIGH				LOW	AVERAGE	
EMI	22 Mar 17		1551	EMI	9 Nov 16		1283	EMI	1401
NORTH			HIGH				LOW	AVERAGE	
Ind.	23 Mar 17		1641	Ind.	22 Sep 16		1316	Ind.	1468
165	23 Mar 17		2518	165	6 Jul 16		1579	165	1950
17	23 Mar 17		2411	17	17 Aug 16		1570	17	1941
175	10 May 17		2326	175	17 Aug 16		1559	175	1913
18	4 May 17		2251	18	17 Aug 16		1529	18	1872
185	10 May 17		2152	185	17 Aug 16		1506	185	1804
19	4 May 17		1967	19	18 Aug 16		1484	19	1708
195	10 May 17		1824	195	28 Sep 16		1448	195	1618
20	22 Jun 17		1672	20	28 Sep 16		1401	20	1531
21	22 Jun 17		1583	21	9 Nov 16		1353	21	1455
22	21 Jun 17		1518	22	5 Apr 16		1298	22	1409
23	7 Jul 16		1456	23	10 Nov 16		1324	23	1401
24	14 Sep 16		1374	24	6 Jul 16		1357	24	1367
25	14 Sep 16		1271	25	1 Feb 17		1023	25	1119
26	14 Sep 16		1180	26	8 Feb 17		896	26	1031
28	14 Sep 16		803	28	8 Feb 17		651	28	731
30	24 Aug 16		677	30	9 Feb 17		531	30	586
32	6 Jul 16		551	32	22 Jun 17		373	32	459
MC	15 Mar 17		1234	MC	17 Aug 16		1039	MC	1138
SOUTH									
Ind.	10 May 17		1499	Ind.	9 Nov 16		1257	Ind.	1364
165	23 Mar 17		2422	165	11 Aug 16		1550	165	1902
17	22 Mar 17		2353	17	6 Jul 16		1540	17	1891
175	22 Mar 17		2287	175	17 Aug 16		1535	175	1873
18	22 Mar 17		2239	18	17 Aug 16		1504	18	1830
185	10 May 17		2142	185	17 Aug 16		1487	185	1775
19	10 May 17		1983	19	17 Aug 16		1471	19	1696
195	10 May 17		1823	195	22 Sep 16		1447	195	1611
20	22 Jun 17		1669	20	28 Sep 16		1397	20	1521
21	22 Jun 17		1580	21	9 Nov 16		1347	21	1448
22	21 Jun 17		1518	22	5 Apr 17		1306	22	1403
23	7 Jul 16		1466	23	5 Apr 17		1303	23	1384
24	22 Mar 17		1340	24	22 Mar 17		1340	24	1340
25	15 Sep 16		1242	25	1 Feb 17		1027	25	1129
26	15 Sep 16		1169	26	2 Feb 17		912	26	1040
28	23 Aug 16		797	28	2 Feb 17		648	28	727
30	24 Aug 16		678	30	8 Jun 17		525	30	586
32	18 Aug 16		584	32	2 Feb 17		384	32	437
MC	15 Mar 17		1225	MC	22 Sep 16		1037	MC	1134
WEST									
Ind.	29 Jun 17		1577	Ind.	28 Sep 16		1344	Ind.	1454
175	14 Sep 16		1554	175	14 Sep 16		1554	175	1554
18	22 Mar 17		2220	18	11 Aug 16		1487	18	1796
185	22 Mar 17		2106	185	18 Aug 16		1482	185	1772
19	4 May 17		1959	19	17 Aug 16		1478	19	1690
195	4 May 17		1820	195	28 Sep 16		1435	195	1612
20	15 Jun 17		1642	20	28 Sep 16		1395	20	1514
21	15 Jun 17		1560	21	9 Nov 16		1351	21	1441
22	15 Jun 17		1494	22	5 Apr 17		1301	22	1397
MC	9 Mar 17		1251	MC	7 Sep 16		1038	MC	1145



Members as at 30 June 2017

TRADING MEMBERS

ACF Wool Traders	Fox & Lillie Pty Ltd	Spearwood Wool
AR Rhodes & Co. (Wool) Pty Ltd	Fremantle Wool Trading Company Pty Ltd	Stockwool Pty Ltd
AS Gedge (Aust) Pty Ltd	G Schneider Australia Pty Limited	Swan Wool Processors Pty Ltd
Australia Beyond Investment Pty Ltd	Goldex Corporation Pty Ltd T/A Mascot Wool	T20 Enterprises Pty Ltd
Australian Wool & Pastoral Agency Limited	Gordon Litchfield Wool Pty Ltd	Taiyuan International (Australia) Pty Ltd
Australian Wool Network Pty Ltd	Hodge Wool Pty Ltd	Techwool Trading Pty Ltd
Australis Wool Pty Ltd	Jemalong Wool Unit Trust	The New Zealand Merino Company Ltd
Aztech Investments Pty Ltd T/As United Quality Wool	Kathaytex Pty Ltd	Tianyu Wool Pty Ltd
BA Moses Pty Ltd	Kentway Trading Pty Ltd	Tradeswool Country Woolbuyers Pty Ltd
Barwon & Yarra Valley Wool Brokers Pty Ltd	KG PACIFIC PTY LTD	Tradeswool Pty Ltd
Beecher Wool Services	Landini And Co.	Victoria Wool Processors Pty Ltd
BN Proud Family Trust	Lempriere (Australia) Pty Ltd	Watswool Pty Ltd
Bryton Wool	Michell Wool Pty Ltd	Weddin Wool Services
Chinatex (Australia) Wool Co. Pty Ltd	Modiano Australia Pty Ltd	West Coast Wools Unit Trust
Coggan Wool	Montgomery Family Trust	Williams Wool Export Pty Ltd
Dalgety Wool Exports	Natsun Australia Pty Ltd	Wool Agency Co Pty Ltd
Dalgety Wool Exports	New England Wool Pty Ltd	Yangtse (Australia) Pty Ltd
Dalgety Wool Exports	Ostini Wool Pty Ltd	Yeoward & Co.
Don Belgre Pty Ltd	Peter Scanlan Wools	Zhong Long International Pty Ltd
Don Macdonald & Co. Woolbrokers	Pioneer Wool Pty Ltd	
Donghai Australia Pty Ltd	PJ Morris Wools Pty Ltd	
Dyson Jones Wool Marketing Services	Quality Wool Pty Ltd	
Elders Rural Services Ltd	Riverina Wool (Aust) Pty Ltd	
EP Robinson Pty Ltd	Ruralco Holdings Limited	
Fletcher International Exports Pty Ltd	S & G Cotton Australia Pty Ltd	
	Saunders Wool Pty Ltd	
	Seatech Industrial Pty Ltd	
	Segard Masurel (Australia) Pty Ltd	





GROWER MEMBERS

Amberedge Pty Ltd
Autumnvale Pastoral Company
Bickleigh Hillburn Pty Ltd
Bloomfield Pastoral Company
Carnbrae Harden Pastoral Co.
Cavanagh Partnership
DD & AJ Long
Hamblin & Co.
Ian Aubrey
Ian Burbury
IK, MJ & CLK Mcivor
Kentucky Pty Limited
Kildara Pastoral Co.

KM & YC Gill
MI & ME Zell
Paling Yards Trading Co.
RD & AM Pietsch T/A Terlinga Partnership
Richardson Family Trust
Stonehouse Grazing
The Mutooroo Pastoral Company Pty Ltd
Twynam Pastoral Company Pty Ltd
Woolproducers Australia Limited
Yarrabee Grazing Co.

ASSOCIATE MEMBERS

The Australian Superfine Wool Growers' Association Inc.
Australian Wool Innovation Ltd
Department Of Agriculture & Food - WA



Company Principles

Although Australian Wool Exchange Limited (AWEX) is not a listed company, it adopts the best practice recommendations as drafted by the ASX Corporate Governance Council insofar 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. The Constitution provides for two separate appointees to the positions of Chair 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 Chairwoman, 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 monitors and advises the Board on management, finance and expenditure policies and oversees the external financial statement audit; 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 Chairwoman overviews the performance of the CEO. Reviews for all staff, including senior management, are also carried out each year.

9. REMUNERATE FAIRLY AND RESPONSIBLY

Summary of remuneration of Key Management Personnel is 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 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 2017.

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	<i>Until 25 November 2016</i>
Robyn Clubb	<i>Appointed 24 August 2016</i>
Donald M Watt	<i>Until 24 August 2016</i>
Andrew Basire	
Andrew Blanch	
John Colley	<i>Appointed 25 November 2016</i>
Richard Halliday	
Malcolm L Hunt	<i>Until 25 November 2016</i>
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 and Integrity 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.

Review of Operations and Results

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.

	2017 \$	2016 \$
Revenue	4,099,957	4,085,842
Profit from ordinary activities	124,800	123,695

Significant changes in the state of affairs




There have been no significant changes in the state of affairs of the company during the year.

Matters subsequent to the end of the financial year





There has been no matter or circumstance which has arisen since 30 June 2017 that has significantly affected or may significantly affect the company's operations, the results of those operations or the company's state of affairs in future financial years.



Directors

DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
<p>Dr J S Keniry AM Director from 26/11/2010 to 25/11/2016</p> 	<p>BSc (Hons 1), Physical Chemistry, University of NSW</p> <p>PhD, Chemical Engineering, University of Cambridge</p> <p>Fellow, Royal Australian Chemical Institute</p> <p>Fellow, Australian Academy of Technical Sciences & Engineering</p> <p>Fellow, Australian Institute of Company Directors</p> <p>Woolgrower</p>	<p>Director and Chairman, Sydney Institute of Marine Science</p> <p>Commissioner, Natural Resource Commission of NSW</p> <p>Director, Lakelands Investments Pty Ltd t/as Kildara Pastoral Company</p>	<p>Chairman</p> <p>Chairman, Remuneration Committee</p>
<p>R Clubb Director from 24/8/2016</p> 	<p>BEC, CA, MAICD, F Fin</p>	<p>Director, Elders Ltd</p> <p>Treasurer, Royal Agricultural Society of NSW</p> <p>Non-executive Director, Craig Mostyn Group Ltd</p> <p>Chair, Rice Marketing Board on NSW</p>	<p>Chairwoman</p> <p>Chairwoman, Remuneration Committee</p>
<p>D M Watt Director from 25/4/2007 to 24/8/2016 Director from 24/1/1996 to 17/11/2006</p> 	<p>LL.B - University of Western Australia</p>	<p>Director, Sharus Pty Ltd</p> <p>Director, Sanur Pty Ltd (Group)</p> <p>Director, Netherhill Pty Ltd</p>	<p>Deputy Chairman</p> <p>Chairman, Audit Committee</p> <p>Member, Compliance & Corporate Governance Committee</p> <p>Member, Remuneration Committee</p>



DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
A Blanch Director from 23/11/2015 Alternate Director from 3/9/2010 	B.AppSc (Agriculture) Hawkesbury Agricultural College	Managing Director, New England Wool Pty Ltd Managing Director, New England Wool Holdings Pty Ltd	Chairman, Audit Committee
A Basire Director from 28/11/2014 		Vice President, Private Treaty Wool Merchants Association Director, Spearwood Wools Pty Ltd	Member, Remuneration Committee
J H Colley Director from 25/11/2016 Director from 25/11/2011 to 28/11/2014 Alternate Director from 22/2/2016 to 24/11/2016 	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 Vice President, National Council of Woolbrokers Association Director, Arlia Pty Ltd Director, Jemina Pty Ltd Director, Colley Pty Ltd Director, AWN Property Pty Ltd Director, AWN Pastoral Pty Ltd	Member, Remuneration Committee
M Hunt Director from 28/11/2014 to 25/11/2016 	Registered Real Estate Agent	Director, Elders Rural Services Australia Ltd Director, Livestock Markets Ltd Zone General Manager - South, Elders Ltd	Member, Remuneration Committee



Directors (cont.)

DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
<p>R Halliday Director from 9/3/2015</p> 	Woolgrower	<p>President, WoolProducers Australia Ltd Director, Australian Wool Testing Authority Ltd</p>	Member, Audit Committee
<p>M J Moses Director from 1/12/2000</p> 	<p>Australian College of Professionals: Real Estate, Agency Operations, Property Management & Stock & Station Agent Woolgrower</p>	<p>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</p>	Member, Membership Admissions Committee
ALTERNATE DIRECTOR	QUALIFICATIONS	COMPANY & DIRECTORSHIP	SPECIAL RESPONSIBILITIES
<p>M Hunt <i>(Alt for J Colley)</i> Alternate Director from 25/11/2016 Director from 28/11/2014 to 25/11/2016</p> 	Registered Real Estate Agent	<p>Director, Elders Rural Services Australia Ltd Director, Livestock Markets Ltd Zone General Manager - South, Elders Ltd</p>	Nil



**ALTERNATE
DIRECTOR****QUALIFICATIONS****COMPANY &
DIRECTORSHIP****SPECIAL
RESPONSIBILITIES****B Litchfield**
(Alt for A Basire)

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

G Litchfield
(Alt for M Moses)

Alternate Director from
12/5/2015



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

Nil

E Storey
(Alt for R Halliday)

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
(Alt for A Blanch)

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 2017, 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	Audit	Remuneration
		A/E	A/E	A/E
Dr J S Keniry AM	<i>Chairman Until 25/11/16</i>	2 / 2	-	-
R Clubb	<i>Appointed 24/8/16</i>	4 / 4	-	1 / 1
D M Watt	<i>Until 24/8/16</i>	1 / 1	1 / 1	-
A Basire		4 / 5	-	1 / 1
A Blanch		5 / 5	1 / 1	-
J Colley	<i>Appointed 25/11/16</i>	3 / 3	-	1 / 1
R Halliday		4 / 5	0 / 1	-
M L Hunt	<i>Until 25/11/16</i>	2 / 2	-	-
M Moses		5 / 5	-	-
ALTERNATE DIRECTORS				
J Colley (<i>Until 25/11/16</i>)	M Hunt	0 / 0	-	-
M Hunt (<i>Appointed 25/11/16</i>)	J Colley	0 / 0	-	-
B A Litchfield	A Basire	1 / 1	-	-
G Litchfield	M Moses	0 / 0	-	-
P Morris	A Blanch	0 / 0	-	-
E Storey	R Halliday	0 / 1	0 / 1	-

A = Attended, E = Eligible to Attend



MEMBERSHIP

The Australian Wool Exchange Limited is incorporated under the Corporations Act 2001 and is an entity limited by guarantee and without share capital. 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 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 2017 is \$490 (2016: \$490).

The number of members as at 30 June 2017 and the comparison with the prior year is as follows:

	2017	2016
Trading	72	70
Grower	23	25
Associate	3	3
TOTAL	98	98

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.



R Clubb
Chairwoman



A Blanch
Director

Date: 23 August 2017



Auditor's Declaration

AUSTRALIAN WOOL EXCHANGE LIMITED

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

As lead auditor of the company for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of 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, Partner
Chartered Accountants

SYDNEY,
Date: 23 August 2017

Liability limited by a scheme approved under Professional Standards Legislation



Statement of Profit or Loss and Other Comprehensive Income

	Notes	2017 \$	2016 \$
Revenues from ordinary activities	2	4,099,957	4,085,842
Employee benefit expenses		(2,096,053)	2,061,318)
Depreciation and amortisation Expenses	3	(145,342)	(123,935)
Occupancy costs		(297,536)	(285,916)
Other expenses from ordinary activities		(1,436,226)	(1,490,978)
Profit for the year before income tax expense		124,800	123,695
Income tax expense	1(b)	-	-
Profit from ordinary activities after related income tax expense	16	124,800	123,695
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		124,800	123,695
Total comprehensive income/(loss) attributable to members of the entity		124,800	123,695

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 at 30 June 2015	640,000	5,591,155	6,231,155
Profit attributable to members	0	123,695	123,695
Total other comprehensive income for the year	0	0	0
Balance at 30 June 2016	640,000	5,714,850	6,354,850
Profit attributable to members	0	124,800	124,800
Total other comprehensive income for the year	0	0	0
Balance at 30 June 2017	640,000	5,839,650	6,479,650

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



Statement of Financial Position

	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	4	4,490,344	5,274,761
Receivables	5	112,935	151,236
Other current assets	6	98,866	104,172
Total Current Assets		4,702,145	5,530,169
NON-CURRENT ASSETS			
Cash and cash equivalents	7	3,000,000	3,000,000
Property, Plant, Equipment & Leased Premises	8	1,546,149	1,671,520
Total Non-Current Assets		4,546,149	4,671,520
TOTAL ASSETS		9,248,294	10,201,689

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



	Notes	2017 \$	2016 \$
CURRENT LIABILITIES			
Payables	9	205,774	148,481
Provisions	10	460,659	497,651
Other current liabilities	11	1,417,662	2,364,602
Lease Liabilities	12	121,155	122,654
Total Current Liabilities		2,205,250	3,133,388
NON-CURRENT LIABILITIES			
Provisions	13	28,334	49,118
Lease Liabilities	14	535,060	664,333
Total Non-Current Liabilities		563,394	713,451
TOTAL LIABILITIES		2,768,644	3,846,839
NET ASSETS		6,479,650	6,354,850
MEMBERS' FUNDS			
Members' Reserves	15	640,000	640,000
Retained Surpluses	16	5,839,650	5,714,850
TOTAL MEMBERS' FUNDS		6,479,650	6,354,850

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



Statement of Cash Flows

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,948,892	5,774,891*
Payments to suppliers and employees		(3,830,298)	(3,975,864)
Interest Received		246,232	273,747
Net cash inflows / (outflows) from operating activities	23	(634,174)	2,072,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(150,743)	(114,583)
Proceeds from sale of plant and equipment		1,500	-
Net cash inflows / (outflows) from investing activities		(149,243)	(114,583)
Net increase (decrease) in cash held		(784,417)	1,958,191
Cash and cash equivalents at the beginning of the financial year		8,274,761	6,316,570
Cash and cash equivalents at the end of the financial year		7,490,344	8,274,761
Current	4	4,490,344	5,274,761
Non-Current	7	3,000,000	3,000,000
Cash and cash equivalents at the end of the financial year		7,490,344	8,274,761

* 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

Basis of preparation

Australian Wool Exchange Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flows, have been prepared on an accruals basis and 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 company is a company limited by guarantee. In accordance with the Constitution of the 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 23 August 2017.

A summary of significant accounting policies is set out below:



Notes to the Financial Statements (cont.)

(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:

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(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.



Notes to the Financial Statements (cont.)

Superannuation

The company contributes to employee accumulation superannuation funds. Contributions are charged against income when they become payable.

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 company 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.

(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 than 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

Leases are recognised under the new Accounting Standard AASB 16: Leases. Applicable leases whether finance or operating in nature are to be recognised on the Statement of Financial Position as liabilities with corresponding right-of-use assets. These leases are measured at their net present values and include future lease payments under an option where that option is reasonably expected to be taken up. For operating leases that do not need to meet the requirements under this standard being leases that are less than 12 months or of minor values, and where substantially all the risks and benefits remain with the lessor, these are recognised as expenses over the term of the lease.

(l) 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.



Notes to the Financial Statements (cont.)

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.

(m) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Comparatives

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.



	2017 \$	2016 \$
2. REVENUE FROM ORDINARY ACTIVITIES		
<i>Operating activities</i>		
Sales of goods - Bale labels	1,327,576	1,352,938
Woolclasser registration fees	1,273,762	1,222,674
Service Fees	1,167,545	1,158,720
Membership joining and annual subscription fees	83,342	77,152
<i>Other Income</i>	3,852,225	3,811,484
Interest Received	246,232	273,747
Other Revenue	1,500	611
Total revenue from Ordinary Activities	4,099,957	4,085,842

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	145,342	123,935
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Total Depreciation and Amortisation Expenses	145,342	123,935
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Lease rentals:

- Minimum lease payments	255,220	216,737
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Total Lease Rentals	255,220	216,737
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Superannuation Contributions	202,361	254,836
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Transfer to/(from) provision for Holiday Pay	(18,529)	(3,787)
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Transfer to/(from) provision for Long Service Leave	(14,728)	35,794
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Gain/(loss) on disposal of property, plant and equipment	1,500	(156)
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Net gain/(loss) on disposal of property, plant and equipment	1,500	(156)
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Notes to the Financial Statements (cont.)

	2017 \$	2016 \$
4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash on Hand	1,658	1,366
Cash at Bank	363,982	422,657
Term Deposits	4,124,704	4,850,738
Cash and Cash Equivalents	4,490,344	5,274,761
5. CURRENT ASSETS - RECEIVABLES		
Trade Debtors	75,830	66,507
less: Provision for impairment	(15,000)	(15,000)
Trade debtors after provision for impairment	60,830	51,507
Accrued Revenue	52,105	99,729
Receivables	112,935	151,236
Provision for impairment	-	-
Movement in doubtful debts	-	-
Opening balance at 1 July	15,000	15,000
Charge for the year	-	-
Written off	-	-
Closing balance at 30 June	15,000	15,000



	2017 \$	2016 \$
6. CURRENT ASSETS - OTHER		
Prepayments	61,601	58,321
Stock on Hand	25,921	30,324
Other Debtors	11,344	15,527
Other	98,866	104,172
7. NON-CURRENT - CASH AND CASH EQUIVALENTS		
Term Deposits	3,000,000	3,000,000
Cash and Cash Equivalents	3,000,000	3,000,000
8. NON-CURRENT ASSETS - PROPERTY, PLANT, EQUIPMENT & LEASED PREMISES		
Plant and equipment at cost	2,614,738	2,490,382
Less: Accumulated depreciation	(1,724,804)	(1,605,849)
	889,934	884,533
Leased Premises	1,133,524	1,141,642
Less: Accumulated Amortisation	(477,309)	(354,655)
	656,215	786,987
Property, Plant, Equipment and Leases Assets	1,546,149	1,671,520



Notes to the Financial Statements (cont.)

	2017 \$	2016 \$
8. NON-CURRENT ASSETS - PROPERTY, PLANT, EQUIPMENT & LEASED PREMISES (CONT.)		
Reconciliation of the carrying amounts of property, plant and equipment and leased assets at the beginning and end of the current financial year.		
Plant and Equipment		
Carrying amount at beginning of the period	884,533	894,041
Additions	150,743	114,583
Disposals (net)	-	(156)
Depreciation Expense	(145,342)	(123,935)
Carrying amount at end of the period	889,934	884,533
Reconciliation of Leased Premises		
Opening balance of Leased Premises	786,987	240,590
Additions	-	664,333*
Disposals/adjustments	(8,118)	-
Used	(122,654)	(117,936)
Closing balance of Leased Assets	656,215	786,987
	1,546,149	1,671,520

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



	2017 \$	2016 \$
9. CURRENT LIABILITIES - PAYABLES		
Creditors	78,072	24,476
Accrued Expenses	127,702	124,005
Payables	205,774	148,481
10. CURRENT LIABILITIES - PROVISIONS		
Employee entitlements (being provision for Annual Leave, Long Service Leave due and Superannuation)	460,659	479,538
Other	-	18,113
Provisions	460,659	497,651
11. CURRENT LIABILITIES - OTHER		
Unearned Income*	1,417,662	2,364,602
Other	1,417,662	2,364,602
<i>* Unearned income represents Wool Classer registration fees received for the period 1/1/2016 to 31/12/2018</i>		
12. LEASE LIABILITIES - OTHER		
Current Lease Liabilities	121,155	122,654
Other	121,155	122,654



Notes to the Financial Statements (cont.)

	2017 \$	2016 \$
13. NON-CURRENT LIABILITIES - PROVISIONS		
Employee entitlements (being provision for Long Service Leave)	28,334	49,118
Provisions	28,334	49,118
Analysis of Provisions		
Opening balance of Employee Provisions	528,656	476,861
Additions	146,269	172,606
Used	(185,932)	(120,811)
Closing balance of Employee Provisions	488,993	528,656
Employee Provisions - Current	460,659	479,538
Employee Provisions - Non-Current	28,334	49,118
Total Employee Provisions	488,993	528,656
14. NON-CURRENT LIABILITIES - LEASE LIABILITIES		
Non-current Lease Liabilities	535,060	664,333
Lease Liabilities	535,060	664,333
15. MEMBERS' FUNDS - RESERVES		
Members' Reserves		
Balance at 1 July	640,000	640,000
Transfer from Retained Surplus	-	-
Reserves	640,000	640,000



	2017 \$	2016 \$
16. MEMBERS' FUNDS - RETAINED SURPLUS		
Retained Surplus		
Balance at 1 July	5,714,850	5,591,155
Net surplus attributable to members of the company	124,800	123,695
Retained Surplus	5,839,650	5,714,850

17. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

Key Management Personnel compensation	765,440	780,826
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18. REMUNERATION OF AUDITORS

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

- audit of the financial report of the company	17,000	16,500
- other services	-	-
Remuneration of Auditors	17,000	16,500

19. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events that have occurred since the end of the reporting period.



Notes to the Financial Statements (cont.)

	2017 \$	2016 \$
20. LEASE DETAILS AND COMMITMENTS		
Capitalised lease amortisation	122,654	117,936
Operating lease expenses	132,566	98,801
Total lease charges	255,220	216,737
Minimum Capitalised lease payments		
- not later than one year	121,155	122,654
- later than one year and not later than five years	535,060	664,333
- later than five years	-	-
Expenditure Commitments	656,215	786,987
21. RELATED PARTY DISCLOSURES		
Director and Director-related entity transactions		
A number of the directors are directors of entities which transacted with the company. The transactions during the year were as follows:		
Sales of services relating to membership, subscriptions, trading, 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.	127,201	83,890
Sponsorship paid for wool promotion activities, including Royal Agricultural Society of NSW	21,000	-
Outstanding balances at year end arising from the above transactions:		
Current receivables (Sales of Services)	7,664	6,388
Current payables (Sponsorships)	5,500	-



	2017	2016
	\$	\$

22. SEGMENT INFORMATION

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

23. RECONCILIATION OF OPERATING PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

Profit/(Loss) from ordinary activities	124,800	123,695
Depreciation and amortisation	145,342	123,935
Increase/(Decrease) in Other Provisions	(57,776)	32,784
(Profit)/Loss on disposal of plant and equipment	(1,500)	156
Decrease/(Increase) in trade debtors and accrued revenue	38,301	(30,479)
Decrease/(Increase) in other debtors and prepayments	5,306	49,909
Increase/(Decrease) in trade creditors, accruals and unearned income	(889,647)	1,772,774
Net cash Inflows/(Outflows) from operating activities	(635,174)	2,072,774

24. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

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



	Notes	2017 \$	2016 \$
24. FINANCIAL INSTRUMENTS (CONT.)			
Financial Assets			
Cash and cash equivalents - Current	4	4,490,344	5,274,761
Cash and cash equivalents - Non-current	7	3,000,000	3,000,000
Total Cash and cash equivalents		7,490,344	8,274,761
Trade Debtors & Other Receivables	5	112,935	151,236
Other Assets	6	98,866	104,172
Total Financial Assets		7,702,145	8,530,169
Financial Liabilities			
Trade Creditors and other payables	9	205,774	148,481
Total Financial Liabilities		205,774	148,481
25. 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

26. SUBSEQUENT EVENTS

There have been no events subsequent to the reporting date which would have a material effect on the company's financial statements at 30 June 2017.



Directors' Declaration

The Directors' of the company declare that:

- (1) The financial statements and notes as set out on pages 40 to 60, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), and :
 - (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position of the company as at 30 June 2017 and of its 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 board of directors and is signed in accordance with subsection 60-15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.



R Clubb
Chairwoman



A Blanch
Director

Date: 23 August 2017



Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN WOOL EXCHANGE LIMITED

Opinion

We have audited the financial report of Australian Wool Exchange Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in members' fund's and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors declaration.

In our opinion, the financial report of Australian Wool Exchange Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) Giving a true and fair view of the Company's financial position as at 30 June, 2017 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 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.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Auditor's Report (cont.)

- Obtain an understanding of internal control relevant to audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



THOMAS DAVIS & CO.



J G Ryan, Partner
Chartered Accountants

SYDNEY,
Date: 23 August 2017

Liability limited by a scheme approved under Professional Standards Legislation





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- 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

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AWEX *we know wool*

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