

2014

ANNUAL REPORT

NAMOI



COTTON

Growing Together



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CO-OPERATIVE PROFILE

Namoi Cotton was established in 1962 and today is Australia's leading cotton processing and marketing organisation. Namoi Cotton has an extensive network of ginning, marketing and logistics operations throughout the cotton growing regions of New South Wales and southern Queensland. As part of its business operations Namoi Cotton is a participant in the Namoi Cotton Alliance joint venture, which owns and operates warehouse and commodity packing facilities in Wee Waa, Warren and Goondiwindi.

Our dedicated grower services team operates from a network of regional offices based in Wee Waa, Moree, Trangie, Toowoomba and Goondiwindi.

CO-OPERATIVE OBJECTIVES

Our Vision – To be the leading cotton processing, marketing and service provider in the Australian cotton industry.

Our Mission – To deliver quality products and services to our customers and members.

OUR VALUES

Shareholder Value – To deliver superior financial results and build wealth for stakeholders.

Quality – Continuously improve the reliability and consistency of our processes, products and services.

People – Create an environment where people are satisfied and motivated to achieve high levels of performance.

Safety – Working safely is more important than time, production and costs.

Customer Service – Deliver products and services that meet and exceed customer expectations.

Environment – Ensure we respect and protect the environment.

THE 2014 FINANCIAL YEAR IN REVIEW

FY2014 SUMMARY

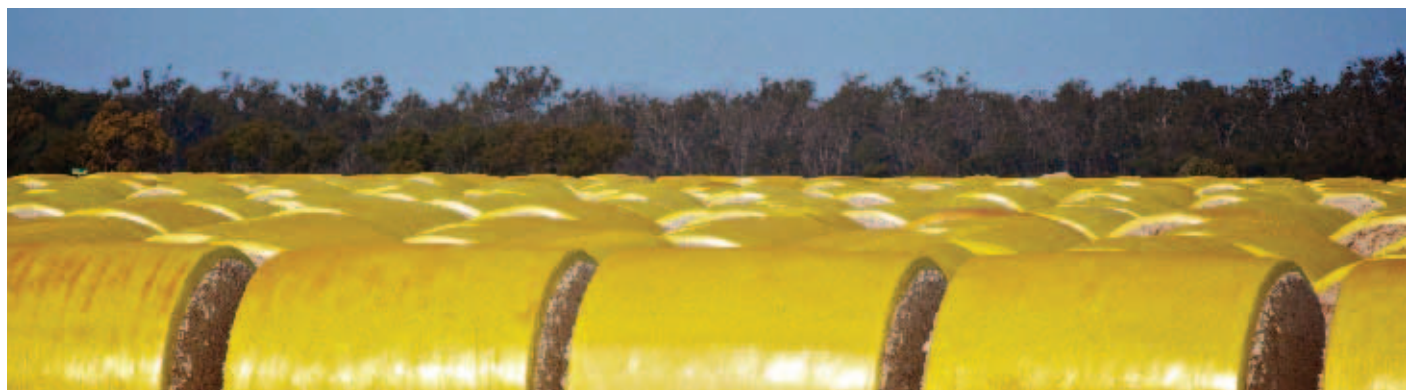
Financial Summary	FY2014 (\$,000)	FY2013 ⁽³⁾ (\$,000)
Revenue from continuing operations	507,337	580,033
EBITDA ¹	24,231	21,776
EBIT ²	14,049	7,711
Income Tax Benefit (Expense)	(2,367)	4,135
Net profit/(loss) after tax	5,313	(107)
Earnings per Namoi Capital Stock	4.9 cents	(0.1) cents
Distribution per Namoi Capital Stock (unfranked)	0.0 cents	0.0 cents
Rebate payable to grower members	-	-
Total assets	213,564	295,489
Interest bearing debt	54,339	141,154
Term (core) debt	40,000	66,068
Stakeholders equity	118,840	109,869
Net tangible assets per Namoi Capital Stock	108 cents	115 cents
Outflows to Namoi Capital Stockholders (Distribution & Buyback)	-	-
Capital expenditure	3,007	6,073
Disposal consideration	30,397	30

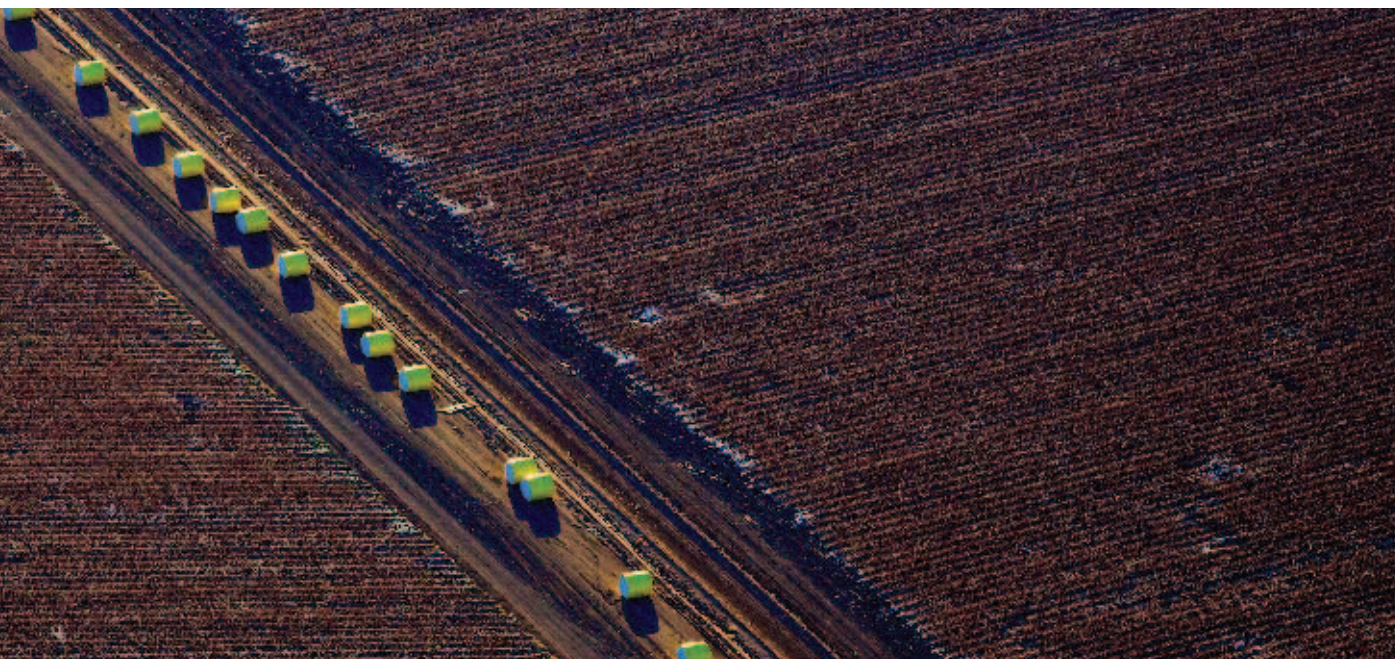
¹EBITDA defined as earnings before interest, tax, depreciation and amortisation.

²EBIT defined as earnings before interest and tax.

Both of the above terms are non IFRS financial information.

³Adjusted for changes to accounting policies.





COTTON PRODUCTION

	2014 Season Forecast ⁽¹⁾ Production	2013 Season Actual ⁽²⁾ Production
Region	Bales	Bales
NSW		
MacIntyre Valley	451,260	44,0460
Mungindi	228,000	246,750
Gwydir Valley	582,514	845,000
Bourke/Walgett	162,500	189,700
Upper Namoi valley	171,250	157,000
Lower Namoi valley	387,500	493,100
Macquarie Valley	240,675	477,800
Lachlan Valley	152,250	146,162
Murrumbidgee Valley	334,425	305,938
Tandou	75,075	70,000
	2,785,449	3,371,910
QLD		
CQ	173,000	123,000
Dawson Valley	48,800	50,500
St George	136,000	249,000
Darling Downs	260,500	316,000
Dirranbandi	324,500	340,000
	942,800	1,078,500
GRAND TOTAL	3,728,249	4,450,410

⁽¹⁾ Namoi Cotton's estimate of the total Australian production for 2014 as at 10th June 2013

⁽²⁾ 2013 Adjusted Figures from The Australian Cotton Grower, Cotton Yearbook 2013

CHAIRMAN & CHIEF EXECUTIVE OFFICER REPORT

RESULT IN REVIEW FOR 2013/14

Namoi Cotton recorded a consolidated net profit after tax and rebate from continuing operations of \$5.3 million for the full year ended 28 February 2014, compared to a net loss of \$0.1 million for the year ended 28 February 2013.

The improved financial performance has been delivered by consistent ginning division contribution, strong cotton seed trading margins and reduced financing costs. The \$8.6m net gain on disposal of the lint marketing and commodity packing businesses associated with the establishment of Namoi Cotton Alliance (NCA) and NCA's first year of operations provided a significant contribution to this result. The NCA gain on disposal was offset by costs related to Namoi Cotton's traditional direct marketing activities including residual 2012 crop bales. The overall operating result incorporating the NCA gain on disposal, combined with effective working capital management and positive cash flows, resulting in a further favourable reduction in debt levels.

Finance costs have reduced by \$5.6m from the previous year. Our total net debt has reduced from \$142m at the commencement of the financial year to \$58m at 28 February 2014. In March 2014, we successfully completed consolidation of our finance facilities now provided solely by Commonwealth Bank of Australia. In doing so we lengthened the term of our senior term debt facilities from one to three years.

2013 AUSTRALIAN COTTON PRODUCTION

The 2013 Australian cotton crop was the second largest on record with overall production recorded at 4.4 million bales, down from the 5.4 million bales produced in 2012. Secure water availability for irrigated growers combined with southern NSW production expansion and continued improvement in yields to broadly support irrigated production levels.

SEASON OPERATIONS IN REVIEW

2013 Ginning Season

Namoi Cotton ginned 1,244,000 bales (including 100% of joint venture bales) of the 2013 crop compared to 1,570,000 bales of the 2012 crop. Our core ginning business delivered consistent underlying unit earnings contribution, despite continuing operating cost pressures surrounding particularly labour and energy requirements. Key ginning achievements for 2013 included:

- a 13% improvement in ginning throughput rates;
- each of our cotton gins posted a record daily ginning throughput;
- our patented automated round module handling technology seamlessly processed 80% of ginning bales in round module form;
- maintenance of our industry leading occupational health and safety standards;
- retention of key ginning and technical services employee resources; and
- satisfactory completion of all maintenance prior to the commencement of the 2014 season.

Market Performance

The cotton market opened the financial year with spot futures trading at around US87 cents per pound. Whilst this level remains above the longer term average, once taking into account the Australian dollar trading above parity, growers were able to access harvest pricing between \$410 and \$450 per bale. Growers on average achieved pricing for the 2013 season between \$425 and \$475 per bale.

Cotton futures continued to trade within a US7 cent per pound trading range until August 2013, when further information surfaced that the US crop would be smaller as the drought in West Texas continued. This combined with a heat wave in China and speculative buying saw cotton futures move above US90 cents per pound. In the same period the Australian dollar had moved to 91 cent against the USD, enabling growers with uncommitted cotton to market it above \$500 per bale. Cotton futures then stabilised back within their previous trading range as Chinese government policy continued to support world prices. As the focus moved to the next marketing year it became apparent the US crop, impacted by the drought in West Texas was going to be smaller than expected and Chinese demand would pressure world supplies. This, combined with the Australian dollar continuing to trade around 90 cent against the USD, saw prices again move above \$500 per bale.

The Australian dollar gradually weakened over the course of the financial year with improved economic information abroad, including the US situation. Back in Australia, the slowdown of the mining industry and the Reserve Bank of Australia's physical policies also pressured the Australian dollar against the USD. This decline supported Australian cotton prices as they increased \$80 per bale for the period.

Cottonseed Business and Cargill Oilseeds Australia Partnership

Our cotton seed trading business shipped and handled 348,000mt compared with 415,000mt in the previous year. Cotton seed trading margins have improved as a function of strong domestic and international demand, improved yield contractual performance and increased inventory values with improving back end demand in feed markets associated with the dry conditions.

Namoi Cotton's 15% interest in the Cargill Oilseeds Australia business has contributed \$0.9 million compared to a profit of \$4.0m in the previous year. The reduced contribution was largely a function of lower cotton seed crush volumes and utilisation, reduced demand for cotton seed oil and meal products and lower inventory values.

Namoi Cotton Alliance

As was announced to the market on 26 April 2013, Namoi Cotton and Louis Dreyfus Commodities Group established a cotton marketing and commodities packing services joint venture (joint venture), to be called Namoi Cotton Alliance (NCA). We hold a 51% interest in NCA and the Louis Dreyfus Commodities Group holds a 49% interest.

The establishment of the joint venture was delayed until late April 2013 as critical final elements to the transaction were resolved. This has impacted the first year's cotton marketing operations with in excess of 600,000 bales procured by Namoi Cotton and on sold to NCA. The joint venture's containerised cotton seed packing operations have packed in excess of 114,000mt of cotton seed and a further 27,000mt of grain and pulse based commodities. The grain and pulse packing volumes were well below expectations with the extreme dry weather conditions in most areas leading to limited winter crop plantings. The joint venture has contributed \$2.3m to the overall Namoi Cotton result and represents a positive first year for the joint venture partners.





LOOKING FORWARD

2014 Season

The 2014 crop planting was generally impacted by reduced water availability in most irrigated regions following a dry Autumn and Winter period reducing both moisture profiles in which to plant and dam levels that supply most production areas. Despite this, with cotton prices trading at circa AUD\$480 per bale at planting time, sufficient cotton seed was planted to produce a crop in excess of 4.0 million bales.

The dry weather conditions that had plagued the period leading up to planting continued for the majority of the growing period through to early April 2014. This resulted in a large percentage of growers utilising more water than anticipated to establish the crop immediately after planting and then in many cases not having sufficient water to finish the crop. Further, rainfall events at or close to picking time when the cotton fibre was exposed to the elements in a number of areas is impacting quality. Namoi Cotton's forecast of the 2014 crop is now approximately 3.8 million bales (2013 crop: 4.4 million bales).

Namoi Cotton expects to gin between 1.15 million and 1.20 million bales (inclusive of 100% of ginning joint ventures). The decline in ginning volumes from the prior crop will translate to reduced seed volumes with between 300,000mt and 325,000mt now anticipated to be traded and handled.

Our commitment to retaining critical human resourcing and key supplier relationships within our ginning and operations business has ensured successful completion of maintenance in readiness for the 2014 season. We are committed to operating the premium cotton ginning operations in the Australian industry and look forward to further improving the throughput capacity of our ginning network. Key logistics assets and supply chain services have been effectively maintained and are well prepared to support Namoi Cotton's core cotton seed trading and handling activities and the extensive cotton marketing and commodity packing activities of NCA.

NCA cotton marketing volumes are now expected to be similar to those traded and handled in the 2013 crop given predominantly the dry weather conditions which have impacted forecast production and the trading challenges

associated with the persisting inverted ICE cotton futures market, as it pertains to the 2014 crop. Commodity packing volumes are expected to increase by approximately 25% underpinned by improved winter crop grain and pulse production. NCA's enhanced risk management capacity and commercial business positioning should ensure broadly consistent financial contributions for Namoi Cotton in the 2014 season.

2015 Season and Beyond

The current industry outlook for the 2015 Australian cotton crop reflects between 2.0 million and 2.2 million bales, representing a significant reduction of between 42% and 47% from the 2014 crop and well below sustainable production levels for the first time since 2010. This outlook is reflective of the material reduction in current dam levels supplying most cotton growing regions (albeit still four to five months from planting) and the extensive low rainfall period that persisted until early April 2014.

Namoi Cotton will be targeting to increase its market share in both ginning and cotton seed trading volumes, whilst effectively participating in cotton marketing and commodity packing volumes through NCA in this forecast lower production volume 2015 season.

Namoi Cotton's Board remains committed to the vision of being the leading processor, marketer and service provider to cotton farmers and customers of the Australian cotton industry. The formal establishment of NCA represents the successful implementation of a significant element of the Board's strategic initiatives. The Board continues to work through a strategic planning process evaluating strategic alternatives for Namoi Cotton that will provide the framework for achievement of this vision and ultimately the generation of sustainable annual returns and value to all stakeholders.



BOARD OF DIRECTORS

Namoi has seven Directors, comprising four Grower Directors and three non Grower Directors, in accordance with the Rules and the Co-operatives Act. All Directors are Non-Executive Directors with appropriate experience, skills and qualifications. A brief profile of each Director is included below.



Stuart Boydell – Chairman, Non-Executive Director – 67

Mr Boydell joined the Board as a Grower Director in June 1994 and has been Chairman since December 1995. He was most recently re-elected at the 2011 general meeting. He has grown cotton on "Cooma" near Moree, NSW for over 20 years and is Chairman of the remuneration committee, and a member of the audit and compliance committee and MFRM committee.

Michael Boyce – Non-Executive Director – 71



FCA, FAICD, B Com, HDA

Mr Boyce joined the Board as a Non-Grower Director in October 2002. He was most recently re-elected at the 2012 general meeting. He was the founding partner of BOYCE Chartered Accountants. He is currently a director of Monbeef Pty Ltd, Birdnest Pty Ltd, Hazeldean Pty Ltd and Fugen Hardware Group. Mr Boyce is a member of the audit and compliance committee.

Richard Anderson – Non-Executive Director – 68



OAM, B.Com, FCA, FCPA

Mr. Anderson joined the Board as a Non-Grower Director in July 2001. He was most recently re-elected at the 2013 general meeting. Mr Anderson previously held the position of managing partner of PricewaterhouseCoopers in QLD. Mr Anderson is the Chairman of the audit and compliance committee and the MFRM committee and he is a member of the remuneration committee. During the past three years Mr Anderson has held ASX listed company directorships at Data#3 Limited (current – appointed 27 October 1997), Lindsay Australia Ltd (current – appointed 16 December 2002) and Villa World Limited (non-current). He is also currently president of the Guide Dogs for the Blind Association of QLD.



Ben Coulton – Non-Executive Director – 59

Mr Coulton joined the Board in July 2006 as a Grower Director. He was most recently re-elected at the 2012 general meeting. Mr Coulton has been growing cotton in the MacIntyre region since 1976. He brings with him extensive industry and commercial expertise.



Robert Green – Non-Executive Director – 57

Mr Green was appointed to the Board as a Non-Grower Director on 27 May 2013. He was elected to the board at the 2013 general meeting. Mr Green has considerable board relevant experience working as a Senior Executive and General Manager in the Australian and International agricultural industry for more than 28 years. Key areas of experience include trading, marketing, operations management and business development, including his current role as Chief Executive Officer of Louis Dreyfus Australia Pty Ltd. Mr Green is a member of the audit and compliance committee and the remuneration committee. He has been past President of the Australian Oilseeds Federation and Australian Grain Exporters Association.



Glen Price – Non-Executive Director – 58

B Rural Science (Hons), GAICD

Mr Price joined the Board in July 2009 as a Grower Director. He was most recently re-elected at the 2012 general meeting. Mr Price grows cotton in both the Mungindi and St George regions and has been involved in the cotton industry since 1978. He brings with him extensive industry and commercial expertise.



Bruce Longworth – Non-Executive Director – 61

Mr Longworth joined the Board in February 2004 as a Grower Director. He was most recently re-elected at the 2013 general meeting. Mr Longworth has been growing cotton on South Bunarba since 1981 near Mungindi, NSW and is also a part owner in 'Yarramildi', 'Yarralumby' and 'Wongwie'. Mr. Longworth is currently a director of Monbeef Pty Ltd.

Norman Fussell – Non-Executive Director – 76 (Retired 24 May 2013)



AO, D Univ (Qut), D Univ (Griff), A.A.U.Q., FCPA, FCIS, FAusIMM, FAICD, FTIA, JP

Mr Fussell joined the Board in April 1996 as the first Non-Grower Director. Mr Fussell retired as a Director of Namoi Cotton on 24 May 2013.

EXECUTIVE MANAGEMENT TEAM



Jeremy Callachor – Chief Executive Officer

BFA (Hons), CA

Appointed Chief Executive Officer in November 2010 and responsible for all of Namoi Cotton's business operations. Between January 2008 and November 2010, Jeremy held the role of General Manager – Operations & Human Resources and was responsible for all Namoi Cotton's ginning operations, occupational health & safety and human resources management. Jeremy also holds the role of CEO for the Namoi Cotton Alliance Joint Venture. Between June 2003 and January 2008 Jeremy was Namoi Cotton's Chief Financial Officer managing all financial, taxation, treasury and statutory reporting activities. Jeremy has had previous financial management experience with Harvest Haul Australia and Rolls Royce Marine in Scotland, UK. Jeremy has been involved with Namoi Cotton for more than 20 years and brings a strong knowledge of Namoi Cotton's various business operations and strategic capability to the Co-operative. Jeremy is also on the board of Cotton Australia.



Stuart Greenwood – Chief Financial Officer

B.FIN. Admin, CA

Stuart joined Namoi Cotton in 2001. He was appointed Chief Financial Officer in January 2008, following four years as Financial Controller, prior to this holding various senior accounting positions within Namoi Cotton. Stuart has previously held financial management positions within the cotton industry for CSD and Pursehouse Rural. Stuart oversees and manages all financial, taxation, treasury and statutory reporting activities for Namoi Cotton. Stuart brings over 20 years of agricultural financial and management experience to the senior management team.



Bailey Garcha – Company Secretary / General Counsel

BLLB, BFA, GAICD, ACIS

Bailey joined Namoi Cotton in 2003. He has previously held legal and corporate positions with Sparke Helmore Lawyers, Minter Ellison Lawyers and the NSW Treasury. His duties include major contract negotiations, management of litigation, ASIC and ASX compliance, insurance, superannuation, employment law management, joint venture, board and investor relations, corporate governance, internal legal advice, commercial law and management of transactions for Namoi Cotton. Bailey is involved in the implementation of commercial, corporate and operational projects for Namoi. Bailey brings over 15 years of legal, corporate and commercial experience to the senior management team.



David Lindsay – General Manager Grower Services and Marketing

BAppSci, Dip Exp Man, MBA

David joined Namoi Cotton in 1991. David has previously held a number of positions with Namoi Cotton in the Grower Services and Trading departments. Prior to joining Namoi Cotton David held an agricultural management position with National Mutual Rural Enterprises. David is responsible for domestic marketing, grower finance, risk management with growers, pool management, joint venture management and trading. David brings over 25 years of specialised cotton industry experience to the senior management team.



Shane McGregor – Chief Operations Officer

MBA – Master Business Admin, MPM – Masters of Project Management, USDA Accredited Cotton Classifier

Shane joined Namoi Cotton in 1999. Shane has previously held cotton and cottonseed management positions with Cotton Trading Corporation Pty Ltd and has been involved in the cotton industry in various management capacities since 1991. He has significant management experience in domestic marketing, commodities exports, logistics, cotton classing and commodities packing operations and brings over 20 years of specialised cotton industry experience to the senior management team. Shane was previously the General Manager Commodities for Namoi Cotton and in November 2013 became the Chief Operations Officer with responsibility for the performance of the ginning, ginning technical support services, cotton seed trading, commodities packing services, occupational health and safety and environmental business functions.



CORPORATE GOVERNANCE STATEMENT

Namoi Cotton's corporate governance practices are outlined in this Corporate Governance Statement. In developing the governance framework for Namoi Cotton the Board has taken into account the Corporate Governance Principles and Recommendations ("Best Practice Recommendations") published by the ASX Corporate Governance Council ("ASX CGC"). Namoi Cotton believes that its corporate governance practices comply in all substantial respect with the Best Practice Recommendations released by the ASX CGC.



PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of the Board of Directors

Fundamentally, the Board operates in accordance with the principles set out in the Co-operatives Act, Namoi Cotton Rules and Board Charter. The Board of Directors for Namoi Cotton are responsible to its stakeholders, which includes Grower Members and Namoi Capital Stockholders. The Board's main responsibilities and reserved decision making parameters are set out in the Board Charter and include:

- developing strategy for Namoi Cotton;
- appointing and removing the Chief Executive Officer and terms of service;
- establishing and monitoring financial objectives and reporting;
- approving and monitoring annual operating budgets, capital expenditure and strategy;
- monitoring and reviewing risk management systems, policies, practices and procedures;
- ensuring compliance with legislation, corporate governance standards and internal codes of conduct;
- oversight of Management performance;
- the issue or redemption of capital or equity instruments for Namoi Cotton;
- assessing and reviewing Namoi Cotton's performance and disclosure to stakeholders; and
- approve and monitor the progress of any material transactions and capital expenditure.

The Board has delegated the day to day management, operation and administration of Namoi Cotton to the Chief Executive Officer, Mr Jeremy Callachor who sub-delegates duties to various members of the Management team. The Chief Executive Officer has the authority to sub-delegate and is accountable to the Board. The Board is responsible for reviewing the performance of the Chief Executive Officer.

Committees

The Board has established a number of sub Committees to assist the Board in discharging its responsibilities. The sub Committees review certain matters designated within its Charter and make recommendations to the Board. The Committees include:

- Audit and Compliance Committee;
- Marketing and Financial Risk Management Committee ("MFRM Committee"); and
- Nomination and Remuneration Committee.

The various Board Committees are governed by the relevant adopted Charter which sets out the Committee's purpose, responsibilities, role, membership, meeting process, Board reporting obligations and assessment of performance.

During the 2014 Financial Year the various Committees were as follows:

Committee Members	Audit Compliance	MFRM	NCNR
S. Boydell	✓	✓	✓
N. Fussell	✓	✓	✓
G. Price		✓	✓
R. Anderson	✓	✓	✓
B. Coulton			
B. Longworth		✓	
M. Boyce	✓		
R. Green	✓		✓

- On 24 May 2013 Mr Norman Fussell retired from the Board and Mr Richard Anderson was elected Chairperson for the Audit and Compliance Committee and MFRM Committee
- On 24 May 2013 Mr Green was appointed to the Board.

Details of Committee meeting attendance is set out on page 29 of this report. The Chairperson for each Committee is:

- Audit and Compliance Committee – Mr Richard Anderson (Mr Norman Fussell was Chairperson until 24 May 2013)
- MFRM Committee – Mr Richard Anderson (Mr Norman Fussell was Chairperson until 24 May 2013)
- Nomination and Remuneration Committee – Mr Stuart Boydell

Management and the balance of the Board may attend the Committee meetings at the invitation of the relevant Committee Chairperson. All Committees review matters on behalf of the Board and, subject to its Charter:

- make appropriate recommendations to the Board; or
- determine matters in accordance with its delegated authority, which it reports to the Board.



PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board is to be comprised of individuals with an appropriate mix of skills, knowledge, qualifications and experience. The Board is composed of Grower Directors and Non-Grower Directors. The Namoi Cotton Rules provide that the Board may comprise a maximum of seven (7) Directors and a minimum of five (5) Directors. The Namoi Cotton Rules provide that the Board may include two but not more than three Non Grower Directors, with the balance to be made up of Grower Directors, with the overriding requirement that at all times the majority of Directors must be Grower Directors. The composition of the Board is reviewed annually by the Board, to ensure it meets the requirements of the Namoi Cotton Rules and the Co-operatives Act. The qualifications and experience of each Director may be found on page 10 of this report.

Independence

The Board supports the principle that a majority of the Board should be independent. When determining the independent status of a Director, the Board considers whether the Director:

- is a substantial shareholder of Namoi Cotton or an officer of, or otherwise associated directly with, a substantial shareholder of Namoi Cotton;
- is employed, or has previously been employed in an executive capacity by Namoi Cotton or another member of the Namoi Cotton group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to Namoi Cotton or another member of the Namoi Cotton group, or an employee materially associated with the service provided;
- is a material supplier or customer of Namoi Cotton or another member of the Namoi Cotton group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has a material contractual relationship with Namoi Cotton or another member of the Namoi Cotton group other than as a director.

The Board, when assessing materiality, takes a qualitative approach rather than setting quantitative thresholds. In accordance with the Namoi Cotton policies a relationship will be assessed as “material” in context of the nature, circumstance and activities of Namoi Cotton and in context

of the Director’s activities or its affiliates’ activities.

The Board recognises the need to have a majority of independent Directors but also recognises that Board members must add value in context of Namoi Cotton’s business. The Board recognises the need for the Board to comprise Directors that have a strong understanding of the Namoi Cotton business, cotton industry and co-operative principles, however with the ability to bring independent views and judgement to Board decision making and deliberations.

As a co-operative the Board must have Grower Directors who are required to have business relationships with Namoi Cotton for the ginning and marketing of cotton and related commodities. Additionally the Grower directors do have skills, knowledge, qualifications and experience necessary to the proper functioning of the Board.

Each of Mr Boydell, Mr Coulton, Mr Longworth and Mr Price, as Grower Directors, are cotton producers and sell cotton to Namoi Cotton and use Namoi Cotton’s ginning services. The Board regularly assesses whether or not the nature and extent of those transactions would cause these Directors not to be independent. The Board is satisfied each of these Directors are independent as the nature and magnitude of their dealings with Namoi Cotton do not cause the Board to consider that the relationship could materially interfere with the independent exercise of their judgment.

Mr Green is Chief Executive Officer of Louis Dreyfus Commodities Australia Pty Limited, a related entity of Namoi Cotton’s joint venture partner in Namoi Cotton Alliance and which also holds 13% of Namoi Capital Stock. The Board considers that Mr Green’s experience with Louis Dreyfus Group and business expertise in a range of soft commodity products will be invaluable to Namoi Cotton in advancing its business activities. Having considered Mr Green’s relationship with Louis Dreyfus Group and the principle of independence referred to above, the Board does not consider Mr Green to be an independent Director having regard to the significance of Namoi Cotton’s relationship with Louis Dreyfus Commodities Group. However the Board is confident that Mr Green will be able to exercise an independent judgment on all Board decisions. The appointment of Mr Robert Green as a Director of Namoi Cotton is an integral part of the overall arrangements between Louis Dreyfus and Namoi Cotton which the Board believes will be of significant benefit to Namoi Cotton. Since the appointment of Mr Robert Green as a Director of Namoi Cotton the Board considers that Mr Robert Green has shown independent judgment on all Board decisions.

Chairperson

The Board Charter provides that the Chairperson is to be appointed by the Board and must be a Non-Executive Grower Director. Mr Stuart Boydell is the Chairman, he is a Non-Executive Grower Director and has been determined by the Board as independent.

The Chairperson's role includes:

- leadership of the Board in all Board matters;
- representing the Board's views in public;
- setting Board meeting agendas in conjunction with the Chief Executive Officer; and
- promoting effective relations between the Board and Management.

Remuneration of Directors and Appointment of Directors

Under the Namoi Cotton Rules, the Directors will receive remuneration for the services as determined by the Namoi Capital Stockholders or the Grower Members (as applicable). The remuneration for Director services has remained unchanged since July 2005. The Directors are entitled to the reimbursement of reasonable travel expenses and reasonable ancillary costs associated directly with their Director duties.

Access to Independent Professional Advice, Indemnities and Insurance

The Directors for Namoi Cotton have the right, in connection with their duties and responsibilities, to seek independent professional advice at Namoi Cotton's expense. Prior written approval of the Chairperson is required for payment of expenses for independent advice, in the case of the Chairperson prior written approval of the Board is required. Namoi Cotton, in accordance with the Namoi Cotton Rules and Co-operatives Act has paid current and past Directors and Officers insurance premiums. Namoi Cotton Rule 61 provides that each Director will be indemnified against claims by Namoi Cotton for its conduct as a Director of Namoi Cotton, subject to the extent permitted by law and general exceptions.

Induction and Professional Development

Namoi Cotton provides a detailed briefing to assist new Directors to gain an appropriate understanding of the Namoi Cotton business. The detailed briefing is provided by the Chairperson, Chief Executive Officer, Company Secretary, Chief Financial Officer and other appropriate members of the Management team. The induction briefing is for the new Director to gain an understanding of:

- Namoi Cotton's financial, risk, strategic and management position;
- Director's rights, duties and responsibilities;
- responsibilities and roles of the Management team; and
- the role of the Board and the sub Committees.

Meetings of the Board and Company Secretary

The Chairperson and Chief Executive Officer set meeting agendas. The Company Secretary attends Board Meetings, other Management attend Board meetings by invitation and are also available to Directors when required for information and updates on the Namoi Cotton business. The Board may meet without the Company Secretary or

Chief Executive Officer, as and when required. The Company Secretary is appointed pursuant to the Co-operatives Act and is accountable to the Board and Chief Executive Officer on governance issues.


Appointment of Directors and Re-election

In context with the Namoi Cotton Rules and Co-operatives Act, the Board composition is reviewed annually to ensure a Board with the appropriate mix of expertise, skills, knowledge, qualifications and experience. The Board may appoint Directors to fulfil casual vacancies that may occur. Any individual appointed as a casual Director must stand for election at the next Annual General Meeting. The Directors of Namoi Cotton are subject to the ASX Listing Rule provisions on tenure, each Director that has been in office for three (3) years since they were last elected to office are required to retire and stand for re-election. When a vacancy exists for a Director, the particular skills required by the Board are assessed. The Nomination and Remuneration Committee selects and recommends to the Board candidates with the appropriate skills and experience. A letter of appointment and the Namoi Cotton Rules set out the key conditions of appointment for each Director. Subject to the Namoi Cotton Rules and the Co-operatives Act, in considering the election or re-election of Directors the Nomination and Remuneration Committee must consider the individuals knowledge of the Namoi Cotton business, business experience, professional skills and qualifications. Retiring Directors seeking re-election are subject to performance review by the Nomination and Remuneration Committee.

Board Performance and Assessment

The Board conducts annual evaluations of its performance and the performance of its Committees. The process of performance review enables the Board to identify areas for improvement. The Board performance evaluation, amongst other things, is based on Namoi Cotton's performance against long term objectives, the business plan and budgeted performance. A performance evaluation for the Board and its Committees has taken place in the reporting period in accordance with the process disclosed.





PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Board has established a Code of Conduct, which guides and applies to the Directors, the Chief Executive Officer, Management, employees and third parties dealing with Namoi Cotton. The Code of Conduct is to guide the practices necessary to maintain confidence in Namoi Cotton's integrity and ethical practice. The Board is committed to ensuring that all business affairs of Namoi Cotton must be conducted legally, ethically, honestly and with integrity. The Code of Conduct is available on the Namoi Cotton website. The Code of Conduct addresses Namoi Cotton's position on ethical conduct requirements, compliance with laws, privacy, safety, conflicts of interest, gifts and gratuities. The Board of Namoi Cotton has adopted the Code of Conduct which sets out the conduct and behavior expected for employees, consultants, contractors and business partners of Namoi Cotton.

Share Trading Policy

The Board has adopted a Namoi Capital Stock Trading Policy, which regulates dealing in Namoi Cotton Securities by Key Management Personnel (including Directors) and employees. Directors, Management and employees must comply with the Namoi Capital Stock Trading Policy. Key Management Personnel, employees and other persons must not deal in Namoi Cotton Securities if they are in possession of unpublished information that, if generally available, might affect the price of Namoi Cotton Securities. Under the Namoi Capital Stock Trading Policy Key Management Personnel and employees must not buy, sell or subscribe for Namoi Capital Stock except during permitted periods. Key Management Personnel and employees may only trade in Namoi Capital Stock in accordance with the Namoi Capital Stock Trading Policy. The Namoi Capital Stock Trading Policy is available on the Namoi Cotton website.

The Namoi Capital Stock Trading Policy provides:

The Directors, Key Management Personnel, Employees and Related Parties may only deal in Namoi Capital Stock during the following periods:

- 30 Business Days commencing 48 hours after the date the full year financial results for Namoi Cotton are received and announced to the general market by the ASX;
- 30 Business Days commencing 48 hours after the date the half year financial results are received and announced to the general market by the ASX;
- 30 Business Days commencing 48 hours after the close of the Annual General Meeting of Namoi Cotton; and

- at any other time for a specified period determined by the Board of Namoi Cotton.

Prior to any Director or Key Management Personnel dealing in Namoi Capital Stock or options or other securities for Namoi Cotton, they must advise the relevant Notification Officer (Company Secretary or as otherwise listed).

The Director or Key Management Personnel proposing to deal in Namoi Capital Stock (or enter into an agreement to do so) must first complete and forward to the Company Secretary the notification form to deal. If a Director or Key Management Personnel deal in Namoi Capital Stock, then the individual must notify the Company Secretary the details for the deal which includes:

- the number of Namoi Capital Stock for the trade; and
- the unit price paid or received for the Namoi Capital Stock.

A breach of the Namoi Capital Stock Trading Policy will be regarded by Namoi Cotton as serious misconduct which may lead to disciplinary action and/or dismissal.

Whistleblower Policy

Namoi Cotton has adopted a Whistleblowing Policy, under its Whistleblowing Policy Namoi Cotton encourages all Employees to report to the Whistleblower Protection Officer, misconduct and unethical behavior in relation to Namoi Cotton. Such reports can be made by anonymous reporting to allay fear of retribution. The Namoi Cotton Whistleblower Policy is available on the Namoi Cotton website.

Diversity Policy

Namoi Cotton has adopted a Diversity Policy. The Namoi Cotton Diversity Policy is available on the Namoi Cotton website. The Policy sets out Namoi Cotton's approach to diversity in the workplace and provides framework to achieve Namoi Cotton's diversity goals. Namoi Cotton at the time of this report has 20% of women employed on a full time basis across all sites and locations. Namoi Cotton does not currently have any women in senior executive positions or on its Board. However Namoi Cotton is committed to a diversity strategy aimed to promote the appointment of qualified, experienced and diverse Directors, Management and Employees in order to achieve Namoi Cotton's objectives on diversity. The Namoi Cotton Diversity Policy also sets out measurable objectives.

In respect of the diversity strategy the Board and Management will:

- promote diversity in the Namoi Cotton workplace;
- support equal opportunity in the recruitment, selection and promotion of employees from different backgrounds, knowledge, gender and experience. The Namoi Cotton recruitment process is structured to provide equality in recruitment and unbiased selection and promotion decisions;
- reward excellence on agreed goals to remove bias and promote equality; and
- identify and implement initiatives that encourage development of careers and enhance skills.

The Namoi Cotton existing diversity policies include the recruitment policy, paid parental leave, carer's leave, flexible work arrangements and mentoring programs. The Board in consultation with the Nomination and Remuneration Committee will set measurable objectives for achieving diversity, in particular gender diversity. The Board will assess the diversity levels and diversity strategy on a regular basis.

Measurable diversity metrics may include:

- representation of roles by age and gender for Management and Board levels;
- gender salary comparison in same role and same level positions;
- gender representation in talent and succession planning; and
- setting diversity targets.

Namoi Cotton at present have the following Diversity Measurable Objectives:

Objective	Details	Timeframe to Achieve
Recruitment and Selection	Ensure employees are selected from a diverse pool. Candidates to be interviewed with equality and unbiased.	February 2011 – Completed Ongoing
Flexible Work Practices	Provide flexible work practices where possible and as required.	February 2011 – Completed Ongoing
Gender Objectives	Set goals and timeframes to improve women in Management positions. Namoi Cotton's objectives at present is at least: <ul style="list-style-type: none"> (a) one senior manager for senior executive team to be a woman, subject to skill requirements and vacancies; (b) one senior manager on the level one management team to be a woman; and (c) subject to the Board composition, skill requirements, vacancies, Grower Member approval, Namoi Capital Stockholder approval and a suitable candidate being available, one Non Executive Director to be a woman. 	February 2016 – Ongoing February 2016 – Ongoing July 2016



PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Compliance Committee

The Board has established an Audit and Compliance Committee which is governed by the Audit and Compliance Committee Charter. The Charter for the Audit and Compliance Committee sets out its authority, objectives, structure, responsibilities, membership, meeting protocols, access to company personnel and information, reporting requirements and performance evaluation.

The Committee's Charter provides that the Committee be structured to have at least three (3) members and that at least one (1) member has financial expertise. The Committee Chairperson, Mr Richard Anderson and Committee members Mr Michael Boyce and Robert Green (current since 24 May 2013) (including Mr Norman Fussell - retired 24 May 2013) have previously held senior executive accounting roles. Details of member qualifications can be found on page 10 of this report.

The Audit and Compliance Committee is to assist the Board on:

- the systems of control which Management have established effectively safeguard the assets of Namoi Cotton;
- the accounting records are properly maintained in accordance with statutory requirements;
- financial information provided to the Board, shareholders, potential investors and to the public is relevant and reliable and to review, assess and approve the annual report and make the appropriate recommendations to the Board ;
- the full-year and half-year audits are conducted appropriately;

- the accounting policies and practices adopted by Namoi Cotton are appropriate, up-to-date and relevant;
- make appropriate recommendations to the Board as to whether the financial statements should be approved;
- review and discuss with the External Auditors any relationship that may impact on the auditors objectivity and independence;
- review and approve the level of non-audit services provided by the External Auditor and ensure it does not impact the independence of the External Auditor;
- review and monitor related party transactions; and
- review the External Auditors performance.

The Audit and Compliance Committee receives updates from the Chief Executive Officer, Chief Financial Officer, Management and the External Auditor. The Committee meets with the External Auditor at least three times a year. Ernst and Young was appointed as the External Auditor for Namoi Cotton for the Financial Year ending 28th February 2014. The External Auditor will attend the Annual General Meeting and be available to answer stakeholder questions about the content of the Audit Report and the audit. The Committee is satisfied that the non audit work carried out by Ernst and Young retains the Auditors independence. The Committee is to review the performance and independence of the External Auditor. The Auditors independence declaration forms part of the Director's report which is set out on page 38 of this report.



PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Disclosure

The Board respects the rights of its Grower Members and Namoi Capital Stockholders to receive effective communications, having access to balanced and up to date information about Namoi Cotton. The Company Secretary has been nominated as the person responsible for communication with the ASX. The Board, with a Disclosure Committee, authorises all disclosures necessary to ensure compliance with the ASX Listing Rules. Namoi Cotton has a Disclosure and Communications Policy which is available on the Namoi Cotton website. The Board is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. Namoi Cotton's Disclosure and Communications Policy has been adopted to ensure:

- the timely release of accurate information to all Grower Members, Namoi Capital Stockholders and market participants regarding Namoi Cotton including its financial performance, strategy and material activities; and
- the Grower Members and Namoi Capital Stockholders have equal access to the information issued by Namoi Cotton and it is disseminated fairly, is cost efficient to access and is delivered in a timely manner.

Namoi Cotton's website contains copies of ASX releases covering such publications as market updates, annual and half yearly financial statements and material business updates. Significant ASX announcements are to be approved by the Board.

The Namoi Cotton Disclosure and Communications Policy is to establish guidelines to facilitate compliance with the ASX Listing Rules by:

- identifying the requirements and types of information subject to disclosure under the ASX Listing Rules;
- providing quantitative and qualitative materiality guidance on whether information should be considered material;
- guidance on whether information is subject to the ASX Listing Rules Confidentiality Exception; and
- establishing procedures and processes for evaluating whether information is market sensitive which may require disclosure.

PRINCIPLE 6: RESPECT THE RIGHTS OF GROWER MEMBERS AND NAMOI CAPITAL STOCKHOLDERS

The Board and Management aims to ensure Grower Members and Namoi Capital Stockholders are informed and kept up to date with Namoi Cotton's activities. All information disclosed to the ASX is posted to Namoi Cotton's website after it is disclosed to the ASX. A copy of Namoi Cotton's Annual Report is issued to Grower Members and Namoi Capital Stockholders who have requested one. The financial and annual reports for the past five years for Namoi Cotton are archived and available on the Namoi Cotton website.

Namoi Cotton has established a Disclosure and Communication Policy which is available on the Namoi Cotton website. The Disclosure and Communication Policy requires communication with Grower Members and Namoi Capital Stockholders in an open, balanced, timely manner in order for market participants to make informed decisions on Namoi Cotton. The Board is committed to improving Grower Member and Namoi Capital Stockholder communication practices with technological developments and regulatory changes.

The Board is committed to enabling Grower Members and Namoi Capital Stockholders to effectively participate in general meetings by:

- Namoi Cotton adopting in all substantial respects ASX Corporate Governance Principles and Guidelines for improving stakeholder communication and participation; and
- attendance of its external auditors at the Annual General Meeting to answer questions about the Namoi Cotton audit and contents of the Auditor's Report.

Notice of Meetings are provided to Grower Members and Namoi Capital Stockholders and posted on the Namoi Cotton website, both classes of stakeholders are encouraged to attend the Annual General Meeting.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board has established a Marketing and Financial Risk Management Committee (MFRM Committee). The MFRM Committee has adopted a Charter which sets out its role, responsibilities, access to management and information protocols, meeting processes and performance evaluation. The general function of the Committee is to review the risk management policies and framework for Namoi Cotton and make recommendations to the Board.

At Namoi Cotton risk management is a continuous and ongoing process. The Chief Executive Officer and Chief Financial Officer provide written statements on the financial accounts to the Board that:

- the integrity of Namoi Cotton's financial statements are prepared on the basis that there are appropriate internal controls and that there is sufficient compliance with their controls to ensure no material misstatement of Namoi Cotton's affairs and financial position; and
- Namoi Cotton's risk management and control systems are operating effectively in all material aspects.

Namoi Cotton's management has reported to the Board as to the effectiveness of Namoi Cotton's management of its material business risks.

The CEO and CFO have given the Board their declaration in accordance with section 295A of the Corporations Act 2001. The CEO and CFO have confirmed that the declarations are founded on a sound system of risk management and internal control and also that the system is operating effectively in all material respects in relation to financial risks.

Namoi Cotton has established policies for the management and governance of material business risks for Namoi Cotton. The risk management framework for Namoi Cotton covers:

- financial risk – risks associated with financial outcomes. These risks include market risk, credit risk, liquidity risk;
- operational risk – risks associated with normal operations. These risks include project management, systems, fraud and day to day running risks; and
- regulatory and compliance risk – failure to comply with legislative requirements corporate and operational.

Namoi Cotton recognizes the importance of the environment and occupational health and safety issues and is committed to advancements of safety systems, protective equipment and capital expenditure to mitigate environmental, occupational health and safety risks.

Broadly the MFRM Committee is responsible for:

- reviewing and monitoring the policies and limits in the risk management policy;
- reviewing and monitoring the procedures adopted for treasury functions;
- reviewing and monitoring hedging strategies adopted by Namoi Cotton;
- receiving external reports relating to risk management activities.

The Namoi Cotton Alliance joint venture (in which Namoi Cotton is a substantial 51% shareholder), has the potential exposure to a number of market and financial risks associated primarily with its cotton lint marketing business, which may include movements in commodity and currency markets. The MFRM Committee and the Namoi Cotton Board regularly receives reporting on the risk positions held by Namoi Cotton Alliance. The MFRM Committee will review and monitor these risk positions and provide guidance on these matters to the Namoi Cotton Board. The Namoi Cotton Alliance business comprises a Joint Venture Committee and Risk Management Committee to monitor that, Namoi Cotton Alliance Management is complying with the comprehensive Namoi Cotton Alliance Risk Management Policy. The risks governed by the Namoi Cotton Alliance Risk Management Policy includes cotton price risk, cotton basis risk, cotton futures spread risk, foreign exchange risk, interest rate risk, credit risk, cotton grade risk and funding and liquidity risks. The Namoi Cotton Alliance Risk Management Committee and Namoi Cotton Alliance Joint Venture Committee, along with Namoi Cotton Co-operative Ltd (indirectly) monitor compliance with the Namoi Cotton Alliance Risk Management Policy from time to time to ensure risks are managed within the appropriate risk parameters.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY



Namoi Cotton is committed to ensuring that remuneration packages for Directors and Management are fair and reasonable. Namoi Cotton has established a Nomination and Remuneration Committee to assist the Board in reviewing Namoi Cotton remuneration policies and practices. The Board has adopted a Charter for the Nomination and Remuneration Committee which sets out the Committee's responsibilities, structure, access to resources and information, meeting processes and performance evaluation. In addition the Board has adopted a Remuneration Policy which is available on the Namoi Cotton website.

The Nomination and Remuneration Committee conducts an annual assessment of the performance of the Board, Committees, the Directors, the Chief Executive Officer and Senior Management. It is the Board's responsibility to ensure that Namoi Cotton has the appropriate remuneration policies in place, which are designed to meet the needs of Namoi Cotton and enhance corporate and individual performance.

The primary function of the Nomination and Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities that:

- executive remuneration and incentive policies take into account market practices and trends;

- remuneration packages for the Chief Executive Officer and Management are fair and reasonable;
- incentive schemes align with the interest of Namoi Cotton performance;
- the remuneration framework for Directors is fair and reasonable; and
- ensure appropriate succession planning and retention is taking place for Namoi Cotton.

Namoi Cotton may pay retirement benefits to directors from time to time in accordance with Namoi Cotton Rules and the Co-operatives Act.

Review of Statement of Corporate Governance Principles

The Statement of Corporate Governance Principles is reviewed annually and amended as required and will be available on the Namoi Cotton website.



NAMOI COTTON CO-OPERATIVE LTD

ABN 76 010 485 588

FINANCIAL REPORT – YEAR ENDED 28 FEBRUARY 2014

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APPENDIX 4E

The information contained in this report is for the full-year ended 28 February 2014 and the previous corresponding period, 28 February 2013.

RESULTS FOR ANNOUNCEMENT TO MARKET

	% Change	\$'000
Revenues from ordinary activities	Down 13%	to 507,337
Profit from ordinary activities after tax attributable to members	N/A	5,313
Net profit for the period attributable to members	N/A	5,313

Dividends (distributions)	Amount per Security	Franked Amount per Security
Final distribution - (Refer Note 6)	Nil	-
Interim distribution	Nil	-
Record date for determining entitlements to the final dividend	N/A	

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

The improved financial performance has largely been delivered by core business activities including consistent ginning division contribution, strong cotton seed trading margins and reduced financing costs. The net gain on disposal of the lint marketing and commodity packing businesses associated with the establishment of Namoi Cotton Alliance (NCA) and NCA's first year of operations provided a significant contribution to this result. The gain was offset by costs related to Namoi Cotton's traditional direct marketing activities including residual 2012 crop bales. The overall operating result incorporating the gain associated with the establishment of NCA, combined with effective working capital management to generate significant positive cash flows resulting in a significant reduction in debt levels from the previous reporting period.

For further explanation of the annual financial results please refer to the Review of Operations shown in Page 25 of this report.

Earnings per share

	28 February 2014	28 February 2013
Basic earnings per ordinary security	4.9 cents	(0.1 cents)

Net tangible assets per security

	28 February 2014	28 February 2013
Net tangible asset backing per ordinary security	108 cents	115 cents

The above specific requirements of Appendix 4E should be read in conjunction with the complete final report. This financial report has been audited.

DIRECTORS REPORT

Financial report for the year ended 28 February 2014

Your directors present their report on the consolidated entity consisting of Namoi Cotton Co-operative Ltd and the entities it controlled at the end of or during the year ended 28 February 2014.

Principal activities

Namoi Cotton is a co-operative listed on the Australian Stock Exchange Ltd that is domiciled in Australia. The principal activities of the entities in the economic entity during the course of the year were ginning and marketing cotton.

2013-2014 full year financial results

Namoi Cotton recorded a consolidated net profit after tax and rebate from continuing operations of \$5.3 million for the full year ended 28 February 2014 (2013: a net loss of \$0.1 million after a \$0.6m decrement for a change in accounting policy, refer note 1d).

The improved financial performance has largely been delivered by core business activities including consistent ginning division contribution, strong cotton seed trading margins and reduced financing costs. The net gain on disposal of the lint marketing and commodity packing businesses associated with the establishment of Namoi Cotton Alliance (NCA) and NCA's first year of operations provided a significant contribution to this result. The gain was offset by costs related to Namoi Cotton's traditional direct marketing activities including residual 2012 crop bales. The overall operating result incorporating the gain associated with the establishment of NCA, combined with effective working capital management to generate significant positive cash flows resulting in a significant reduction in debt levels from the previous reporting period.

Dividends and rebates

The directors have announced that Namoi Cotton will not pay a final distribution per unit of Namoi Capital Stock. The total distribution for the prior year was nil. The Directors have also determined not to record a rebate to grower members during the period.

Review of operations

The 2013 Australian cotton crop was the second largest on record with overall production recorded at 4.4 million bales (2012 crop: 5.4 million bales). Secure water availability for irrigated growers combined with southern NSW production expansion and continued improvement in yields to broadly support irrigated production against the previous season's levels. A lack of pre-planting rainfall contributed to significantly reduced dryland cotton volumes and this accounted for the majority of the reduction in overall Australian production.

Namoi Cotton ginned 1,244,000 bales (including 100% of joint venture bales) of the 2013 crop (2012 season: 1,570,000 bales). The reduction in ginning volumes is consistent with the reduction in the Australian crop size. Ginning throughput rates improved by 13% from the previous year delivering consistent underlying unit earnings contribution from our core ginning business, despite continuing operating cost pressures surrounding particularly labour and energy requirements. In the 2013 ginning season each of our cotton gins posted a record daily ginning throughput. Namoi Cotton's patented automated round module handling technology seamlessly processed 80% (2012: 62%) of ginning bales in round module form. Namoi Cotton has maintained its leading position as the largest ginning organisation in Australia through the combination of strong operating achievements, core infrastructure capacity and continued resource and capital investment in our ginning network. Our moss and mote contribution was down \$1.0m from the previous year due to a significantly reduced carry forward inventory position.

Our cotton seed trading business shipped and handled 348,000mt (2012 crop: 415,000mt) in line with the reduced ginning volumes. Cotton seed trading margins have improved significantly and contributed strongly to the overall results. The improved margins have primarily been a function of strong domestic and international demand, improved yield contractual performance and increased inventory values flowing from improving back end demand in feed markets associated with the dry conditions.

Namoi Cotton's 15% interest in the Cargill Oilseeds Australia business has contributed \$0.9 million in the reporting period compared to a profit of \$4.0m in the previous period. The reduced contribution was largely a function of lower cotton seed crush volumes and utilisation associated with the reduced volume of Australian cotton seed production. In addition reduced demand for cotton seed oils and meal products from the previous reporting period combined with reduced inventory values at balance have also negatively impact the result.

Namoi Cotton's direct marketing activities in the reporting period related entirely to our residual 2012 crop bales. During 2013 we shipped 110,000 bales despite continuing trading challenges. Contract execution was again hampered by market volatility, financing capacity of spinning mills and uncertainty created by the operation of the Chinese import quota system resulting in contract re-negotiation on a portion of outstanding shipments.

As was announced to the market on 26 April 2013, Namoi Cotton Co-operative Ltd and Louis Dreyfus Commodities Group established a cotton marketing and commodities packing services joint venture (joint venture), to be called Namoi Cotton Alliance (NCA). Namoi Cotton holds a 51% interest in NCA and the Louis Dreyfus Commodities Group holds a 49% interest.

Namoi Cotton recorded a pre-tax profit on disposal of \$8.6m net of associated transactions costs as a result of the joint venture transaction. This profit combined with the share of NCA results and management fee received from NCA has been largely offset by administrative expenses associated with sales and logistics functions and cotton options costs incurred by Namoi Cotton prior to completion. Despite execution losses and finance costs relating to residual Namoi Cotton 2012 crop sales during the run down of lint inventories, the marketing segment has contributed a net \$2.2m to the overall result.

The establishment of the joint venture was delayed until late April 2013 as critical final elements to the transaction were resolved. This has impacted the first year's cotton marketing operations with in excess of 600,000 bales procured by Namoi Cotton and on sold to NCA. The joint venture's containerised cotton seed packing operations have packed in excess of 114,000mt of cotton seed and a further 27,000mt of grain and pulse based commodities. The grain and pulse packing volumes were well below expectations with the extreme dry weather conditions in most areas leading to limited winter crop plantings. The joint venture has contributed \$2.3m to the overall Namoi Cotton result and represents a positive first year for the joint venture partners.

Finance costs have reduced by \$5.6m in the reporting period. Interest bearing liabilities have decreased by 60% from February 2013 levels. Namoi Cotton's total net debt has reduced from \$142m at the commencement of the financial year to \$58m. This has been achieved through strong operating cash flows and effective working capital management. In March 2014, post balance date Namoi Cotton successfully completed consolidation of its finance facilities now provided solely by Commonwealth Bank of Australia (CBA). In doing so Namoi Cotton lengthened the term of its senior term debt facilities from one year to three years and secured committed working capital facilities to provide greater flexibility to its core business operations (refer note 16).

Namoi Cotton's Board remains committed to the vision of being the leading processor, marketer and service provider to cotton farmers and customers of the Australian cotton industry. The formal establishment of NCA represents the successful implementation of a significant element of the Board's strategic initiatives in supporting their commitment. The Board continues to work through a strategic planning process evaluating strategic alternatives for Namoi Cotton that will provide the framework for achievement of this vision and ultimately the generation of sustainable annual returns and value to all stakeholders.

Likely developments

2014 Season

The 2014 crop planting was generally impacted by reduced water availability in most irrigated regions following a dry Autumn and Winter period reducing both moisture profiles in which to plant and dam levels that supply most production areas. Despite this, with cotton prices trading at circa AUD\$480 per bale at planting time, sufficient cotton seed was planted to produce a crop in excess of 4.0 million bales.

The dry weather conditions that had plagued the period leading up to planting continued for the majority of the growing period through to early April 2014. This resulted in a large percentage of growers utilising more water than anticipated to establish the crop immediately after planting and then in many cases not having sufficient water to finish the crop. Further, significant rainfall events at or close to picking time when the cotton fibre was exposed to the elements in a number of areas is impacting quality. Namoi Cotton's forecast of the 2014 crop is now approximately 3.8 million bales (2013 crop: 4.4 million bales).

Namoi Cotton expects to gin between 1.15 million and 1.20 million bales (inclusive of 100% of ginning joint ventures). The decline in ginning volumes from the prior crop will translate to reduced seed volumes with between 300,000mt and 325,000mt now anticipated to be traded and handled.

Our commitment to retaining critical human resourcing and key supplier relationships within our ginning and operations business has ensured successful completion of maintenance in readiness for the 2014 season. We are committed to operating the premium cotton ginning operations in the Australian industry and look forward to further improving the throughput capacity of our ginning network. Key logistics assets and supply chain services have been effectively maintained and are well prepared to support Namoi Cotton's core cotton seed trading and handling activities and the extensive cotton marketing and commodity packing activities of NCA.

NCA cotton marketing volumes are now expected to be similar to those traded and handled in the 2013 crop given predominantly the dry weather conditions which have impacted forecast production and the trading challenges associated with the persisting inverted ICE cotton futures market, as it pertains to the 2014 crop. Commodity packing volumes are expected to increase by approximately 25% underpinned by improved winter crop grain and pulse production. NCA's enhanced risk management capacity and commercial business positioning should ensure broadly consistent financial contributions for Namoi Cotton in the 2014 season.

2015 Season

The current industry outlook for the 2015 Australian cotton crop reflects between 2.0 million and 2.2 million bales, representing a significant reduction of between 42% and 47% from the 2014 crop and well below sustainable production levels for the first time since 2010. This outlook is reflective of the material reduction in current dam levels supplying most cotton growing regions (albeit still four to five months from planting) and the extensive low rainfall period that persisted until early April 2014.

Namoi Cotton will be targeting increasing its market share in both ginning and cotton seed trading volumes, whilst effectively participating in cotton marketing and commodity packing volumes through NCA in this forecast lower production volume 2015 season.

Rebate

Namoi Cotton will not pay a rebate to active grower members for the 2013 crop (2012 crop: nil).

Significant events after balance date

There have been no significant events after balance date other than as disclosed in Note 23 in this report.

Significant changes in the state of affairs

There has been no significant change in the state of affairs of the consolidated entity during the year other than as disclosed elsewhere in this report.

Directors

The names, qualifications and experience of the co-operative's directors that held office throughout the financial year and up to the date of this report, unless otherwise indicated, are as follows.

Stuart C Boydell, Chairman, Non-executive Director, 67

Mr. Boydell joined the board of directors as a grower director in June 1994 and has been chairman since December 1995. He was most recently re-elected at the 2011 general meetings. He has grown cotton on "Cooma" near Moree, NSW for over 20 years and is chairman of the remuneration committee and a member of the audit and compliance committee and marketing and financial risk management committee.

Richard Anderson, Non-executive Director, 68, OAM, B.Com, FCA, FCPA

Mr. Anderson joined the board as a non-grower director in July 2001. He was most recently re-elected at the 2013 general meeting. Mr Anderson previously held the position of managing partner of PricewaterhouseCoopers in Queensland. He is the chairman of both the audit and compliance committee and the marketing and financial risk management committee and is a member of the remuneration committee. During the past three years Mr Anderson has held ASX listed company directorships at Data#3 Limited (current – appointed 27 October 1997), Lindsay Australia Ltd (current – appointed 16 December 2002) and Villa World Limited. He is also currently president of the Guide Dogs for the Blind Association of Queensland.

Michael Boyce, Non-executive Director, 71, FCA, FAICD, B Com, HDA

Mr. Boyce joined the board as a non-grower director in October 2002. He was most recently re-elected at the 2012 general meeting. He was the founding partner of BOYCE Chartered Accountants. He is currently a director of Monbeef Pty Ltd, Hazeldean Pty Ltd, Fugen Hardware Group and Birdnest Pty Ltd. Mr. Boyce is a member of the audit and compliance committee.

Bruce S Longworth, Non-executive Director, 61

Mr. Longworth joined the board of directors in February 2004 as a grower director. He was most recently re-elected at the 2013 general meeting. Mr. Longworth has been growing cotton on South Bunarba since 1981 near Mungindi, NSW and is also a part owner in 'Yarramildi', 'Yarralumby' and 'Wongwie'. Mr. Longworth is currently a director of Monbeef Pty Ltd.

Ben Coulton, Non-executive Director, 59

Mr Coulton joined the board of directors in July 2006 as a grower director. He was most recently re-elected at the 2012 general meeting. Mr Coulton has been growing cotton in the MacIntyre region since 1976. He brings with him extensive industry and commercial expertise.

Glen Price, Non-executive Director, 58, B Rural Science (Hons), GAICD

Mr Price joined the board of directors in July 2009 as a grower director. He was most recently re-elected at the 2012 general meeting. Mr Price grows cotton in both the Mungindi and St George regions and has been involved in the cotton industry since 1978. He brings with him extensive industry and commercial expertise.

Robert L Green, Non-executive Director, 57, B Bus (QAC) MAICD

Mr Green was appointed to the Board as a Non-Grower Director on 27 May 2013. He was elected to the Board at the 2013 general meeting. Mr Green has considerable board relevant experience working as a Senior Executive and General Manager in the Australian and International agricultural industry for more than 28 years. Key areas of experience include trading, marketing, operations management and business development, including his current role as Chief Executive Officer of Louis Dreyfus Commodities Australia Pty Ltd. Mr Green is a member of the audit and compliance committee and the remuneration committee. He has been past President of the Australian Oilseeds Federation and Australian Grain Exporters Association.

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Norman C Fussell, Non-executive Director, 76, AO, D Univ (Qut), D Univ (Griff), A.A.U.Q., FCPA, FCIS, FAusIMM, FAICD, FTIA, JP (Resigned 24 May 2013)

Mr. Fussell joined the board of directors in April 1996 as the first non-grower director. He was most recently re-elected at the 2011 general meeting. Mr. Fussell has extensive management, financial and operational experience. He was the chairman of both the audit and compliance committee and the marketing and financial risk management committee and was a member of the remuneration committee. During the past three years Mr Fussell has held ASX listed company directorship at Mesa Minerals Ltd, formerly HiTec Energy Ltd, (current - appointed 16 August 1999). He has also held a further non listed public company directorship with Kolar Gold PLC.

Company secretary

Bailey Garcha, 40, BLLB, BFA, Dip Legal Studies, Dip Legal Practice, ACIS, GAICD

Mr Garcha joined Namoi Cotton in July 2003 and has previously held legal and commercial positions with Minter Ellison Lawyers, Sparke Helmore Lawyers and NSW Treasury.

Board & committee meeting attendance

Meetings held and attended by each of the directors during the financial year were as follows:

	Directors' Meetings	Committee Meetings		
		Audit and Compliance	Marketing and Financial Risk Management	Remuneration
Number of meetings held:	19	4	1	2
Number of meetings attended:				
SC Boydell (Chairman)	19	4	1	2
RA Anderson	19	4	1	2
M Boyce	19	4	-	-
NC Fussell	-	1	-	2
BS Longworth	18	-	1	-
B Coulton	17	-	-	-
G Price	19	-	1	-
R Green	18	3	-	-

Committee membership

As at the date of this report, the co-operative had an audit and compliance committee, a marketing and financial risk management committee and a remuneration committee.

Members acting on the committees of the Board during the year were:

Audit and Compliance	Marketing and Financial Risk Management	Remuneration
RA Anderson (Chairman)	RA Anderson (Chairman)	SC Boydell (Chairman)
M Boyce	SC Boydell	RA Anderson
SC Boydell	B Longworth	R Green
R Green	G Price	M Boyce

Remuneration report (audited)

This remuneration report outlines the director and executive remuneration arrangements of the co-operative and the consolidated entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those having the authority and responsibility either directly or indirectly for planning, directing and controlling the major activities of the co-operative and the group, including any director of the co-operative.

a) Details of Specified Directors and Specified Executives*Directors*

Mr S C Boydell	Chairman, non-executive
Mr R A Anderson	Director, non-executive
Mr M Boyce	Director, non-executive
Mr N C Fussell	Director, non-executive (resigned 24 May 2013)
Mr B S Longworth	Director, non-executive
Mr B Coulton	Director, non-executive
Mr G Price	Director, non-executive
Mr R Green	Director, non-executive (appointed 27 May 2013)

Executives

Mr J Callachor	Chief Executive Officer (CEO)
Mr S Greenwood	Chief Financial Officer
Mr D Lindsay	General Manager – Grower Services and Marketing
Mr B Garcha	Company Secretary
Mr S McGregor	Chief Operations Officer (appointed 11 November 2013) (formerly General Manager – Commodities)
Ms E McDonagh	General Manager – Export Sales (transferred to NCA 26 April 2013)

b) Compensation of KMP*Compensation Policy*

The performance of Namoi Cotton depends upon the quality of its directors and executives. To prosper and deliver maximised stakeholder returns, Namoi Cotton must attract, motivate and retain highly skilled and qualified directors and executives.

To this end, Namoi Cotton embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to company performance and shareholder value;
- A portion of executive compensation ‘at risk’, dependent upon the company and individual executive meeting pre-determined performance benchmarks; and
- Establish performance hurdles in relation to variable executive compensation.

Remuneration Committee

The remuneration committee of the board of directors of Namoi Cotton is responsible for determining and reviewing compensation arrangements for all KMP, including the directors, the CEO and other members of the senior executive team.

The remuneration committee assesses compensation arrangements of KMP annually, by reference to relevant employment market conditions and available independent external remuneration data. The overall objective of this assessment is to ensure maximisation of stakeholder returns from the retention of a high quality board and executive team employees.

Compensation Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

i) Non-executive Director Compensation*Objective*

The board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The co-operative rules specify that the Members at each general meeting shall determine compensation of non-executive directors. The latest amendment was at the general meeting held on 27 July 2005 when the Members approved an aggregate compensation of \$310,000 per year plus applicable committee fees.

The amount of compensation sought to be approved by Members and the manner in which it is apportioned amongst directors is reviewed annually. The board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company. An additional fee is also paid for each board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub-committees.

Non-executive directors have been encouraged by the board to hold shares in the company purchased by the director on market.

Non-executive directors who have served at least two full terms in office are entitled to a retirement benefit equal to twice the director's fees in their last year of service.

The compensation of non-executive directors for the period ending 28 February 2013 is detailed on page 34 of this report.

ii) Executive Compensation*Objective*

The co-operative aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the co-operative so as to:

- reward executives for performance against targets set by reference to appropriate benchmarks;
- align the interest of executives with those of shareholders;
- link rewards with the strategic goals and performance of the co-operative; and
- ensure total compensation is competitive by market standards.

Structure

Employment agreements have been negotiated with the CEO and other KMP. Details of these contracts are provided on page 32 and 33 of this report.

Each KMP agreement includes compensation which consists of the following key elements:

- Fixed Compensation;
- Variable Compensation comprising Short Term Incentives (STI)

The remuneration committee establishes the proportion of fixed and variable (potential STI) compensation for KMP.

iii) Fixed Compensation*Objective*

The remuneration committee reviews fixed compensation annually. The process consists of a review of companywide, business unit and individual performance, relevant internal and market comparative compensation and, where appropriate, independent external remuneration data of equivalent industry sectors.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash, superannuation, remote rent, motor vehicles, housing, income protection insurance and any associated fringe benefits. The form chosen will be optimal for the recipient without creating undue cost for the co-operative.

iv) Variable Compensation – STI*Objective*

The objective of the STI program is to link the achievement of the co-operative's operational and financial targets with the compensation received by the executives charged with meeting those targets.

Structure

Actual STI payments depend on the achievement of specific operating targets set at the beginning of the financial year. The operational targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial measures of performance. Included in STI compensation is the entitlement to capital raising bonus on formation of Namoi Cotton Alliance.

STI compensation includes an 'at risk' element which constitutes fifty percent of the executives overall available STI compensation. This element is wholly dependent on Namoi Cotton achieving a pre-determined level of financial performance. Also included in STI compensation is the entitlement to capital raising bonuses on formation of Namoi Cotton Alliance.

The remaining fifty percent of each executive's STI compensation is dependent upon the achievement of financial and non-financial KPI's. The review of individual performance usually occurs within two months of the balance date. The financial and non-financial KPI's include but are not limited to critical operational, profit, safety and developmental targets.

KMP STI payments are ultimately subject to the discretion of the remuneration committee.

For the 2014 financial year, 100% (2013: 100%) of the STI compensation was vested (granted on 29 April 2014) to KMP and is payable subsequent to the financial year end under board discretion.

v) Contract for Services

Major provisions of KMP employment agreements are set out below.

Mr Jeremy Callachor, Chief Executive Officer

- Term of agreement - three years ending 24 June 2016 (Contract Termination Date)
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2014 of \$450,000 (28 February 2013: \$350,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.0 times annual fixed compensation
- Payment of a termination benefit on employment agreement non-renewal or termination equal to 50% of annual fixed compensation
- Entitlement to the capital raising bonus from formation of Namoi Cotton Alliance \$300,000
- Period of notice to be given by employee - 12 weeks
- Period of notice to be given by employer on non-renewal of agreement – 6 months
- Period of notice to be given by employer on termination of agreement – 12 weeks

Mr Stuart Greenwood, Chief Financial Officer

- Term of agreement – open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2014 of \$253,580 (28 February 2013: \$210,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on employment agreement non-renewal or termination equal to 50% of annual fixed compensation
- Entitlement to the capital raising bonus from formation of Namoi Cotton Alliance \$230,000
- Period of notice to be given by employee or employer – 4 weeks

Mr Bailey Garcha, Company Secretary

- Term of agreement – open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2014 of \$253,580 (28 February 2013: \$231,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on employment agreement non-renewal or termination equal to 50% of annual fixed compensation
- Entitlement to the capital raising bonus from formation of Namoi Cotton Alliance \$230,000
- Period of notice to be given by employee or employer – 4 weeks

Mr David Lindsay, General Manager - Grower Services and Marketing

- Term of agreement – open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2014 of \$285,653 (28 February 2013: \$270,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on employment agreement non-renewal or termination equal to 50% of annual fixed compensation
- Entitlement to the capital raising bonus from formation of Namoi Cotton Alliance \$80,000
- Period of notice to be given by employee or employer – 4 weeks

Mr Shane McGregor, Chief Operations Officer (formerly General Manager – Commodities)

- Term of Agreement - open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2014 of \$283, 053 (28 February 2013: \$175,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on employment agreement non-renewal or termination equal to 50% of annual fixed compensation
- Entitlement to the capital raising bonus from formation of Namoi Cotton Alliance \$80,000
- Period of notice to be given by employee or employer – 4 weeks

Ms Eimear McDonagh, General Manager – Export Sales

- Employment agreement with all entitlements transferred to NCA from 26 April 2013
- Fixed compensation, inclusive of superannuation, for the period ended 26 April 2013 of \$150,000 (28 February 2013: \$150,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on employment agreement non-renewal or termination equal to 50% of annual fixed compensation
- Entitlement to the capital raising bonus from formation of Namoi Cotton Alliance \$80,000
- Period of notice to be given by employee or employer – 4 weeks

NAMOI COTTON CO-OPERATIVE LTD

Executives have had the opportunity to participate in the co-operative's Employee Share Incentive Plan up to its suspension in August 2004.

Details of the nature and amount of each element of the emoluments of each director and each of the executive officers of Namoi Cotton and the consolidated entity receiving the highest emolument for the financial year are as follows:

vi) Compensation of Key Management Personnel for the Year Ended 28 February 2014

	Short-term Employee benefits			Post-employment Benefits		Long-term Benefits		Total	% Performance Related
	Salary & Fees	Cash Bonus ²	Non-Monetary Benefits	Superannuation	Retirement Benefits ¹	Long Service Leave	Termination Benefits		
Directors									
SC Boydell	75,323	-	-	6,911	-	-	-	82,234	-
RA Anderson	57,786	-	-	5,289	21,090	-	-	84,165	-
M Boyce	47,630	-	-	4,370	-	-	-	52,000	-
NC Fussell ⁵	146,359	-	-	-	(126,540)	-	-	19,819	-
BS Longworth	36,374	-	-	3,338	5,273	-	-	44,985	-
B Coulton	35,096	-	-	3,220	-	-	-	38,316	-
G Price	36,374	-	-	3,338	8,436	-	-	48,148	-
R Green	35,695	-	-	3,302	40,071	-	-	79,068	-
Executives									
J Callachor	386,675	400,000	9,934	30,316	-	30,187	-	857,112	46.7%
D Lindsay	248,959	100,000	3,750	23,639	-	5,377	-	381,725	26.2%
B Garcha	233,015	250,000	9,256	18,217	-	11,897	-	522,385	47.9%
S Greenwood	207,275	250,000	18,468	21,763	-	12,786	-	510,292	49.0%
S McGregor ³	201,485	112,500	10,963	25,470	-	71,477	-	421,895	26.7%
E McDonagh ⁴	21,172	80,739	(7,707)	(2,023)	-	(30,417)	-	61,764	130.7%
	1,769,218	1,193,239	44,664	147,150	(51,670)	101,307	-	3,203,908	

¹ Movement in accrued retirement benefits for the year ended 28 February 2014.

² Please refer to section v) of the remuneration report for further details on cash bonuses, which include capital raising bonuses in respect of the capital raising and establishment of Namoi Cotton Alliance, as outlined in the Grower Booklet on 12 February 2013.

³ Shane McGregor was promoted to the position of Chief Operations Officer on 11 November 2013.

⁴ Employment and subsequent costs transferred to Namoi Cotton Alliance from 26 April 2013.

⁵ Resigned on 24 May 2013 and was paid previously accrued retirement benefits.

vii) Compensation of Key Management Personnel for the Year Ended 28 February 2013

	Short-term Employee benefits			Post-employment Benefits		Long-term Benefits		Total	% Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Superannuation	Retirement Benefits ¹	Long Service Leave	Termination Benefits		
Directors									
SC Boydell	72,898	-	-	6,561	(798)	-	-	78,661	-
RA Anderson	50,275	-	-	4,525	(550)	-	-	54,250	-
M Boyce	47,761	-	-	4,298	(523)	-	-	51,536	-
NC Fussell	60,330	-	-	5,430	(660)	-	-	65,100	-
BS Longworth	35,192	-	-	3,167	(385)	-	-	37,974	-
B Coulton	35,192	-	-	3,167	(385)	-	-	37,974	-
G Price	35,192	-	-	3,167	10,803	-	-	49,162	-
Executives									
J Callachor	329,775	100,000	9,368	21,873	-	11,695	-	472,711	21.2%
D Lindsay	237,192	20,000	19,528	22,953	-	(875)	-	298,798	6.7%
B Garcha	210,833	20,000	17,024	16,293	-	7,516	-	271,666	7.4%
S Greenwood	180,060	20,000	25,431	18,666	-	2,945	-	247,102	8.1%
S McGregor	159,821	20,000	10,223	15,467	-	2,052	-	207,563	9.6%
E McDonagh	138,371	15,000	1,612	12,763	-	2,092	-	169,838	8.8%
	1,592,892	195,000	83,186	138,330	7,502	25,425	-	2,042,335	

¹ Movement in accrued retirement benefits for the year ending 28 February 2013.

viii) Compensation Options

Namoi Cotton does not currently and has not historically offered any options over its shares. As such no options have either been granted or exercised during the period or are on offer at the end of the period.

Group financial performance and position

The following table highlights key components of the group's financial performance for the last 5 years.

	2014	2013	2012	2011	2010
Earnings per CCU (cents)	4.9	(0.1)	(70.7)	2.0	4.7
Distribution per CCU (cents) ¹	-	-	-	-	3.5
CCU price at year end (cents)	29.0	35.5	18.5	48.5	41.0
CCU buyback average (cents)	N/a	N/a	N/a	N/a	36.5
Net assets (\$m)	118.8	109.9	108.3	100.5	98.6
Net assets per share (cents)	110.4	115.0	113.4	105.3	103.2

¹ Represents amounts paid during the financial year (refer note 5).

Director's interests in the grower member shares and capital stock of the co-operative

As at the date of this report, the interest of the directors and their related parties in the grower member shares and capital stock of the co-operative were:

	Grower Member Shares	Co-operative Capital Units
SC Boydell (Chairman)	800	555,883
RA Anderson	-	-
M Boyce	-	775,272
BS Longworth	800	473,387
B Coulton	800	-
G Price	1,600	373,292
R Green	-	-

Environmental performance & regulation

The directors regularly review the business activities of the co-operative to ensure it operates within the environmental laws established by regulatory authorities. While there have been no acknowledged breaches of environmental regulations under Commonwealth, State or other legislation during the period, Namoi Cotton Co-operative Ltd did enter into an enforceable undertaking (EU) with the NSW Environmental Protection Agency. Under the EU, Namoi Cotton was required to contribute to a project to enhance and restore the environment and to pay the EPA's legal and investigation costs.

Indemnification and insurance of directors and officers

Under the Rules of Namoi Cotton, every person who is or has been a director of the co-operative is indemnified, to the maximum extent permitted by law, out of the property of the co-operative against any liability to another person (other than the co-operative) as such a director unless the liability arises out of conduct involving any negligence, default, breach of duty or breach of trust of which that person may be guilty in relation to the co-operative.

In addition, every person who is or has been a director is indemnified, to the maximum extent permitted by law, out of the property of the co-operative against any liability incurred by that person in defending any proceedings, whether civil or criminal, in which judgment is given in that person's favour or in which that person is acquitted, or in connection with any application in relation to any such proceedings in which relief under section 228 of the Co-operatives Act 1992 (NSW) is granted to that person by the court.

During the financial year, Namoi Cotton has paid premiums amounting to \$186,307 (2013: \$133,959) in respect of a contract providing insurance for every person who is or has been a director or officer against losses arising from any actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach of warranty of authority, or other act done or wrongfully attempted, or any liability asserted against them solely because of their status as directors or officers of the economic entity.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Risk management

The board includes a marketing and financial risk management committee (MFRMC), which identifies and monitors the co-operative's risk profile on a timely basis in addition to reviewing management of portfolio exposures. The MFRMC ensures Namoi Cotton's financial and risk management policies are aligned to its corporate philosophies and principles. The MFRMC regularly reports to the full board.

Given the nature of our business, Namoi Cotton has a potential exposure to a number of business risks, including movements in commodity and currency markets. To prudently manage these exposures, the MFRMC has developed comprehensive policies and procedures to monitor, assess and manage all our major business risks.

Key responsibilities of the MFRMC include:

- Monitoring and reviewing the policies and limits in the Risk Management Policy;
- Monitoring and reviewing the performance of management's marketing committee;
- Monitoring and reviewing procedures for treasury and hedging functions;
- Monitoring and reviewing marketing products;
- Monitoring and reviewing hedging strategies;
- Monitoring and reviewing co-operative wide value at risk results;
- Receiving external reports relative to risk management activities;
- Monitoring and reviewing funding and liquidity structure and management; and
- Monitoring the development of long-term strategic initiatives for marketing and risk management.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Namoi Cotton support and have complied with the principles of corporate governance. The company's corporate governance statement is to be published in the 2014 Annual Report due in June 2014 and is also available on Namoi Cotton's public website at www.namoicotton.com.au

Non-audit services

Non-audit services were provided by the entity's auditor, Ernst & Young, as described in Note 26 of the financial report. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 39 of the financial report.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars (where rounding is applicable) in accordance with clause 10(6) of the Co-operatives (Accounts and Audit) Regulations and class order 98/0100 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors on behalf of the board.

On behalf of the board



S C BOYDELL
Director
Brisbane
29 April 2014



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AUDITOR'S INDEPENDENCE DECLARATION

to the Directors of Namoi Cotton Co-operative Ltd

In relation to our audit of the financial report of Namoi Cotton Co-operative Ltd for the financial year ended 28 February 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Paula McLuskie
Partner
29 April 2014

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INDEPENDENT AUDITOR'S REPORT

to the Members of Namoi Cotton Co-operative Ltd

Report on the financial report

We have audited the accompanying financial report of Namoi Cotton Co-operative Ltd, which comprises the balance sheet as at 28 February 2014, the statements of profit and loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion:

- a) the financial report of Namoi Cotton Co-operative Ltd is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's and consolidated entity's financial positions as at 28 February 2014 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 29 to 34 of the directors' report for the year ended 28 February 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Namoi Cotton Co-operative Ltd for the year ended 28 February 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Paula McLuskie
Partner
Brisbane
29 April 2014

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Namoi Cotton Co-operative Ltd, I state that:

In the opinion of the directors:

- a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the co-operative and of the consolidated entity are in accordance with the Co-operatives Act 1992 (NSW) and the Corporations Act 2001, including:
 - i) giving a true and fair view of the co-operative's and consolidated entity's financial position as at 28 February 2014 and of their performance for the year ended on that date;
 - ii) complying with Accounting Standards and Corporations Regulations 2001;
- b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a);
- c) there are reasonable grounds to believe that the co-operative will be able to pay their debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 28 February 2014.

On behalf of the board



S C BOYDELL
Director
Brisbane
29 April 2014

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2014

	Note	Consolidated \$'000		Parent \$'000	
		28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Revenue from continuing operations	2a	507,337	580,033	506,376	573,687
Financial instrument gains/(losses)					
Commodity derivatives		4,317	(1,123)	4,317	(1,123)
Currency derivatives		(5,143)	(10,978)	(5,143)	(10,984)
Lint cotton and cottonseed purchase contracts		17,723	32,416	17,723	32,416
Lint cotton and cottonseed sales contracts		(25,855)	(27,081)	(25,855)	(27,081)
Net financial instrument gains/(losses)		(8,958)	(6,766)	(8,958)	(6,772)
Other income	2b	8,636	9	8,487	9
Share of profit/(loss) of associates	11d	3,428	3,945	-	-
Changes in inventories of finished goods and work in progress		(62,901)	3,049	(62,901)	3,495
Raw materials and consumables used		(383,866)	(508,611)	(383,420)	(504,953)
Employee benefits expense	2c	(24,027)	(29,536)	(23,772)	(28,118)
Depreciation		(10,182)	(14,065)	(10,182)	(14,065)
Finance costs	2d	(6,369)	(11,953)	(6,361)	(11,970)
Strategy costs	2e	-	(3,325)	-	(3,325)
Other expenses	2f	(15,418)	(17,022)	(15,201)	(16,507)
Profit/(loss) before income tax		7,680	(4,242)	4,068	(8,519)
Income tax (expense)/benefit	4	(2,367)	4,135	(2,367)	5,066
Profit/(loss) from continuing operations		5,313	(107)	1,701	(3,453)
Profit from discontinued operations		-	-	-	-
Other comprehensive income items that will not be reclassified subsequently to profit and loss:					
Increment/(decrement) to asset revaluation reserve (net of tax)		-	1,650	-	1,650
Profit/(loss) and total comprehensive income attributable to the members of Namoi Cotton Co-operative Ltd		5,313	1,543	1,701	(1,803)

	Note	Cents	
		28 Feb 2014	28 Feb 2013
Earnings per capital stock unit			
Basic earnings per unit	5	4.9	(0.1)
Diluted earnings per unit	5	4.9	(0.1)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

BALANCE SHEET

as at 28 February 2014

	Note	Consolidated \$'000		Parent \$'000	
		28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Current assets					
Cash and cash equivalents	7	418	262	406	248
Trade and other receivables	8	8,679	17,362	56,367	23,583
Inventories	9	8,088	67,738	8,068	67,718
Prepayments		606	1,537	605	1,538
Derivative financial instruments	10	16,420	13,623	16,420	13,623
Total current assets		34,211	100,522	81,866	106,710
Non-current assets					
Investments in associates and joint ventures	11	50,163	9,065	112	(53)
Property, plant and equipment	14	128,129	182,474	128,129	182,474
Deferred tax assets	4	1,061	3,428	1,992	4,359
Total non-current assets		179,353	194,967	130,233	186,780
Total assets		213,564	295,489	212,099	293,490
Current liabilities					
Trade and other payables	15	19,326	34,019	29,562	40,109
Interest bearing liabilities	16	54,338	141,125	54,338	141,125
Provisions	17	2,790	2,250	2,790	2,250
Derivative financial instruments	10	17,015	6,680	17,015	6,680
Total current liabilities		93,469	184,074	103,705	190,164
Non-current liabilities					
Interest bearing liabilities	16	1	29	2,050	2,078
Provisions	17	807	910	807	910
Co-operative grower member shares	18	447	607	447	607
Total non-current liabilities		1,255	1,546	3,304	3,595
Total liabilities		94,724	185,620	107,009	193,759
NET ASSETS		118,840	109,869	105,090	99,731
Equity					
Parent entity interest					
Contributed equity	19	1,098	955	1,098	955
Reserves	20	95,341	108,808	95,341	108,808
Retained earnings/(Accumulated losses)		22,401	106	8,651	(10,032)
Total parent entity interest in equity		118,840	109,869	105,090	99,731
TOTAL EQUITY		118,840	109,869	105,090	99,731

The above balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

for the year ended 28 February 2014

	Note	Consolidated \$'000		Parent \$'000	
		28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Cash flows from operating activities					
Receipts from customers		578,098	634,106	577,115	626,886
Commodity/currency derivative flows		(1,907)	(39,493)	(1,908)	(39,588)
Payments to suppliers and employees		(151,061)	(167,887)	(150,071)	(160,332)
Payments to growers		(354,182)	(426,686)	(354,182)	(426,815)
Interest received		29	173	18	88
Borrowing costs		(6,077)	(13,267)	(6,070)	(13,284)
Net cash inflow/(outflow) from operating activities	7b	64,900	(13,054)	64,902	(13,045)
Cash flows from investing activities					
Payments for property, plant and equipment		(3,007)	(6,073)	(3,007)	(6,073)
Proceeds from sale of assets into NCA and property, plant and equipment		30,397	30	30,397	30
Transaction costs paid in forming NCA		(2,765)	-	(2,765)	-
Equity contribution to joint venture		(10,200)	-	(10,200)	-
Loans advanced		(19)	(24)	(19)	(24)
Proceeds from loans receivable		22	24	22	24
Partnership distribution received		4,149	283	4,149	283
Net cash inflow/(outflow) from investing activities		18,577	(5,760)	18,577	(5,760)
Cash flows from financing activities					
Payments for repurchases of grower member shares		(160)	(97)	(160)	(97)
Proceeds from issuing capital units		3,658	-	3,658	-
Proceeds from borrowings		503,960	1,676,676	503,960	1,676,676
Repayment of borrowings		(590,962)	(1,660,788)	(590,962)	(1,660,788)
Loans advanced to growers		(800)	(30)	(800)	(30)
Proceeds from repayment of grower loans		800	327	800	327
Repayment of finance lease and hire purchase		(32)	(30)	(32)	(30)
Net cash inflow/(outflow) from financing activities		(83,536)	16,058	(83,536)	16,058
Net increase in cash		(59)	(2,756)	(57)	(2,747)
Add cash at the beginning of the financial year		(1,930)	826	(1,944)	803
Cash at end of period	7a	(1,989)	(1,930)	(2,001)	(1,944)

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2014

Consolidated \$'000	Issued Capital	CCU Premium Reserve (Note 20)	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2013	955	31,867	76,941	106	109,869
Net profit/(loss) for the period	-	-	-	5,313	5,313
Asset Disposal	-	-	(16,982)	16,982	-
CCU's issued	143	3,515	-	-	3,658
Total equity at 28 February 2014	1,098	35,382	59,959	22,401	118,840

Parent \$'000	Issued Capital	CCU Premium Reserve (Note 20)	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2013	955	31,867	76,941	(10,032)	99,731
Net profit/(loss) for the period	-	-	-	1,701	1,701
Asset Disposal	-	-	(16,982)	16,982	-
CCU's issued	143	3,515	-	-	3,658
Total equity at 28 February 2014	1,098	35,382	59,959	8,651	105,090

Consolidated \$'000	Issued Capital	CCU Premium Reserve (Note 20)	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2012	955	31,867	75,291	213	108,326
Net profit/(loss) for the period	-	-	-	(107)	(107)
Asset Revaluation (net of tax)	-	-	1,650	-	1,650
Total equity at 28 February 2013	955	31,867	76,941	106	109,869

Parent \$'000	Issued Capital	CCU Premium Reserve (Note 20)	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2012	955	31,867	75,291	(6,579)	101,534
Net profit/(loss) for the period	-	-	-	(3,453)	(3,453)
Asset Revaluation (net of tax)	-	-	1,650	-	1,650
Total equity at 28 February 2013	955	31,867	76,941	(10,032)	99,731

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The principle accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Namoi Cotton Co-operative Ltd as an individual entity and the consolidated entity consisting of Namoi Cotton Co-operative Ltd and its subsidiaries.

For the purposes of disclosure of events occurring after balance date the Directors have authorised this financial report for issue on 29 April 2014 in accordance with a resolution of the Board of Directors.

The nature of the operations and principal activities of the group are described in the Directors' Report.

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Co-operatives Act 1992 (NSW) and Corporations Act 2001.

The financial statements have been prepared under the historical cost convention, except for ginning assets, derivative financial instruments, lint cotton and cotton seed inventory which are measured at fair value.

Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements over the following primary areas:

- Determination of fair value on lint cotton and cotton seed inventory (refer to Note 1k) and forward purchase and sale contracts (refer to Note 1l);
- Impairment testing of property plant and equipment (refer to Note 1n);
- Fair value of ginning and warehousing assets (refer Note 1n);
- Classification of associates (refer to Note 1c);
- Treatment of deferred tax balances including tax loss recognition (refer to Note 1g);
- Assessment of the useful lives of assets (refer to Note 1n); and
- Employee provision probability factors (refer to Note 1u).

New accounting standards and interpretations

New standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 March 2013 have been adopted by the Group. The adoption of these standards had no material financial impact on the current period or any prior period and is not likely to affect future periods.

- AASB 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to AASB 7*
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 128 *Investments in Associates*
- *Improvements to AASBs 2009-2011 Cycle*

Certain new accounting standards and interpretations have been published that are not mandatory for 28 February 2014 reporting periods and have not yet been applied in the consolidated Financial statements. These are:

- AASB 9 *Financial Instruments effective 1 March 2017*
- AASB 2012-3 *Amendments to Australian Accounting Standards-Offsetting Financial Assets and Financial Liabilities effective 1 March 2014*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139] effective 1 March 2014*
- AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB132, AASB 134 & AASB 139] effective 1 March 2014*

Net current liability position

The Groups current liabilities exceed its current assets. The current liabilities at balance date include all bank related borrowings as a result of the short term nature of its financing facilities, which are renewed annually. All bank facilities were renewed on or before 18 March 2014 and are subject to a number of obligations (refer Note 16) with working capital facilities expiring on 18 March 2015. The Directors expect they will be renewed thereafter and at appropriate levels for FY 2016 operations. Term facilities remain in place until 18 March 2017 and will be classified accordingly as non-current, in the respective future reporting periods.

b) Seasonality of operations

Cotton Ginning, one of Namoi Cottons business segments, operates on a seasonal basis whereby ginning normally occurs between March to July each year. Accordingly that segment traditionally generates profits in the first half year and incurs losses in the second half year during the ensuing maintenance period.

Namoi Cotton's marketing segment, represented by sale to NCA and its residual 51% share in the joint venture, generally takes delivery of lint cotton from growers in the first half of the year predominately from March to August. Under NCA's accounting policies, profits on lint marketing occur when the joint venture takes delivery of the lint cotton from the grower.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Namoi and its subsidiaries as at 28 February 2014. Control is achieved when Namoi is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, Namoi controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When Namoi has less than a majority of the voting or similar rights of an investee, Namoi considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Namoi's voting rights and potential voting rights

Namoi re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Namoi obtains control over the subsidiary and ceases when Namoi loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date Namoi gains control until the date Namoi ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of Namoi and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Namoi's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of Namoi are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Namoi loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if Namoi had directly disposed of the related assets or liabilities.

Investment in associates and joint ventures

An associate is an entity over which Namoi has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Namoi's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in Namoi's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects Namoi's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Namoi's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, Namoi recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between Namoi and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of Namoi's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as Namoi. When necessary, adjustments are made to bring the accounting policies in line with those of Namoi.

After application of the equity method, Namoi determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, Namoi determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, Namoi calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Namoi determines its interest in the assets and liabilities relating to each joint operation on the basis of its rights and obligations in a specified proportion in accordance with the contractual arrangement.

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Interests in jointly controlled assets have been incorporated in the financial statements under the appropriate headings.

In the current period the accounting policy for commodity purchase and sale contracts for cotton seed and inventory of cotton seed held, has changed. The previous accounting policy accounted for these transactions and balances at cost whereas the new accounting policy has been changed to a fair value model consistent with the way the group and its associate, NCA, account for lint cotton.

The new policy sees cotton seed commodity purchase and sale contracts and cotton seed inventory held, stated at fair value as determined by reference to prevailing prices at reporting date.

The policy change has been made due to the size of the cotton seed market volumes, the market price volatility and the significance of cotton seed to the group's results and balance sheet in current and future reporting periods after the transfer of the lint cotton marketing and warehousing business to the Namoi Cotton Alliance joint venture, within the current year. The directors believe the new policy more appropriately presents the trading results of the business.

	Consolidated	
	\$'000	
	28 Feb	28 Feb
Statement of Profit and Loss and Other Comprehensive Income	2014	2013
<i>New accounting policy</i>		
Financial instrument gains/(losses)		
Purchase contracts (lint cotton and cotton seed)	17,723	(1,309)
Sales contracts (lint cotton and cotton seed)	(15,890)	(942)
Changes in inventories of finished goods and work in progress	(42)	1,371
Raw materials and consumables used	-	949
Income tax expense/(benefit)	537	22
	Cents	
Basic earnings per unit	4.9	-0.1

The impacts of the change in the accounting policy on line items in the balance sheet (at original and restated balances) are:

	Consolidated \$'000	
	28 Feb 2014	28 Feb 2013
Balance Sheet		
<i>Historical accounting policy</i>		
Inventory		
Cotton Seed	1,438	2,772
Derivative financial instruments		
Purchase contracts (lint cotton and cotton seed)	-	3,772
Sales contracts (lint cotton and cotton seed)	-	8,728
Deferred tax asset	-	3,164
Deferred tax liability	-	-
Retained earnings	21,679	722
<i>New accounting policy</i>		
Inventory		
Cotton Seed	2,767	4,143
Derivative financial instruments		
Purchase contracts (lint cotton and cotton seed)	16,414	2,463
Sales contracts (lint cotton and cotton seed)	(16,832)	7,786
Deferred tax asset	-	3,428
Deferred tax liability	537	-
Retained earnings	22,401	106

Cash Flow Statement

The change in policy does not effect the Cash flow Statement.

e) Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Namoi Cotton Co-operative Ltd's functional and presentation currency.

Transactions denominated in foreign currencies are initially recorded in the functional currency at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities using rates of exchange applicable at balance date are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of lint cotton, cotton seed and grain commodities

Sales revenue is brought to account when the terms of delivery under the sales contract have been satisfied.

Fair value of forward lint cotton and cotton seed commodity sale contracts is determined with reference to prevailing prices at reporting date.

Derivatives

Derivatives including forward lint cotton and cotton seed commodity purchase and sale contracts, cotton futures and options contracts and forward exchange contracts are stated at fair value with any gains or losses arising from changes in fair value taken directly to the statement of comprehensive income.

The fair value of futures and options contracts is determined by reference to commodity prices with similar maturity profiles. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Ginning revenue

Ginning charges are invoiced to growers for services connected with the processing of seed cotton to lint cotton. Revenue is brought to account on all production performed during the period.

Interest revenue

Interest revenue is brought to account when entitlement to interest occurs using the effective interest method.

Dividend revenue

Dividend revenue is brought to account when received.

Rental revenue

Rental income is brought to account when received.

g) Taxes***Income Tax***

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based upon the prevailing income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and as to available carried forward taxation losses.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax assets and deferred tax liabilities are offset only where such offset is enforceable and where the asset and liability relate to the same taxpaying entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Tax consolidation legislation

Namoi Cotton Co-operative Ltd is the head entity of the tax consolidated group comprising all wholly owned controlled entities. The group has applied the group allocation method in determining the appropriate amount of current and deferred taxes to allocate to the members of the tax consolidated group.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated in accordance with the depreciation methodology applicable for the type of asset subject to the lease. However, if no reasonable certainty exists to indicate the asset will be acquired at the end of the lease term the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the period of the operating lease.

i) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments readily convertible to cash within two working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Interest is recognised as an expense as it accrues.

j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment for any uncollectible debts. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. The recoverability of trade and grower loans is reviewed on an ongoing basis. An estimate for doubtful debts is made when collection of the full nominal amount is no longer probable. Bad debts are written off as incurred.

k) Inventories***Lint cotton and cotton seed***

Lint cotton and cotton seed inventory is carried at fair value less costs to sell.

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Costs to sell incorporate anticipated future delivery costs, commissions and brokerage.

Fair value less costs to sell may be higher or lower than cost with any differences taken to the statement of comprehensive income.

Grain commodities and consumables

Grain commodities and consumables (operating supplies and spares) are carried at the lower of average cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l) Derivative financial instruments

The group uses derivative financial instruments such as foreign currency and cotton futures and options contracts to manage the risks associated with foreign currency and price fluctuations. Such derivative financial instruments are stated at fair value with any gains or losses arising from changes in fair value taken directly to the statement of comprehensive income.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of cotton futures and options contracts is determined by reference to commodity prices with similar maturity profiles.

Forward commodity purchase and sale contracts are classified as derivatives measured at fair value. Fair value is determined with reference to prevailing prices at reporting date.

The group uses interest rate derivatives to manage its risks associated with interest rate fluctuations. These derivatives have not been designated as hedging instruments and are accordingly initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured to fair value. Changes in fair value are recognised directly in the statement of comprehensive income as finance costs. Fair value is determined by reference to market values for similar instruments.

m) Recoverable amounts of assets

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

n) Property, plant and equipment***Cost and valuation***

Gin, warehouse, other infrastructure and major equipment assets are measured at fair value less accumulated depreciation and any impairments recognised after the date of revaluation. Valuations are performed frequently to ensure that the fair value of revalued assets does not differ materially from its carrying value.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity (less the income tax effect), except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case, the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Other assets are carried at cost less accumulated depreciation and any accumulated impairments in value.

Depreciation

Ginning infrastructure assets are depreciated on a units of production basis over their estimated remaining useful lives ranging from 10 to 20 years. All other property, plant and equipment, other than freehold land, is depreciated on a straight line basis at rates calculated to allocate the cost less estimated residual value at the end of the useful lives of the assets against revenue over their estimated useful lives.

Major depreciation rates are:

Other ginning assets	1 to 20 years
Other assets	3 to 44 years

Impairment

The recoverable amounts of plant and equipment are compared to carrying values when indicators of potential impairment exist. These indicators include but are not limited to significant industry, economic and agronomic events.

The recoverable amounts of plant and equipment are the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

o) Trade and other payables

Liabilities for trade creditors and accruals are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

p) Interest-bearing loans and borrowings

All interest-bearing liabilities are initially measured at fair value of the consideration received less attributable transaction costs and subsequently at amortised cost using the effective interest method. Interest is charged on non-related party borrowings as an expense as it accrues.

q) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for distribution is recognised as a liability when the dividends are declared, determined or publicly recommended on or before the reporting date.

r) Capital stock

Capital stock is recognised at the fair value of the consideration received. Any transaction costs arising on transactions relating to the issue or redemption of capital stock are recognised directly in equity as a reduction of the consideration received or as an increase to the consideration paid.

s) Grower member share capital

Grower member share (co-operative grower member share) capital is recognised as a liability in the balance sheet due to their fixed entitlement to the return of capital in the amount of \$2.70 per grower member share per the co-operative rules.

The classification as debt is in strict compliance with AASB 132 Financial Instruments: Presentation. The equitable rights attached to the grower member shares regarding voting capital entitlements and rebate eligibility has not changed as a result of this reclassification.

Rebates payable to active grower member shareholders are recorded in the statement of comprehensive income as accrued finance costs.

t) Share-based payment transactions

The group has provided benefits to permanent employees (not including directors) in the form of participation in the employee share plan after a qualifying period. Shares are issued under the plan at a 5% discount to the average market price of the five days preceding the offer. The plan was suspended in August 2004.

u) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities that have terms to maturity approximating the terms of the related liability are used.

Employee benefits are recognised against profits when they are respectively paid or payable.

v) Finance costs

Finance costs are recognised as expenses in the periods in which they are incurred with the exception of interest rate derivatives recognised at fair value and the amortisation of ancillary costs incurred with the arrangement of borrowings, which are amortised over the period of the facility. Finance costs include:

- interest on bank overdrafts and short term and long term borrowings using the effective interest method; and
- fair value movements in interest rate derivatives.

w) Earnings per unit

Basic earnings per unit is determined by dividing the profit attributable to members, adjusted to exclude costs of servicing equity (other than distributions) by the weighted average number of units.

Diluted earnings per unit is determined by dividing the profit attributable to members, adjusted to exclude costs of servicing equity (other than distributions) by the weighted average number of units and potential dilutive shares.

x) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the CEO as the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management considered other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category "unallocated segment".

y) Fair value measurement

Namoi measures financial instruments, such as, derivatives, and non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to Namoi.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Namoi uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, Namoi determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Namoi's Directors determine the policies and procedures for both recurring fair value measurement, such as property, plant and equipment and derivatives, and for non-recurring measurement. External valuers are involved for valuation of significant assets, such as ginning assets and derivatives, and significant liabilities, such as derivatives. Involvement of external valuers is decided upon annually by the Directors after discussions with and approval by the Company's Audit and Compliance Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Directors analyse the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per Namoi's accounting policies.

For this analysis, the Directors verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Directors, in conjunction with Namoi's external valuers, also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Directors and Namoi's external valuers present the valuation results to the Audit and Compliance Committee and Namoi's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, Namoi has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

z) Rounding of amounts

This financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars (where rounding is applicable) in accordance with clause 10(6) of the Co-operatives (Accounts and Audit) Regulations and class order 98/0100 of the Corporations Act 2001. The co-operative is an entity to which the class order applies.

2. Revenue and Expenses

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
a) Revenue from continuing operations				
Sale of goods at fair value	446,230	501,348	445,159	494,134
Rendering of services	60,624	78,001	60,624	78,001
Rental revenue	164	174	164	174
Financial service provider revenue	301	421	411	1,289
Finance revenue	18	89	18	89
	507,337	580,033	506,376	573,687
<i>Breakdown of finance revenue:</i>				
Interest revenue from grower finance	5	26	5	26
Interest revenue from non-related entities	13	63	13	63
	18	89	18	89
b) Other income				
Net gain on disposal of property, plant and equipment	-	9	-	9
Net gain on disposal of lint marketing and packing businesses ⁽¹⁾	8,636	-	8,487	-
	8,636	9	8,487	9
c) Employee benefits expense				
Salaries, wages, on-costs and other employee benefits	22,709	27,979	22,454	26,566
Defined contribution benefits expense	1,318	1,557	1,318	1,552
	24,027	29,536	23,772	28,118
d) Finance costs				
Interest on bank loans and overdrafts	6,356	11,875	6,348	11,892
Interest expense - interest rate derivatives	13	78	13	78
	6,369	11,953	6,361	11,970
e) Restructure Costs				
Restructure costs relate to advisory services and consulting costs incurred in relation to the cornerstone capital raising. ⁽¹⁾	-	3,325	-	3,325
f) Other expenses				
Maintenance	6,480	6,713	6,474	6,603
Insurance	1,258	1,600	1,257	1,588
Motor vehicle	1,719	2,432	1,702	2,296
Minimum operating lease payments	509	503	509	502
Other	5,452	5,774	5,259	5,518
	15,418	17,022	15,201	16,507

⁽¹⁾ Current period costs formed part of the gain on disposal calculation

3. Joint Venture Establishment

Summary of joint venture establishment

On 26 April 2013, Namoi Cotton established a joint venture with Louis Dreyfus Commodities Melbourne JVP Pty Ltd (LDC JVP), with both entities having joint control for accounting purposes. The Namoi Cotton Alliance (NCA) is a lint cotton marketing and commodities packing services joint venture.

Prior to the transaction, the Group owned a 100% interest in the lint marketing activities and a 92% interest in the packing operations and 100% of their related assets. Net assets held at the date of the transaction were:

- Property, Plant & Equipment \$47,136,000 representing the warehouse and logistical infrastructure ⁽¹⁾
- The share capital of NCPS in the amount of \$123,000 ⁽²⁾
- Net working capital liabilities of NC Packing Services Pty Ltd (previously consolidated with the Group) \$132,000 ⁽³⁾
- Net lint marketing working capital and derivative positions comprising those related to the 2013 crop (in progress at the date of completion) and forward crop positions. These amounted to \$1,997,000 and were transferred given the contractual requirements for the joint venture to assume the benefits and burdens of the 2013 and future crops ⁽⁴⁾
- Leave entitlements of \$564,000 (pre-tax) were transferred to the joint venture upon settlement and were partially offset by \$188,000 in net consumables and other general prepayments transferred.

At the completion of the transaction, the net assets previously recorded were disposed of and replaced by an investment in the joint venture of \$31,620,000 and cash consideration of \$30,380,000 (before deduction of \$3,862,000 in transaction costs).

The group has recorded the investment in the joint venture at fair value and has recorded a net gain on disposal of \$8,654,000 (pre-tax) as a result of the transaction. The investment in the joint venture is being accounted for using the equity method of accounting.

Details of the sale and purchase transaction are as follows:

Fair value of assets transferred (100%) into the new Joint Venture:

	\$'000
Land	2,451
Buildings	37,246
Property, plant and equipment	9,476
NC Packing Services Pty Ltd	1,600
Goodwill	11,227
Fair value of warehouse, marketing and packing assets transferred #	62,000
Book carrying value of assets ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	(49,124)
Transaction costs paid	(2,765)
Transaction costs payable	(1,475)
Net gain on disposal of lint marketing and packing assets	8,636
 # Share of Fair Value	
# Namoi Cotton 51% acquisition	31,620
# LDC JVP 49% acquisition (cash consideration received)	30,380
	62,000

4. Income Tax

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28-Feb 2013	28 Feb 2014	28-Feb 2013
Statement of Changes in Equity				
Income tax expense items debited/(credited) directly to equity:				
Net gain on revaluation of assets	-	707	-	707
Statement of Comprehensive Income				
Accounting profit from continuing operations before income tax expense	7,680	(4,242)	4,068	(8,519)
At the Group's statutory income tax rate of 30% (2013: 30%)	2,304	(1,273)	1,220	(2,556)
Deductible loan repayments	-	-	-	-
Non-assessable income	-	(73)	-	-
Non-allowable expenditure	164	29	138	29
Losses transferred (to)/from head entity	-	-	1,009	618
Filing differences	-	(3)	-	(3)
Temporary difference not previously recognised	(36)	3,475	-	3,136
Tax losses previously not recognised ¹	(65)	(6,290)	-	(6,290)
Income tax expense/(benefit) recorded in the statement of comprehensive income	2,367	(4,135)	2,367	(5,066)

	28 Feb 2014	28-Feb 2013	28 Feb 2014	28-Feb 2013	28 Feb 2014	28-Feb 2013
Deferred Tax Liabilities						
Accelerated depreciation for tax purposes and revaluations	(26,304)	(29,555)	(26,303)	(29,555)	(3,252)	(3,420)
Timing of Joint Venture and Investments Income recognition	(3,724)	(3,617)	(2,365)	(2,610)	107	2,610
	(30,028)	(33,172)	(28,668)	(32,165)	(3,145)	(810)
Deferred Tax Assets						
Deferred costs	804	1,035	804	1,035	232	(1,035)
Provisions and accruals	1,247	993	1,247	993	(254)	(993)
Other	-	1,198	-	1,198	1,198	(1,198)
Recognised losses available for offsetting against future taxable income ^{1,2}	29,038	33,374	28,609	33,298	4,336	(1,030)
	31,089	36,600	30,660	36,524	5,512	(4,256)
Net deferred tax assets/(liabilities)	1,061	3,428	1,992	4,359	2,367	(5,066)
Deferred tax expense/(income)						
Unrecognised deferred tax assets	3	38	-	-		
Unrecognised deferred tax liabilities	-	-	-	-		
Unrecognised tax losses	1,038	1,072	-	-		
Unrecognised net deferred tax assets	1,041	1,110	-	-		
Reconciliation of net deferred tax assets						
					Consolidated \$'000	Parent \$'000
					28 Feb 2014	28 Feb 2013
Opening balance as of 1 March					3,428	-
Tax income/(expense) during the period recognised in profit or loss					(2,367)	4,135
Tax income/(expense) during the period recognised in other comprehensive income					-	(707)
Closing balance as at 28 February					1,061	3,428
					28 Feb 2014	28 Feb 2013
					4,359	-
					(2,367)	5,066
					-	(707)
					1,992	4,359

¹ In the prior year, sufficient prior year and current year tax losses were recognised as a deferred tax asset to offset the deferred tax liability that arose from the asset revaluation increment.

² The benefits in respect of tax losses will only be obtained if:

- a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Tax consolidated group and tax sharing arrangements

Namoi Cotton Co-operative Ltd is the head entity of the tax consolidated group comprising all wholly owned controlled entities. The group has applied the group allocation method in determining the appropriate amount of current and deferred taxes to allocate to the members of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in these financial statements in respect of this agreement on the basis that the possibility of default is remote.

5. Earnings per Unit

Basic earnings per unit amounts are calculated by dividing the net profit after rebate if applicable for the year attributable to the unit holders of the parent divided by the weighted average number of co-operative capital units outstanding during the year.

There were no potentially dilutive equity balances at 28 February 2014 or at 28 February 2013.

The following reflects the income and equity data used in the basic and diluted earnings per unit computations:

	Consolidated \$'000	
	28 Feb 2014	28 Feb 2013
Profit attributable to Co-operative capital stock holders of the parent	5,313	(107)
	No.	No.
Weighted average number of Co-operative capital stock units	107,605,852	95,515,895

6. Distributions Paid or Provided on Co-operative Capital Units

There have been no distributions declared or paid during the year ended 28 February 2014 or the preceding year ended 28 February 2013.

No franking credits are available as at the year ended 28 February 2014 (2013: Nil) for subsequent financial years based on a tax rate of 30% (2013: 30%).

7. Cash and Cash Equivalents

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Cash at bank and in hand	418	262	406	248
	418	262	406	248

Cash at bank earns interest at floating rates based upon daily bank deposit rates.

(a) Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash comprises the following items:

Cash at bank and in hand	418	262	406	248
Bank Overdraft	(2,407)	(2,192)	(2,407)	(2,192)
	(1,989)	(1,930)	(2,001)	(1,944)

(b) Reconciliation of net cash provided by operating activities to operating profit after income tax.

Operating profit/(loss) after income tax	5,313	(107)	1,701	(3,453)
<i>Adjustments for non-cash items:</i>				
Depreciation	10,182	14,065	10,182	14,065
(Gain)/loss on sale of property, plant and equipment	(8,636)	(9)	(8,487)	(9)
Foreign exchange (gain)/loss on finance leases	-	4	-	4
Provision for bad debts	77	-	88	-
Provision for employee benefits	(63)	494	(63)	521
Provision other	(35)	-	(35)	-
Share of associates (profits)/losses	(3,428)	(3,945)	(165)	17
	(1,903)	10,609	1,520	14,598
<i>Changes in operating assets and liabilities</i>				
(Increase)/decrease in accounts receivable	7,472	968	7,665	683
(Increase)/decrease in inventories	59,685	(305)	59,685	(879)
(Increase)/decrease in other assets	932	(855)	932	(879)
(Increase)/decrease in derivatives	6,700	(37,343)	6,700	(37,343)
Increase/(decrease) in creditors	(17,927)	19,395	(17,929)	19,714
Increase/(decrease) in other liabilities	2,261	(1,281)	2,261	(420)
Increase/(decrease) in deferred tax asset	2,367	(4,135)	2,367	(5,066)
Net cash inflow/(outflow) from operating activities	64,900	(13,054)	64,902	(13,045)

(c) Disclosure of financing activities

Refer to Note 16.

(d) Disclosure of non-cash financing and investing activities
(i) Equipment Finance Transactions

During the financial year, the consolidated entity acquired plant and equipment with an aggregate fair value of \$nil (2012: \$330,713) by means of finance leases.

(ii) Distribution Reinvestment Plan

No distributions were paid via the issue of units in 2014 (2013: nil). Refer note 6 and note 19.

(e) Fair Value

All cash balances are reflective of fair value based on observable market data.

8. Trade and Other Receivables

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>Current</i>				
Trade debtors ¹	8,736	14,027	8,736	14,041
Less: allowance for impairment loss	(88)	-	(88)	-
Trade debtors from an associate ⁽¹⁾	(110)	-	(110)	-
	8,538	14,027	8,538	14,041
Loans to growers ²	49	1,538	49	1,538
Less: allowance for impairment loss	-	-	-	-
	49	1,538	49	1,538
Funds due from futures brokers ³	10	1,528	1	1,508
Less: allowance for impairment loss	(9)	(20)	-	-
	1	1,508	1	1,508
Loans to associates ⁴	65	263	65	263
Loans to employees ⁵	26	26	26	26
Loans to controlled entities	-	-	47,688	6,207
	8,679	17,362	56,367	23,583

¹ Trade debtors arise from the following:

International cotton sales which are non-interest bearing and settled on delivery through documentary credits or cash against documents.

Domestic sales of white cotton seed, grain commodities and ginning by-products. These debtors are settled under a range of agreed payment terms. These debtors are non-interest bearing.

The group maintains trade credit insurance over non-related party domestic debtors to minimise credit risk.

² Grower loans represent interest bearing crop finance facilities offered to growers secured by crop mortgage. Interest rate margins are determined based on the level of risk associated with the individual loan.

As at 28 February 2014 Namoi Cotton had committed \$nil (2013: \$nil) in credit term facilities to growers which had not been drawn.

³ Funds due from futures brokers represent funds on deposit to offset unfavourable futures mark-to-market values and futures contract maintenance margins. Funds are denominated in United States dollars and bear a nominal rate of interest.

⁴ Loans to associates represent working capital financing provided to Australian Classing Services Pty Ltd. The loan bears interest at a fixed rate of 7.0% (2013: 7.0%) and is repayable on demand.

⁵ Loans to employees represent non-interest bearing loans advanced under the Namoi Cotton employee incentive share plan (refer note 19) and other staff advances.

⁶ Loans to controlled entities that are participants in joint ventures, are non-interest bearing and are repayable from the proceeds generated by the joint venture. The loans are carried at amortised cost.

Allowance for impairment loss

An allowance for impairment loss is recorded where objective evidence exists that an individual receivable is impaired taking into account the likelihood of recovery of any collateral and/or trade credit insurance. Individual receivables are written off only upon exhaustion of all means of recovery and only with Board approval. Impairment losses have been recognised by the group and the parent entity in the current year of \$96,724 (2013: \$20,153). This amount was included in the other expenses item in the statement of profit and loss and other comprehensive income.

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
At 1 March 2013	20	101	-	39
Charge for the year	88	-	88	-
Foreign exchange translation	-	-	-	-
Amounts written off	-	-	-	-
Recoveries	(11)	(81)	-	(39)
At 28 February 2014	97	20	88	-

At balance date the ageing analysis of trade and other receivables is as follows:

Total outstanding	8,776	17,382	56,455	23,583
Unimpaired				
Within terms	4,704	13,957	52,392	20,529
Past Due 1 - 30 days	143	276	143	57
Past Due 31 - 60 days	121	62	121	-
Past Due 60+ days	3,711	3,067	3,711	2,997
Impaired				
Past Due 60+ days	97	20	88	-

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Receivables past due but not considered impaired are: Group \$3,974,717 (2013: \$3,409,723); Parent \$3,974,717 (2013: \$3,059,039). Payment terms on these debts have not been renegotiated however discussions with the counterparties and/or receipts subsequent to reporting date have satisfied management that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

Fair value, foreign exchange and credit risk

All receivables are carried at fair value based on observable market data. Details regarding foreign exchange and interest rate risk are disclosed in Note 27. The maximum exposure to credit risk is the fair value of receivables less insurance recoverables.

9. Inventories

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Lint cotton (at fair value less costs to sell)	-	57,887	-	57,886
Cotton seed (at fair value less costs to sell)	2,767	4,143	2,767	4,143
Grain (at cost)	19	19	-	-
Operating supplies and spares (at cost)	5,302	5,689	5,301	5,689
	8,088	67,738	8,068	67,718

The fair value of lint cotton and cotton seed inventory is determined by reference to observable markets and valuation techniques.

10. Derivative Financial Instruments

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Current assets				
Foreign exchange contracts	6	-	6	-
Lint cotton futures/option contracts	-	792	-	792
Lint cotton and cotton seed sale contracts	-	8,451	-	8,451
Lint cotton and cotton seed purchase contracts	16,414	4,380	16,414	4,380
	16,420	13,623	16,420	13,623
Current liabilities				
Foreign exchange contracts	179	1,464	179	1,464
Interest rate swap contracts	4	45	4	45
Lint cotton futures/options contracts	-	2,589	-	2,589
Lint cotton and cotton seed sale contracts	16,832	665	16,832	665
Lint cotton and cotton seed purchase contracts	-	1,917	-	1,917
	17,015	6,680	17,015	6,680

Derivatives are used by the group to manage trading and financial risks as detailed in note 27.

Fair value of foreign exchange contracts are determined by comparing the contracted rate to the market rates for contracts with the same term to maturity. All movements in fair value are recognised in the profit within the statement of comprehensive income in the period they occur. The net fair value loss on foreign exchange contracts during the year was \$172,689 for the group (2013: \$11,955,093) and \$172,689 (2013: \$11,955,093) for the parent entity.

Fair value of cotton futures and option contracts are determined by comparing the contracted rate to the market rates for contracts of the same maturity. All movements in fair value are recognised in the statement of comprehensive income in the period they occur. The net fair value gain on cotton futures and option derivatives during the year were \$nil (2013: \$42,045,596) for the group and \$nil (2013: \$42,045,596) for the parent entity.

Lint cotton sales contracts are forward dated and deliverable contracts with spinning mills. The fair value of lint cotton commodity contracts is determined by reference to cotton futures, foreign exchange rates and prevailing cotton basis levels for Australian cotton. The net fair value loss on lint cotton sale contracts during the year was \$nil for the group (2013: \$26,138,820) and \$nil (2013: \$26,138,820) for the parent entity.

Lint cotton commodity purchase contracts are forward dated and deliverable contracts with cotton growers. The fair value of lint cotton commodity contracts is determined by reference to cotton futures, foreign exchange rates and prevailing cotton basis levels for Australian cotton. The net fair value gain on lint cotton purchase contracts during the year was \$nil for the group (2013: \$33,724,255) and \$nil (2013: \$33,724,255) for the parent entity.

Cotton seed sales contracts are forward dated and deliverable contracts with customers. The fair value of lint cotton seed commodity contracts is determined by reference to market prices and foreign exchange rates. The net fair value gain on cotton seed sale contracts during the year was \$16,832,185 for the group (2013: \$942,077) and \$16,832,185 (2013: \$942,077) for the parent entity.

Cotton seed commodity purchase contracts are forward dated and deliverable contracts with cotton growers or brokers. The fair value of cotton seed commodity contracts is determined by reference to market prices and foreign exchange rates. The net fair value loss on cotton seed purchase contracts during the year was \$16,414,466 for the group (2013: \$1,308,584 gain) and \$16,414,466 (2013: \$1,308,584 gain) for the parent entity.

Interest bearing loans of the group incurred an average variable interest rate of 3.3% (2013: 4.5%). Swaps in place at the comparative reporting date accounted for approximately 38.5% (2013: 26.9%) of the principal outstanding. The average fixed interest rates were 2.7% (2013: 3.6%) and the average variable rates were 2.7% (2013: 3.4%) at balance date. The net fair value loss on interest rate swaps was \$4,357 (2013: \$45,457).

11. Investments in Associates and Joint Venturers using the equity method

		Consolidated \$'000		Parent \$'000	
		28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Investment in associates (material)	11d	5,879	9,118	-	-
Investment in joint ventures (material)	11e	44,274	-	-	-
Investment in joint ventures (non material)	11f	10	(53)	112	(53)
		50,163	9,065	112	(53)

(a) Ownership interest

Name	Balance Date	% Ownership interest held by consolidated entity	
		28 Feb 2014	28 Feb 2013
<i>Investments in Associates</i>			
Cargill Oilseeds Australia Partnership (COA)	31 May	15%	15%
Cargill Processing Ltd (CPL) ¹	31 May	15%	15%
<i>Investments in Joint Ventures</i>			
Australian Classing Services Pty Ltd (ACS) ¹	28 February	50%	50%
Namoi Cotton Alliance (NCA) ³	28 February	51%	-
NC Packing Services Pty Ltd (NCPS) ^{1,2}	28 February	51%	-

¹ Incorporated in Australia

² In the prior year was a controlled entity (refer note 24)

³ Formed on 26 April 2013

(b) The principal activities of the associates and joint ventures are:

- COA processes and markets cotton seed, canola and other oilseeds.
- CPL owns facilities used in the processing and marketing of cotton seed, soy bean and other oilseeds by COA.
- ACS provides independent classing services to the Australian cotton industry.
- NCA markets cotton lint to South East Asia that is procured through Namoi Cotton.
- NCPS provides packing services for cotton seed and grain.

(c) Significant influence

Significant influence exists over the Cargill associate's, despite less than 20% ownership, due to the agreed one third representation upon the Board of Directors and management committees. Namoi Cotton is also a significant supplier of the primary input product for the Narrabri cotton seed crushing facility.

Consolidated \$'000				
28 Feb 2014		28 Feb 2013		
COA	CPL	COA	CPL	
<i>(d) Material Investments in Associates</i>				
<i>(i) Associates results</i>				
Revenue	254,181	27,124	224,749	19,273
Profit/(Loss)	5,192	880	25,679	733
Group share of associates profit/(loss)	779	132	3,852	110
<i>(ii) Associates assets and liabilities:</i>				
Current assets	65,644	13,139	61,430	11,237
Non-current assets	(0)	14,345	1	13,625
Current liabilities	(47,871)	(6,065)	(21,186)	(4,323)
Non-current liabilities	-	-	-	-
Associates net assets	17,773	21,419	40,245	20,539
Group share of associates net assets	2,666	3,213	6,037	3,081
Consolidated \$'000				
28 Feb 2014		28 Feb 2013		
COA	CPL	COA	CPL	
<i>(iii) Carrying amount of investments in associates:</i>				
Balance at the beginning of the financial year	6,036	3,081	2,468	2,971
Distribution paid out of retained earnings	(4,149)	-	(283)	-
Share of associates profits/(losses) for the financial year	779	132	3,852	110
Carrying amount of investment in associates at the end of the financial year	2,666	3,213	6,037	3,081
<i>(iv) Share of contingent liabilities of associate:</i>				
-	-	-	-	-
<i>(iv) Share of associates commitments:</i>				
-	-	-	-	-

		Consolidated \$'000	
		28 Feb 2014	28 Feb 2013
<i>(e) Material Investments in Joint Ventures: NCA</i>			
<i>(i) Joint Venture results (for the period since inception)</i>			
Revenue		315,861	-
Depreciation and Amortisation		(1,638)	-
Interest Expense		(728)	-
Interest Income		340	-
Profit/(loss) before income tax expense		4,812	-
Income tax expense ^(a)		-	-
Joint Venture net profit/(loss)		4,812	-
^(a) The Joint Venture is a partnership for tax purposes accordingly is not a taxable entity			
Group share of joint venture net profit/(loss)		2,454	-
<i>(ii) Joint venture assets and liabilities:</i>			
Current assets			
Cash and cash equivalents		23,547	-
Other		32,274	-
Non-current assets		60,573	-
Current liabilities			
Financial liabilities		(25,583)	-
Other		(3,952)	-
Non-current liabilities			
Financial liabilities		-	-
Other		(47)	-
Joint Venture net assets		86,812	-
Group share of joint venture net assets		44,274	-
		Consolidated \$'000	
		28 Feb 2014	28 Feb 2013
<i>(iii) Carrying amount of investments in joint ventures:</i>			
Balance at the beginning of the financial year		-	-
Acquisition of joint venture		31,820	-
Contribution to working capital		10,000	-
Distribution paid out of retained earnings		-	-
Share of joint venture profits/(losses) for the financial year		2,454	-
Carrying amount of investments in joint ventures at the end of the financial year		44,274	-
<i>(iv) Share of contingent liabilities of joint venture:</i>			
		-	-
<i>(v) Share of joint venture commitments:</i>			
		-	-
<i>(f) Share of Non Material Investments in Joint Ventures: ACS and NCPS</i>			
<i>(i) Non Material Joint Venture Results</i>			
Profits/(Losses) and total comprehensive income from continuing operations		63	(17)

12. Interest in Joint Operations

(a) Ownership interest

Name	Balance Date	% Ownership interest held by consolidated entity	
		28 Feb 2014	28 Feb 2013
Australian Cotton Ginning Co (ACGC)	28 February	50%	50%
Wathagar Ginning Company (WGC)	28 February	50%	50%
Moomin Ginning Company (MGC)	28 February	50%	50%

(b) Principal activities

The joint operations provide ginning services to cotton growers in the Gwydir and Lachlan valleys located in NSW.

(c) Impairment

No assets employed in the jointly controlled operation were impaired during the year (2013: \$nil).

(d) Accounting for joint operations

The joint operations have been accounted for using the share of rights to assets and obligations for liabilities method.

13. Interest in Jointly Controlled Assets

Namoi Cotton holds a 40% joint ownership interest in the white cotton seed handling and storage facilities at Mungindi, with a book carrying value of \$2.8m at 28 February 2014 (2013: \$2.5m).

There were no material contingent liabilities or capital expenditure commitments in respect of jointly controlled assets at balance date.

14. Property, Plant and Equipment

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>Gin Assets</i>				
<i>Ginning infrastructure and major equipment</i>				
at fair value	121,452	130,073	121,452	130,073
Provision for depreciation and impairment	(8,436)	(10,452)	(8,436)	(10,452)
	113,016	119,621	113,016	119,621
Revaluation to fair value	-	1,204	-	1,204
Closing written down value at fair value	113,016	120,825	113,016	120,825
<i>Other ginning equipment</i>				
Cost	4,171	4,427	4,171	4,427
Provision for depreciation and impairment	(3,011)	(2,683)	(3,011)	(2,683)
Closing written down value at cost	1,160	1,744	1,160	1,744
<i>Net Gin Assets</i>	114,176	122,569	114,176	122,569
<i>Warehouse Assets</i>				
<i>Warehouse infrastructure and major equipment</i>				
at fair value	-	31,041	-	31,041
Provision for depreciation and impairment	-	(1,175)	-	(1,175)
	-	29,866	-	29,866
Revaluation to fair value	-	1,421	-	1,421
Closing written down value at fair value	-	31,287	-	31,287
<i>Other warehousing equipment</i>				
Cost	-	7,480	-	7,480
Provision for depreciation and impairment	-	(4,648)	-	(4,648)
Closing written down value at cost	-	2,832	-	2,832
<i>Net Warehouse Assets</i>	-	34,119	-	34,119

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Other Assets				
<i>Other infrastructure and major equipment</i>				
at fair value	4,757	13,109	4,757	13,109
Provision for depreciation and impairment	(143)	(551)	(143)	(551)
	4,614	12,558	4,614	12,558
Revaluation to fair value	-	(268)	-	(268)
Closing written down value at fair value	4,614	12,290	4,614	12,290
<i>Other equipment</i>				
Cost	7,760	15,778	7,760	15,778
Provision for depreciation and impairment	(7,329)	(9,725)	(7,329)	(9,725)
Closing written down value at cost	431	6,053	431	6,053
Net Other Assets	5,045	18,343	5,045	18,343
Capital work in progress ('CWIP') at cost	8,908	7,443	8,908	7,443
Total written down value at fair value	117,630	164,402	117,630	164,402
Total written down value at cost	10,499	18,072	10,499	18,072
Total written down value for property, plant & equipment	128,129	182,474	128,129	182,474

If the above categories of assets were still measured using the cost model, the carrying amount (WDV) would be as follows:

	Consolidated and Parent \$'000		Consolidated and Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Ginning infrastructure and major equipment	45,178	49,041	45,178	49,041
Warehouse infrastructure and major equipment	-	13,185	-	13,185
Other infrastructure and major equipment	2,132	10,379	2,132	10,379
	47,310	72,605	47,310	72,605

Revaluation of Ginning and Warehouse Assets

Effective 29 February 2012, the group changed its accounting policy for the measurement of ginning and warehouse assets from deemed cost to fair value. The group engaged m3property Valuers, an accredited independent valuer, to determine the fair value of its ginning and warehouse assets. The date of the valuation was 31 October 2011 and was recorded on 29 February 2012.

An updated valuation of the warehouse and packing assets (the assets subject to the formation of Namoi Cotton Alliance) was required for the associated grower information booklet. The updated valuation was undertaken by m3property and was dated 11 January 2013. The finance facilities provided by the banking syndicate also required a refreshed valuation for the ginning and seed assets to be obtained by Namoi Cotton. This valuation was performed by CBRE Agribusiness (CBRE) with the final report dated 30 April 2013. Both revaluations were recorded in the 28 February 2013 financial statements.

The methodologies used by m3property and CBRE in determining the fair value of the relevant properties and assets were the Discounted Cash Flow (DCF) approach as the primary method and the Net Maintainable Earnings approach as the secondary method. The DCF method provides a valuation based on the formulation of projected future cash flows over a ten year period (plus a terminal value), which are then discounted at an appropriate discount rate (15%). The Net Maintainable Earnings approach was used to support the DCF method results.

The revalued ginning and other infrastructure and ginning and other major equipment are carried at fair value at 28 February 2014 based on the preceding methodology as updated by management.

The fair value measurement of property, plant and equipment uses significant unobservable inputs and is classified as level 3 in the fair value measurement hierarchy. Significant unobservable valuation inputs as at 28 Feb 2014 included:

- Sustainable bales – The average annual sustainable ginning bales have been assessed for the valuation period incorporating a grower by grower assessment of production areas, seasonal rotation, estimated yields and reliability of contracting. The measure is inclusive of Namoi's respective shares of throughputs of the joint venture cotton gins.
- Growth rate - revenues 2.25% p.a.
- Growth rate - expenses 2.50% p.a.
- Discount rate 15.0% p.a.

Significant increases/(decreases) in sustainable bales throughput, changes to growth rate or changes to discount rates in isolation would result in a significantly higher/(lower) fair value.

Impairment losses are determined with reference to the items recoverable amount calculated as the greater of fair value less costs to sell or its value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment are compared to carrying values when indicators of potential impairment exist. These indicators include but are not limited to significant industry, economic and agronomic events. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

Year Ended 28 February 2014 (\$'000)	Gins	Warehouses	Other	CWIP
<i>Consolidated and parent entity</i>				
Written down value - 1 March 2013	122,569	34,119	18,343	7,443
Additions and Transfer to/(from) CWIP	-	-	-	1,465
Disposals	-	(33,655)	(12,516)	-
Transfers	405	(177)	(228)	-
Depreciation	(8,798)	(287)	(554)	-
Revaluation	-	-	-	-
Written down value - 28 February 2014	114,176	-	5,045	8,908

Year Ended 28 February 2013 (\$'000)	Gins	Warehouses	Other	CWIP
<i>Consolidated and parent entity</i>				
Written down value - 1 March 2012	131,598	34,308	19,785	2,438
Additions and Transfer to/(from) CWIP	637	145	287	5,005
Disposals	(21)	-	-	-
Transfers	-	-	-	-
Depreciation	(10,849)	(1,755)	(1,461)	-
Revaluation	1,204	1,421	(268)	-
Written down value - 28 February 2013	122,569	34,119	18,343	7,443

15. Trade and Other Payables

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>Current</i>				
Trade creditors and accruals ¹	16,082	33,032	16,082	33,035
Grower deposits	40	36	40	36
Customer deposits	3,204	951	3,204	951
Loans from controlled entities	-	-	10,236	6,087
	19,326	34,019	29,562	40,109

¹ Trade and other payables are non-interest bearing and are settled under a variety of terms dependent upon the transaction arrangements and the counterparty. Trade and other payables are carried at fair values based on observable market data.

	Facility Use - AUD \$'000			
	Consolidated		Parent	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>Current</i>				
<i>AUD Facility Use</i>				
Short term	2,407	2,192	2,407	2,192
Working capital finance ¹	11,900	20,000	11,900	20,000
Term debt ²	40,000	66,068	40,000	66,068
	54,307	88,260	54,307	88,260
<i>USD Facility Use</i>				
Inventory finance ³	-	52,838	-	52,838
	-	52,838	-	52,838
<i>Other Liabilities</i>				
Lease liability	31	27	31	27
	31	27	31	27
	54,338	141,125	54,338	141,125
	Facility Use - AUD \$'000			
	Consolidated		Parent	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>Non Current</i>				
<i>Other Liabilities</i>				
Loans from controlled entities	-	-	2,049	2,049
Lease liability	1	29	1	29
	1	29	2,050	2,078

Working capital lines are utilised to fund day to day expenses of the business including specific funding needs for cotton seed inventory and debtors.

Term debt lines are provided to fund fixed assets of the business. Term debt incorporates the closing of derivative financial commitments with amortisation effected on 26 April 2013.

Other liabilities

³ Inventory finance

Inventory borrowings previously related to secured, structured, inventory financing arrangements that enable Namoi Cotton to effectively manage cash flow requirements associated with the delivery of purchased lint cotton from growers throughout its storage until shipment to spinning mills.

The inventory facilities are subject to inner limits based on levels of inventory in approved warehouse facilities at nil% (2013: 90%) of the lint cotton value determined by reference to prevailing cotton sales price less relevant shipping costs. All lint cotton inventory is now held by, and funded where necessary by the Namoi Cotton Alliance joint venture. Namoi Cotton finalised shipment of residual 2012 crop bales in October 2013 and no longer require lint sale funding.

Interest bearing liabilities are carried at amortised cost.

Hire purchase contracts on equipment have an average term of 5 years with the average interest rate implicit in the contracts of 7.5% (2013: 7.5%).

Details of interest rate risk, foreign exchange risk and liquidity risk are disclosed in Note 27.

Facility limits

The seasonal finance facilities limit excluding term debt at 28 February 2014 was \$18.5 million (2013: \$81.1 million) subject to inner limits based on levels of inventory and debtors.

At balance date CBA and ANZ had provided Namoi Cotton with a secured \$40 million (2013: \$66 million) debt facility with core and temporary components maturing on 26 April 2014 which is consistent with the majority of its treasury lines. Security is provided by a fixed and floating charge over the assets and undertakings of the group.

	Facility Limit - AUD \$'000			
	Consolidated		Parent	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>AUD Facility Limit</i>				
Short term	2,500	2,500	2,500	2,500
Working capital finance	16,000	20,000	16,000	20,000
Term debt	40,000	66,068	40,000	66,068
<i>USD Facility Limit</i>				
Inventory finance	-	58,622	-	58,622
	58,500	147,190	58,500	147,190

Financing arrangements

Borrowings, including derivative financial commitments, have reduced during the financial year as a result of ongoing management, execution and shipment of high priced sales contracts and proceeds from sale of assets upon formation of the Namoi Cotton Alliance joint venture (Refer Note 3)

Refinance subsequent to 28 February 2014

As a consequence of the significant debt reductions over the preceding two years, Namoi Cotton has reconsidered its requirement for a club banking arrangement. As a consequence, Namoi Cotton appointed

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CBA as sole banker to the group with term facilities having a three year duration, whilst seasonal facilities remain subject to an annual review, the first of which to be performed by 17 March 2015.

Namoi Cotton has negotiated the following finance facility limits:

- Committed term debt facility (non-amortising) - facility limit of AUD\$25 million (2013: AUD\$25 million) with a facility end date of 17 March 2017;
- Committed term debt facility (amortising) - facility limit of AUD\$15 million (2013: AUD\$41 million) with reductions of AUD\$3 million by 31 August 2014 and AUD\$1.5 million by 28 February 2015;
- Committed cotton seed and ginning consumables multi option working capital facility (non-amortising) - facility limit of AUD\$10 million (2013: AUD\$10 million cotton seed only); and
- Committed Working Capital facility (amortising) - facility limit of AUD\$6 million (2013: AUD\$10 million) reducing to nil by 31 August 2014.

The group has agreed to certain financial covenants with CBA under the new finance facilities at what are considered appropriate levels to meet the needs of the business.

17. Provisions

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>Current</i>				
Employee leave entitlements	1,995	1,911	1,995	1,911
Employee variable compensation	795	339	795	339
	2,790	2,250	2,790	2,250
<i>Non-current</i>				
Employee leave entitlements	807	910	807	910
	807	910	807	910

18. Co-operative Grower Member Shares

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Grower member shares - fixed capital entitlement	447	607	447	607
	No.		No.	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>1 cent Grower member shares (fully paid)</i>				
Shares at the beginning of the financial year	224,800	260,800	224,800	260,800
Shares issued during the year	1,600	-	1,600	-
Shares repurchased/forfeited during the year	(60,800)	(36,000)	(60,800)	(36,000)
Shares at the end of the financial year	165,600	224,800	165,600	224,800

Terms and conditions

- Grower shares may only be held by active members;
- Grower shareholders have one vote at member meetings, regardless of the number of grower shares held;

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- Grower shares can be issued and are redeemable for a fixed amount of \$2.70 per share, but have no entitlement to surplus repayments;
- Grower shares have no dividend entitlement;
- Grower shareholders appoint the directors of Namoi Cotton, subject to the stockholders right to nominate up to three non-grower directors;
- Grower shareholders are entitled to a rebate for each bale of cotton ginned and/or marketed with Namoi Cotton.

Minimum holding and forfeiture rules

Rule 6 of the rules of the co-operative requires active members to hold 800 shares, produce cotton from a minimum 40 hectares and conduct a minimum 20% of the member's cotton business with the co-operative in order to be eligible for a rebate of ginning and marketing charges levied by the co-operative. The board may declare membership of a member cancelled where the grower is inactive for two years, whereby grower shares are forfeited and the grower is repaid an amount equal to the initial issue price.

19. Contributed Equity

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Capital Stock	1,098	955	1,098	955

	Consolidated and Parent No. '000		\$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>1 cent Capital Stock (fully paid)</i>				
Capital stock at the beginning of the financial year	95,517	95,517	955	955
Issued during the year ⁽¹⁾	14,326	-	143	-
Redeemed through on-market buy-back	-	-	-	-
Capital stock at the end of the financial year	109,843	95,517	1,098	955

Net tangible assets per co-operative capital unit	\$ 1.08	\$ 1.15
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⁽¹⁾ Issued to Louis Dreyfus Commodities Asia Pte. Ltd. for cash consideration subsequent to the successful formation of the Namoi Cotton Alliance Joint Venture on 26 April 2013

Terms and conditions

- Capital stock holders are entitled to distributions as declared by the directors;
- Capital stock holders have no right to vote at any general meeting of Namoi Cotton;
- Matters relating to the appointment of the non-grower directors must be approved by capital stock holders prior to submission to a general meeting of Namoi Cotton for approval;
- On winding up, capital stock holders are entitled to the proceeds from surplus assets after payment of grower paid up share capital.

Namoi Cotton Employee Incentive Share Plan

The Employee Incentive Share Plan was suspended in August 2004. All full time employees who were continuously employed by Namoi Cotton for a period of one year were eligible to participate in the plan after the finalisation of the full year results for the year ended 29 February 2004. The issue price was at a 5% discount to the average market price of Namoi capital stock over the 5 trading days preceding the offer date.

Under the terms of the plan, employees are provided with an interest free loan to finance the issue price of the units. A minimum of 75% of the amount of all distributions paid in relation to units issued under the plan must be applied as a repayment of the loan. In any event, the loan must be repaid on the earlier to occur of termination of employment and 10 years. At the end of the financial year employee loans totalled \$26,382 (2013: \$26,382).

Units issued under the plan are placed in escrow until the later to occur of three years from issue and when the employee loan has been fully repaid. At the end of the financial year there were 147,000 units (2013: 147,000 units) under escrow.

Rebate reinvestment plan

The rebate reinvestment plan did not operate in relation to the rebate payable for the year ended 28 February 2014.

Distribution reinvestment plan

Capital stock issued under the distribution reinvestment plan is issued at a discount of 5% to the weighted average market price of Namoi capital stock sold on the ASX on the first day on which Namoi capital stock is quoted ex distribution in relation to the distribution to which the allotment relates and the following four business days.

Capital management

Namoi Cotton manages capital through the payment of dividends and participation in the on-market buy back of its Namoi Capital Stock. Decisions on capital management are made having regard to compliance with externally imposed capital requirements principally through maintaining a minimum level of net assets.

20. Nature and Purpose of Reserves

Capital stock (CCU) premium reserve

By virtue of rule 15.2 of the co-operative rules, the capital stock premium reserve is used to record amounts received in respect of capital stock issued at a premium and are to be regarded as paid up capital of the co-operative.

The balance standing to the credit of this account may be applied in any one or more of the following ways:

- In the payment of dividends if those dividends are satisfied by the issue of shares to the members of the co-operative;
- In writing off the preliminary expenses of the co-operative; or
- In providing for the premium payable on redemption of shares, debentures or co-operative capital units.

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of ginning and warehouse assets and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity. The reserve can only be used to pay dividends in limited circumstances.

21. Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is sold, whether retail or wholesale, and the nature of the services provided, the identity of service line manager and country of origin. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products and sold and/or the services provided, as these are the sources of the group's major risks and have the most effect on the rates of return.

Types of products and services

Ginning

The ginning business operates 12 cotton gins (incorporating 3 joint venture gins, referred to in note 11) located in the key growing areas of NSW and Queensland. The ginning service provided to the growers during the production process includes the separation of lint cotton from seed and other foreign matter and the conversion of cotton in module form to bale form. Grower customers are also able to sell the white cotton seed by-product to Namoi Cotton or elect to retain their white cotton seed.

Marketing

The marketing business involves the purchase of lint cotton from Australian growers using a variety of forward contracts that offer differing combinations of price, delivery and risk characteristics. Subsequent to the formation of NCA bales procured by Namoi from growers are on-sold to NCA with approximately 99% of NCA sales ultimately being to Asia. The NCA joint venture manages its marketing risks by utilising cotton futures and options and foreign currency contracts under strict risk management policies.

Commodities

The controlled entity Namoi Cotton Commodities Pty Ltd procures various grain and pulse crops from Australian growers and sells these into various domestic and international markets.

Accounting policies

The accounting policies used by the group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

The following items (or a portion thereof) of income and expenditure are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest Revenue;
- Rental Revenue;
- Share of profit from associate (other than NCA and Cargill);
- Finance costs;
- Corporate employee benefits expense;
- Corporate depreciation; and
- Other corporate administrative expenses.

A segment balance sheet and cashflow is not reported to the chief operating decision makers and are not disclosed as part of this report.

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Business Segment

Business Segments Year ended 28 February 2014	Ginning \$'000	Marketing ^{1,2} \$'000	Commodities \$'000	Unallocated \$'000	Consolidated \$'000
Revenue					
Sales to external customers	170,157	335,626	1,070	-	506,853
Other revenues from external customers	301	-	-	-	301
Total consolidated revenue	170,458	335,626	1,070	-	507,154
Non-segment revenues					
Interest revenue	-	-	-	18	18
Rental revenue	-	-	-	164	164
	170,458	335,626	1,070	182	507,336
Results					
Profit/(loss) before tax and finance costs	16,542	1,068	353	(7,343)	10,620
Finance costs ³	(5,061)	(1,267)	(8)	(32)	(6,368)
Share of profit from associates	911	2,352	-	165	3,428
Net Profit before tax	12,392	2,153	345	(7,210)	7,680
Other segment information					
Depreciation	(9,663)	(351)	-	(168)	(10,182)

Included in the unallocated results for the period are:

Interest Revenue	18
Rental Revenue	164
Total Unallocated Revenue	182
Share of profit/(loss) of other associates	165
Employee benefits expense	(3,875)
Depreciation	(168)
Finance costs	(32)
Other corporate administrative expenses	(3,482)
Total Unallocated Result	(7,210)

⁽¹⁾ Marketing revenue remains inclusive of lint sales values upon transfer of bales from Namoi to Namoi Cotton Alliance (NCA).

⁽²⁾ Marketing results include the net result for the NCA joint venture.

⁽³⁾ Ginning finance costs have increased as bank debt, following formation of NCA, was allocated to this segment

During the period a number of changes were made to the segments of Namoi Cotton, including:

- Marketing segment – the marketing and commodity packing business assets were transferred into the new NCA joint venture as at 26 April 2013;
- Marketing segment – after the above transfer, Namoi Cotton's share of the results of NCA have been included in this segment;
- Marketing segment – for this period, Namoi Cotton's share of the results of the Australian Classing Services associate (marketing related) were included in this segment and the comparatives adjusted for consistency.
- Ginning segment – for this period, Namoi Cotton's share of the results of the Cargill associates (seed related) were included in this segment and the comparatives adjusted for consistency.

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Business Segments Year ended 28 February 2013	Ginning \$'000	Marketing ¹ \$'000	Commodities \$'000	Unallocated \$'000	Consolidated \$'000
Revenue					
Sales to external customers	177,564	394,571	7,214	-	579,349
Other revenues from external customers	421	-	-	-	421
Total consolidated revenue	177,985	394,571	7,214	-	579,770
Non-segment revenues					
Interest revenue	-	-	-	89	89
Rental revenue	-	-	-	174	174
	177,985	394,571	7,214	263	580,033
Results					
Profit/(loss) before tax and finance costs	18,330	(8,988)	1,165	(6,741)	3,766
Finance costs	(2,856)	(9,096)	(1)	-	(11,953)
Share of profit from associates	3,962	(17)	-	-	3,945
Net Profit before tax	19,436	(18,101)	1,164	(6,741)	(4,242)
Other segment information					
Depreciation	(11,164)	(2,621)	-	(280)	(14,065)

(i) Included in the unallocated results for the period are:

Interest Revenue	89
Rental Revenue	174
Total Unallocated Revenue	263
Employee benefits expense	(3,564)
Depreciation	(280)
Other corporate administrative expenses	(3,160)
Total Unallocated Result	(6,741)

¹ Marketing business gross margins were weakened through legacy impacts from the prior period of unprecedented cotton market price volatility, hedge book liquidity risk management requirements, spinning mill liquidity pressures, regulatory frameworks, importation constraints and cotton quality variability.

Geographic Area

The economic entity operates in two separate geographic areas.

Namoi Cotton procures lint cotton and white cotton seed and provides cotton ginning activities to and from growers located solely within Australia. Lint sales are made to a variety of countries in Asia with similar trading terms and conditions and risk profiles. As such for the purposes of this note Namoi Cotton's geographic areas are considered to be Australia and Asia with consolidated revenues as follows:

Geographic Areas Year ended 28 February 2014	Australia \$'000	Asia \$'000	Consolidated \$'000
Revenue			
Sales to external customers	390,088	115,788	505,876
Other revenues from external customers	301	-	301
Total consolidated revenue	390,389	115,788	506,177
Geographic Areas Year ended 28 February 2013	Australia \$'000	Asia \$'000	Consolidated \$'000
Revenue			
Sales to external customers	155,293	424,056	579,349
Other revenues from external customers	421	-	421
Total consolidated revenue	155,714	424,056	579,770

22. Commitments and Contingencies

Commitments for capital expenditure

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Property, plant and equipment				
Estimated capital expenditure contracted for at balance date but not provided for:				
Payable within one year	610	1,223	610	1,223

Operating lease commitments – group as lessee

The group has entered into commercial leases in respect of land and buildings which have an average life of between 5 and 7 years. Options to renew are included in the contracts for commercial buildings only. There are no restrictions placed upon the lessee by entering into these leases.

The future minimum rentals payable under the non-cancellable operating leases are as follows:

Operating lease commitments - Group as lessee

Not later than 1 year	645	518	645	518
Later than 1 year and not later than 5 years	1,325	1,663	1,325	1,663
Later than 5 years	-	-	-	-
	1,970	2,678	1,970	2,678

Operating lease commitments receivable – group as lessor

The group has entered into non-cancellable commercial property leases on its surplus office building and into cancellable residential accommodation leases for certain employees in remote areas. The commercial lease allows for an annual increase in line with Consumer Price Index movements while residential leases are subject to periodic market assessment.

Future minimum rentals receivable under non-cancellable operating leases as at 28 February 2014 are as follows:

Not later than 1 year	46	72	46	72
Later than 1 year and not later than 5 years	-	242	-	242
	46	314	46	314

Finance lease and hire purchase commitments – group as lessee

The group has finance leases and hire purchase contracts for state-of-the-art gin packaging equipment and logistics supply chain equipment with a carrying value of \$309,587 (2013: \$330,713) for both the group and the co-operative. The contracts have terms expiring within 1 year. The lease contracts provide for the option to purchase the item at the end of the lease term with these options expected to be exercised.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Within one year	31	27	31	27
After one year but within five years	2	31	2	31
Total minimum lease payments	33	58	33	58
Unexpired finance charges	(1)	(2)	(1)	(2)
Present value of minimum lease payments	32	56	32	56

The weighted average interest rate implicit in the contracts for both the group and parent is 3.0% (2013: 3.0%).

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:

Within one year	450	257	450	257
After one year but within five years	593	-	593	-

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of KMP referred to in the Remuneration Report of the Directors Report that are not recognised as liabilities and are not included in the compensation of KMP.

Contingent liabilities

Namcott Investments Pty Ltd, a controlled entity of the co-operative, is a partner of the COA, Namcott Investments Pty Ltd is jointly and severally liable for the COA liabilities. At 28 February 2014 the assets of COA exceeded its liabilities.

The consolidated entity has contingent liabilities of \$0.1 million (2013: \$0.1 million) in respect of guarantees made by its bankers to third parties. Guarantees were primarily provided to NSW Treasury Corporation for the co-operative's infrastructure borrowings to cover outstanding principal and interest charges.

23. Significant Events after Balance Date

Subsequent to year end the following events have occurred resulting in material impacts to the financial statements:-

Refinancing was achieved on 18 March 2014. Refer to Note 16 for additional detail.

No other events of a material nature have occurred between balance date and the date of this report, other than as disclosed elsewhere in this report.

24. Related Party Disclosures

The consolidated financial statements include the financial statements of Namoi Cotton Co-operative Ltd and the subsidiaries listed in the following table. All subsidiaries were incorporated in Australia. Namoi Cotton Co-operative Ltd is the ultimate parent entity of the group.

Ownership and investment

Name of entity	Equity Interest %		Investment \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Australian Raw Cotton Marketing Corp. Pty Ltd	100%	100%	-	-
Namcott Investments Pty Limited	100%	100%	-	-
Namoi Cotton Superannuation Pty Ltd	100%	100%	-	-
Namoi Cotton Pty Ltd	100%	0%	-	-
Namcott Marketing Pty Ltd	100%	0%	-	-
NC Packing Services Pty Ltd (control lost in April 2013)	51%	92%	-	-
Namoi Cotton Commodities Pty Ltd	96%	96%	-	-
Namoi Cotton Finance Pty Ltd	100%	100%	-	-
Cotton Trading Corporation Pty Limited	100%	100%	1,830	1,830
			1,830	1,830
Investments held in controlled entities			(1,830)	(1,830)
			-	-

Principal activities

- Namcott Investments Pty Ltd, a subsidiary of Namoi Cotton, is the beneficial owner of the interests in CPL and COA Partnership. Namoi Oilseeds Trust formerly held the interest in the partnership.
- Namoi Cotton Superannuation Pty Ltd is trustee of the co-operative's former superannuation fund, which was wound up in June 2000.
- Namoi Cotton Pty Ltd and Namcott Marketing Pty Ltd are non-trading companies (incorporated 21 December 2013).
- NC Packing Services Pty Ltd facilitates Namoi Cotton's expanded commodity trading operations, with the groups ownership held by Namoi Cotton Co-operative Ltd, but control was lost in April 2013 as part of the formation of the NCA joint venture.
- Namoi Cotton Finance Pty Ltd secures funding for the group.
- Namoi Cotton Commodities Pty Ltd is a non-trading company.
- Cotton Trading Corporation Pty Limited is controlled by Namcott Investments Pty Ltd.
- Australian Raw Cotton Marketing Corp Pty Ltd is a non-trading company.

Transactions with subsidiaries

Transactions between members of the wholly owned group were minimal. Amounts receivable by and payable to the parent entity are included in the respective notes to this financial report.

Transactions with other related parties

Classing services provided by Australian Classing Services \$nil (2013: \$564,398). This service is now provided to NCA.

ACS leased classing facilities from the parent during the period for \$19,133 (2013: \$114,800). This service is now provided to NCA.

ACS leased classing facilities and HVI machines from the parent during the period for \$56,408 (2013: \$56,408).

During the course of the year, Namoi Cotton Co-operative Ltd had received payment from ACS in relation to the outstanding loans, with no loans outstanding to ACS as at 28 February 2014 (2013: \$262,538) at an interest rate of 7.00%.

Sales of white cotton seed to the COA Partnership were \$25,480,103 (2013: \$22,031,758) and purchases of white cotton seed from the COA Partnership were \$4,030 (2013: \$nil).

Transactions with NCA

Management fees received by Namoi for services provided to Namoi Cotton Alliance \$2.1m (inclusive of bale handling fees of \$0.3m (2013: Nil)).

Lint Cotton Sales from Namoi to Namoi Cotton Alliance \$272.2m (2013: Nil).

Insurance on-charged by Namoi to Namoi Cotton Alliance \$0.6m (2013: Nil).

Rail Services charged to Namoi Cotton Alliance \$1.0m from Namoi (during period where Namoi Cotton retained rail services contract).

Rail Services charged by Namoi Cotton Alliance to Namoi \$0.8m (during period where Namoi Cotton Alliance retained rail services contract).

Road Services charged to Namoi Cotton Alliance \$0.8m (during period where Namoi Cotton retained road services contract).

25. Director and Executive Disclosures

a) Details of key management personnel (KMP)

KMP include all directors holding office during the year and those executives having responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The KMP selected collectively comprise the directors and senior management team for the parent entity and the consolidated group.

Directors

Mr S C Boydell	Chairman, non-executive
Mr R A Anderson	Director, non-executive
Mr M Boyce	Director, non-executive
Mr N C Fussell	Director, non-executive (resigned 24 May 2013)
Mr B S Longworth	Director, non-executive
Mr B Coulton	Director, non-executive
Mr G Price	Director, non-executive
Mr R Green	Director, non-executive (appointed 27 May 2013)

Executives

Mr J Callachor	Chief Executive Officer (CEO)
Mr S Greenwood	Chief Financial Officer
Mr D Lindsay	General Manager – Grower Services and Marketing
Mr B Garcha	Company Secretary
Mr S McGregor	Chief Operations Officer
Ms E McDonagh	General Manager – Export Sales

There have been no changes to the CEO or other KMP in the period after the reporting date and prior to the date when this financial report was authorised for issue.

b) Shareholdings of KMP

Year ended 28 February 2014	Balance held 1 March 2013		Granted as Remuneration		On Exercise of Option		Net Change Other		Balance held 28 February 2014	
	Grower Member		Grower Member		Grower Member		Grower Member		Grower Member	
	CCU's	Shares	CCU's	Shares	CCU's	Shares	CCU's	Shares	CCU's	Shares
Directors										
SC Boydell (Chairman)	555,883	800	-	-	-	-	-	-	555,883	800
RA Anderson	-	-	-	-	-	-	-	-	-	-
M Boyce	775,272	-	-	-	-	-	-	-	775,272	-
BS Longworth	473,387	800	-	-	-	-	-	-	473,387	800
B Coulton	-	800	-	-	-	-	-	-	-	800
G Price	373,292	1,600	-	-	-	-	-	-	373,292	1,600
R Green	-	-	-	-	-	-	-	-	-	-
Executives										
J Callachor	4,000	-	-	-	-	-	-	-	4,000	-
D Lindsay	25,000	-	-	-	-	-	-	-	25,000	-
B Garcha	-	-	-	-	-	-	-	-	-	-
S Greenwood	6,000	-	-	-	-	-	-	-	6,000	-
S McGregor	2,000	-	-	-	-	-	-	-	2,000	-
E McDonagh	7,500	-	-	-	-	-	-	-	7,500	-
	2,222,334	4,000	-	-	-	-	-	-	2,222,334	4,000

Year ended 28 February 2013	Balance held 1 March 2012		Granted as Remuneration		On Exercise of Option		Net Change Other		Balance held 28 February 2013	
	Grower Member		Grower Member		Grower Member		Grower Member		Grower Member	
	CCU's	Shares	CCU's	Shares	CCU's	Shares	CCU's	Shares	CCU's	Shares
Directors										
SC Boydell (Chairman)	555,883	800	-	-	-	-	-	-	555,883	800
RA Anderson	-	-	-	-	-	-	-	-	-	-
M Boyce	775,272	-	-	-	-	-	-	-	775,272	-
NC Fussell	310,926	-	-	-	-	-	-	-	310,926	-
BS Longworth	473,387	800	-	-	-	-	-	-	473,387	800
B Coulton	-	800	-	-	-	-	-	-	-	800
G Price	373,292	1,600	-	-	-	-	-	-	373,292	1,600
Executives										
J Callachor	4,000	-	-	-	-	-	-	-	4,000	-
D Lindsay	25,000	-	-	-	-	-	-	-	25,000	-
B Garcha	-	-	-	-	-	-	-	-	-	-
S Greenwood	6,000	-	-	-	-	-	-	-	6,000	-
S McGregor	2,000	-	-	-	-	-	-	-	2,000	-
E McDonagh	7,500	-	-	-	-	-	-	-	7,500	-
	2,533,260	4,000	-	-	-	-	-	-	2,533,260	4,000

All shares above are held in the disclosing parent entity Namoi Cotton Co-operative Ltd.

All CCU transactions by the co-operative with KMP are made through the ASX on normal commercial terms other than those issued to executives through participation in the distribution reinvestment plan and to directors through participation in the distribution reinvestment plans.

c) Compensation by category of KMP

	Consolidated		Parent	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Short-term	3,007,121	1,871,078	3,007,121	1,871,078
Post Employment	95,480	145,831	95,480	145,831
Other Long-term	101,307	25,425	101,307	25,425
Termination Benefits	-	-	-	-
Share-based Payment	-	-	-	-
	3,203,908	2,042,333	3,203,908	2,042,333

Refer to the Remuneration Report within the Directors Report for more information.

d) Loans to KMP

Financial Year Ended	Balance at beginning of period	Interest charged	Interest not charged	Repayments	Balance at end of period	Number in group
28 February 2014	3,638	-	-	-	3,638	3
28 February 2013	3,638	-	-	-	3,638	3

e) Marketing and ginning transactions and balances with KMP

Transactions with directors and their related parties were in accordance with the rules of the co-operative, under terms and conditions applicable to all members. Under the rules of the co-operative, grower directors are required to conduct a minimum of 20% of their total cotton business with Namoi Cotton. In accordance with that rule, directors entered into marketing contracts and ginning contracts with Namoi Cotton. Amounts paid/received or payable/receivable from/to directors and their respective related parties were as follows:

Name	Consolidated and Parent entity					
	Cotton Purchases		Ginning Charges Levied		Grain & Seed Purchases	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Mr SC Boydell	3,529,901	2,288,348	501,172	375,927	420,805	211,794
Mr BS Longworth	9,531,004	6,696,925	1,229,695	824,097	1,237,078	574,185
Mr B Coulton	820,407	2,064,445	125,930	288,169	303,527	137,978
Mr G Price	6,123,558	6,854,624	944,718	847,960	891,947	570,104
	20,004,870	17,904,342	2,801,515	2,336,153	2,853,357	1,494,062

The nature of the terms and conditions of the above other transactions with directors and director related entities are consistent with the terms of Namoi Cotton's standard products, and are as follows:

- Marketing contracts require delivery of a quantity of lint cotton. The contract price per bale may be fixed in Australian or United States dollars, determined under a pool arrangement, set as a guaranteed minimum price or by way of basis fixations, cotton futures and foreign currency hedging. Price is adjusted for grade. Payment may be made by Namoi Cotton either within 14 days of ginning, or on a deferred schedule.
- Ginning contracts require the delivery of a quantity or acreage of seed cotton gin landed. The price is a fixed amount per bale. Payment is either effected by the grower as an offset against marketing proceeds, or collected from the marketing merchant in the case of contract ginning with Namoi Cotton.

- Seed contracts require the delivery of a quantity or acreage of seed gin landed. The price is a fixed amount per bale. Payment is either made by Namoi Cotton in conjunction with marketing proceeds, or in conjunction with ginning costs in the case of contract ginning with Namoi Cotton. Growers have the option of retaining their seed for a handling fee.
- Grains commodities contracts require the delivery of a quantity or acreage of grain. The price is a fixed amount per metric tonne and is based in AUD. Price is adjusted for grade. Payment is generally made within 21 days of delivery. No grain purchases were undertaken in the year ended 28 February 2013 or 2014.

f) Other transactions with KMP

Directors and director related entities also entered into transactions with the economic entity which occurred within a normal customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in the same circumstances, which do not have the potential to adversely affect decisions about the allocation of scarce resources made by users of the financial report, or the discharge of accountability by the directors. These transactions have been disclosed in note 25(e) and can include:

- Buybacks of marketing contracts as a result of production shortfalls;
- Currency, cotton futures, options and brokerage costs, losses and profits charged or credited directly to the account of the director;
- Purchase of grower supplies;
- Marketing and ginning rebate;
- Costs associated with the provision of crop finance; and
- Grower member share fixed capital entitlement in aggregate \$10,800 (2013: \$10,800).

In establishing Namoi Cotton Alliance (Note 3), the previous non-group owned share capital of NC Packing Services Pty Ltd was acquired by Namoi Cotton. This transaction at the market value ascribed to NCPS in formation of NCA, resulted in payments to the Namoi Cotton CEO and CFO of \$61,527 each. For completeness in disclosure of payments to executives, this amount was included in the capital raising bonus shown in the executive remuneration table of the directors report.

26. Remuneration of Auditors

	Consolidated and Parent Entity	
	28 Feb 2014	28 Feb 2013
Remuneration for the audit and review of the financial reports of the parent entity and the consolidated entity	133,535	278,250
Remuneration for other services provided to the parent entity and the consolidated entity:		
- Audit of AFSL licence	5,000	5,000
- Other assurance services	-	80,000
- Transaction services	-	237,858
	138,535	601,108

Independence

The audit and compliance committee routinely considers audit independence including the nature of all non-audit services and is of the opinion that Ernst & Young has performed the audits on an independent basis. Ernst & Young has confirmed to the audit and compliance committee, in relation to both years, that it has complied with all professional regulations relating to auditor independence.

During both years, Ernst & Young has not provided any book keeping, accounting, legal, banking, systems design, internal audit, valuation or management reporting services or acted as broker, authorised, executed, recommended or conducted any transaction on behalf of the economic entity.

Ernst & Young was appointed as auditor of the economic entity in 1989. The board has a policy of limiting the number of years a signing partner can form an audit opinion on the financial statements of five years.

27. Financial Risk Management Objectives and Policies

The nature of Namoi Cotton's business involves the potential exposure to a number of major financial and non-financial risks. The major financial market business risks exposed to by Namoi or later NCA are:

- Lint cotton, cotton seed and grains commodities price risk;
- Cotton basis risk;
- Cotton spread risk;
- Foreign exchange risk;
- Interest rate risk;
- Credit risk;
- Funding and liquidity risk.

Accordingly, Namoi Cotton conducts its business with a focus on risk management in order to ensure the alignment of returns achieved from its business activities for stakeholders with the risk capital applied to fund these activities. The key elements of Namoi Cotton's risk management policy that facilitate the management of these risks include various derivative financial instruments, physical risk position limits and techniques and Value at Risk modelling.

Namoi Cotton is exposed to price risks through entering commodity purchase and sale transactions. To limit potential impacts upon the trading margin achieved on those transactions Namoi Cotton and later NCA enters into derivative transactions, including principally cotton futures and options contracts and forward currency contracts. Where derivatives instruments do not exist for a particular commodity the risk management policy sets physical limits over trading positions.

Forward rate agreements and interest rate swaps are entered into to manage interest rate risks that exist in Namoi Cotton's financing activities.

The MFRMC ensures the effective management of each of these risks through the implementation and adherence to a risk management policy. The risk management policy of Namoi Cotton requires all risk to be managed at a crop (i.e. season) level. The key extracts from the risk management policy for managing Namoi Cotton's major financial market business risks are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each derivative financial instrument are disclosed in note 1 to the financial statements.

Risk Exposure and Responses

Price risk

Namoi Cotton is potentially exposed to movements in the price of lint cotton as a result of fixed price purchases and sales of lint cotton respectively in contracts with growers and mills. The group is also exposed to movements to price of cotton seed and grains commodities through fixed price purchases and sale contracts.

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Cotton seed price risk is managed principally through imposition of physical trading limits. It is a risk management requirement to utilise foreign currency derivatives to minimise the impact of USD/AUD fluctuations on fixed price sales contracts.

Namoi Cotton's policy is to manage the potential for movements in the price of lint cotton and cotton seed through derivative financial instruments. Principally these derivative financial instruments include both cotton futures and options. It is the risk management policy that no derivatives will be entered into until such time as a fixed price purchase or sale commitment exists.

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Financial Assets				
Derivatives	16,414	13,623	16,414	13,623
	16,414	13,623	16,414	13,623
Financial Liabilities				
Derivatives	(16,832)	(5,170)	(16,832)	(5,170)
	(16,832)	(5,170)	(16,832)	(5,170)
Net Exposure	(418)	8,453	(418)	8,453

The following sensitivity analysis is based upon cotton futures, OTC swaps and options price exposures that existed at 28 February 2014, whereby if the cotton futures price had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity (excluding the effect of net profit) would have been as follows:

	Post Tax Profit Higher/(Lower) \$'000		Equity Higher/(Lower) \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Consolidated				
+100 basis points (lint cotton)	-	(106)	-	-
-50 basis points (lint cotton)	-	93	-	-
+\$10/Mt (cotton seed)	153	819	-	-
-\$5/Mt (cotton seed)	(76)	(409)	-	-
Parent entity				
+100 basis points (lint cotton)	-	(106)	-	-
-50 basis points (lint cotton)	-	93	-	-
+\$10/Mt (cotton seed)	153	819	-	-
-\$5/Mt (cotton seed)	(76)	(409)	-	-

Lint cotton commodity purchase and sale contracts are treated as financial instruments under AASB 139 *Financial Instruments: Recognition and Measurement*. Both contracts have their fair value impacted by fluctuations in the cotton futures and options price. The group's lint cotton inventory is valued based upon the same cotton futures market and accordingly is subject to fluctuation. Since the formation all cotton sales and purchase contracts and lint cotton inventory has been transferred to NCA, therefore none are held directly at 28 February 2014.

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The group's risk management policy is to maintain cotton futures, OTC swaps and options derivatives in a 95% to 105% band of the relevant price exposures. The combination of derivatives and level of net price exposure within the risk management policy band vary considerably from time to time. The sensitivity analysis was performed by taking the USD futures price as at balance date, moving this price by 100 basis points and then converting the movement in USD into AUD at the year end spot currency rate. This calculation reflects the translation methodology undertaken by the group in either Namoi Cotton or the new NCA joint venture.

Cotton basis risk

Cotton basis risk potentially arises when Namoi Cotton enters into a commitment to purchase or sell physical lint cotton without simultaneously entering into the opposing transaction. Namoi Cotton managed cotton basis risk by adhering to physical limits in respect of its basis positions.

Cotton spread risk

Cotton futures spread risk potentially arises as a result of maturity imperfections between the cotton futures derivatives and the underlying physical lint cotton bale delivery. Namoi Cotton previously managed cotton futures spread risk through physical limits.

Physical limits on the alignment of the maturity of cotton futures hedging instruments and the underlying physical purchase and sale contracts have been prospectively implemented.

Cotton seed price risk

Cotton seed price risk potentially arises when Namoi Cotton enters into a commitment to purchase or sell physical cotton seed without simultaneously entering into the opposing transaction. Namoi Cotton managed cotton seed price risk by adhering to physical limits in respect of its cotton seed open positions.

Interest rate risk

At reporting date, the group had the following financial assets and liabilities exposed to Australian variable interest rate risk.

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Financial Assets				
Cash and cash equivalents	418	262	406	248
Trade and other receivables	49	3,099	49	3,099
	467	3,361	455	3,347
Financial Liabilities				
Interest bearing loans and borrowings	(57,583)	(142,141)	(57,583)	(142,141)
Derivatives	(4)	(45)	(4)	(45)
	(57,587)	(142,186)	(57,587)	(142,186)
Net Exposure	(57,120)	(138,825)	(57,132)	(138,839)

Interest rate swap contracts, with a fair value loss of \$4,357 (2013 \$45,457) at reporting date to both the group and parent, are exposed to value movements if interest rates change.

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At reporting date, after taking into account the effect of interest rate swaps, 36.8% (2013: 26.9%) of the group's borrowings are at a fixed rate of interest 2.7% (2013: 3.6%). The group continually monitors its interest rate exposure with regard to existing and forecast working capital and term debt requirements.

The following sensitivity analysis is based upon interest rate exposures that existed at 28 February 2014, whereby if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity (excluding the effect of net profit) would have changed as follows:

	Post Tax Profit Higher/(Lower) \$'000		Equity Higher/(Lower) \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Consolidated				
+100 basis points	(343)	(794)	-	-
-50 basis points	172	397	-	-
Parent entity				
+100 basis points	(343)	(1,493)	-	-
-50 basis points	172	747	-	-

The movements in post tax profit and equity are due to higher/lower finance costs from variable rate debt offset by fixed rate derivatives and interest bearing financial assets.

Sensitivity analysis was performed by applying a 100 basis point movement in interest rates to all non fixed interest bearing assets and liabilities at reporting date. As a result of recent global market volatility, 100 basis points has been utilised in the absence of reliable data predicting reasonably possible movements of interest rates. Year end balances are not reflective of interest bearing assets and liabilities throughout the year, due to the seasonal nature of the business.

Foreign exchange risk

Namoi Cotton has transactional currency exposures predominantly arising from all lint cotton sales and some cotton seed sales being denominated in United States dollars (USD) opposed to the group's functional Australian dollar (AUD) currency, which denominates all payments to growers. Potentially foreign currency denominated financial assets and liabilities may be adversely affected by a change in the value of foreign exchange rates.

Namoi Cotton requires all net foreign exchange exposures to be managed with either forward currency contracts or foreign exchange options contracts.

The group's policy is to enter into forward exchange contracts at the time it enters into a firm purchase commitment for lint cotton or a US dollar cotton seed sale commitment.

At reporting date, the group had the following exposure to USD foreign currency that is not designated as cash flow hedges.

	Consolidated \$'000		Parent \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Financial Assets				
Cash and cash equivalents	192	137	187	129
Trade and other receivables	4,237	4,808	4,237	4,808
Derivatives	6	13,015	6	13,015
	4,435	17,960	4,430	17,952
Financial Liabilities				
Trade and other payables	(5,305)	(3,000)	(5,305)	(3,000)
Interest bearing loans and borrowings	(3,236)	(79,913)	(3,236)	(79,915)
Derivatives	(17,011)	(4,718)	(17,011)	(4,718)
	(25,552)	(87,631)	(25,552)	(87,633)
Net Exposure	(21,117)	(69,671)	(21,122)	(69,681)

The group has a USD denominated leasing contract of USD \$28,495 (2013: USD \$57,540) over certain ginning equipment supplied from the United States. Foreign exchange contracts that are subject to fair value movements through the statement of comprehensive income as foreign exchange rates move.

	Notional Amount AUD \$'000		Average Exchange Rate	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
<i>Foreign exchange contracts held at balance date</i>				
Group				
Sell US\$/Buy AUD\$ maturity 0-12 months	23,299	106,943	0.8876	1.0198
Parent				
Sell US\$/Buy AUD\$ maturity 0-12 months	23,299	106,943	0.8876	1.0198

Lint cotton commodity purchase and sale contracts and some cotton seed sales contracts are treated as financial instruments under AASB 139. Lint sales contracts are largely denominated in USD while purchase contracts are largely denominated in AUD. Both contracts have their fair value impacted by fluctuations in the exchange rate AUD/USD through the market price being determined by reference to the USD denominated Intercontinental Exchange Cotton #2 futures contract. The group's lint cotton inventory is valued based upon the same cotton futures market and accordingly is subject to foreign currency fluctuations.

The following sensitivity analysis is based upon foreign currency exposures that existed at 28 February 2014, whereby if the AUD had moved (relative to the USD), as illustrated in the table below, with all other variables held constant, post tax profit and equity (excluding the effect of net profit) would have changed as follows:

	Post Tax Profit Higher/(Lower) \$'000		Equity Higher/(Lower) \$'000	
	28 Feb 2014	28 Feb 2013	28 Feb 2014	28 Feb 2013
Consolidated				
AUD/USD +100 basis points	25	(169)	-	-
AUD/USD -50 basis points	(13)	86	-	-
Parent entity				
AUD/USD +100 basis points	25	(169)	-	-
AUD/USD -50 basis points	(13)	86	-	-

The sensitivity results in the table are considered immaterial to the group. It is the group's risk management policy to maintain foreign exchange contracts to a 95% to 105% band relative to exposures.

Management believe the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

Sensitivity analysis was performed by taking the USD foreign exchange rate as at balance date, moving this rate by 100 basis points and then converting all USD denominated assets and liabilities. This calculation reflects the translation methodology undertaken by the group. As a result of recent global market volatility, 100 basis points has been utilised in the absence of reliable data predicting reasonably possible movements in foreign exchange rates.

Credit risk

Namoi Cotton exports the majority of lint cotton and some cotton seed to international counterparties. These export sales are concluded under contract and the potential risk exists for a counterparty to default on its contractual obligations and expose Namoi Cotton to a financial loss.

Trade receivables outstanding from international counterparties are settled through high-ranking credit instruments such as irrevocable letters of credit and cash against documents.

In respect of its lint cotton, cotton seed and grain commodity sales to major domestic counterparties, Namoi Cotton has trade credit indemnity insurance policies for non-related parties.

The group is normally entitled to recover loans to growers and deferred costs through an offset to lint cotton, seed proceeds and other credits to a growers account. Where a formal finance facility has been established, the exposures are typically covered by crop mortgage and in some cases by real estate mortgages and/or guarantee.

In addition, trade debtor balances are monitored frequently, minimising Namoi Cotton's exposure to bad debts.

Namoi Cotton's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of these assets as indicated in the balance sheet less relevant trade credit insurance recoverables.

The group utilises only recognised and creditworthy third parties in respect to derivative transactions. These parties are regularly reviewed by the Board.

Funding and liquidity risk

The group's objective in managing liquidity is to maintain a balance between continuity of funding, competitive pricing and flexibility so as to ensure sufficient liquidity exists to meet all short, medium and long term financial obligations. This is achieved through the utilisation of structured inventory financing, short term bills, term debt and bank overdrafts. The financing facility afforded to the group under the structured inventory product is available upon receipt of lint cotton bales into inventory.

Year ended 28 February 2014	≤6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
Consolidated					
Financial Assets					
Cash and cash equivalents	418	-	-	-	418
Trade and other receivables	8,653	26	-	-	8,679
Derivatives ¹	16,420	-	-	-	16,420
	25,491	26	-	-	25,517
Financial Liabilities					
Trade and other payables	(16,074)	(7)	-	-	(16,081)
Interest bearing loans and borrowings ²	(57,511)	(71)	(2)	-	(57,584)
Derivatives ¹	(11,190)	(5,825)	-	-	(17,015)
Co-operative grower member shares	-	-	(447)	-	(447)
	(84,775)	(5,903)	(449)	-	(91,127)
Net Exposure	(59,284)	(5,877)	(449)	-	(65,610)
Year ended 28 February 2013	≤6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
Consolidated					
Financial Assets					
Cash and cash equivalents	262	-	-	-	262
Trade and other receivables	17,336	26	-	-	17,362
Derivatives ¹	3,558	7,530	2,535	-	13,623
	21,156	7,556	2,535	-	31,247
Financial Liabilities					
Trade and other payables	(33,033)	-	-	-	(33,033)
Interest bearing loans and borrowings ²	(141,305)	(807)	(29)	-	(142,141)
Derivatives ¹	(5,491)	85	-	-	(5,406)
Co-operative grower member shares	-	-	(607)	-	(607)
	(179,829)	(722)	(636)	-	(181,187)
Net Exposure	(158,673)	6,834	1,899	-	(149,940)

NAMOI COTTON CO-OPERATIVE LTD

Year ended 28 February 2014	≤6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
Parent					
Financial Assets					
Cash and cash equivalents	406	-	-	-	406
Trade and other receivables	11,130	26	-	-	11,156
Derivatives ¹	16,420	-	-	-	16,420
	27,956	26	-	-	27,982
Financial Liabilities					
Trade and other payables	(16,074)	(10,243)	-	-	(26,317)
Interest bearing loans and borrowings ²	(57,511)	(71)	(2)	(2,049)	(59,633)
Derivatives ¹	(11,190)	(5,825)	-	-	(17,015)
Co-operative grower member shares	-	-	(447)	-	(447)
	(84,775)	(16,139)	(449)	(2,049)	(103,412)
Net Exposure	(56,819)	(16,113)	(449)	(2,049)	(75,430)
Year ended 28 February 2013	≤6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
Parent					
Financial Assets					
Cash and cash equivalents	248	-	-	-	248
Trade and other receivables	23,557	26	-	-	23,583
Derivatives ¹	3,558	7,530	2,535	-	13,623
	27,363	7,556	2,535	-	37,454
Financial Liabilities					
Trade and other payables	(33,036)	(6,087)	-	-	(39,123)
Interest bearing loans and borrowings ²	(141,305)	(807)	(29)	(2,049)	(144,190)
Derivatives ¹	(5,491)	85	-	-	(5,406)
Co-operative grower member shares	-	-	(607)	-	(607)
	(179,832)	(6,809)	(636)	(2,049)	(189,326)
Net Exposure	(152,469)	747	1,899	(2,049)	(151,872)

¹ Derivatives reflect the actual cashflow and are net settled.

² In addition to the maturity profile of interest bearing loans and borrowings, there are actual cashflows in relation to interest for the 6 month period of \$117,222 (2013: \$1,052,972) and for the 6-12 month period of \$nil (2013: \$786,366).

Namoi Cotton's risk management policy in respect to funding and liquidity risk reflects actual and forecast seasonal borrowing requirements not exceeding 95% of the group's total approved banking facilities.

Namoi Cotton is unable at this time to provide guidance on individual components of liquidity for the financial year ended 28 February 2014 due to the cash flow components being heavily contingent on commodity prices, exchange rates and basis positions together with forward crop commodity purchase and sale contracts.

Fair value

The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1

The fair value is calculated using quoted prices in active markets. Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

Level 2

The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). For financial instruments not quoted in active markets, the group uses various valuation techniques that compare to other similar instruments for which market observable prices exist and also other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Level 3

The fair value is estimated using inputs for the asset or liability that are not based on observable market data. Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

The fair value of unlisted debt securities are based on valuation techniques using market data that is not observable. The grower shares are issued and can be redeemed for a fixed amount of \$2.70 per share. Disclosures of movements in member shares are reconciled in note 18 of the financial accounts.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Level 1 Quoted market prices \$'000	Level 2 Market observable inputs \$'000	Level 3 Non-market observable inputs \$'000	Total \$'000
Year ended 28 February 2014				
Consolidated				
Current assets				
Foreign exchange contracts	-	6	-	6
Lint cotton and cotton seed purchase contracts	-	16,414	-	16,414
	-	16,420	-	16,420
Current liabilities				
Foreign exchange contracts	-	(179)	-	(179)
Interest rate swap contracts	-	(4)	-	(4)
Lint cotton and cotton seed sale contracts	-	(16,832)	-	(16,832)
	-	(17,015)	-	(17,015)

	Level 1 Quoted market prices \$'000	Level 2 Market observable inputs \$'000	Level 3 Non-market observable inputs \$'000	Total \$'000
Year ended 28 February 2013				
Consolidated				
Current assets				
Lint cotton futures/option contracts	-	792	-	792
Lint cotton and cotton seed sale contracts	-	8,451	-	8,451
Lint cotton and cotton seed purchase contracts	-	4,380	-	4,380
	-	13,623	-	13,623
Current liabilities				
Foreign exchange contracts	-	(1,464)	-	(1,464)
Interest rate swap contracts	-	(45)	-	(45)
Lint cotton futures/option contracts	-	(2,589)	-	(2,589)
Lint cotton and cotton seed sale contracts	-	(665)	-	(665)
Lint cotton and cotton seed purchase contracts	-	(1,917)	-	(1,917)
	-	(6,680)	-	(6,680)
	Level 1 Quoted market prices \$'000	Level 2 Market observable inputs \$'000	Level 3 Non-market observable inputs \$'000	Total \$'000
Year ended 28 February 2014				
Parent				
Current assets				
Foreign exchange contracts	-	6	-	6
Lint cotton and cotton seed purchase contracts	-	16,414	-	16,414
	-	16,420	-	16,420
Current liabilities				
Foreign exchange contracts	-	(179)	-	(179)
Interest rate swap contracts	-	(4)	-	(4)
Lint cotton and cotton seed sale contracts	-	(16,832)	-	(16,832)
	-	(17,015)	-	(17,015)

	Level 1	Level 2	Level 3	
	Quoted	Market	Non-market	
	market	observable	observable	
	prices	inputs	inputs	Total
Year ended 28 February 2013	\$'000	\$'000	\$'000	\$'000
Parent				
Current assets				
Lint cotton futures/option contracts	-	792	-	792
Lint cotton and cotton seed sale contracts	-	8,451	-	8,451
Lint cotton and cotton seed purchase contracts	-	4,380	-	4,380
	-	13,623	-	13,623
Current liabilities				
Foreign exchange contracts	-	(1,464)	-	(1,464)
Interest rate swap contracts	-	45	-	45
Lint cotton futures/option contracts	-	(2,589)	-	(2,589)
Lint cotton and cotton seed sale contracts	-	(665)	-	(665)
Lint cotton and cotton seed purchase contracts	-	(1,917)	-	(1,917)
	-	(6,589)	-	(6,589)

28. Other Non-Financial Information

Namoi Cotton Co-operative Ltd
ABN 76 010 485 588
AFSL 267863

Registered Office
Pilliga Road
Wee Waa NSW 2388

Principal place of business
Pilliga Road
Wee Waa NSW 2388
Phone: 61 2 6790 3000
Facsimile: 61 2 6790 3087

Share Register
Computershare Investor Services Pty Ltd
GPO Box 7045
Sydney NSW 1115
Investor Inquiries: 1300 855 080

Bankers
Commonwealth Bank of Australia (Appointed 24 April 2013)
Australia and New Zealand Banking Group (Ceased 18 March 2014)
Rabobank Australia Ltd (Ceased 24 April 2013)

Auditors
Ernst & Young
Brisbane, Australia

ASX ADDITIONAL INFORMATION FOR THE YEAR ENDED 28 FEBRUARY 2014

Additional information required by the Australian Stock Exchange. This information is current as at 31 May 2014.

DISTRIBUTION OF NAMOI CAPITAL STOCKHOLDERS

	Number of holders	Number of Namoi Capital Stock	%
1 - 1,000	152	72,305	0.06
1,001 - 5,000	601	1,851,412	1.69
5,001 - 10,000	337	2,721,655	2.48
10,001 - 100,000	592	20,322,532	18.50
100,001 and over	165	84,875,375	77.27
Total	1,847	109,843,279	100.00

TOP 20 NAMOI CAPITAL STOCKHOLDERS

Rank	Name	Number of Namoi Capital Stock	% held
1	LOUIS DREYFUS COMMODITIES ASIA PTE LTD	14,327,384	13.04
2	TWYNAM AGRICULTURAL GROUP PTY LTD	6,803,996	6.19
3	JVH COTTON PTY LIMITED	4,110,353	3.74
4	CITICORP NOMINEES PTY LIMITED	4,101,649	3.73
5	BRAZIL FARMING PTY LTD	2,279,803	2.08
6	MISTOVER PTY LTD <MISTOVER A/C>	1,500,000	1.37
7	MR ROSS ALEXANDER MACPHERSON	1,250,000	1.14
8	FEDERAL PACIFIC HOLDINGS PTY LTD	1,200,000	1.09
9	E R NIXON PTY LTD <ER NIXON RETIREMENT FUND A/C>	1,180,000	1.07
10	GRANTULLY INVESTMENTS PTY LIMITED	1,167,000	1.06
11	AGRICO INVESTMENTS PTY LIMITED	1,063,830	0.97
12	MRS FRANCES CLAIRE FOX <THOMAS J BERESFORD WILL A/C>	1,009,386	0.92
13	LOFTUS LANE INVESTMENTS PTY LTD	961,462	0.88
14	BRUCE CLYDE BAILEY + JANET BEATRICE SHAFIK BAILEY	820,122	0.75
15	DUDDY MANAGEMENT PTY LTD	809,720	0.74
16	AVENUE 8 PTY LIMITED <GAN SUPER FUND A/C>	800,000	0.73
17	MR PETER SINCLAIR GURNER <GIT A/C>	790,041	0.72
18	BOYCE FAMILY SUPERANNUATION FUND PTY LIMITED <BOYCE FAMILY S/F A/C>	775,272	0.71
19	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	760,513	0.69
20	GIBBS FAMILY SUPER PTY LTD <MICHAEL GIBBS FAMILY S/F A/C>	740,291	0.67
Total		46,450,822	42.29



RESTRICTED SECURITIES

Namoi Cotton Employee Incentive Plan

The Board of Namoi Cotton suspended the Namoi Cotton Employee Incentive Plan indefinitely from 28 August 2004. Namoi Capital Stock previously issued under the Plan is subject to a three year restriction period from the date of allotment (or until the interest free loan provided under the Plan to acquire the Namoi Capital Stock has been repaid in full.) The following Namoi Capital Stock was allotted pursuant to offers made under Employee Incentive Plan and quoted on the ASX.

No. of Namoi Capital Stock allotted and issued	Issue Price - \$	Allotment Date	End of restriction date*
141,000	0.8000	31 March 1998	31 March 2001
151,000	0.7500	31 December 1998	31 January 2001
140,000	0.6700	31 January 2000	31 January 2003
99,500	0.5024	6 December 2000	6 December 2003
104,000	0.3700	19 June 2001	19 June 2004
69,000	0.2213	13 December 2001	13 December 2004
55,000	0.2480	12 June 2002	12 June 2005
50,000	0.2150	4 December 2002	4 December 2005
34,000	0.2906	29 May 2003	29 May 2006
57,000	0.3895	18 June 2004	18 June 2007
TOTAL 900,500			

*The Namoi Capital Stock remains restricted after this time if the interest free loan has not been repaid in full.

THE ANNUAL GENERAL MEETING

Namoi Cotton's Annual General Meeting will be held at the Wee Waa Bowling Club, Alma Street, Wee Waa, NSW on Tuesday, 29 July 2014 at 10am.

NAMOI CAPITAL STOCKHOLDERS MEETING

A meeting of Namoi Capital Stockholders will be held at the Wee Waa Bowling Club, Alma Street, Wee Waa, NSW on Tuesday, 29 July 2014 at 10am in conjunction with the Annual General Meeting.

DISTRIBUTION

No final distribution will be paid to Namoi Capital Stockholders for the year ended 28 February 2014 .

OTHER SHAREHOLDER INFORMATION

Distribution - lodge your tax file number (TFN), Australian Business Number (ABN) or exemption

You are strongly recommended to lodge your TFN, ABN or exemption with our Share Registry. If you choose not to provide these details to the Share Registry, then we are required to deduct tax at the highest marginal tax rate (plus the Medicare levy) from any distribution payment. To lodge your details, you should contact our Share Registry or download a form from the Computershare website at www.computershare.com.au (under investors/investorservices/downloadableforms).

Change of Address

Changes of address of shareholders or other key details should be notified to the Share Registry in writing without delay. Change of address and other forms can be downloaded from the Computershare website at www.computershare.com.au (under investors/investorservices/downloadableforms). Shareholdings, which are broker sponsored on the CHESS sub-register, should contact their broker without delay.

Distribution Payments

Dividend and distribution payments can be credited directly into any nominated bank, building society or credit union account in Australia. To request this service, you should contact our Share Registry or download a form from the Computershare website at www.computershare.com.au (under investors/investorservices/downloadableforms).



MAJOR ASX ANNOUNCEMENTS FOR 2013 - 2014

Date	ASX Releases
12/06/2014	Becoming a substantial holder
10/06/2014	Ceasing to be a substantial holder
04/06/2014	Namoi Cotton Announces Buys-Out Hillston Gin Joint Venture Partner
18/03/2014	Namoi Cotton Refinance with CBA
31/10/2013	Namoi Cotton Half Yearly Report & Accounts
31/10/2013	Namoi Cotton Confirms Strong Half Year Financial Results
30/07/2013	2013 Chairman Address
30/07/2013	2013 CEO Presentation
30/07/2013	2013 AGM Results
26/06/2013	Notice of Meeting and Proxy Form
26/06/2013	2013 Annual Report
03/06/2013	Amended Final Directors Interest N Fussell
27/05/2013	Initial Directors Notice
27/05/2013	Director Appointment/Resignation
24/05/2013	Final Director's Interest Notice
24/05/2013	Director Retirement
30/04/2013	Namoi Cotton FY 2013
30/04/2013	Appendix 4E & Full Year Statutory Accounts
26/04/2013	Appendix 3B
26/04/2013	Namoi Cleansing Notice
26/04/2013	Appendix 3B
26/04/2013	Namoi Cotton announces successful completion of NCA JV
14/03/2013	ACCC approves establishment of Namoi Cotton Alliance Joint Venture
07/03/2013	Namoi Cotton Grower Vote
12/02/2013	Namoi Cotton Grower Booklet
16/01/2013	Namoi Cotton Strategic Marketing Alliance

DIRECTORY

OFFICES

Wee Waa (Head Office)
Pilliga Road
Wee Waa NSW 2388
Telephone: 02 6790 3000
Fax: 02 6790 3087

Goondiwindi
139 Marshall St
Goondiwindi QLD 4390
Telephone: 07 4671 6900
Fax: 07 4671 6999

Moree
49 Greenbah Rd
Moree NSW 2400
Telephone: 02 6752 5599
Fax: 02 6752 5357

Trangie
Trangie Gin
Old Warren Road
Trangie NSW 2823
Telephone: 02 6888 9611
Fax: 02 6888 9678

**Toowoomba
(Corporate Office)**
1B Kitchener St
Toowoomba QLD 4350
Telephone: 07 4631 6100
Fax: 07 4631 6184

GINS

Ashley Cotton Gin
Mungindi Road
Ashley NSW 2400
Telephone: 02 6754 2150

Boggabri Cotton Gin
Blairmore Road
Boggabri NSW 2382
Telephone: 02 6743 4084

Carinda Cotton Gin
Warren Road
Carinda NSW 2831
Telephone: 02 6823 2303

Hillston Cotton Gin
Roto Road
Hillston NSW 2675
Telephone: 02 6967 2951

Macintyre Cotton Gin
Kildonan Road
Goondiwindi QLD 4390
Telephone: 07 4671 2277

Merah North Cotton Gin
Middle Route
Merah North NSW 2385
Telephone: 02 6795 5124

Mungindi Cotton Gin
Boomi Road
Mungindi NSW 2406
Telephone: 02 6753 2145

Myall Vale Cotton Gin
Spring Plains Road
Wee Waa NSW 2388
Telephone: 02 6795 7151

Trangie Cotton Gin
Old Warren Road
Trangie NSW 2823
Telephone: 02 6888 9729

Yarraman Cotton Gin
Burren Road
Wee Waa NSW 2388
Telephone: 02 6795 5196

JOINT VENTURE WAREHOUSES

NAMOI COTTON ALLIANCE

Macintyre Warehouse
Kildonan Road
Goondiwindi QLD 4390
Telephone: 07 4671 1449

Warren Warehouse
Red Hill, Warren NSW 2824
Telephone: 02 6847 3746

Wee Waa Warehouse
Pilliga Road
Wee Waa NSW 2388
Telephone: 02 6790 3139

Jakarta, Indonesia
Jakarta Representative Office
Gedung Manggala Wanabakti
Blok IV, Lantai 5, Ruang no. 511 B
Jln. Gatot Subroto, Senayan
Jakarta 10270
Indonesia
Telephone: 62 21 5790 2977
Fax: 62 21 5790 2945

JOINT VENTURE GINS

Moomin Cotton Gin
Moomin Ginning Co (Namoi Cotton/Harris
Parties Joint Venture)
Merrywinebone
Via Rowena NSW 2387
Telephone: 02 6796 5102

Wathagar Cotton Gin
Wathagar Ginning Co (Namoi Cotton/
Sundown Pastoral Co Pty Ltd)
Collarenebri Road
Moree NSW 2400
Telephone: 02 6752 5200

CLASSING ROOMS

Australian Classing Services
(Namoi Cotton/Twynam Agricultural Group
Joint Venture)
Pilliga Road
Wee Waa NSW 2388
Telephone: 02 6790 3053
Fax: 02 6790 3030

REGISTERED OFFICE

Registered Office

Namoi Cotton Co-operative Ltd
ABN 76 010 485 588
AFSL 267863
Pilliga Road
Wee Waa NSW 2388
Australia
Telephone: 61 2 6790 3000
Facsimile: 61 2 6790 3087
www.namoicotton.com.au

Share Registry

Computershare Investor Services Pty Ltd
GPO Box 7045
Sydney NSW 1115
Investor inquiries: 1300 855 080
Facsimile: 61 2 8234 5050

Auditors

Ernst & Young

Key Bankers

Commonwealth Bank Australia

Annual General Meeting and Meeting of Namoi Capital Stockholders

29 July 2014 at 10am at the Wee Waa Bowling Club, Alma Street, Wee Waa, NSW.





