

ANNUAL REVIEW 2014-2015

CONTENTS

HISTORY & OBJECTIVES	2
MISSION, VISION & VALUES	2
NDUSTRY GOOD	2
COMPANY PROFILE	3
CORPORATE GOVERNANCE	4
HUMAN RESOURCES	5
CHAIRMAN'S STATEMENT	6
MANAGING DIRECTOR'S INTRODUCTION	7
FINANCIAL SUMMARY	7
AWTA RAW WOOL	8
AWTA PRODUCT TESTING	10
JINAO TESTING COMPANY	10
AGRIFOOD TECHNOLOGY	10
NZWTA LTD	11
RESEARCH & DEVELOPMENT	11
DIRECTORS' REPORT	14
FINANCIAL STATEMENTS	17
NOTES TO FINANCIAL STATEMENTS	20
DIRECTORS' DECLARATION	31
NDEPENDENT AU <mark>DIT REPORT</mark>	32

HISTORY & OBJECTIVES

The Australian Wool Testing Authority was established in 1957 by the Commonwealth Government in response to requests from the Australian wool industry, and was created as a Statutory Authority reporting to the Minister for Primary Industry. The first meeting of the Authority was held on 12th December 1957.

Following the formation of the Australian Wool Board in 1962, AWTA was established as a separate division within that organisation on 1st July 1963. AWTA retained the same status within the Australian Wool Corporation when it was formed by the amalgamation of the Australian Wool Board and the Australian Wool Commission on 1st January 1973.

AWTA Ltd was established as a Company Limited by Guarantee on 14th May 1982 consequent to an Australian Government decision to transfer the functions of the statutory Australian Wool Testing Authority (AWTA) to the public sector. After almost 25 years of operations, the government and industry considered that there was no on-going requirement for AWTA to continue to have links with the government, particularly since it was controlled by the wool industry and funded by the commercial services it provided to the industry, not by the government or any levies. In April 1982, the same wool industry interests that comprised AWTA as a statutory body formed a public company limited by guarantee, to acquire all assets and liabilities of the statutory body.

AWTA Ltd commenced operations on 1st July 1982, when it took over all the previous functions of AWTA.

The objectives for which the Company was established were and are still enshrined in its Memorandum.

They include the following:

- 1. To promote sales of Australian wool by encouraging the growth and utilisation of objective measurement of wool, particularly by presale testing.
- 2. To test wool and other fibres, whether natural or otherwise, and wool products and similar products made wholly or partly from other fibres.
- 3. To provide an accurate and impartial testing service based upon internationally recognised testing standards as an aid to efficient wool marketing.
- 4. To conduct wool, fibre and textile research and/or to carry out tests on other materials and products where such activities assist or promote the development of the pastoral, agricultural, manufacturing or industrial resources of Australia.
- 5. To maximise the net income of the Australian wool industry by encouraging the optimum application of objective measurement of wool by wool growers, brokers, buyers and both local and overseas processors.
- 6. To optimise wool industry productivity through research and the implementation of new systems and technology.
- 7. To establish, equip and maintain laboratories, workshops and other places suitable for testing and research activities.
- 8. To provide and encourage the provision of data processing services aimed at the more efficient marketing of wool.
- 9. Generally to promote and foster the more efficient testing of wool as required by the wool and textile industry at a minimum cost.
- 10. To provide certificates and make reports in respect of test and research carried out by the Authority.

MISSION, VISION & VALUES

MISSION

To assist or promote the development of the pastoral, agricultural, manufacturing and industrial resources of Australia, in particular, by providing independent objective data and information services which will facilitate the efficient production, marketing and processing of wool, other fibres, textile products and related materials.

VISION

To maintain a national and international reputation for technical expertise, commercial independence and professional integrity by providing accurate, impartial and efficient sampling, testing and certification services to our customers.

VALUES

- To maintain technical excellence, by taking maximum advantage of emerging technologies and providing staff with the knowledge, skills and equipment to improve customer service and lower costs.
- To ensure commercial independence in all activities.
- · To insist on professional integrity within the Company, by remaining impartial and avoiding conflicts of interest.
- To be alert and responsive, by monitoring and understanding the changing needs of clients.
- · To ensure that a reliable business continuity plan is in place, to minimise disruption to the wool marketing process in the event of a disaster.
- To foster sound industrial relations, based on mutual respect and recognition of the common interests which are shared with all employees and managerial staff.
- To aspire to provide a safe and satisfying working environment, which encourages employee participation and is supported by appropriate training and development programs.
- To seek to meet all legal and moral obligations of a good corporate citizen.
- To adopt business strategies which transfer cost saving benefits arising from the Company's income tax exemption, so as to assist or promote
 the development of the relevant industrial resources of Australia.

INDUSTRY GOOD ACTIVITIES

- Whilst having to operate in a commercial environment, AWTA Ltd is committed to its industry good purpose underpinned by its not for profit status.
- Since its inception, the Company's key goal has been to keep the fees it charges for wool testing to a minimum and predominantly under the rate of inflation. The Company's major business strategies continue to be developed around this goal.
- The Company sponsors agricultural events and plays a key role within the International Wool Textile Organisation, whose mission is to promote wool as a sustainable and accessible premium fibre.
- AWTA Ltd collates and freely makes available to the public, a significant amount of information to aid all facets of the wool industry, including promotion, production and productivity.
- The Company invests significant resources in research and development activities which have advanced the objective measurement of wool, reduced costs for the industry and led to more efficient testing methodologies.
- AWTA Ltd maintains 2 full-function raw wool testing laboratories in Australia (Kensington, Victoria and Fremantle, Western Australia) and one
 in Napier, New Zealand, to comfortably meet peak demand loads and to provide disaster recovery or back-up facilities in the event that one or
 more laboratory is taken out of service for whatever reason.
- AWTA Ltd provides educational scholarships and university cadetship program placements. It provides administrative and accounting support
 to the Australian Wool Education Trust. The Trust, which AWTA Ltd established, endeavours to advance education in wool and textile science

and technology. It funds educational resources, programs, institutions, students and colleges, as well as scientific research undertaken for the advancement of education.

- The Agrifood Technology division provides value-adding services to Australia's grain, horticultural, food and feed industries. It assists various industry associations with technical assistance and helps to calibrate and standardise analytical methods, at no cost. It is a member of the Imported Food Consultative Committee, which assists the food and beverage importing industry and the Department of Agriculture, Fisheries and Forestry with a forum to ensure that effective food safety and compliance outcomes are delivered without unnecessary impediments to trade.
- The Company's Product Testing division's staff serve on a number of Australian Standards Committees. It participates in Interlaboratory Comparison Trials for NATA Accreditation and for local and international laboratories. The division offers an extensive range of tests and services to the Australian industrial and manufacturing industries in furtherance of the Company's charitable objects.

COMPANY PROFILE

MEMBERSHIP & BOARD COMPOSITION

AWTA Ltd is a Company Limited by Guarantee. As described in the Company's Articles of Association, each Member Guarantor is entitled to appoint a Director to the Board. Additionally, the Member Guarantors appoint two Independent Directors and may also appoint a Director having special scientific or technological qualifications. The Chief Executive is also a Director pursuant to Article 21(d).

The following organisations or their nominees are the Member Guarantors constituting the Company:

- Australian Council of Wool Exporters Inc (ACWE Inc)
- Australian Wool Processors Council Inc (AWPC Inc)
 - Wool Scourers & Carbonisers of Australia Group (WSCA Group)
 - Wool Textile Manufacturers of Australia Group (WTMA Group)
- Australian Wool Innovation Ltd (AWI Ltd)
- Private Treaty Wool Merchants of Australia Inc (PTWMA Inc)
- The National Council of Wool Selling Brokers of Australia Inc (NCWSBA Inc)
- WoolProducers Australia

Note: Australian Wool Processors Council Inc, being an amalgamation of two previously separate Member Guarantors, is entitled to appoint two Directors, one from each Group.

DIRECTORS

Directors holding office at the date of this report are:

Chairman

D.G. McGauchie AO (elected Independent Director)

Deputy Chairman

G.W. Dickinson (elected Independent Director)
M.A. Jackson (AWTA Ltd Managing Director)

P.D. Morgan (appointed by AWPC Inc from WTMA Group)
D.B. Ritchie (appointed by AWPC Inc from WSCA Group)

D.A. Webster (appointed by AWI Ltd)
C.J. Wilcox (appointed by NCWSBA Inc)

R.D. Halliday (appointed by WoolProducers Australia)

C.J. Kelly (appointed by ACWE Inc)
B.A. Litchfield (appointed by PTWMA Inc)

Profiles of the Directors are provided in the Directors' Report (page 15).

COMPANY SECRETARY

The Company Secretary is Mr Charles Englander (General Counsel).

BOARD RESPONSIBILITIES

The Board is responsible for the overall corporate governance of the Company, including its strategic direction and financial objectives. It sets goals for management and monitors their attainment. The Board has specifically assumed responsibility for:

- the approval of strategy and annual budgets;
- the revision of strategic direction and oversight of management;

- corporate governance;
- the selection and evaluation for succession planning of executive management;
- significant acquisitions and disposals of assets;
- significant expenditure decisions outside of the corporate budget;
- the remuneration of executive management;
- the approval and monitoring of financial performance against corporate objectives and policies; and
- the integrity of risk management strategies and controls.

The delivery of the Company's strategic direction and goals as determined by the Board is delegated to management under the leadership of the Managing Director.

MANAGEMENT

The Board delegates responsibility for the operation and administration of the Company to the Managing Director who, together with the executive team, is accountable to the Board.

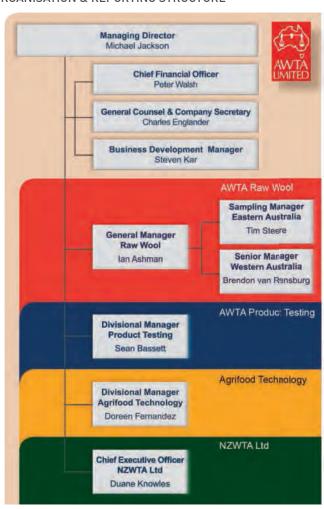
AWTA Ltd is organised for management and reporting purposes into four operating divisions. Management responsible for those divisions must account for their performance within a framework of strategic plans, budgets, position descriptions, targets, standards and policies.

The Strategy Committee, comprising senior management from Head Office and the four divisions, co-ordinates the management activity.

Strategy Committee Members are:

- Managing Director
- Chief Financial Officer
- General Counsel
- General Manager Raw Wool
- Chief Executive Officer NZWTA Ltd
- Divisional Manager Agrifood Technology
- Divisional Manager Product Testing
- Senior Manager Western Australia
- Sampling Manager Eastern Australia
- Business Development Manager

ORGANISATION & REPORTING STRUCTURE



REMUNERATION & APPOINTMENTS COMMITTEE

Current members of the Remuneration & Appointments Committee are:

- Mr D.G. McGauchie AO (Committee Chairman)
- Mr G.W. Dickinson
- Mr D.A. Webster

The Managing Director attends the Committee meeting except when his own remuneration and employment conditions are being considered.

The Committee is charged with:

- setting policies and making recommendations on remuneration policies for the Company, including those governing the Directors, the Managing Director and senior management;
- reviewing candidates for vacant senior executive management positions and making specific appointment recommendations to the Board; and
- approving the recommendations of the Managing Director on the remuneration of all non-award personnel below senior officers

Directors attendance at Committee meetings is reported in the Directors' Report.

Non-executive Directors

The Company's Memorandum of Association provides that, whilst its income cannot be transferred by way of dividend or bonus, it can be used for payment in good faith to any officer or servant of the Company (including Directors) for any services actually rendered to the Company.

Non-executive Directors' fees are reviewed annually by the Member Guarantors having regard to performance, relevant comparative remuneration and independent advice.

Non-executive Directors may receive a Sitting Fee for Committee participation and reimbursement of travel and accommodation expenses for attendance at Board and other official Company meetings.

Executive Director & Senior Executives

The Board determines the remuneration for the Chief Executive Officer (Managing Director), the Chief Financial Officer and the General Manager - Raw Wool, upon the recommendation of its Remuneration & Appointments Committee. Remuneration is decided following an annual review that considers performance, relevant comparative remuneration and independent advice. The Committee comprises Non-executive Directors only when it deals with the remuneration and employment conditions of the Managing Director.

AUDIT & FINANCE COMMITTEE

The role of the Audit & Finance Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities.

The principle objectives of this Committee are to:

- assist the Board in the discharge of its responsibilities relating to all financial matters;
- assess and advise the Company's Board on whether the annual financial report represents a true and fair view of the Company's financial position and complies with regulatory requirements;
- substantiate the existence, quality and valuation of the Company's assets;
- determine that management has implemented policies and procedures designed to ensure that the Company's risks are identified, assessed and appropriately addressed in a Risk Management Plan;
- ensure the operation of effective internal control policies and procedures:
- oversee the independence and appraise the quality of internal and external audits;
- maintain lines of communication between the Board, management and internal and external audit; and
- examine the accounting policies of the Company to determine appropriateness to general accepted practices.

The Committee comprises one Independent Director and up to two other non-executive Directors. The Chairman, the Managing Director, the Chief Financial Officer and the external auditor attend meetings by invitation.

The current members of the Committee are Mr G.W. Dickinson (Committee Chairman), Mr D.B. Ritchie and Mr C.J. Wilcox. Attendance at Committee meetings is reported in the Directors' Report.

ENVIRONMENT & SAFETY COMMITTEE

The Company has a policy to conduct its business activities so as, wherever practicable, to minimise any adverse impact of such activities on the community and the environment and to comply with applicable legislative requirements. The Environment & Safety Committee ensures that the Company's environment and occupational health and safety obligations are implemented and maintained.

The Committee's key responsibilities are to:

- ensure that environmental management system requirements, including policies in relation to the Company's obligations with respect to environmental and health and safety issues are established, implemented and maintained;
- ensure compliance with all laws, regulations and regulatory obligations relating to environmental and safety matters by the Company;
- oversee the effective monitoring of the Company's operations in relation to environmental and occupational health and safety matters:
- keep the Board informed of the Company's activities in relation to its environmental and occupational health and safety obligations;
- ensure that the Company's environmental policy, objectives and targets are based on knowledge about the environmental impacts associated with its activities, products and services and any regulatory requirements; and
- review the environmental management system to ensure its continuing suitability.

Current members of this Committee are Mr C.J. Wilcox (Committee Chairman), Mr B.A. Litchfield, Mr M.A. Jackson and Mr C. Englander. Attendance at Committee meetings is reported in the Directors' Report.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CHARTER

AWTA Ltd follows the Australian Charities and Not-for-profits Commission governance standards and, whilst not a listed company, it also adopts any applicable ASX Corporate Governance Principles and Recommendations. The Board is responsible for the overall corporate governance of the Company, including its strategic direction, major policies and financial objectives. The Board has adopted a Charter that delineates its role and the role of individual Directors. The Corporate Governance Charter and Guide for Directors and Officers is publicly available on the Company's website.

CORPORATE CONDUCT & ETHICS

The Company recognises that it is vital to its continuing success that its staff maintain the highest possible reputation for technical expertise, commercial efficiency, impartiality, independence, equal opportunity and professional integrity. To ensure that they are aware of the ethical framework in which they are required to work, each staff employee is required to read and sign the Company's Corporate Conduct & Ethics Policy. This policy sets broad guidelines for conduct and reflects AWTA Ltd's corporate "conscience" by promoting the highest levels of behaviour.

APPOINTMENT OF AUDITORS

The Company's auditors are Pitcher Partners. The auditors' effectiveness, performance and independence is reviewed by the Audit & Finance Committee.

Audits are conducted in accordance with the Corporations Act 2001 and the Australian Auditing Standards, which require auditors to comply with relevant ethical requirements related to audit engagements and to plan and perform the audit so as to obtain reasonable assurance that the financial report is free from material misstatement.

The auditors are obligated to comply with the independence requirements of the *Corporations Act 2001*.

The auditors are required to form an opinion whether the financial report of Australian Wool Testing Authority Ltd complies with the requirements of the *Corporations Act 2001*, the Regulations and the Australian Accounting Standards.

RISK IDENTIFICATION AND MANAGEMENT

The Company continues to have in place a number of risk management controls including:

- guidelines and limits for approval of capital expenditure and investments;
- · an annual insurance review;
- defined senior management responsibilities for areas including equal opportunity, occupational health and safety, environmental compliance, legal liability, risk identification and reporting and financial controls;
- policies and procedures for the management of financial risk and investment operations, including exposure to foreign currencies and movements in interest rates;
- strategic planning process for the implementation of 3-year strategic plans;
- annual budgeting and monthly reporting systems enabling the monitoring of progress against performance targets and the evaluation of trends:
- · Director's Declarations of Interests; and
- disaster recovery procedures for the key business units of the Company.

COMPANY POLICIES

In addition to the Company policies previously referred to, the Company has and maintains a comprehensive range of policies and procedures including:

- accounting;
- payroll;
- debtors;
- assets;
- purchasing;
- occupational health & safety;
- environmental compliance:
- restrictive trade practices & consumer law compliance;
- staff recruitment, training and termination;
- privacy;
- anti-harassment, bullying and discrimination;
- records & statistics;
- equal opportunity;
- corporate conduct and ethics policy; and
- improper conduct policy.

The Company's policies are regularly monitored and reviewed and aim to meet or exceed best practice with comparable organisations.

ENVIRONMENTAL IMPACTS

The Company's operations are subject to particular and significant environmental regulations under State laws.

HUMAN RESOURCES

STAFF NUMBERS

AWTA Ltd's staff numbers vary in response to seasonal work-flow. Variations in work-flow are managed in part by the use of casual and to a lesser extent, part-time staff. AWTA Ltd's staff numbers peaked at 376 in September, 2014.

STAFF TRAINING

As part of the Company's due diligence program, the legal department, supported by regional and divisional management regularly conduct training in anti-discrimination, bullying, sexual harassment, restrictive trade practices, equal opportunity, occupational health and safety, internet and email use, social media and affirmative action.

OCCUPATIONAL HEALTH & SAFETY

The Company's occupational health and safety obligations are monitored by Executive Management, with day-to-day responsibility resting with regional and divisional management.

Safety performance data consisting of lost time accidents, frequency rate and duration rate are calculated to AS/NZS 4801-2001 and reported monthly. The data is reviewed by management, the Environment & Safety Committee and the Board.

During 2014/15, the Company experienced 5 lost time accidents (4 more than in the previous year), a lost time frequency rate of 10.7

(compared to 2.1 in the previous year) and a lost time duration rate of 176.0 (down from 220.0 the previous year).

Achieving a zero Lost Time Injury result is a goal of all responsible employers. Such a result can only be achieved by careful attention to systems of work, risk assessments, work organisation and a shared commitment by staff to safety and injury prevention. AWTA Ltd continues to work with staff to increase on-the-job awareness of safety and to maintain a culture of shared commitment to safety.

SERVICE AWARDS

It is noteworthy that a significant number of staff have been employed by AWTA Ltd for more than 20 years. Since the formation of the Statutory AWTA in 1957 to the completion of the year under review, 207 employees have reached 20 years service, 64 have achieved 30 years service and 11 have reached 40 years service. During 2014/15, the 40 year service roll increased by 4, the 30 year service roll increased by 6 and the 20 year service roll increased by 5.

40 Years		
Jo Korpett	(8th)	Sampling Officer (Melbourne), commenced 10 October 1974
John Chesire	(9th)	Sampling Controller (Sydney), commenced 20 January 1975
Keith Mann	(10th)	Sampling Officer (Fremantle), commenced 17 March 1975
Marie Cheshire	(11th)	Senior Sampling Officer (Sydney), commenced 21 May 1975
30 Years		
Virginia Malibunas	(59th)	Testing Officer (Melbourne), commenced 7 January 1985
Carl Carter	(60th)	Management Accountant, commenced 18 February 1985
Nu Ly	(61st)	Senior Testing Officer (Melbourne), commenced 25 February 1985
lan Ashman	(62nd)	General Manager Raw Wool, commenced 18 March 1985
Van Diep	(63rd)	Testing Officer (Melbourne), commenced 24 June 1985
Owen Gillingham	(64th)	Sampling Controller (Adelaide), commenced 24 June 1985
20 Years		
Joanna Merwart	(203rd)	Senior Analyst/Programmer, commenced 12 September 1994
Juvelina Alves	(204th)	Senior Testing Officer (Fremantle), commenced 4 October 1994
Marilyn Grose	(205th)	Senior Testing Officer (Fremantle), commenced 4 October 1994
Candida Showler	(206th)	Team Leader Quality Milling Laborator commenced 16 January 1995 (formerly with AWB)
Chan-Yu Kuo	(207th)	Analyst Quality Milling Laboratory, commenced 20 February 1995 (formerly with AWB)

CHAIRMAN'S STATEMENT

I am pleased to report that AWTA Ltd has achieved a net profit \$2.232 million for 2014/15.

When AWTA Ltd was privatised in 1982 it was structured as a Company Limited by Guarantee with the objective of providing services to its clients at minimum cost, rather than maximising profit for distribution to shareholders. There is no doubt that over many years the Company has been successful in this regard; the fee for AWTA Ltd's primary service (presale raw wool testing) is approximately the same today as it was 20 years ago.

However, in the last two decades, wool production in Australia has declined and AWTA Ltd's principal market has been shrinking. AWTA Ltd responded by focussing on innovation and cost control in its raw wool testing laboratories and by reducing corporate overheads. At the same time, the Board recognised that it was essential for the Company to broaden its revenue base beyond raw wool and textile testing into other services to agriculture so that fees continue to be contained as the volume of wool produced in Australia declines.

Hence, approximately 10 years ago, AWTA Ltd adopted a strategy to expand into related testing markets where independent, high quality, high integrity testing is a necessary part of the value chain and this approach has clearly been successful.

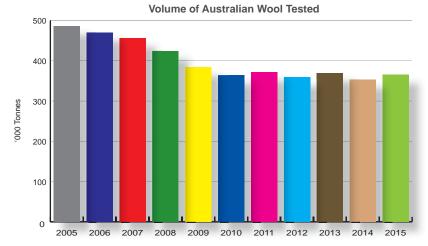


MR D.G. McGAUCHIE AO CHAIRMAN - AWTA Ltd

AWTA Ltd, as a consolidated group, now comprises 3 operating divisions in Australia (AWTA Raw Wool, AWTA Product Testing and Agrifood Technology), its wholly owned subsidiary NZWTA Ltd and its joint venture, JinAo Testing Co Ltd, which is managed through AWTA Product Testing.

The volume of wool tested in 2014/15 by AWTA Raw Wool was 365.6 million kilograms of greasy wool, an increase of 3.4% from the previous year. The second half of the year saw high wool prices, that encouraged growers to release wool that had been shorn in previous seasons and stored on-farm and this undoubtedly had an impact on the volume tested. The industry expects wool production to fall next year with the AWI Wool Production Forecasting Committee predicting that the 2015/16 clip will be 4.3% lower than this year, primarily as a result of lower sheep numbers arising from the high sheep and lamb turn-off rates this season.

The majority of AWTA Raw Wool revenue comes from presale testing of greasy wool. The number of core tests conducted by the Division decreased by 2.0% from last year despite the increase in total weight of wool tested as mentioned above. This is due to an increase in the average lot size from 5.78 to 6.06 bales per test.



Agrifood Technology continued to steadily grow its revenue base in 2014/15 and the return on investment was healthy. As revenue from grain testing is highly dependent on seasonal conditions and ongoing structural changes in the wheat export industry, the Division has been actively extending its activities in the fresh and processed food sectors to counter this risk. This strategy has been successful, with total revenue growing by 3.5% despite a slight fall from the grain trading sector, the traditional customer base of Agrifood Technology.

The Division further expanded its testing scope during 2014/15 when it commenced operating a microbiological testing laboratory in Derrimut, Victoria. This service expansion compliments the existing food chemistry capabilities of Agrifood Technology. The Division is now well placed for future revenue growth, offering a complete food testing services to current clients as well as attracting new customers whose main food testing requirement is microbiological rather than chemical.

AWTA Product Testing has been providing its services in a depressed market for a many years now and the difficult market environment persisted throughout 2014/15. Several industries such as retail, manufacturing and automotive declined. By contrast, the building material market sector has been positive for the Division, with testing revenue in this sector recovering in 2014/15.

Total Operating Revenue for AWTA Product Testing decreased by 5.2% in 2014/15. Expenditure decreased by 8% which provided the Division a positive operating contribution, which was significantly higher than 2013/14, despite the difficult market conditions.

JinAo Testing Co Ltd maintained its revenue base during 2014/15 and continues to operate profitably. A large portion of JinAo testing was conducted for Australian customers importing Chinese products, with a base of local processors of Australian wool also looking to JinAo to provide specialist services.

Operating Revenue for NZWTA Ltd has decreased from that achieved in 2013/14 by 3%, indicative of the ongoing fall in wool production in New Zealand as farmers convert to dairy. The NZWTA strategy of broadening the scope of tests that it offers the wool industry and growing its textile testing income has been successful. NZWTA continues to achieve a profit that provides an adequate return on the capital invested.

AWTA invests its funds in various asset classes in accordance with a balanced investment policy which is regularly reviewed by the Board. The strength of the Company's balance sheet allows it to take a long-term approach to investment and Directors accept that there is a risk of volatility as we have seen in recent years. Equity markets performed strongly during 2014/15, and this had a positive impact on AWTA's non-operating revenue.

Mr Michael Avery, Mr Gary Turner and Mr Geoff Fisken served as a Directors of AWTA Ltd before standing down in 2014/15 to make way for the appointment of Mr Ben Litchfield, Mr Chris Kelly and Mr Richard Halliday. I would like to thank the departing directors for their valued contribution to the Company and welcome their replacements.

I would also like to pay tribute to all the staff that have achieved 20, 30 and 40 year service anniversaries during the past year and acknowledge their contribution to the Company. AWTA Ltd has a proud tradition of long service, a rare feat in most Australian companies.

Finally, I wish to express my personal thanks to the Chief Executive, Michael Jackson, all Directors and the Company's employees for their support, contribution and dedicated service during 2014/15.

D.G. McGAUCHIE AO

MANAGING DIRECTOR'S INTRODUCTION

The AWTA Ltd Group reported an overall profit of \$2.232 million for 2014/15.

It is pleasing to report that all of the operating divisions in Australia and NZWTA have made a positive contribution during 2014/15. In his report, the Chairman comments on the need for AWTA Ltd to have a broad revenue base and there is no doubt that financial success in these operating divisions is instrumental in minimising raw wool fees.

The Company remains financially stable and is well placed to continue to provide services that add value to the wool, textile, agricultural and manufacturing industries.

Following is a summary of the financial performance during 2014/15 and a brief report on each operating division with the AWTA Ltd Group.



MR M.A. JACKSON MANAGING DIRECTOR

FINANCIAL SUMMARY

COMPARATIVE PROFIT & LOSS STATEMENT

	2015	2014
	\$'000s	\$'000s
Revenue		
Revenue from services	35,298	35,144
Revenue from investments	4,451	4,140
Profit on sale of surplus sample material	1,127	1,310
Consulting income	173	211
Rental income	409	443
Other income	270	606
Total Revenue	41,728	41,854
Expenses		
Operating and administrative expenses	(38,768)	(38,601)
Realised losses on sale of investments	(728)	(329)
Total Expenses	(39,496)	(38,930)
Net Profit/(Loss)	2,232	2,924



AWTA RAW WOOL

OVERVIEW

AWTA Raw Wool Australia is the largest division within AWTA Ltd and is comprised of:

- sampling operations;
- Raw Wool laboratories;
- · data processing operations; and
- technical & quality control.

During 2014/15, AWTA Raw Wool Australia operated two laboratories located in Melbourne (servicing clients in Victoria, New South Wales, Queensland, South Australia and Tasmania) and Perth (servicing clients in Western Australia).

CAPABILITIES

Each laboratory provides certified testing of Yield & Micron, Staple Length & Strength and Colour for raw wool. Certified testing of scoured wool is also conducted for a range of attributes including regain and grease content. In addition, AWTA Raw Wool offers non-certified report testing of raw wool, scoured & carbonised wool and speciality fibres such as Mohair, Alpaca and Cashmere.

The number of bales core sampled for certified tests increased by 2.8% during 2014/15 with 2.06 million bales sampled compared with 2.01 million bales during the previous season. Bales sampled increased in all states except Western Australia and Queensland.

The number of sale lots tested for Yield & Micron results decreased by 2.0% in 2014/15 when compared with the previous season, to 340,045 lots. The decline in sale lots tested when the bales tested increased indicates that the lot size has increased in 2014/15 – from 5.78 bales/lot in 2013/14 to 6.06 bales/lot in 2014/15. The number of sale lots tested for Staple Length & Strength declined by 3.3 % to 210,133 lots over the same period due to a reduction in lots tested and adoption rate.

AWTA Raw Wool maintains a strong focus on the three key measures of performance:

- service delivery;
- improved efficiency/productivity; and
- · sound technical performance.

Service

AWTA Raw Wool is committed to providing timely testing services as required by its customers. Samples are taken at 32 locations throughout Australia and dispatched overnight to one of AWTA's Raw Wool laboratories.

AWTA Ltd offers three levels of priority for service:

Normal: Test Certificates are available within 5 days of a

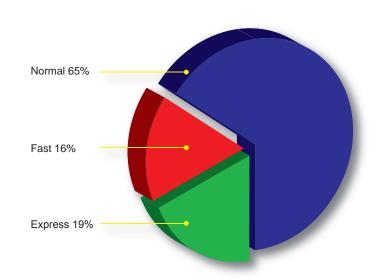
sample being taken.

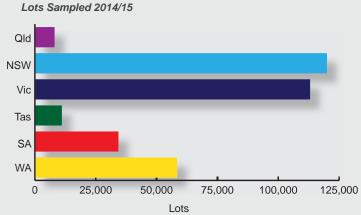
Fast: 95% of test Certificates are available within 3 days,

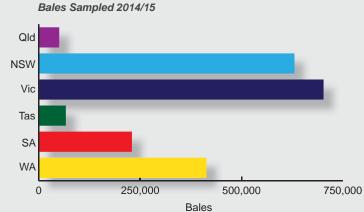
and the remainder the following day.

Express: 95% of test Certificates are available the following

morning, with the remainder the following day.







Test Type	Service Measure	Normal	Fast	Express
Yield & Micron	Average (days)	3.3	2.2	1.7
	% Total Tests within Service Target	98.7	95.3	96.6
Length & Strength	Average (days)	3.8	2.4	1.8
	% Total Tests within Service Target	95.8	92.6	93.6

During the 2014/15 season, service performance was, on average, well within the service time requirements. These times are all measured from the time of sampling, not when samples are received at a laboratory.

Efficiency

The efficiency of AWTA Raw Wool departments is monitored by measuring departmental productivity. Any increase in productivity reduces overall labour costs. Labour forms the majority of the cost of testing wool.

Sampling Productivity improved during 2014/15 due to improvements in the operations at wool coring locations, plus some improvements in MTS operations.

Testing Productivity, which reflects the efficiency of all laboratory operations, increased by 3.5% during 2014/15. This increase was largely due to improved efficiencies and improvements in laboratory operations.

Technical

Confidence in wool trading requires confidence in the accuracy and precision of the wool test results. AWTA Raw Wool laboratories have rigorous quality control procedures, calibration schedules and test monitoring processes in place to ensure a high level of accuracy and precision. Trial samples are exchanged between AWTA Raw Wool laboratories to ensure consistency. Blind trials are also conducted twice weekly with overseas laboratories, with the results publicly reported at the annual International Wool Textile Organisation (IWTO) Conference.

During 2014/15, all AWTA laboratories reported ongoing stable and accurate performance to the IWTO Conference.

External queries from clients also serve as an indicator of technical performance. During 2014/15, some 1,222 results (0.22% of all tests) were queried by customers. Of these, 331 were reissued, representing less than 0.06% of the 550,178 Yield & Micron and Staple Length & Strength tests conducted.

CHALLENGES

The major challenge for Raw Wool operations is maintaining high levels of service and efficiency in an environment where revenue growth has declined in recent years and costs continue to escalate.

INDUSTRY SUPPORT

The Company focuses its industry activities, both domestically and internationally, on promoting the use and understanding of objective measurement. This is to ensure Australian wool maintains its pre-eminent position in the world wool textile market. AWTA Ltd continues to participate in International Wool Textile Organisation (IWTO) meetings where key staff contribute to the development and understanding of wool testing standards and procedures.

AWTA Ltd collates and publishes an extensive range of statistics and analytical reports which are provided free of charge to the wool industry. An example of this is the Key Test Data report - a monthly summary of the volume of wool tested and average results tested broken down by State and wool category. Other examples include a number of detailed micron split and Wool Statistical Area reports, which are crucial for the Australian Wool Production Forecasting Committee. This data, along with a range of other statistical reports, is available for download from the AWTA Ltd website.

AWTA Ltd continues to provide the TOPMARK Benchmarking service for wool processors free of charge. This service allows wool processors to compare their processing performance against the average of all other mills participating in the program. The objective of this program is to improve the efficiency of wool processors.

The Company continues to support the Australian wool industry by sponsoring and providing testing assistance for major sheep shows, ram sales and research trials. Details of supported events are listed on the AWTA Ltd website to assist with the promotion of sponsored events.

AWTA Ltd also hosts meetings with industry bodies and associations and is an active member of the Federation of Australian Wool Organisations (FAWO).



AWTA PRODUCT TESTING

AWTA PRODUCT TESTING

OVERVIEW

AWTA Product Testing is an independent materials testing laboratory. It possesses a diverse range of specialized testing equipment, with the ability to carry out more than 10,000 different tests to local and international standards for a range of industries. The Division has accreditations to both ISO 9001 and ISO 17025, along with other specific industry organisations.

CAPARII ITIES

AWTA Product Testing offers extensive testing services in the chemical, mechanical, flammability, optics, weathering, and thermal performance areas on a range of products including textiles, flooring, insulation, building and reflective materials. Testing services are provided to industries including apparel, health care, interior furnishings, building and transport.

LOOKING FORWARD

The Division has spent the last 12 months re-establishing its cost base and working on internal efficiencies in order to improve service time and response to clients. A significantly more pro-active approach to customer interaction and sales & marketing has been introduced and will be continued with the aim to increase revenue and improve market share.

JINAO TESTING COMPANY

OVERVIEW

JinAo is a joint venture laboratory located in Nanjing, China and is a 50/50 venture between AWTA and JSIC Jiangsu, a division of China Inspection and Quarantine (CIQ).

CAPABILITIES

JinAo mainly focuses on textile and environmental testing of products predominantly of Chinese origin. Whilst it has a relatively small laboratory, it has a diverse and growing client base particularly in the Australian importing community as testing can be done at source with the security of the AWTA name behind it. JinAo also provides services to assist Chinese early stage processors to efficiently process Australian wool.



LOOKING FORWARD

JinAo's challenge is to grow its revenue base and develop a solid and ongoing domestic client base. It will over time need to branch out into additional areas of testing and grow its expertise and diversity.



AGRIFOOD TECHNOLOGY

OVERVIEW

Agrifood Technology has remained one of Australia's major providers of physical and chemical testing to the grain, horticultural, food and feed industries.

CAPABILITIES

Agrifood Technology is an independent, NATA ISO 17025 accredited and ISO 9001 certified testing facility that operates in a competitive environment and is focused on providing accurate results and rapid response times to meet the needs of our customers.

The laboratories in Derrimut, Werribee (Victoria) and Fremantle (Western Australia) are well equipped to conduct comprehensive analysis on a diverse range of food and feed products including grain quality, milling, dough rheology, end product assessment, nutritional labelling, allergen testing, pesticide residues, agro nutritional, mycotoxins and microbiological analysis.

Over the last twelve months, a significant investment in resources has been made to further enhance our testing capabilities through expanding our NATA accreditation for key tests across all three laboratories. This includes the accreditation for the Derrimut laboratory in the field of Biological testing which now gives Agrifood Technology the ability to conduct food microbiological testing in house. This accreditation gives us the additional capability to conduct the complete Food Safety testing package testing requirements for our key industry sectors. The Fremantle laboratory improved the quality of their testing service through successfully gaining NATA accreditation for water quality analysis. The Werribee laboratory was successful in gaining accreditation for pesticide residue analysis in fruit and vegetables and for a multi toxin screen in various products using the latest instrumental techniques.

All laboratories are well supported by a team of 30 technical staff and 9 administrative staff who are highly experienced and committed to the accurate and timely provision of results.

LOOKING FORWARD

Expanding both Agrifood Technology's testing capabilities and client base across all the three sites will remain a priority over the next twelve months. In particular, the focus will be to build microbiological testing in Derrimut by improving brand awareness and expanding the client base.



NZWTA LTD

OVERVIEW

NZWTA Ltd is New Zealand's leading wool and textile testing organisation, providing a comprehensive range of services to the wider textile industry.

CAPABILITIES

The wool laboratory provides IWTO certification on a variety of tests covering greasy and scoured wool. The textiles operation offers a comprehensive range of tests covering fibres, fabrics, carpets, flammability, wool grease and high-visibility products. NZWTA Ltd is capable of testing wool and textiles materials from around the world. Where necessary, products can be imported through its permit as a Government-approved transitional facility which covers New Zealand's biosecurity measures. NZWTA Ltd operates in a competitive environment. Where available, all testing is supported by ISO 17025 accreditation to give customers confidence in the accuracy of test results. The quality management system is supported by a focus on providing quality testing within service expectations to meet the needs of a wide customer base.

LOOKING FORWARD

NZWTA Ltd's Mission Statement is to provide leadership to industry through measurement, innovation, technology and service. A key part of exceeding customer expectations is the expansion of testing capabilities and introducing new innovative testing and service technologies that position NZWTA Ltd as a key partner in business. A recent example of this is in chemical residue testing of wool. With its importation permit, NZWTA Ltd is now the only laboratory in the world capable of performing accredited pesticide residue testing of non-Australian wool, thereby assisting the global wool industry to verify its environmental credentials.

RESEARCH & DEVELOPMENT

OVERVIEW

During 2014/15, the Research and Development department worked on both internal and external projects in partnership with other industry organisations. Funding partners included Australian Wool Innovation (AWI), the Sheep CRC and Deakin University.

During 2014/15 key research highlights included:

- completed preliminary trial work evaluating use of Spectroscopic Imaging for vegetable matter testing;
- conducted ATLAS balance optimisation trials; and
- completed validation trials for upgrade to NextGen Laserscan.

During 2014/15 the key manufacturing outcomes were:

- commenced major upgrade of NextGen laserscan instruments in Melbourne laboratory;
- manufactured multiple NextGen laserscans for external customers;
- commenced Keeper emptying automation project; and
- implemented sectional utility monitoring to assist with energy savings initiatives.







AUSTRALIAN WOOL TESTING AUTHORITY LTD

AND CONTROLLED ENTITY ABN: 43 006 014 106

DIRECTORS' REPORT

The directors present their report, together with the financial statements of Australian Wool Testing Authority Ltd (the company) and the group, being the company and its controlled entity, for the year ended 30 June 2015 and Auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the consolidated group during the financial year were raw wool, textiles, agricultural products and other materials testing, and computer services. There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

The Australian Wool Testing Authority Ltd (AWTA Ltd) is a company limited by guarantee established to assist and promote the development of the pastoral, agricultural, manufacturing and industrial resources of Australia, in particular, by providing independent objective data and information services which will facilitate the efficient production, marketing and processing of wool, other fibres, textile products and related materials.

Over the last 58 years, AWTA Ltd has built a highly successful business providing independent test information to its customers, primarily the wool industry in Australia.

The company has built and maintained a national and international reputation for technical expertise, commercial independence and professional integrity, while its corporate structure facilitates the minimisation of the fees that it charges for its services.

During the last 2 decades, wool production in Australia has fallen steadily and significantly, causing a consequent fall in testing volumes and AWTA Ltd revenue. The Company has responded to this situation with the objective of minimising fee increases for its raw wool clients by:

- · reducing costs by improving labour productivity and significantly reducing management overheads; and
- · diversification into related testing markets to improve profitability by growing revenue from non-wool sources.

OPERATING RESULTS

The net profit after tax of the consolidated group for the year was \$2.232 million (2014 net profit of \$2.924 million).

REVIEW OF OPERATIONS

AWTA Ltd, as a consolidated group, comprises of 3 operating divisions in Australia (AWTA Raw Wool, AWTA Product Testing and Agrifood Technology), its wholly owned subsidiary NZWTA Ltd and its joint venture, JinAo Testing Co Ltd, which is managed through AWTA Product Testing.

The financial performance of each division is separately monitored, with the cash return as a percentage of capital invested being the key measure adopted by the Board. In addition, key performance measures relating to service and technical areas are routinely monitored by the Board. The reviews following summarise the operating performance of each section of the company.

AWTA Raw Wool

The volume of wool tested in 2014/15 by AWTA totalled 365.6 million kilograms of greasy wool, an increase of 3.4% from the previous year. High wool prices in the second half of the year prompted growers to send held wool to market and this undoubtedly had some impact on the apparent increase. The industry expects wool production to fall next year with the AWI Wool Production Forecasting Committee predicting that the 2015/16 clip will be 4.3% lower than this year, primarily as a result of lower sheep numbers arising from the high sheep and lamb turn-off rates this season.

The majority of Raw Wool revenue comes from presale testing of greasy wool. The number of core tests conducted by AWTA Raw Wool decreased by 2.0% from last year despite the increase in total weight of wool tested as mentioned above. This is due to an increase in the average lot size from 5.78 to 6.06 bales per test.

AWTA Product Testing

The market that AWTA Product Testing services has been depressed for a number of years. While this continued to be the case in the retail, manufacturing and automotive industries throughout 2014/15, the Division has seen a recovery in the revenue it earns from the building materials sector. Overall, Operating Revenue for AWTA Product Testing decreased by 5.2% in 2014/15. Expenditure decreased by 8% which provided the Division a positive operating contribution, which was significantly higher than 2013/14, despite the difficult market conditions.

JinAo Testing Co Ltd maintained its revenue base during 2014/15 and continues to operate profitably. The majority of JinAo testing was conducted for Australian customers importing Chinese products with a growing base of local processors of Australian wool looking to JinAo to provide specialist services.

NZWTA Ltd

Operating Revenue for NZWTA Ltd has decreased from that achieved in 2013/14 by 3%, indicative of the ongoing fall in wool production in New Zealand as farmers convert to dairy. The NZWTA strategy of broadening the scope of tests that it offers the wool industry and growing its textile testing income has been successful. NZWTA continues to achieve a profit that provides an adequate return on the capital invested.

Agrifood Technology

Agrifood Technology continued to grow its revenue base in 2014/15. As revenue from grain testing is highly dependent on seasonal conditions and ongoing structural changes in the wheat export industry, the Division has been actively extending its activities in the fresh and processed food sectors to counter this risk. This strategy has been successful, with total revenue growing by 3.5% despite a slight fall from the grain trading sector, the traditional customer base of Agrifood Technology. The Division further expanded its testing scope during 2014/15 when it commenced operating a microbiological testing laboratory which will provide the basis for further revenue growth.

During 2014/15, the return on investment from Agrifood Technology remained healthy.

Non-operating Income

Non-Operating Income was again strong in 2014/15, reflecting the returns on funds invested in the financial markets.

Financial Position

The net assets of the consolidated group have increased by \$2.87 million from 30 June 2014 to \$94.53 million at the end of the financial year.

INFORMATION ON THE DIRECTORS

Mr D.G. McGauchie AO

- Appointed as an independent director by the Members of AWTA Ltd on 29 October 1999
- Appointed as Deputy Chairman on 25 January 2001 and as Chairman on 19 February 2005
- Chairman of Remuneration & Appointments Committee
- Farmer and company director, having previously been active in national farming organisations
- Partner of C&E McGauchie Terrick West
- Chairman of Nufarm Ltd and Australian Agricultural Company Ltd
- Director of a number of listed and unlisted companies, including James Hardie Industries plc & GrainCorp Ltd

Mr M.A. Jackson

- Managing Director of AWTA Ltd since 21 May 2001
- Member of Environment & Safety Committee



Mr G.W. Dickinson

- Appointed as an independent director by the Members of AWTA Ltd on 18 March 2005
- Appointed as Deputy Chairman on 15 April 2005
- Chairman of Audit & Finance Committee
- Member of Remuneration & Appointments Committee
- Chairman of Rubicon Water Ltd and Mutual Trust Pty Ltd
- Director of Nareen Station Pty Ltd



- Director of New Zealand Wool Testing Authority Ltd and JinAo Testing Company Ltd
- Trustee of the Australian Wool Education Trust



Mr D.A. Webster

- Appointed as the nominee director for Australian Wool Innovation Ltd on 25 November 2008
- Director of Australian Wool Innovation Ltd
- Member of Remuneration & Appointments Committee
- Chairman of Brolga Minerals Pty Ltd
- Director of Athena Resources Ptv Ltd & Cobpen Co Investments Pty Ltd



Dr P.D. Morgan

- Appointed as the nominee director for the Wool Textile Manufacturers of Australia Group of Australian Wool Processors Council Inc on 16 October 2009
- Executive Director of Australian Council of Wool Exporters & Processors Inc
- **Executive Director of Private Treaty Wool** Merchants of Australia Inc
- Director of International Fibre Centre Ltd
- Principal of Morgan Terrace Pty Ltd

Mr C.J. Wilcox

- Appointed as the nominee director for the National Council of Wool Selling Brokers of Australia Inc on 15 February 2008
- Chairman of Environment & Safety Committee
- Member of Audit & Finance Committee
- Executive Director of the National Council of Wool Selling Brokers of Australia Inc
- Chairman of the International Wool Textile Organisation's Market Intelligence Committee
- Secretary and analyst for the Australian Wool **Production Forecasting Committee**
- Principal of Poimena Analysis, Trustee of Poimena Trust and Director of Poimena Super Fund Pty Ltd



Mr D.B. Ritchie

- Appointed as the nominee director for the Wool Scourers & Carbonisers of Australia Group of Australian Wool Processors Council Inc on 25 February 2011
- Member of Audit & Finance Committee
- General Manager of Victoria Wool Processors Group

Mr B.A. Litchfield

- Appointed as the nominee director for Private Treaty Wool Merchants of Australia Inc on 17 October 2014
- Member of Environment & Safety Commitee
- Director of Royal National Capital Agricultural
- Manager of Monaro Wool Services (Cooma)



Mr C.J. Kelly

- Appointed as the nominee director for Australian Council of Wool Exporters Inc on 17 October
- President of Australian Council of Wool Exporters & Processors Inc
- Director of Australian Merino Exports Pty Ltd and Daidoh Australia Pty Ltd



Mr R.D. Halliday

- Appointed as the nominee director for WoolProducers Australia on 1 February 2015
- President of WoolProducers Australia
- Director of Australian Wool Exchange Ltd



In addition to the directors in office, the following directors held office during the year: Mr M.D. Avery (resigned 17 October 2014), appointed as nominee director for Australian Council of Wool Exporters on 22 November 2007. Mr G.C. Fisken (resigned 1 February 2015), appointed as nominee director of WoolProducers Australia on 3 December 2013. Mr G.W. Turner (resigned 17 October 2014), appointed as nominee director of Private Treaty Wool Merchants of Australia Inc on 17 October 2008.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year: Mr Charles Englander - Bachelor of Law, Master of Laws. Mr Englander has worked for AWTA Ltd for the past 31 years, performing legal and compliance roles. Mr Englander was appointed Company Secretary on 1 July 2002.

During the financial year, 6 meetings of directors and 10 committee meetings (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors	'Meetings	Audit & Finance Committee				Environment & Safety Committee	
	Number eligible	Number attended	Number eligible	Number attended	Number eligible	Number attended	Number eligible	Number attended
D.G. McGauchie AO	6	6	-	-	3	3	-	-
G.W. Dickinson	6	6	3	3	3	3	-	-
M.A. Jackson	6	6	-	-	-	-	4	4
M.D. Avery	2	1	1	1	-	-	-	-
G.C. Fisken	3	3	-	-	-	-	-	-
R.D. Halliday	3	3	-	-	-	-	-	-
C.J. Kelly	4	3	-	-	-	-	-	-
B.A. Litchfield	4	4	-	-	-	-	2	2
P.D. Morgan	6	6	-	-	-	-	-	-
D.B. Ritchie	6	5	3	3	-	-	-	-
G.W. Turner	2	2	-	-	-	-	2	2
D.A. Webster	6	6	-	-	3	3	-	-
C.J. Wilcox	6	6	2	2	-	-	4	4

INDEMNIFYING OFFICERS

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

 the company has paid premiums to insure directors and officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in their capacity as directors and officers of the company, other than conduct involving a wilful breach of duty in relation to the company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

MEMBER'S LIABILITY

The group is incorporated under the *Corporations Act 2001* and is a group limited by guarantee. If the group is wound up, the Memorandum of Association states that each member is required to contribute to a maximum of \$50 each towards meeting any outstanding obligations of the group. At 30 June 2015 the number of members was 6. The amount that members of the group are liable to contribute if the group is wound up is \$300 (2014: \$300).

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS

The directors are not aware of any other future developments likely to have a significant effect on the operations of the consolidated group or on the expected results of those operations.

ASIC CLASS ORDER 98/100 ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors and dated 21 August 2015 at Melbourne.

D.G. McGAUCHIE AO CHAIRMAN

M.A. JACKSON MANAGING DIRECTOR

AUDITOR'S INDEPENDENCE DECLARATION

To the directors of Australian Wool Testing Authority Ltd In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- No contraventions of any applicable code of professional conduct.

Stephen Schonberg,

Partner

Pitcher Partners Melbourne

like 1th

21 August 2015

AUSTRALIAN WOOL TESTING AUTHORITY LTD

AND CONTROLLED ENTITY

ABN: 43 006 014 106

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note		d Group	Parent Entity		
		2015	2014	2015	2014	
		\$000	\$000	\$000	\$000	
Revenue	2	37,768	37,198	34,187	33,505	
Other income	2	1,979	2,570	1,788	2,297	
Employee benefits expense		(24,897)	(24,763)	(22,701)	(22,743)	
Depreciation & amortisation expense	3	(2,754)	(2,573)	(2,540)	(2,387)	
Repairs & maintenance expense		(1,812)	(2,331)	(1,711)	(2,161)	
Energy & utilities expense		(1,734)	(1,510)	(1,567)	(1,334)	
Materials & supplies expense		(1,237)	(1,253)	(1,129)	(1,155)	
Freight expense		(1,106)	(1,058)	(998)	(959)	
Travel expense		(727)	(746)	(519)	(554)	
Subcontract testing expense		(618)	(542)	(602)	(532)	
Communications expense		(514)	(546)	(461)	(483)	
Software expense		(511)	(530)	(443)	(424)	
Property, rates & taxes expense		(460)	(394)	(320)	(282)	
Investment management expense		(399)	(337)	(399)	(337)	
Insurance expense		(341)	(343)	(290)	(307)	
Printing & stationery expense		(247)	(276)	(230)	(248)	
Consulting fees		(225)	(232)	(191)	(180)	
Advertising & sponsorship expense		(199)	(294)	(175)	(264)	
Audit fees		(95)	(109)	(78)	(93)	
Other expenses		(857)	(613)	(688)	(527)	
Impairment charge on available-for-sale financial assets		-	-	-	-	
Reassessment of fair value of available for sale financial assets		151	317	151	317	
disposed during the year						
Realised gains on disposal of available for sale financial assets		1,830	1,769	1,830	1,769	
Realised losses on disposal of available for sale financial assets		(728)	(329)	(728)	(329)	
Profit before income tax		2,267	3,075	2,186	2,589	
Income tax expense	4	(35)	(151)	-	-	
Profit for the year		2,232	2,924	2,186	2,589	

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Group		Parent	Entity
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Profit attributable to members of the parent entity	2,232	2,924	2,186	2,589
Revaluation increment on property, plant & equipment	-	-	-	-
Revaluation increment/(decrement) on available for sale financial assets	719	926	719	926
Adjustments from translation of foreign controlled entity	(82)	115	-	-
Total other comprehensive income	637	1,041	719	926
Total comprehensive income	2,869	3,965	2,905	3,515

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Consolidated	d Group	Parent En	tity
		2015	2014	2015	2014
		\$000	\$000	\$000	\$000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	4,941	6,886	4,210	6,067
Trade and other receivables	8	4,416	3,398	4,023	3,094
Inventories	9	1,164	972	1,164	972
Current tax asset	4	5	-	-	-
Other current assets	10	749	1,011	708	915
TOTAL CURRENT ASSETS		11,275	12,267	10,105	11,048
NON-CURRENT ASSETS					
Trade and other receivables	8	_	-	1,851	1,193
Investments accounted for using the equity method	11	309	235	309	235
Financial assets	12	41,878	38,393	43,280	39,864
Property, plant and equipment	14	49,143	49,284	45,159	45,807
Deferred tax assets	4	49	49	-	-
Intangible assets	15	100	64	-	64
TOTAL NON-CURRENT ASSETS		91,479	88,025	90,599	87,163
TOTALASSETS		102,754	100,292	100,704	98,211
CURRENT LIABILITIES					
Trade and other payables	16	1,646	2,299	1,294	2,018
Current tax liability	4	-	78		2,010
Provisions	17	6,074	5,758	5,862	5,522
TOTAL CURRENT LIABILITIES		7,720	8,135	7,156	7,540
NON-CURRENT LIABILITIES					
Provisions	17	508	500	472	500
TOTAL NON-CURRENT LIABILITIES	17	508	500	472	500
TOTAL NON-CORRENT LIABILITIES		8,228	8,635	7,628	8,040
NET ASSETS	_	94,526	91,657	93,076	90,171
	_	,	,	,	
EQUITY					
Reserves	18	81,970	81,333	81,949	81,230
Retained earnings	18	12,556	10,324	11,127	8,941
TOTAL EQUITY		94,526	91,657	93,076	90,171

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Group	Retained Earnings \$000	Asset Revaluation Reserve \$000	Capital Maintenance Reserve \$000	Foreign Currency Translation Reserve \$000	Financial Assets Reserve \$000	Total \$000
Balance at 1 July 2013	7,400	27,491	50,000	(440)	3,241	87,692
Other comprehensive income	-	-	-	115	926	1,041
Profit for the year	2,924	-	-	-	-	2,924
Balance at 30 June 2014	10,324	27,491	50,000	(325)	4,167	91,657
Balance at 1 July 2014	10,324	27,491	50,000	(325)	4,167	91,657
Other comprehensive income	-	-	-	(82)	719	637
Profit for the year	2,232	-	-	-	-	2,232
Balance at 30 June 2015	12,556	27,491	50,000	(407)	4,886	94,526

Parent Entity	Retained Earnings \$000	Asset Revaluation Reserve \$000	Capital Maintenance Reserve \$000	Foreign Currency Translation Reserve \$000	Financial Assets Reserve \$000	Total \$000
Balance at 1 July 2013	6,352	27,063	50,000	-	3,241	86,656
Other comprehensive income	-	-	-	-	926	926
Profit for the year	2,589	-	-	-	-	2,589
Balance at 30 June 2014	8,941	27,063	50,000	-	4,167	90,171
Balance at 1 July 2014	8,941	27,063	50,000	-	4,167	90,171
Other comprehensive income	-	-	-	-	719	719
Profit for the year	2,186	-	-	-	-	2,186
Balance at 30 June 2015	11,127	27,063	50,000	-	4,886	93,076

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

Note	Consolida	ted Group
	2015	2014
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	39,135	46,084
Payments to suppliers and employees	(38,929)	(39,114)
Interest received	97	196
Taxation paid	(118)	(108)
Net cash provided by (used in) operating activities 21	185	7,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	131	203
Payment for available-for-sale financial assets	(804)	(4,938)
Net proceeds from sale of financial assets	1,253	1,757
Purchase of property, plant and equipment	(2,710)	(2,391)
Net cash used in investing activities	(2,130)	(5,369)
Net decrease in cash held	(1,945)	1,689
Cash and cash equivalents at beginning of financial year	6,886	5,197
Cash and cash equivalents at end of financial year 7	4,941	6,886

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the Australian Wool Testing Authority Ltd (AWTA Ltd) and its controlled entity, New Zealand Wool Testing Authority Ltd (NZWTA Ltd), as a consolidated entity, AWTA Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

The parent company is a not-for-profit entity and the subsidiary is a for-profit entity for the purpose of preparing financial statements.

The financial report was authorised for issue on 21 August 2015 by the Board of Directors.

Compliance with IFRS

The consolidated financial statements of AWTA Ltd also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in the notes to the financial statements.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity (the 'group'), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the company and are de-recognised from the date that control ceases.

Non-controlled interests in the result of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

(c) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquire. Deferred consolidation payable is measured at fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

Goodwill is recognised initially at the excess of cost over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition-date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition-date fair value of the acquirer's previously held equity interest (in case of step acquisition), the gain is immediately recognised in the statement of comprehensive income. Acquisition related costs are expenses as incurred.

(d) Income tax

AWTA Ltd is exempt from income tax by virtue of Subdivision 50-B of the Income Tax Assessment Act 1997. The controlled entity, NZWTA Ltd, is subject to income tax in New Zealand.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside the profit or loss when the tax relates to items that are recognised outside the profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average costs.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is recognised in the income statement.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed AssetDepreciation RateBuildings2-4%Plant and equipment10-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Leases

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(h) Financial instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets, loans and receivables, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets

Trade debtors are carried at their book values less any provision for impairment. A provision for doubtful debts is recognised in the accounts when collection of any amounts owing to the consolidated group is not probable.

Short term deposits, which include discounted bank bills, are valued at face value. Interest income received in advance, which principally relates to discounted bank bills, is recognised over the term of the bank bills.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is derecognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

Financial liabilities

Trade creditors and other payables are recognised as amounts payable for goods and services that have been received.

Any amounts due under contracts of sale are measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Based on an interpretation of AASB 139 - Financial Instruments: Recognition and Measurement, the group has considered that an impairment trigger exists if an investment has been declining below its accounting cost for a minimum of 15 months or if the market value of the investment is more than 35% below its accounting cost.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Interests in joint venture

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 11.

The consolidated group's interest in the joint venture entity is brought to account using the equity method of accounting in the consolidated financial statements.

(k) Intangibles

Identifiable intangible assets

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to each class of intangible asset. The useful lives of these intangible assets are assessed to be either finite or infinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement and charged on a straight line basis.

Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Amortisation is calculated based on the timing of projected cash flows over their useful lives, currently amortised over 4 years.

(I) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with foreign currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(m) Employee benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(n) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(p) Revenue and other income

Revenue from the provision of goods and services is recognised upon delivery of the service to the customer. Revenue from the sale of goods is recognised upon delivery of the goods to customers.

Interest revenue is recognised using the effective interest rate method taking into account the interest rate applied to the financial assets.

Dividend revenue, and associated franking credit rebate is recognised when the right to receive a dividend has been established.

Rent revenue from operating leases is recognised on a straight-line basis over the term of the lease.

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

(q) Trade and other payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(r) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(t) Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Class Order CO 98/100 and accordingly, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars.

(u) Critical accounting estimates and judgments

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

Key estimates

Impairment

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

NOTE 2 REVENUE AND OTHER INCOME

NOTE 2 REVENUE AND OTHER INCOME	Consolidated	Group
	2015	2014
Revenue	\$000	\$000
Sales Revenue	·	
— Revenue from services	35,298	35,144
Revenue from investments		
 Dividend revenue from other corporations 	1,975	1,536
— Interest from unrelated persons	495	518
	2,470	2,054
Total Revenue	37,768	37,198
Other Income		
 Gains on disposal of property, plant and equipment 	69	68
— Foreign exchange gain	46	244
— Gain on disposal of surplus sample material	1,127	1,310
— Gain on sale of manufactured equipment	118	98
— Share of profit from joint venture	28	29
— Refund of payroll and land taxes	-	90
— Rent income	409	443
— Consulting income	173	211
— Other income	9	77
Total Other Income	1,979	2,570
NOTE 3 PROFIT FOR THE YEAR		
Expenses Finance costs		
	400	
Foreign exchange loss	186	
Impairment Loss		10
— Trade receivables	-	10
Rental expense on operating leases		
— Minimum lease payments	225	226
Amortisation		
— Customer lists	64	64
— Internally generated software	20	
Depreciation		
— Land & buildings	739	737
— Plant & equipment	1,931	1,772
NOTE 4 INCOME TAX EXPENSE		
The components of tax expense comprise:		
Current tax	35	151
Deferred tax	-	-
	35	151
b. The prima facie tax on profit from ordinary activities before		
income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities of		
subsidiary before income tax at 28% (2014: 28%)	22	140
Add:		1.10
Tax effect of:		
— Other non-allowable items	13	16
Cutof non allowable terms	35	156
Loca	33	100
Less:		E
Recoupment of prior year tax losses not previously brought to account Income tax attributable to entity	35	5 151
moone tax attributable to citity	30	131
c. Current tax relates to:		
Income tax	(5)	78
Current tax (asset)/liability	(5)	78
	(-/	
d. Deferred tax relates to:		
Tax losses carried forward	49	49
Net Deferred tax assests	49	49

 $^{^{\}star}$ The parent company is exempt from income tax, refer Note1 (d)

NOTE 5 KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person Mr D.G. McGauchie AO Mr G.W. Dickinson Mr M.A. Jackson Mr I.A. Ashman Mr M.D. Avery Mr G.C Fisken Mr R.D. Halliday Mr C.J. Kelly Mr B.A. Litchfield Mr D.B. Ritchie Dr P.D. Morgan Mr G.W. Turner	Position Chairman Deputy Chairman Managing Director General Manager Raw Wool Director – Non executive
Dr P.D. Morgan	Director – Non executive

				Consolidated Group	
				2015	2014
				\$000	\$000
Total remuneration paid to Key Management Personnel				1,611	1,572
Remuneration of Directors					
Amounts paid or payable to Directors or former Directors of AWTA Ltd				1,011	982
Directors base remuneration falls within the following bands:				No.	No.
	\$10,000	to	\$19,999	3	1
	\$20,000	to	\$29,999	3	1
	\$30,000	to	\$39,999	-	6
	\$40,000	to	\$49,999	4	-
	\$70,000	to	\$79,999	1	1
	\$130,000	to	\$139,999	1	1
	\$470,000	to	\$479,999	1	1

NOTE 6 AUDITORS' REMUNERATION

	Consolida	ted Group
	2015 \$000	2014 \$000
Remuneration of the auditor of the parent entity for:		
— auditing the financial report	78	78
— other consulting services	-	9
Remuneration of other auditors of subsidiary for:		
 auditing the financial report of the subsidiary 	15	16
— taxation services	2	3

NOTE 7 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	216	1,066
Short-term bank deposits	4,725	5,820
	4,941	6,886
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is		
reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	4,941	6,886

NOTE 8 TRADE AND OTHER RECEIVABLES

		Consolidated Group	
		2015	2014
		\$000	\$000
CURRENT			
Trade receivables		3,732	2,923
Provision for impairment	8(a)	(1)	(20)
		3,731	2,903
Amounts receivable from:			
— Franking credit rebate from Australian Taxation Office		369	282
— Other sundry debtors		316	213
Total current trade and other receivables		4,416	3,398

(a) Provision for impairment of receivables

Current trade receivables are non-interest bearing loans and are generally on 30 days terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

Movement in the provision for impairment of receivables is as follows:

Balance at beginning of the year	(20)	(14)
Charge for the year	19	(16)
Amounts written off	-	10
Balance at end of year	(1)	(20)

NOTE 9 INVENTORIES

CURRENT

Materials & supplies	1,164	972
Materials & Supplies		

NOTE 10 OTHER CURRENT ASSETS

CURRENT

Prepayments	749	1,011

NOTE 11 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Interest in joint venture entity	30	9 235

Interest in joint venture entity

AWTA Ltd has a 50% interest in the joint venture entity JinAo Testing Company Ltd, incorporated in People's Republic of China, which is involved in product testing.

The voting power held by AWTA Ltd is 50%. The interest in joint venture entity is accounted for in the consolidated statements using the equity method of accounting.

NOTE 12 FINANCIAL ASSETS

NON CURRENT

NON CONNENT		
Available-for-sale financial assets	41,878	38,393
Total non-current assets	41,878	38,393
Available-for-sale financial assets comprise:		
Listed investments, at fair value	41,878	38,393

NOTE 13 CONTROLLED ENTITY

Controlled Entity Consolidated	Country of Incorporation	Percentage	Owned (%)
Subsidiary of AWTA Ltd		2015	2014
New Zealand Wool Testing Authority Ltd	New Zealand	100	100

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2015	2014
LAND AND BUILDINGS	\$000	\$000
Freehold land at:		
— Independent valuation 2013	20,425	20,425
— At cost	664	<u>-</u>
Total Land	21,089	20,425
Buildings at:		
— Independent valuation 2013	19,810	19,660
Less accumulated depreciation	(1,473)	(448)
Total Buildings	18,337	19,212
Total Land and Buildings	39,426	39,637
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	42,538	41,669
Accumulated depreciation	(34,089)	(32,708)
Plant and equipment under construction	1,268	686
Total Plant and Equipment	9,717	9,647
Total Property, Plant and Equipment	49,143	49,284

The group's land and buildings were revalued at 30 June 2013 by independent valuers. Valuations were based on an assessment of the property portfolio's fair value less costs to sell, based on active market and continuing current use basis. Revaluation movements were recorded directly in the asset revaluation reserve.

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land \$000	Buildings \$000	Plant and Equipment \$000	Total \$000
Consolidated Group:				
Balance at 1 July 2013	20,425	19,660	9,133	49,218
Additions	-	-	2,391	2,391
Disposals	-	-	(151)	(151)
Foreign exchange translation on opening balances	-	289	46	335
Depreciation expense		(737)	(1,772)	(2,509)
Balance at 30 June 2014	20,425	19,212	9,647	49,284
Additions	664	-	2,084	2,748
Disposals	-	-	(62)	(62)
Foreign exchange translation on opening balances	-	(136)	(21)	(157)
Depreciation expense	<u> </u>	(739)	(1,931)	(2,670)
Balance at 30 June 2015	21,089	18,337	9,717	49,143

NOTE 15 INTANGIBLE ASSETS

	Consolidated (Group
	2015	2014
Customer lists	\$000	\$000
Cost	320	320
Less: Accumulated amortisation & impairment	(320)	(256)
Total intangibles	-	64
Balance at the beginning of year	64	128
Less: Amortisation	(64)	(64)
Balance at the end of the year	-	64
Internally generated software		
Cost	120	-
Less: Accumulated amortisation & impairment	(20)	-
Total intangibles	100	-
Additions through internal development	120	-
Less: Amortisation	(20)	-
Balance at the end of the year	100	-

	Consolida	Consolidated Group	
	2015	2014	
	\$000	\$000	
CURRENT			
Unsecured liabilities	783	1,148	
Trade payables	863	1,151	
Sundry payables and accrued expenses	1,646	2,299	
NOTE 17 PROVISIONS Employee entitlements Opening balance	6,258	5,807	
Additional provisions	3,226	3,278	
Amounts used	(2,902)	(2,827)	
	6,582	6,258	
Analysis of total provisions			
Current	6,074	5,758	
Non-current	508	500	
	6,582	6,258	

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTE 18 RESERVED & RETAINED EARNINGS

Asset revaluation reserve	18(a)	27,491	27,491
Available for sale financial asset reserve	18(b)	4,886	4,167
Foreign currency translation reserve	18(c)	(407)	(325)
Capital maintenance reserve	18(d)	50,000	50,000
		81,970	81,333
Retained earnings	18(e)	12,556	10,324

(a) Asset revaluation reserve

This reserve is used to record increments and decrements on the revaluation of non-current assets.

Balance at the beginning of year	27,491	27,491
Balance at the end of the year	27,491	27,491

(b) Available for sale financial asset reserve

This reserve is used to record unrealised movements in fair values of financial assets classified as available-for-sale as well as impairment charges on financial assets which have already been brought to account.

Balance at the beginning of year	4,167	3,241
Change in fair value of available for sale financial assets	719	926
Balance at the end of the year	4,886	4,167

(c) Foreign currency translation reserve

This reserve is used to record the unrealised exchange differences arising on translation of a foreign entity.

Balance at the beginning of year	(325)	(440)
Exchange differences on translation of foreign operations	(82)	115
Balance at the end of the year	(407)	(325)

(d) Capital maintenance reserve

The capital maintenance reserve represents the financial resources considered by directors to be required to provide and maintain facilities to service clients' requirements for raw wool, textiles and other materials testing. In determining this sum, directors have taken the view that the company should not borrow funds to finance its activities and on-going development.

Balance at the beginning of year	50,000	50,000
Balance at the end of the year	50,000	50,000

The board first considered the establishment of a testing reserve in 1984. Prior to that time, the balance sheet item for proprietorship (or equity) was simply allocated into a revaluation reserve (covering land, buildings, equipment etc. acquired from the Australian Wool Corporation for \$1) and an accumulated profit figure. The principal concern of the directors was that, as time progressed, the increasing accumulated profit figure would inevitably mislead some analysts into believing that the company was accumulating excessive profits.

The establishment of the testing reserve was to highlight the company's essential financial structure.

In June 1984, directors created the testing reserve by the transfer of the revaluation reserve and an appropriation from accumulated profit. The balance was then described as unappropriated profit and, in accordance with Australian Accounting Standards, this is now described as retained earnings.

The accounting term "reserve" has regularly been misinterpreted in the wool industry as describing monies surplus to current requirements. Whilst it was mandatory to retain this terminology to comply with Accounting Standards, directors subsequently changed the title to "capital maintenance reserve", to emphasise its capital nature.

In determining the appropriate level for the capital maintenance reserve, external advice has been taken and the following key points are considered. In particular, directors note that:

- there is no "absolutely correct" level, it is a matter for commercial judgement, which must take into account the current performance, objectives and the likely future expenditure on developing services;
- the company has consistently adopted the strategy of generating required capital through profits;
- in addition to profits, provisions for non-cash expenditure (e.g. depreciation, employee benefits and other non-current liabilities) add to the company's positive cash flow and significantly increase the funds available for investment;
- · the most secure position for the company is to maintain these provisions in a realisable form; and
- these factors, coupled with the use of accrual accounting, mean that AWTA Ltd will always have substantial funds invested, which will be
 expended at some time in the future, but not necessarily all at once.

Directors review the level of the capital maintenance reserve as part of the annual budget process.

(e) Retained earnings

	Consolidated Group	
	2015	2014
	\$000	\$000
Balance at the beginning of year	10,324	7,400
Net profit attributable to members of AWTA Ltd	2,232	2,924
Balance at the end of the year	12,556	10,324

NOTE 19 CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2015	2014
	\$000	\$000
(a) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in		
the financial statements		
Payable — minimum lease payments		
 Not later than 12 months 	131	177
— Between 12 months and 5 years	214	350
— Greater than 5 years	308	511
	653	1,038

The property leases of the parent entity, AWTA Ltd, are non-cancellable leases with 1 and 2 year terms, with rent payable monthly in advance. Contingent rental provisions within the lease agreements specify the minimum lease payments for each year. Options exist to renew the leases at the end of the 1 and 2 year terms for additional terms of 2 and 3 years. The leases allow for subletting of all lease areas.

The property leases of the subsidiary, NZWTA Ltd, relate to leasehold land. NZWTA Ltd has right of perpetual renewal over three 21 year leases. Rental is reviewed at the renewal date for each lease. Renewal dates on the leases occur in 2023, 2031 and 2032.

(b) Capital expenditure commitments Capital expenditure commitments contracted for:		
Capital expenditure projects	566	508
(c) Operating lease income receivables Income from non-cancellable operating leases contracted for but not recognised in the financial statements Receivable — minimum lease payments		
— Not later than 12 months	292	275
— Between 12 months and 5 years	169	253
	461	528

The property leases are non-cancellable leases with terms between 1 and 3 years, with rent receivable in advance. Contingent rental provisions within the lease agreements specify the lease amounts for each year. Options exist for lessees to renew the leases at the end of their terms for additional terms of between 1 and 3 years.

NOTE 20 CONTINGENT LIABILITIES

There are no contingent liabilities at balance date for the Company.

	Consolidated	Consolidated Group	
	2015	2014	
	\$000	\$000	
Reconciliation of cash flow from operations with profit after income tax			
Profit/(loss) after income tax	2,232	2,924	
Non-cash flows in profit/(loss)			
Depreciation and amortisation	2,754	2,573	
Reassessment of fair value on available-for-sale financial assets	(151)	(317)	
Impairment charges on available-for-sale financial assets	-	-	
Foreign exchange loss	186	-	
Foreign exchange gain	(46)	(244)	
Changes in provisions	313	481	
Net gain on disposal of property, plant and equipment	(67)	(52)	
Doubtful debts written off	-	10	
Share of joint venture entity net profit after income tax and dividends	(28)	(29)	
Investment cash flows			
Dividends and interest received	(2,323)	(1,858)	
Realised gains on available-for-sale financial assets	(1,830)	(1,769)	
Realised losses on available-for-sale financial assets	728	329	
Changes in assets and liabilities			
(Increase)/decrease in trade and term recievables	(1,290)	4,479	
(Increase)/decrease in other current assets	(192)	129	
(Increase)/decrease in inventories	262	(115)	
Increase/(decrease) in trade payables and accruals	(280)	470	
Increase/(decrease) in income taxes payable	(83)	47	
Cash flow from operations	185	7,058	

NOTE 22 RELATED PARTY TRANSACTIONS

The directors of AWTA Ltd have interests in organisations which utilise the services of the group in the ordinary course of business. All services are provided under the group's standard terms and conditions.		
Aggregate amount of services provided to:		
Organisations associated with directors	846	709

NOTE 23 FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and loans to subsidiary. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolid	Consolidated Group	
	2015	2014	
	\$000	\$000	
Financial assets			
Cash and cash equivalents	4,941	6,886	
Loans and receivables	4,416	3,398	
Available-for-sale financial assets	41,878	38,393	
	51,235	48,677	
Financial liabilities			
Trade and other payables	1,646	2,299	
	1,646	2,299	

Financial risk management policies

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk.

(a) Interest rate risk

The consolidated group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates in classes of financial assets and financial liabilities.

Effective weighted average interest rates	Consolidated Group	
	2015	2014
	%	%
Financial assets		
Cash and cash equivalents	2.73	3.08

(b) Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that short term cash facilities are maintained. Trade and other payables will be settled within 1 year.

(c) Foreign exchange risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Forward exchange contracts

The consolidated group enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering into the forward exchange contracts is to protect the consolidated group against unfavourable exchange rate movements for both contracted and anticipated future sales and purchases undertaken in foreign currencies. At balance date, there were no outstanding forward exchange contracts.

(d) Credit risk

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of recognised financial assets (net of any provisions for impairment of those assets) as presented in the balance sheet and notes to the financial statements

The group has no significant concentration of credit risk with any single counter party or group of counter parties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 8.

Credit risk is managed on a group basis and reviewed regularly by the finance committee. Credit risk arises from exposures to customers as well as through deposits with financial institutions. The finance committee monitors credit risk by actively assessing the rating, quality and liquidity of counter parties:

- · only banks and financial institutions with an "A" rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- · customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

(e) Securities price risk

The group is exposed to securities price risk on investment held for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities presented in the financial statements approximate their carrying values as presented in the statement of financial position.

Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

The measurements used for available-for-sale financial assets are quoted prices in active markets for identical assets (Level 1).

The measurements used for land and buildings are based on external valuations received which take into account recent sales history and leasing transactions of comparable properties (Level 2).

NOTE 24 SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2015 that has significantly affected or may significantly affects:

- a) the operations, in financial years subsequent to 30 June 2015, of the consolidated entity, or
- b) the results of those operations, or
- c) the state of affairs, in financial years subsequent to 30 June 2015, of the consolidated entity.

AWTA LTD ANNUAL REVIEW 2014-2015 | NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 15

AUSTRALIAN WOOL TESTING AUTHORITY LTD

AND CONTROLLED ENTITY ABN: 43 006 014 106

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1. The financial statements and notes, as set out on pages 17 to 31, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards; and
 - b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company and consolidated group;
- 2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

D.G. McGAUCHIE AO

CHAIRMAN

M.A. JACKSON
MANAGING DIRECTOR

Dated: 21 August 2015

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN WOOL TESTING AUTHORITY LTD

Report on the Financial Report

We have audited the accompanying financial report of Australian Wool Testing Authority Ltd and controlled entity, which comprises the consolidated statements of financial position as at 30 June 2015, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated 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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion: the financial report of Australian Wool Testing Authority Ltd is in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards Reduced Disclosure Requirements and the Corporations Regulations 2001.

Stephen Schonberg,

Partner

21 August 2015

Pitcher Partners Melbourne

P-1- 11



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