



MEDIA RELEASE
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Namoi Cotton Confirms Solid 2010 Financial Half-Year Result

Namoi Cotton recorded a Net Profit after tax of \$17.6m for the half year ended 31 August 2009 compared with the previous half year result of \$18.6m.

The result defies a tough trading environment resulting from difficult global economic conditions. Ongoing rationalisation within the international cotton merchant community is evidence of this environment. Weak demand for yarn products has also led to a sharp reduction in spot market demand for Australian cotton during the second half of 2009.

Production continues to be impacted by seasonal conditions and the 2009 crop of 1,450,000 bales represents only 50% of sustainable capacity.

Namoi Cotton ginned 396,000 bales of the 2009 crop (2008: 178,000) representing marketshare of 27.3% (2008: 29.4%). Benefits resulting from improved infrastructure utilisation were largely offset by competitive pricing pressure and additional costs associated with a prolonged harvest.

Marketing volumes for the 2009 crop of 576,000 bales (2008: 243,000) represent a share of 39.9% (2008: 41.5%). Strong forward marketing activities have substantially mitigated the impact of soft spot markets and carryover inventory should be minimal. Margins have been consistent with forecasts, but are lower than the previous year due to subdued demand and substantial increases in cost of funds.

The directors have announced that Namoi Cotton will pay an interim distribution of 2.5 cents (2009: 3.0 cents) per unit of Namoi Capital Stock on 16 December 2009 and will consider a final distribution once the full-year result is finalised.

Namoi Cotton is unable to provide guidance on its financial performance for the 2009/10 financial year as under current accounting standards financial results remain contingent on future commodity prices, exchange rates and basis positions.

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