NAMOI COTTON LIMITED

ANNUAL REPORT

2019

NAMOI COTTON Growing Together

NAMOI COTTON LIMITED
ABN 76 010 485 588

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NAMOI COTTON Growing Together

NAMOI COTTON LIMITED PROFILE

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

NAMOI COTTON LIMITED OBJECTIVES

Our Vision – To be the leading processor, marketer and service provider to cotton farmers and customers of the Australian cotton industry.

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

OUR VALUES

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

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

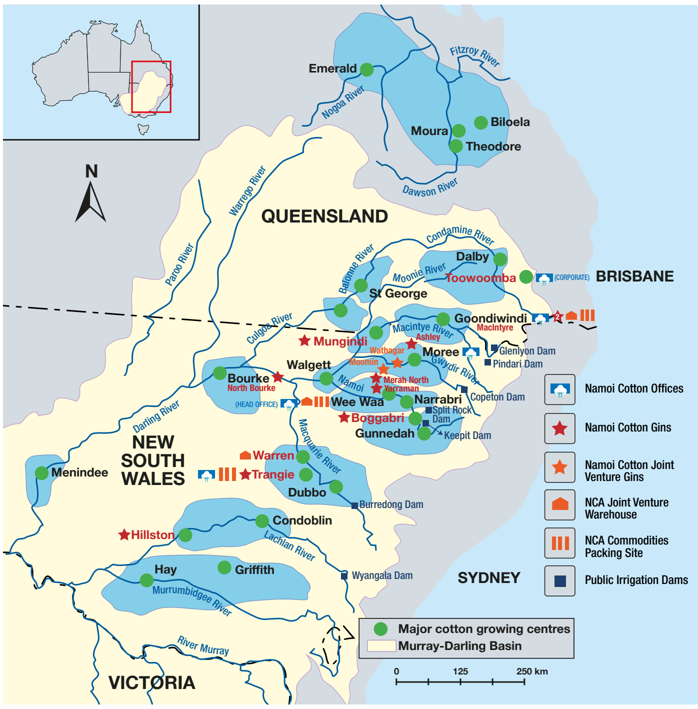
People – Create an environment where people are satisfied and motivated to achieve high levels of performance.

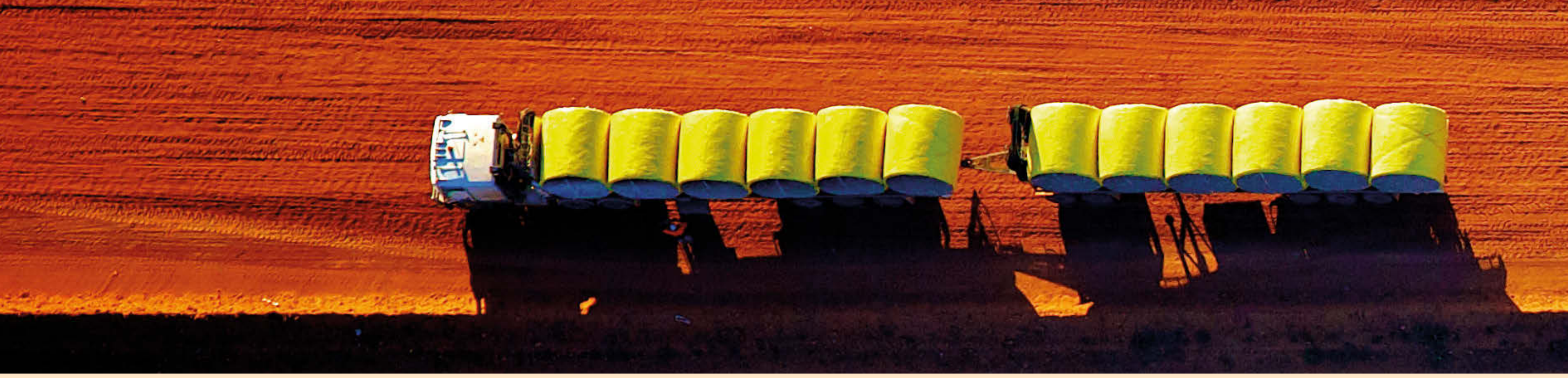
Safety – Working safely is more important than time, production and costs.

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

Environment – Ensure we respect and protect the environment.

OUR LOCATIONS





THE 2019 FINANCIAL YEAR IN REVIEW

FY2019 SUMMARY

Financial Summary	FY2019 ($,000)	FY2018 ($,000)	FY2017 ($,000)
Revenue[1]	5,948	4,205	2,366
Trading margin gains[1]	83,534	79,535	51,254
EBITDA[2]	17,163	20,181	8,855
EBIT[3]	2,304	12,232	2,649
Income Tax Benefit/(Expense)	(680)	(2,905)	245
Net profit/(loss) after tax	(556)	6,769	283
Earnings per Namoi Capital Stock[5]	N/A	N/A	0.3 cents
Diluted earnings per Ordinary Share	(0.4) cents	4.7 cents	N/A
Distribution per Ordinary Shares	Nil	1.9 cents	N/A
Total assets	215,051	241,208	210,713
Interest bearing debt	44,691	50,002	59,920
Term (core) debt	42,000	42,000	47,480
Stakeholders equity	129,819	131,756	123,828
Net tangible assets per Namoi Capital Stock[5]	N/A	N/A	113 cents
Diluted net tangible assets per Ordinary Share	93 cents	103 cents	N/A
Capital expenditure[4]	9,391	6,654	5,267

[1]Net gains and losses from ginning/seed and marketing contracts have been re-classification as trading margin gains on the adoption of AASB 9 and AASB 15 for the year including restatement of comparatives, noting no change to the net results. The FY2017 revenue and trading margin gains in the table above have been included to allow comparability with these changes however are unaudited.
[2]EBITDA defined as earnings before interest, tax, depreciation, amortization and impairments of investments and fair value decrements.
[3]EBIT defined as earnings before interest and tax.
Both of the above terms are non IFRS financial information.
[4]Includes $1,780k (FY2019), $1,203k (FY2018) and $821k (FY2017) acquisitions by means of finance leases.
[5]Namoi Cotton restructured from a co-operative with Namoi Capital Stock and Grower Members to a public listed company with Ordinary Shareholders on 10 October 2017

AUSTRALIAN COTTON PRODUCTION

	2019 Season Forecast[1] Production	2018 Season Actual[2] Production	2017 Season Actual[3] Production
Region	**Bales**	**Bales**	**Bales**
NSW			
Upper Namoi	115,050	241,000	233,500
Lower Namoi	185,450	477,500	429,000
Gwydir	192,000	672,000	580,000
Mungindi	30,000	106,500	86,000
Walgett	10,400	140,250	163,500
Macquarie	209,630	456,500	254,000
Bourke	0	49,350	90,000
Lachlan	149,000	209,000	124,000
Tandou	0	66,000	0
Murray	32,000	51,750	0
Murrumbidge	467,250	798,000	425,500
TOTAL NSW	**1,390,780**	**3,267,850**	**2,385,500**
QLD			
MacIntyre Valley	264,000	536,800	504,000
Central Queensland	148,650	183,500	162,500
Dawson-Callide	54,140	50,100	42,000
Darling Downs	278,000	433,750	490,000
St George	96,000	146,400	177,000
Dirranbandi	2,700	36,300	139,250
Nth Qld	19,000	10,400	
TOTAL QLD	**862,930**	**1,392,240**	**1,514,750**
Other (WA & NT)	2,900	0	0
GRAND TOTAL	**2,256,610**	**4,662,420**	**3,900,250**

[1] Namoi Cotton's estimate of the total Australian production for 2019 as at 21 May 2019

[2] 2018 Adjusted Figures from The Australian Cotton Grower, Cotton Yearbook 2018

[3] 2017 Adjusted Figures from The Australian Cotton Grower, Cotton Yearbook 2017

CHAIRMAN LETTER

Dear Fellow Shareholder,

This is my first year as Chairman of Namoi Cotton and I am honoured to lead the Board in a challenging and exciting period of transformation for the company. Your company has a proud heritage and history as a pioneer in the provision of services to the Australian Cotton Industry since formation in 1962 in Wee Waa.

I am proud to report that we continue to be the largest ginner of cotton in Australia having ginned 1,202,000 bales in the 2018 season or 26 % of the Australian Crop. We also marketed and shipped over 800,000 bales of lint cotton for our growers in our 51% owned Namoi Cotton Alliance Joint Venture.

These facts demonstrate the solid platform our network and business has within the Australian Cotton Industry.

SAFETY AND THE ENVIRONMENT

Our commitment to Workplace, Health, Safety and Environment continues to be a key area of focus of your Board and the company.

Nothing is more important than the safety of our workforce. Namoi Cotton has recently conducted an extensive external review of safety and continues to implement further refinements in our continued commitment to achieve the highest level of safety for all our staff. This includes the adoption within the organisation and the use of industry leading digital technology devices to manage safety, compliance checks, reporting, safety audits and training.

This includes the adoption within the organisation the use of industry leading technology devices to manage safety, compliance checks, reporting, safety audits and training. Namoi Cotton is currently working towards achieving the highest level of ISO certification in respect to occupational, health & safety and environmental management.

We understand we still have a long way to go to achieve acceptable levels of safety statistic's however I am pleased to report our current LTIFR (Lost Time Injury Frequency Ratio) is now approximately 14 .

Namoi Cotton is reviewing how to undertake activities to minimise its impact on the environment, initiatives implemented to date include recycling of plastics, re-use of cotton gin trash in various forms, recycling for site rubber, cardboard and metal. Environmental initiatives to investigate for the future include operating sites to energy saving lighting and development of gas efficiency technology.

FINANCIAL RESULTS

For the 2018 season, with a financial year end of 28 February 2019, Namoi Cotton Limited's Ginning operations again performed well contributing strongly to positive cashflows of $21m.

However, the reported financial result of a pre-tax profit of $124,000 and a net after tax loss of $600,000 heavily impacted by the operating performance of the Cargill Oilseeds Australia joint venture Interests and the non cash impairment charges to the company's interests in the Namoi Cotton Alliance and some fair value adjustments to Ginning plant.

The underlying Profit before tax was $12,041,000 slightly down on the previous period. Further detail as to these results is outlined in page 7 of this report.

NAMOI COTTON ALLIANCE (NCA)

The Namoi Cotton Alliance (NCA) joint venture business has underperformed in this period and since inception in both volumes, market share and profitability. This point is well understood by your Board and the NCA Joint Venture Committee. Following an extensive internal review of the business along with our joint venture partners Louis Dreyfus Company Asia Pte Ltd, several structural changes and significant steps are being taken in order to facilitate a recovery in the performance of this business. The first being the appointment of a fulltime time General Manager who is charged with the responsibility of managing and improving the profitability of NCA.

A competitive and profitable marketing business is a key offering to our grower customers to help to ensure we capture ginning and seed business to drive our business volumes.

CARGILL OILSEEDS JOINT VENTURE

As previously advised to the market we are currently in a commercial dispute with Cargill Australia Limited in relation to the financial performance of our partnership interest in Cargill Oilseeds Australia and shareholding in Cargill Process Limited. We advise the pre-discovery hearing was undertaken at the Federal Court of Australia on 13 and 14 June 2019. We are awaiting judgement on pre-discovery.

CAPITAL EXPENDITURE

We continued to invest in our business operations in the period with total expenditures of $9.3m in the period. This comprised of Gin efficiency upgrades, the construction of 2 new cotton seed storage facilities, increased capability in information technology. Your board is mindful of our responsibility to achieve a return for shareholders on our capital expenditure in order to serve our growers and provide sustainable returns and create value for our shareholders. To this end we have undertaken several reviews of our existing asset base and resources in order to evaluate and configure the business in a more efficient and effective manner.

PEOPLE

In March 2019 the Board accepted the resignation of the CEO Mr Jeremy Callachor, on behalf of the Board I thank Jeremy for his significant contribution over a long period of time.

The Board has engaged a recruiting firm and is well advanced in the process securing a new CEO.

I would also on behalf of the Board like to thank Mr Stuart Greenwood our CFO for accepting the role as Interim Acting CEO whilst this search process has been conducted.

The Board would also like to acknowledge the efforts and contributions of all the Namoi Cotton Group staff and employees in the large operational 2018 season and the current smaller and difficult 2019 season to date.

THE BOARD

The Board continues the renewal process following our successful restructure and conversion from a co-operative to a public company in October 2017.

In April 2018, Mr Michael Boyce retired from the Namoi Cotton Board after 16 years. Mick served on the Audit and Compliance Committee overseeing the yearly and half yearly audit and financial results. Mick's financial skills, cotton industry knowledge and general practical financial business acumen served the organisation well.

At the AGM in July 2018, we welcomed three new directors to the Board.

Mrs Juanita Hamparsum became our first female Non-Executive Director. Juanita brings a combination of Cotton farming knowledge as a Grower coupled with her accounting background and qualifications and experience as an Audit Committee Chairperson. Juanita also brings a deep understanding of water and irrigation having been heavily involved in water politics.

Mr Joe Di Leo was elected as a Non-Executive Director. Joe has a deep understanding of agribusiness and operations having run some significant grains and processing businesses. He also chairs an industry superannuation fund.

Mr James Jackson was also elected to the Board bringing extensive corporate agribusiness experience, in sugar, beef and rural services along with corporate finance expertise. He has been a public company director for over 15 years and has a strong understanding of public company governance.

As Chairman I thank my fellow Board members and previous board members for their commitment and support for Namoi Cotton.

Finally, I would like to acknowledge Mr Richard Anderson who has served as a director of Namoi Cotton for 18 years and will be retiring at our upcoming 2019 Annual General Meeting.

Richard has contributed significantly to Namoi cotton in both as a Non-Executive Director and in his role as Chair of the Audit Committee and Chair of the NCA Joint Venture Committee.

On behalf of my fellow directors I would like to thank Richard for his tireless effort.

OUTLOOK

As most of Australia is aware 2018 has been a difficult year for the cotton industry and the agricultural industry in general in New South Wales and southern Queensland. The severe drought conditions continued during the 2018 cotton planting season and unfortunately have worsened during the first half of the 2019 calendar year.

The Australian cotton industry, its farmers and agribusinesses associated with industry will face commercially and financially a difficult 2019 season and 2020 season.

The 2019 crop has commenced ginning and early indications for irrigated cotton are for average yields, however dryland cotton yields are severely impacted due to a lack of rain during the growing season.

For the 2020 Crop to be planted between September 2019 to December 2019 unless we see significant rain within the growing regions and associated river catchment systems, this crop could also be significantly impacted.

To put this into perspective recent BOM analysis indicates that the current drought in Northern NSW is unprecedented.

The Board's and Management's key focus will be to closely monitor and manage operational and capital expenditure. The Board's objective is to place the Namoi Cotton business platform in the optimal position for financial success when the drought breaks.

To that end the Board has engaged a management consultant to assist in focusing on current costs and potential strategic review.

Namoi Cotton is fortunate to have passionate and committed staff with great industry knowledge, who contribute to the direction of the company.

I thank them for the dedication and contribution.

I would also like to thank you our shareholders for your patience and belief in Namoi Cotton.

Tim Watson

Chairman

Namoi Cotton Limited

INTERIM ACTING CHIEF EXECUTIVE OFFICER REPORT
MR STUART GREENWOOD

RESULT IN REVIEW FOR 2018/19

Namoi Cotton recorded a consolidated net loss after tax from continuing operations of $0.6 million for the full year ended 28 February 2019, compared to a net profit after tax of $6.8 million for the year ending 28 February 2018. Positive cash flows from operating activities were recorded at $21.0 million an increase of $3.7 million or 21% on the prior year.

Financial performance of the core ginning activities has been positive with a 25% improvement through a 20% increase in the 2018 Australian crop size. Namoi Cotton's ginning volumes increased by 18% and cottonseed trading volumes remained unchanged whilst Namoi Cotton Alliance's (NCA) lint procurement volumes increased by 28%. Namoi Cotton's seed trading business shipped and handled 260,000Mt (2017 crop: 266,000Mt), with a positive contribution recorded. Ginning margins recovered lost ground from the reduced productivity experienced in the prior year as seed cotton quality improved significantly from that of the year prior. The contribution from NCA through improved volumes was impacted by finance costs due to delayed shipments of cotton lint and low packing volumes due to adverse seasonal conditions. Packing volumes declined from the previous year primarily due to reduced chickpea plantings through drought conditions. The Cargill Oilseeds Australia ("COA") and Cargill Processing Limited ("CPL") joint venture negatively impacted results with closure of the Narrabri crush facility occurring within the year.

The consolidated net profit before tax of $0.1m is reconciled to the underlying profit before tax of $12.0m in the following table:

	Consolidated	
	$'000 28 Feb 2019	**$'000 28 Feb 2018**
Profit/(Loss) before Income Tax	124	9,674
Associated and Joint Ventures		
Net profit/(loss) from Namoi Cotton Alliance	(443)	511
Net profit/(loss) from NC Packing Services Pty Ltd	(639)	116
Net profit/(loss) from Cargill Oilseeds Australia	(3,058)	(1,515)
Net profit/(loss) from Cargill Processing Pty Ltd	(1,742)	137
Impairments		
Namoi Cotton's interest in Namoi Cotton Alliance	(3,563)	-
Fair Value adjustments		
Ginning property, plant and equipment	(2,018)	-
Grower member shares	-	(712)
Corporate Restructure Costs	(454)	(1,595)
	(11,917)	(3,058)
Underlying Profit before tax	12,041	12,732

2018 AUSTRALIAN COTTON PRODUCTION

The quality of the 2017 crop was adversely impacted by the wet planting conditions, end of growing period weather and challenging defoliation parameters.

The overall 2018 Australian cotton crop production was recorded at 4.54 million bales (representing a 20% increase from the 2017 crop recorded at 3.77 million bales). Early season forecasts estimated the crop at 4.2 million bales, however, a favourable growing season and harvest period resulted in positive yields in the main growing areas which elevated total production. Irrigated yields have averaged 11.5 bales per hectare compared to 10.0 bales per hectare 2017 crop and 11.5 bales in the 2016 crop.

SEASON OPERATIONS IN REVIEW

2018 Ginning Season

Namoi Cotton ginned 1,202,000 bales (including 100% of joint venture bales) of the 2018 crop compared to 1,015,000 bales of the 2017 crop. The 18% increase in ginning volumes was directly related to the larger crop size. The dry growing conditions dominating the majority of grower areas during the 2018 crop season led to low incoming moisture levels at the majority of gins during the season. Throughput rates, whilst greatly improved from the previous season, were still impacted by the necessity to run gins slower to ensure adequate moisture reconstitution. Despite this the overall ginning contribution improved by 25%.

Namoi Cotton has continued to invest in its ginning network; to improve service offerings to growers and drive productivity improvements in the ginning business. Significant projects that were completed prior to the commencement of ginning of the 2018 crop; included the installation of a fourth gin stand at Trangie and upgrades to cleaning and moisture equipment of the Wathagar gin.

Strategic investments included cottonseed storage sheds at Trangie and Hillston at a cost of $1.5 million each which are complete and available for the 2019 crop. Financier support was confirmed with renewal and extension of term debt facilities to 30 April 2021.

Namoi Cotton's continued commitment to workplace health and safety as a priority has resulted in a 35% improvement in our lost time injury frequency rate (LTIFR) from 23 down to 15 compared to the previous year. The improvement in LTIFR can be attributed to the continuing roll out of Namoi Cotton's technology-based Work Health and Environment systems which enhances compliance reporting and management in the areas of Fatigue, Respiratory management and application of appropriate PPE across all facets of the business.

Cotton Seed Business and Cargill Oilseeds Australia Partnership

Namoi Cotton's seed trading business shipped and handled 260,000Mt (2017 crop: 266,000Mt), with a positive contribution recorded.

Namoi Cotton's 15% interest in the COA and CPL recorded a loss of $4.8 million compared to a loss of $1.4 million in the preceding year. This loss includes the closure of the Narrabri crush facility in late 2018, with an embedded impairment of the assets, associated staff redundancy costs and trading losses.

Namoi Cotton has requested further detailed information from Cargill Australia Ltd, as the manager of the partnership, to consider its next steps as a minority partner and shareholder. This matter remains subject to a continuing commercial dispute process. Pre-discovery hearings have been scheduled.

Cotton Market Review

The cotton market opened at the 2018 financial year with the spot price of 82 US cents/lb. During the 2018-2019 period the first four months between 1 March 2018 to 15 June 2019 the cotton futures rallied to a high of 95 US cents/lb. Then from this period the US trade war with China commenced

and the cotton futures fell 10 US cents lb sharply (within a week). The cotton futures market stabilised between 83 US cents lb – 90 US cents lb for the next 6 weeks, from then we saw an uplift back to 90 US cents lb. Then in August 2018 the USDA Report was released suggesting a larger US cotton crop than previously forecasted which saw the cotton futures fall again to around 82 US cents/lb. The tropical storm "Gordon" in the United States supported the market at these levels, however the ongoing trade war between the US and China pressured cotton futures pricing downwards. The trend lead to cotton futures closing around 72 US cent lb at the end of Namoi Cotton's financial year of 28 February 2019.

For the financial year 1 March 2018 to 28 February 2019 the AUD compared to the US dollar ranged between 79 cents to 67.50 cents. Over the year it depreciated 8 cents down to 71 cents at the end of the 2019 financial year.

During the financial year grower pricing remained strong ranging between $500 AUD per bale to $650 AUD per bale.

Namoi Cotton Alliance (NCA)

NCA's total cotton lint marketing volumes procured for the 2018 season were 817,000 bales compared with 636,000 bales for the 2017 season. This reflects a 28% improvement in volume traded which was largely associated with larger Australian production. Lint marketing gross margins continued to be under pressure through competition to secure cotton and distribution costs were unfavourable due to limited opportunity to efficiently share rail services with reduced packing volumes. The impact of delayed shipments led to a significant increase in inventory funding levels through the second half where associated working capital funding lines would normally have been significantly reduced. An increase in finance costs of $1.56m (Namoi Cotton share) has ensued. This has contributed to a $0.95 million deterioration in Namoi Cotton's share of NCA's lint business in the financial results over the prior year.

NCA's commodity packing business packed 55,000Mt in 2018 compared to 168,000Mt in 2017 principally chickpeas. Packing volumes declined from the favourable volumes achieved in the preceding year through adverse dry agronomic conditions. The volumes of chickpea packed in the year was supported by carryover 2017 crop and reflects a decline in the total chickpea crop to 300,000Mt from 1,100,000Mt the year prior.

The Board has considered the historical performance of the joint venture over its 6 years of operation to be insufficient to support the carrying value under the equity method at which Namoi Cotton has been carrying the investment in the joint venture. While measures have been enacted to provide greater potential for returns when better seasonal conditions return and through improved operational efficiency, our assessment has resulted in the booking of an impairment loss in the amount of $3.6m (in respect to our 51% interest) in the current year.

LOOKING FORWARD

2019 Season

The area finally planted to cotton for the 2019 season was 201,000 hectares irrigated or semi-irrigated (2018: 371,000 hectares), and 165,000 ha of dryland (2018: 131,000 hectares). The ensuing growing season has been one of the driest on record for many regions, resulting in increased irrigation cycles, water shortages, and eventual yield pressure. For those with sufficient water to complete the crop yields look promising, however, many irrigated crops ran short of the final waterings and have lost much yield potential and may have quality impacts. Likewise the dryland crop, the largest area for many years, suffered under the prolonged dry summer and a large portion was abandoned in the February-March period. Considering all these factors, we estimate the 2019 Australian cotton crop will at this stage be approximately 2.3 million bales.

Namoi Cotton anticipates that it will gin between 450,000 and 500,000 bales from the 2019 crop, including 100% of joint venture gins, representing a reduction of between 37% and 42% of the prior crop volumes. The impact of the ongoing drought upon water storage levels and associated allocations has had the greatest impact upon central growing regions where the majority of Namoi Cotton's ginning infrastructure is located.

It is expected that our cotton seed trading volumes will reduce proportionally in line with ginning volumes. Strong domestic prices continued at the commencement of the 2019 crop due to livestock industry demand.

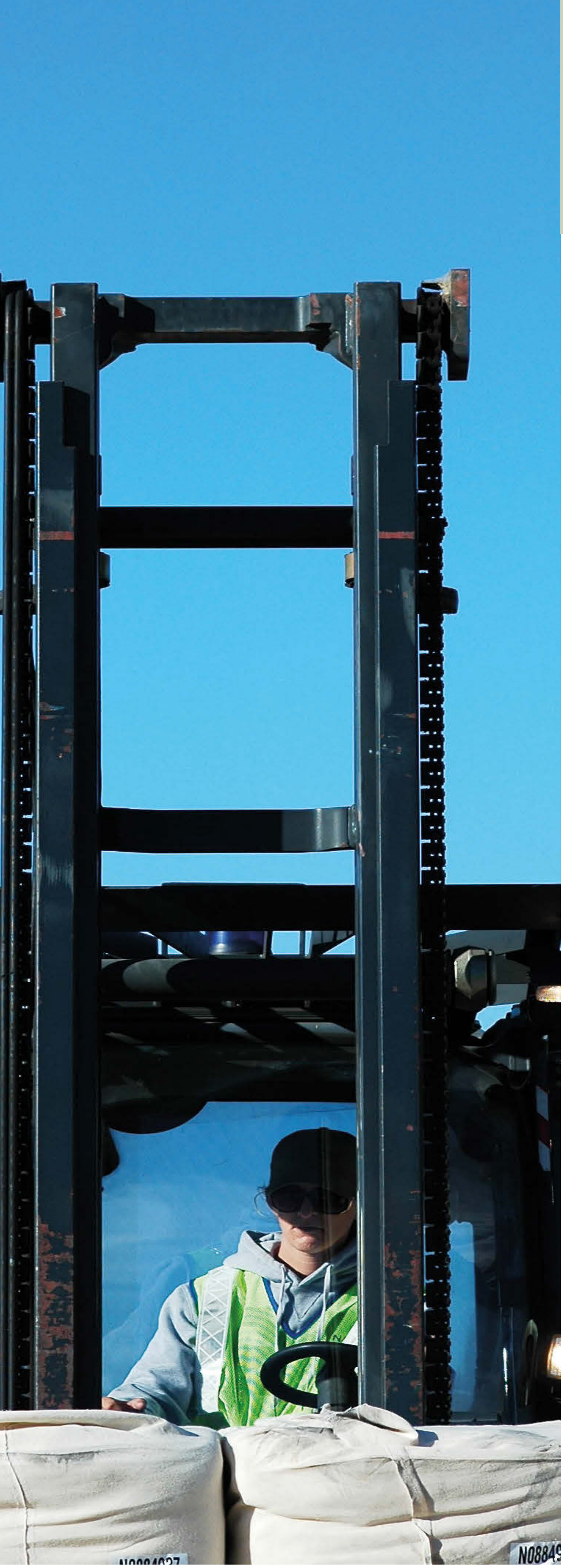
NCA's lint marketing volumes are estimated to be between 300,000 and 400,000 bales from the 2019 crop, representing a decrease of between 51% and 63% from the prior crop. The lower crop size has seen competition for marketing volumes and is anticipated to continue to pressure marketing gross margins in 2019. Improved distribution costs savings per unit is expected to be achieved through improved supply chain logistics contracts executed in advance of the crop. NCA's containerised commodity packing volumes remain subdued as a result of the on-going drought and is largely dependent upon 2019 Autumn/Winter rainfall.

Namoi Cotton's operations in 2019 will be impacted by the lower volumes predicted. The business is focused on operation of the network in the most efficient manner to deliver per unit labour utilisation and energy consumption savings despite operating at sub-optimal levels.

Commissioning of key projects including latest bale strapping technology at the Trangie gin and the installation of a new press at the MacIntyre II site are expected to deliver productivity based savings. The seed sheds constructed at Trangie and Hillston will assist commercial operations, storage and logistics.

2020 Season and Beyond

At present public water storages from Queensland to Southern NSW are at historically very low levels. The current general water availability for next year is expected to be at or near zero unless significant rain events occur



prior to planting. At the same time on-farm storages are low to empty. In general available bore water allocations are expected to remain unchanged.

The continuing very dry conditions have led to record-low sub-soil moisture levels representing a significant agronomic challenge to reasonable volumes being achieved for the 2020 crop (FY 2020/21).

Forward cotton prices for the 2020 season however remain very strong, and given the ability to produce, cotton would be expected to remain the summer crop of choice. The outlook for rainfall, whilst not currently promising for the short term, can influence planting acreages if received up to end November 2019. In the intervening period the Board and management are working towards drought planning strategies and implementing cost controls.

Strategy

During the year strategic measures taken for Namoi Cotton included:

- the appointment of a dedicated Chief Information Officer to lead Information Technology transformation;
- the Directors have interacted with staff of all levels within the organisation to assist in the identification of opportunities to contribute to results and/or mitigate earnings volatility;
- the engagement of an external consultant to consider end to end supply chain costs to support a least cost ginning operation;
- an engagement has been initiated surrounding the review of corporate culture and human resources across the group; and the recruitment of a Chief Executive Officer is continuing;
- the renewal of the term debt facilities to 30 April 2021; and
- investment in seed storage and handling at the Hillston Gin and the Trangie Gin;

Former CEO & Staff

The Namoi Cotton Board accepted the resignation of Mr Jeremy Callachor as Chief Executive Officer from the company, effective 8 March 2019. The Board wishes to acknowledge Jeremy for his significant contribution and services to Namoi Cotton over a long period of time.

The Board thanked Mr Jeremy Callachor for his services and leadership to Namoi Cotton and for the many key achievements during his tenure, including stabilizing the business over the 2012 financial year and the successful project to transform Namoi Cotton from a grower co-operative to a company listed on the ASX.

GOVERNANCE

CORPORATE GOVERNANCE AND BOARD

The Board is committed to achieving and demonstrating the highest standards of corporate governance.

Namoi Cotton complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations 3rd Edition (the 'ASX Principles').

Namoi Cotton's corporate governance practices are outlined in the Corporate Governance Statement available on the Namoi Cotton website www.namoicotton.com.au

In developing the governance framework for Namoi Cotton the Board has considered the Corporate Governance Principles and Recommendations ("ASX Governance Principles") published by the ASX Corporate Governance Council ("ASX CGC"). Copies of all the Namoi Cotton Key Policies and Charters for Namoi Cotton and the Board and its current Board Sub Committees referred to in the statement are available in the Corporate Governance section of Namoi Cotton's website at www.namoicotton.com.au (collectively such policies are known as the "Corporate Governance Documents"). A copy of the 2019 Annual Report is available on the Namoi Cotton website.

The Board during 2018 undertook a skills matrix process, which identified areas of expertise which would strengthen the existing Directors and Board.

WORKPLACE HEALTH, SAFETY AND THE ENVIRONMENT

Safety before all else is the commitment Namoi Cotton makes to its employees, contractors and visitors. Through the "Cotton on to Safety" initiative Namoi Cotton has rebranded its safety and environmental focus within the organisation to coincide with the release of the Work Health Safety and Environment ("WHSE") Application, a mobile device platform utilised by all staff to manage daily WHSE tasks ranging from compliance recording, incident reporting and environmental monitoring to ongoing safety and environmental improvement programs.

Alongside the industry leading WHSE Kiosk, which captures daily digital records of Personal Protective Equipment ("PPE") compliance, Fatigue Management and Respiratory Management Plans, Namoi Cotton implemented an initiative to commence installation of Medical and Fatigue centres at all operational ginning sites and the adoption of defibrillation devices in those same facilities is world class leading.

Reporting on safety performance and communicating Namoi Cotton safety and environmental messages is performed utilising daily "tool box talks", site safety meetings, digital notifications of incidents, fatigue risks, respiratory risks, driver safety alerts and our Continuous Action Improvement Plan ("CIAP") which drives safety improvement and expenditure from the ground up right through to Board analysis utilising Injury Illness Statistical Index ("IISI") data and Lost Time Injury Frequency Rate ("LTIFR") analysis, recording and reporting. Namoi Cotton incorporates both internal and external safety audits on an annual and bi-annual basis to ensure our continuing improvement and adoption of industry leading practices.

Alongside the safety based initiatives, Namoi Cotton undertakes a program of seasonal environmental internal audits at all operational sites and undertakes recycling of all round module wrap, waste cotton bale strap, waste oil recycling, scrap steel recycling and where available within the local community, general waste recycling. Namoi Cotton's focus on energy savings has seen the gradual conversion of operational sites to energy saving lighting options, variable speed drive adoption, low energy bale press installations and the recent commissioning of gas efficiency technology utilising a grant from the Office of Environment and Heritage based on an in house designed and constructed moisture monitoring and gas efficiency system.

Namoi Cotton is committed to providing a safe and healthy work place as set out in the WHSE Policy for all persons in the workplace, including employees, contractors and visitors, and to minimising our environmental impact.

The requirements and goals in the Namoi Cotton WHSE are achieved by:

- all levels of management and employees working together to identify, assess and suitably control hazards that may cause injury and may adversely impact the environment;
- daily reporting of the WHSE performance to Senior Management;
- monthly reporting of the WHSE performance to the Board; and
- annual WHSE presentations for all employees of the Company.

As the agricultural industry is evolving with a heavy focus on technology in agriculture, Namoi Cotton is monitoring how it can undertake activities to minimise the environmental impact of its activities.

OUR PEOPLE

Namoi Cotton has a strategy to attract and retain top talent who can make a positive contribution to the operations of Namoi Cotton, which are innovative, dynamic and focused to implement the Namoi Cotton strategy. We strive to employ people who hold health and safety highly, and which are culturally minded to working in a team environment and willing to learn about the cotton industry.

We have a permanent workforce of 150 employees (including Namoi Cotton Alliance) and our casual employees can range from 350 employees to 400 employees (including

Namoi Cotton Alliance) at peak operating times. Our employees bring a wealth of knowledge and innovation and expertise to the operations daily.

The health and safety of our staff is paramount and we are committed to a values-based health and safety culture that harmonises with our overall organisational culture.

At the completion of the 2019 Financial Year (28 February 2019), women represented 18% of the Company's permanent workforce.

Namoi Cotton's focus (as opportunities arise) and the company's aim is to increase the percentage of women at all levels of management.

Namoi Cotton's employees are integral to achieving its business goals and longevity.

We believe in our people, and the cotton ginning, commodity packing, cotton marketing and logistics management expertise they bring to the organisation.

Namoi Cotton openly promotes innovation, productivity, efficiency, inclusiveness and ideas generation across all levels of the business.

CORPORATE SOCIAL RESPONSIBILITY

Namoi Cotton being a regionally based Australian operation, holds highly the value of corporate social responsibility, and remains committed to conducting business ethically while contributing to the social, environmental and economic wellbeing of such regional communities.

We acknowledge the commitments we make in these three key areas can have on our employees, residents of regional communities and our shareholders.

We are committed to being a responsible member of the international business community, our operations utilise strong governance practices to comply with the various international standards and laws when undertaking and completing sales of cotton and cottonseed to foreign counterparties.

Namoi Cotton assists its employees to become active participants of charitable, sporting and social organisations outside the workplace.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Namoi Cotton has focused on improving yearly on it's Environmental, Social and Governance responsibilities within its ginning, cotton seed and joint venture marketing, warehousing and packing operations. The Company conducts annual audits and improvements to raise the standards of Namoi Cotton's Environmental, Social and Governance responsibilities internally and throughout its community interaction.

DIVERSITY

Namoi Cotton has a diversity and inclusiveness strategy. Diversity within Namoi Cotton is created by an inclusive working environment. Namoi Cotton has a publicly released Diversity Policy on its website which promotes gender, cultural and leadership diversity.

The intention is to achieve the objectives over time as employment positions become available.

Namoi Cotton's Workplace Gender Equality Act public report is available on its website.

Namoi Cotton at the time of this report has 18% of women employed on a full-time basis across all sites and locations. Namoi Cotton is committed to a diversity strategy aimed to promote the appointment of qualified, experienced and diverse Directors, Management and Employees to achieve Namoi Cotton's objectives on diversity. Namoi Cotton supports equal opportunity in the recruitment, selection and promotion of employees from different backgrounds, knowledge, gender and experience. The Namoi Cotton recruitment process is structured to provide equality in recruitment and unbiased selection and promotion decisions

A workplace that values and respects its diversity and is free from discrimination or bias is more productive. The Namoi Cotton existing diversity policies include the recruitment policy, paid parental leave, carer's leave, flexible work arrangements and mentoring programs.

COMMUNITY ENGAGEMENT

Namoi Cotton is an active supporter of efforts to raise money, support charitable events and causes in regional Australia. In the past three years Namoi Cotton has supported the Cancer Council of Australia, Westpac Rescue Helicopter Service, Wee Waa Community Hospital, Wee Waa Public and Private Schools and Regional and District sporting clubs.

Namoi Cotton encourages employees to participate in charity causes and within regional locations participates in local, state and national charity events.

Each year Namoi Cotton hosts a charity golf day in Wee Waa, NSW as its signature charity event for the distribution of funds to local communities.

BOARD OF DIRECTORS

Tim Watson – Chairman – Non-Executive Director – 57

GAICD

Mr Watson was appointed as Chairman for Namoi Cotton Limited from 29 August 2018. He was re- elected to the Board at the 2018 general meeting. Mr Watson grows cotton in the Hillston Region and has been involved in the cotton industry since 2000 and is a member of the Hillston District Irrigators Association and the Lachlan River Customer Service Committee. Currently he is also a representative of the Lachlan Valley Water Users Association. He brings with him extensive industry and commercial expertise for the cotton and general agricultural industry. He was also recognised by the cotton industry by being the recipient of the 2014 Australian Cotton Grower of the Year Award. Mr Watson is a member of the Nominations and Remuneration Committee and the Safety Committee.

Stuart Boydell – Non-Executive Director – 72

Mr. Boydell joined the board of directors as a grower director in June 1994 and was chairman between December 1995 and August 2018. He was most recently re-elected at the 2017 general meeting. He has grown cotton on "Cooma" near Moree, NSW for over 20 years and is a member of the Nominations and Remuneration Committee, the Audit Committee and the Safety Committee.

Richard Anderson – Non-Executive Director – 73

OAM, B.Com, FCA, FCPA

Mr Anderson joined the Namoi Cotton Board in July 2001. He was re-elected at the 2016 general meeting. Mr Anderson previously held the position of managing partner of PricewaterhouseCoopers in Queensland. During the past three years Mr Anderson has held ASX listed company directorships at Data#3 Limited (current) and Lindsay Australia Ltd (current). He is also currently president of the Guide Dogs for the Blind Association of Queensland. Mr Anderson is the Chairman of the Audit Committee and a member of the Safety Committee.

Robert Green – Non-Executive Director – 62

B Bus (QAC), MAICD

Mr Green joined the Namoi Cotton Board in May 2013. He was re-elected at the 2016 general meeting. Mr Green has considerable board relevant experience working as a Senior Executive and General Manager in the Australian and International agricultural industry over many years. Key areas of experience include Business Management, Operations Management and Business Development. His most recent role was Chief executive Officer of Louis Dreyfus in Australia. Mr Green is Chairman of the Financial Risk Committee and the Safety Committee and a member of the Nominations and Remuneration Committee.

Glen Price – Non-Executive Director – 63

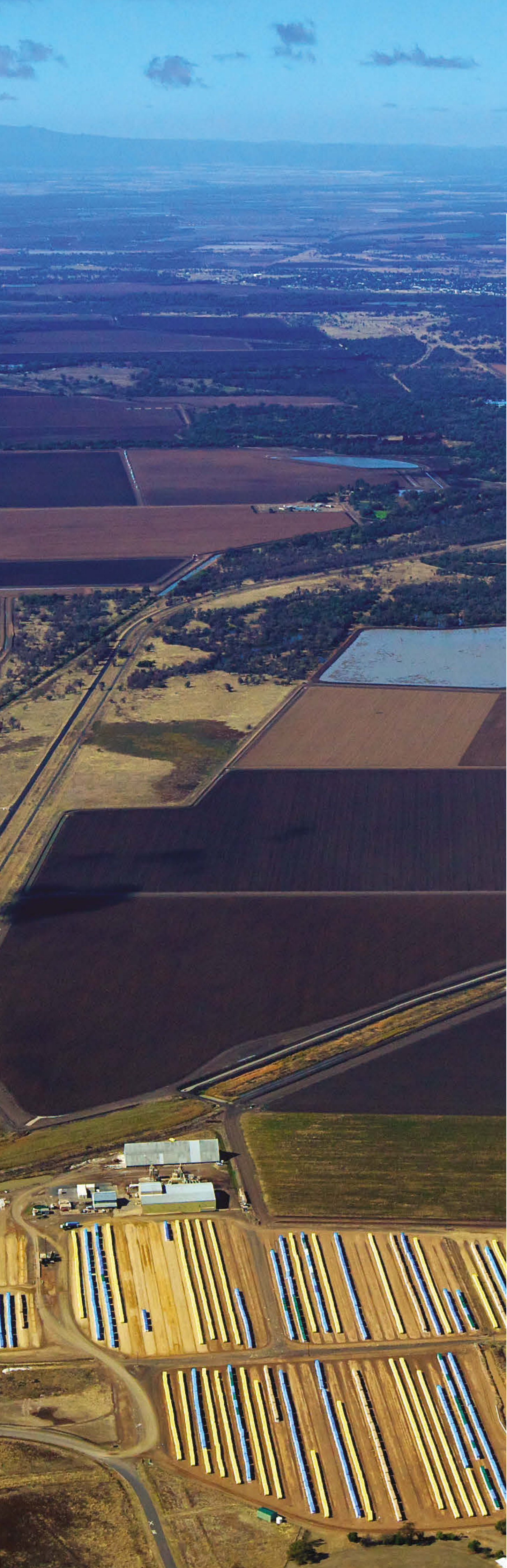
B Rural Science (Hons), GAICD

Mr Price joined the Namoi Cotton Board in July 2009 as a Grower Director. He was re-elected at the 2018 general meeting. Mr Price has previously grown cotton in the Mungindi region for 34 years and continues to grow cotton in the St George region and has done so for 28 years. Mr Price has been involved in the cotton industry since 1978. Mr Price is a member of the Mungindi Cotton Growers and Water Users Association and brings with him extensive industry and commercial expertise. Mr Price is a member of the Financial Risk Committee and the Safety Committee.

Joseph Di Leo – Non-Executive Director – 62

M.Bus.Acct. & Fin., FAICD

Mr Di Leo was appointed to the Board in June 2018 as a casual director appointment. He was elected at the 2018 general meeting. Mr Di Leo has an extensive career in agriculture and is a former Managing Director of Allied Mills Australia Pty Ltd. He is a former Chief Operating Officer of GrainCorp Limited, and previously held a number of senior roles in the rail freight sector. Mr Di Leo has also previously been a Non -Executive Director of the Port Kembla Port Corporation and Teys Australia Pty Ltd. He is currently the Chair of LUCRF Super. Mr Di Leo is a member of the Audit Committee, the Financial Risk Committee and the Safety Committee.



Juanita Hamparsum – Non-Executive Director – 48

B Bus (UTS), CA, FPCT, GAICD

Mrs Hamparsum was appointed to the Board in June 2018 as a casual director appointment. She was elected at the 2018 general meeting. She grows cotton and grains in the Upper Namoi region and has been involved in the cotton industry since 1998. Mrs Hamparsum has extensive financial, corporate governance, agricultural and natural resource management experience. She is a chartered accountant and currently a director and chair of board audit committee of Cotton Seed Distributors Ltd and Chair of Great Artesian Basin Coordinating Committee. Her former positions include chair of Cotton Innovation Network, director of Cotton Research and Development Corporation and Deputy Chair of Namoi Catchment Management Authority. Mrs Hamparsum is a member of the Audit Committee and the Safety Committee.

James Jackson – Non-Executive Director – 56

B.Com., FAICD

Mr Jackson was appointed to the Board in June 2018 as a casual director appointment. He was elected at the 2018 general meeting. He has more than 25 years' experience in capital markets and agribusiness, both in Australia and overseas. He held a Senior Vice President role with investment bank SG Warburg (now part of UBS) in New York. He was a director of MSF Sugar Limited from 2004 to 2012 and was Chairman from 2008 to 2012. He also served as the Deputy Chairman of Elders Limited (ASX: ELD) from 2014 to 2017, and is currently Chairman of Australian Rural Capital Limited, (ASX:ARC), an investment company focused on agriculture. Mr Jackson has experience and skills in capital markets, agricultural supply chains, financial risk management, the development and implementation of strategy and public company corporate governance. Mr Jackson is the Chairman of the Nominations and Remuneration Committee and a member of the Financial Risk Committee and the Safety Committee.

Michael Boyce – Non-Executive Director – 76

FCA, FAICD, B.Com., HDA

Mr Boyce resigned from the board on 24 April 2018.

EXECUTIVE MANAGEMENT TEAM

Bailey Garcha - Company Secretary / General Counsel

BLLB, BFA, GAICD, ACIS, FACIS

Bailey joined Namoi Cotton in 2003. He has previously held legal and corporate positions with Sparke Helmore Lawyers, Minter Ellison Lawyers and the New South Wales Treasury. His duties include major contract negotiations, management of litigation, ASIC and ASX compliance, insurance, superannuation, employment law management, joint venture, board and investor relations, corporate governance, internal legal advice, commercial law and management of transactions for Namoi Cotton. Bailey is involved in the implementation of commercial, corporate and operational projects for Namoi Cotton. Bailey brings over 20 years of legal, corporate and commercial experience to the senior management team.

Stuart Greenwood – Interim Acting CEO and Chief Financial Officer

B.FIN. Admin, CA

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

Alex Mehl – Chief Information Officer

BIS, MBA

Alex joined Namoi Cotton in 2018. He was previously responsible for the IT function of Golding, one of Queensland's largest civil and mining contractors. Alex has experience across a diverse range of sectors including resources, civil engineering, management consulting and financial services. Alex leads Namoi Cotton's digital business strategy and is charged with building technology capabilities that enhance Namoi Cotton's competitive advantage in all business operations. Alex brings nearly 20 years of experience delivering technology-enabled business results.

David Lindsay - General Manager Grower Services and Marketing

BAppSci, Dip Exp Man, MBA

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

Shane McGregor - Chief Operations Officer

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

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

NAMOI COTTON LIMITED

(Formerly Namoi Cotton Co-Operative Ltd)

ABN 76 010 485 588

CONSOLIDATED FINANCIAL REPORT

YEAR ENDED 28 FEBRUARY 2019

CONSOLIDATED FINANCIAL REPORT CONTENTS

Namoi Cotton Limited

Appendix 4E

The information contained in this report is for the full-year ended 28 February 2019 and the previous corresponding period, 28 February 2018.

RESULTS FOR ANNOUNCEMENT TO MARKET

	% Change		**$'000**
Revenues from ordinary activities	Up 41%	to	5,948
Profit/(Loss) from ordinary activities after tax attributable to members	Down 108%		(556)
Net profit/(loss) for the period attributable to members	Down 108%		(556)

Dividends (distributions)	Amount per Security	Unfranked Amount per Security
Final distribution - (Refer Note 6)	0.0 cent	0.0 cent
Interim distribution	-	-
Record date for determining entitlements to the final dividend	-	

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

Financial performance of the core ginning activities has been positive with a 25% improvement through a 20% increase in the 2018 Australian crop size. Namoi Cotton's ginning volumes increased by 18% and cottonseed trading volumes remained unchanged whilst Namoi Cotton Alliance's (NCA) lint procurement volumes increased by 28%. Namoi Cotton's seed trading business shipped and handled 260,000Mt (2017 crop: 266,000Mt), with a positive contribution recorded. Ginning margins recovered lost ground from the reduced productivity experienced the prior year as seed cotton quality improved significantly from that of the year prior. The contribution from NCA through improved volumes was impacted by finance costs due to delayed shipments of cotton lint and low packing volumes from adverse seasonal conditions. Packing volumes declined from the previous year primarily due to reduced chickpea plantings through drought conditions. The Cargill Oilseeds Australia ("COA") and Cargill Processing Limited ("CPL") joint venture impacted upon results with closure of the Narrabri crush facility occurring within the year.

For further explanation of the annual financial results please refer to the Review of Operations shown in Page 4 of this report.

Earnings per share	28 February 2019	28 February 2018
Basic earnings per ordinary security	(0.4 cents*)	5.3 cents*
Diluted earnings per ordinary security	(0.4 cents*)	4.7 cents*

Net tangible assets per security	28 February 2019	28 February 2018
Net tangible asset backing per ordinary security	93 cents*	103 cents*

* Adjusted for conversion of grower member shares and Namoi capital stock in prior period and conversion of Namoi capital stock in current period.

Associates and joint ventures - refer to notes 11 and 12 of the financial statements.

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

NAMOI COTTON Growing Together

DIRECTORS' REPORT

Financial report for the year ended 28 February 2019
Your directors present their report on the consolidated entity consisting of Namoi Cotton Limited and the entities it controlled at the end of or during the year ended 28 February 2019.

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

2018-2019 full year financial results
Namoi Cotton recorded a consolidated net loss after tax from continuing operations of $0.6 million for the full year ended 28 February 2019 (2018: a net profit of $6.8 million). Positive cash flows from operating activities were recorded at $21.0 million (2018: positive $17.3 million) which reflects a strong outcome from the core activity in cotton ginning and associated cottonseed trading business.

The key items impacting the profit before tax are presented in the table below:

	Consolidated	
	$'000	$'000
	28 Feb 2019	28 Feb 2018
Profit/(Loss) before Income Tax	124	9,674
Associates and Joint Ventures		
Net profit/(loss) from Namoi Cotton Alliance	(443)	511
Net profit/(loss) from NC Packing Services Pty Ltd	(639)	116
Net profit/(loss) from Cargill Oilseeds Australia	(3,058)	(1,515)
Net profit/(loss) from Cargill Processing Pty Ltd	(1,742)	137
Impairments		
Namoi Cotton's interest in Namoi Cotton Alliance	(3,563)	-
Fair Value adjustments		
Ginning property, plant and equipment	(2,018)	
Grower member shares	-	(712)
Corporate Restructure Costs	(454)	(1,595)
	(11,917)	(3,058)
Underlying Profit before tax	12,041	12,732

Financial performance of the core ginning activities has been positive with a 25% improvement through a 20% increase in the 2018 Australian crop size. Namoi Cotton's ginning volumes increased by 18% and cottonseed trading volumes remained unchanged whilst Namoi Cotton Alliance's (NCA) lint procurement volumes increased by 28%. Namoi Cotton's seed trading business shipped and handled 260,000Mt (2017 crop: 266,000Mt), with a positive contribution recorded. Ginning margins recovered lost ground from the reduced productivity experienced the prior year as seed cotton quality improved significantly from that of the year prior. The contribution from NCA through improved volumes was impacted by finance costs due to delayed shipments of cotton lint and low packing volumes from adverse seasonal conditions. Packing volumes declined from the previous year primarily due to reduced chickpea plantings through drought conditions. The Cargill Oilseeds Australia ("COA") and Cargill Processing Limited ("CPL") joint venture impacted upon results with closure of the Narrabri crush facility occurring within the year.

Namoi Cotton'scash flows from operating activities improved by $3.7 million to $21.0 million.

Net assets during the period have decreased by $1.9 million (2018: increased by $7.9 million) representing a net asset backing of $0.93 per ordinary share (2018: $1.03 per ordinary share).

Dividends
The directors have announced that Namoi Cotton will not pay a final dividend (2018: 1.9 cents per ordinary share). No interim dividend was declared in respect of ordinary shares (2018: nil).

Review of operations

A review of operations and results of the consolidated entity during the financial year is contained on pages 7 to 10 of this report.

Significant events after balance date

There have been no significant events after balance date other than as disclosed in Note 24 in this report.

Significant changes in the state of affairs

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

Directors

The names, qualifications and experience of the company's directors that held office throughout the financial year and up to the date of this report, are set out on pages 14 to 15.

Board & committee meeting attendance

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

		Committee Meetings[1]				
	Directors' Meetings[1]	Audit	MFRM [2]	Financial Risk	Safety	Nominations & Remuneration
T Watson (Chairman)	20	-	-	-	1	4
SC Boydell	22	4	2	-	1	3
RA Anderson	18	4	2	1	1	1
G Price	22	-	-	-	1	-
R Green	21	2	2	1	1	3
J Jackson [3]	16	-	1	1	1	3
J Hamparsum [3]	17	2	2	-	1	-
J Di Leo [3]	17	2	2	1	1	-
M Boyce (resigned 24 April 2018)	1	2	-	-	-	-
Total number of meetings held	22	4	2	1	1	4

[1] All board members were available to attend directors' meetings and relevant committee meetings. Prior to resigning M Boyce was available to attend 1 meeting of 2 Directors' meetings held.

[2] MFRM refers to the Marketing and Financial Risk Management Committee now called the Financial Risk Committee.

[3] Appointed Directors on 7 June 2018.

Committee membership

As at the date of this report, the company had an Audit Committee, Financial Risk Committee, Safety Committee and Nominations & Remuneration Committee. Set out below is the representatives for the various Committees.

Notes:

- 26 February 2019 the Marketing and Financial Risk Management Committee was changed to the Financial Risk Committee.
- 26 February 2019 a new Safety Committee was established.
- 22 October 2018 the Audit & Compliance Committee, changed its title to Audit Committee.

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

Audit	**Financial Risk**	**Nominations and Remuneration**	**Safety**
RA Anderson (Chairman)	R Green (Chairman)	J Jackson (Chairman)	R Green (Chairman)
J Di Leo	G Price	SC Boydell	SC Boydell
J Hamparsum	RA Anderson	T Watson	RA Anderson
SC Boydell	J Jackson	R Green	G Price
	J Di Leo		T Watson
R Green		RA Anderson	J Hamparsum
M Boyce	SC Boydell	M Boyce	J Jackson
			J Di Leo

Notes:
Mr R Green ceased being on the Audit Committee effective 28 August 2018
Mr R Anderson ceased to be on the Nominations and Remuneration Committee 28 August 2018
Mr SC Boydell ceased to be on the Financial Risk Committee effective 28 August 2018
Mr M Boyce resigned from the Board and Committees effective 24 April 2018.

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

Changes to KMP
The following changes in KMP occurred in the year ended 28 February 2019.

Non-Executive Directors
Michael Boyce resigned as a Non-Executive Director effective 24 April 2018.

James Jackson joined Namoi Cotton as Non-Executive Director effective 7 June 2018 (re-elected at the 2018 AGM).

Juanita Hamparsum joined Namoi Cotton as Non-Executive Director effective 7 June 2018 (re-elected at the 2018 AGM).

Joseph Di Leo joined Namoi Cotton as Non-Executive Director effective 7 June 2018 (re-elected at the 2018 AGM).

Tim Watson appointed Chairman 29 August 2018.

Stuart Boydell resigned as Chairman 29 August 2018.

Senior Executives
There has been one change to KMP in the period after the reporting date and prior to the date when this financial report was authorised for issue.

Jeremy Callachor, Chief Executive Officer, ceased employment with Namoi Cotton effective 8 March 2019.

Stuart Greenwood was appointed to the position of Interim Acting CEO effective from close of business 8 March 2019.

a) Details of Directors and Executives

Key Management Personnel for the 2019 Financial Year include the following persons:

Directors

Mr T J Watson	Chairman, non-executive
Mr S C Boydell	Director, non-executive
Mr R A Anderson	Director, non-executive
Mr G Price	Director, non-executive
Mr R Green	Director, non-executive
Mr J Jackson	Director, non-executive (appointed 7 June 2018)
Ms J Hamparsum	Director, non-executive (appointed 7 June 2018)
Mr J Di Leo	Director, non-executive (appointed 7 June 2018)
Mr M Boyce	Director, non-executive (resigned 24 April 2018)

Executives

Mr J Callachor	Chief Executive Officer (resigned 8 March 2019)
Mr S Greenwood	Chief Financial Officer (appointed Interim Acting CEO - 8 March 2019)
Mr D Lindsay	General Manager – Grower Services and Marketing
Mr B Garcha	General Counsel and Company Secretary
Mr S McGregor	Chief Operations Officer
Mr A Mehl	Chief Information Officer (appointed 28 May 2018)

b) **Compensation of KMP**

Compensation Policy
For Namoi Cotton the following principles in its compensation framework apply:
- Provide market competitive remuneration;
- Link executive rewards to company performance and to align with the interests of shareholders; and
- A portion of executive compensation is 'at risk', dependent upon the financial performance of the company and the individual executive meeting pre-determined performance benchmarks (individual key performance indicators KPI's);

Nominations and Remuneration Committee
The Nominations and Remuneration Committee of the Board of directors of Namoi Cotton is responsible for determining and reviewing compensation arrangements for all KMP, including the directors, the CEO and other members of the senior executive team.

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

In considering the impact of the Group's performance on shareholder wealth, the Directors have regard to various factors including the table of metrics detailed on page 30 – Group financial performance and position.

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

i) Non-executive Director Compensation

Objective
The board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors with the appropriate qualifications, experience and skills and compensate directors for the time required to exercise its duties as a director.

Structure
The Constitution for Namoi Cotton Limited provides for aggregate directors' fees of up to $850,000 per annum to be paid to Directors. For the 2019 financial year the aggregate directors' fees paid was $621,232.

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

Any director in office at 10 October 2017 who has or will serve two terms (6 years) is entitled to a retirement benefit equivalent to two year's remuneration based on their remuneration for the 2017-18 financial year.

The compensation of non-executive directors for the period ending 28 February 2019 is detailed on page 27 of this report.

ii) Executive Compensation

Objective
The company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the company in order to:

- reward executives for performance against targets set by reference to appropriate benchmarks;
- align the interests, actions and behaviors of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company to drive long term sustainable growth; and
- ensure total compensation is competitive by market standards and aligned to impact and accountability.

Structure
Employment agreements have been agreed with the Interim Acting CEO and other KMP. Details of these contracts are provided on page 25 to 26 of this report.

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

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

The Nominations and Remuneration Committee establishes the proportion of fixed and variable (potential STI) compensation for KMP.

Fixed Compensation

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

At the start of the 2019 Financial Year, as part of the annual company fixed remuneration review, the CEO and Senior Executive KMP had their remuneration reviewed. As part of this annual review Senior Executives received a fixed remuneration increase ranging from 1.5% to 1.7% and the CEO received a fixed remuneration increase of 5.5% effective from 12 June 2018. The increases were in line with standard consumer price index movements and on the basis the CEO had not been reviewed since 25 June 2013 for the fixed compensation of his contract of employment.

Effective from 8 March 2019, the fixed remuneration for Mr Stuart Greenwood, for the period in which he acts as Interim Acting CEO for the Company has increased by $100,000 per annum (pro-rata for lesser period) plus superannuation legislation requirements.

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

iii) Variable Compensation – STI

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

Structure
Actual STI payments depend on the achievement of specific operating targets set at the beginning of the financial year. The operational targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial measures of performance.

For the 2019 financial year the STI compensation included an 'at risk bonus' element or hurdle which constitutes forty percent of the executives' overall available STI compensation.

The remaining sixty percent of each executive's STI compensation was dependent upon the achievement of financial and non-financial individual KPI's in the 2019 financial year. The review of Executives KPI's, excluding the former CEO, was undertaken in March 2019. The financial and non-financial KPI's include but are not limited to critical operational, profit, safety and developmental targets.

KMP STI payments are ultimately subject to the discretion of the Nominations and Remuneration committee. However, when taking into account this discretion, the committee considers the above criteria in determining the appropriate allocation.

For the 2019 financial year 69% (2018: 78% amounting to $272,500) of the STI compensation (both components) was accrued in the financial statements which amount to $252,500. In March 2019 (excluding the former CEO) the board approved to pay 70.6% to 80% of the STI compensation for the KMP Executives, the total payment for Executive STI's (excluding the former CEO) for the 2019 financial year was $177,500.

iv) Employment Contracts

Major provisions of KMP employment agreements are set out below.

Mr Jeremy Callachor, Chief Executive Officer (resigned 8 March 2019)
- Term of agreement - open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2019 of $475,000 (28 February 2018: $450,000)
- Variable compensation, for the year ended 28 February 2019 of $75,000 (28 February 2018: $120,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 50% of annual commencing fixed compensation
- Payment of a termination benefit on termination equal to 50% of annual fixed compensation
- Period of notice to be given by employee or employer - 12 weeks
- As part of Mr Jeremy Callachor's resignation he was paid a severance payment of $578,470, which included statutory entitlements for annual leave and long service leave. This amount was paid on 8 March 2019.

Mr Stuart Greenwood, Chief Financial Officer (and Acting Interim CEO from 8 March 2019)

- Term of agreement – open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2019 of $271,000 (28 February 2018: $266,500)
- Variable compensation, for the year ended 28 February 2019 of $38,500 (28 February 2018: $37,500)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on termination equal to 50% of annual fixed compensation
- Period of notice to be given by employee or employer – 4 weeks
- As part of Mr Stuart Greenwood undertaking the role of Acting Interim CEO and Chief Financial Officer he will be paid $100,000 plus superannuation per annum on a pro-rata basis in addition to his base salary from 8 March 2019 during the interim period.

Mr Balhar Garcha, General Counsel and Company Secretary

- Term of agreement – open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2019 of $276,000 (28 February 2018: $271,500)
- Variable compensation, for the year ended 28 February 2019 of $35,000 (28 February 2018: $35,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on termination equal to 50% annual fixed compensation
- Period of notice to be given by employee or employer – 4 weeks

Mr David Lindsay, General Manager - Grower Services and Marketing

- Term of agreement – open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2019 of $297,000 (28 February 2018: $292,500)
- Variable compensation, for the year ended 28 February 2019 of $30,000 (28 February 2018: $30,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on termination equal to 50% of annual fixed compensation
- Period of notice to be given by employee or employer – 4 weeks

Mr Shane McGregor, Chief Operations Officer

- Term of Agreement - open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2019 of $304,610 (28 February 2018: $300,111)
- Variable compensation, for the year ended 28 February 2019 of $50,000 (28 February 2018: $50,000)
- Payment of a retention benefit in the event of takeover, acquisition or merger, equal to 1.1 times annual fixed compensation
- Payment of a termination benefit on termination equal to 50% of annual fixed compensation
- Period of notice to be given by employee or employer – 4 weeks

Mr Alex Mehl, Chief Information Officer (appointed 28 May 2018)

- Term of Agreement – open
- Fixed compensation, inclusive of superannuation, for the year ended 28 February 2019 of $260,000 (28 February 2018: $nil)
- Variable compensation, for the year ended 28 February 2019 of $24,000 prorated from date of appointment (28 February 2018: $nil)
- Period of notice to be given by employee or employer – 4 weeks

The table below sets out the remuneration paid or payable to the Directors, CEO and Senior Executive KMP for the financial year ended 28 February 2019:

v) Compensation of Key Management Personnel for the Year Ended 28 February 2019

	Short-term Employee benefits			Post-employment Benefits		Long-term Benefits			
	Salary & Fees	Cash Bonus	Annual Leave [2]	Superannuation	Retirement Benefits [1]	Long Service Leave [2]	Termination Benefits	Total	% Performance Related
Directors									
T Watson	90,577	-	-	8,605	3,500	-	-	**102,682**	-
RA Anderson	70,269	-	-	6,676	-	-	-	**76,945**	-
SC Boydell	90,115	-	-	8,561	-	-	-	**98,676**	-
M Boyce [3]	105,500	-	-	997	(95,000)	-	-	**11,497**	-
G Price	70,269	-	-	6,676	-	-	-	**76,945**	-
R Green	70,269	-	-	6,676	9,500	-	-	**86,445**	-
J Jackson	51,154	-	-	4,860	-	-	-	**56,014**	-
J Hamparsum	51,154	-	-	4,860	-	-	-	**56,014**	-
J Di Leo	51,154	-	-	4,860	-	-	-	**56,014**	-
Executives									
J Callachor [4]	464,954	75,000	2,137	22,480	-	4,548	-	**569,119**	16.8%
D Lindsay [2]	279,737	30,000	(3,485)	17,951	-	(252)	-	**323,951**	9.3%
B Garcha	259,944	35,000	19,766	18,667	-	6,831	-	**340,208**	10.3%
S Greenwood	253,819	38,500	7,551	19,108	-	7,925	-	**326,903**	11.8%
S McGregor [2]	293,795	50,000	6,270	22,006	-	(8,412)	-	**363,659**	13.7%
A Mehl [5]	180,822	24,000	7,167	17,917	-	-	-	**229,906**	10.4%
	2,383,532	**252,500**	**39,406**	**170,900**	**(82,000)**	**10,640**	**-**	**2,774,978**	

1. Movement in accrued retirement benefits for the year ended 28 February 2019.
2. Negatives relate to the taking of leave within the period greater than entitlements accrued during the period.
3. Resigned on 24 April 2018 and was paid previously accrued retirement benefits.
4. Resigned subsequent to year end on 8 March 2019.
5. Appointed 28 May 2019.

vi) Compensation of Key Management Personnel for the Year Ended 28 February 2018

	Short-term Employee benefits			Post-employment Benefits		Long-term Benefits			
	Salary & Fees	Cash Bonus [4]	Annual Leave [2]	Superannuation	Retirement Benefits [1]	Long Service Leave [2]	Termination Benefits	Total	% Performance Related
Directors									
SC Boydell	75,288	-	-	7,152	-	-	-	**82,440**	-
RA Anderson	60,231	-	-	5,722	-	-	-	**65,953**	-
M Boyce	47,683	-	-	4,530	-	-	-	**52,213**	-
B Coulton [3]	102,442	-	-	3,082	(70,000)	-	-	**35,524**	-
G Price	37,644	-	-	3,576	-	-	-	**41,220**	-
R Green	47,683	-	-	4,530	4,750	-	-	**56,963**	-
T Watson	35,135	-	-	3,338	10,500	-	-	**48,973**	-
Executives									
J Callachor	430,079	120,000	1,601	22,465	-	7,622	-	**581,767**	20.6%
D Lindsay [2]	272,592	30,000	(5,436)	21,010	-	5,181	-	**323,347**	9.3%
B Garcha [2]	255,866	35,000	(825)	16,993	-	6,024	-	**313,058**	11.2%
S Greenwood	251,511	37,500	9,108	16,637	-	4,173	-	**318,929**	11.8%
S McGregor [2]	288,521	50,000	7,377	23,238	-	(2,804)	-	**366,332**	13.6%
	1,904,675	**272,500**	**11,825**	**132,273**	**(54,750)**	**20,196**	**-**	**2,286,719**	

1. Movement in accrued retirement benefits for the year ended 28 February 2018.
2. Negatives relate to the taking of leave within the period greater than entitlements accrued during the period.
3. Resigned on 31 January 2018 and was paid previously accrued retirement benefits.
4. Includes Restructure bonus as per variable compensation disclosure in Directors' Report.

c) Shareholdings of KMP[1]

Year ended 28 February 2019	Balance held 1 March 2018 Ordinary Shares	Granted as Remuneration Ordinary Shares	On Exercise of Option Ordinary Shares	Net Change Other [2] Ordinary Shares	Balance held 28 February 2019 Ordinary Shares
Directors					
T Watson (Chairman)	707,629	-	-	-	707,629
SC Boydell	714,387	-	-	-	714,387
RA Anderson	-	-	-	-	-
M Boyce	775,272	-	-	(775,272)	-
G Price	690,300	-	-	-	690,300
R Green	-	-	-	-	-
J Jackson	-	-	-	13,471,111	13,471,111
J Hamparsum	-	-	-	158,504	158,504
J Di Leo	-	-	-	-	-
Executives					
J Callachor	4,000	-	-	-	4,000
D Lindsay	25,000	-	-	-	25,000
B Garcha	-	-	-	-	-
S Greenwood	6,000	-	-	-	6,000
S McGregor	2,000	-	-	-	2,000
A Mehl	-	-	-	-	-
	2,924,588	**-**	**-**	**12,854,343**	**15,778,931**

[1] Includes ordinary shares that are held directly, indirectly and beneficially by KMP.
[2] Net Change Other includes shares held at appointment and retirement.

All shares above are held in the parent entity Namoi Cotton Limited.

All ordinary share transactions by the company with KMP are made through the ASX on normal commercial terms.

d) Loans to KMP

The following loans remain outstanding from KMP as part of the Employee Incentive Scheme that was suspended in August 2004 (refer to note 20 to the financials). The amounts owed by KMP at year end were D. Lindsay $2,630 (2018: $2,630). This amount was repaid subsequent to year end.

e) Marketing and ginning transactions and balances with KMP

Transactions with directors and their related parties were in accordance with the eligibility criteria to be appointed as a Grower Director. Grower directors are required to:

- have ginned at least 1,500 cotton bales in aggregate per cotton season at a Namoi Cotton gin in at least three out of the last five cotton seasons; and
- sell at least 50% of their seed cotton production at any Namoi Cotton gin in at least three out of the last five cotton seasons; or
- sell at least 50% of their seed cotton production which is grown within 100km of any Namoi Cotton gin at a Namoi Cotton gin in at least three out of the last five cotton seasons; and
- is the registered owner or lessee of cotton farming property which annually can plant a minimum of 150 hectares of seed cotton and is capable of producing 1,500 cotton bales in aggregate per cotton season to be ginned at a Namoi Cotton gin.

In accordance with that rule, directors entered into marketing contracts and ginning contracts with Namoi Cotton. Amounts paid/received or payable/receivable from/to directors and their respective related parties were as follows:

	Consolidated and Parent entity					
	Cotton Purchases		Ginning Charges Levied		Grain & Seed Purchases	
Name	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
	$	$	$	$	$	$
Mr T Watson	2,142,079	614,611	930,783	610,211	200,000	252,951
Mr SC Boydell	3,136,449	1,381,884	336,209	157,433	338,768	183,672
Mr G Price	2,117,930	2,915,452	243,596	353,515	202,452	452,466
Ms J Hamparsum	235,264	-	139,896	-	128,614	-
	7,631,722	**4,911,947**	**1,650,484**	**1,121,159**	**869,834**	**889,089**

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

- Marketing contracts require delivery of a quantity of lint cotton. The contract price per bale may be fixed in Australian or United States dollars, determined under a pool arrangement, set as a guaranteed minimum price or by way of basis fixations, cotton futures and foreign currency hedging. Price is adjusted for grade. Payment may be made by Namoi Cotton either within 14 days of ginning, or on a deferred schedule. The actual sales to spinning mills are made by the Namoi Cotton Alliance ("NCA") joint venture.
- Ginning contracts require the delivery of a quantity or acreage of seed cotton gin landed. The price is a fixed amount per bale. Payment is either effected by the grower as an offset against marketing proceeds, or collected from the marketing merchant in the case of contract ginning with Namoi Cotton.
- Seed contracts require the delivery of a quantity or acreage of seed gin landed. The price is a fixed amount per bale. Payment is either made by Namoi Cotton in conjunction with marketing proceeds, or in conjunction with ginning costs in the case of contract ginning with Namoi Cotton. Growers have the option of retaining their seed for a handling fee.

f) Other transactions with KMP

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

- Buybacks of marketing contracts as a result of production shortfalls;
- Currency, cotton futures, options and brokerage costs, losses and profits charged or credited directly to the account of the director;
- Purchase of grower supplies;
- Costs associated with the provision of crop finance;
- Grower member share fixed capital entitlement in aggregate $nil (2018: $nil).
- Cotton seed sales; and
- Travel expense reimbursements.

g) Compensation Options

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

h) **Group financial performance and position**
The following table highlights key components of the group's financial performance for the last 5 years.

	2019	2018	2017	2016	2015
Earnings per CCU (cents)			0.2	5.7	(0.1)
Distribution per CCU (cents) [1]			-	0.5	-
CCU/share price at year end (cents)			49.0	34.0	31.0
CCU buyback average (cents)			N/a	N/a	N/a
Earnings per Ordinary Share (diluted)	(0.4)	4.7			
Dividend per Ordinary Share (cents/share) [1]	1.9	-			
Share price at year end (cents)	40.0	53.0			
Net assets ($m)	132.4	131.8	123.8	124.6	118.8
Net assets per CCU (cents)			112.7	112.5	113.4
Net assets per ordinary share (cents) - basic [2]	99.0	103.4			
Net assets per ordinary share (cents) - diluted [3]	92.8	92.4			

[1] Represents amounts paid during the financial year (refer note 6).
[2] Ordinary shares on issue at balance date. Calculated retrospectively for 2017 (127.4m).
[3] Diluted for conversion of residual capital stock to ordinary shares. Calculated retrospectively for 2017 (142.7m).

End of Remuneration Report

Directors' interests in ordinary shares of the company
As at the date of this report, the interest of the directors and their related parties in the ordinary shares of the company were as set out on page 28.

Environmental performance & regulation
The directors regularly review the business activities of the company to ensure it operates within the environmental laws established by regulatory authorities.

Indemnification and insurance of directors and officers
Under the Constitution, every person who is or has been a director of the company is indemnified, to the maximum extent permitted by law, out of the property of the company against any liability to another person (other than the company) as such a director unless the liability arises out of conduct involving any negligence, default, breach of duty or breach of trust of which that person may be guilty in relation to the company.

During the financial year, Namoi Cotton has paid a premium in respect of a contract providing insurance for every person who is or has been a director or officer against losses arising from any actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach of warranty of authority, or other act done or wrongfully attempted, or any liability asserted against them solely because of their status as directors or officers of the economic entity. Disclosure of the premium paid is not permitted under the terms of the insurance contract.

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

Risk management
The board includes a Financial Risk Committee, which identifies and monitors the company's risk profile on a timely basis in addition to reviewing management of portfolio exposures. The Financial Risk Committee ensures Namoi Cotton's financial and risk management policies are aligned to its corporate philosophies and principles. The Financial Risk Committee regularly reports to the full board.

Namoi Cotton Limited

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

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

The Audit Committee oversees the audit function and to ensure compliance with risk management policies and the development of a risk register to identify and monitor potential risks of the company.

The Safety Committee is tasked with monitoring workplace health, safety and environment risks identified as part of the risk register.

Corporate governance
In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Namoi Cotton support and have complied with the principles of corporate governance. The company's corporate governance statement is to be published in the 2019 Annual Report due in June 2019 and is also available on Namoi Cotton's public website at www.namoicotton.com.au

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

Auditor's independence declaration
The auditor's independence declaration is included on page 32 of the financial report.

Rounding
The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars (where rounding is applicable) in accordance with ASIC Corporations (Rounding in Financial Directors Reports) Instrument 2016/191. The company is an entity to which this legislative instrument applies.

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

On behalf of the board

Tim Watson
Director
Brisbane
30 April 2019

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Auditor's independence declaration to the directors of Namoi Cotton Limited

As lead auditor for the audit of the financial report of Namoi Cotton Limited for the financial year ended 28 February 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Namoi Cotton Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

P McLuskie

Paula McLuskie
Partner
30 April 2019

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Independent auditor's report to the members of Namoi Cotton Limited report on the audit of the financial report

Opinion

We have audited the financial report of Namoi Cotton Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- the Group consolidated and Company statements of financial position as at 28 February 2019;
- the Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- notes to the financial statements, including a summary of significant accounting policies; and
- the directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's and the Group's financial position as at 28 February 2019 and of their financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. **Fair value of ginning assets**

Why significant	How our audit addressed the key audit matter
The Company and the Group measure ginning infrastructure assets ("ginning assets") at fair value as disclosed in Note 1(n) to the financial statements. Ginning assets represent 57.1% of total assets of the Company and 55.6% of total assets of the Group. The Group uses an internally generated discounted cash flow model to determine the fair value of the ginning assets supported by periodic valuations conducted by external experts on a three-year rolling basis. The Group commissioned an independent valuation of ginning assets to provide external support for the assessment of fair value as at 28 February 2019. The valuation of the ginning assets at fair value is highly dependent on estimates and assumptions, such as sustainable bales, discount rates, market knowledge, bale contributions and revenue growth rates. The assumptions relating to the valuations are disclosed in Note 15 and Policy Note 1(n). Given the quantum and complexity of the valuation of ginning assets and the level of the disclosures relating to the assumptions used in the valuation, this was determined to be a key audit matter.	Our audit procedures included the following: ► Evaluated the input assumptions and estimates made by the Group in applying its valuation methodology including sustainable bales and earnings against average production and earnings over the previous six years (covering a broad spread of high and low production seasons) to take into account the seasonal variations and considered any changes or lack of changes in other assumptions or estimates since the prior year including growth rates and discount rates; ► Examined the independent valuation obtained in the current year and evaluated the competence, capabilities and objectivity of the external valuation expert and evaluated the appropriateness of the external expert's work; ► Involved our valuation specialists to assist in assessing the modelling used by the Group to support its valuation, by evaluating the model calculation methodology and discount rates used; and ► Assessed the adequacy of the related financial report disclosures.

2. Investment in Namoi Cotton Alliance Joint Venture

Why significant	How our audit addressed the key audit matter
At 28 February 2019 the Group held a 51% stake in the Namoi Cotton Alliance joint venture ("NCA"). As explained in Note 1 to the financial statements, this investment was accounted for using the equity method of accounting in accordance with Australian Accounting Standards. An investment of $40.5m was recorded on the Group's consolidated balance sheet. This is reflected in the Company balance sheet in Trade and Other Receivables where a loan was made to a controlled entity which holds the interest in NCA. An equity accounted loss of $1.1m contributed to the financial performance of the Group. The Group also assesses the carrying amount of its equity accounted investment in NCA for impairment at each balance date. The Group's impairment assessment is based NCA's fair value less costs of disposal (FVLCD) and is determined with reference to a discounted cash flow forecast. The cash flow forecast is based on assumptions as to NCA's future operating and financial performance. These assumptions include judgements and estimates relating to growth rates, operational efficiency improvements, forecast market conditions and discount rates. The Group's impairment testing resulted in the recognition of an impairment loss of $3.6 million for the year ended 28 February 2019. The significant of the carrying amount of the Group's investment in NCA to its financial position, NCA's contribution to the Group's financial performance and judgements and estimates involved in impairment testing, mean this was a key audit matter. Details of the Group's investment in this joint venture are outlined in Note 11 to the consolidated financial statements.	Our audit procedures related to the carrying value of Namoi Cotton's investment in NCA and the equity accounted result included the following: ▶ Audited the financial statements of NCA for the year ending 28 February 2019 and issued a separate audit report to the participants of the joint venturer; ▶ In the context of the audit of the Company and the Group, we evaluated the scope of the NCA audit and the execution of audit procedures, significant areas of estimation and judgement and audit findings; ▶ Enquired of NCA management in relation to areas of judgement and movements in the balance sheet and income statement at year end and through to the date of this report; ▶ Considered the monthly results reported by NCA to the Group during the year; ▶ Recalculated the Group's share of the equity-accounted result with reference to the audited financial statements of NCA for the year ended 28 February 2019 and ensured these were correctly reflected in the carrying value of NCA; ▶ Involved our valuation specialist to test the mathematical accuracy of the impairment model, evaluate the appropriateness of the methodology used to measure FVLCD and assess the discount rate used; ▶ Assessed future cash flow assumptions through comparison with current trading performance, impact of new contractual arrangements, externally derived data (where applicable) and other evidence and enquiry with the Group in respect of key growth and trading assumptions; and ▶ Assessed the adequacy of the related financial report disclosures.

3. AASB 9 *Financial instruments* and AASB 15 *Revenue from contracts with customers* transition disclosure adjustments relating to commodity contracts

Why significant	How our audit addressed the key audit matter
The transition disclosure adjustments recorded in respect of the initial application of AASB 9 *Financial instruments* and AASB 15 *Revenue from contracts with customers* during the period was a key audit matter because of the significance of the impact on the disclosure of income from commodity contracts designated as derivatives in the Statement of profit and loss and other comprehensive income. Details of the Group's transition adjustments are outlined in Note 1(a) to the consolidated financial statements.	Our audit procedures included the following: ▶ Assessed the Group and Company's processes and controls to determining the impact of the transition to AASB 9 and AASB 15; ▶ We reviewed the Group's assessment of the exclusion of commodity contracts from AASB 15 and application of the requirements of AASB 9 and conclusions reached, with respect to revenue recognition; ▶ Assessed the transition adjustments recorded were compliant with the requirements of AASB 9 and AASB 15; and ▶ Assessed the adequacy of the related financial report disclosures.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *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.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Building a better working world

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 22 to 30 of the directors' report for the year ended 28 February 2019.

In our opinion, the Remuneration Report of Namoi Cotton Limited for the year ended 28 February 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

P McLuskie

Paula McLuskie
Partner
Brisbane
30 April 2019

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Namoi Cotton Limited, I state that:

In the opinion of the directors:

a) the financial statement, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the company's and consolidated entity's financial position as at 28 February 2019 and of their performance for the year ended on that date; and

   ii) complying with Accounting Standards and *Corporations Regulations 2001*;

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a);

c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 28 February 2019.

On behalf of the board

T WATSON
Director
Brisbane
30 April 2019

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2019

		Consolidated $'000		Parent $'000	
	Note	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Revenue from customers	2a	5,350	3,588	3,089	3,362
Revenue - other	2a	598	617	610	616
Revenue		5,948	4,205	3,699	3,978
Trading margin gains	2a	83,534	79,535	83,534	79,535
Other income/(loss)	2b	-	480	-	480
Share of profit/(loss) of associates and joint ventures	11	(5,882)	(697)	-	54
Processing and distribution costs		(22,891)	(22,612)	(22,794)	(22,583)
Employee benefits expense	2c	(28,046)	(25,618)	(27,300)	(25,604)
Depreciation		(9,278)	(7,949)	(9,197)	(7,942)
Fair value decrement - ginning assets	15	(2,018)	-	(2,018)	-
Impairment - joint venture	11	(3,563)	-	-	-
Finance costs	2d	(2,180)	(2,558)	(2,227)	(2,586)
Other expenses	2e	(15,500)	(15,112)	(14,802)	(15,037)
Profit/(loss) before income tax		**124**	**9,674**	**8,895**	**10,295**
Income tax (expense)/benefit	3	(680)	(2,905)	(2,692)	(3,158)
Profit/(loss) attributable to the members of Namoi Cotton Limited		**(556)**	**6,769**	**6,203**	**7,137**
Other comprehensive income items that will not be reclassified subsequently to profit and loss:					
Increment/(decrement) to asset revaluation reserve (net of tax)		1,258	-	1,258	-
Profit/(loss) and other comprehensive income attributable to the members of Namoi Cotton Limited		**702**	**6,769**	**7,461**	**7,137**

		Cents	
	Note	28 Feb 2019	28 Feb 2018
Earnings per ordinary share			
Basic earnings per share	5	(0.4)	5.3
Diluted earnings per share	5	(0.4)	4.7

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

BALANCE SHEET

as at 28 February 2019

		Consolidated $'000		Parent $'000	
	Note	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Current assets					
Cash and cash equivalents	7	5,827	1,493	5,541	1,352
Trade and other receivables	8	3,974	4,012	4,757	5,372
Inventories	9	10,048	9,521	10,014	9,506
Prepayments		304	1,292	298	1,289
Derivative financial instruments	10	18,796	41,608	7,773	8,493
Total current assets		**38,949**	**57,926**	**28,383**	**26,012**
Non-current assets					
Trade and other receivables	8	-	-	41,820	41,820
Available-for-sale financial assets	24	-	-	1,380	1,380
Investments in associates and joint ventures	11	36,851	43,239	-	-
Intangibles	14	961	961	-	-
Property, plant and equipment	15	138,290	139,082	137,774	138,492
Total non-current assets		**176,102**	**183,282**	**180,974**	**181,692**
Total assets		**215,051**	**241,208**	**209,357**	**207,704**
Current liabilities					
Trade and other payables	16	13,226	10,115	23,091	23,073
Interest bearing liabilities	17	1,061	6,776	1,061	6,776
Provisions	18	2,964	2,791	2,961	2,707
Derivative financial instruments	10	18,261	41,671	7,238	8,556
Total current liabilities		**35,512**	**61,353**	**34,351**	**41,112**
Non-current liabilities					
Interest bearing liabilities	17	43,630	43,226	45,679	45,275
Provisions	18	831	874	822	865
Deferred tax liabilities (net)	3	5,259	3,999	6,783	3,553
Total non-current liabilities		**49,720**	**48,099**	**53,284**	**49,693**
Total liabilities		**85,232**	**109,452**	**87,635**	**90,805**
NET ASSETS		**129,819**	**131,756**	**121,722**	**116,899**
Equity					
Parent entity interest					
Contributed equity	19	37,639	37,639	37,639	37,639
Reserves	20	67,721	66,463	67,721	66,463
Retained earnings		24,459	27,654	16,362	12,797
Total parent entity interest in equity		**129,819**	**131,756**	**121,722**	**116,899**
TOTAL EQUITY		**129,819**	**131,756**	**121,722**	**116,899**

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

NAMOI COTTON Growing Together

STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

	Note	Consolidated $'000 28 Feb 2019	Consolidated $'000 28 Feb 2018	Parent $'000 28 Feb 2019	Parent $'000 28 Feb 2018
Cash flows from operating activities					
Receipts from customers		679,779	534,688	677,479	534,275
Currency derivative flows		(371)	761	(370)	765
Payments to suppliers and employees		(102,723)	(101,309)	(100,601)	(100,778)
Payments to growers		(553,524)	(414,420)	(553,464)	(414,402)
Interest received		44	23	56	23
Borrowing costs		(2,176)	(2,426)	(2,223)	(2,453)
Net cash inflow from operating activities	7b	**21,029**	**17,317**	**20,877**	**17,430**
Cash flows from investing activities					
Payments for property, plant and equipment		(7,611)	(5,451)	(7,604)	(5,365)
Proceeds from sale of property, plant and equipment		653	203	653	203
Purchase of business and JV assets (net of cash acquired)		-	(1,701)	-	(1,916)
Loans advanced		(43)	(18)	(43)	(17)
Proceeds from loans receivable		61	14	61	13
Net cash outflow from investing activities		**(6,940)**	**(6,953)**	**(6,933)**	**(7,082)**
Cash flows from financing activities					
Proceeds from borrowings		5,557	10,553	5,557	10,553
Repayment of borrowings		(11,548)	(19,539)	(11,548)	(19,539)
Loans advanced to growers		(1,048)	(360)	(1,048)	(360)
Proceeds from repayment of grower loans		1,048	360	1,048	360
Repayment of finance lease and hire purchase		(1,108)	(1,340)	(1,108)	(1,344)
Dividends paid		(2,638)	-	(2,638)	-
Net cash inflow from financing activities	7c	**(9,737)**	**(10,326)**	**(9,737)**	**(10,330)**
Net increase in cash		4,352	38	4,207	18
Add cash at the beginning of the financial year		1,475	1,437	1,334	1,316
Cash at end of the financial year	7a	**5,827**	**1,475**	**5,541**	**1,334**

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

Consolidated $'000	Issued Capital [1]	CCU Premium Reserve	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2018	37,639	-	66,463	27,653	131,755
Net profit for the period	-	-	-	(556)	(556)
Other comprehensive income	-	-	1,258	-	1,258
	-	-	1,258	(556)	702
Equity dividends	-	-	-	(2,638)	(2,638)
Total equity at 28 February 2019	**37,639**	**-**	**67,721**	**24,459**	**129,819**

Parent $'000	Issued Capital [1]	CCU Premium Reserve	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2018	37,639	-	66,463	12,797	116,899
Net profit for the period	-	-	-	6,203	6,203
Other comprehensive income	-	-	1,258	-	1,258
	-	-	1,258	6,203	7,461
Equity dividends	-	-	-	(2,638)	(2,638)
Total equity at 28 February 2019	**37,639**	**-**	**67,721**	**16,362**	**121,722**

Consolidated $'000	Issued Capital [1]	CCU Premium Reserve	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2017	1,098	35,382	66,463	20,884	123,828
Net profit for the period	-	-	-	6,769	6,769
Other comprehensive income	-	-	-	-	-
	-	-	-	6,769	6,769
CCU's converted to residual capital stock	(1,098)	(35,382)	-	-	(36,480)
Residual Capital Stock/Ordinary Shares	37,639	-	-	-	37,639
Equity dividends	-	-	-	-	-
Total equity at 28 February 2018	**37,639**	**-**	**66,463**	**27,653**	**131,756**

Parent $'000	Issued Capital [1]	CCU Premium Reserve	Asset Revaluation Reserve (Note 20)	Retained Earnings	Total Equity
Total equity at 1 March 2017	1,098	35,382	66,463	5,660	108,603
Net profit for the period	-	-	-	7,137	7,137
Other comprehensive income	-	-	-	-	-
	-	-	-	7,137	7,137
CCU's converted to residual capital stock	(1,098)	(35,382)	-	-	(36,480)
Residual Capital Stock/Ordinary Shares	37,639				37,639
Equity dividends	-	-	-	-	-
Total equity at 28 February 2018	**37,639**	**-**	**66,463**	**12,797**	**116,899**

[1] The shares of Namoi Cotton Limited have no par value.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Namoi Cotton Limited as an individual entity (under CO 10/654) and the consolidated entity consisting of Namoi Cotton Limited and its subsidiaries.

For the purposes of disclosure of events occurring after balance date the Directors have authorised this financial report for issue on 30 April 2019 in accordance with a resolution of the Board of Directors.

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

a) Basis of preparation

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

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

Deficiency of Current Assets to Current Liabilities
The Parent's current liabilities exceed current assets. The net current liability position is mainly caused by loans from controlled entities (refer to note 16).

At balance date Namoi Cotton completed execution of its 2019 finance facility renewal. The renewal included the extension of the working capital finance facility from April 2019 to April 2020 and other minor reporting obligations (refer to note 17).

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

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

- Determination of fair value on cotton seed inventory (refer to Note 1l and Note 27) and derivative financial instruments (refer to Note 1m and Note 10);
- Fair value of ginning assets (refer Note 1o and Note 15);
- Impairment testing of property plant and equipment (refer to Note 1o and Note 15);
- Classification of associates and joint ventures (refer to Note 1c and Note 11);
- Treatment of deferred tax balances including tax loss recognition (refer to Note 1h and Note 3); and
- Assessment of the useful lives of assets (refer to Note 1o)

New accounting standards and interpretations
New standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 March 2018 have been adopted by the Group. The adoption of these standards had no material financial impact on the current period or any prior period and is not likely to affect future periods.

- AASB 9 Financial Instruments effective 1 March 2018 (Refer to Note 1m);
- AASB 15 Revenue from Contracts with Customers effective 1 March 2018 (Refer to Note 1f);
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration;

As a result of the clarified scoping in AASB 15, Namoi has reassessed the classification of its contracts with suppliers and customers and has concluded its Ginning and Seed Contracts and Marketing Contracts to be in scope of AASB 9 in their entirety, with no components accounted for under AASB 15. Furthermore, since being entirely out of scope of AASB 15, instead of only changes in the fair value of financial assets and financial liabilities or their disposals being explicitly out of scope under AASB 118, the Group has retrospectively changed the presentation of income and expense from realised sales and purchases to reflect only the trading margin in the statement of profit or loss.

No changes were made in presentation of respective payables and receivables in the statement of financial position, with the exception of lint marketing contracts which have been grossed up in the balance sheet and retrospectively changed (refer note 10) since Namoi is still the one to bear the primary responsibility for meeting its contractual obligations and the contracts are negotiated and signed separately with different counterparties. Therefore, gross presentation in the statement of financial position is appropriate. Similarly, the presentation of cash inflows and outflows in the statement of cash flows remained unchanged since the criteria for net presentation under AASB 107 Cash flow statement are not met.

Please refer to the table below to illustrate the impacts on the statement of profit and loss (consolidated and parent):

	Consolidated			Consolidated		
	$'000	$'000	$'000	$'000	$'000	$'000
	Disclosure Under AASB 139 28 Feb 2019	Transition 28 Feb 2019	Disclosure Under AASB 9 28 Feb 2019	Disclosure Under AASB 139 28 Feb 2018	Transition 28 Feb 2018	Disclosure Under AASB 9 28 Feb 2018
Revenue from customers	72,854	(67,504)	5,350	60,183	(56,594)	3,588
Revenue - other	543,720	(543,122)	598	423,755	(423,139)	617
Revenue	616,574	(610,626)	5,948	483,938	(479,733)	4,205
Financial instrument gains/(losses)						
Currency derivatives	(342)	342	-	323	(323)	-
Purchase contracts	16,166	(16,166)	-	(22,614)	22,614	-
Sales contracts	(15,588)	15,588	-	22,548	(22,548)	-
Net financial instrument gains/(losses)	236	(236)	-	257	(257)	-
Other income/(loss)	-	-	-	480	-	480
Trading margin gains	-	83,534	83,534	-	79,535	79,535
Share of profit/(loss) of associates and joint ventures	(5,882)	-	(5,882)	(697)	-	(697)
Changes in inventories of finished goods	(474)	474	-	(734)	734	-
Raw materials and consumables used	(549,745)	549,745	-	(422,333)	422,333	-
Processing and distribution costs	-	(22,891)	(22,891)		(22,612)	(22,612)
Employee benefits expense	(28,046)	-	(28,046)	(25,618)	-	(25,618)
Depreciation	(9,278)	-	(9,278)	(7,949)	-	(7,949)
Fair value decrement - ginning assets	(2,018)	-	(2,018)	-	-	-
Impairment - joint venture	(3,563)	-	(3,563)	-	-	-
Finance costs	(2,180)	-	(2,180)	(2,558)	-	(2,558)
Other expenses	(15,500)	-	(15,500)	(15,112)	-	(15,112)
Profit/(loss) before income tax	**124**	-	**124**	**9,674**	-	**9,674**

	Parent			Parent		
	$'000	$'000	$'000	$'000	$'000	$'000
	Disclosure Under AASB 139 28 Feb 2019	Transition 28 Feb 2019	Disclosure Under AASB 9 28 Feb 2019	Disclosure Under AASB 139 28 Feb 2018	Transition 28 Feb 2018	Disclosure Under AASB 9 28 Feb 2018
Revenue from customers	70,593	(67,504)	3,089	59,956	(56,594)	3,362
Revenue - other	543,732	(543,122)	610	423,755	(423,139)	616
Revenue	614,325	(610,626)	3,699	483,711	(479,733)	3,978
Financial instrument gains/(losses)						
Currency derivatives	(342)	342	-	323	(323)	-
Purchase contracts	16,166	(16,166)	-	(22,614)	22,614	-
Sales contracts	(15,588)	15,588	-	22,548	(22,548)	-
Net financial instrument gains/(losses)	236	(236)	-	257	(257)	-
Other income/(loss)	-	-	-	480	-	480
Trading margin gains	-	83,534	83,534	-	79,535	79,535
Share of profit/(loss) of associates and joint ventures	-	-	-	54	-	54
Changes in inventories of finished goods	(608)	608	-	(734)	734	-
Raw materials and consumables used	(549,514)	549,514	-	(422,304)	422,304	-
Processing and distribution costs	-	(22,794)	(22,794)		(22,583)	(22,583)
Employee benefits expense	(27,300)	-	(27,300)	(25,604)	-	(25,604)
Depreciation	(9,197)	-	(9,197)	(7,942)	-	(7,942)
Fair value decrement - ginning assets	(2,018)	-	(2,018)	-	-	-
Impairment - joint venture	-	-	-	-	-	-
Finance costs	(2,227)	-	(2,227)	(2,586)	-	(2,586)
Other expenses	(14,802)	-	(14,802)	(15,037)	-	(15,037)
Profit/(loss) before income tax	**8,895**	-	**8,895**	**10,295**	-	**10,295**

Please also refer to the note 8 for the impact of the introduction of AASB 9 on intercompany receivables within the Parent.

Certain new accounting standards and interpretations have been published that are not mandatory for 28 February 2019 reporting periods and have not yet been applied in the consolidated Financial Statements. These new Standards are as follows and where appropriate commentary as to their likely impact has been included:

- AASB 16 Leases effective 1 March 2019 (Refer to Note 1i)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- AIP IFRS 3 Business Combination – Previously held Interests in a joint operation
- AIP IFRS 11 Joint Arrangements – Previously held interests in a joint operation
- AIP IAS 23 Borrowing Costs – Borrowing cost eligible for capitalization.

b) Seasonality of operations

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

The ginning segment takes delivery of cottonseed from growers largely in the first half of the year between March and August. Under Namoi Cotton's accounting policies, profits on cottonseed are recognised when delivery occurs.

The lint cotton marketing business is undertaken by the Namoi Cotton Alliance (NCA) associate. Namoi continues to purchase bales from growers which it on-sells to NCA. NCA normally takes delivery of lint cotton from Namoi in the first half of the year and under NCA's accounting policies, profits from this activity arise on receipt of the lint cotton. Namoi equity accounts for its share of the NCA joint venture net result (refer Note 11) which is reflected in the share of profits from joint ventures and associates in the Statement of Profit and Loss and Other Comprehensive Income.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Namoi and its subsidiaries as at 28 February 2019. Control is achieved when Namoi is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, Namoi controls an investee if and only if the group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When Namoi has less than a majority of the voting or similar rights of an investee, Namoi considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Namoi's voting rights and potential voting rights.

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Namoi loses control over a subsidiary, it:
- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if Namoi had directly disposed of the related assets or liabilities.

Investment in associates and joint ventures
An associate is an entity over which Namoi has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed

sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

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

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

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

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

Upon loss of significant influence over the associate or joint control over the joint venture, Namoi measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

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

d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

e) Foreign currency translation

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

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

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

f) Revenue from contracts with customers

The Group's core business is the provision of cotton ginning services to cotton farmers and participation in the marketing of the resultant cotton lint bales and cotton seed as products of the ginning process.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group apportions the transaction price to the separate performance obligations. The Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer where relevant.

Contract Balances
Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

g) Revenue recognition

Revenue from customers

Sale of Byproducts

The performance obligation is satisfied upon transfer of control under the terms of sale. This is a combination of delivered container terminal and ex-gin. Payment is due 30 days end of week from shipping.

Classing Revenue

Classing is the process of mechanically and visually inspecting cotton to determine grade characteristics.

Classing is provided to both related (NCA joint venture) and non-related cotton merchants and has been treated as revenue from contracts with customers under AASB15. The Group recognises revenue from classing services at the point in time.

The performance obligation is satisfied upon provision of results to the lint marketer or customer. Payment is due within 30 days of the date of issue of the classing invoice.

Revenue - other

Interest revenue

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

Dividend revenue

Dividend revenue is brought to account when the group's right to receive is established.

Rental revenue

Rental income is brought to account when received.

Trading margin

Ginning revenue

Ginning is the mechanical process of separating raw seed cotton into resultant lint cotton bales and cotton seed for cotton growers.

The Group provides ginning services that are bundled together with the purchase of cotton seed. As these contracts are accounted for under AASB 9 they are excluded from the treatment as a sale to a customer under AASB 15.

Sale of lint cotton

Sales revenue is brought to account when the terms of delivery under the sales contract have been satisfied. As lint sales between the Group and NCA (Associate) are accounted for under AASB 9 they are excluded from treatment as a sale to a customer under AASB 15.

There are no fair value adjustments required for forward lint cotton sales due to the contractual relationship between the Group and NCA.

Sale of cotton seed

Sales revenue is brought to account when the terms of delivery under the sales contract have been satisfied. As cotton seed sales (to feedlots, graziers, other traders and the COA Associate) are accounted for under AASB 9 they are not treated as a sale to a customer under AASB 15.

The fair value of forward cotton seed commodity sale contracts is determined with reference to prevailing prices at reporting date.

Derivatives

Derivatives including forward cotton seed commodity purchase and sale contracts and forward exchange contracts are stated at fair value with any gains or losses arising from changes in fair value taken directly to the statement of profit and loss and other comprehensive income.
The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

h) Taxes

Income Tax

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

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

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

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

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

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

Tax consolidation legislation

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

Goods and services tax (GST)

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

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

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

i) Leases

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

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

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

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

Adoption of AASB 16

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset).

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 also contains new disclosure requirements for lessees.

This standard applies to annual reporting periods beginning on or after 1 January 2019. The Group will adopt the standards from 1 March 2019 using the modified retrospective approach and will not restate comparative amounts for the period ended 28 February 2019.

A comprehensive analysis has been commenced of all current contracts within the Group to determine the eligibility to be classified as a lease under AASB 16. It is expected upon adoption of AASB 16 the impact of the new standard on the Group’s financial position will only be an increase in lease liabilities and a corresponding increase in property, plant and equipment for the right of use asset for the same amount. The amount of this adjustment has not yet been finalised. This will be unwound and amortised to the statement of comprehensive income over the remaining term of the leases or the useful life of the asset. The consolidated statement of comprehensive income will no longer include operating lease or rent expenditure but will be impacted by the recognition of interest and depreciation expense. The above has no cash effect to the Group and the changes are for financial reporting purposes only.

The Group has availed itself of the exemptions within AASB 16 paragraph 5 relating to short-term leases and leases for which the underlying asset is low value.

j) Cash and cash equivalents

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

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

k) Trade and other receivables

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

The simplified method is utilised to determine expected credit losses. In applying this method, the expected credit losses are calculated by reference to not only historical collection history but rely on forward estimations and the expected lifetime credit loss is recognised. The methodology applies to trade debtors, grower loans and certain intercompany balances which are eliminated within consolidated balances.

l) Inventories

Cotton seed
Cotton seed inventory is carried at fair value less costs to sell.

Fair value reflects the price at which an orderly transaction to settle same inventory in the principle (or most advantageous) market for that inventory would take place between market participants at the measurement date. Costs to sell incorporate anticipated future delivery costs, commissions and brokerage.

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

Operating supplies and spares
Operating supplies and spares are carried at the lower of cost and net realisable value.

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

m) Financial instruments

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 contains three principal classification categories for financial assets: Amortised Cost, Fair Value Through Other Comprehensive Income (FVOCI), and Fair Value Through Profit and Loss (FVTPL). The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivable.

Debt financial instruments are subsequently measured at amortised cost, FVOCI or FVTPL. The classification is based upon two criteria:
• The Group's business model for managing the assets;
• Whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding ('the SPPI criterion').
From 1 March 2017, the classification and measurement of the Group's financial assets are as follows:
• Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold financial assets to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Cash and cash equivalents and Trade & other receivables.
• Financial assets at FVTPL comprise derivative instruments. This category would also include debt instruments whose cash flow characteristics fail SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. This category includes the Group's Foreign exchange contracts, interest rate derivatives and also forward commodity purchase and sales contracts.

The assessment of the Group's business models was made as of the date of initial application, 1 March 2017, and then applied retrospectively to those financial assets that were not derecognised before 1 March 2017. The assessment of whether contractual cash flows on debt instruments met the SPPI criterion was made based on the facts and circumstances as at initial recognition of the assets.
The new classification requirements of the standard did not have any significant impact on the Group's existing financial assets, being cash and cash equivalents, trade and other receivables or derivative financial instruments.

At initial recognition, the Group measures a financial asset at its fair value. Measurement of cash and cash equivalents and trade and other receivables remain at amortised cost consistent with the comparative period. Purchases or sales of financial assets that require delivery of assets with a time frame established by regulation or market convention (regular trades) are recognised on the trade date i.e. the date that the group commits to purchase or sell the asset. AASB 9 requires financial liabilities to be measured on the same basis as AASB 139, with the only change being gains or losses on financial liabilities designated at inception to be measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139. All loans and borrowings are initially recognised at fair value, being the amount received less attributable transaction costs. After initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

The Group recognises gains or losses on financial liabilities, designated at inception to be measured at fair value, in profit or loss. The Group has had no material change in the credit risk of these financial liabilities during the period.

Trade and other payables are recognised for amounts to be paid for goods or services received. Trade payables are settled on terms aligned with the normal commercial terms.

n) Recoverable amounts of non-financial assets

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

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

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

o) Property, plant and equipment

Cost and valuation
Gin, warehouse, other infrastructure and major equipment assets are measured at fair value (refer to Note 1n) less accumulated depreciation and any impairments recognised after the date of revaluation. Valuations are performed frequently to ensure that the fair value of revalued assets does not differ materially from its carrying value.

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

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

Depreciation
Ginning infrastructure assets are depreciated on a units of production basis over their rolling estimated remaining useful lives of 20 years of sustainable bales (2018: 20 years). All other property, plant and equipment, other than freehold land, is depreciated on a straight-line basis at rates calculated to allocate the cost less estimated residual value at the end of the useful lives of the assets against revenue over their estimated useful lives.

Major depreciation rates are:

Ginning assets	20 years (2018: 20 years)
Other assets	3 to 44 years

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

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

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

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

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

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

p) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

q) Trade and other payables

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

r) Interest-bearing loans and borrowings

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

s) Provisions

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

t) Capital stock

On 10 October 2017 a Restructure was completed and capital stock were initially converted to residual capital stock and upon receipt of a valid conversion notice converted to ordinary shares. Refer Note 19.

u) Grower member share capital

On 10 October 2017 a Restructure was completed and capital stock and grower member shares were converted to ordinary shares. Refer Note 19.

v) Share-based payment transactions

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

w) Employee benefits

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

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

x) Finance costs

Finance costs are recognised as expenses in the periods in which they are incurred with the exception of interest rate derivatives recognised at fair value and the amortisation of ancillary costs incurred with the arrangement of borrowings, which are amortised over the period of the facility. Finance costs include:
- interest on bank overdrafts and short term and long-term borrowings using the effective interest method;
- fair value movements in interest rate derivatives.

y) Earnings per share

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

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

z) Segment reporting

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

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

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

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

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

aa) Fair value measurement

Namoi measures financial instruments, such as derivatives, at fair value at each balance sheet date and non-financial assets at revalued date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

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

The Directors present the valuation results to the Audit Committee and Namoi's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

bb) Cash Dividends

Namoi recognises a liability when the dividends are declared, determined or publicly recommended on or before the reporting date

cc) Rounding of amounts

This financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars (where rounding is applicable) in accordance with ASIC Corporations (Rounding in Financial Directors Reports) Instrument 2016/191. The company is an entity to which this legislative instrument applies.

dd) Changes to comparatives

Changes to comparative figures are made where there is a conflict with the current-year accounts.

2. Revenue and Expenses

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
a) Revenue				
i) Revenue from customers				
By type of goods or service				
Sale of byproducts	568	227	-	-
Classing services	1,693	-	-	-
Moss	3,085	3,089	3,085	3,089
Other	4	273	4	273
	5,350	**3,588**	**3,089**	**3,362**
ii) Other revenue				
Rental revenue	154	212	154	212
Other service revenue	400	381	400	381
Finance revenue	44	23	56	23
	598	**617**	**610**	**616**
Total revenue	**5,948**	**4,205**	**3,699**	**3,977**
iii) Trading margin gains				
Ginning services and seed sales	83,124	79,201	83,124	79,201
Lint Handling	410	335	410	335
	83,534	**79,535**	**83,534**	**79,535**
b) Other income				
Business combination revaluation gain[1]	-	480	-	480
	-	**480**	**-**	**480**
c) Employee benefits expense				
Salaries, wages, on-costs and other employee benefits	26,464	24,173	25,764	24,160
Defined contribution benefits expense	1,582	1,445	1,536	1,444
	28,046	**25,618**	**27,300**	**25,604**
d) Finance costs				
Interest on bank loans and overdrafts	2,142	2,465	2,189	2,493
Interest expense - interest rate derivatives	38	93	38	93
	2,180	**2,558**	**2,227**	**2,586**

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
e) Other expenses				
Maintenance	5,091	4,861	5,032	4,856
Net loss on disposal of property, plant and equipment	31	10	31	10
Insurance	910	714	876	711
Motor vehicle related	1,766	1,449	1,763	1,448
Consulting fees	1,159	644	1,114	640
Audit fees	292	260	291	260
Restructure costs 1				
Business travel	692	497	692	497
Minimum operating lease payments	564	571	449	561
Strategic restructuring-consulting [2]	454	2,307	454	2,307
Other	4,541	3,799	4,100	3,747
	15,500	**15,112**	**14,802**	**15,037**

[1] Gain on revaluation of existing associate investment in Australian Classing Services P/L prior to acquisition of the remaining 50%.

[2] Includes the engagement of external corporate, legal, accounting and taxation advisors in relation to the corporate restructure and fair value increment to grower member shares in the prior year (Refer Note 21).

3. Income Tax

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Statement of Comprehensive Income				
Accounting profit from continuing operations before income tax expense	124	9,674	8,895	10,295
At the Group's statutory income tax rate of 30% (2018: 30%)	37	2,902	2,669	3,089
Non-assessable income	-	(203)	-	(144)
Non-allowable expenditure	613	295	23	211
Tax loss incurred - not recognised	191	-	-	-
Filing differences	-	2	-	2
Tax losses previously not recognised [1]	(161)	(91)	-	-
Income tax expense/(benefit) recorded in the statement of comprehensive income	**680**	**2,905**	**2,692**	**3,158**

[1] Tax losses previously unrecognised for individual entities outside the tax consolidated group.

	Balance Sheet				Statement of Profit and Loss and Other Comprehensive Income			
	Consolidated $'000		Parent $'000		Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Deferred Tax Liabilities								
Accelerated depreciation for tax purposes and revaluations	(25,664)	(27,913)	(26,733)	(27,875)	2,249	619	1,986	845
Timing of Joint Venture and Investments Income recognition	155	(548)	(291)	(531)	702	349	126	(114)
	(25,509)	(28,461)	(27,024)	(28,406)	2,951	968	2,112	731
Deferred Tax Assets								
Deferred costs	551	649	551	639	(98)	229	1	90
Provisions and accruals	1,786	1,655	1,786	1,655	131	(3)	657	526
Other	-	-	-	-	-	-	-	-
Recognised losses available for offsetting against future taxable inco	17,913	22,118	17,904	22,560	4,205	4,084	9	(443)
	20,250	24,422	20,241	24,854	4,238	4,310	668	173
Net deferred tax assets/(liabilities)	(5,259)	(4,039)	(6,783)	(3,552)				
Deferred tax expense/(income)					7,189	5,278	2,780	904
Unrecognised deferred tax assets	-	20	-	-				
Unrecognised deferred tax liabilities	(44)	(47)	-	-				
Unrecognised tax losses	1,091	1,061	-	-				
Unrecognised net deferred tax assets	**1,047**	**1,034**	**-**	**-**				

	Consolidated $'000		Parent $'000	
Reconciliation of net deferred tax assets/(liabilities)	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Opening balance as of 1 March	**(4,040)**	**(1,135)**	**(3,552)**	**(394)**
Tax income/(expense) during the period recognised in profit or loss	(680)	(2,905)	(2,692)	(3,158)
Tax income/(expense) during the period recognised in other comprehensive income	(539)	-	(539)	-
Closing balance as at 28 February	**(5,259)**	**(4,040)**	**(6,783)**	**(3,552)**

[1] Tax losses recognised for individual entities in the tax consolidated group

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

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

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

4. Acquisitions

Two acquisitions arose from transactions settling within the previous financial year. The purchase price accounting for Australian Classing Services Pty Ltd and Moomin Ginning Company have been finalised with no significant changes.

a) Australian Classing Services Pty Ltd (“ACS”) – business combination

Namoi Cotton Limited acquired the remaining 50% interest in the shares of ACS taking its ownership interest to 100%. ACS is a company based in Australia which provides cotton classing services to the Australian cotton industry. The transaction was effected by a share transfer dated 6 February 2018 with cash consideration of $690,000 paid to the non-controlling shareholders.

b) Moomin Ginning Company (“MGC”)

Namoi Cotton Limited acquired an additional 25% interest in the MGC partnership taking its ownership interest to 75%. MGC owns and operates the cotton ginning facility at Merrywinebone via Rowena in north west New South Wales. The transaction was effected by a Joint Venture Participation Interest and Ginning Commitment Agreement which was executed on 22 December 2017 with a cash consideration of $2.0m paid on 25 January 2018.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the above transactions as at the effective date of the transactions were:

	ACS (100%) $'000	MGC (25%) $'000
Assets		
Cash at bank	214	774
Trade receivables	5	-
Inventory	15	-
Other current assets	15	-
Property, plant and equipment	512	2,057
Deferred tax asset	40	-
	801	**2,831**
Liabilities		
Trade creditors	(40)	(831)
Borrowings	(250)	-
Provisions	(92)	-
	(382)	**(831)**
Goodwill arising on acquisition	**961**	**-**
Total fair value	**1,380**	
Consideration paid		**2,000**

	ACS $'000
Carrying value of existing 50% interest	210
Revaluation gain on exisiting 50% investment	480
Existing investment at fair value	690
Consideration paid for remaining 50%	690
Fair value of 100% of ACS	1,380
Consideration paid net of 100% of cash acquired	476

No separately identifiable intangibles were identified and it is not expected that the goodwill will be deductible for income tax purposes. Transaction costs incurred of $53,528 were expensed into other expenses in prior year.

The contribution made to the group by the acquired business from the date of acquisition was:

	ACS $'000
Revenue	-
Profit/(Loss) after tax	(24)

The contribution made to the group by the acquired business had it been acquired from the beginning of the period (1 March 2017):

	ACS $'000
Revenue	712
Profit after tax	158

Analysis of cash flows on acquisition:

	ACS $'000
Net cash acquired with the acquisition	214
Cash paid	(690)
Net cash flow on acquisition	**(476)**

Impairment
The goodwill arising from the ACS business combination has been derived from applying the discounted cash flow method to the revenue stream from the continuing operation of the classing business. The carrying value and impairment assessment criteria are based upon:

- An assumed discount rate of 12.5%
- A ten-year cash flow period including a six times multiple allowed as a terminal value and
- Indexation of costs at 2.2% per annum and income at 1.65% per annum

Goodwill
For the purpose of impairment testing, goodwill is allocated to each of the consolidated entity's cash generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill is allocated represents the lowest level at which assets are monitored for internal management purposes.

Goodwill acquired through the business combination during the financial year was allocated to the ACS CGU which is part of the marketing segment.

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually (at year end) for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Intangibles
The recoverable amount of the ACS CGU has been determined based on the discounted earning technique being applied to revenue.

The calculation of fair value in use is most sensitive to the following assumptions (level three assumptions):
- Forecast Revenue;
- Discount rates; and
- Growth rates (revenue and expenses)

Based on these calculations, the recoverable amount is in excess of the carrying value of the ACS CGU and therefore, no impairment was recorded.

5. Earnings per Share

Basic earnings per share is calculated by dividing the consolidated net profit after tax for the year by the number of ordinary shares at year end.

The following reflects the income and equity data used in the basic and diluted earnings per share computations below the profit/(loss):

	Consolidated $'000	
	28 Feb 2019	**28 Feb 2018**
Consolidated Profit attributable to ordinary share holders of the parent	(556)	6,769
	No.	No.
Weighted number of Ordinary Shares for Basic EPS	137,044,276	127,427,307 [1]
Earnings per share - basic (cents)	(0.4)	5.3
Weighted number Unconverted residual Grower shares	5,609,331	15,226,300
Weighted average number of Ordinary Shares adjusted for the effect of Dillution	142,653,607	142,653,607 [1]
Earnings per share - diluted (cents)	(0.4)	4.7

[1] Retrospectively adjusted as if the restructure had occurred from the beginning of the period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

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

	Consolidated $'000	
	28 Feb 2019	28 Feb 2018
Distributions declared and paid during the year (unfranked)		
Interim distribution for the year ended 28 February 2019 of 0.0 cents per ordinary share (2018: 0.0 cents)	-	-
Final distribution for the year ended 28 February 2018 of 1.90 cents per ordinary share (2017: 0.0 cents)	2,638	-
Net distributions during the year	**2,638**	**-**

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Franking credits available for subsequent financial years based on a tax rate of 30% (2018: 30%)	-	530	-	530

Franking account credits have arisen from the acquisition of subsidiary (ACS) and the tax payable from its final return prior to entering the tax consolidated group.

7. Cash and Cash Equivalents

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
(a) Reconciliation to Statement of Cash Flows				
For the purposes of the Statement of Cash Flows, cash comprises the following items:				
Cash at bank and in hand	5,827	1,493	5,541	1,352
Bank Overdraft	-	(18)	-	(18)
	5,827	**1,475**	**5,541**	**1,334**
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax.				
Operating profit/(loss) after income tax	(556)	6,769	6,203	7,137
Adjustments for non-cash items:				
Depreciation	9,279	7,949	9,197	7,942
(Gain)/loss on sale of property, plant and equipment	31	10	31	10
Impairment	5,581	-	2,018	-
Foreign exchange (gain)/loss on finance leases	34	-	34	-
Provision for bad debts	(71)	67	(20)	20
Provision for employee benefits	189	731	211	730
Provision other	(60)	-	-	-
Fair value increment on revaluation of grower member shares	-	712	-	712
Revaluation gain on acquisition	-	(480)	-	(480)
Share of associates (profits)/losses	5,883	697	-	(54)
	20,866	**9,686**	**11,471**	**8,880**
Changes in operating assets and liabilities				
(Increase)/decrease in accounts receivable	4	751	528	1,058
(Increase)/decrease in inventories	(528)	(1,892)	(507)	(1,892)
(Increase)/decrease in other assets	989	(285)	992	(297)
(Increase)/decrease in derivatives	(598)	587	(599)	587
Increase/(decrease) in creditors	(58)	(1,086)	(93)	(1,083)
Increase/(decrease) in other liabilities	190	(118)	190	(118)
Increase/(decrease) in deferred tax asset	720	2,905	2,692	3,158
Net cash inflow/(outflow) from operating activities	**21,029**	**17,317**	**20,877**	**17,430**

(c) Disclosure of financing activities

	1 March 2018	Cash flows	Foreign exchange movement	New leases	Other	28 February 2019
	$'000	$'000	$'000	$'000	$'000	$'000
Current interest-bearing loans	6,000	(6,000)	-	-	-	-
Current obligations under finance leases	758	(1,108)	16	503	893	1,062
Current other borrowings	32	9	-	-	-	41
Non-current interest bearing loans	42,000	-	-	-	-	42,000
Non-current obligations under finance leases	1,226	-	19	1,278	(893)	1,630
Dividends paid	-	(2,638)	-	-	2,638	-
	50,016	(9,737)	35	1,781	2,638	44,733

	1 March 2017	Cash flows	Foreign exchange movement	New leases	Other	28 February 2018
	$'000	$'000	$'000	$'000	$'000	$'000
Current interest-bearing loans	15,000	(8,980)	-	-	(20)	6,000
Current obligations under finance leases	771	(774)	-	204	557	758
Current other borrowings	38	(6)	-	-	-	32
Non-current interest bearing loans	41,980	-	-	-	20	42,000
Non-current obligations under finance leases	1,350	(566)	-	999	(557)	1,226
	59,139	(10,326)	-	1,203	-	50,016

(d) Disclosure of non-cash financing and investing activities

(i) Equipment Finance Transactions
During the financial year, the consolidated entity acquired plant and equipment with an aggregate fair value of $1,780,525 (2018: $1,203,050) by means of finance leases.

(ii) Distribution Reinvestment Plan
No distributions were paid via the issue of units/shares in 2019 (2018: nil). Refer note 6 and note 20.

(e) Fair Value

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

8. Trade and Other Receivables

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Current				
Trade debtors[1]	3,012	4,030	2,967	3,949
Less: allowance for impairment loss	-	(71)	-	(20)
Trade debtors from an associate	930	4	930	4
	3,942	**3,963**	**3,897**	**3,933**
Loans to growers[2]	12	12	12	12
Less: allowance for impairment loss	-	-	-	-
	12	**12**	**12**	**12**
Loans to employees[3]	20	37	20	37
Loans to controlled entities[4]	-	-	828	1,390
	3,974	**4,012**	**4,757**	**5,372**
Non-current				
Loans to controlled entities[4]	-	-	41,820	41,820
	-	**-**	**41,820**	**41,820**

[1] Trade debtors arise from the following:
Domestic sales of white cotton seed, grain commodities and ginning by-products. These debtors are settled under a range of agreed payment terms. These debtors are non-interest bearing.

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

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

As at 28 February 2019 Namoi Cotton had committed $nil (2018: $nil) in credit term facilities to growers which had not been drawn.

[3] Loans to employees represent non-interest-bearing loans advanced under the Namoi Cotton employee incentive share plan (refer note 20) and other staff advances.

[4] Loans to controlled entities that are participants in joint ventures, are non-interest-bearing and are repayable from the proceeds generated by the joint venture. The fair value of these loans approximate their carry amounts due to the short-term maturities.

Expected Credit Losses
An impairment analysis is performed at each reporting date. The simplified method has been used to determine expected credit losses. In applying this method, the expected credit losses are calculated by reference to not only historical collection history but rely on forward estimations and the expected lifetime credit loss is recognised.

As part of the assessment required under AASB 9 the loan to the controlled entity Namoi Cotton Commodities Pty Ltd from the parent was considered using the expected credit loss model. A provision of $1,415,000 was taken at 1st March 2017 as an opening transition adjustment to retained earnings of the parent. This provision is eliminated on consolidation thus does not impact the consolidated balance sheet or profit and loss.

Individual receivables are written off only upon exhaustion of all means of recovery and only with Board approval. Expected credit losses have been recognised in the current year by the group of $nil (2018: $71,240) and the parent entity of $nil (2018: $19,685). These amounts were included in the other expenses item in the statement of profit and loss and other comprehensive income.

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
At 1 March 2018	71	5	20	-
Charge for the year	-	67	-	20
Amounts written off	(71)	-	(20)	-
Recoveries	-	-	-	-
At 28 February 2019	**-**	**71**	**-**	**20**

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

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Total outstanding	3,974	4,083	50,472	51,106
Unimpaired				
Within terms	3,783	3,759	50,320	50,905
Past Due 1 - 30 days	124	77	124	56
Past Due 31 - 60 days	48	15	9	15
Past Due 60+ days	19	161	19	110
Impaired				
Past Due 60+ days	-	71	-	20

Receivables past due but not considered impaired are: Group $190,819 (2018: $252,679); Parent $151,664 (2018: $180,677). Payment terms on these debts have not been renegotiated however discussions with the counterparties and/or receipts subsequent to reporting date reflect that payment will be received in full.

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

All receivables are carried at amortised cost. Details regarding foreign exchange and interest rate risk are disclosed in Note 27. The maximum exposure to credit risk is the carrying amount of the receivables less insurance recoverable.

9. Inventories

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Seed cotton and moss (at cost)	259	-	259	-
Cotton seed (at fair value less costs to sell)	326	1,077	326	1,077
Operating supplies and spares (at cost)	9,463	8,444	9,429	8,429
	10,048	**9,521**	**10,014**	**9,506**

Refer to Note 27 for further information relating to the valuation techniques for determining the fair value of Cotton Seed.

10. Derivative Financial Instruments

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Current assets				
Foreign exchange contracts	-	86	-	86
Cotton seed sale contracts	-	8,407	-	8,407
Cotton seed purchase contracts	7,773	-	7,773	-
Lint Cotton purchase contracts	11,023	33,115	-	-
	18,796	**41,608**	**7,773**	**8,493**
Current liabilities				
Foreign exchange contracts	-	111	-	111
Interest rate swap contracts	57	52	57	52
Cotton seed sale contracts	7,181	-	7,181	-
Cotton seed purchase contracts	-	8,393	-	8,393
Lint Cotton sales contracts - NCA	11,023	33,115	-	-
	18,261	**41,671**	**7,238**	**8,556**

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

Fair value of foreign exchange contracts are determined by comparing the contracted rate to the market rates for contracts with the same term to maturity. All movements in fair value are recognised in the profit within the statement of comprehensive income in the period they occur. The net fair value loss on foreign exchange contracts at year end was $nil for the group (2018: Loss $25,125) and $nil for the parent entity (2018: Loss $25,125).

Cotton lint purchase contracts are forward dated and deliverable contracts from growers. The fair value of cotton lint commodity contracts is determined by reference to market prices and foreign exchange rates. The fair value of the open cotton lint purchase contracts at year end was a derivative asset (unrealised gain) of $11,022,523 for the group (2018: Gain $33,115,381) and lint sales contracts are a derivative liability (unrealised loss) of $11,022,523 for the group as back-to-back sales contracts with NCA.

Cotton seed sales contracts are forward dated and deliverable contracts with customers. The fair value of cotton seed commodity contracts is determined by reference to market prices and foreign exchange rates. The fair value of the open cotton seed sale contracts at year end was a derivative liability (unrealised loss) of

$7,181,065 for the group (2018: Gain $8,406,942) and $7,181,065 for the parent entity (2018: Gain $8,406,942).

Cotton seed commodity purchase contracts are forward dated and deliverable contracts with cotton growers or brokers. The fair value of cotton seed commodity contracts is determined by reference to market prices and foreign exchange rates. The fair value of the open cotton seed purchase contracts at year end was a derivative asset (unrealised gain) of $7,773,102 for the group (2018: Loss $8,393,213) and $7,773,102 for the parent entity (2018: Loss $8,393,213).

Interest bearing loans of the group incurred an average variable interest rate of 3.2% (2018: 3.0%). Swaps in place at the comparative reporting date accounted for approximately 47.6% (2018: 41.7%) of the principal outstanding. The average fixed interest rates were 2.1% (2018: 2.1%) and the average variable rates were 1.65% (2018: 1.98%) at balance date. The net fair value loss on interest rate swaps was $91,270 (2018: $51,780).

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

		Consolidated $'000		Parent $'000	
		28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Investment in associates (material)	11d	1,820	3,562	-	-
Investment in joint ventures (material)	11e	36,514	40,521	-	-
Investment in joint ventures (non material)	11f	(1,483)	(844)	-	-
		36,851	**43,239**	**-**	**-**

(a) Ownership interest

Name	Balance Date	% Ownership interest held by consolidated entity	
		28 Feb 2019	28 Feb 2018
Investments in Associates			
Cargill Oilseeds Australia Partnership (COA)	31 May	**15%**	15%
Cargill Processing Ltd (CPL) [1]	31 May	**15%**	15%
Investments in Joint Ventures			
Namoi Cotton Alliance (NCA)	28 February	**51%**	51%
NC Packing Services Pty Ltd (NCPS) [1]	28 February	**51%**	51%

[1] Incorporated in Australia

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

- COA processes and markets cotton seed, canola and other oilseeds.
- CPL owns facilities used in the processing and marketing of cotton seed, canola and other oilseeds by COA.
- NCA markets Australian lint cotton and owns significant up-country warehousing and logistics facilities to support the marketing operations
- NCPS operates containerised commodity packing facilities primarily packing cottonseed, coarse grains and pulses.

NCA and NCPS are 51% owned, however, the two entities are jointly controlled due to the joint venture agreement terms in relation to committee decision making etc.

(c) Significant influence

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

	Consolidated $'000			
	28 Feb 2019		28 Feb 2018	
	COA	CPL	COA	CPL
(d) Material Investments in Associates				
(i) Associates results				
Revenue	257,525	17,327	315,085	24,441
Profit/(Loss)	(20,389)	(11,615)	(10,097)	911
Group share of associates profit/(loss)	**(3,058)**	**(1,742)**	**(1,515)**	**137**
(ii) Associates assets and liabilities:				
Current assets	30,619	1,339	55,935	5,703
Non-current assets	-	12,937	-	19,061
Current liabilities	(66,141)	(2,142)	(71,067)	(1,016)
Non-current liabilities	-	-	-	-
Associates net assets	**(35,522)**	**12,134**	**(15,133)**	**23,749**
Group share of associates net assets	**(5,328)**	**1,820**	**(2,270)**	**3,562**
(iii) Carrying amount of investments in associates:				
Balance at the beginning of the financial year	(2,270)	3,562	(755)	3,425
Distribution paid out of retained earnings	-	-	-	-
Share of associates profits/(losses) for the financial year	(3,058)	(1,742)	(1,515)	137
Carrying amount of investment in associates at the end of the financial year	**(5,328)**	**1,820**	**(2,270)**	**3,562**
Less liability transferred to accounts payable (Refer to Note 16)	5,328	-	2,270	-
	-	**1,820**	**-**	**3,562**
(iv) Share of contingent liabilities of associate:	-	-	-	-
(iv) Share of associates commitments:	-	-	-	-

The COA results have been negatively impacted by a challenging trading environment with rising cottonseed prices relative to forward sales values. In addition to these trading results CPL has mothballed the cottonseed crushing facility located at Narrabri, NSW owned by CPL and operated by COA. Therefore, in addition to the trading impacts COA/CPL period results have been further negatively impacted by the recognition of impairment losses in respect to this facility and its associated spare parts inventory and redundancy costs.

	Consolidated $'000	
	28 Feb 2019	28 Feb 2018
(e) Material Investments in Joint Ventures: NCA		
(i) Joint Venture results (for the period since inception)		
Revenue	517,268	365,467
Depreciation and Amortisation	(2,547)	(2,530)
Interest Expense	(4,526)	(1,468)
Interest Income	294	229
Profit/(loss) before income tax expense	(869)	1,001
Income tax expense[a]	-	-
Joint Venture net profit/(loss)	**(869)**	**1,001**
[a] The Joint Venture is a partnership for tax puposes accordingly is not a taxable entity		
Group share of joint venture net profit/(loss)	**(444)**	**511**
(ii) Joint venture assets and liabilities:		
Current assets		
Cash and cash equivalents	9,309	32,856
Other	78,583	57,838
Non-current assets	56,008	58,799
Current liabilities		
Financial liabilities	(45,851)	(64,330)
Other	(17,203)	(4,013)
Non-current liabilities		
Financial liabilities	(1,068)	(1,630)
Other	(1,194)	(67)
Joint Venture net assets	**78,584**	**79,453**
Group share of joint venture net assets	**40,077**	**40,521**
Less impairment	(3,563)	-
	36,514	**40,521**
(iii) Carrying amount of investments in joint ventures:		
Balance at the beginning of the financial year	40,521	40,010
Impairment of joint venture	(3,563)	-
Share of joint venture profits/(losses) for the financial year	(444)	511
Carrying amount of investments in joint ventures at the end of the financial year	**36,514**	**40,521**
(iv) Share of contingent liabilities of joint venture:	-	-
(v) Share of joint venture commitments:	-	-
(f) Share of Non Material Investments in joint venture entities: NCPS		
(i) Carrying amount of non materal investments in joint ventures:		
Balance at the beginning of the financial year	(844)	(960)
Non Material Joint Venture Results	(639)	116
Carrying amount of non material investments in joint ventures at the end of the financial year	**(1,483)**	**(844)**

NCA has been subject to an impairment test using the following key parameters. The business achieving market share between 18% and 20% of the Australian crop and the utilisation of a discount rate of 17%. No CPI has been applied to the revenue stream to Namoi Cotton Limited from NCA with costs incurred by NCL in servicing the joint venture incremented by 2.2% p.a. Based on these parameters a 10 year discounted cash flow forecast inclusive of an estimated terminal value, at a six times multiple, has been utilised to calculate the estimated value at 28 February 2019. As a consequence of this impairment test an impairment loss of $3.56m has been recognised in the current year.

12. Interest in Joint Operations

(a) Ownership interest

Name	Balance Date	% Ownership interest held by consolidated entity	
		28 Feb 2019	28 Feb 2018
Wathagar Ginning Company (WGC)	28 February	**50%**	50%
Moomin Ginning Company (MGC)	28 February	**75%**	75%

(b) Principal activities
The joint operations provide ginning services to cotton growers in the Gwydir valley located in NSW.

(c) Impairment
No assets employed in the jointly controlled operation were impaired during the year (2018: $nil).

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

13. Interest in Jointly Controlled Assets

Namoi Cotton holds a 40% joint ownership interest in the white cotton seed handling and storage facilities at Mungindi, NSW with a book carrying value of $2.19m at 28 February 2019 (2018: $2.22m).

Namoi Cotton pays for its proportion of the operating costs of the facility. There were no material contingent liabilities or capital expenditure commitments in respect of jointly controlled assets at balance date.

14. Intangible Assets

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Goodwill				
Written down value - 1 March 2018	961	-	-	-
Acquisition of a subsidiary	-	961	-	-
Written down value - 28 February 2019	**961**	**961**	**-**	**-**

The remaining 50% of shares in Australian Classing Services Pty Ltd were acquired effective 31 January 2018 valuing the company at $1.38m. Goodwill is carried at cost. No impairment of goodwill has been recorded for the year.

15. Property, Plant and Equipment

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Gin Assets				
Ginning infrastucture and major equipment				
at fair value	137,800	129,353	137,800	129,353
Provision for depreciation and impairment	(18,266)	(10,783)	(18,266)	(10,783)
	119,534	118,570	119,534	118,570
Revaluation to fair value	(914)	-	(914)	-
Closing written down value at fair value	118,620	118,570	118,620	118,570
Other ginning equipment				
Cost	9,878	14,040	9,878	14,040
Provision for depreciation and impairment	(5,151)	(5,081)	(5,151)	(5,081)
Closing written down value at cost	4,727	8,959	4,727	8,959
Net Gin Assets	**123,347**	**127,529**	**123,347**	**127,529**
Other Assets				
Other infrastucture and major equipment				
at fair value	6,402	6,353	6,402	6,353
Provision for depreciation and impairment	(739)	(487)	(739)	(487)
	5,663	5,866	5,663	5,866
Revaluation to fair value	692	-	692	-
Closing written down value at fair value	6,355	5,866	6,355	5,866
Other equipment				
Cost	12,051	10,568	10,917	9,426
Provision for depreciation and impairment	(9,004)	(8,173)	(8,381)	(7,621)
Closing written down value at cost	3,047	2,395	2,536	1,805
Net Other Assets	**9,402**	**8,261**	**8,891**	**7,671**
Capital work in progress ('CWIP') at cost	**5,541**	**3,292**	**5,536**	**3,292**
Total written down value at fair value	124,975	124,436	124,975	124,436
Total written down value at cost	13,315	14,646	12,799	14,056
Total written down value for property, plant & equipment	**138,290**	**139,082**	**137,774**	**138,492**

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

	Consolidated and Parent $'000		$'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Ginning infrastucture and major equipment	63,825	63,552	63,825	63,552
Other infrastucture and major equipment	4,287	3,638	4,287	3,638
	68,112	**67,190**	**68,112**	**67,190**

Revaluation of Ginning Assets

Effective 29 February 2012, the group changed its accounting policy for the measurement of ginning assets from deemed cost to fair value.

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

Effective 28 February 2019 an independent valuation of the ginning assets was commissioned by the Group to provide external support for the Directors assessment of fair value for financial reporting purposes. CBRE Australia (“CBRE”) were engaged for this purpose. The methodology applied by CBRE to value the ginning assets was an in-one-line discount rate of 14% (implied multiple of 7). Colliers (in 2016) utilised an earnings based multiple approach whereby a multiple of 6.5 was applied to the future maintainable EBITDA. An assessed sustainable EBITDA was multiplied by an appropriate earnings multiple derived from market sources. The external valuation obtained for the ginning assets was then used to support the results of a DCF model for the prior year. The directors continue to utilise this DCF method to determine the fair value of ginning assets. The internal valuation methodology applies a DCF methodology to a 10 year cash flow from earnings with a 6 year terminal yield. A discount rate of 15.4% resulted in the internal methodology and CBRE methodology producing the same result at that time.

The fair value measurement of ginning assets outlined above uses significant unobservable inputs and are classified as level 3 in the financial reporting fair value measurement hierarchy. Significant unobservable valuation inputs as at 28 February 2019 included:

- Sustainable bales. The average annual sustainable ginning bales have been included following a grower by grower assessment of production areas, seasonal rotation, estimated yields and reliability of contracting. The measure is inclusive of Namoi’s respective shares of throughputs of the joint venture cotton gins. The number being approximately a 29 % (2018: 29%) market share of an Australian sustainable crop size of 3.2 million bales (2018: 3.2 million bales) which also approximates the average number of bales achieved over the last 8 years, noting that individual seasons can fluctuate significantly dependent upon water availability;
- Growth rate - revenues 1.65% (2018 - 1.65%)
- Growth rate - expenses 2.20% (2018 - 2.20%)
- Pre-tax discount rate of 15.4% (2018 – 16.0 %)

Any significant increases/(decreases) in sustainable bales volumes, changes to EBITDA from ginning revenue per bale, or throughput rate (production cost impact) or changes to the discount rate, in isolation, would result in a significantly higher/(lower) fair value.

Based on the above fair value methodology there were a number of increments and decrements (reversals of previous increments) adjustments posted to the asset revaluation reserve at yearend. In addition, where a decrement was not covered by a previous increment the excess was posted to the profit and loss statement as a fair value decrement - ginning assets.

Impairment of Assets at Cost

Impairment losses are determined with reference to the items recoverable amount calculated as the greater of fair value less costs to sell or its value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying values exceed the estimated recoverable amount (refer to Note 1), the assets or cash-generating units are written down to their recoverable amount.

Reconciliations

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

Year Ended 28 February 2019 ($'000)	Gins	Other	CWIP
Consolidated and parent entity			
Written down value - 1 March 2018	127,529	8,261	3,292
Additions and Transfer to/(from) CWIP	5,409	1,734	2,249
Disposals	(675)	(9)	-
Depreciation[1]	(8,002)	(1,276)	-
Revaluation increments/(decrements)	(914)	692	-
Written down value - 28 February 2019	**123,347**	**9,402**	**5,541**

Year Ended 28 February 2018 ($'000)	Gins	Other	CWIP
Consolidated and parent entity			
Written down value - 1 March 2017	127,266	7,873	3,334
Acquisition of subsidiary	-	511	-
Additions and Transfer to/(from) CWIP	7,321	981	(42)
Disposals	(65)	(149)	-
Depreciation	(6,993)	(955)	-
Written down value - 28 February 2018	**127,529**	**8,261**	**3,292**

[1] Ginning infrastructure assets are depreciated on a units of production basis over their rolling estimated remaining useful lives of 20 years of sustainable bales.

16. Trade and Other Payables

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Current				
Trade creditors and accruals[1]	7,652	7,799	7,591	7,773
Grower deposits	41	32	41	32
Customer deposits	205	14	205	14
Liability for associate losses [2]	5,328	2,270	-	-
Loans from controlled entities	-	-	15,254	15,254
	13,226	**10,115**	**23,091**	**23,073**

[1] Trade and other payables are non-interest bearing and are settled under a variety of terms dependent upon the transaction arrangements and the counterparty. The carrying amount of trade and other payables approximates their fair value.
[2] The Cargill Oilseeds Australia Partnership Agreement provides for partners to contribute to partnership losses to the extent of our interest in the partnership (15%).

17. Interest Bearing Liabilities

The extent to which the economic entity's finance facilities provided by Commonwealth Bank of Australia (CBA) were utilised at 28 February 2019 is listed below.

	Facility Use - AUD $'000			
	Consolidated		Parent	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Current				
AUD Facility Use				
Short term	-	18	-	18
Working capital finance [1]	-	6,000	-	6,000
Term debt [2]	-	-	-	-
	-	6,018	-	6,018
Lease liability	1,061	758	1,061	758
	1,061	758	1,061	758
	1,061	**6,776**	**1,061**	**6,776**
Non Current				
Loans from controlled entities	-	-	2,049	2,049
Term debt [2]	42,000	42,000	42,000	42,000
Lease liability	1,630	1,226	1,630	1,226
	43,630	**43,226**	**45,679**	**45,275**
Total Current and Non-Current	**44,691**	**50,002**	**46,740**	**52,051**

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

[2] Term debt lines are utilised to fund capital projects relating to the plant, property and equipment of the business.

Other liabilities
Interest bearing liabilities are carried at amortised cost.

Hire purchase contracts on equipment have an average term of 2.0 years (2018: 2.2) with the average interest rate implicit in the contracts of 4.8% (2018: 4.7%).

Details of interest rate risk, foreign exchange risk and liquidity risk are disclosed in Note 28.

Facility limits
The seasonal finance facilities limit, excluding term debt, at 28 February 2019 was $12.5 million (2018: $12.5 million) including operating overdrafts.

At balance date CBA had provided Namoi Cotton with a secured $42.0 million (2018: $42.0 million) debt facility with core components maturing on 30 April 2021. Security is provided by a fixed and floating charge over the assets and undertakings of the group.

	Facility Limit - AUD $'000			
	Consolidated		**Parent**	
	28 Feb 2019	**28 Feb 2018**	**28 Feb 2019**	**28 Feb 2018**
AUD Facility Limit				
Short term	2,500	2,500	2,500	2,500
Working capital finance [3]	10,000	10,000	10,000	10,000
Term debt - A [1]	35,000	35,000	35,000	35,000
Term debt - B [2]	7,000	7,000	7,000	7,000
	54,500	**54,500**	**54,500**	**54,500**

Financing arrangements
The Eighth Variation Deed was executed on 28 February 2019 extending the facility end date of the working capital facility to 30 April 2020.

Finance renewal
Finance facility limits negotiated with CBA as per above:
[1]Committed term debt facility (non-amortising) - facility limit of AUD$35 million (2018: AUD$35 million) with a facility end date of 30 April 2021;
[2]Committed term debt facility (non-amortising) - facility limit of AUD$7.0 million (2018: AUD$7.0 million) with a facility end date of 30 April 2021; and
[3]Committed cotton seed, ginning consumables and general working capital needs under a multi option working capital facility (non-amortising) - facility limit of AUD$10 million (2018: AUD$10 million) with a facility end date of 30 April 2020.

With the exception of the maturity of the facilities, the terms and conditions are materially consistent with the previous facilities.

The group has agreed to certain financial covenants with CBA under the new finance facilities at what are considered appropriate levels to meet the needs of the business. Financial covenants under the previous agreements were complied with during the year.

The Directors at the date of this report expect the working capital facility will be renewed thereafter and at appropriate levels for FY 2020/21 operations.

18. Provisions

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Current				
Employee leave entitlements	2,511	2,235	2,508	2,226
Employee variable compensation	453	496	453	481
Provision for tax	-	60	-	-
	2,964	**2,791**	**2,961**	**2,707**
Non-current				
Employee leave entitlements	831	874	822	865
	831	**874**	**822**	**865**

19. Contributed Equity

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Ordinary Shares	**37,639**	**37,639**	**37,639**	**37,639**

	Consolidated and Parent No. '000		Consolidated and Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
1 cent Capital Stock (fully paid)				
Capital stock at the beginning of the financial year	-	109,843	-	1,098
Capital stock converted as part of restructure	-	(109,843)	-	(1,098)
Capital stock at the end of the financial year	**-**	**-**	**-**	**-**
1 cent Residual Capital Stock (fully paid)				
Residual capital stock at the beginning of the financial year	15,226	-	152	-
Grower member shares converted as part of restructure	-	32,810	-	328
Capital stock converted as part of restructure	-	109,843	-	1,098
Residual capital stock converted to ordinary shares	(12,669)	(127,427)	(127)	(1,274)
Residual capital stock at the end of the financial year	**2,558**	**15,226**	**26**	**152**
Ordinary Shares (fully paid)				
Ordinary shares at the beginning of the financial year	127,427	-	1,274	-
Residual capital stock converted to ordinary shares	12,669	127,427	127	1,274
Ordinary shares at the end of the financial year	**140,096**	**127,427**	**1,401**	**1,274**

NAMOI COTTON Growing Together

On 26 September 2017 Namoi Cotton Co-operative Ltd grower members and co-operative capital unit holders voted in favour of schemes of arrangement to convert the Co-operative (registered under the Co-operatives National Law) to a company limited by shares (registered under the Corporations Act).

The vote received final regulatory approval and became effective on 10 October 2017.

The Restructure also resulted in the grower member shares (previously recorded as a financial liability) being settled via the issuance of ordinary shares. In accordance with accounting standards, the financial liability was revalued to fair value prior to being settled with ordinary shares. The fair value of the grower member shares was determined to be $7.00 per share at the restructure date, by an Independent Expert. The increase in the carrying value of the grower member shares from $2.70 to $7.00 per share resulted in a fair value decrement to profit and loss of $0.712 million.

In the previous period the grower share liability of $1.16 million, co-operative capital unit premium reserve of $35.38 million and the contributed equity of $1.098 million were reclassified to share capital in accordance with the Restructure subsequent to 31 August 2017.

At balance date some 15.2 million Residual Capital Stock had not been converted to ordinary shares. Under the terms of the Restructure in October 2017 and the Constitution of Namoi Cotton Limited the redemption of Residual Capital Stock is permitted. The conditions of such redemption include that redemption cannot occur until the earlier of a minimum of 90% of Residual Capital Stock have being converted to Ordinary Shares or the 30th June 2018.

The number of residual capital stock available to redeem is expected to be immaterial given the redemption is at market price less a 10% discount, they are not entitled to any dividends, are non-transferrable and are not listed on the ASX. The Board has discretion in determining whether, and if so when, to redeem the outstanding residual capital stock.

Capital stock terms and conditions (previously):

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

Ordinary shares terms and conditions:

- Ordinary shareholders are entitled to dividends as declared by the directors;
- Each ordinary shareholder is entitled to one vote per one share;
- On winding up, ordinary shareholders are entitled to the proceeds from surplus assets.

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

Under the terms of the plan, employees are provided with an interest free loan to finance the issue price of the units. A minimum of 75% of the amount of all distributions paid in relation to units issued under the plan must be applied as a repayment of the loan. In any event, the loan must be repaid on the earlier to occur of termination of employment and 10 years. At the end of the financial year employee loans totalled $19,173 (2018: $24,411).

Units issued under the plan are placed in escrow until the later to occur of three years from issue and when the employee loan has been fully repaid. At the end of the financial year there were 97,000 residual capital stock (2018: 141,000 units) under escrow.

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

20. Nature and Purpose of Reserves

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of ginning assets and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

21. Segment Information

Identification of reportable segments

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

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

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

Types of products and services

Ginning
The ginning business operates 12 cotton gins (incorporating 2 joint venture gins, referred to in note 12) located in the key growing areas of NSW and Queensland. The ginning service provided to the growers during the production process includes the separation of lint cotton from seed and other foreign matter and the conversion of cotton in module form to bale form. Grower customers are also able to sell the white cotton seed by-product to Namoi Cotton or elect to retain their white cotton seed.

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

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

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

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

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

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

Business Segments **Year ended 28 February 2019**	**Ginning** **$'000**	**Marketing** **$'000**	**Commodities** **$'000**	**Unallocated** **$'000**	**Consolidated** **$'000**
Revenue	3,656	1,693	-	-	**5,349**
Other revenues	400	-	-	-	**400**
Total consolidated revenue	**4,056**	**1,693**	**-**	**-**	**5,749**
Non-segment revenues					
Interest revenue	-	-	-	44	**44**
Rental revenue	-	-	-	154	**154**
Trading margin gains	83,124	410	-	-	**83,534**
Results					
Profit/(loss) before tax and finance costs	19,189	(2,200)	266	(9,069)	**8,186**
Finance costs	(2,204)	-	47	(23)	**(2,180)**
Share of profit from associates	(4,800)	(1,082)	-	-	**(5,882)**
Net Profit before tax	**12,185**	**(3,282)**	**313**	**(9,092)**	**124**
Other segment information					
Depreciation	(10,570)	(132)	(137)	(457)	**(11,296)**

Included in the unallocated results for the period are:

Interest Revenue	44
Rental Revenue	154
Total Unallocated Revenue	**198**
Share of profit/(loss) of other associates	-
Employee benefits expense	(4,283)
Depreciation	(457)
Finance costs	(23)
Other corporate administrative expenses	(4,527)
Total Unallocated Result	**(9,092)**

Business Segments Year ended 28 February 2018	Ginning $'000	Marketing $'000	Commodities $'000	Unallocated $'000	Consolidated $'000
Revenue	3,588	-	-	-	**3,588**
Other revenues	381	-	-	-	**381**
Total consolidated revenue	**3,969**	**-**	**-**	**-**	**3,969**
Non-segment revenues					
Interest revenue	-	-	-	23	**23**
Rental revenue	-	-	-	212	**212**
Trading margin gains	79,201	335	-	-	**79,536**
Results					
Profit/(loss) before tax and finance costs	19,620	2,543	16	(9,250)	**12,929**
Finance costs	(2,540)	-	28	(46)	**(2,558)**
Share of profit from associates	(1,378)	681	-	-	**(697)**
Net Profit before tax	**15,702**	**3,224**	**44**	**(9,296)**	**9,674**
Other segment information					
Depreciation	(7,385)	(52)	(134)	(378)	**(7,949)**

Included in the unallocated results for the period are:

Interest Revenue	23
Rental Revenue	212
Total Unallocated Revenue	**235**
Share of profit/(loss) of associates	-
Employee benefits expense	(3,673)
Depreciation	(378)
Finance costs	(46)
Other corporate administrative expenses	(5,435)
Total Unallocated Result	**(9,297)**

Geographic Area

The economic entity operates in two separate geographic areas.

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

Geographic Areas Year ended 28 February 2019	Australia $'000	Asia $'000	Consolidated $'000
Revenue			
Sales	2,265	3,085	**5,350**
Other revenues	400	-	**400**
Total consolidated revenue	**2,665**	**3,085**	**5,750**

Geographic Areas Year ended 28 February 2018	Australia $'000	Asia $'000	Consolidated $'000
Revenue			
Sales	500	3,089	**3,589**
Other revenues	381	-	**381**
Total consolidated revenue	**881**	**3,089**	**3,970**

22. Commitments and Contingencies

Commitments for capital expenditure

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Property, plant and equipment				
Estimated capital expenditure contracted for at balance date but not provided for:				
Payable within one year	1,414	9,931	1,414	9,931

Operating lease commitments – group as lessee

The group has entered into commercial leases in respect of land and buildings which have an average life of less than 1 year. Options to renew are included in the contracts for commercial buildings only. There are no restrictions placed upon the lessee by entering into these leases.

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

Operating lease commitments - Group as lessee				
Not later than 1 year	387	66	387	66
Later than 1 year and not later than 5 years	762	-	762	-
	1,149	**66**	**1,149**	**66**

Operating lease commitments receivable – group as lessor

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

Future minimum rentals receivable under non-cancellable operating leases as at 28 February 2019 are as follows:

Operating lease commitments receivable - Group as lessor				
Not later than 1 year	11	5	11	5
Later than 1 year and not later than 5 years	-	-	-	-
	11	**5**	**11**	**5**

Finance lease and hire purchase commitments – group as lessee

The group has finance leases and hire purchase contracts for gin packaging and logistics supply chain equipment with a carrying value of $3,484,187 (2018: $2,330,645) for both the group and the company. The equipment is mainly presented in Gin Assets in Note 15. Property, Plant and Equipment.

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

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Within one year	1,145	825	1,145	825
After one year but within five years	1,728	1,301	1,728	1,301
After five years	-	-	-	-
Total minimum lease payments	**2,873**	**2,126**	**2,873**	**2,126**
Unexpired finance charges	(182)	(142)	(182)	(142)
Present value of minimum lease payments	**2,691**	**1,984**	**2,691**	**1,984**

The weighted average interest rate implicit in the contracts for both the group and parent is 4.6% (2018: 4.7%).

Contingent liabilities
Namcott Investments Pty Ltd, a controlled entity of the company, is a partner of the COA, Namcott Investments Pty Ltd is jointly and severally liable for the COA liabilities. At 28 February 2019 the liabilities of COA exceeded its assets. Refer to Note 11, Investments in Associates and Joint Ventures.

23. Significant Events after Balance Date

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

24. Related Party Disclosures

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

Ownership and investment

	Equity Interest %		Investment $'000	
Name of entity	**28 Feb 2019**	**28 Feb 2018**	**28 Feb 2019**	**28 Feb 2018**
Australian Classing Services Pty Ltd [1]	100%	100%	1,380	1,380
Australian Raw Cotton Marketing Corp. Pty Ltd	100%	100%	-	-
Namcott Investments Pty Limited	100%	100%	-	-
Namoi Cotton Superannuation Pty Ltd	100%	100%	-	-
Namoi Cotton Pty Ltd	100%	100%	-	-
Namcott Marketing Pty Ltd	100%	100%	-	-
Namoi Cotton Commodities Pty Ltd	96%	96%	-	-
Namoi Cotton Finance Pty Ltd	100%	100%	-	-
Cotton Trading Corporation Pty Limited	100%	100%	1,830	1,830
			3,210	**3,210**
Investments held in controlled entities eliminated			(1,830)	(1,830)
			1,380	**1,380**

[1] Formerly disclosed as an associate the acquisition being disclosed in the Business Combinations Note 4.

Principal activities:

- Namcott Investments Pty Ltd, a subsidiary of Namoi Cotton, is the beneficial owner of the interests in CPL and COA Partnership. Namoi Oilseeds Trust formerly held the interest in the partnership.
- Namoi Cotton Superannuation Pty Ltd is trustee of the company's former superannuation fund, which was wound up in June 2000.
- Namoi Cotton Pty Ltd is a non-trading company.
- Namcott Marketing Pty Ltd, a subsidiary of Namoi Cotton, is the beneficial owner of the interests in NCPS shares and NCA Partnership.
- Namoi Cotton Finance Pty Ltd secures funding for the group.
- Namoi Cotton Commodities Pty Ltd has main trading activities of sale and logistics of plastic waste from ginning activities.
- Cotton Trading Corporation Pty Limited is controlled by Namcott Investments Pty Ltd.
- Australian Raw Cotton Marketing Corp Pty Ltd is a non-trading company.
- Australian Classing Services Pty Ltd trading activities are mainly the provision of classing services.

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

Transactions with other related parties
ACS leased HVI machines from the parent during the period for $35,906 (2018: $35,906).

Sales of white cotton seed to the COA Partnership were $6,454,626 (2018: $33,007,226) and purchases of white cotton seed from the COA Partnership were $1,085,579 (2018: $2,205,890).

Transactions with NCA
Management fees received by Namoi for services provided to Namoi Cotton Alliance $2.5m (inclusive of bale handling fees) (2018: $3.3m).
Lint Cotton Sales from Namoi to Namoi Cotton Alliance $455.9m (2018: $321.2m).

Namoi Cotton Limited

Insurance on-charged by Namoi to Namoi Cotton Alliance $0.6m (2018: $0.6m).

Contingent liabilities
Namcott Investments Pty Ltd, a controlled entity of the company, is a partner of the COA, Namcott Investments Pty Ltd is jointly and severally liable for the COA liabilities. At 28 February 2019 the liabilities of COA exceeded its assets and therefore has contributed to a negative investment in COA. Refer to Note 11. Investments in Associates and Joint Ventures.

25. Directors' and Executive Disclosure

Compensation by category of KMP

	Consolidated		Parent	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
	$	$	$	$
Short-term	2,666,546	2,187,891	2,666,546	2,187,891
Post Employment	88,900	77,523	88,900	77,523
Other Long-term	44,531	21,305	44,531	21,305
	2,799,977	**2,286,719**	**2,799,977**	**2,286,719**

Marketing and ginning transactions and balances with KMP

Transactions with directors and their related parties were in accordance with the eligibility criteria to be appointed as a Grower Director. Under the Constitution Grower Directors are required to:

- have ginned at least 1,500 cotton bales in aggregate per cotton season at a Namoi Cotton gin in at least three out of the last five cotton seasons; and
- at least 50% of their seed cotton production at any Namoi Cotton gin in at least three out of the last five cotton seasons; or
- at least 50% of their seed cotton production which is grown within 100km of any Namoi Cotton gin at a Namoi Cotton gin in at least three out of the last five cotton seasons; and
- is the registered owner or lessee of cotton farming property which annually can plant a minimum of 150 hectares of seed cotton and is capable of producing 1,500 cotton bales in aggregate per cotton season to be ginned at a Namoi Cotton gin.

In accordance with the rules, directors entered into marketing contracts and ginning contracts with Namoi Cotton. Amounts paid/received or payable/receivable from/to directors and their respective related parties were as follows:

Consolidated and Parent entity					
Cotton Purchases		Ginning Charges Levied		Grain & Seed Purchases	
28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
$	$	$	$	$	$
7,631,722	**4,911,947**	**1,650,484**	**1,121,159**	**869,834**	**889,089**

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

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

26. Remuneration of Auditors

	Consolidated and Parent Entity $ 28 Feb 2019	Consolidated and Parent Entity $ 28 Feb 2018
Remuneration for the audit and review of the financial reports of the parent entity and the consolidated entity	220,000	222,100
Remuneration for other services provided to the parent entity and the consolidated entity:		
- Other assurance services	60,000	191,500
	280,000	**413,600**

27. Financial Risk Management Objectives and Policies

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

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

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

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

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

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

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

Risk Exposure and Responses

Price risk
Namoi Cotton is potentially exposed to movements in the price of lint cotton as a result of fixed price purchases and sales of lint cotton respectively in contracts with growers and mills principally through its investment in the NCA JV. The company is also exposed to movements to price of cotton seed through fixed price purchases and sale contracts.

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

It is the risk management policy that no derivatives will be entered into until such time as a fixed price purchase or sale commitment exists.

	Consolidated $'000		**Parent $'000**	
	28 Feb 2019	**28 Feb 2018**	**28 Feb 2019**	**28 Feb 2018**
Financial Assets				
Derivatives	7,773	8,407	7,773	8,407
	7,773	**8,407**	**7,773**	**8,407**
Financial Liabilities				
Derivatives	(7,181)	(8,393)	(7,181)	(8,393)
	(7,181)	**(8,393)**	**(7,181)**	**(8,393)**
Net Exposure	**592**	**14**	**592**	**14**

Cotton seed price risk

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

The following sensitivity analysis is based upon seed pricing that existed at 28 February 2019 and 28 February 2018, whereby if the cotton seed price had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity (excluding the effect of net profit) would have changed as follows:

	Post Tax Profit Higher/(Lower) $'000		Equity Higher/(Lower) $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Consolidated				
+$10/Mt (cotton seed)	100	(234)	-	-
-$5/Mt (cotton seed)	(50)	117	-	-
Parent entity				
+$10/Mt (cotton seed)	100	(234)	-	-
-$5/Mt (cotton seed)	(50)	117	-	-

Interest rate risk

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

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Financial Assets				
Cash and cash equivalents	5,827	1,493	5,541	1,352
Trade and other receivables	51	65	51	65
	5,878	**1,558**	**5,592**	**1,417**
Financial Liabilities				
Interest bearing loans and borrowings	(44,692)	(50,002)	(44,692)	(50,002)
Derivatives	(57)	(52)	(57)	(52)
	(44,749)	**(50,054)**	**(44,749)**	**(50,054)**
Net Exposure	**(38,871)**	**(48,496)**	**(39,157)**	**(48,637)**

Interest rate swap contracts, with a fair value loss of $91,270 (2018 $51,780) at reporting date to both the group and parent, are exposed to value movements if interest rates change.

At reporting date, after taking into account the effect of interest rate swaps, 47.6% (2018: 41.7%) of the group’s borrowings are at a fixed rate of interest 2.1% (2018: 2.1%). The group continually monitors its interest rate exposure with regard to existing and forecast working capital and term debt requirements.

The following sensitivity analysis is based upon interest rate exposures that existed at 28 February 2019 and 28 February 2018, whereby if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity (excluding the effect of net profit) would have changed as follows:

	Post Tax Profit Higher/(Lower) $'000		Equity Higher/(Lower) $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Consolidated				
+100 basis points	(189)	(280)	-	-
-50 basis points	95	140	-	-
Parent entity				
+100 basis points	(189)	(280)	-	-
-50 basis points	95	140	-	-

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

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

Foreign exchange risk

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

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

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

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

	Consolidated $'000		Parent $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Financial Assets				
Cash and cash equivalents	163	177	163	177
Trade and other receivables	-	127	-	127
Derivatives	-	86	-	86
	163	**390**	**163**	**390**
Financial Liabilities				
Trade and other payables	(1,575)	(14)	(1,575)	(14)
Interest bearing loans and borrowings	(523)	(349)	(523)	(349)
Derivatives	-	(111)	-	(111)
	(2,098)	**(474)**	**(2,098)**	**(474)**
Net Exposure	**(1,935)**	**(84)**	**(1,935)**	**(84)**

The group has USD denominated leasing contracts of USD $373,533 (2018: USD $272,392) over certain ginning equipment supplied from the United States. Foreign exchange contracts are subject to fair value movements through the statement of comprehensive income as foreign exchange rates move.

	Notional Amount AUD $'000		Average Exchange Rate	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Foreign exchange contracts held at balance date				
Group				
Sell US$/Buy AUD$ maturity 0-12 months	-	5,838	-	0.7794
Buy US$/Sell AUD$ maturity 0-12 months	-	(3,335)	-	0.7796
Parent				
Sell US$/Buy AUD$ maturity 0-12 months	-	5,838	-	0.7794
Buy US$/Sell AUD$ maturity 0-12 months	-	(3,335)	-	0.7796

Priced cotton seed sales contracts are treated as financial instruments under AASB 9.

The following sensitivity analysis is based upon foreign currency exposures that existed at 28 February 2019 and 28 February 2018, whereby if the AUD had moved (relative to the USD), as illustrated in the table below, with all other variables held constant, post tax profit and equity (excluding the effect of net profit) would have changed as follows:

	Post Tax Profit Higher/(Lower) $'000		Equity Higher/(Lower) $'000	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Consolidated				
AUD/USD +100 basis points	27	(42)	-	-
AUD/USD -50 basis points	(14)	21	-	-
Parent entity				
AUD/USD +100 basis points	28	(42)	-	-
AUD/USD -50 basis points	(14)	21	-	-

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

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

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

Credit risk

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

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

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

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

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

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

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

Funding and liquidity risk

The group's objective in managing liquidity is to maintain a balance between continuity of funding, competitive pricing and flexibility so as to ensure sufficient liquidity exists to meet all short, medium and long term financial obligations. This is achieved through the utilisation of working capital facilities, term debt and bank overdrafts.

Year ended 28 February 2019	≤6 Months $'000	6-12 Months $'000	1-5 Years $'000	>5 Years $'000	Total $'000
Consolidated					
Financial Assets					
Cash and cash equivalents	5,827	-	-	-	**5,827**
Trade and other receivables	3,954	19	-	-	**3,973**
Derivatives[1]	7,773	-	-	-	**7,773**
	17,554	**19**	**-**	**-**	**17,573**
Financial Liabilities					
Trade and other payables	(7,875)	(324)	-	-	**(8,199)**
Interest bearing loans and borrowings[2]	(618)	(444)	(43,630)	-	**(44,692)**
Derivatives[1]	(4,724)	(2,513)	-	-	**(7,237)**
Co-operative grower member shares	-	-	-	-	**-**
	(13,217)	**(3,281)**	**(43,630)**	**-**	**(60,128)**
Net Exposure	**4,337**	**(3,262)**	**(43,630)**	**-**	**(42,555)**

Year ended 28 February 2018	≤6 Months $'000	6-12 Months $'000	1-5 Years $'000	>5 Years $'000	Total $'000
Consolidated					
Financial Assets					
Cash and cash equivalents	1,493	-	-	-	**1,493**
Trade and other receivables	3,900	24	-	-	**3,924**
Derivatives[1]	5,550	2,942	-	-	**8,492**
	10,943	**2,966**	**-**	**-**	**13,909**
Financial Liabilities					
Trade and other payables	(7,513)	(237)	-	-	**(7,750)**
Interest bearing loans and borrowings[2]	(6,437)	(339)	(43,226)	-	**(50,002)**
Derivatives[1]	(5,618)	(2,938)	-	-	**(8,556)**
Co-operative grower member shares	-	-	-	-	**-**
	(19,568)	**(3,514)**	**(43,226)**	**-**	**(66,308)**
Net Exposure	**(8,625)**	**(548)**	**(43,226)**	**-**	**(52,399)**

Year ended 28 February 2019	≤6 Months $'000	6-12 Months $'000	1-5 Years $'000	>5 Years $'000	Total $'000
Parent					
Financial Assets					
Cash and cash equivalents	5,541	-	-	-	**5,541**
Trade and other receivables	8,632	19	-	-	**8,651**
Derivatives[1]	7,773	-	-	-	**7,773**
	21,946	**19**	**-**	**-**	**21,965**
Financial Liabilities					
Trade and other payables	(7,814)	(18,056)	-	-	**(25,870)**
Interest bearing loans and borrowings[2]	(567)	(444)	(43,507)	(2,049)	**(46,567)**
Derivatives[1]	(4,724)	(2,513)	-	-	**(7,237)**
Co-operative grower member shares	-	-	-	-	**-**
	(13,105)	**(21,013)**	**(43,507)**	**(2,049)**	**(79,674)**
Net Exposure	**8,841**	**(20,994)**	**(43,507)**	**(2,049)**	**(57,709)**

Year ended 28 February 2018	≤6 Months $'000	6-12 Months $'000	1-5 Years $'000	>5 Years $'000	Total $'000
Parent					
Financial Assets					
Cash and cash equivalents	1,352	-	-	-	**1,352**
Trade and other receivables	9,154	24	-	-	**9,178**
Derivatives[1]	5,550	2,942	-	-	**8,492**
	16,056	**2,966**	**-**	**-**	**19,022**
Financial Liabilities					
Trade and other payables	(7,487)	(17,969)	-	-	**(25,456)**
Interest bearing loans and borrowings[2]	(6,437)	(339)	(43,226)	(2,049)	**(52,051)**
Derivatives[1]	(5,618)	(2,938)	-	-	**(8,556)**
Co-operative grower member shares	-	-	-	-	**-**
	(19,542)	**(21,246)**	**(43,226)**	**(2,049)**	**(86,063)**
Net Exposure	**(3,486)**	**(18,280)**	**(43,226)**	**(2,049)**	**(67,041)**

[1] Derivatives reflect the actual cashflow and are net settled.
[2] In addition to the maturity profile of interest bearing loans and borrowings, there are actual cashflows in relation to interest for the 6-month period of $0.96 million (2018: $1.03 million), for the 6-12 month period of $0.94 million (2018: $0.90 million) and for the 1-5 year period $3.67 million (2018: $3.52 million).

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

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

Level 1
The fair value is calculated using quoted prices in active markets. Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

Level 2
The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). For financial instruments not quoted in active markets, the group uses various valuation techniques that compare to other similar instruments for which market observable prices exist and also other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Level 3
The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Application of fair value hierarchy to Namoi's financial statements
The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and interest-bearing liabilities approximate their fair value.

The fair value of Cotton Seed Contracts (Purchase and Sale) and Cotton Seed Inventory (at fair value less cost to sell) is determined with reference to an observable market, reports and adjustments for freight premiums and discounts which are unobservable. During the period there has not been a change in unobservable inputs (i.e. freight premiums, discounts and cost to sell), accordingly no gains or losses have been recognised as a result in changes of unobservable inputs during the year. (2018: nil). The nature of the market used to determine the Cotton Seed Price is assessed as being illiquid given the low volume of transactions, accordingly the contracts are classified as level 3.

The fair value of unlisted debt securities is based on valuation techniques using market data that is not observable.

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

Year ended 28 February 2019	Level 1 Quoted market prices $'000	Level 2 Market observable inputs $'000	Level 3 Non-market observable inputs $'000	Total $'000
Consolidated				
Current assets				
Foreign exchange contracts	-	-	-	**-**
Cotton seed purchase contracts	-	-	7,773	**7,773**
	-	**-**	**7,773**	**7,773**
Current liabilities				
Foreign exchange contracts	-	-	-	**-**
Interest rate swap contracts	-	(57)	-	**(57)**
Cotton seed sale contracts	-	-	(7,181)	**(7,181)**
	-	**(57)**	**(7,181)**	**(7,238)**

Year ended 28 February 2019	Level 1 Quoted market prices $'000	Level 2 Market observable inputs $'000	Level 3 Non-market observable inputs $'000	Total $'000
Parent				
Current assets				
Foreign exchange contracts	-	-	-	**-**
Cotton seed purchase contracts	-	-	7,773	**7,773**
	-	**-**	**7,773**	**7,773**
Current liabilities				
Foreign exchange contracts	-	-	-	**-**
Interest rate swap contracts	-	(57)	-	**(57)**
Cotton seed sale contracts	-	-	(7,181)	**(7,181)**
	-	**(57)**	**(7,181)**	**(7,238)**

Year ended 28 February 2018	Level 1 Quoted market prices $'000	Level 2 Market observable inputs $'000	Level 3 Non-market observable inputs $'000	Total $'000
Consolidated				
Current assets				
Foreign exchange contracts	-	86	-	**86**
Cotton seed sale contracts	-	-	8,407	**8,407**
	-	**86**	**8,407**	**8,493**
Current liabilities				
Foreign exchange contracts	-	(111)	-	**(111)**
Interest rate swap contracts	-	(52)	-	**(52)**
Cotton seed purchase contracts	-	-	(8,393)	**(8,393)**
	-	**(163)**	**(8,393)**	**(8,556)**

Year ended 28 February 2018	Level 1 Quoted market prices $'000	Level 2 Market observable inputs $'000	Level 3 Non-market observable inputs $'000	Total $'000
Parent				
Current assets				
Foreign exchange contracts	-	86	-	**86**
Cotton seed sale contracts	-	-	8,407	**8,407**
	-	**86**	**8,407**	**8,493**
Current liabilities				
Foreign exchange contracts	-	(111)	-	**(111)**
Interest rate swap contracts	-	(52)	-	**(52)**
Cotton seed purchase contracts	-	-	(8,393)	**(8,393)**
	-	**(163)**	**(8,393)**	**(8,556)**

28. Other Non-Financial Information

Namoi Cotton Limited
ABN 76 010 485 588
AFSL 267863

Registered Office
Pilliga Road
Wee Waa NSW 2388

Principal place of business
Pilliga Road
Wee Waa NSW 2388
Australia
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Facsimile: 61 2 6790 3087
www.namoicotton.com.au

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

Bankers
Commonwealth Bank of Australia

Auditors
Ernst & Young
Brisbane, Australia

ASX ADDITIONAL INFORMATION FOR THE YEAR ENDED 28 FEBRUARY 2019

Additional information required by the Australian Stock Exchange. This information is current as at 21 May 2019.

DISTRIBUTION OF SHAREHOLDERS

	Number of holders	Number of Namoi Capital Stock	%
1 -1,000	73	37,090	0.03
1,001 - 5,000	317	973,962	0.69
5,001 - 10,000	184	1,493,144	1.07
10,001 - 100,000	395	14,461,533	10.32
100,001 and over	329	123,212,939	87.90
Total	**1,298**	**140,178,668**	**100.00**

TOP 20 SHAREHOLDERS

Rank	Name	Number of Namoi Capital Stock	% held
1.	LOUIS DREYFUS COMPANY ASIA PTE LTD	14,327,384	10.22
2.	AUSTRALIAN RURAL CAPITAL LIMITED	13,471,111	9.61
3.	NATIONAL NOMINEES LIMITED	8,915,981	6.36
4.	CITICORP NOMINEES PTY LIMITED	5,578,650	3.98
5.	JVH COTTON PTY LIMITED	4,110,353	2.93
6.	MR ROSS ALEXANDER MACPHERSON	1,490,500	1.06
7.	BRAZIL FARMING PTY LTD	1,435,119	1.02
8.	MR MARK JOSEPH PANIZZA + MRS SUSAN KATHLEEN PANIZZA ‹SUMA SUPER FUND A/C›	1,300,225	0.93
9.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,082,881	0.77
10.	MR ALBERT JOHN PANIZZA + MS KIM DIANNA BROADFOOT ‹ALKIRA SUPER FUND A/C›	1,063,089	0.76
11.	MRS FRANCES CLAIRE FOX ‹THOMAS J BERESFORD WILL A/C›	1,009,386	0.72
12.	BELFORT INVESTMENT ADVISORS LIMITED	840,929	0.60
13.	GRANTULLY INVESTMENTS PTY LIMITED	839,000	0.60
14.	BRUCE CLYDE BAILEY + JANET BEATRICE SHAFIK BAILEY	820,122	0.59
15.	DUDDY MANAGEMENT PTY LTD	809,720	0.58
16.	AVENUE 8 PTY LIMITED ‹GAN SUPER FUND A/C›	800,000	0.57
17.	ESTATE LATE PETER SINCLAIR GURNER ‹GIT A/C›	790,041	0.56
18.	BOYCE FAMILY SUPERANNUATION FUND PTY LIMITED ‹BOYCE FAMILY S/F A/C›	775,272	0.55
19.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	745,500	0.53
20.	GIBBS FAMILY SUPER PTY LTD ‹MICHAEL GIBBS FAMILY S/F A/C›	740,291	0.53
Total		**60,945,554**	**43.48**

RESTRICTED SECURITIES

Namoi Cotton Employee Incentive Plan

The Board of Namoi Cotton suspended the Namoi Cotton Employee Incentive Plan indefinitely from 28 August 2004. Namoi Capital Stock previously issued under the Plan is subject to a three year restriction period from the date of allotment (or until the interest free loan provided under the Plan to acquire the Namoi Capital Stock has been repaid in full). The Namoi Capital Stock has been converted to ordinary shares in this category with the ordinary shareholders with outstanding loans restricted from trading at the date of this Annual Report. There are 113,000 ordinary shares with employee loans of $16,542. The employee share loans were required by formal notice to be paid by 30 June 2019. The following Namoi Capital Stock was allotted pursuant to offers made under Employee Incentive Plan and quoted on the ASX.

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

OTHER SHAREHOLDER INFORMATION

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

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

Change of Address

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

Distribution Payments

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

MAJOR ASX ANNOUNCEMENTS FOR 2018 - 2019

Date	ASX Releases
01/05/2019	Namoi Cotton FY2019 Results
01/05/2019	Preliminary Final Report
08/04/2019	Appendix 3B
07/03/2019	CEO Resignation and Appointment of Interim CEO
05/03/2019	Appendix 3B
04/03/2019	Namoi Cotton Finance Renewal 2019-2021
27/02/2019	Namoi Cotton Revises Guidance for FY2019
08/02/2019	Appendix 3B
10/01/2019	Appendix 3B
21/12/2018	Namcott Lodges Court Application
10/12/2018	Appendix 3B
07/11/2018	Appendix 3B
23/10/2018	Namoi Cotton HY Financial Results Presentation
23/10/2018	Namoi Cotton Half Year Financial Results
23/10/2018	Namoi Cotton FY19 Half Year Financial Report
03/10/2018	Appendix 3B
03/09/2018	Appendix 3B
29/08/2018	Resignation and Appointment of Chairman
02/08/2018	Appendix 3B
31/07/2018	Results of Meeting
31/07/2018	AGM Presentation 2018
31/07/2018	Chairman's Address to Shareholders
02/07/2018	Appendix 3B
28/06/2018	Corporate Goverance Appendix 4G
28/06/2018	Annual Report to shareholders
28/06/2018	Proxy Form
28/06/2018	Notice of Annual General Meeting/Proxy Form
08/06/2018	Initial Director's Interest Notice - James Andrew Jackson
08/06/2018	Initial Director's Interest Notice - Joseph Di Leo
08/06/2018	Initial Director's Interest Notice - Juanita Hamparsum
07/06/2018	Non-Executive Director Appointment - Joseph Di Leo
07/06/2018	Non-Executive Director Appointment - Juanita Hamparsum
07/06/2018	Non- Executive Director Appointment - James Andrew Jackson
01/06/2018	Appendix 3B
01/05/2018	Appendix 3B
27/04/2018	Final Director's Interest Notice
27/04/2018	Final Director's Interest Notice
24/04/2018	Director Appointment/Resignation
24/04/2018	Dividend/Distribution - NAM
24/04/2018	FY2018 Financial Results Release
24/04/2018	Full Year Statutory Accounts
05/04/2018	Change in substantial holding
04/04/2018	Change in substantial holding
04/04/2018	Appendix 3B
01/03/2018	Appendix 3B

NAMOI COTTON Growing Together

DIRECTORY

OFFICES

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

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

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

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

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

GINS

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

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

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

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

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

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

North Bourke Cotton Gin
Wanaaring Road
North Bourke NSW 2840
Telephone: 02 6872 1453

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

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

NAMOI COTTON ALLIANCE JOINT VENTURE

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

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

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

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

JOINT VENTURE GINS

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

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

CLASSING ROOMS

Australian Classing Services
Pilliga Road
Wee Waa NSW 2388
Telephone: 02 6790 3053
Fax: 02 6790 3030

NAMOI COTTON Growing Together

REGISTERED OFFICE

Registered Office

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

Share Registry

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

Auditors

Ernst & Young

Key Bankers

Commonwealth Bank of Australia

Namoi Cotton's Shareholding Limit and Grower Director Representation Rule

The Constitution of Namoi Cotton contains provisions that limit a person's shareholdings until at least Namoi Cotton's 2021 AGM (and thereafter, subject to renewal). If a shareholder acquires ordinary shares in excess of the Shareholding Limit, all rights (including voting rights, dividend rights and rights in a winding up) in respect of the excess shares are suspended and the excess shares are subject to divestment. The shareholder must also refund a dividend or distribution to which the shareholder is not entitled to as a result of its holding of the excess shares.

The Constitution of Namoi Cotton also contains provisions that require the Board to be comprised of an equal number of Grower Directors and Non-Grower Directors until at least Namoi Cotton's 2022 AGM (and thereafter, subject to renewal).

For a summary of these provisions please refer to Namoi Cotton's website. The provisions can also be found in the Constitution.