NAMOI COTTON

Growing Together

OUR EXPERIENCE. OUR FUTURE.

ANNUAL REPORT 2023

WWW.NAMOICOTTON.COM.AU

Contents

NAMOI COTTON LIMITED
ABN 76 010 485 588

Who we are & how we operate

Namoi Cotton is Australia's largest cotton ginner and marketer of cotton seed. Our business spans fibre, feed, supply chain and marketing, with ginning being at the core. Namoi Cotton has built its capability and history as a grower owned co-operative, as well as our future as an innovator in sustainable agriculture. Our purpose is to provide cotton growers an independent pathway to market whilst adding value along the supply chain.

Our culture is based on a shared group of values which guide how we operate with each other, our growers, our customers, and the communities that we work within.

SAFETY
We place safety and health first.

INTEGRITY
We build strong partnerships with our customers and each other.

EXCELLENCE
We deliver on our promises.

TEAMWORK
We are efficient and effective and get the job done.

Our Vision and Mission is to be the leading Australian cotton agribusiness by independently linking growers to global markets. Our network of 10 cotton gins across 9 locations in NSW and southern QLD is supported by warehousing and packing, connected by rail and road to container ports.

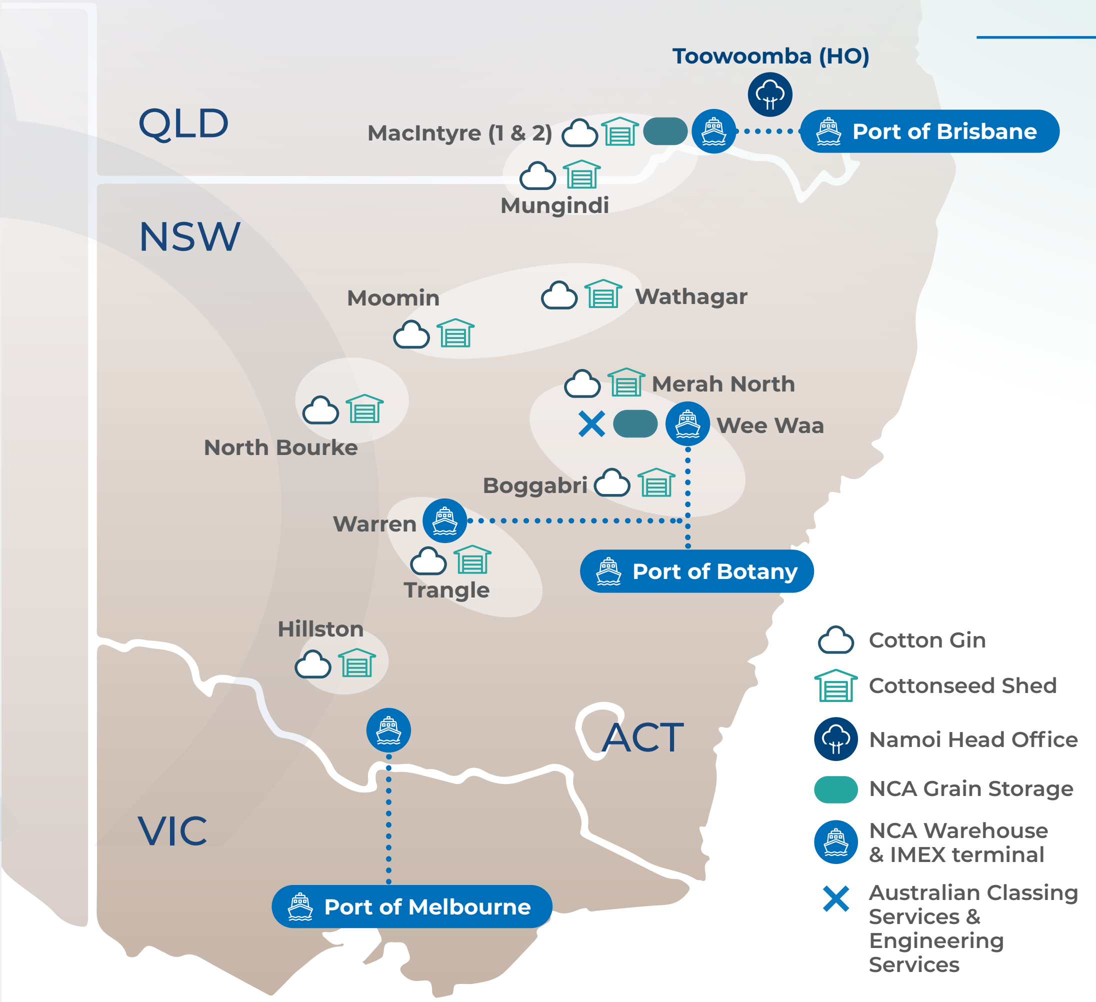
We partner with growers to maximise the value of their cotton, connecting them to domestic and global marketplaces through our facilities and supply chain. We also provide innovative solutions to create high quality and sustainable commodities into the fibre and feed markets.

We manage the seed cotton picked and delivered from growers as cotton modules, separating cotton fibre, classing the cotton quality, provide storage and manage outbound logistics (through Namoi Cotton Alliance 'NCA'), marketing and supplying cotton lint to merchants and overseas spinning mills (through Namoi Cotton Marketing Alliance 'NCMA').

We also produce and manage co-products from ginning comprising cottonseed, process moss (from mote) and compost cotton trash. We market and supply cottonseed to domestic and overseas livestock feed markets. We market and supply moss to overseas spinning mills.

To support our business, we have two joint arrangements with Louis Dreyfus Company. Our supply chain joint venture (NCA – 51% owned by Namoi Cotton) stores and exports cotton lint bales and co-products through its warehouse facilities. NCA also stores and packs grains for growers. Our marketing joint arrangement (NCMA – 15% owned by Namoi Cotton) purchases cotton lint bales from growers through Namoi Cotton's grower services team for trading into overseas markets.

Namoi Cotton is the leading Australian cotton agribusiness with ginning being at our core



Cotton Ginning
- Network of 10 gins at 9 sites serving ~200 growers
- ~1.5 million bale capacity
- In-house engineering

Co-products
- Network of 10 sheds marketing cottonseed to local and overseas livestock feed markets
- Process and marketing cotton mote and trash

Supply Chain [1]
- 3 warehouses & terminals
- 2 grain & packing facilities
- Rail and road transport

Cotton Marketing [2]
- Cotton lint origination
- Exporting to 8+ countries
- In-house cotton classing [3]

1. NCA JV with LDC - Namoi Cotton has 51% interest
2. NCMA JV with LDC - Namoi has 15% interest
3. Australian Classing Services - wholly owned by Namoi

About this report

Welcome to our FY2023 Annual Report, which forms part of our corporate reporting suite for the 2023 financial year.

STRUCTURE AND CONTENT

The elements of the Directors' Report, required by Australian Securities and Investments Commission (ASIC) Regulatory Guide 247, are covered on pages 28 to 50. This includes the Review and Results of Operations which is presented on pages 20 to 23. The basis of preparation of our financial statements is outlined on page 66.

This report covers all Namoi Cotton operations over which, unless otherwise stated, we have control for the financial year ending 28 February 2023 (collectively 'the Namoi Cotton Group', or 'the Group'). Monetary amounts in this document are subject to rounding and are reported in Australian dollars, unless otherwise stated.

VERIFICATION AND ASSURANCE

The Remuneration Report (pages 38 to 50) and Financial Statements (pages 62 to 109) have been independently audited by KPMG. Detailed information on the audit process and opinion is provided in the Audit Report on pages 52 to 56. All unaudited information contained in this report has been subject to an internal review and approval process.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements, including statements of current intention, opinion and predictions regarding the Namoi Cotton Group's present and future operations, possible future events, and future financial prospects. While these statements reflect expectations at the date of this report, they are, by their nature, not certain and are susceptible to change. Namoi Cotton makes no representation, assurance or guarantee as to the accuracy of or likelihood of fulfilling any such forward-looking statements (whether express or implied) and, except as required by applicable law or the ASX Listing Rules, disclaims any obligation or undertaking to publicly update such forward-looking statements.

FY2023 highlights

Excellent operational performance, executing record volumes, with most gins operating 24 hours per day for an extended ginning period to manage wet weather challenges.

1,173 kb[1] BALES GINNED	360 kmt[2] COTTONSEED DELIVERED	830 kb[1] LINT BALES WAREHOUSED	158 kmt[2] COMMODITIES PACKED
FROM 493 kb	FROM 113 kmt	FROM 677 kb	FROM 124 kmt
HIGHEST VOLUME SINCE FY2019	RECORD VOLUME	RECORD VOLUME	HIGHEST VOLUME SINCE FY2018

Return to positive earnings after three years of drought with a strengthened balance sheet, in the face of wet weather and inflationary challenges that impacted productivity and operating costs.

$18.3 m EBITDA[3]	$4.0 m NPBT[4]	26% GEARING[5]	$33.7 m CORE DEBT[6]
FROM $2.6m	FROM $(6.7)m	FROM 29%	FROM $43.3m

Improved safety performance with reduced incidents and their impact on our people and business with increased operating shifts while maintaining productivity.

7.48 LTIFR[7]	5 LOST TIME INJURIES	2,403 GIN SHIFTS WORKED	NIL SIGNIFICANT ENVIRONMENTAL INCIDENTS
FROM 14.61	FROM 7	FROM 1,044	

Notes:

[1] '000 bales. Bales ginned is 100% of JV gins.

[2] '000 metric tonnes.

[3] EBITDA – Non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortization (including share of EBITDA from NCA and share of profit from NCMA and NCPS excluding impairments and revaluation decrements on property, plant and equipment held at fair value).

[4] Net profit before tax.

[5] Gearing Ratio – Net Debt / (Net Debt plus Equity).

[6] Core Debt – Net Debt (interest bearing liabilities less cash) less cottonseed inventory for marketing.

[7] Number of lost time injuries occurring per 1 million hours worked across the Group.

Results for announcement to the market

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.3A and Appendix 4E for the consolidated entity Namoi Cotton Limited ('**Namoi Cotton** or '**Company**') and its controlled entities ('**Namoi Cotton Group** or **Group** or **Consolidated Group**'), for the year ended 28 February 2023 ('**FY2023** or **FY23**') and the previous corresponding period, 28 February 2022 ('**FY2022** or **FY22**').

Financial results and key financial items from continuing operations are included in the following table. The FY2022 comparable financials have been restated in accordance with the change in accounting policies in FY2023. For further explanation of the change in accounting policies refer to the Significant accounting policies note in the FY2023 Consolidated financial report. For further explanation of the annual financial results refer to the FY2023 Annual Report.

FOR THE YEARS ENDED 28 FEBRUARY		FY2023	FY2022	Movement	
PRODUCTION					
NSW and QLD Cotton Production	000' bales	5.6	2.7	2.9	▲
Namoi Cotton Catchment Area Production	000' bales	3.6	1.3	2.3	▲
VOLUMES					
Ginned cotton	000' bales	1,173	493	680	▲
Cottonseed delivered	000' tonnes	360	113	247	▲
EARNINGS & CASHFLOW					
Revenue, Income & Profit Share [1]	$m	258.5	98.2	160.3	▲
EBITDA [2]	$m	18.3	2.6	15.7	▲
Net profit (Loss) after tax [3]	$m	4.0	(5.4)	9.4	▲
Net cash (outflow)/inflow from operating activities [4]	$m	(2.4)	14.4	(16.8)	▼
BALANCE SHEET					
Net Assets	$m	133.7	113.2	20.5	▲
Net Debt [5]	$m	47.2	46.8	0.4	▲
Core Debt [6]	$m	33.7	44.6	(10.9)	▼
ANALYSIS					
Gearing ratio [7]	%	26%	29%	-3%	▼
Diluted earnings per share	cents	2.1	(3.3)	5.4	▲
Net tangible asset value per share	cents	65.2	65.8	(0.6)	▼
Shares on issue [8]	million	204.9	172.1	32.8	▲

Notes:

[1] Revenue plus Other income/(loss) plus Share of profit/(loss) from investments and joint ventures.

[2] EBITDA – Non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortization (including share of EBITDA from NCA and share of profit from NCMA and NCPS excluding impairments and revaluation decrements on property, plant and equipment held at fair value).

[3] NPAT (Net Profit After Tax) – Profit (Loss) attributable to the members of Namoi Cotton Limited.

[4] Net cash inflow/(outflow) from operating activities in FY2023 includes the purchase of cottonseed inventory ($13.4m) which is expected to be realised in Q1 FY2024. The net cash inflow/(outflow) from operating activities in FY2022 includes the operating cashflow impact from the restructure of the NCA joint venture involving the transfer of lint trading and associated assets and liabilities (estimated $18.3m) from NCA to NCMA. NCA's FY2023 operating cashflow does not include any impact from the restructure.

[5] Net Debt – Current plus non-current interest bearing liabilities plus lease liabilities and equipment loans less cash and cash equivalents.

[6] Core Debt – Net Debt less cottonseed inventory held for marketing. (More relevant debt metric for agribusinesses given the marketable and liquid characteristics of traded cottonseed).

[7] Net Debt divided by Net Debt plus Total Equity.

[8] Shares on issue at balance date.

Dividends

Namoi Cotton will not pay any dividends in respect of the year ended 28 February 2023 (FY2022: nil).

Audit Status

This Appendix 4E is based on the Consolidated Financial Statements which have been audited and should be read in conjunction with the complete final report.

Letter from our Chair and CEO

We managed record volumes in the 2022 season which led to an improved financial result with an EBITDA of $18.3 million (FY2022 – $2.6 million) and NPAT of $4.0m (FY2022 – $5.4 million loss) after losses from three years of drought (FY2020 to FY2022).

However, our financial results were negatively impacted by one-off weather events and a cost inflationary environment. The extended ginning season delayed the execution of co-product sales, and hence some of our FY2023 earnings and cashflow has been deferred into FY2024, which adds to our positive outlook for FY2024.

Our focus is to demonstrate the value of our services to growers and the benefits of an independent pathway to market that we offer. We continue to build our capability to benefit from the positive short-term volume outlook, as well as strengthening our balance sheet to manage future seasonal conditions.

Our gearing and core debt levels are now back to pre-drought levels. Our 4PP strategic initiatives are gaining traction, with operational benefits realised in FY2023 and are on track to increase our sustainable through the cycle earnings.

SAFETY AND OUR SUSTAINABILITY STRATEGY

We are committed to a safe workplace and engaged culture for all employees, contractors and customers and are **pleased to report continual improvement in our safety lag metrics**. Last year we implemented a new safety management system and invested in setting up a focused and accountable framework where safety is a priority topic from our Board right down to the front line.

We worked 2.3 times more ginning shifts in FY2023 compared to last year. We incurred 5 lost time injuries down from 7 last year, and our LTIFR was cut in half to 7.48 from 14.61 last year.

We benchmark ourselves on total reportable incidents not just lost time and are focused on forward looking measures such as hazard and incident reporting to focus our attention in the priority areas with a goal of preventing incidents from becoming injuries.

We are proud to publish our inaugural stand-alone 2022 Season Sustainability Report which builds upon years of sustainability-related disclosure integrated within our annual reporting. This report forms part of our corporate reporting suite for the 2023 financial year.

Namoi Cotton has been practicing aspects of sustainability best-practice for decades which we are now formalising around an Environmental, Social, and Governance (ESG) strategy. Last year we conducted an ESG materiality assessment to identify our main areas of opportunity and improvement and we are now building an action plan to track and improve upon our most important sustainability issues.

We are committed to transparency and will regularly report on our sustainability-related impacts and progress towards achieving our sustainability goals.

EXCELLENCE IN EXECUTION – 2022 SEASON – RECORD VOLUMES

At the conclusion of FY2022 we reported that execution excellence was our immediate focus. We are proud to report that we managed record volumes in FY2023 more safely and effectively than in the past.

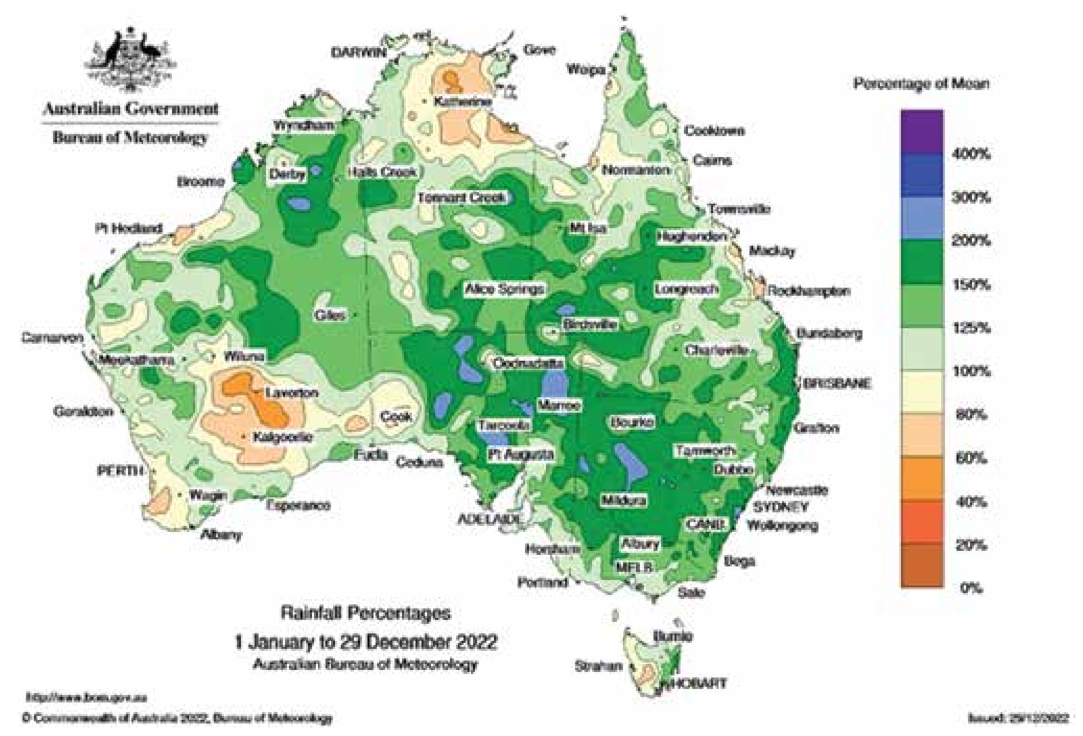
The 2022 season was wetter than average with unprecedented floods. Rainfall was above average for Australia as a whole, and NSW had one of its wettest years on record. Our major growing and ginning areas in NSW and to the QLD border received between 125% to 200% of their average annual rainfall.

While this rain is expected to support above average cotton production in the 2023 and 2024 seasons, it had a negative impact on our ginning and logistics operations in 2022. Wet weather increased cotton moisture which delayed the start of ginning and extended our ginning season by 6 weeks, increasing our labour and energy costs.

For the 2022 season, which is reported within FY2023, we ginned 1,172,687 bales of cotton lint across our 10 gins. This represents around **33% market share in our catchment valleys** and is 41% above our 10-year average annual ginning volume of 830,000 bales.

Our gins and other facilities operated at full capacity, although wet weather and higher cotton moisture resulted in unplanned shutdowns and reduced speed with higher operating costs.

Ginning is at the core of our business, and the increased volume flowed through our co-product, warehousing and marketing businesses. We marketed a record 360,000 tonnes of cottonseed, and NCA warehoused a record 836,000 bales of cotton.



FINANCIAL PERFORMANCE

The combination of higher volume, partly offset by wet weather impacts and increased costs, resulted in an EBITDA of $18.3 million (FY2022 – $2.6 million) and NPAT of $4.0m (FY2022 – $5.4 million loss). This is our first positive NPAT result since FY2018. For more detail, refer to the Review and Results of Operations, from page 20 of the Annual Report.

The contribution from the Ginning Services segment in FY2023 has been negatively impacted compared to FY2019 with a similar volume. This decrease reflects the one-off impact of wet weather in 2022, cumulative impact of cost inflation on energy and labour, and reduced contribution from co-products (discussed below). While revenue per bale increased in FY2023, partly offsetting increased costs, ginning revenue has not kept pace with inflation.

Supply Chain and Marketing earnings contributed $4.5 million (FY2022 – $2.1 million) to Group earnings, their highest contribution since FY2015, following a restructure of our NCA and NCMA joint ventures in 2020. It should be noted that our share of FY2023 earnings from NCMA were capped at $1.5 million which was a term of the 2020 joint venture restructure in return for Namoi Cotton's modified obligations regarding debt funding for NCMA.

CO-PRODUCT EARNINGS AND CASHFLOW DEFERRED INTO FY2024

We were disappointed to announce a downgrade in our forecast FY2023 earnings due to the delayed execution of co-product sales and a sharp increase in distribution costs.

In an average season, we market and deliver all or most cottonseed volumes by February year end. Ginning and weather delays this season meant that we were holding increased levels of inventory and debtors at year end that will be converted into cash in FY2024. Our cottonseed inventory balance at the end of FY2023 was $13.4 million, being $11.3 million higher than the prior year (FY2022 – $2.2 million).

Cottonseed marketing contribution was also impacted by higher distribution costs. Ocean container rates more than quadrupled during the year. For the most part, we pass on these increased costs as a logistics provider however, in the case of cottonseed we are exposed to a portion of these costs.

In an average season, we also process cotton mote into moss which we export overseas by our February year end. Ginning delay and wet weather resulted in reduced quality turnout and delayed processing, leaving mote on hand at the end of FY2023 that will be processed into cotton moss bales for sale in FY2024.

CAPITAL ALLOCATION

After a prolonged drought affected period (FY2020 – FY2022), it was important to re-build our core strength and hence our capital allocation has been weighted to reducing our core debt and catching up on deferred capital expenditure, before investing in strategic growth programs in FY2023.

We raised $13.2 million in proceeds from a renounceable pro-rata entitlement offer in November 2022 which, along with operating cashflow, funded a $9.9 million reduction in Term Debt facilities and a capital expenditure program including the investment in Kimberley Cotton Company totalling $11.2 million in FY2023. The **$9.9 million reduction in Term Debt included $3.5 million paid in advance of its February 2024** due date and leaves us with a core debt of $33.7 million as at FY2023 (FY2022 – $44.6 million), the lowest since FY2010. Our FY2023 gearing ratio of 26% (FY2022 – 29%) is down to pre-drought levels.

After reporting our first positive NPAT result in 5 years, our aim is to commence paying dividends to shareholders in average and above average seasons starting from FY2024.

TANGIBLE COST SAVINGS FROM 4PP STRATEGY PROJECTS IN FY2023

Our 4PP Strategy program involves investments and initiatives, leveraging our capability and network of facilities, to deliver cost saving and new revenue streams and as well as expand our footprint. This will defend and grow sustainable earnings and reduce variability.

ONE – LEADING SERVICE & COST POSITION

Partner growers with a superior network and service

- Reduce ginning period and cost
- Optimise cotton quality and outturn
- Variable cost structure

TWO – INNOVATIVE & SUSTAINABLE SOLUTIONS

Empower growers with differentiated products

- Digital platform
- New grower products
- Re-shape and optimise supply chain

THREE – BROADEN REVENUE BASE

Geographically diversify network and grow the core

- Grow value from co-products
- Diversify network into new production valleys

FOUR – GREAT PLACE TO WORK

Attract and retain talented staff

- Safe and engaged workforce
- Ginning talent pipeline
- Transformation readiness

4PP STRATEGY LEVERAGES OUR:

- Strong customer relationships
- Established network of ginning facilities
- Synergies between our network of gins
- Value-add from processed lint and co-products from ginning
- End-to-end capability and systems
- 60 years of ginning and engineering experience

We delivered $4.9 million of projects in FY2023, including an upgrade in equipment at Merah North and new cottonseed shed at Boggabri. The upgraded gin equipment at Merah North was ready for the 2022 season and achieved a 10% increase in ginning productivity with improvement in outturn cotton quality. The new cottonseed shed at Boggabri will reduce our external storage and logistics costs from the 2023 season.

We have commenced work on $3.8 million of projects in FY2024, including an upgrade in equipment at our Trangie gin and installation of mote recovery equipment at our Boggabri gin. The upgraded gin equipment at Trangie will be ready for the 2023 season.

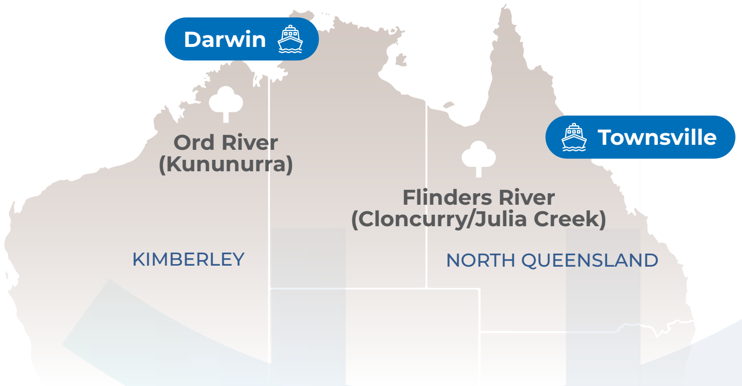
NORTHERN AUSTRALIA HAS REAL POTENTIAL FOR GROWTH

We are pursuing opportunities in northern Australia to grow and diversify our footprint and earnings.

We have funded our 20% share in Kimberley Cotton Company Limited, a joint venture with local Ord River growers to build a new cotton gin at Kununurra. We are also engaged as the project manager and have completed design and selected contractors. Development approvals have been obtained and site clearing has commenced. However, construction has been delayed as a new round of additional funding is currently in process to meet increased construction costs arising from a change in scope to meet approval conditions.

The Ord River region produced around 20,000 bales of cotton lint in the 2022 season and, with the construction of a new gin providing confidence to increase cotton production, we are expecting future cotton production to grow to 75,000 – 150,000 bales per season.

We are leveraging off our knowledge gained with the Kununurra gin to promote to local stakeholders the construction of a new cotton gin in North Queensland. We are focussing on the Flinders River catchment area which produced around 15,000 bales of cotton lint in the 2022 season and, with the attraction of a new gin, we are expecting future production to grow to 75,000 – 150,000 bales per season.



Both projects have significant support from the federal and state governments, and we believe they can be completed ready for the 2026 ginning season.

LABOUR IS A CHALLENGE, BUT NAMOI IS A GREAT PLACE TO WORK

Labour availability has been extremely restricted across Australia, but particularly so in rural and regional areas in which we operate, which has led to wage inflation.

We have continued to develop our technical apprenticeship program whilst partnering with TAFE NSW to develop formal training and a recognised qualification for cotton ginning. This is attracting new people to the industry, with 5 new apprentices employed across the Group in recent seasons.

Due to a shortage of experienced ginning staff in Australia, we have expanded our search for experienced labour into overseas markets. Last year we contracted 14 international staff for the ginning season and have successfully retained a majority for the 2023 season with plans in place to expand this program.

We are also increasing our training and leadership programs, whilst promoting our mid-level staff and providing them with more on the job experience.

On top of our full-time workforce, we employ between 300 – 500 casual employees during a season. The impact of Covid-19 has severely restricted the availability of casual workers leading to wage inflation. As we head into the 2023 season, the availability of casual labour is improving although, it is too early to definitively state that has or will lead to wage stability and improved productivity.

At the same time, we are increasing our internal people and culture capabilities to be able to plan for and mitigate the material labour risks our business and the industry faces.

Namoi Cotton is a great place to work because we are committed to creating a workplace and culture where our people are energised by the work they do, empowered to achieve their full potential, and inspired to have a positive impact on others.

MANAGING VOLATILITY

During the 2019 – 2021 drought impacted seasons our ginning volumes averaged

350,000 BALES

per year with a low of

124,215 BALES

ginned in the 2020 season

compared to the

1,172,687 BALES

WE GINNED IN THE 2022 SEASON

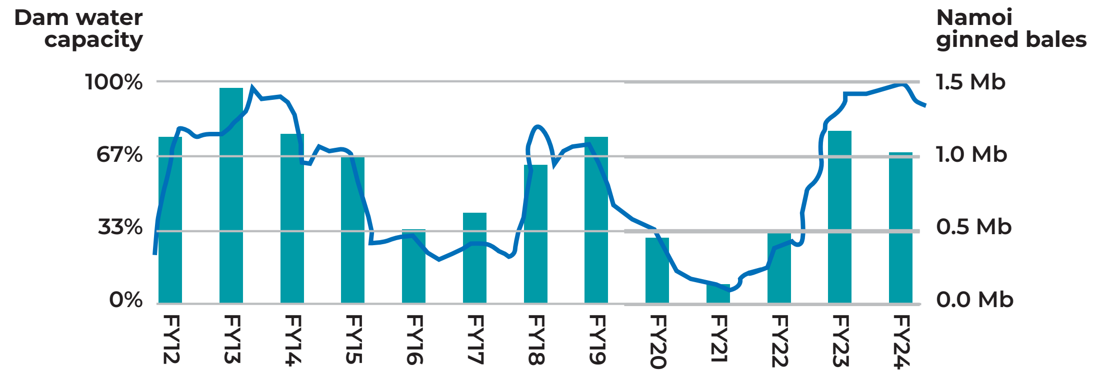
Managing this variability in volume has involved **simplifying and de-risking the business** that included, restructuring our joint ventures, reducing our debt commitments, and developing a variable cost base.

We commenced re-building our execution capacity in late 2021 in preparation for the 2022 season and beyond. We are re-building smarter, focussing on core with flex-labour requirements matched with improved systems. Across the Group, 35% of our fulltime positions comprised contract roles at the end of FY2023 compared to 20% last year, helping us to manage volume variability.

POSITIVE COTTON PRODUCTION OUTLOOK FOR THE 2023 AND 2024 SEASONS

The wet period across most of Australia up until 2023 has led to historically high dam water storage levels which will support irrigated crops for the 2023 and 2024 seasons.

Regional dam water and ginned bales



Namoi Cotton bales (million) — Public dam water volume (% capacity)

Source: Bureau of Meteorology (BOM) – weighted average water capacity in rural system public dams.

Industry participants are forecasting the **Australian 2023 season cotton production to be between 4.9 million to 5.3 million bales** which we expect will translate into ginning volumes of between 0.9 million to 1.1 million bales for FY2024. We have currently contracted over 85% of our expected FY2024 ginning volume and will commence receiving cotton modules late in April 2023 and May 2023.

Despite the high level of water currently stored, the 2023 season production is forecast to be below the 2022 season due to wet weather experienced at planting, as well as spray drift herbicide damage, which combined resulted in reduced production in some areas.

Early forecasts for the Australian 2024 season cotton production are for 4.7 million bales (Cotton Compass – March 2023).

CHANGE OF EXTERNAL AUDITOR AND APPOINTMENT OF INTERNAL AUDITOR

The Company announced on the 23 September 2022 a notice of change of auditor, with the resignation of Ernst & Young, ASIC's consent to that resignation and the appointment of KPMG. This appointment will continue until the next annual general meeting where the Company will propose that KPMG be appointed as auditors of the Company thereafter.

As part of our focus on continuous improvement, the Company appointed BDO as the Company's internal auditor on 31 May 2022.

NAMOI COTTON Growing Together

THE NAMOI COTTON BRAND IS STRONG

Coming out of a difficult drought period from 2019 to 2021, the Board and Executive's focus has been on simplifying and strengthening our business whilst pursuing a strategy to create premium value for growers and returns to shareholders through the cycle.

Now in 2023, the Namoi Cotton Group is well positioned to handle the above average volumes forecast for the short to medium term and is expanding its footprint and touch points, as well as our service offerings along the supply chain that will generate higher revenue.

The Namoi Cotton brand is strong and reflects our 60 years' experience that we are leveraging off to create a future resilient business model that will grow our sustainable earnings into new territories and products. But we will never forget that our business is built on the strong relationship we have with our growers and the expectation of delivering a premium service in good times and bad.

On behalf of our Board and the Executive Team, thank you to the entire Namoi Cotton team who continue to demonstrate our values despite the challenges. Also, thank you to the Namoi Cotton Directors who continue to guide and support the business.

Importantly, we thank you, our shareholders, for your continued support and investment in Namoi Cotton.


TIM WATSON
Chair


JOHN STEVENSON
CEO

Our Stakeholders

To build shareholder value over the long-term we interact with a diverse range of stakeholders with a varied range of interests in our business. We work to build strong relationships with stakeholders through regular and meaningful engagement and open and transparent communication.

Stakeholder	What issues are important?	How we respond to create value
Customers/ Growers	• Superior service, reliability, and safety • Price representing value for service • Added value through product innovation	• Delivering on our customer promise to provide the highest standards of safety, service, quality, and value • Leveraging our capability and investment in solutions to improve productivity and quality
Employees and contractors	• Safety, health, and wellbeing • Skills and capability development to meet future of work • Career and progression opportunities • Leadership • Diversity and inclusion	• Developing a culture of safety, and providing safe systems of work • Growing our focus on mental health and wellbeing • Enabling continuous learning opportunities, with a focus on skills for the future • Providing performance-driven rewards and advancement opportunities • Building leadership focused on developing trust and empowering their teams • Growing our commercial and operational female talent pipeline

Stakeholder	What issues are important?	How we respond to create value
Shareholders, lenders and analysts	• Company performance and growing shareholder value • Company strategy and business model • Management of variability through the cycle • Management of short, medium, and long-term risks • Corporate governance	• Adapting to a variable and changing environment • Disclosure and transparency of financial and non-financial performance
Suppliers and business partners	• Business resilience and continuity • Security of supply • Managing supply chain risks, including ESG risks	• Partner key suppliers to supply reliable and quality inputs • Providing clear guidance to suppliers on our safety and ESG requirements • Working with suppliers to address legislative requirements and societal expectations on ethical supply chains
Local communities	• Product safety and security • Local operational impacts including water, air, and noise • Economic opportunities including employment and procurement • Investment in communities • Ethical business conduct and transparent communication • Strong partnerships	• Engaging our communities and other stakeholders on our safety approach • Working to improve environmental outcomes • Supporting our communities impacted by crises including COVID-19 and extreme weather events • Increasing our financial contribution and developing a more targeted community investment approach
Government and regulators	• Regulatory compliance, good governance, and ethical business conduct • Socio-economic contribution • Community contribution and impacts • Innovation, research, and development	• Complying with all relevant legislation and regulation • Actively engaging and participating with government and industry on policy matters • Providing insight to support evolving policy frameworks • Fostering innovation, research and development
Industry associations	• Industry specific issues and strategy	• Engaging openly and transparently to identify opportunities for collaboration • Advocating responsibly and consistently in line with our policy commitments, including opportunities to raise industry performance to meet our standards • Providing input into industry responses to government consultations

Our Results

REVIEW AND RESULTS OF OPERATIONS

Volume and Operations

FOR THE YEARS ENDED 28 FEBRUARY		FY2023	FY2022	Movement	
COTTON PRODUCTION					
Australian cotton production [1]	million bales	5.6	2.7	2.1x	▲
Namoi Cotton catchment area [2]	million bales	3.6	1.3	2.8x	▲
NAMOI COTTON VOLUME					
Ginned cotton (100% JV gins) [3]	thousand bales	1,173	493	2.4x	▲
Cottonseed delivered	thousand tonnes	360	113	3.2x	▲
Warehouse received [4]	thousand bales	836	677	1.2x	▲
Packing (grain & cottonseed) [4]	thousand tonnes	159	124	1.3x	▲

Notes:
[1] ABARES – March 2023.
[2] Cotton Compass – November 2022.
[3] Ginned cotton (share of JV gins) is 1,084,000 bales in FY2023.
[4] NCA – 51% owned by Namoi Cotton.

Australian cotton crop production for the 2022 season was 5.6 million bales [2021: 2.7 million bales] of which an estimated 3.6 million bales were grown in Namoi Cotton's catchment area.

Namoi Cotton's ginning volume, on the back of increased cotton production, **increased more than two-fold to 1.17 million bales** in FY2023 [FY2022: 0.49 million bales].

This is 41% above our average ginning volume of 830,000 bales and represents a 33% market share in our catchment area.

Namoi Cotton operated all 10 gins, with all gins operating 24 hours.
(except North Bourke)

In addition to ginning, the volume of our other products also increased:

CO-PRODUCTS

In FY2023 we delivered 360,000 tonnes of cottonseed [FY2022: 113,000 tonnes] into local and overseas markets and delivered moss into overseas markets.

SUPPLY CHAIN AND MARKETING

In FY2023 NCA received 836,000 bales through its warehouses and supply chain [FY2022: 677,000 bales]. NCA also packed 159,000 tonnes of grain and cottonseed product in FY2023 [FY2022: 124,000 tonnes].

Segment earnings

FOR THE YEARS ENDED 28 FEBRUARY	FY2023	FY2022	Movement	
EBITDA RECONCILIATION ($M)				
Profit (Loss) before tax	**4.0**	**(6.7)**	**10.7**	▲
Add back:				
Depreciation	11.1	6.5		
Finance costs	3.2	2.8		
EBITDA [1]	**18.3**	**2.6**	**15.7**	▲
SPLIT PER SEGMENT ($M)				
Ginning Services	21.3	8.7	12.6	▲
Supply Chain & Marketing	4.5	2.1	2.4	▲
Corporate (net costs)	(7.5)	(8.2)	0.7	▼
EBITDA	**18.3**	**2.6**	**15.7**	▲

Notes:
[1] EBITDA – Non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortization (including share of EBITDA from NCA and share of profit from NCMA and NCPS excluding impairments and revaluation decrements on property, plant and equipment held at fair value).

Namoi Cotton generated an EBITDA of $18.3 million [FY2022: EBITDA $2.6 million] that includes Namoi Cotton's share of NCA EBITDA and share of NCMA profit.

GINNING SERVICES

$21.3 million EBITDA contribution, $12.6 million increase from FY2022 [FY2022: $8.7 million], from ginning that include the marketing of co-products.

Ginning contribution increased with ginning volume, however margin was negatively impacted by:

- Higher operating costs with the delayed ginning season and high moisture cotton.
- Lower margin from cottonseed marketing with increased distribution cost and delayed delivery into FY2024.
- Lower margin from moss sales with delayed processing and delayed delivery into FY2024.

SUPPLY CHAIN AND MARKETING

$4.5 million EBITDA contribution, $2.4 million increase from FY2022 [FY2022: $2.1 million] from our share of joint ventures and other operations.

Good performance achieved from the restructured joint ventures with:

- Increased warehousing volume and cost discipline in NCA.
- Increased lint volume and trading margins in NCMA.

CORPORATE (NET COSTS)

($7.5) million EBITDA contribution, $0.7 million reduction from FY2022, [FY2022: $(8.2) million].

Good discipline in managing fixed costs and other expenses.

Balance Sheet, Cashflow and Debt

FOR THE YEARS ENDED 28 FEBRUARY	FY2023	FY2022	Movement
EBITDA RECONCILIATION ($M)			
Net Assets	**133.7**	**113.2**	**20.5** ▲
Net cash (outflow)/inflow from operating activities	(2.4)	14.4	(16.8)
Add back cottonseed inventory [4]	13.4	2.2	
Exclude restructure of NCA/NCMA joint ventures [1]		(18.3)	
Adjusted operating cashflow [6]	**11.1**	**(1.8)**	**12.9** ▲
Capital expenditure and investments	11.2	5.1	6.1
Net Debt [2]	47.2	46.8	0.4
Gearing [3]	26.4%	29.1%	-2.7%
Less Cottonseed inventory [4]	13.4	2.2	11.2
Core Debt [5]	**33.7**	**44.6**	**(10.9)** ▼

Notes:

[1] Estimated FY2022 operating cashflow impact from the restructure of the NCA joint venture involving the transfer of lint trading and associated assets and liabilities from NCA to NCMA. NCA's FY2023 operating cashflow does not include any impact from the restructure.

[2] Net debt – is a non-IFRS and unaudited measure representing interest bearing liabilities and equipment loans less cash and cash equivalents.

[3] Gearing Ratio – is a non-IFRS and unaudited measure representing Net Debt divided by Net Debt plus Total Equity.

[4] Cottonseed inventory is carried at the lower of cost and net realisable value.

[5] Core debt – is a non-IFRS and unaudited measure representing Net Debt less cottonseed inventory. (More relevant debt metric for agribusinesses given the marketable and liquid characteristics of traded cottonseed).

[6] Adjusted operating cashflow – is a non-IFRS unaudited measure.

Net Assets

Net Assets were $133.7 million at FY2023 year end, a $20.5 million increase on the prior year [FY2022: $113.2 million]. Net Assets are underpinned by $158.2 million in property, plant and equipment.

Cashflow

Adjusted operating cash inflow in FY2023 was $11.1 million excluding $13.4 million cottonseed inventory held for marketing [FY2022: $2.2 million]. This funded $11.2 million in growth (including the investment in Kimberley Cotton Company) and stay in business capital expenditure [FY2022: $5.1 million].

Debt

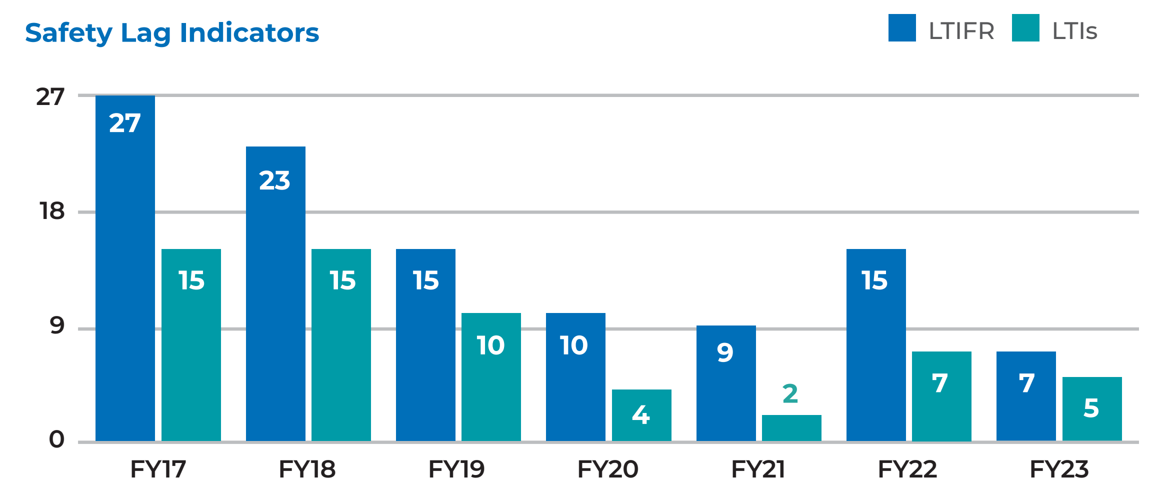
Cashflow from increased volume together with proceeds from the capital raising enabled Term Debt to be reduced by $9.9 million from $42.5 million to $32.6 million. Net Debt was $47.2 million [FY2022: $46.8 million] with gearing reduced to 26% at FY2023 year end from 29% in FY2022. Core Debt (excluding cottonseed inventory held for marketing) was $33.7 million, a reduction of $10.9 million [FY2022: $44.6 million], the lowest since FY2010.

SAFETY PERFORMANCE

Safety is our number one priority, always. We pride ourselves on conducting our business safely and responsibly. Supporting safety initiatives implemented in FY2023 included:

- DoneSafe providing staff a user-friendly platform to report hazards and incidents and manage controls,
- Namoi Cotton Induction and Working Safely at Namoi Cotton to provide online induction and training courses for new and existing staff, and
- Early Intervention Program to support injured staff through their rehabilitation and return to work.

We incurred five injuries resulting in lost time (LTI) from ~700,000 hours worked during FY2023, leading to a Lost Time Injury Frequency Rate (LTIFR) of 7.48 (FY2022: LTIFR 14.61 from 7 LTI's from ~500,000 hours worked).



WORKFORCE DIVERSITY

Attracting a diverse workforce is a key component of our strategic direction. At the end of FY2023, **27%** of the Group workforce comprised females which represents a **12.5%** increase on last year. In our executive leadership team (ELT), in terms of representation we have two female members out of eight people, and in terms of remuneration we have a negative gender pay gap ratio. Meaning the average earnings of women in the ELT is 8% higher by median pay versus men. The term "gender pay gap" refers to the difference in average earnings of men and women in comparable roles in the same organisation as a ratio.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

Refer to our separate stand-alone 2022 Season Sustainability Report which was completed in reference to the Global Reporting Standard (GRI) and drew upon the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (UNSDGs). The report provides further detail on our management of climate related risks and discloses our ten most relevant ESG indicators, base year metrics (where available) and targets (where available) across the near term (1-3 years) and long-term (to 2040). We envision expanding reporting and disclosures across our other material topics in subsequent reporting years.

Our Team

EXECUTIVE LEADERSHIP TEAM

Our Executive Leadership Team (ELT) supports the CEO to run our day-to-day operations based on authority delegated by the Board. The ELT is responsible for executing our strategy, driving financial performance, and enabling an engaging and inclusive culture.

JOHN STEVENSON

Chief Executive Officer

FCA, GAICD, FGIA, B.Bus

John commenced in March 2020 as CFO before being appointed CEO on 7 June 2021. John has over 30 years' experience across a range of sectors as CEO, CFO and Director with significant expertise in Agribusiness.

SONYA RYAN

Chief Financial Officer

Grad. Dip. Adv. Accounting, CPA, B.Bus major Accountancy, AICD

Sonya was appointed in January 2022 and has a wealth of Financial and Risk Management experience gained from working across national and international companies.

SHANE MCGREGOR

Executive General Manager Operations – Warehousing & Supply Chain

MBA, MPM, USDA Accredited Cotton Classifier

Shane has thirty years of experience in the cotton industry ranging from export logistics and warehousing, cotton lint classification and marketing, cottonseed trading and cotton ginning operations.

NEIL JOHNS

Executive General Manager Strategy & Business Development

BCom, MCom, MBus

Neil commenced in 2020 and has more than 30 years of agribusiness and supply chain experience in strategy, business development, M&A and operations.

MILENA MCKENZIE

Executive General Manager, People, Safety & Culture

BBus, Accredited Executive Coach

Appointed in October 2021, Milena has more than 25 years of extensive experience across numerous industries in Human Resources specialising in culture and organisational change.

GRANT AMBROSE

Engineering Manager

Adv. Dip. Electrical Engineering

Grant was appointed Engineering Manager in 2021. He has 17 years of experience in the cotton industry with Namoi Cotton in roles such as electrical services, maintenance and trades manager and project manager.

ROSS KEALY

Operations Manager

BEng (Chem), MBA

Ross joined Namoi Cotton in 2021 bringing with him extensive experience in Food, FMCG and Chemical Manufacturing. His background in Development of People, Plant and Processes supports Namoi Cotton's Operational Excellence.

HENRY MCKAY

Executive General Manager Customer Engagement

B.Ag.Ec.

Henry joined Namoi Cotton in October 2022 and has extensive experience in Sales, Agri-Tech, and Commodity Trading, both domestically and internationally.

Governance and Risk

BOARD OF 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, unless otherwise indicated, are as follows.

TIM WATSON

Chair, Independent Non-executive Director

GAICD

Mr Watson was appointed to the Board on 18 December 2014 and appointed as Chair for Namoi Cotton Limited from 29 August 2018. He is a member of the People, Culture and Nominations Committee. Until early 2022, Mr Watson grew cotton in the Hillston Region and has been involved in the cotton industry since 2000 and as a member of the Hillston District Irrigators Association, the Lachlan River Customer Service Committee and the Lachlan Valley Water Users Association. Mr Watson was re-elected as a Non-Executive Director at the 2022 annual general meeting. He brings with him extensive industry and commercial expertise in 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.

IAN WILTON

Independent Non-executive Director

MSc, FCCA, FCPA, FAICD, CA

Mr Wilton was appointed to the Board on 17 June 2020 to fill a casual vacancy and was elected at the 2020 annual general meeting. He is currently Chair of the People, Culture and Nomination Committee. Mr Wilton is an experienced Non-Executive Director, having served on the boards of both listed and unlisted companies. He also has significant executive experience in the agribusiness sector. Mr Wilton is currently Chair of the Board of Elders Limited.

JUANITA HAMPARSUM

Independent Non-executive Director

B.Bus. (UTS), CA, FPCT, GAICD

Mrs Hamparsum was appointed to the Board on 7 June 2018 to fill a casual vacancy and was elected at the 2018 general meeting. She is Chair of the Audit, Risk and Compliance Committee and a member of the Safety Committee. Mrs Hamparsum grows cotton and grains in the Upper Namoi region and has been involved in the cotton industry since 1998. Mrs Hamparsum has extensive financial, agricultural and natural resource management experience. She is a chartered accountant and currently a Director and Chair of the audit committee of Cotton Seed Distributors Ltd.

ROBERT GREEN

Independent Non-executive Director

B.Bus. (QAC) MAICD

Mr Green joined the Namoi Cotton Board in May 2013. He is Chair of the Safety, Health and Environment Committee and a member of the Audit, Risk and Compliance Committee. 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. Mr Green is also a Non-Executive Director of Lindsay Australia Limited and Chair of the Board of Boomaroo Nurseries Pty Ltd.

JAMES DAVIES

Independent Non-executive Director

BCompSc, MBA, GAICD

Mr Davies was appointed to the Board on 28 November 2022. Mr Davies has over 35 years' experience in investment management across timberland, economic infrastructure, real estate, and private equity. Mr Davies is a member of the People, Culture, Nomination Committee and the Safety, Health and Environment Committee. He holds a Bachelor of Computer Science from the University of New England, a Master of Business Administration from the London Business School and is a Graduate of the Australian Institute of Company Directors. Mr Davies is also Chair of the boards of Kiland Limited, Eildon Capital Limited, New Energy Solar Limited, and Nobrac Limited.

COMPANY SECRETARIES

Sonya Ryan GradDip Adv Accounting, CPA, B.Bus major Accountancy, AICD

John Stevenson FCA, GAICD, FGIA, B.Bus.

GOVERNANCE

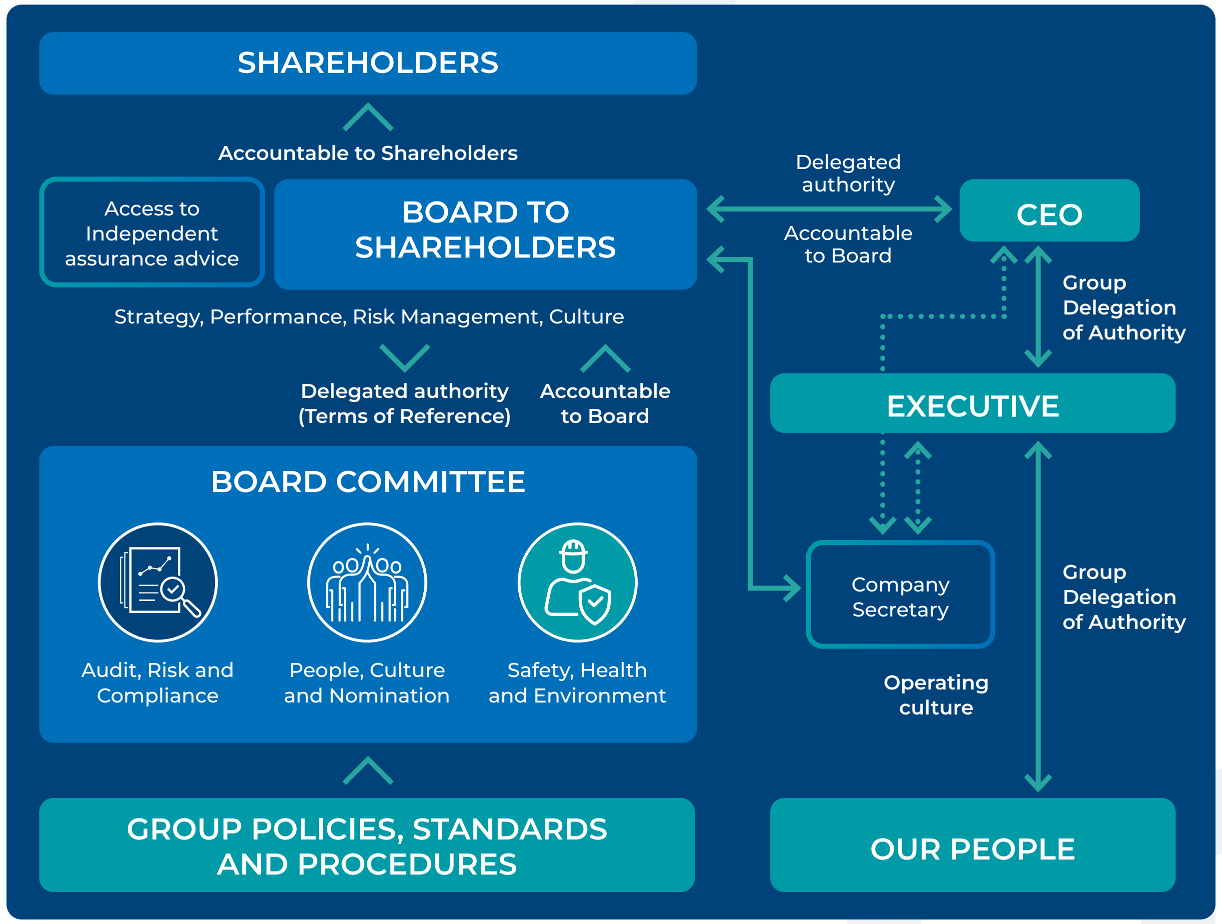
Our Board is committed to conducting business ethically and to the highest standards of corporate governance. This is a pre-requisite to maintaining stakeholder confidence. Good corporate governance creates value by ensuring the interests of management are aligned with our stakeholders, cultivating a company culture of integrity, and facilitating better decision-making through clearly defined roles and responsibilities, and robust processes.

To align our approach with best practice, we periodically review and update our corporate governance documents and practices. Our FY2023 governance arrangements comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles and Recommendations). The company's corporate governance statement is to be submitted to the ASX and published prior to the issuance of the AGM notice in June. It will also be available on Namoi Cotton's public website (www.namoicotton.com.au) at that time.

Role of our Board

The Board oversees the business and affairs of the Group. They set our strategic direction, oversee performance, and risk management, and provide leadership and direction on workforce culture and values. There are three Board Committees: The Board Audit, Risk and Compliance Committee, the People, Culture and Nomination Committee, and the Safety, Health and Environment Committee. Each Committee has its own Charter which sets out its roles and responsibilities. They are available in the Investors section of our website. Day-to-day responsibility for managing the Group is delegated to our CEO, who operates within delegated authority limits determined by our Board.

Corporate governance framework



Board Committees

Committees assist the Board in fulfilling its statutory and regulatory responsibilities. Committees have the authority and power to exercise their role and responsibilities as set out in their Charter and granted to them under any separate resolutions of the Board from time to time. Committees are empowered to investigate any matter necessary to carry out their duties. The Committee's functions do not relieve the Board from any of its responsibilities.

Audit, Risk and Compliance

The role and responsibility of the Audit, Risk and Compliance Committee is to assist and advise the Board on matters relating to:

- Corporate Reporting
- External Audit
- Internal Audit
- Risk Management, fraud and internal control
- Compliance and ethics
- Trading Risk
- Any other matters as the Board may refer to it from time to time

People, Culture and Nomination

The role and responsibility of the People, Culture and Nomination Committee is to assist and advise the Board on matters relating to:

- Organisation Structure, Remuneration and Benefits
- People and Culture Generally
- Board Selection, Appointment and Review
- CEO Selection, Appointment, Review and Succession Planning
- Succession planning for the Executive Leadership Team
- Remuneration Report
- Related disclosures matters
- Any other matters as the Board may refer to it from time to time

Safety, Health and Environment

The role and responsibility of the Safety, Health and Environment Committee is to assist and advise the Board on matters relating to:

- Healthy and safe working environment and culture for all employees, contractors, clients and other visitors to the Group's work premises
- Safety, Health and Environment Strategy and Framework and all associated policies and initiatives
- External safety, health and environment auditing
- Serious incidents and reportable environmental matters
- Any other matters as the Board may refer to it from time to time

Committee Membership

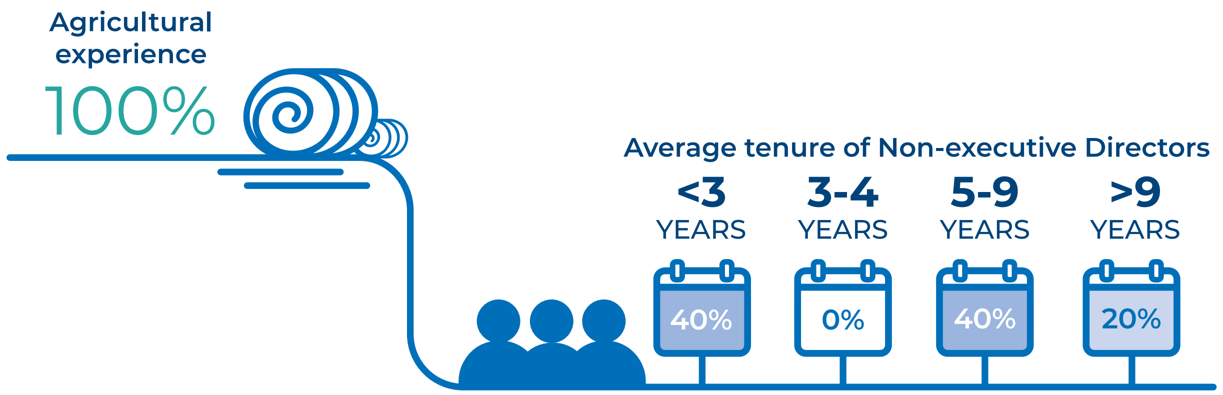
Members acting on the committees of the Board during the year were:

Audit, Risk and Compliance
J Hamparsum (Chair)
R Green
I Wilton (appointed 27th April, 2022)
J Di Leo (resigned 27th April 2022)

People, Culture and Nomination
I Wilton (Chair)
T Watson
J Hamparsum (appointed 8th August 2022, resigned 12th December 2022)
R Green (resigned 27th April 2022, re-appointed 8th August 2022, resigned 12th December 2022)
J Davies (appointed 12th December 2022)
J Di Leo (Chair 9 May – resigned 4th August 2022)

Safety, Health and Environment
R Green (Chair – appointed 27th April, 2022)
J Hamparsum
J Davies (appointed 12th December 2022)
J Di Leo (resigned 4th August 2022)

BOARD COMPOSITION



Delegated responsibility for Board composition and succession planning rests with our People, Culture and Nomination Committee. In considering potential candidates for appointment to the Board, the Committee complete a thorough review of the skills, experience, and competencies of candidates in relation to the Board's current and future skill and experience requirements, as well as diversity considerations.

A summary of the collective skills held by our Board include:

- Leadership
- Governance
- Health and Safety
- Financial And Business Acumen
- Strategy
- People And Culture
- Risk Management
- Capital Projects, Mergers and Acquisitions
- Stakeholder Engagement
- Digital Transformation
- Industry Expertise

MANAGING RISK

Risk management is fundamental to informing and executing our strategic direction in support of value creation for our stakeholders. We take a proactive approach to identify and capitalise on opportunities, whilst managing risks appropriately, which goes hand in hand with operating a safe and responsible business.

Our risk management approach is designed to focus on the key existing and emerging risks that could significantly impact the delivery of our strategy and vision.

Board

The Board has overall responsibility for making sure we manage risks in line with our approved risk appetite settings and are maintaining our internal control systems. It regularly reviews, either directly or through its committees, how our risk management processes are performing across the business. The Board Audit, Risk and Compliance Committee has oversight of the effectiveness of the Group's risk management framework and processes.

Executive Leadership Team

The Executive Leadership Team owns our material risks and is responsible for interrogating the effectiveness of risk mitigation strategies and for monitoring our performance against the approved risk appetite settings.

.

RISK APPETITE FRAMEWORK

Risk appetite statements, settings and risk limits are important to set the boundaries for the decisions we make, ensuring we understand how to remain within the risk appetite set by the Board, while establishing clear triggers for action in the event of change.

Risk Appetite Statements and Settings	A qualitative view on how willing the Board is to assume risk for each material risk category after considering our control environment, strategy, business environment and the risk/reward trade-off.
Key Risk Indicators and Risk Limits	A defined set of quantitative indicators and risk limits (guardrails) to execute decisions and manage business performance. Exceeding risk limits will act as a trigger for management and/or Board action.

Namoi Cotton manage risks against its defined risk appetite for key risk categories as outlined in the table below. We periodically review and confirm the risks currently faced by the business.

RISK ACTIVITIES

Financial

- ✓ Financial reporting/transaction.
- ✓ Credit risk
- ✓ Commodity price risk
- ✓ Fraud

People and Culture

- ✓ People selection and performance
- ✓ Ethics/corruption
- ✓ WH&S
- ✓ Change management

Environmental

- ✓ Emissions and climate change
- ✓ Energy management
- ✓ Water management
- ✓ Waste management
- ✓ Product impact and sustainability

Social

- ✓ People, diversity, and inclusion
- ✓ Social supply chain management
- ✓ Human rights and community relations

Governance

- ✓ Management of sustainability risks
- ✓ Business ethics

Operations

- ✓ Products and services
- ✓ Physical assets
- ✓ IT systems and cyber
- ✓ Change management

Regulatory and Compliance

- ✓ Regulation
- ✓ Tax
- ✓ Legal

Strategic

- ✓ Planning

Directors' Report

Your directors present their report on the consolidated entity consisting of Namoi Cotton Limited ('the Company' or 'Namoi Cotton') and the entities it controlled (collectively 'the Group') at the end of or during the year ended 28 February 2023 ('FY2023').

DIRECTORS

The directors that held office throughout the financial year and up to the date of this report, unless otherwise indicated, are as follows:

Tim Watson, Chair
Robert L Green
Juanita Hamparsum
Joseph Di Leo (resigned 4 August 2022)
Ian Wilton
James Davies (appointed 28 November 2022)

Namoi Cotton would like to thank Mr Joseph Di Leo for his services to the company during his tenure as a Non-executive Director.

Directors Meetings

The number of Directors' meetings (including meetings of Committees of Directors) held and attended by each of the directors (as a 'Member' of the Committee) of the Company during the financial year are listed below:

DIRECTOR	BOARD MEETINGS		COMMITTEE MEETING Audit, Risk & Compliance		COMMITTEE MEETING People, Culture & Nomination		COMMITTEE MEETING Safety, Health & Environment	
CURRENT	Attended	Held [1]	Attended	Held	Attended	Held	Attended	Held
Tim Watson	17	17	-	-	8	8	-	-
Robert L Green	17	17	7	7	5	5	2	2
Juanita Hamparsum	17	17	7	7	2	2	2	2
Ian Wilton	17	17	4	5	7	8	1	1
James Davies	3	3	–	–	2	2	-	-
FORMER								
Joseph Di Leo [2]	9	9	2	2	5	5	1	1

[1] 'Held' is noted as the number of meetings that were held at the time the Director was a Member of the Committee.
[2] Joseph Di Leo resigned on 4 August 2022.

All board members were available to attend Directors' meetings and relevant committee meetings. The CEO and CFO are invited to attend all meetings.

Directors' interests in share capital

The relevant interest of each Director in the share capital of the Company is disclosed in the Remuneration Report.

Principal activities

Namoi Cotton is an Australian domiciled public company listed on the Australian Stock Exchange. The principal activities of the entities in the Namoi Cotton consolidated group in FY2023 were the ginning and marketing of cotton including its by products such as cottonseed and moss/mote.

Likely Developments

Likely developments in the operations of the Group and the expected results of those operations are covered generally in the review of operations and financial performance of the Group in the Annual Report.

Review And Results of Operations

A review of the operations of the Group during the financial year and of the results of those operations is contained in the Review and Results of Operations together with the Letter from our Chair and CEO, pages 10 to 17 of the Annual Report.

During 2023, the Group reassessed the accounting policies previously applied to revenue as well as our joint arrangements, NCA and NCMA. As a consequence of the reassessment, revenue from customers, trading margin gains, derivative assets and liabilities, and a number of other items have been restated. The Group's FY2023 consolidated financial statements includes full details of the restatement and Note b) in the summary of significant accounting policies of the FY2023 consolidated financial statements summarises the impacts on the previously reported financial position.

Changes In the State of Affairs

There were no significant changes in the state of affairs of the Group during the year ended 28 February 2023 other than as disclosed elsewhere in this report.

Dividends

Dividends paid or declared since the end of the previous financial year were: $Nil.

Since the end of the financial year, the Directors have declared that no dividend will be paid for FY2023.

Events Subsequent to Balance Date

The Directors have not become aware of any significant matter or circumstance that has arisen since 28 February 2023, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

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.

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 submitted to the ASX and published prior to the issuance of the AGM notice in June. It will also be available on Namoi Cotton's public website (www.namoicotton.com.au) at that time.

Non-audit services

Any non-audit services provided by the entity's auditor, KPMG, are described in Note 5.1 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 51 of the Annual Report.

Remuneration Report

INTRODUCTION (UNAUDITED)

Following is the Remuneration Report of the company for the year ended 28 February 2023. The report provides shareholders with details of our remuneration policies and how these link to the performance-based remuneration outcomes of our people, particularly Key Management Personnel (KMP).

The Company has completed a review of which roles and people qualify as KMP in accordance with the requirements of the Corporations Act 2001 and its Regulations and have determined that our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with our Board of Directors qualify as KMP.

The Company received a first strike against its Remuneration Report at the 2022 AGM held on 19 July 2022 with 55.87% votes against. The Board engaged with shareholders to understand their concerns and those concerns have been considered. Specifically, the feedback that non-executive Director's remuneration should include performance rights which vest based on share price performance. The Board did not support this approach, in accordance with ASX Corporate Governance Principles and Recommendations, given that it may lead to bias in their decision-making and compromise their objectivity.

The 2023 financial year has seen the Company register its first positive Net Profit after Tax since FY2019 on above average seasonal volumes within a high inflationary environment. The Company remains focused on improving the safety and wellbeing of our people, improving our engagement with stakeholders, and continuing to implement our 4PP strategic plan.

Outcomes Under Namoi Cotton Incentive Plans

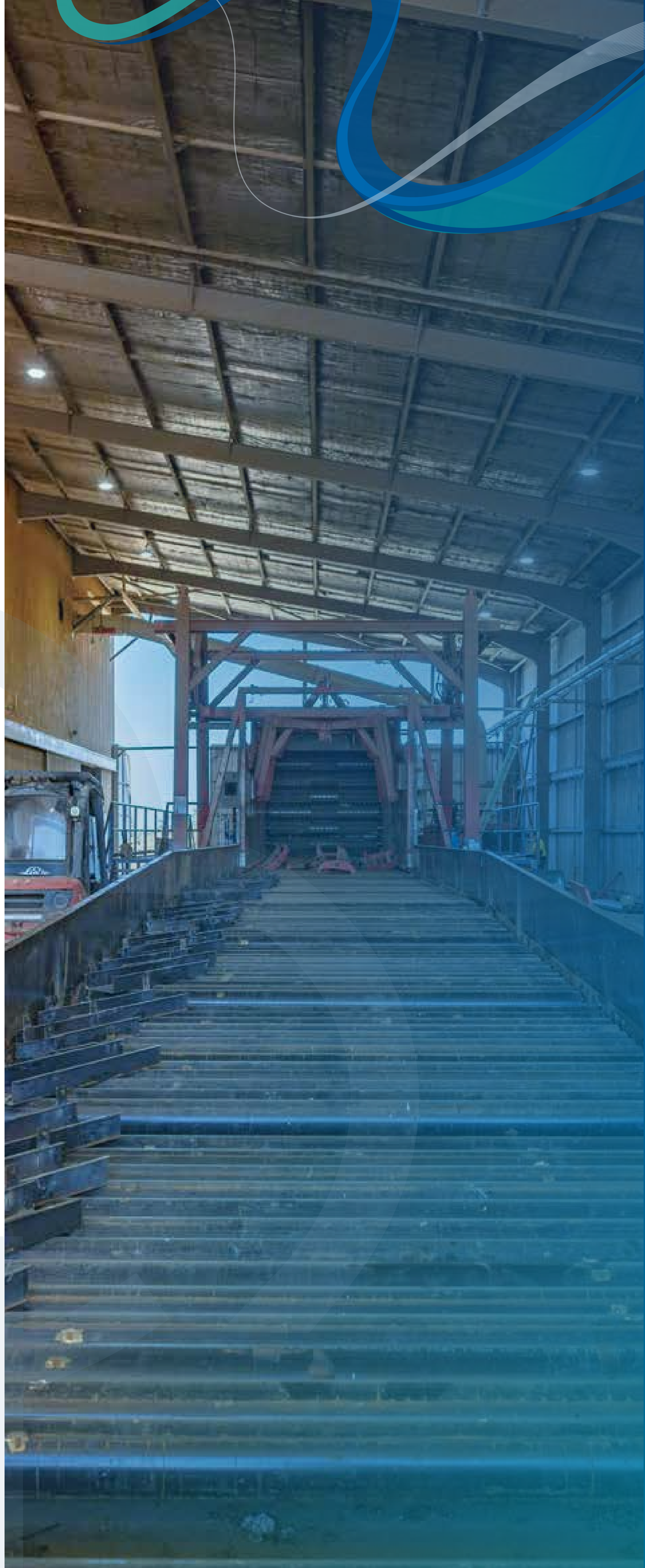
The average Short Term Incentive (STI) scorecard outcome across the Group and for the Executive team for FY2023 was 40%. STI payments were awarded to all members of the Executive Team for FY2023, whilst 98% of all eligible staff received an STI payment in FY2023.

Actual performance exceeded target in terms of volume, whilst margin performance was mixed given delayed earnings and higher than expected operating costs in some areas. Our safety performance exceeded target, whilst our strategic plans and projects were implemented at or above target. Our internal and external engagement scores were below target and this is a focus area for us going forward. We consider the non-financial components of the STI scorecards to be of the utmost importance to running a safe and successful business.

In accordance with the Executive Long Term Incentive (LTI) program, performance rights were awarded to all Executive members for FY2023.

Performance rights awarded in FY2021 to the CEO and one other Executive reached their vesting date on 28 February 2023. The performance hurdle rate for Total Shareholder Return (TSR) was not met and the CEO's performance rights did not vest and hence lapsed. The Directors exercised their discretion to confirm that the FY2021 performance rights issued to the other Executive did vest on 28 February 2023, despite the performance hurdle rate not being met. These vested performance rights can be exercised by the Executive within a 1 year period from vesting. No vested rights have been exercised to date.

The LTI's awarded between FY2022 to FY2023 have not reached their vesting dates.



Remuneration Report Contents

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the non-executive director and executive KMP remuneration arrangements of the Group 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 Group, including any Director of the Company.

1. Key Management Personnel (KMP)

A review of KMP's reported in previous years was conducted and in accordance with the Australian Accounting Standards the table below lists the Executives of the Company who, together with the Non-Executive Directors, were defined as KMP for FY2023.

Changes to KMP in FY2023 included the resignation of non-executive Director, Joseph Di Leo, on 4 August 2022 and the appointment of James Davies as a non-executive Director on 28 November 2022.

Name	Role in FY2023	Commencement date in role
EXECUTIVE KMP		
John Stevenson [1]	CEO & Company Secretary	7 June 2021
Sonya Ryan [2]	CFO & Company Secretary	7 January 2022
CURRENT DIRECTORS		
T J Watson	Chair, non-executive	18 December 2014
R Green	Director, non-executive	27 May 2013
J Hamparsum	Director, non-executive	7 June 2018
I Wilton	Director, non-executive	17 June 2020
J Davies	Director, non-executive	28 November 2022
FORMER		
J Di Leo	Director, non-executive	7 June 2018 (resigned 4 August 2022)

[1] Permanent position and period of notice to be given by employee or employer – 6 months.
[2] Permanent position and period of notice to be given by the employee or employer – 3 months.

2. Remuneration Framework

2.1 Principles of compensation

Our remuneration policy considers the Company's overall business plan, external market conditions, individual employee performance and industry benchmark data and is designed to align individual and department/site accountabilities with the Company's key objectives and strategy.

In structuring remuneration, the Board aims to find an appropriate balance between fixed and variable remuneration (i.e. performance linked and at-risk), the way it's delivered (cash versus deferred), and balanced deferral time-frames (short, medium and long-term). Total remuneration is designed to be fair, reasonable, responsible, transparent, consistent, and competitive for each level of our workforce.

The remuneration elements offered include fixed remuneration, which consists of a base salary plus superannuation, a variable "at risk" remuneration component provided through a short-term incentive (STI) program, plus a long-term incentive (LTI) program for Executives.

2.2 Compensation Structure

Fixed remuneration	Short Term Incentive (STI)	Long Term Incentive (LTI)
EXECUTIVE		
PURPOSE		
Attract and retain high quality executives through market competitive and fair remuneration	Ensure a portion of remuneration is variable, at-risk, and linked to the delivery of agreed targets for financial and non-financial measures that support Namoi Cotton's strategic priorities. The STI outcome can range from 0% to 100% of payout, ranging from 25% to 44% of base salary depending on performance relative to agreed targets.	Align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained Group performance and the creation of shareholder value over the long term.
DELIVERY		
Comprises cash salary, salary sacrificed items and superannuation contributions	Awarded in cash based on an assessment of performance over the preceding year.	Awarded in performance rights which vest after 3 years subject to the achievement of TSR and workplace safety hurdles.
ALIGNMENT TO PERFORMANCE		
Set with reference to market benchmarks in the agricultural and processing industries in Australia as well as the size, responsibilities and complexity of the role, and the skills and experience of the executive. Individual performance impacts fixed remuneration adjustments.	Performance is assessed using a scorecard comprising a mix of financial and non-financial targets, varied across roles and levels including, but not limited to: • Safety outcomes and environment • Financial results • Strategic plans • Customer & Employee engagement • Personal development	Performance is assessed based on TSR relative to an absolute hurdle equal to a set compound annual growth rate (CAGR) in the value of Namoi Cotton shares over the 3-year performance period. Performance rights will not vest if a workplace fatality has occurred during the performance period.
ALIGNMENT TO SHAREHOLDERS & OTHER STAKEHOLDERS		
	• Drives maximum financial returns. • Encourages equitable allocation of capital amongst all stakeholders. • Promotes engagement with customers and employees. • Develops employee skills and experience.	• Promotes growth in TSR based on market price. • Encourages a safe workplace environment.
DIRECTORS		
ALIGNMENT TO SHAREHOLDERS		
The Company's Minimum Shareholding Policy requires Directors to own a minimum number of Namoi Cotton shares equivalent to the value of their annual Director base fee which must be acquired within 3 years after the date of the Director's first appointment.	STI's are not payable to Directors.	LTI's are not payable to Directors.

2.3 Split of Executive KMP remuneration

The table below represents the remuneration mix, guaranteed up to a potential maximum, for executive KMP in the current year. The STI is quoted at the maximum potential level and the LTI is quoted on the value awarded, not vested, in the current year.

Remuneration	Fixed	At Risk		Total Entitlement	
	Remuneration [1]	STI [2]	LTI [3]	Guaranteed	Potential [4]
CEO	100%	44%	44%	100%	188%
CFO	100%	25%	25%	100%	150%

[1] Base salary plus superannuation.
[2] % of the fixed remuneration paid annually in cash on a sliding scale from 0% up to the noted maximum.
[3] Rights (non-cash) awarded annually equal to the noted % of the fixed remuneration, paid in shares and/or cash 3 years after award subject to absolute performance hurdles.
[4] Potential maximum entitlement comprising cash and non-cash elements.

2.4 Fixed remuneration

Fixed remuneration is reviewed periodically to ensure it is market competitive, reflecting the required responsibilities, performance, qualifications, and experience of the individual. The process consists of a review of company-wide, business unit and individual performance, relevant internal and market comparative compensation and, where appropriate, independent external remuneration data of equivalent industry sectors.

There are no guaranteed increases as these are assessed based on the overall Company and individual performance for the year as well as the external environment and are at the absolute discretion of management and the Board.

2.5 Short Term Incentive

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.

STI's have an appropriate mix of measurable, transparent, and achievable performance targets based on overall company and individual performance. STI's are designed to motivate and incentivise the workforce for high performance and are subject to the relevant entity earning a positive EBITDA[1] for the financial year in review.

Executive KMP STI payments are an 'at-risk' bonus and ultimately are subject to the discretion of the Board after review of achievement and recommendation by the People, Culture and Nomination Committee (PCNC).

The table below shows the breakdown of the STI scorecard for Executive KMP for the current year.

Executive KMP/ Key Performance Category	Weighting	Performance vs Target = Payout Ratio		
CEO				
EBITDA Performance [1]	60%	90% = 45%	100% = 50%	120% = 100%
Strategic Plans	25%	On Target = 50%	Above Target = 100%	na
Stakeholder Engagement	5%	On Target = 50%	Above Target = 100%	na
Safety	10%	On Target = 50%	Above Target = 100%	na
CFO				
EBITDA Performance [1]	50%	90% = 45%	100% = 50%	120% = 100%
Strategic Plans	15%	On Target = 50%	Above Target = 100%	na
Stakeholder Engagement	15%	On Target = 50%	Above Target = 100%	na
Safety	10%	On Target = 50%	Above Target = 100%	na
Personal Development	10%	On Target = 50%	Above Target = 100%	na

[1] EBITDA is a non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortization (including share of EBITDA from NCA and share of profit from NCMA and NCPS excluding impairments and revaluation decrements on property, plant and equipment held at fair value). If EBITDA is below 90% of budget, then nil is payable on financial performance.

2.6 Long Term Incentive – Namoi Equity Plan

The LTI program is designed to attract, motivate, and retain Executives aligning them to the interests of the Company.

The objective of the LTI program is to link the achievement of the Company's long-term performance targets with the compensation received by the executives charged with meeting those targets.

LTI compensation under the Namoi Cotton Limited Equity Plan (the "Plan"), in the form of performance rights in Namoi Cotton Limited, was approved by the Board on 21 June 2020 and subsequently ratified at the Annual General Meeting on 29 September 2020. The purpose of the Plan is to enable the Board to issue rights, as part of the Company's 'at risk' remuneration arrangements, to acquire shares in the Company. The granting of rights to employees of the Company is conditional upon the absolute discretion of the Board.

All LTI's provided to management and outlined in the remuneration report have been issued under this plan.

Namoi Equity Plan – Key Terms & Conditions	
Plan structure	LTI is awarded in performance rights which vest after a three year period subject to the achievement of performance hurdles and continued service. One performance right entitles the holder to one ordinary share in Namoi Cotton Limited at the time of vesting with no exercise cost. Dividends are not accumulated on performance rights.
Award opportunity	The value of LTI awarded to the CEO and Group executives is expressed as a percentage of fixed remuneration. The value of the LTI is set by the Board following a recommendation from the Board PCNC which considers a range of factors including market competitiveness and the nature of the role. The total opportunity of the LTI at the time of the granting for FY2023 was 44% of fixed remuneration for the CEO and 25% of fixed remuneration for the Group executives, including the CFO.
Allocation methodology	The number of performance rights each executive receives will be determined by dividing the dollar value of the total opportunity of the LTI award by the six-month Volume Weighted Average Performance (VWAP) of Namoi Cotton Limited shares up to commencement of the performance period.
Plan structure	LTI is awarded in performance rights which vest after a three year period subject to the achievement of performance hurdles and continued service. One performance right entitles the holder to one ordinary share in Namoi Cotton Limited at the time of vesting with no exercise cost. Dividends are not accumulated on performance rights.
Performance hurdles	LTI is subject to a relative TSR hurdle that aims to achieve long term growth in shareholder value and support alignment between reward and shareholder interests. Relative TSR is a measure of the total return delivered to shareholders over the performance period assuming dividends are reinvested. The performance hurdle measures Namoi Cotton's TSR performance using a percentile ranking vesting schedule as outlined below. **Namoi's TSR performance** – **Indicative vesting percentage** Less than 15% CAGR – 0% 15% CAGR or More – 100% The LTI's are also subject to a workplace fatality performance hurdle. Should a workplace fatality occur, all performance rights granted and vesting for the related period lapse.

Namoi Equity Plan – Key Terms & Conditions	
Assessment of performance outcomes	The relative TSR result is calculated independently to ensure external objectivity before being provided to the Board to determine the vesting outcome. The Board may exercise discretion in determining the final vesting outcome.
Re-testing	There is no-retesting. Awards that have not vested after the measurement period lapse immediately.
Early vesting	The Board may, in its discretion, determine that a Right vests prior to the date specified to the executive.
Delayed vesting	The Board's decision as to any condition may be made in the Board's absolute discretion.
Treatment of awards on cessation of employment	The Board has the discretion to determine the treatment of unvested rights where the CEO or a Group executive resigns, retires, or otherwise leaves the Group before vesting occurs. The Board may choose to accelerate the vesting of performance rights or leave the awards on foot for the remainder of the performance period. In exercising its discretion, the Board will consider relevant circumstances including those relating to the departure. The Board also can adjust the number of performance rights downwards (including to zero) in the event of misconduct resulting in significant financial and/or reputational impact to the Group and in other circumstances considered appropriate. Where an executive acts fraudulently or dishonestly or is in material breach of the obligations under the equity plan, unexercised performance rights (whether vested or unvested) will be forfeited unless the Board determines otherwise.
Remuneration adjustments for prior period matters	The Board has discretion to adjust the LTI which is awarded on a prospective basis. The Board may adjust unvested LTI downwards, including to zero, if circumstances or information come to light which mean that in the Board's view all or part of the award was not appropriate. The Board will typically apply the adjustment to unvested LTI where an adjustment to current and deferred STI's is considered insufficient or unavailable. The Board may also determine to apply clawback to LTI which has previously vested. Clawback applies, to the extent legally permissible and practicable. Clawback may occur in circumstances of serious or gross misconduct, fraud, bribery, severe reputational damage, and any other deliberate, reckless or unlawful conduct that may have a serious adverse impact on Namoi Cotton, its customers or its people which has resulted in dismissal, or the Board considers at its discretion would have justified the dismissal of the relevant executive or where otherwise required by law.
Changes for 2024	There are no changes to the Plan for 2024.

2.7 Non-executive director compensation

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 their duties as a Director.

The Constitution of the Company provides for aggregate Directors' fees of up to $850,000 per annum to be paid to Directors. For FY2023 the aggregate Directors' fees paid was $445,365.

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.

Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation.

The compensation of non-executive Directors for the period ending 28 February 2023 is detailed on page 46 of this report.

2.8 Services of Remuneration consultants

The Board engaged Guerdon Associates to conduct a market review of non-executive director (NED) fees as well as a remuneration review of the Chief Executive Officer. As remuneration experts, Guerdon Associates were engaged to conduct this external independent review and provide comparator data.

Guerdon Associates were engaged to facilitate the research, benchmarking to comparator groups and demonstrate market positioning, receiving a fee of $22,071 for their services.

The engagement of Guerdon Associates and work carried out was free from undue influence by members of KMP and non-executive Directors about whom the recommendations may relate.

2.9 Remuneration Governance

The role and responsibility of the PCNC of the Board of Directors of Namoi Cotton is to assist and advise the Board to fulfil its responsibilities to shareholders of the company on matters relating to:

- the composition, structure, and operation of the Board;
- senior executive selection and performance;
- the compensation, bonuses incentives and remuneration issues of the CEO and executives;
- policies relating to remuneration, incentives, superannuation, evaluation, and termination, affecting all staff;
- remuneration of the Directors of the Board and Chair of the Board.

Activities of the PCNC are governed by its Terms of Reference, which is available in the Investor section of our website.

2.10 Consequences of performance on shareholder wealth

As highlighted above, when determining variable remuneration outcomes for the Executive KMP, a range of financial and non-financial indicators are considered. The Group uses EBITDA[1] as a measure of performance for the Group's ongoing business activities, as this provides a basis to assess Group and Divisional performance against prior periods.

The table below provides Namoi Cotton Limited's financial performance, including EBITDA, for the current year and preceding 5 financial years.

	2023	2022	2021	2020	2019
EBITDA [1]	18.3m	2.6m	(11.6m)	(8.0m)	11.6m
Earnings per Ordinary Share (diluted) (cents)	2.1	(3.3)	(10.3)	(7.8)	(0.4)
Dividend per Ordinary Share (cents/share) [2]	-	-	-	-	1.9
Share price at year end (cents)	47.9	43.5	35.5	30.0	40.0

[1] EBITDA is a non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortization (including share of EBITDA from NCA and share of profit from NCMA and NCPS excluding impairments and revaluation decrements on property, plant and equipment held at fair value).

[2] Represents amounts paid during the financial year.

Refer to the Review and Results of Operations section of the Directors' Report for a reconciliation of EBITDA to net profit after tax.

3. Statutory Remuneration

3.1 KMP Remuneration Table

The following table outlines the statutory remuneration disclosed in accordance with Australian Accounting Standards. While it shows the fixed remuneration awarded (cash and superannuation contributions) and the cash component of the 2023 short term incentive (STI), it does not show the actual variable long term incentive (LTI) remuneration awarded or received in 2023, but instead shows the amortised accounting value of long term deferred remuneration for this financial year.

The table below sets out the remuneration paid or payable to the KMP for the financial year ended 28 February 2023.

Year Ended 28 February 2023	Short-term Employee Benefits		Post-Employment Benefits	Long-term Benefits				
	Salary & Fees [1]	STI Bonus [6]	Superannuation	LTI – Performance Rights [2]	Long Service Leave [3]	Termination Benefits	Total	% At Risk [4]
DIRECTORS								
T Watson	128,731	-	13,326	-	-	-	142,057	0%
R Green	74,846	-	7,746	-	-	-	82,592	0%
J Hamparsum	74,846	-	7,746	-	-	-	82,592	0%
J Di Leo [5]	32,154	-	3,263	-	-	-	35,417	0%
I Wilton	74,846	-	7,746	-	-	-	82,592	0%
J Davies [7]	19,327	-	788	-	-	-	20,115	0%
EXECUTIVES								
J Stevenson	432,749	88,000	31,587	37,368	262	-	589,966	21.3%
S Ryan	287,991	20,250	30,927	10,304	-	-	349,472	8.7%
	1,125,490	**108,250**	**103,129**	**47,672**	**262**	**-**	**1,384,803**	

[1] Salary & Fees plus expense associated with accrued annual leave for the period.

[2] Long Term Incentive (LTI) Share Based Payment – Value of Rights to take up shares under the Namoi Cotton Limited Equity Plan date amortised equally over a three year performance period.

[3] Expense associated with long service leave entitlement accrued during the period.

[4] The proportion of remuneration that is performance based at-risk including STI's and LTI's.

[5] Resigned 4 August 2022.

[6] The short-term incentive bonus is for performance during the respective financial year using the criteria set out on page 41. The amount was approved on 27 March 2023 after performance reviews were completed and approved by the PCNC and the Board.

[7] J Davies was appointed on 28 November 2022.

The table below sets out the remuneration paid or payable to the KMP for the financial year ended 28 February 2022.

Year Ended 28 February 2022	Short-term Employee Benefits		Post-Employment Benefits	Long-term Benefits				
	Salary & Fees [1]	STI Bonus [7]	Superannuation	LTI – Performance Rights [2]	Long Service Leave [3]	Termination Benefits	Total	% At Risk [4]
DIRECTORS								
T Watson	110,000	-	10,831	-	-	-	120,831	0%
R Green	70,000	-	6,892	-	-	-	76,892	0%
J Hamparsum	70,000	-	6,892	-	-	-	76,892	0%
J Di Leo	70,000	-	6,892	-	-	-	76,892	0%
I Wilton	70,000	-	6,892	-	-	-	76,892	0%
EXECUTIVES								
J Stevenson [5]	398,231	100,313	27,184	16,158	649	-	542,535	21.5%
S Ryan [6]	20,342	-	3,779	-	-	-	44,886	0%
	829,338	**100,313**	**69,362**	**16,158**	**649**	**-**	**1,015,820**	

[1] Salary & Fees plus expense associated with accrued annual leave for the period.

[2] Long Term Incentive (LTI) Share Based Payment – Value of Rights to take up shares under the Namoi Cotton Limited Equity Plan as at issue date amortised equally over a three year performance period.

[3] Expense associated with long service leave entitlement accrued during the period.

[4] The proportion of remuneration that is performance based at-risk including STI's and LTI's.

[5] Appointed as Acting Interim CEO effective 10 February 2021. Appointed CEO effective 7 June 2021.

[6] Appointed as CFO effective 7 January 2022.

[7] The short-term incentive bonus is for performance during the respective financial year using the criteria set out on page 41.

3.2 Analysis of bonuses included in remuneration

Details of the vesting profile of the FY2023 short-term incentive cash bonuses awarded as remuneration to each executive KMP are detailed below. No short-term incentive cash bonuses were awarded to directors of the Company in FY2023.

SHORT-TERM INCENTIVE BONUS			
FY2023	Included in remuneration [1]	% vested in year	% forfeited in year [2]
EXECUTIVE KMP			
J Stevenson	88,000	44%	56%
S Ryan	20,250	27%	73%

[1] Amounts included in remuneration for FY2023 represent the amount related to the financial year based on achievement of personal goals and satisfaction of specified performance criteria. The PCNC and the Board approved these amounts on 27 March 2023.

[2] The amounts forfeited are due to the financial performance and specific performance criteria not being fully met in relation to the current financial year.

3.3 Rights over equity instruments

The table below sets out the details of the long-term incentive performance rights that were granted to the KMP.

- During FY2023 relating to 2023 performance and remuneration outcomes; or
- In prior years which have now vested, were exercised/sold or which lapsed or were forfeited during FY2023.

No long-term incentive performance rights were granted to directors of the Company in FY2023.

Equity granted, vested, exercised, lapsed, or Forfeited – KMP

LTI is awarded in performance rights which vest after a three-year period subject to the achievement of performance hurdles, continued service and adjustment. One performance right entitles the holder to one ordinary share at the time of vesting with no exercise cost. Dividends are not accumulated on performance rights.

Performance Rights	Balance held	Granted as				Vested during the Year	Vested and exercised during the year	Balance held 28-Feb-23	Vested and exercisable at 28-Feb-23
	1 March 2022	Remuneration	Exercised	Lapsed[1]	Forfeited				
EXECUTIVES									
J Stevenson	782,516	457,472	-	224,551	-	-	-	1,015,437	-
S Ryan	-	155,957	-	-	-	-	-	155,957	-
	782,516	**613,429**	-	**224,551**	-	-	-	1,171,394	-

[1] The TSR performance hurdle was not met i.e. the share price hurdle of $0.508 compared to the share price at date of vesting of $0.430.

Performance Rights Granted to KMP in FY2023

	Number of rights granted during FY2023	Vesting conditions	Grant date	Fair value at Grant date	Expiry date
J Stevenson	457,472	TSR & Workplace fatalities	5 August 2022	$0.1982	28 February 2026
S Ryan	155,957	TSR & Workplace fatalities	5 August 2022	$0.1982	28 February 2026

All performance rights expire on the earlier of their expiry date or termination of the individual's employment. The performance rights vest and are exercisable three years from the commencement of the performance period. In addition to a continuing employment service condition, vesting is conditional on the Group achieving certain performance hurdles. Details of the performance criteria are included in the long-term incentive discussion in section 2.6 of this report. For rights granted in the current year, the earliest vesting date is 28 February 2025.

Details of equity incentives affecting current and future remuneration

Details of vesting profiles of the performance rights held by each KMP of Namoi Cotton Limited are detailed below. No performance rights are held by directors of the Company.

	Instrument	Number of instruments	Grant Date	% vested in year	% lapsed in year [1]	% forfeited in year	Financial years in which grant vests	Maximum value yet to vest [2]
J Stevenson	Performance rights	224,551	1 March 2020	-%	100%	-%	28 February 2023	-
	Performance rights	557,965	1 March 2020	-%	-%	-%	28 February 2024	6,696
	Performance rights	457,472	5 August 2022	-%	-%	-%	28 February 2025	60,447
S Ryan	Performance rights	155,957	5 August 2022	-%	-%	-%	28 February 2025	20,607

[1] The percentage lapsed in the year represents the reduction from the maximum number of instruments available to vest due to performance criteria not being achieved.

[2] The maximum value of performance rights yet to vest is determined based on the amount of the grant date fair value that is yet to be expensed. The minimum value of performance rights yet to vest is nil since the shares will be forfeited if the vesting conditions are not met.

3.4 KMP Equity Holdings

The table below sets out details of equity held directly, indirectly, or beneficially held by each KMP, including their related parties.

	Balance held [1] 1 March 2022	On Exercise of Rights	Net Change Other [2]	Balance held [3] 28 February 2023
FY2023	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
DIRECTORS				
T Watson (Chairman)	2,663,864	-	507,368	3,171,232
R Green	149,868	-	28,547	178,415
J Hamparsum	411,615	-	78,403	490,018
I Wilton	861,733	-	164,140	1,025,873
J Di Leo [4]	75,000	-	-75,000	-
J Davies	-	-	-	-
EXECUTIVES				
J Stevenson	-	-	-	-
S Ryan	-	-	-	-
	4,162,080	-	**703,458**	**4,865,538**

[1] Includes ordinary shares that are held directly, indirectly, and beneficially by KMP.

[2] Net Change Other includes shares held at appointment and retirement as well as on and off market shares purchased.

[3] Note that there were no movements in shareholdings between year end and the date the Directors Report was signed.

[4] Net change at 4 August 2022 (date of resignation), the date J Di Leo ceased to be a KMP.

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.

4. Transactions with Key Management Personnel

A number of KMP, or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

No loans are provided to KMP.

End of Remuneration 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, Toowoomba
28 April 2023

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Namoi Cotton Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Namoi Cotton Limited for the financial year ended 28 February 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

Simon Crane
Partner

Brisbane
28 April 2023

Independent Auditor's Report

Independent Auditor's Report

To the shareholders 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).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 28 February 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 28 February 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of gin assets;
- Accounting for investments and joint arrangements; and
- Change in revenue accounting treatment.

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 period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of gin assets $122.7 million

Refer to Note 3.3 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The valuation of gin assets is considered a key audit matter due to: • the size of the balance, being 60.3% of total assets; and • the level of judgement required by us in evaluating the Group's assessment of the fair value of gin assets. The Group's valuation method and assessment of the fair value of gin assets involves significant judgement for key valuation assumptions as there is inherent estimation uncertainty. We focused on the significant forward-looking assumptions the Group applied, in particular: • forecast sustainable ginning bales, revenues and expenses due to seasonality in the cotton industry driven by changing climate patterns; • the discount rate given the Group's modelling is highly sensitivity to small changes in this assumption. In assessing this key audit matter, in particular the complex inputs involved, we involved senior audit team members, including valuation specialists.	Our procedures included: • working with our valuation specialists we: - considered the appropriateness of the valuation methodology applied against our understanding of the Group's gin assets and the requirements of the accounting standards; - considered the sensitivity of the model by varying key assumptions, such as sustainable ginning bales, forecast revenue, forecast expenses and the discount rate. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures; - assessed the discount rate applied in the discounted cash flow model against publicly available market data of a group of comparable entities; - challenged the Group's assumptions of forecast sustainable ginning bales, ginning revenues and expenses against average production and earnings over an extended historical period. We did this to understand the Group's consideration of seasonal variations in the cotton industry. We used our knowledge of the Group, their past performance and our industry understanding in assessing the assumptions; • comparing forecast assumptions adopted in the discounted cash flows to those assumptions in the external experts valuation in the prior year, and considered changes in these key assumptions against our understanding of the Group's operations and the cotton industry; • assessing the adequacy of associated disclosures in the financial report using our understanding obtained from our testing, against the requirements of the accounting standard.

Independent Auditor's Report

KPMG

Accounting for investments and joint arrangements	
Refer to part b) of the Significant accounting policies note and note 4.2 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Accounting for investments and joint arrangements is considered a key audit matter due to the level of judgement required by us in evaluating the Group's assessment of these arrangements as joint ventures, joint operations or other investments and the associated accounting. The accounting standards use an assessment of the rights and obligations of each party to the arrangement, which requires interpretation of legal agreements and their commercial application. The accounting outcomes of each, and how they present themselves in the financial position and performance are different, therefore the decision is critical to financial reporting. This led to increased audit effort due to the complexity of the terms of the relevant constituting documents. In assessing this key audit matter, we involved senior audit team members.	Our procedures included: • working with our technical accounting specialists we: - evaluated the key terms and conditions of constituting documents associated with investments and joint arrangements against our understanding of the Group's operations and the requirements of the accounting standards; - compared the Group's financial reporting consolidation process against the outcome of the Group's assessment of investments and joint arrangements for consistency with the requirements of the relevant accounting standards; - assessed the adequacy of associated disclosures in the financial report against the requirements of the relevant accounting standards, including AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* for the restatement of prior year amounts.

KPMG

Change in revenue accounting treatment	
Refer to part b) of the Significant accounting policies note and note 1.2 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The changes made by the Group to the accounting treatment associated with the sale of cotton lint, cotton seed and ginning services provided to customers was a key audit matter due to: • the level of judgement required in assessing the nature of the Group's operations and transactions with customers, against the requirements of several alternate accounting standards; and • the significant impact on revising the presentation of these transactions in the financial report, including the restatement of prior year amounts using AASB 108 *Accounting Policies, Changes to Estimates and Errors* which we consider to be fundamental to users understanding of the financial report. In assessing this key audit matter, we involved senior audit team members.	Our procedures included: • assessing the changes in accounting policy through evaluating the accounting papers prepared by the Group on key areas of judgement, and against the requirements of the alternate accounting standards; • for a sample of contracts with customers, comparing the key terms to the criteria in the accounting standards and those in the Group's policy; • evaluating the accounting treatment applied by the Group for cotton lint, cotton seed and ginning services against our understanding of the Group's operations, and the requirements of the accounting standards; • assessing the adequacy of associated disclosures in the financial report against the requirements of the accounting standards, including the restatement of prior year amounts.

Other Matter

The financial report of Namoi Cotton Limited for the year ended 28 February 2022 was audited by another auditor who issued an unmodified opinion on that financial report on 26 April 2022.

Other Information

Other Information is financial and non-financial information in Namoi Cotton Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Independent Auditor's Report

KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Namoi Cotton Limited for the year ended 28 February 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 38 to 50 of the Directors' Report for the year ended 28 February 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Simon Crane
Partner

Brisbane
28 April 2023

Page left intentionally blank

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 consolidated 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 Group's and consolidated entity's financial position as at 28 February 2022 and of its 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 2023.

On behalf of the board.

TIM WATSON

Director, Toowoomba
28 April 2023

Financial Statements

Consolidated financial report
For the year ended 28 February 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2023

	Note	Consolidated $'000 28 Feb 2023	Restated [1] 28 Feb 2022
Revenue from Customers	1.2	256,947	97,049
Other income	1.2	110	314
Share of profit/(loss) from investment in Namoi Cotton Marketing Alliance	4.2	1,488	414
Share of profit/(loss) of associates and joint ventures	4.3	(1)	381
Cottonseed and other goods purchased for resale		(122,948)	(36,773)
Raw materials and consumables used		(19,938)	(7,971)
Distribution costs		(47,921)	(17,571)
Employee benefit expenses	1.3	(34,700)	(21,444)
Repairs and maintenance		(5,661)	(4,454)
Depreciation		(11,094)	(6,462)
Fair value increment – ginning assets		-	181
Finance costs	1.3	(3,230)	(2,840)
Other expenses	1.3	(9,079)	(7,540)
Profit /(loss) before income tax		**3,973**	**(6,716)**
Income tax (expense)/benefit	1.4	(10)	1,276
Profit/(loss) attributable to the shareholders		**3,963**	**(5,440)**
Other comprehensive income items that will not be reclassified subsequently to profit and loss: Increment/(decrement) to asset revaluation reserve (net of tax)	3.3	3,287	2,888
Profit/(loss) and other comprehensive income attributable to Shareholders of Namoi Cotton Limited		**7,250**	**(2,552)**

	Note	Cents 28 Feb 2023	Restated [1] 28 Feb 2022
EARNINGS PER ORDINARY SHARE			
Basic earnings per share	1.5	2.2	(3.3)
Diluted earnings per share	1.5	2.1	(3.3)

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

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

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023

	Note	Consolidated $'000 28 Feb 2023	Restated [1] 28 Feb 2022
CURRENT ASSETS			
Cash and cash equivalents	2.2	4,877	2,856
Trade and other receivables	3.1	14,296	6,365
Inventories	3.2	24,304	9,670
Prepayments		1,044	614
Derivative financial instruments		277	67
Total current assets		**44,798**	**19,572**
NON-CURRENT ASSETS			
Investment in Namoi Cotton Marketing Alliance	4.2	255	248
Investments in associates and joint ventures	4.3	101	(1,312)
Property, plant and equipment	3.3	158,151	153,080
Total non-current assets		**158,507**	**152,016**
Total assets		**203,305**	**171,588**
CURRENT LIABILITIES			
Trade and other payables	3.4	13,077	6,083
Interest bearing liabilities	2.1	13,717	3,659
Provisions	3.5	2,523	2,450
Derivative financial instruments	2.5	405	52
Total current liabilities		**29,722**	**12,244**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	2.1	38,326	45,964
Provisions	3.5	167	177
Deferred tax liabilities (net)	1.4	1,419	-
Total non-current liabilities		**39,912**	**46,141**
Total liabilities		**69,634**	**58,385**
NET ASSETS		**133,671**	**113,203**
EQUITY			
Contributed equity	2.3	61,142	47,984
Reserves		76,338	72,991
Retained earnings / (deficit)		(3,809)	(7,772)
Total equity		**133,671**	**113,203**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2023

	Note	Consolidated $'000 28 Feb 2023	Restated [1] 28 Feb 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers [2]		817,258	310,430
Realised gains/(losses) on derivatives		(3,208)	(584)
Payments to suppliers and employees		(194,073)	(77,822)
Payments to growers [2]		(619,272)	(215,702)
Interest received		36	7
Interest paid		(3,108)	(1,941)
Net cash (outflow)/inflow from operating activities		**(2,367)**	**14,388**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,823)	(5,067)
Proceeds from sale of property, plant and equipment		62	426
Investment in Kimberley Cotton Company Limited (KCC)		(1,414)	-
Distributions from NCMA		1,385	790
Net cash (outflow)/inflow from investing activities		**(9,790)**	**(3,851)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuing of ordinary shares		13,158	10,345
Proceeds from borrowings		30,000	30,967
Repayment of borrowings		(27,175)	(52,469)
Proceeds from equipment loans		2,211	573
Repayment of equipment loans		(812)	(736)
Repayment of other loans		(426)	(316)
Payment of principal portion of lease liabilities		(416)	(445)
Net cash (outflow)/inflow from financing activities		**16,540**	**(12,081)**
Net increase/(decrease) in cash		**4,383**	**(1,544)**
Add cash at the beginning of the financial year		494	2,038
Cash at end of the financial year		**4,877**	**494**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

[2] Includes cash inflows and outflows associated with the purchase and sale of lint cotton where Namoi Cotton Limited acts as marketing agent.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2023

Consolidated $'000	Issued Capital	Asset Revaluation Reserve	Performance Rights Reserve	Retained Earnings	Total Equity
Total equity at 1 March 2022	**47,984**	**72,954**	**37**	**(7,772)**	**113,203**
Ordinary shares issued	13,158	-	-	-	13,158
Net profit for the period	-	-	-	3,963	3,963
Share based payment transactions	-	-	60	-	60
Other comprehensive income/(loss)	-	3,287	-	-	3,287
Equity dividends	-	-	-	-	-
Total equity at 28 February 2023	**61,142**	**76,241**	**97**	**(3,809)**	**133,671**

Consolidated $'000	Issued Capital	Asset Revaluation Reserve	Performance Rights Reserve	Restated [1] Retained Earnings	Restated [1] Total Equity
Total equity at 1 March 2021	**37,639**	**70,066**	**9**	**(958)**	**106,756**
Impact of restatement [1]	-	-	-	(1,374)	(1,374)
Restated [1] total equity at 1 March 2021	**37,639**	**70,066**	**9**	**(2,332)**	**105,382**
Ordinary shares issued	10,345	-	-	-	10,345
Restated [1] Net loss for the period	-	-	-	(5,440)	(5,440)
Share based payment transactions	-	-	28	-	28
Other comprehensive income/(loss)	-	2,888	-	-	2,888
Equity dividends	-	-	-	-	-
Restated [1] total equity at 28 February 2022	**47,984**	**72,954**	**37**	**(7,772)**	**113,203**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

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

NOTES TO THE FINANCIAL STATEMENTS

About our Financial Statements

These are the financial statements for Namoi Cotton Limited (the Company) and its controlled entities (together, the Group), and its interests in associates, joint ventures and other investments. The Company is a publicly listed company domiciled in Australia. The Group is a for profit entity primarily involved in the provision of Cotton ginning, warehousing and logistics services to cotton growers and cotton merchants in Australia and sells co and by-products from the ginning process to both domestic and international customers.

On 28 April 2023, the Directors resolved to authorise the issue of these financial statements.

Information in the financial statements is included only to the extent we consider it significant and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the amount is significant in size (quantitative factor);
- the information is significant by nature (qualitative factor);
- the user cannot understand the Groups results without the specific disclosure (qualitative factor);
- the information is critical to a user's understanding of the impact of significant changes in the Group's business during the period – for example, business acquisitions or disposals (qualitative factor);
- the information relates to an aspect of the Group's operations that is important to its future performance (qualitative factor); and
- the information is required under legislative requirements of the Corporations Act 2001 or by the Group's principal regulators including the Australian Securities and Investments Commission (ASIC).

This section of the financial statements:

- outlines the basis upon which the Group's financial statements have been prepared; and
- discusses any new accounting standards or regulations that directly impact the financial statements

a) Basis of preparation

The financial report is a general purpose (Tier 1) financial report prepared in accordance with Australian Accounting Standards (AASs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

We present the financial statements of the Group in Australian dollars, which is the Company's functional and presentation currency. The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Director's report) Instrument 2016/191* and in accordance with that instrument, amounts within the financial statements and directors' report have been rounded to the nearest thousand dollars ($'000), unless otherwise stated.

b) Basis of measurement and presentation

We have prepared the financial statements on the historical cost basis – except the following assets and liabilities which we have stated at their fair value:

- Ginning infrastructure held at fair value; and
- Financial assets and liabilities designated at fair value through profit or loss.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions about past and future events over the following primary areas:

- Fair value of ginning infrastructure – note 3.3
- Accounting for investment in Namoi Cotton Marketing Limited – note 4.2

Further information of the key judgements and estimates that we consider material to the financial statements are contained within each relevant note to the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

Certain comparative amounts have been restated to reflect the Group's revised accounting treatment of Ginning and Cottonseed revenue under AASB 15 *Revenue from Contracts with Customers* as well as accounting for joint arrangements. Refer to note b) below for further details.

Seasonality of operations

The Group's Ginning segment, operates on a seasonal basis whereby ginning services normally occur during the first half of each financial year. Delivery of cottonseed from growers also aligns with the ginning season, largely occurring in the first half of the financial year with revenues from the sale of cottonseed being recognised throughout the financial year as cottonseed is sold to customers. Accordingly, the Ginning segment traditionally generates net income in the first half of the financial year and incurs net expenditure in the second half of the financial year during the ensuing maintenance period.

a) 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.

b) Restatement to comparatives

During FY23, the Group reassessed the accounting treatment applied to the following operating activities:

- Provision of ginning services;
- Marketing of cottonseed; and
- Marketing of cotton lint.

Historically, the Group has accounted for all contracts from these activities as at fair value through profit or loss under AASB 9 *Financial Instruments* and presented the net result as a Trading Margin in the consolidated statement of profit or loss and other comprehensive income.

In 2021, the Group undertook a significant restructure of its lint marketing business, including the establishment of Namoi Cotton Marketing Alliance (NCMA), under a Joint Venture Agreement with Louis Dreyfus Company. As a consequence of the restructure, the contracts from the above activities no longer fall under the scope of AASB 9.

The reassessment has resulted in the contracts in relation to the provision of ginning services and sale of cottonseed being accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. Cottonseed inventory, which has previously been recognised at fair value less costs to sell, is now recognised at the lower of cost and net realisable value and the costs of cottonseed sold is now separately recognised on the statement of profit or loss and other comprehensive income.

Under the restructured lint marketing activities, contracts to buy lint from growers and contracts to sell lint to NCMA are not in the scope of AASB 9. It was concluded that the Group acts as an agent in purchasing lint from growers on behalf of NCMA, so the Group should recognise their services to NCMA as revenue under AASB 15.

In addition to the above restatements, the Group has also reassessed the accounting treatment for its interest in the Namoi Cotton Alliance (NCA) joint arrangement. Historically, this interest has been equity accounted in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Based on a reassessment of the terms of the NCA joint arrangement in the current year, it has been determined that the arrangement is a Joint Operation and the Group should account for its rights and obligations in NCA's assets, liabilities, revenues and expenses.

The following tables summarise the impacts on the Group's consolidated financial statements.

Consolidated statement of financial position
As at 1 March 2021

	As previously reported 1 March 2021	Adjustments [1]	Adjustments [2]	As restated 1 March 2021
Cash and cash equivalents	497	1,768	-	2,265
Trade and other receivables	2,196	13,921	-	16,117
Inventories	7,445	9,392	(93)	16,744
Assets held for sale	837	-	-	837
Prepayments	767	2,785	-	3,552
Derivative financial instruments	7,481	652	(7,155)	978
Total current assets	**19,223**	**28,518**	**(7,248)**	**40,493**
Investment in Namoi Cotton Marketing Alliance	(49)	-	-	(49)
Investments in associates and joint ventures	21,349	(23,043)	-	(1,694)
Property, plant and equipment	129,703	20,102	-	149,805
Total non-current assets	**151,003**	**(2,941)**	**-**	**148,062**
Total assets	**170,226**	**25,577**	**(7,248)**	**188,555**
Trade and other payables	4,315	4,549	-	8,864
Interest bearing liabilities	5,664	19,035	-	24,699
Provisions	1,671	172	-	1,843
Derivative financial instruments	5,996	1,216	(5,874)	1,338
Total current liabilities	**17,646**	**24,972**	**(5,874)**	**36,744**
Interest bearing liabilities	45,639	587	-	46,226
Provisions	185	18	-	203
Total non-current liabilities	**45,824**	**605**	**-**	**46,429**
Total liabilities	**63,470**	**25,577**	**(5,874)**	**83,173**
Net assets	**106,756**	**-**	**(1,374)**	**105,382**
Contributed equity	37,639	-	-	37,639
Reserves	70,075	-	-	70,075
Retained earnings/(deficit)	(958)	-	(1,374)	(2,332)
Total equity	**106,756**	**-**	**(1,374)**	**105,382**

[1] Adjustments relating to the change in accounting treatment of Namoi Cotton Alliance.

[2] Adjustments relating to the change in accounting treatment in relation to the provision of ginning services, marketing of cottonseed and marketing of cotton lint.

Consolidated statement of financial position
As at 28 February 2022

	As previously reported 28 February 2022	Adjustments [1]	Adjustments [2]	As restated 28 February 2022
Cash and cash equivalents	367	2,489	-	2,856
Trade and other receivables	4,202	2,163	-	6,365
Inventories	11,020	-	(1,350)	9,670
Prepayments	557	57	-	614
Derivative financial instruments	62,142	-	(62,075)	67
Total current assets	**78,288**	**4,709**	**(63,425)**	**19,572**
Investment in Namoi Cotton Marketing Alliance	248	-	-	248
Investments in associates and joint ventures	21,250	(22,562)	-	(1,312)
Property, plant and equipment	134,019	19,061	-	153,080
Total non-current assets	**155,517**	**(3,501)**	**-**	**152,016**
Total assets	**233,805**	**1,208**	**(63,425)**	**171,588**
Trade and other payables	5,657	451	(25)	6,083
Interest bearing liabilities	3,593	66	-	3,659
Provisions	2,309	149	(8)	2,450
Derivative financial instruments	61,063	-	(61,011)	52
Total current liabilities	**72,622**	**666**	**(61,044)**	**12,244**
Interest bearing liabilities	45,422	542	-	45,964
Provisions	172	-	5	177
Total non-current liabilities	**45,594**	**542**	**5**	**46,141**
Total liabilities	**118,216**	**1,208**	**(61,039)**	**58,385**
Net assets	**115,589**	**-**	**(2,386)**	**113,203**
Contributed equity	47,984	-	-	47,984
Reserves	72,991	-	-	72,991
Retained earnings/(deficit)	(5,386)	-	(2,386)	(7,772)
Total equity	**115,589**	**-**	**(2,386)**	**113,203**

[1] Adjustments relating to the change in accounting treatment of Namoi Cotton Alliance.

[2] Adjustments relating to the change in accounting treatment in relation to the provision of ginning services, marketing of cottonseed and marketing of cotton lint.

Consolidated statement of profit or loss and OCI
For the year ended 28 February 2022

	As previously reported 28 February 2022	Adjustments [1]	Adjustments [2]	As restated 28 February 2022
Revenue from customers	3,366	14,330	79,353	97,049
Trading margin gains	43,454	-	(43,454)	-
Other income	152	162	-	314
Share of profit/(loss) from investment in Namoi Cotton Marketing Alliance	-	414	-	414
Share of profit / (loss) of associates and joint ventures	315	66	-	381
Processing and distribution costs	(15,479)	-	15,479	-
Employee benefits expense	(19,483)	(1,961)	-	(21,444)
Goods purchased for resale	-	9	(36,782)	(36,773)
Raw materials and consumables used	-	(107)	(7,864)	(7,971)
Distribution costs	-	(10,036)	(7,535)	(17,571)
Repairs and maintenance	(4,143)	(311)	-	(4,454)
Depreciation	(5,097)	(1,365)	-	(6,462)
Fair value increment- ginning assets	181	-	-	181
Finance costs	(2,337)	(112)	(391)	(2,840)
Other expenses	(6,605)	(1,089)	154	(7,540)
Loss before income tax	**(5,676)**	**-**	**(1,040)**	**(6,716)**
Income tax (expense)/ benefit	1,276	-	-	1,276
Loss attributable to shareholders	**(4,400)**	**-**	**(1,040)**	**(5,440)**
Basic EPS	(2.6)	-	(0.7)	(3.3)
Diluted EPS	(2.6)	-	(0.7)	(3.3)

[1] Adjustments relating to the change in accounting treatment of Namoi Cotton Alliance.

[2] Adjustments relating to the change in accounting treatment in relation to the provision of ginning services, marketing of cottonseed and marketing of cotton lint.

Consolidated statement of cash flows
For the year ended 28 February 2022

	As previously reported 28 February 2022	Adjustments [1]	Adjustments [2]	As restated 28 February 2022
Net cash (outflow)/ inflow from operating activities	(4,184)	18,572	-	14,388
Net Cash (outflow)/inflow from investing activities	(3,294)	(557)	-	(3,851)
Net cash (outflow)/ inflow from financing activities	5,214	(17,295)	-	(12,081)
Net increase/ (decrease) in cash	**(2,264)**	**720**	**-**	**(1,544)**
Cash at the beginning of the financial year	270	1,768	-	2,038
Cash at the end of the financial year	**(1,994)**	**2,488**	**-**	**494**

[1] Adjustments relating to the change in accounting treatment of Namoi Cotton Alliance.

[2] Adjustments relating to the change in accounting treatment in relation to the provision of ginning services, marketing of cottonseed and marketing of cotton lint.

c) Foreign currency translation

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.

d) Going Concern

The financial report has been prepared on the going concern basis that assumes the continuity of normal business activities and the realisation of assets and the discharge of liabilities as and when they fall due, in the ordinary course of business.

e) Accounting standards adopted in the period

There were no new accounting standards or interpretations adopted during the year that had a significant effect on the Group.

f) Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations have been published but are not mandatory for the financial statements for the year ended 28 February 2023 and have not been applied by the Group in preparing these financial statements. Further details of these are set out below:

- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

g) *Basis of consolidation*

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Joint operations

A joint operation is an arrangement in which the Group shares joint control, primarily via contractual arrangements with other parties. In a joint operation, the Group has rights to the underlying assets and obligations for the liabilities relating to the arrangement. In relation to the Group's interest in a joint operation, the Group recognises: its share of any assets and liabilities held or incurred jointly; its share of any revenue generated from the sale of the output by the joint operation; and expenses its share of expenses incurred jointly. All such amounts are allocated in accordance with the terms of the arrangement, which is usually in proportion to the Group's interest in the joint operation.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1. GROUP FINANCIAL PERFORMANCE

1.1 Segment results

a) *Identification of reportable segments*

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of products and services provided. Discrete financial information about each of these operating businesses is reported to the CEO on at least a monthly basis.

b) *Performance of segments*

Operating Segment	Products and services
Ginning	The ginning business operates 10 cotton gins (incorporating 2 joint venture gins, referred to in note 4.3) 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 co-products resulting in the conversion of cotton in module form to bale form. Grower customers are also able to sell the cotton seed co-product to Namoi Cotton or elect to retain their cotton seed. Namoi Cotton buys and sells cottonseed from and to third parties. The mechanical process of ginning produces a number of marketable co-products including cottonseed and moss. The costs to which are unable to be separated from the cost of ginning and as such are reported as part of the ginning segment.
Supply Chain & Marketing	The supply chain and marketing business involves warehousing and logistics services of cotton lint bales through Namoi Cotton Alliance, as well as the purchase and sale of lint cotton from Australian growers to Namoi Cotton Marketing Alliance. Bales procured by Namoi Cotton Limited as an agent for Namoi Cotton Marketing Alliance are all sold to export markets. This segment includes the results of Namoi Cotton's Joint Ventures in NC Packing Services Pty Ltd and investment in Namoi Cotton Marketing Alliance.
Corporate	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 income; • Rental income; • 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	Ginning $'000	Supply Chain & Marketing $'000	Corporate $'000	Consolidated $'000
Year ended 28 February 2023				
Ginning services	69,596	-	-	69,596
Sales of cottonseed	160,823	-	-	160,823
Sales of moss	2,542	-	-	2,542
Classing services	1,382	-	-	1,382
Warehousing and logistics services	-	18,093	-	18,093
Lint handling	344	-	-	344
Other service revenue	700	521	-	1,221
Management fees	-	1,415	-	1,415
Other	91	1,440	-	1,531
Total consolidated revenue	**235,478**	**21,469**	**-**	**256,947**
Other income	-	-	110	110
Share of profit from Investment in NCMA, associates and joint ventures	-	1,487	-	1,487
EBITDA	**21,305**	**4,504**	**(7,512)**	**18,297**
Depreciation	(9,347)	(1,443)	(304)	(11,094)
Finance costs	-	-	(3,230)	(3,230)
Net profit before tax				**3,973**
Income tax expense				(10)
Net profit after tax				**3,963**

Business Segments	Ginning $'000	Supply Chain & Marketing $'000	Corporate $'000	Consolidated $'000
Year ended 28 February 2022 [1]				
Ginning services	28,224	-	-	28,224
Sales of cottonseed	49,258	-	-	49,258
Sales of moss	1,991	-	-	1,991
Classing services	688	-	-	688
Warehousing and logistics services	-	13,473	-	13,473
Lint handling	142	-	-	142
Other service revenue	208	456	-	664
Management fees	-	1,367	-	1,367
Other	491	751	-	1,242
Total consolidated revenue	**81,002**	**16,047**	**-**	**97,049**
Other income	-	-	314	314
Share of profit from Investment in NCMA, associates and joint ventures	-	795	-	795
EBITDA	**8,742**	**2,059**	**(8,215)**	**2,586**
Depreciation	(4,890)	(1,382)	(190)	(6,462)
Finance costs	-	-	(2,840)	(2,840)
Net loss before tax				(6,716)
Income tax benefit				1,276
Net loss before tax				**(5,440)**

[1] This note has been restated to reflect presentation in the current period due to the restatement of comparatives outlined in note b) in the significant accounting policies.

c) Geographical information

The Group provides cotton ginning services to growers located solely within Australia. A portion of cottonseed and moss sales are made to a variety of countries in Asia, including China, Japan, South Korea, and Thailand. As such for the purposes of this note the Group's geographic areas are considered to be Australia and China, Japan, South Korea and Thailand with consolidated revenues as follows:

Geographic Areas	Australia $'000	China $'000	Japan $'000	South Korea $'000	Thailand $'000	Consolidated $'000
Year ended 28 February 2023						
Ginning services	69,596	-	-	-	-	69,596
Sales of cottonseed	97,714	44,040	9,613	9,456	-	160,823
Sales of moss	-	-	-	-	2,542	2,542
Classing services	1,382	-	-	-	-	1,382
Warehousing and logistics services	18,093	-	-	-	-	18,093
Lint handling	344	-	-	-	-	344
Other service revenue	1,221	-	-	-	-	1,221
Management fees	1,415	-	-	-	-	1,415
Other	1,531	-	-	-	-	1,531
Total consolidated revenue	**191,296**	**44,040**	**9,613**	**9,456**	**2,542**	**256,947**

Restated [1] Geographic Areas	Australia $'000	China $'000	Japan $'000	South Korea $'000	Thailand $'000	Consolidated $'000
Year ended 28 February 2022						
Ginning services	28,224	-	-	-	-	28,224
Sales of cottonseed	35,857	1,279	5,747	6,375	-	49,258
Sales of moss	-	-	-	-	1,991	1,991
Classing services	688	-	-	-	-	688
Warehousing and logistics services	13,473	-	-	-	-	13,473
Lint handling	142	-	-	-	-	142
Other service revenue	664	-	-	-	-	664
Management fees	1,367	-	-	-	-	1,367
Other	1,242	-	-	-	-	1,242
Total consolidated revenue	**81,657**	**1,279**	**5,747**	**6,375**	**1,991**	**97,049**

[1] This note has been restated to reflect presentation in the current period due to the restatement of comparatives outlined in note b) in the significant accounting policies.

Accounting policy

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.

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.

1.2 Revenue and other income

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
REVENUE FROM CUSTOMERS BY TYPE OF GOODS AND SERVICES		
Ginning services	69,596	28,224
Sales of cottonseed	160,823	49,258
Sales of moss	2,542	1,991
Classing services	1,382	688
Warehousing and logistics services	18,093	13,473
Lint handling	344	142
Other service revenue	1,221	664
Management fees	1,415	1,367
Other	1,531	1,242
	256,947	**97,049**
OTHER INCOME		
Rental Income	107	133
Government grants	-	265
Net gain/(loss) on disposal of property, plant and equipment	3	(84)
	110	**314**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of the performance obligations in contracts with customers, including significant payment terms, and related revenue recognition policies.

The Group does not typically provide discounts or incorporate other forms of variable consideration in contracts with customers. The Group does not permit for the return of goods or provide warranties to customers.

Type of product or service	Nature and timing of satisfaction of performance obligations, including payment terms	Revenue recognition policies
Ginning services	Ginning services incorporates the mechanical process of separating raw cotton into resultant lint cotton bales, cottonseed and mote. Invoices are issued upon completion of the service and are usually payable within 7 to 14 business days.	Revenue from ginning services is recognised upon the completion of the performance obligation of processing cotton modules into the associated products.
Sales of cottonseed and moss	Customers obtain control of cottonseed when the goods have been delivered to the customer, subject to the conditions of the contract under which the goods were sold. These conditions differ between domestic sales and export sales based on associated shipping terms. Invoices are issued at that point in time and are usually payable within 7 to 14 business days.	Domestic cottonseed sales are typically recognised upon dispatch from the Group's warehouses where the customer arranges for transportation of the goods. Export cottonseed and moss sales are typically recognised upon delivery of the goods to either the port of departure or destination port, depending on the associated shipping terms.
Classing revenue	Classing is the process of mechanically and visually inspecting cotton to determine grade characteristics. Invoices are issued upon completion of the service and are usually payable within 7 to 14 business days.	Revenue is recognised upon completion of the inspection process and provision of results to the lint marketer or customer.
Warehousing and logistics	Warehousing and logistics revenue is generated through the provision of storage, handling, logistics and other services. Invoices are issued as the services are performed and are usually payable within 7 days.	Revenue is recognised over time as the services are performed. Given the nature of these services and associated contractual arrangements with customers, the timeframe over which these services is provided is typically short and no estimation or judgement is required to determine the stage of completion.
Lint handling	The Group acts as an agent in facilitating the sale of lint cotton between growers and a related party, NCMA. The Group receives a handling fee for facilitating this transaction, including processing the settlement of proceeds between each party.	Revenue is recognised at a point in time, as the associated sale of cotton lint occurs.

1.3 Expenses

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
EMPLOYEE BENEFIT EXPENSES		
Salaries, wages, on-costs and other employee benefits	32,710	20,167
Contributions to defined contribution plans	1,931	1,249
Share based payments	59	28
	34,700	**21,444**
FINANCE COSTS		
Interest on bank loans and overdrafts	2,672	2,282
Interest expense – leases	108	109
Finance charges payable under equipment loans	113	35
Interest rate derivatives recorded at fair value through profit or loss	3	17
Foreign currency derivatives recorded at fair value through profit or loss	3,277	418
Net foreign exchange (gains)/ losses	(2,943)	(21)
	3,230	**2,840**
OTHER EXPENSES		
Audit fees and consulting	1,628	2,258
Business travel	758	438
Information technology	1,334	1,115
Insurance	1,734	1,376
Rental property expenses	458	146
Safety	662	460
Staff related costs	823	612
Other expenses	1,682	1,135
	9,079	**7,540**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

Employee benefits expense includes salaries and wages, superannuation contributions, share-based payments and other entitlements. The accounting policies for liabilities associated with employee benefits and share-based payments is contained in note 3.5 and 5.2 respectively.

Finance costs comprise interest paid or payable on borrowings calculated using the effective interest method, amortisation of borrowing costs, losses arising on interest rate and foreign currency derivatives recognised at fair value through profit or loss, and the unwinding of the discount on provisions and other liabilities.

1.4 Taxation

a) Income tax expense

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
Profit before income tax	3,973	(6,716)
Income tax expense calculated at 30% (2022:30%)	1,192	(2,015)
TAX EFFECT OF AMOUNTS WHICH ARE NOT DEDUCTIBLE/(TAXABLE) IN CALCULATING TAXABLE INCOME		
Non-deductible / non-assessable items	(42)	363
Recognition of previously unrecognised tax losses	(1,140)	(30)
Deferred tax assets not recognised	-	406
Income tax expense/(benefit)	**10**	**(1,276)**
REPRESENTED BY:		
Current tax	1,650	(1,555)
Deferred tax: Temporary Differences	(500)	(127)
Deferred tax: De-recognition/(recognition) of tax losses	(1,140)	406
	10	**(1,276)**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

b) Deferred tax assets and liabilities

	Consolidated statement of financial position		Consolidated statement of profit or loss or retained earnings		Consolidated statement of profit or loss and other comprehensive income	
	28 Feb 2023 $'000	28 Feb 2022 $'000	28 Feb 2023 $'000	28 Feb 2022 $'000	28 Feb 2023 $'000	28 Feb 2022 $'000
DEFERRED TAX ASSETS						
Deferred costs	439	321	(118)	(76)	-	-
Provisions and accruals	781	819	38	(384)	-	-
Tax losses carried forward [1]	27,741	28,250	(1,140)	406	-	-
Total deferred tax assets	**28,961**	**29,390**	**(1,220)**	**(54)**	**-**	**-**
DEFERRED TAX LIABILITIES						
Property, plant and equipment	(30,020)	(29,163)	(552)	55	1,409	1,276
Other assets	(360)	(227)	132	278	-	-
Total deferred tax liabilities	**(30,380)**	**(29,390)**	**(420)**	**333**	**1,409**	**1,276**
Net deferred tax liability	**(1,419)**	**-**	**(1,640)**	**279**	**1,409**	**1,276**

[1] This excludes unrecognised deferred tax assets related to entities that sit outside of the tax consolidated group. These losses total $1,515,345 on a gross basis (2022: $1,636,537 gross). Australian tax losses do not expire, however, any losses carried forward to future years are subject to Australia's loss integrity provisions.

Tax consolidated group and tax sharing arrangements

The Company and its wholly owned subsidiaries are part of a tax consolidated group (TCG) under Australian Taxation law. The Company is the head entity of the TCG. Each entity in the TCG measures its current and deferred taxes as if it is a standalone taxable entity. In addition to its own current and deferred tax amounts, the head entity in the tax consolidated group recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the TCG, subject to the satisfaction of the recognition requirements in AASB 112 Income Taxes.

The Company and each of the subsidiaries in the TCG enter into tax funding and tax sharing arrangements. Under the terms of the agreement, the subsidiaries have agreed to pay (or receive) an amount to (or from) the head entity, based on the current tax liability or current tax asset of the relevant entity.

Accounting policy

Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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.

1.5 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 2023	Restated [1] 28 Feb 2022
Consolidated profit/(loss) attributable to ordinary shares	3,963	(5,440)
Earnings per share – basic (cents)	2.2	(3.3)
Earnings per share – diluted (cents) [2]	2.1	(3.3)
Weighted average number of ordinary shares for basic EPS	182,524,724	166,467,933
Weighted number unconverted residual capital stock	1,841,273	1,843,037
Weighted average of performance rights on issue	2,047,423	595,060
Weighted average number of ordinary shares adjusted for the effect of dilution	186,413,420	168,906,030

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

[2] The impact of potential ordinary shares has not been included in the calculation of diluted earnings per share because they are antidilutive when losses are incurred.

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.

Accounting policy

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 but not including any antidilutive shares.

2. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group 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:

- the liquidity of the Group including total cash balances;
- maturity of existing borrowings and future financing requirements; and
- compliance with debt covenants.

2.1 Borrowings

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
CURRENT		
Bank overdraft	-	2,362
Working capital finance [2, 6]	12,675	-
Lease liabilities	180	411
Equipment loans [3]	862	440
Cargill Australia Ltd [4]	-	446
	13,717	3,659
NON CURRENT		
Term debt [5, 6]	32,602	42,453
Lease liabilities	3,403	2,196
Equipment loans [3]	1,490	504
Cargill Australia Ltd [4]	831	811
	38,326	45,964

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

[2] Working capital facilities are both committed and uncommitted, non-amortising lines utilised to fund day to day expenses of the business including specific funding needs for cotton seed inventory and debtors, ginning consumables, and general working capital needs.

[3] Equipment loans have an average term of 2.0 years (2022: 1.3) with the average interest rate implicit in the contracts of 5.01% (2022: 3.7%). These loans are secured against the value of associated property, plant and equipment with a carrying value of $2,604 thousand (2022: $1,819 thousand).

[4] Cargill advance of $831,000 is the present value repayable by 31 August 2024 discounted at 6.5% pa.

[5] Term debt facilities remained fully drawn as at 28 February 2023. Term debt facilities are committed, non-amortising lines utilised to fund capital projects relating to the plant, property and equipment of the business. Balance of $102,213 in 2023 ($442,658 in 2022) in excess of facility limit is due to a prior period fair value adjustment to the facility in accordance with the requirements of AASB 9 Financial Instruments.

[6] In connection with the Working capital facility and Term debt, Namoi Cotton Limited's assets and investments in joint ventures and associates are secured against these facilities.

				Facility Limit $'000 Consolidated	
	Currency	Nominal interest rate	Financial year of maturity	28 Feb 2023	28 Feb 2022
AUD FACILITY LIMIT					
Bank overdraft	AUD	6.88%	-	5,000	5,000
Equipment finance	AUD	5.01%	-	2,352	944
Working capital finance [1]	AUD	5.46%	2024	32,500	32,500
Term debt	AUD	5.46%	2025	32,500	42,000
				72,352	80,444

[1] Working capital facilities are both committed and uncommitted, non-amortising lines utilised to fund day to day expenses of the business including specific funding needs for cotton seed inventory and debtors, ginning consumables, and general working capital needs.

Namoi Cotton and CBA have agreed to certain financial covenants at what are considered appropriate levels to meet the needs of the business in relation to the Term debt and Working capital finance facilities. The Company forecasts the finance facilities outlined above will be sufficient to fund operations in FY24.

Namoi Cotton was in compliance with all financial covenants during FY23.

Details of interest rate risk, foreign exchange risk and liquidity risk are disclosed in Note 2.5.

Accounting policy

a) Interest bearing liabilities

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. They are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least twelve months after the balance date.

b) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.2 Cash and cash equivalents

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
Cash at bank	4,877	2,856
(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	4,877	2,856
Bank Overdraft (Refer note 2.1)	-	(2,362)
	4,877	**494**
(b) Reconciliation of net cash provided by operating activities to operating profit after income		
Operating profit/(loss) after income tax	3,963	(6,716)
ADJUSTMENTS FOR:		
Depreciation	11,094	6,462
(Gain)/loss on sale of property, plant and equipment	(3)	84
Foreign exchange (gain)/loss on equipment loans	(8)	23
Share-based payments expense	59	28
Fair value increment on revaluation of ginning assets	-	(181)
Share of (profits)/losses of associate, joint ventures and investment in NCMA	(1,487)	(796)
	13,618	**(1,096)**
CHANGES IN:		
(Increase)/decrease in trade and other receivables	(7,931)	9,752
(Increase)/decrease in inventories	(14,329)	6,947
(Increase)/decrease in other assets	(640)	3,849
Increase/(decrease) in trade and other payables	7,917	(4,358)
Increase/(decrease) in other liabilities	353	(1,286)
Increase/(decrease) in provisions	64	580
Increase/(decrease) in deferred tax asset	(1,419)	-
	(15,985)	**15,484**
Net cash inflow/(outflow) from operating activities	**(2,367)**	**14,388**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

(c) Disclosure of non-cash financing activities

	Consolidated $'000				
	Liabilities			Equity	
	Bank overdrafts used for cash management purposes	Other Loans and Borrowings	Lease Liabilities	Share capital	Total
Balance at 1 March 2022	**2,361**	**44,654**	**2,608**	**47,984**	**97,607**
Changes from Financing Cashflows					
Proceeds from loans, borrowings, and equipment finance	-	32,211	-	-	32,211
Proceeds from issue of share capital	-	-	-	13,158	13,158
Repayment of loans, borrowings, and equipment finance	-	(28,413)	-	-	(28,413)
Payment of lease liabilities	-	-	(416)	-	(416)
Dividend paid	-	-	-	-	-
Total changes from financing cash flows	-	**3,798**	**(416)**	**13,158**	**16,540**
The effect of changes in foreign exchange rates	-	**8**	-	-	**8**
Changes in fair value	-	-	-	-	-
OTHER CHANGES					
Change in bank overdraft	(2,361)	-	-	-	(2,361)
New Leases	-	-	1,391	-	1,391
Total liability-related other changes	**(2,361)**	**8**	**1,391**	-	**(962)**
Total equity related other changes	-	-	-	-	-
Balance as 28 February 2023	-	**48,460**	**3,583**	**61,142**	**113,185**

Disclosure of non-cash financing activities

	Liabilities			Equity	Consolidated $'000
	Bank overdrafts used for cash management purposes	Restated [1] Other Loans and Borrowings	Restated [1] Lease Liabilities	Share capital	Total
Balance at 1 March 2021	**227**	**66,159**	**3,053**	**37,639**	**107,078**
Changes from Financing Cashflows					
Proceeds from loans, borrowings, and equipment finance	-	31,540	-	-	31,540
Proceeds from issue of share capital	-	-	-	10,345	10,345
Repayment of loans, borrowings, and equipment finance	-	(53,521)	-	-	(53,521)
Payment of lease liabilities	-	-	(445)	-	(445)
Dividend paid	-	-	-	-	-
Total changes from financing cash flows	**-**	**(21,981)**	**(445)**	**10,345**	**(12,081)**
The effect of changes in foreign exchange rates	**-**	**23**	**-**	**-**	**23**
Changes in fair value	**-**	**453**	**-**	**-**	**453**
OTHER CHANGES					
Change in bank overdraft	2,135	-	-	-	2,135
New Leases	-	-	-	-	-
Total liability-related other changes	**2,135**	**-**	**-**	**-**	**2,135**
Total equity related other changes	**-**	**-**	**-**	**-**	**-**
Balance as 28 February 2022	**2,362**	**44,654**	**2,608**	**47,984**	**97,607**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

Cash and cash equivalents 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.

2.3 Contributed equity

	Consolidated No. '000		Consolidated $'000	
	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
1 CENT CAPITAL STOCK (FULLY PAID)				
1 CENT RESIDUAL CAPITAL STOCK (FULLY PAID)				
Residual capital stock at the beginning of the financial year	1,843	2,098	18	21
Residual capital stock converted to ordinary shares	(4)	(255)	-	(3)
Residual capital stock at the end of the financial year	**1,839**	**1,843**	**18**	**18**
ORDINARY SHARES (FULLY PAID)				
Ordinary Shares at the beginning of the financial year	172,105	140,556	47,984	37,639
Ordinary shares issued during the financial year	32,783	31,294	13,158	10,342
Residual capital stock converted to ordinary shares	4	255	-	3
Ordinary shares at the end of the financial year	**204,892**	**172,105**	**61,142**	**47,984**

At balance date, 1.8 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;
- 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.

Issue of ordinary shares

On 2 November 2022, 32,783,345 ordinary shares were issued at a price of $0.43 per share. Transaction costs relating to the capital raise have been directly recorded in equity and totalled $938,931.

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.

Performance rights reserve

The Group operates employee share based payment plans. The performance rights reserve is used to recognise the grant date fair value of equity-settled share-based payments provided to employees with a corresponding entry in profit or loss. Refer to note 5.2 for further information on share-based payments.

2.4 Commitments and contingencies

Commitments for capital expenditure	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
PROPERTY, PLANT AND EQUIPMENT Estimated capital expenditure contracted for at balance date but not provided for:		
Payable within one year	2,114	3,677
Payable after one year but no more than five years	-	-
	2,114	**3,677**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

2.5 Financial risk management

Objectives and policies

The nature of Namoi Cotton's business involves the potential exposure to a number of risks, including:

- Market risks, including fluctuation in cottonseed prices, foreign exchange rates and interest rates;
- Credit risk; and
- Liquidity risk.

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's exposure to, and approach to managing, these risks is outlined below.

Market Risks

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and commodity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the Group's return.

Cottonseed price risk

The Group is exposed to fluctuations in market prices for cottonseed. The Group manages this risk by entering into fixed price purchase and sale agreements ahead of the growing season and by adhering to physical limits in respect of its open cottonseed positions.

Interest Rate Risk

The Group monitors its interest rate exposure with regard to existing and forecast working capital and term debt requirements. At reporting date, the Group had the following financial assets and liabilities exposed to Australian variable and fixed interest rate risk.

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
FIXED-RATE INSTRUMENTS	$	$
Financial Assets	122	139
Financial Liabilities	(3,182)	(2,202)
Lease Liabilities	(3,583)	(2,607)
	(6,643)	**(4,670)**
VARIABLE-RATE INSTRUMENTS		
Financial Assets	5,038	2,937
Financial Liabilities	(45,326)	(44,814)
	(40,288)	**(41,877)**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

The following sensitivity analysis is based upon a reasonably possible change in variable interest rates at the reporting date, showing the resulting increase or decrease in equity or profit or loss, with all other variables held constant.

The Group does not apply hedge accounting or participate in other transactions that may have an impact on equity. Therefore, there are no movements in financial assets or liabilities recorded directly through equity resulting in nil impact to the sensitivity analysis table below.

	Post Tax Profit Higher/(Lower) $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
CONSOLIDATED		
+100 basis points	(403)	(419)
-100 basis points	403	419

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Foreign exchange risk

Namoi Cotton has transactional currency exposures predominantly arising from some cottonseed sales being denominated in United States dollars (USD) as opposed to the Group's functional, being Australian dollars (AUD). Foreign currency denominated financial assets and liabilities may be adversely affected by a change in 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 US dollar cottonseed sale commitment. At reporting date, the Group had the following financial assets and liabilities exposed to changes in the USD foreign exchange rate.

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
FINANCIAL ASSETS	$	$
Cash and cash equivalents	1,020	1,367
Trade and other receivables	1,861	9
Derivatives	277	64
	3,158	**1,440**
FINANCIAL LIABILITIES		
Trade and other payables	(2,858)	-
Interest bearing loans and borrowings	(51)	(133)
Derivatives	(405)	(52)
	(3,314)	**(185)**
Net Exposure	**(156)**	**1,255**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

The following significant exchanges rates have been applied.

	Year end spot rate		Average exchange rate	
	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
USD	0.67	0.71	0.68	0.72

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets represent the maximum credit exposure. Refer to note 3.1 for details of the Group's exposure to credit losses relating to receivables from customers, together with a Group's policy in providing for expected credit losses.

The Group sells a portion of its cottonseed 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 the Group to a financial loss. Trade receivables outstanding from international counterparties are in general settled through high-ranking credit instruments such as irrevocable letters of credit and cash against documents. In respect of its cottonseed sales to major domestic counterparties, Namoi Cotton has trade credit indemnity insurance policies for non-related parties. The Group is normally entitled to recover amounts owed by growers through an offset to cottonseed proceeds and other credits to a growers account (these amounts continue to be presented on a gross basis in the statement of financial position).

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

	Consolidated $'000					
Year ended 28 February 2023	< 6 months	6-12 months	1-5 years	>5 years	Total	Carrying Amount
FINANCIAL ASSETS						
Cash and cash equivalents	4,877	-	-	-	4,877	4,877
Trade and other receivables	14,296	-	-	-	14,296	14,296
Derivatives	151	126			277	277
	19,324	**126**	**-**	**-**	**19,450**	**19,450**
FINANCIAL LIABILITIES						
Trade and other payables	(13,077)	-	-	-	(13,077)	(13,077)
Interest bearing loans and borrowings	(14,321)	(4,560)	(35,173)	(3,179)	(57,233)	(52,043)
Derivatives	(392)	(13)	-	-	(405)	(405)
	(27,790)	**(4,573)**	**(35,173)**	**(3,179)**	**(70,715)**	**(65,525)**

Restated [1] Year ended 28 February 2022	< 6 months	6-12 months	1-5 years	>5 years	Total	Carrying Amount
						Consolidated $'000
FINANCIAL ASSETS						
Cash and cash equivalents	2,856	-	-	-	2,856	2,856
Trade and other receivables	6,365	-	-	-	6,365	6,365
Derivatives	64	3	-	-	67	67
	9,285	**3**	**-**	**-**	**9,288**	**9,288**
FINANCIAL LIABILITIES						
Trade and other payables	(6,083)	-	-	-	(6,083)	(6,083)
Interest bearing loans and borrowings	(4,326)	(11,017)	(38,818)	(2,547)	(56,708)	(49,623)
Derivatives	(26)	(26)	-	-	(52)	(52)
	(10,435)	**(11,043)**	**(38,818)**	**(2,547)**	**(62,843)**	**(55,758)**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

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 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.

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.

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.

Fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value, which includes cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing liabilities subject to variable rates.

Year ended 28 February 2023	Carrying Amount	Level 1 Quoted market prices	Level 2 Market observable inputs	Level 3 Non-market observable
				Consolidated $'000
CURRENT ASSETS				
Foreign exchange contracts	277	-	277	-
Interest rate swap contracts			-	
	277	**-**	**277**	**-**
CURRENT LIABILITIES				
Foreign exchange contracts	(405)	-	(405)	-
	(405)	**-**	**(405)**	**-**

Restated [1] Year ended 28 February 2022	Carrying Amount	Level 1 Quoted market prices	Level 2 Market observable inputs	Level 3 Non-market observable
				Consolidated $'000
CURRENT ASSETS				
Foreign exchange contracts	64	-	64	-
Interest rate swap contracts	3	-	3	-
	67	**-**	**67**	**-**
CURRENT LIABILITIES				
Foreign exchange contracts	(52)	-	(52)	-
	(52)	**-**	**(52)**	**-**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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, the Group 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.

Derivatives

Foreign currency derivatives are classified by the Group as being measured at fair value through profit or loss (FVTPL) and are initially recognised at fair value. These assets and liabilities are subsequently remeasured at fair value with net gains and losses recognised in profit or loss within finance costs.

Fair value is determined using quoted forward exchange rates at the reporting date and are classified as level 2 valuation techniques within the fair value hierarchy.

Property, plant and equipment

Certain classes of property, plant and equipment held by the Group are re-measured at fair value under the revaluation model in AASB 116 Property, plant and equipment. These fair value measurements use unobservable inputs and are classified within level 3 of the fair value hierarchy. Refer to note 3.3 for details of the valuation techniques applied and key assumptions used in the determination of fair value.

3. OPERATING ASSETS AND LIABILITIES

3.1 Trade and other receivables

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
CURRENT		
Trade receivables from contracts with customers [2]	13,686	5,853
Less: allowance for impairment loss	-	-
Other receivables	610	512
	14,296	**6,365**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

[2] Trade receivables from contracts with customers arise from sales of cottonseed, grain commodities, ginning co-products and cotton lint warehousing. 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 cottonseed debtors to minimise credit risk, whilst export debtors are secured through irrevocable letters of credit.

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.

Individual receivables are written off only upon exhaustion of all means of recovery and only with Board approval. Expected credit losses are immaterial for the Group.

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

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
UNIMPAIRED		
Within terms	11,317	5,403
Past Due 1 – 30 days	1,348	617
Past Due 31 – 60 days	1,030	36
Past Due 60+ days	601	309
IMPAIRED		
Past Due 60+ days	-	-
Total outstanding	**14,296**	**6,365**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Details regarding foreign exchange and interest rate risk are disclosed in Note 2.5. The maximum exposure to credit risk is the carrying amount of the receivables less insurance recoverable.

Accounting policy

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment for expected credit losses. 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.

3.2 Inventories

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
Seed cotton and moss (at cost)	222	32
Cottonseed (at cost)	13,447	2,150
Operating supplies and spares (at cost)	10,635	7,488
	24,304	**9,670**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.
[2] Inventories expensed during the current financial year totalled $133,017 thousand (2022: $43,526 thousand).

Accounting policy

Inventory is 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.

3.3 Property plant and equipment

	Consolidated $'000						
	Ginning infrastructure	Non-ginning infrastructure[2]	Warehouses	Plant & equipment	Capital works in progress	Right of use assets	Total
Restated [1] 28 February 2021							
Fair value	122,358	-	-	-	-	-	122,358
Cost	-	7,320	13,634	26,812	872	3,662	52,300
Accumulated depreciation and impairment	-	(1,440)	(3,557)	(18,223)	-	(734)	(23,954)
Net book value	**122,358**	**5,880**	**10,077**	**8,589**	**872**	**2,928**	**150,704**
MOVEMENT							
Transfer between asset categories	276	-	-	998	(1,274)	-	-
Additions	-	-	-	-	5,096	-	5,096
Depreciation	(3,304)	(195)	(454)	(2,078)	-	(431)	(6,462)
Disposals	(414)	-	-	(96)	-		(510)
Revaluation Increment	4,252	-	-	-	-	-	4,252
Total Movement	**810**	**(195)**	**(454)**	**(1,176)**	**3,822**	**(431)**	**2,376**
Restated [1] 28 February 2022							
Fair value	123,170	-	-	-	-	-	123,170
Cost	-	7,320	13,634	27,570	4,695	3,662	56,881
Accumulated depreciation and impairment	-	(1,635)	(4,014)	(20,157)	-	(1,165)	(26,971)
Net book value	**123,170**	**5,685**	**9,620**	**7,413**	**4,695**	**2,497**	**153,080**
MOVEMENT							
Transfer between asset categories	2,570	-	-	3,954	(6,524)	-	-
Additions	-	-	-	-	10,555	962	11,517
Depreciation	(7,764)	(195)	(454)	(2,273)	-	(408)	(11,094)
Disposals	-	-	-	(49)	-	-	(49)
Revaluation Increment	4,697	-	-	-	-	-	4,697
Total Movement	**(497)**	**(195)**	**(454)**	**1,632**	**4,031**	**554**	**5,071**
28 February 2023							
Fair value	122,673	-	-	-	-	-	122,673
Cost	-	7,320	13,634	30,366	8,726	3,358	63,404
Accumulated depreciation and impairment	-	(1,830)	(4,468)	(21,321)	-	(307)	(27,926)
Net book value	**122,673**	**5,490**	**9,166**	**9,045**	**8,726**	**3,051**	**158,151**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.
[2] The carrying value of ginning infrastructure that would have been recognised had these assets been held under the cost model is $64,112 thousand (2022: $63,940 thousand).

Measurement of fair values

Revaluation of Ginning infrastructure

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

The methodology used in determining the fair value of the relevant ginning assets was the Discounted Cash Flow (DCF) approach. 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 independently assessed discount rate. Cash flows included in the DCF model are intended to represent a market participants long term view of the margin to be generated by the gin assets.

Effective 28 February 2022 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 a discounted cash flow model that applied a pre-tax discount rate of 14.00% (implied multiple of 7).

In compiling the Directors assessment of fair value for the period ended 28 February 2023, The Group engaged an independent expert to calculate the pre-tax discount rate to be used in the discounted cashflow model. A pre-tax discount rate of 14.64% has been adopted in 2023.

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 2023 included:

- Sustainable bales – 783,000 bales p.a. (2022: 793,500 bales p.a.). The annual sustainable ginning bales have been included following a gin by gin assessment of production areas, seasonal rotation, estimated yields and reliability of contracting and the impact of competition. The measure is inclusive of Namoi's respective shares of throughputs of the joint venture cotton gins and forms the baseline of the discounted cashflow. The number approximates the average number of bales achieved over the last 10 years, noting that individual seasons can fluctuate significantly dependent upon water availability;
- Growth rate (including terminal) – revenues 2% (2022 – 2.00%);
- Growth rate (including terminal) – expenses 2% (2022 – 2.00%);
- Pre-tax discount rate 14.64% (2022 – 14.00%).

The nature of the model makes it highly sensitive to small changes in underlying assumptions. 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 prior period increments) adjustments posted to the asset revaluation reserve at year end. In addition, where the reversal of a prior period decrement that impacted the profit or loss was identified the resulting reversal was posted to the profit and loss statement as a reversal of a prior period fair value decrement.

Accounting policy

Cost and valuation

Ginning infrastructure

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

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity (less the income tax effect), except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case, the increase is recognised 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.

Non-ginning infrastructure, Warehouses, Plant & equipment

Other assets are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Ginning infrastructure assets

Ginning infrastructure assets are depreciated on a units of production basis over their rolling estimated remaining useful lives of 20 years of sustainable bales (2022: 20 years).

Non-ginning infrastructure, Warehouses, Plant & equipment

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:

Non-ginning infrastructure and warehouse assets

- 20 years (2022: 20 years)

Other assets

- 3 to 44 years

Right of use assets

Right of use assets are recorded as part of property, plant and equipment. Refer to note 2.1 for details of the related accounting policy for Leases and related right of us assets.

Impairment

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.

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.

3.4 Trade and other payables

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
CURRENT		
Trade creditors and accruals	12,974	5,188
Customer deposits	103	895
	13,077	**6,083**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

Liabilities for trade creditors and accruals are non-interest bearing and are measured at amortised cost, using the effective interest method.

3.5 Provisions

	Consolidated $'000	
	28 Feb 2023	Restated [1] 28 Feb 2022
CURRENT		
Employee leave entitlements	1,968	1,685
Employee variable compensation	555	500
Provision for redundancy	-	265
	2,523	**2,450**
NON-CURRENT		
Employee leave entitlements	167	177

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include variable compensation arrangements, annual leave, sick leave and long service leave. Liabilities which are 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.

4. GROUP

4.1 Information relating to Namoi Cotton Limited (the parent)

	Parent $'000	
	28 Feb 2023	28 Feb 2022
Current assets	76,495	52,356
Total assets	214,096	185,949
Current liabilities	26,977	9,512
Total liabilities	85,128	74,374
Issued capital	**61,142**	**47,984**
Retained losses	**(8,512)**	**(9,400)**
Asset revaluation surplus	**76,242**	**72,954**
Share rights reserve	**96**	**37**
	128,968	**111,575**
Profit/(loss) of the Parent entity	**888**	**(5,801)**
Total comprehensive income of the Parent entity	**3,287**	**2,888**

4.2 Investment in Namoi Cotton Marketing Alliance

Namoi Cotton Marketing Alliance "NCMA" is an unincorporated joint arrangement and its principal activities are the marketing and trading of lint cotton bales to both domestic and export markets. NCMA's principal place of business is Suite 1, 13 Kitchener Street Toowoomba, QLD 4350. The Group has a 15% interest in NCMA through its subsidiary, Namcott Marketing Pty Ltd.

NCMA is structured as a partnership and the participants to the Joint Venture Agreement (the Agreement) own the assets as tenants in common in proportion to their participating interest. However, in the event that NCMA requires additional funding, the Group's liability is limited to the lesser of 15% of the required funding; and $1.5m, in any one financial year.

The Group's partner in NCMA has primary responsibility for ensuring NCMA's operations are adequately funded and the Group has not provided any security, guarantee or indemnity for NCMA's funding.

In return for limiting the Group's exposure to losses and funding in NCMA to $1.5m, the Group's participation in the profits of NCMA are restricted to the lesser of 15% and $1.5m in any one financial year.

In determining the accounting policy for the Group's interest in NCMA, the following factors have been considered:

- The Group has significant influence in the NCMA arrangement through its 33% voting rights on the governing committee and its relationship with the cotton growers (no joint control exists).
- The effect of the capping mechanism in the Agreement that limits the Group's rights to profits and exposure to losses to a maximum of $1.5m in any one financial year. This capping mechanism significantly restricts the Group's right to participate in the trading profits of NCMA (and limits exposure to trading losses), notwithstanding their 15% participating interest.
- In the event that NCMA's assets are insufficient to meet NCMA's obligations, the limitation of the Group's exposure to any additional funding in any one financial year is $1.5m.
- On wind up of NCMA's operations, if there are assets remaining after satisfaction of all remaining liabilities, the Group has a right to its 15% participating interest in the remaining assets.

Based on the above, the Group's rights to the net profits/losses of NCMA are presented separately in the Statement of Profit or Loss and Other Comprehensive Income and the rights to net assets are presented separately on the Statement of Financial Position.

The following table provides a summarised statement of profit and loss and statement of financial position for Namoi Cotton Marketing Alliance reconciled to the amounts recognised by the Group:

		$'000
	28 Feb 2023	Restated [1] 28 Feb 2022
Revenue	676,488	242,992
Depreciation and Amortisation	-	-
Interest Expense	(6,958)	(1,946)
Profit/(loss) before income tax expense	42,950	2,447
Income tax expense [2]	-	-
Net profit/(loss)	**42,950**	**2,447**
Namoi Cotton limited share of net profit/(loss) from investment in NCMA	**1,488**	**414**
Distributions received from Namoi Cotton Marketing Alliance	(1,481)	(117)
For the year ended 28 February 2023, the Group's interest in the net profit of NCMA was capped at $1,500,000 (2022: 15% interest in net profit)		
CURRENT ASSETS		
Cash and cash equivalents	9,446	6,844
Financial assets (excl. trade receivables)	27,651	26,389
Inventory	29,084	2,792
Other assets	62,668	150,724
CURRENT LIABILITIES		
Financial liabilities (excl. trade payables and provisions)	(63,009)	(36,977)
Other	(15,895)	(138,269)
NON-CURRENT LIABILITIES		
Financial liabilities (excl. trade payables and provisions)	(5,195)	(9,053)
Other	(25)	(20)
Net assets	**44,725**	**2,430**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

[2] The Joint arrangement is a partnership for tax purposes accordingly is not a taxable entity.

The net assets of NCMA primarily represent undistributed profits due to the Group's partner in NCMA. The NCMA distribution of profits is finalised subsequent to the preparation of audited financial statements by NCMA.

NAMOI COTTON LIMITED INTEREST IN NCMA		
Balance at beginning of year	248	(49)
Share of results in NCMA	1,488	414
Distribution received from NCMA	(1,481)	(117)
Balance at end of year	**255**	**248**

4.3 Investments in associates and joint ventures using the equity method

		Consolidated $'000
	28 Feb 2023	Restated [1] 28 Feb 2022
Investment in joint ventures – NC Packing Services Pty Ltd	(1,313)	(1,312)
Investment in associates – Kimberley Cotton Company Limited	1,414	-
Net investment in associates and joint ventures	101	(1,312)

(a) Ownership interest

	Balance Date	% Ownership interest held by consolidated entity	
		28 Feb 2023	28 Feb 2022
Investments in associates and joint ventures			
NC Packing Services Pty Ltd (NCPS)	28 February	51%	51%
Kimberley Cotton Company Limited (KCC)	28 February	20%	-

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

NCPS is a joint venture in which the Group has a 51% ownership interest, however, the Group has joint control over NCPS due to the terms of the Joint Venture Agreement which requires joint approval of the annual operating plan. NCPS is one of the Group's strategic supply chain managers and is principally engaged in containerised commodity packing of cottonseed, coarse grains and pulses.

The NCPS joint venture participants have indemnified each other against any and all joint venture liabilities in proportions equal to their participating interest at the time they are incurred.

KCC is an associate in which the Group holds a 20% ownership interest. The Group entered into agreement with KCC on 12 September 2022 to project manage construction and operate a new cotton gin at Kununurra, WA. The investment recorded represents the Group's capital contribution as part of this agreement.

The country of incorporation and principal place of business for all joint ventures and associates is Australia.

		Consolidated $'000
	28 Feb 2023	Restated [1] 28 Feb 2022
(b) Share of Investments in associates and joint venture entities:		
(i) Carrying amount of investments in joint ventures- NC Packing Services Pty Ltd:		
Balance at the beginning of the financial year	(1,312)	(1,693)
Share of profits/(losses) of joint venture	(1)	381
(ii) Carrying amount of investments in associates- Kimberley Cotton Company Limited:		
Balance at the beginning of the financial year	-	-
Capital contribution	1,414	-
Carrying amount of investments in associates and joint ventures at the end of financial year	**101**	**(1,312)**

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

Accounting policy

Investment in associates and joint ventures

An associate is an entity over which the Company 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. The Group'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 the Group'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 the Group'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 Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group'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 the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

4.4 Interest in joint operations

(a) Ownership interest

	Balance Date	% Ownership interest held by consolidated entity	
		28 Feb 2023	Restated [1] 28 Feb 2022
Namoi Cotton Alliance (NCA)	28 February	51%	51%
Wathagar Ginning Company (WGC)	30 June	50%	50%
Moomin Ginning Company (MGC)	30 June	75%	75%

[1] Refer to note b) in the significant accounting policies for an explanation of the restatement of comparatives.

The Group has joint control over the above entities due to the requirement for unanimous decision making over the relevant activities of these operations under the terms of the respective joint venture agreements.

(b) Principal activities

The joint operations of WGC and MGC provide ginning services to cotton growers in their respective catchment areas.

NCA provides warehousing and logistics services to support cotton lint marketing customers.

The principal place of business for all joint operations is Australia.

(c) Impairment

No assets employed in the jointly controlled operation were impaired during the year (2022: $nil).

Accounting policy

The Group consolidates its share of joint operations as disclosed in the consolidation accounting policy. Refer to the summary of significant accounting policies within this report.

4.5 Interest in jointly controlled assets

The Group holds a 40% joint ownership interest in the cottonseed handling and storage facilities at Mungindi, NSW with a book carrying value of $2.23m at 28 February 2023 (2022: $2.04m).

The Group 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.

4.6 Related party transactions

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 %	
Name of entity	**28 Feb 2023**	**28 Feb 2022**
Australian Classing Services Pty Ltd	100%	100%
Australian Raw Cotton Marketing Corp. Pty Ltd	100%	100%
Namcott Investments Pty Limited	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%

Principal activities:

- Namcott Investments Pty Ltd, a subsidiary of Namoi Cotton, was the beneficial owner of the interests in previous partnerships. This entity is now non-trading. Namcott Investments Pty Ltd is incorporated in Australia.
- Namcott Marketing Pty Ltd, a subsidiary of Namoi Cotton, is the beneficial owner of the interests in NCPS shares and the NCA and NCMA Partnerships. Namcott Marketing Pty Ltd is incorporated in Australia.
- Namoi Cotton Finance Pty Ltd holds funding for the Group. Namcott Finance Pty Ltd is incorporated in Australia.
- Namoi Cotton Commodities Pty Ltd is a dormant entity and, as a result, no non-controlling interests have been recognised. Namoi Cotton Commodities Pty Ltd is incorporated in Australia.
- Cotton Trading Corporation Pty Limited is controlled by Namcott Investments Pty Ltd. Cotton Trading Corporation Pty Limited is incorporated in Australia.
- Australian Raw Cotton Marketing Corp Pty Ltd is a non-trading company. Australian Raw Cotton Marketing Corp Pty Ltd is incorporated in Australia.
- Australian Classing Services Pty Ltd trading activities are mainly the provision of classing services. Australian Classing Services Pty Ltd is incorporated in Australia.

Related party transactions and balances

	Consolidated	
Name of entity	**28 Feb 2023 $**	**28 Feb 2022 $**
a) Transactions with related parties		
Management fees received from NCMA inclusive of lint handling fees	1,092,573	961,597
Payments to NC Packing Services Pty Ltd in relation to cottonseed logistics services	8,602,010	2,186,462
Revenues derived by NCA in relation to cotton lint warehousing and logistics from NCMA	12,172,982	3,681,952
b) Balances outstanding from related parties		
Current receivables from NCMA	10,931	73,290
Current payables to NCMA	572,008	-
Current payables to NC Packing Services Pty Ltd	105,322	-
Current receivables owed to NCA from NCMA	614,093	124,465

Transactions with NCMA, NCPS and NCA are on a cost-plus margin basis and are subject to the Group's normal credit terms.

No provisions or expenses relating to doubtful debts have been recorded in relation to this related party. The Group has no commitments with this related party.

Transactions with Key Management Personnel

c) Key Management Personnel Compensation

	Consolidated	
Name of entity	**28 Feb 2023 $**	**28 Feb 2022 $**
Short-term	1,233,740	1,840,266
Post employment	103,129	210,991
Other long-term benefits including share-based payments	47,934	33,744
Termination benefits	-	54,119
	1,384,803	**2,139,120**

Compensation of the Group's Key Management Personnel includes salaries and non-cash benefits and contributions to the employee's superannuation fund.

Refer to note 5.2 for details of the treatment of these share-based payments.

d) Marketing and ginning transactions and balances with Key Management Personnel

A number of Key Management Personnel (KMP), or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Amounts paid/received or payable/receivable from/to directors and their respective related parties were as follows:

Consolidated									
Cotton Purchases (From)		**Other Services (to)**		**Ginning Charges Levied (to)**		**Seed sales (to)**		**Grain & Seed Purchases (from)**	
28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022	28 Feb 2023	28 Feb 2022
$542,752	$3,540,970	$11,958	$59,842	$189,334	$578,234	$70,100	-	$273,451	$593,210

There were no outstanding balances at the beginning or end of the period.

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

5. ADDITIONAL NOTES

5.1 Remuneration of auditors

	Consolidated $	
	28 Feb 2023	28 Feb 2022
KPMG (2022: ERNST & YOUNG)	$	$
Fees for auditing the statutory financial report of the Group	245,000	267,463
Fees for auditing the statutory financial report of joint operations	19,125	44,625
	264,125	**312,088**

5.2 Share based payments

Namoi Cotton Limited Equity Plan

Under the Namoi Cotton Limited Equity Plan ("the Plan"), approved by the Board on 21 June 2020 and ratified at the 2020 AGM on 29 September 2020, performance rights of the parent can be granted to employees and non-executive directors of the parent company. The Board has resolved that non-executive Directors will not participate in the plan. The exercise price of the performance rights is a price determined by the directors in their absolute discretion. The performance rights vest if and when the conditions (market and non-market) set out at the time of granting are met and are within the rules of the Plan.

Performance rights are considered to be equity-settled share based payments as the Group's intention is to settle these arrangements through the issue of ordinary shares in the Company. Upon vesting, performance rights can be exercised on a one-for-one basis with ordinary shares.

Performance rights were issued under the Plan during the 2021, 2022 and 2023 financial years. These rights issues were each subject to a three year service period as well as non-market vesting conditions associated with workplace related injuries and market vesting conditions based on achievement of Total Shareholder Return (TSR) against an absolute hurdle level determined by the Board. Market and non-market vesting conditions are tested over a specified performance period.

Movements during the year

The following table illustrates the number of, and movements in, performance rights during the year:

	2023 Number	2022 Number
Outstanding at 1 March	**1,563,257**	**595,060**
Granted during the year	853,247	968,467
Cancelled during the year	-	-
Exercised during the year	-	-
Lapsed during the year [1]	(224,551)	-
Outstanding at 28 February	**2,192,223**	**1,563,257**
Vested and exercisable at 28 February [1]	**205,838**	**-**

[1] Performance rights awarded in FY2021 to the CEO and one other Executive reached their vesting date on 28 February 2023. The performance hurdle rate for Total Shareholder Return (TSR) was not met and the CEO's performance rights did not vest and hence lapsed. The Directors exercised their discretion to confirm that the FY2021 performance rights issued to the other Executive did vest on 28 February 2023, despite the performance hurdle rate not being met

The weighted average remaining contractual life for the performance rights outstanding as at 28 February 2023 was 1.5 years (2023: 3 years).

The weighted average fair value of rights granted during the year was $0.1982 (2022: $0.036).

The weighted average exercise price on vesting for rights outstanding at the end of the year was $nil (2022: nil).

The following tables list the inputs to the models used for determining the fair value of performance rights issued during the current and prior financial years which are those that remain on issue at 28 February 2023:

	Performance rights issued FY2023	Performance rights issued FY2022	Performance rights issued FY2021
GRANT DATE	5 August 2022	28 February 2022	28 February 2021
Rights granted	853,247	968,467	1,493,263
Fair value at grant date	$0.1982	$0.0360	$0.0060
Share price on grant date	$0.4625	$0.3750	$0.3050
Dividend yield (%)	1.1%	0%	0%
Annualised volatility (%)	47.5%	11%	24%
Risk-free interest rate (%)	2.83%	2.94%	1.00%
Expected life of performance rights (years)	2.57	3.00	2.21
TSR Hurdle (CAGR)	15%	15%	15%
Conclusion of performance period	28 February 2025	28 February 2024	28 February 2023
Model used	**Monte Carlo**	**Black Scholes**	**Black Scholes**

The expected life of the performance rights is based on the time between the grant date and their vesting date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the performance rights is indicative of future trends, which may not necessarily be the actual outcome.

Accounting policy

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in the performance rights reserve, over the vesting period of the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with market performance conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

5.3 Significant events after balance date

No events of a material nature have occurred between balance date and the date of this report.

ADDITIONAL INFORMATION

For the year ended 28 February 2023:

The shareholder information set out below was applicable as at 6 April 2023.

Distribution of Equitable Securities

Analysis of number of equitable security holders by size of holding.

Quoted Equity Securities
Namoi Cotton Limited

Range of Units as of 6/04/2023			Fully paid ordinary shares (Total)
Range	**Total Holders**	**Units**	**% of Units**
1-1000	313	67,687	0.03
1001-5000	364	1,022,672	0.50
5001-10000	184	1,450,547	0.71
10001-100000	452	16,635,161	8.12
100001 and over	345	185,718,454	90.64
Rounding	-	-	-
Total	**1,658**	**204,894,521**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Units
	1,191	337	93,809

Unquoted Equity Securities
Namoi Cotton Limited

Range of Units as of 6/04/2023			Conversion Group – RCS and RCE Compositions: RCE, RCS
Range	**Total Holders**	**Units**	**% of Units**
1-1000	69	29,709	1.62
1001-5000	165	461,599	25.14
5001-10000	45	357,126	19.45
10001-100000	49	987,570	53.79
100001 and over	-	-	-
Rounding	-	-	-
Total	**328**	**1,836,004**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel cannot be calculated due to no price attached to unquoted securities.			

Equity Security Holders
Twenty largest quoted security holders as of 6/04/2023

The names of the twenty largest security holders of quoted equity securities are listed below:

Namoi Cotton Limited			Fully paid ordinary shares (Total)
	Top holders (Grouped) as of 06 April 2023		**Composition: FP**
RANK	NAME	UNITS	% UNITS
1	JP MORGAN NOMINEES AUSTRALIA LIMITED	32,983,769	16.10%
2	LOUIS DREYFUS COMPANY ASIA PTE LTD	20,277,438	9.90%
3	LOUIS DREYFUS COMPANY ASIA PTE LTD <LDCA A/C>	14,611,540	7.13%
4	SAMUEL TERRY ASSET MANGEMENT PTY LTD AS TRUSTEE FOR SAMUEL TERRY ABSOLUTE RETURN FUND	11,942,157	5.83%
5	JVH COTTON PTY LIMITED	5,068,087	2.47%
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,230,624	1.58%
7	RED PEPPERCORNS PTY LTD <WATSON FAMILY A/C>	2,100,485	1.03%
8	RATHVALE PTY LIMITED	1,734,719	0.85%
9	BOND STREET CUSTODIANS LIMITED <HEF – D65545 A/C>	1,656,039	0.81%
10	G CHAN PENSION PTY LIMITED <CHAN SUPER FUND ACCOUNT>	1,482,634	0.72%
11	PRIME GRAIN PTY LTD <RON GREENTREE FAMILY A/C>	1,433,134	0.70%
12	MR ALBERT JOHN PANIZZA + MS KIM DIANNA BROADFOOT <ALKIRA SUPER FUND A/C>	1,335,350	0.65%
13	CITICORP NOMINEES PTY LIMITED	1,270,593	0.62%
14	RNT ENTERPRISES PTY LTD <TRUSTUM FAMILY A/C>	1,260,244	0.62%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,182,071	0.58%
16	AGRICO INVESTMENTS PTY LIMITED	1,167,565	0.57%
17	AGRICO PTY LTD	1,118,531	0.55%
18	MR IAN WILTON + MS SHARON LAWLER FROOME <I WILTON SUPER FUND A/C>	1,025,873	0.50%
19	AVENUE 8 PTY LIMITED <GAN SUPER FUND A/C>	1,022,148	0.50%
20	DR EWAN RODERICK NIXON	1,001,000	0.49%
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (total)		**106,904,001**	**52.20%**
Total remaining holders balance		**97,987,487**	**47.82%**

The number of shares held by substantial shareholders in the Company, as disclosed in substantial holding notices given to the Company at 6 April 2023:

Shareholder	No. of shares	Percentage of shares held at date of notice	Date of notice
Samuel Terry Asset Management Pty Ltd	44,272,250	21.6%	21 November 2022
Louis Dreyfus Company Asia Pte. Ltd	33,610,721	16.40%	2 February 2023

Voting Rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at the meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Holders of unquoted equity securities do not hold voting rights.

There are no other classes of equity securities.

CORPORATE OFFICE

259 Ruthven Street
Toowoomba QLD 4350
(07) 4631 6100

NAMOI COTTON GINS

North Bourke Cotton Gin
Wanaaring Road
Bourke NSW 2380
(02) 6872 1453

Wathagar Cotton Gin
(Namoi Cotton/Sundown Pastoral Co Pty Ltd Joint Venture)
Collarenebri Road
Moree NSW 2400
(02) 67 525 200

MacIntyre Cotton Gin
Kildonan Road
Goondiwindi QLD 4390
(07) 4671 2277

Mungindi Cotton Gin
Bruxner Road
Mungindi NSW 2406
(02) 6753 2145

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

Boggabri Cotton Gin
Blairmore Road
Boggabri NSW 2382
(02) 6743 4084

Merah North Cotton Gin
Middle Route
Merah North NSW 2385
(02) 67 955 124

Yarraman Cotton Gin
Kamilaroi Highway
Wee Waa NSW 2388
(02) 67955 196

Trangie Cotton Gin
Old Warren Road
Trangie NSW 2823
(02) 68 889 729

Hillston Cotton Gin
Roto Road
Hillston NSW 2675
(02)69 672 951

OTHER JOINT VENTURES

Namoi Cotton Alliance

MacIntyre Warehouse
Kildonan Road
Goondiwindi QLD 4390
(07) 46 711 449

Wee Waa Warehouse
Pilliga Road
Wee Waa NSW 2388
(02) 67 903 139

Namoi Cotton Marketing Alliance

Corporate Office Suite
1 13 Kitchener Street
Toowoomba QLD 4350
AU-NCMA-COTTON@
namoicma.com.au

NAMOI COTTON

Growing Together

NAMOI COTTON

Growing Together

WWW.NAMOICOTTON.COM.AU

namoi.cotton.ltd namoicottonlimited