ASX ANNOUNCEMENT
17 April 2024

NAMOI COTTON LIMITED (ASX: NAM)
APPENDIX 4E, FINANCIAL RESULTS FY2024 & ANNUAL REPORT

For full details refer to the FY2024 Annual Report.

APPENDIX 4E

Namoi Cotton Limited ('Namoi Cotton' or the 'Company') is Australia's largest cotton ginner. Our business spans fibre, feed, supply chain and marketing, with ginning being at the core. 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.

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 and its controlled entities ('Namoi Cotton Group, 'Group' or 'Consolidated Group'), for the year ended 29 February 2024 ('FY2024') and the previous corresponding period, 28 February 2023 ('FY2023').

Financial results and key financial items from continuing operations are included in the following table.

For further explanation of the annual financial results refer to the FY2024 Annual Report.

RESULTS SUMMARY

FOR THE YEARS ENDED 29 OR 28 FEBRUARY		FY2024	FY2023	MOVEMENT	
Production					
Australian cotton production[1]	000' bales	5,518	5,625	(107)	↓
Namoi Cotton catchment area production[2]	000' bales	3,224	3,586	(362)	↓
Volumes					
Ginned cotton[3]	000' bales	1,164	1,173	(9)	↓
Cottonseed delivered	000' tonnes	302	360	(58)	↓
Earnings & Cashflow					
Revenue, Income & Profit Share[4]	$m	247.0	258.5	(11.5)	↓
EBITDA[5]	$m	22.9	18.0	4.9	↑
Net profit after tax[6]	$m	6.9	4.0	2.9	↑
Net cash (outflow)/inflow from operating activities[7]	$m	31.3	(2.4)	33.7	↑
Balance Sheet					
Net Assets	$m	143.3	133.7	9.6	↑
Net Debt[8]	$m	23.7	47.2	(23.5)	↓
Analysis					
Gearing ratio[9]	%	14%	26%	(12)%	↓
Diluted earnings per share	cents	3.3	2.1	1.2	↑
Net tangible asset value per share	cents	69.9	65.2	4.7	↑
Shares on issue[10]	million	205.1	204.9	0.2	↑
Dividend [11]	cents	1.5	Nil	1.5	↑

The Directors have declared a FY2024 final (unfranked) dividend of $0.01 (1.0 cent) per ordinary share (FY2023: 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.

FY2024 COMMENTARY

Safety

We are committed to a safe workplace and engaged culture for all employees, contractors and customers. We are pleased to report our safety initiatives are delivering continuous improvement in our safety lag metrics. In FY2024 there were 3 lost time injuries (FY2023: 5) and the LTIFR[12] was 4.15 (FY2023: 7.48).

Business

We processed above average ginning volumes in the 2023 season (FY2024). We ginned 1.16 million bales of cotton lint (FY2023: 1.17 million), representing 21% of Australian cotton production.

We achieved an improved financial result in FY2024 with an EBITDA[5] of $22.9 million (FY2023 - $18.0 million) and NPAT[6] of $6.9 million (FY2023: $4.0 million). This represents a 27.2% increase in EBITDA.

Improved EBITDA was delivered from a similar ginning volume in the 2023 season as the 2022 season. The improvement was driven by increased earnings in both Ginning Services and in Supply Chain and Marketing, partly offset by additional Corporate costs for the Strategic Review[13] process.

Segment Results

Ginning Services: $28.8 million EBITDA contribution, $7.8 million increase from FY2023 (FY2023: $21.0 million), from ginning and the marketing of co-products. This improved result was driven by increased earnings from ginning offset by lower earnings from cottonseed marketing.

Contribution from ginning in FY2024 reflects increased ginning fee to recoup cost inflation and increased efficiency with return to normal weather conditions. However, earnings from cottonseed marketing reduced because of lower traded volumes and from additional logistics costs associated with inventory carried into the current financial year.

Supply Chain and Marketing: $6.6 million EBITDA contribution, $2.1 million increase from FY2023 (FY2023: $4.5 million) from our share of joint ventures and other operations. This improved result was driven by higher volumes of cotton lint received and stored and grain packed with the return to normal supply chain conditions.

Corporate costs: $(12.5) million unallocated corporate cost, $5.0 million increase from FY2023 (FY2023: $(7.5) million). Most of the increase in corporate costs relates to additional staff and transaction costs related to the Strategic Review.

Strengthened balance sheet and capital management

After the drought affected period (FY2020 - FY2022) the Company has been focused on strengthening the balance sheet, hence our capital allocation has been weighted to reducing debt. At 29 February 2024 our term debt reduced by $8.0m to $24.5m (FY2023: $32.5m).

Namoi Cotton renewed its banking facilities with Commonwealth Bank of Australia until 30 October 2026. The debt facilities provide headroom and flexibility to manage variable seasons cost effectively.

Our FY2024 gearing ratio[9] of 14% (FY2023: 26%) is at the lowest level in the last 10 years.

4PP Strategy

The 4PP Strategy is targeted to increase through the cycle EBITDA by $6m from $26m investment, including our expansion into northern Australia.

Benefits have started accruing in FY2024 from the investment in 4PP initiatives. Completed 4PP initiatives are estimated to have contributed an incremental EBITDA of $1.5m in FY2024 from:

- Over 10% increase in gin productivity at the upgraded Merah North and Trangie gins, reducing operating costs and ginning time for growers.

- New cottonseed shed at Boggabri increased cottonseed earnings by avoiding external storage cost and reducing transport costs with 90% of cottonseed sold to nearby consumers and packers.

4PP related capital expenditure was paused after the announcement of the Strategic Review.

Northern Australia

Namoi Cotton has invested $4.0 million in Kimberly Cotton Company Limited (KCC) with a 17.2% equity interest. Construction of the new cotton gin at Kununurra commenced in August 2023. Namoi Cotton is supporting KCC by providing project management resources, supply of ancillary equipment and, later in 2024, skilled ginning staff to install the ginning equipment. Commissioning is planned for around mid-2025.

Strategic Review

The Strategic Review announced on 29 June 2023 is ongoing.

On 18 January 2024 Namoi Cotton entered into a Scheme Implementation Agreement (SIA) with Louis Dreyfus Company Asia Pte. Ltd. (LDC) to acquire the remaining 83% of issued shares in Namoi Cotton that LDC does not currently own, by way of a scheme of arrangement.

On 20 March 2024 Namoi Cotton received a non-binding, indicative and conditional offer ('NBIO') from Olam Agri Holdings Limited ('Olam') for the acquisition of all of the shares in Namoi Cotton.

2024 (FY2025) Season Outlook

Above average rain across most of Australia, and above average dam water storage levels, that supported above average cotton production in the 2023 season, continued for the 2024 season. Current dam water storage levels in our catchment areas, at around 66%[14], could potentially support average to above average cotton planting for the 2025 season.

Industry participants are forecasting above average Australian 2024 season cotton production to be between 4.5 million[1] to 4.9 million[2].

This is expected to translate into above average ginning volume for Namoi Cotton of between 0.9 to 1.1 million bales for the 2024 season (FY2025) (FY2024: 1.16 million bales). We have currently contracted over 75% of our expected 2024 season volume and have commenced receiving cotton modules for ginning from this month.

This announcement was approved by the Board of Namoi Cotton.

For further information, please contact:
Namoi Cotton Limited
Tim Watson
Executive Chairman
(07) 4631-6104

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[1] Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) 5 March 2024.

[2] Cotton Compass 4 March 2024.

[3] Namoi ginned bale volume for 100% of JV gins.

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

[5] EBITDA - Non-IFRS and unaudited measure defined as earnings before interest, tax, depreciation and amortisation (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).

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

[7] Net cash inflow/(outflow) from operating activities in FY2023 includes the purchase of cottonseed inventory ($13.4m) which was realised in Q1 FY2024.

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

[9] Gearing ratio - Net Debt divided by Net Debt plus Total Equity

[10] Shares on issue at balance date

[11] Includes 0.5 cent per ordinary share paid on 1 December 2023 and 1 cent per ordinary share declared 16 April 2024.

[12] Lost Time Injury Frequency Rate

[13] Strategic Review - On 29 June 2023 the Board announced that it had decided to pursue a strategic review to assess options to maximise the value for shareholders. Arising from this strategic review, on 18 January 2024 Namoi Cotton entered into a Scheme Implementation Agreement (SIA) with Louis Dreyfus Company Asia Pte. Ltd. (LDC) to acquire the remaining 83% of issued shares in Namoi Cotton that it does not currently own, by way of a scheme of arrangement.

[14] Bureau of Meteorology (BOM) as at 10 April 2024 – weighted average water capacity in rural system public dams in Namoi Cotton catchment valleys (BOM rural systems of Border Rivers, Macintyre, Gwydir, Namoi, Macquarie, Lachlan).

NAMOI cotton

2024

ANNUAL REPORT

www.namoicotton.com.au

LETTER FROM THE EXECUTIVE CHAIR

Dear shareholders,

In FY2024 your company delivered an improved financial performance with an of EBITDA of $22.9m (FY2023 – $18.0 million) and NPAT of $6.9m (FY2023 – $4.0 million). Despite the almost identical ginning volumes of 1.16m bales (FY2023: 1.17m bales), this better performance was driven by improved gin operating conditions, record warehousing volumes, complementary cotton seed & grain packing and greater discipline applied to cotton seed trading. Our focus remains on demonstrating the value of our services to growers. We continue to build our capabilities with a focus on safety management and improved operational execution. The last two years of above average seasons have allowed us to strengthen our balance sheet to tolerate future seasonal variability. Our gearing and term debt levels are the lowest they have been in the last 10 years. More detailed analysis of the FY2024 operating performance is contained below and in the Directors' Report.

SAFETY FOCUS

We are committed to a safe workplace and engaged culture for all employees, contractors and customers and are pleased to report further improvement in our safety metrics. We continue to build on the strength of our safety management system and have invested in setting up a focused and accountable framework where safety is a priority topic from our Board right through to the front line. We incurred 3 lost time injuries in FY2024 down from 5 in FY2023. This resulted in a reduction in our LTIFR to 4.15 in FY2024 from 7.48 in FY2023. We benchmark ourselves on total reportable incidents not just lost time. This attention on forward looking measures such as hazard and incident reporting, focuses our attention in the priority areas with the goal of preventing incidents from becoming injuries.

EXCELLENCE IN EXECUTION – 2023 SEASON

In the 2023 season (FY2024) we ginned 1.16m bales, nearly the same as the 1.17m bales in the 2022 season (FY2023). Despite this similarity the two seasons could not have been more different. At the conclusion of FY2023 we reflected on the weather challenges that the 2022 season had presented to both the ginning operation and to our supply chain and marketing activities. We are happy to report that the 2023 season presented no such difficulties.

Ginning operations were positively impacted by better quality cotton and lower moisture levels, both leading to more efficient ginning. This, together with an earlier start to ginning, lead to a significant improvement in our ginning performance, demonstrated by the ginning progress reported at the half year. Ginning was 86% completed at the end of August 2023 compared to 81% at the end of August 2022.

Supply chain and marketing benefited from larger crop volumes generally and more efficient supply chain execution allowing for higher throughput. In FY2024 over 1 million cotton bales were shipped, up by 30% compared to FY2023 although cottonseed shipments were down by 16% to 302,000 MTs (FY2023 – 360,000MTs). The Goondiwindi and Wee Waa sites broke long standing throughput records. Significant grain volumes, specifically pulses in Wee Waa, kept rail utilisation high in the October to February period.

FINANCIAL PERFORMANCE

The combination of much improved ginning conditions and higher than average grain volumes, resulted in an EBITDA[1] of $22.9 million (FY2023 – $18.0 million) and NPAT of $6.9 million (FY2023 – $4.0 million). The contribution from the Ginning segment in FY2024 was $28.8 million (FY2023 - $21.0 million) has been positive on similar volumes. Supply Chain and Marketing earnings contributed $6.6 million (FY2023 – $4.5 million) to Group earnings.

CAPITAL ALLOCATION

After a prolonged drought affected period (FY2020 – FY2022), it was important to rebuild our core strengths. Accordingly, our capital allocation over the last two years has focused on reducing our term debt and catching up on deferred maintenance and capital expenditure.

The $8.0 million reduction in Term Debt during FY2024 (FY2023 - $9.9 million) leaves us with Term Debt of $24.5 million as at FY2024 (FY2023 – $32.6 million). Our FY2024 gearing ratio[2] of 14% (FY2023 – 26%), which is at the lowest level in the last 10 years.

On 24 October 2023 Namoi renewed and extended its banking facilities with the Commonwealth Bank of Australia until 30 October 2026. The debt facilities provide headroom and flexibility to cost effectively manage variable seasons and to fund our 4PP initiatives. This includes locking in a reduced interest margin, funding year-round cottonseed inventory and, if required, ability to make and reborrow voluntary repayments.

On 1 December 2023 Namoi Cotton paid a $0.005 dividend. This was the first dividend paid since FY2019.

On 16 April 2024, the directors declared a dividend of $0.01 per ordinary share to be paid on 10 May 2024. This is in line with our dividend policy which aims to pay dividends in average and above average seasons.

OUR INVESTMENT IN KIMBERLEY COTTON COMPANY (“KCC”)

Throughout the year our investment in KCC has continued. During the year Namoi has invested a further $2.6m in KCC to support the construction of the gin at Kununurra. Construction of the new cotton gin at Kununurra commenced in August 2023. Namoi Cotton is supporting the project by providing project management resources, some ancillary equipment and, later in 2024, skilled ginning staff to install the ginning equipment. Commissioning is planned for mid 2025.

NAMOI IS A GREAT PLACE TO WORK

The labour market remains extremely competitive across Australia, but particularly so in the rural and regional areas in which we operate. The tight talent market has required us to be innovative in the way we make Namoi Cotton “the employer of choice” to support retention rates across our sites. A key retention strategy has been to establish our ginning mechanical program with TAFE NSW to deliver formal training and a recognised qualification for Cotton Ginners. This year will see 11 current employees enter the 3-year Engineering - Mechanical program. We are proud to be able to offer future generations formally recognised and transferable qualifications, aimed at attracting regional talent into the industry.

Due to a shortage of experienced ginning staff in Australia, we continued to secure supplementary labour through our International Ginner pipeline. Namoi currently engages 13 international staff, many of whom have completed their second season with us. These employees have integrated well and provide a diverse high-quality workforce to complement our local team. On top of our full-time workforce, we employ between 300 – 500 casual employees during a season.

Managing variability in volume has involved simplifying and de-risking the business. This included finalising the development of our variable cost base. The work we have undertaken to re-build our execution capacity through the 2022 and 2023 seasons has enhanced our preparedness for the 2024 season. We have developed a smarter, more agile workforce with skills to improve work systems. Across the Group, 26% of our full-time positions comprised of contract roles helping us to manage volume variability in the future.

THE NAMOI COTTON BRAND IS STRONG

The focus of the Board and Executive's has been on simplifying and strengthening our business whilst pursuing a strategy to create valued services for growers and returns to shareholders through the cycle. The Namoi Cotton brand is strong and reflects the years of experience and a culture that is unique to Namoi Cotton. But we will never forget that our business is built on the strong relationship that 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 my fellow 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
Executive Chair

[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] Gearing ratio is a non-IFRS and unaudited measure defined as Net Debt/ (Net Debt plus Equity) where Net debt refers to total interest bearing liabilities less cash and cash equivalents.

Financial Statement
FY24

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 29 February 2024 ('FY2024').

1. Directors

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

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Tim Watson GAICD **Executive Chair**	Mr Watson was appointed to the Board on 18 December 2014 and appointed as Chair for Namoi Cotton Limited from 29 August 2018. Mr Watson was appointed Executive Chair on 1 July 2023. Mr Watson 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.
Robert L Green B.Bus. (QAC) MAICD **Independent Non-executive Director**	Mr Green joined the Namoi Cotton Board in May 2013. He is Chair of the Safety, Health and Environment Committee, a member of the Trading Risk 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.
Juanita Hamparsum B.Bus. (UTS), CA, FPCT, FAICD **Independent Non-executive Director**	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, Chair of the Due Diligence Committee, a member of the Safety Committee and the Trading Risk 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 accounting, financial, agricultural and natural resource management experience. Mrs Hamparsum is a chartered accountant and currently a Director and Chair of the audit committee of Cotton Seed Distributors Ltd and End Food Waste Australia Limited.
Ian Wilton 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. On 1 July 2023 following the appointment of Mr Watson as Executive Chair, Mr Wilton was appointed as Deputy Chair. He is also Chair

Independent Non-executive Director	of the People, Culture and Nomination Committee, a member of the Audit, Risk and Compliance Committee and a member of the Due Diligence 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.
James Davies BCompSC, MBA, GAICD **Independent Non-executive Director**	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 and Nobrac Limited.
Sarah Scales B. BSc (Ag,), GAICD **Non-Executive Director**	Ms Scales joined the Namoi Cotton Board on 22 May 2023. She is Chair of the Trading Risk Committee and is a member of the of the Audit, Risk, and Compliance Committee. Ms Scales has extensive Non-Executive and Executive experience in the international and Australian agribusiness sectors. Her experience spans across the broad-acre cropping, horticulture, sugar, plant technology, meat production, food processing and water industries. Ms Scales is currently Non-Executive Director for Agracom Pty Ltd, AustOn Corporation and related entities, Tarac Australia Limited, Mitolo Family Farms Pty Ltd and Chair of Pace Farms Pty Ltd. Ms Scales is considered not to be Independent due to her association with LDC.

2. Company Secretary

Mr Andrew Baldwin was appointed joint Company Secretary on 25 October 2023. Mr Baldwin (BEng. Hons, CA, GAICD) is the current Chief Financial Officer of the Company.

Mr Andrew Metcalfe was appointed joint Company Secretary on 31 July 2023. Mr Metcalfe (CPA, FGIS, GAICD) is an experienced company secretary to ASX listed companies and was previously Company Secretary for Namoi from November 2019 to December 2021. Mr Metcalfe is engaged under contract through a service provider and is not part of the Key Management Personnel.

Ms Sonya Ryan and Mr John Stevenson previously held the roles of joint Company Secretaries. Both Ms Ryan and Mr Stevenson ceased to act in the role of joint Company Secretaries upon their respective resignations that occurred during the year.

3. 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		Audit, Risk & Compliance		People, Culture & Nomination		Safety, Health & Environment	
Current	**Attended**	**Held [1]**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Tim Watson	12	12	-	-	4	4	-	-
Robert L Green	12	12	3	4	-	-	2	2
Juanita Hamparsum	12	12	6	6	-	-	2	2
Ian Wilton	12	12	6	6	4	4	-	-
James Davies	12	12	-	-	4	4	2	2
Sarah Scales	8	8	2	2	-	-	-	-

Director	Trading Risk Committee		Strategic Review Committee		Due Diligence Committee	
Current	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Tim Watson	-	-	13	13	2	2
Robert L Green	3	4	11	11[2]	-	-
Juanita Hamparsum	4	4	12	13	2	2
Ian Wilton	-	-	13	13	2	2
James Davies	-	-	5	7[2]	-	-
Sarah Scales	4	4	-	-	-	-

1 'Held' is noted as the number of meetings that were held at the time the Director was a Member of the Committee.

2 Mr Green and Mr Davies joined the Strategic review committee subsequent to its formation and therefore did not attend the meetings before joining the committee.

All board members are invited to attend Directors' meetings and committee meetings. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are invited to attend all meetings.

4. Directors' interests in share capital

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

5. About Namoi Cotton and Principal activities

Namoi Cotton is an Australian domiciled public Company listed on the Australian Securities Exchange. The principal activities of the entities in the Namoi Cotton consolidated group in FY2024 were the ginning and marketing of cotton including its by products such as cottonseed and moss/mote.

Namoi Cotton Limited, a pioneer in Australian cotton since 1962, started as a cooperative of visionary cotton growers who aimed to gain more control over how their cotton was processed and marketed. Over the years, the Company has grown into one of Australia's leading cotton processing and supply chain businesses, with a ginning capacity of 1.6 million bales annually and an extensive network of origination and logistics operations across major cotton growing regions.

6. Operations and Financial Review

Financial performance

The following table summarises EBITDA[3] financial indicators used by Management to monitor and manage the Company.

	2024	2023	Movement
Ginning services	\$28.8m	\$21.0m	\$7.8m ↑
Supply chain and marketing	\$6.6m	\$4.5m	\$2.1m ↑
Corporate (net costs)	\$(12.5)m	\$(7.5)m	\$(5.0)m ↑
Group EBITDA[3]	\$22.9m	\$18.0m	\$4.9m ↑

[3] 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).

Operating financial review

Namoi Cotton experienced another above average ginning volume year of 1.16m bales (FY2023 1.17m bales). However, none of the climatic and supply chain challenges that were experienced in FY2023 occurred and therefore, from comparable volumes the financial performance was improved.

EBITDA from Ginning Services was $28.8m (FY2023 $21.0m). Although the volume of bales ginned was comparable with FY2023, this performance reflects the higher margins generated by increased throughput and higher efficiency achieved at the gins.

EBITDA from Supply Chain and Marketing was $6.6m (FY2023 $4.5m). This result reflects the higher volumes of cotton and grain handled and packed through our warehouses. This was a result of the large cotton and grain crop and was possible because of better supply chain conditions and additional storage income.

Unallocated corporate and support costs were $12.5m (FY2023 $7.5m). The increase is explained by the additional costs associated with the Strategic Review process (announced on 29 June 2023) and transaction costs related to the scheme of arrangement ("SIA")[4] (entered into on 18 January 2024).

[4] On 19 January 2024, Namoi Cotton Limited ('Namoi') announced it had entered into a Scheme Implementation Agreement ('SIA') with Louis Dreyfus Company Asia Pte. Ltd. ('LDC') to acquire the remaining 83% of issued shares in Namoi that it does not currently own, by way of a scheme of arrangement ('Scheme').

Operating Review

During FY2024, the Group capitalised on better weather conditions and cotton quality to deliver strong ginning volumes whilst optimising the Group's production efficiency and supply chain.

Ginning services

Namoi ginned 1.16 million bales of cotton in the 2023 season, similar to the 1.17m bales of cotton ginned in the 2022 season representing a market share of 36% of the cotton production in our catchment valleys.

We operated 9 of our 10 gins this year. Our North Bourke site did not operate this season, with most of the cotton relocated to our Trangie and Moomin Gins.

The completed 4PP gin upgrades at Merah North and Trangie delivered increased operational efficiency and contribution. Our overall gin productivity increased by approximately 10% at both gins, reducing operating costs and reducing ginning time for growers.

- Merah North ginned a record volume, exceeding its past record by more than 10%.
- Trangie ginned its second highest volume, enabling cotton from our North Bourke gin to be consolidated.

We executed the sale of 302,000 tonnes of cottonseed in FY2024 (FY2023: 360,000 tonnes) representing a decrease of approximately 16% from the prior year. Drier weather conditions drove increased demand in the domestic market for cottonseed throughout the year on which we were able to capitalise on and enhance our cottonseed margins. However, the overall performance of cottonseed marketing for the year was reduced by the impact of FY2023 inventory that was carried into the current financial year.

We shipped 13,000 moss cotton bales in FY2024 (FY2023: 6,000 bales) whilst also improving our overall moss production efficiency at our Yarraman site.

Supply Chain and Marketing

In FY2024, NCA shipped 1.04m bales of cotton lint representing an increase of approximately 30% from the prior year (FY2023: 0.8m).

Domestic and export supply chains returned to normal in the 2023 season with little disruption in transportation and good container availability allowing the packing and logistics operations to be streamlined.

NCA warehouses received a record volume 1.01m bales of cotton lint driven by strong demand by merchants for strategically located up-country storage with a more reliable supply chain with few rail and road disruptions. This record volume led to record earnings in the NCA joint venture.

Corporate

The Group's corporate cost base increased by $5.0m in FY2024 because of additional costs related to the strategic review and the SIA. Adjusted for these one-off costs, the corporate cost remained reasonably in line with the prior year. The Group remains committed to improving the efficiency of the businesses corporate cost structure.

Investments for future performance

During the year Namoi Cotton has continued to invest in the Kimberley Cotton Company("KCC"). The investment in KCC, which is building a cotton gin in Kununurra, is a strategy to diversify Namoi Cotton's geographic exposure to variable growing conditions. More information about the investment in KCC is included in Note 4.3 to the financial statements.

Some capital investment projects under the 4PP program was paused in FY2024 as a result of the Strategic Review.

Review of financial condition

After a prolonged drought affected period (FY2020 - FY2022) it has been our focus to rebuild our core strength and hence our capital allocation has been heavily weighted to reducing our debt levels. At 29 February 2024 our term debt is $24.5m (FY2023 $32.6m).

Namoi Cotton renewed its banking facilities with Commonwealth Bank of Australia until 30 October 2026. The debt facilities provide headroom and flexibility to cost effectively manage variable seasons and to fund our 4PP initiatives.

Our FY2024 gearing ratio[5] of 14% (FY2023 26%) is at the lowest level in the last 10 years.

7. Business strategies and prospects for future financial years

The short term outlook for cotton production remains positive as a result of favourable weather conditions and good water availability. Forecast cotton production of 4.5m[6] to 4.9m[7] bales for the 2024 season (FY2025), with above average production in our central and southern valleys and average to above average production expected in our northern valleys.

Based on forecast cotton production and using our historic market share of 33% (last five year average), we are expecting another above average ginning volume of 0.9 to 1.1 million bales in the 2024 season.

Business Strategies – 4PP Update

Benefits have started accruing from Namoi's 4PP Strategy in FY2024. The 4PP Strategy is targeting to increase through the cycle EBITDA by $6m from $26m investment, including our expansion into northern Australia.

Completed 4PP initiatives are estimated to have contributed an incremental EBITDA of $1.5m in FY2024 from:

- Over 10% increase in gin productivity at the upgraded Merah North and Trangie gins, reducing operating costs and ginning time for growers.
- New cottonseed shed at Boggabri increased cottonseed earnings by avoiding external storage cost and reducing transport costs with 90% of cottonseed sold to nearby consumers and packers.

4PP related capital expenditure was paused after the announcement of the Strategic Review on 29 June 2023 other than our investment in Kimberley Cotton Company (KCC).

[5] Gearing Ratio is a non IFRS & unaudited measure defined as net debt divided by net debt plus total equity

[6] Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) 5 March 2024.

[7] Cotton Compass 4 March 2024

Risk management

Namoi Cotton, as an Australian agricultural company with an integrated supply chain, encounters a range of risks that could significantly impact its future strategy and financial performance. These risks are dynamic, influenced by the Company's ability to manage and mitigate them. While some risks can be anticipated and controlled, others may unexpectedly converge into new material risks.

The Company faces significant risks that cannot be fully mitigated through preventive strategies. In such instances, the Company's approach is to acknowledge these risks and establish action plans to respond effectively when they materialize. Some risks may transform into opportunities, presenting favourable prospects for the Company.

A robust balance sheet serves as a foundational element, equipping the Company to manage risks and capitalize on potential advantages.

As outlined in the Board Charter, the Board assumes overall accountability for risk management. The Group's Risk Management Framework and risk appetite undergo annual review and approval by the Board. The Audit, Risk and Compliance Committee provides oversight in this area. Responsibility for establishing and implementing the risk management framework, as well as internal controls and processes, is delegated to the Executive Chair and the Executive Leadership Team. Management continuously monitors the strategic and tactical environment for new and emerging risks. For additional details on risk management, please refer to the Risk Management Policy and the Audit, Risk and Compliance Committee Charter on the Company website (Governance - Namoi Cotton).

Below is an outline of material business risks which Namoi faces with the execution of its strategy and its operations; this outline is not exhaustive, and risks are not presented in order of materiality.

Business Risks	Description	Mitigation/ Management
Water availability, adverse weather events, climate change and seasonal risk	Namoi Cotton, operating within the agricultural sector, faces variability due to adverse weather conditions. These conditions include events such as droughts, floods, fires, and extreme heat. The occurrence of extreme weather events can lead to changes in cotton production and disrupt Namoi Cotton's supply chains. Consequently, the Company may experience significant variability in ginning volumes and increased production and supply chain costs.	The Group is conscious of these climatic risks and related variability and invests in mitigation strategies where possible. Examples of this include the restructuring of our joint ventures, reducing our debt commitments and developing a variable cost base. Additionally, our investment in the gin at KCC is a primary example of investment to geographically diversify across the country to potentially reduced the impacts of localised adverse weather conditions.

Business Risks cont'd	Description	Mitigation/ Management
Health and safety	The well-being and safety of our personnel remain paramount to the Company. However, our employees and contractors operate in a dynamic environment where inherent safety risks exist. The Company acknowledges the potential for serious injuries or fatalities, understanding the profound impact such events would have on the affected employee and their family. Moreover, the Company recognizes that such incidents could adversely affect its reputation, operations, and financial stability.	To mitigate the safety risk in our dynamic work environment, we implement rigorous safety protocols, conduct regular training sessions, and maintain open communication channels. Additionally, we proactively identify potential hazards and promptly address any safety concerns to minimize the likelihood of serious incidents
Trading risk in commodities	Transactional commodity price risks exist in the sale of cottonseed and moss. Other commodity price risks exposures include operational costs such as energy and fuel. These risks are driven by external factors including climatic conditions and geopolitics.	We mitigate our cottonseed price risks by compliance with our board approved Cottonseed Risk Management Policy which prescribes risk limits for all aspects of our cottonseed related exposure. We mitigate risks in relation to moss through managing our internal production of this co-product and taking advantage of market prices when advantageous. Operational price risks are managed through internal production efficiencies and long term agreements with core suppliers.
Cyber risk	Namoi cotton relies on internal resources and third party technology providers to support its IT operations. A cyber attack could disrupt operations and or result in unauthorised exposure of commercial and personal data, potentially causing financial and reputational damage.	A robust IT monitoring and security program is in place to proactively manage and mitigate threats from malicious and unintended breaches of the Group's information, infrastructure and systems.

Business Risks cont'd	Description	Mitigation/ Management
Debt obligations	The Group's debt facilities are subject to financial covenants. If the Group fails to maintain these covenants this will constitute a Review Event which may result in its debt becoming due and payable.	The Group routinely monitors its performance against its covenants and forecasts whether or not a breach may occur in the future. Decisions regarding the Group's strategy are considered with regard to implications on the Group's financial covenants to mitigate the risk of breaches in both the short and long term.
Labour	Labour availability in regional Australia can be restrictive impacting our ability to operate.	The Group routinely reviews our material labour risks and develop strategies to ensure continuity of business.

8. Likely Developments

Above average rain across most of Australia, and above average dam water storage levels, that supported above average cotton production in the 2023 season, continued for the 2024 season. Current dam water storage levels in our catchment areas, at around 66%[8], could potentially support average to above average cotton planting for the 2025 season.

9. Changes In the State of Affairs

There were no significant changes in the state of affairs of the Group during the year ended 29 February 2024 other than as disclosed elsewhere in this report.

10. Dividends

On 25 October 2023, the Directors declared and subsequently paid an unfranked ordinary dividend of $0.005 per ordinary share. This was the only dividend paid or declared since the end of the last financial year.

On 16 April 2024 the directors declared a dividend of $0.01 per ordinary share to be paid on 10 May 2024.

[8] Bureau of Meteorology (BOM) as at 10 April 2024 – weighted average water capacity in rural system public dams in Namoi Cotton catchment valleys (BOM rural systems of Border Rivers, Macintyre, Gwydir, Namoi, Macquarie, Lachlan).

11. Events Subsequent to Balance Date

On 21 March 2024 Namoi Cotton Limited ('Namoi') announced that its Board of Directors had received a non-binding, indicative and conditional offer ('NBIO') from Olam Agri Holdings Limited.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 29 February 2024, 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.

12. 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.

Our commitment to compliance with relevant laws is executed at the operational level by our sites. Oversight and guidance are provided by our Safety, Health, and Environment Committee. We diligently manage environmental risks and hazards in alignment with our Risk Framework.

During the reporting period, Namoi Cotton's performance in environmental management adhered to the applicable regulations across our business operations. We remain vigilant in monitoring legislative developments, particularly with respect to the proposed disclosures of the Australian Sustainability and Reporting Standards.

13. 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) 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.

14. Corporate governance

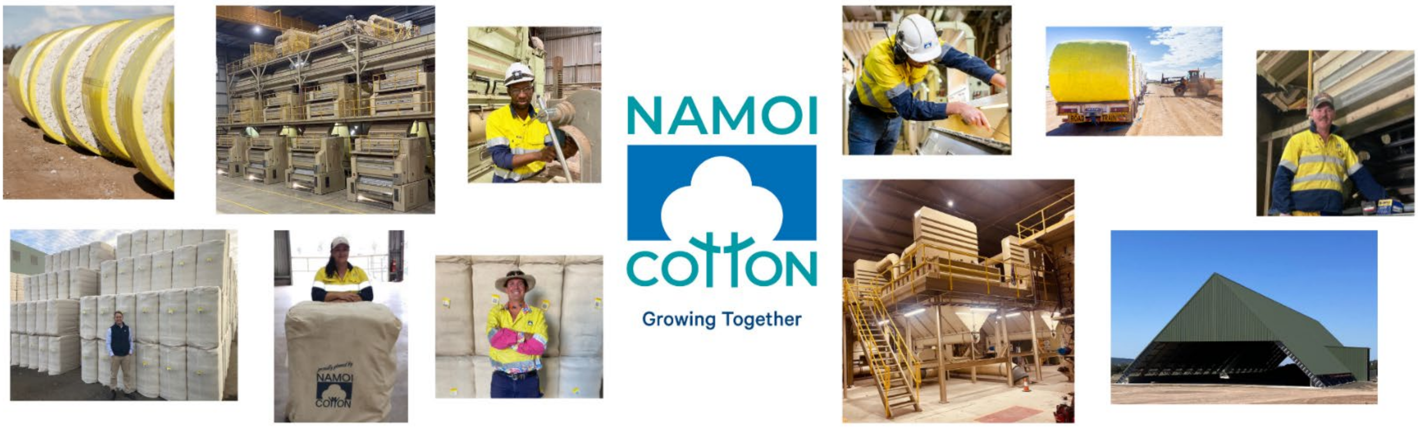
In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Namoi Cotton support and have complied with the principles of corporate governance. The Company's corporate governance statement is to be submitted to the ASX and published prior to the issuance of the AGM notice. The date of the AGM is yet to be determined and will depend on the progress of the scheme of arrangement discussed above. It will also be available on Namoi Cotton's public website (www.namoicotton.com.au) at that time.

15. 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.

16. Auditor’s independence declaration

The auditor’s independence declaration is included on page 27 of this report.



REMUNERATION REPORT

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, 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)

In FY2024, KMP comprised the Non-executive Directors (NED), the Executive Chair, Chief Executive Officer and Chief Financial Officer who were responsible for key business decisions, as consistent with the Australian Accounting Standards Board 124 *Related Party Disclosures (AASB124)* definition.

The table below outlines the KMP for FY2024.

Name	Role in FY2024	Commencement date in role
Executive KMP		
T Watson[1]	Executive Chair	1 July 2023
A Baldwin[2]	CFO	25 October 2023
J Stevenson	CEO & Company Secretary	7 June 2021 (resigned 1 July 2023)
S Ryan	CFO & Company Secretary	7 January 2022 (resigned 25 October 2023)
Non-Executive Directors		
T Watson	Chair	18 December 2014 non-executive director On 1 July 2023 became Executive Chair
R Green	Director	27 May 2013
J Hamparsum	Director	7 June 2018
I Wilton	Director	17 June 2020
J Davies	Director	28 November 2022
S Scales	Director	22 May 2023

[1] On 1 July 2023 Tim Watson was appointed to the role of Executive Chair, transitioning from Non-executive Director and Chair of the Board. Remuneration includes fixed annual chair fees of $130,000 (excluding superannuation), fixed salary of $70,833 (including superannuation) per month and a retention payment of $255,000 (including superannuation) on completion of an agreed employment term. A one month notice period is required to be given by employer or employee in relation to termination of employment.

[2] Andrew Baldwin was appointed to the position of CFO on 25 October 2023, with fixed remuneration equivalent to $350,000 (inclusive of superannuation) per annum. Mr Baldwin is employed on a contract basis with a contract termination date of 2 August 2024. A one month notice period is required to be given by employer or employee in relation to termination of employment.

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 is 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 KMP[1]		
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. STI outcomes have historically ranged from 0% to 100% of payout, equating to a maximum of 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 Total Shareholder Return (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.	Non-executive Directors are not eligible to participate in STI's.	Non-executive Directors are not eligible to participate in LTI's.

1 These arrangements applied to the previous CEO and CFO until their resignation. The current Executive Chair and CFO are not eligible to participate in the Group's LTI program. The current CFO is also not eligible to participate in the Group's STI program with the Executive Chair receiving an STI in the form of a retention payment which is detailed in sections 2.3 to 2.5

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]
Executive Chair (T Watson)	75%	25%	-%	75%	100%
CFO (A Baldwin)	100%	-%	-%	100%	100%

1 Base salary plus superannuation.

2 % of total potential remuneration paid annually.

3 The Executive Chair and CFO are not eligible to participate in the Group's LTI program.

4 Potential maximum entitlement comprising cash and non-cash elements.

The previous CEO, John Stevenson, has historically been entitled to STI opportunities up to 44% of fixed remuneration and LTI opportunities up to 44% of fixed remuneration. Upon Mr Stevenson's resignation, he forfeited his entitlements under all STI and LTI plans and received no remuneration under these plans in the current financial year.

The previous CFO, Sonya Ryan, has historically been entitled to STI opportunities up to 25% of fixed remuneration and LTI opportunities up to 25% of fixed remuneration. Upon Ms Ryan's resignation, she forfeited her entitlements under all STI and LTI plans. The Board made a discretionary payment of $25,000 (including superannuation) under Ms Ryan's STI plan upon her resignation which is below the potential STI opportunity that would have been paid had she continued employment for the full financial year.

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.

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 Executive Chair, Tim Watson, is entitled to an STI in the form of a retention amount of $255,000 (including superannuation) earned on completion of an agreed initial employment term which ended on 30 September 2023 and payable at the completion of his full term.

The current CFO, Andrew Baldwin, is not a participant in the Group's STI program.

The previous CEO, John Stevenson, and previous CFO, Sonya Ryan, participated in STI programs linked to the achievement of the Company's operational and financial targets. Upon his resignation, Mr Stevenson forfeited his entitlements under all STI plans and received no remuneration under STI plans in the current financial year. Upon her resignation, Ms Ryan forfeited her entitlements under all STI plans. The Board made a discretionary payment of $25,000 (including superannuation) under Ms Ryan's STI plan upon her resignation which is below the potential STI opportunity that would have been paid had she continued employment for the full financial year.

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 and shareholders.

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.

The previous CEO, John Stevenson, and previous CFO, Sonya Ryan, participated in LTI plans through the granting of performance rights which vested after a three year period subject to the achievement of performance hurdles, based on Total Shareholder Return (TSR), and continued service. Upon their resignations, Mr Stevenson and Ms Ryan forfeited their rights under existing LTI plans.

The Executive Chair, Tim Watson, and current CFO, Andrew Baldwin, are not participants in the Group's LTI plan and have received no remuneration under these plans in the current year.

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 FY2024 the aggregate Directors' fees paid was $472,808 (inclusive of superannuation).

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 29 February 2024 is detailed in section 3.1 of this report.

Non-executive Directors Fees (exclusive of superannuation)	Chair	Director
	$	$
Board	130,000	75,000
Deputy chair	-	10,000
Due Diligence Committee	-	30,000

2.8 Services of Remuneration consultants

The Board elected not to engage external remuneration consultants in FY2024.

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 (Governance - Namoi Cotton).

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 4 financial years.

	2024	2023	2022	2021	2020
EBITDA [1]	$22.9m	18.0m	2.6m	(11.6m)	(8.0m)
Earnings per Ordinary Share (diluted)(cents)	3.3	2.1	(3.3)	(10.3)	(7.8)
Dividend per Ordinary Share (cents/share) [2]	0.5	-	-	-	-
Share price at year end (cents)	49.0	47.9	43.5	35.5	30.0

[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). Refer to note 1.1 of the financial statements for a reconciliation of EBITDA to net profit after tax.

[2] Represents amounts paid during the financial year

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 FY2024 short term incentive (STI), it does not show the actual variable long term incentive (LTI) remuneration awarded or received in 2024, 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 29 February 2024.

Year ended 29-Feb-24	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]
Non- Executive Directors								
R Green	75,865	-	8,230	-	-	-	**84,095**	0%
J Hamparsum	82,558	-	8,966	-	-	-	**91,524**	0%
I Wilton	88,442	-	9,613	-	-	-	**98,055**	0%
J Davies	75,865	-	8,230	-	-	-	**84,095**	0%
S Scales[8]	58,846	-	6,443	-	-	-	**65,289**	0%
Executive KMP								
T Watson[9]	623,825	229,730	82,044	-	-	-	**935,599**	24.55%
A Baldwin[10]	111,687	-	12,163	-	-	-	**123,850**	0%
J Stevenson [5]	141,125	-	49,717	(43,615)	-	211,302	**358,529**	0%
S Ryan [7]	207,569	22,523	26,186	(10,304)	-	-	**245,974**	9.16%
	1,465,782	**252,253**	**211,592**	**(53,919)**	**-**	**211,302**	**2,087,010**	

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

2 Upon their resignation, the previous CEO and CFO forfeited their rights under existing LTI plans. In accordance with the requirements of the accounting standards, the expense previously recognised for accounting purposes has been reversed in the current 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 Mr Stevenson resigned on 1 July 2023 and forfeited his entitlements under existing STI and LTI plans. Mr Stevenson was provided a termination payment of $234,545 (inclusive of superannuation) representing payment in lieu of notice of $204,545 and an ex-gratia payment of $30,000 which was made at the Board's discretion.

6 The short-term incentive bonus is for performance during the respective financial year.

7 Ms Ryan resigned on 25 October 2023 and forfeited her entitlements under existing STI and LTI plans. The Board made a discretionary payment of $25,000 (including superannuation) under Ms Ryan's STI plan upon her resignation.

8 S Scales was appointed on 22 May 2023.

9 T Watson transitioned from Non-executive Director to Executive Chair on 1 July 2023. During the period in which he was a Non-executive Director he received salary and fees of $45,000 and superannuation benefits of $4,750. The remaining remuneration in the table above was received in his capacity as Executive Chair. Mr Watson has received an STI in the form of a retention payment of $255,000 (including superannuation) on completion of an agreed employment term which ended on 30 September 2023. Given Mr Watson remains employed in the position of Executive Chair, the full entitlement under the STI has vested. Mr Watson is not entitled to participate in the Group's LTI plan.

10 A Baldwin was appointed to the role of CFO on 25 October 2023 receiving annual fixed remuneration of $350,000 (inclusive of superannuation). Mr Baldwin is not entitled to participate in the Group's STI or LTI plans and is not entitled to any termination benefits.

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

Year ended 28-Feb-23	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%
Executive KMP								
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 amortised equally over the relevant 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. 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.

3.2 Analysis of bonuses included in remuneration

Details of the vesting profile of the FY2024 short-term incentive cash bonuses awarded as remuneration to each executive KMP are detailed below. No short-term incentive cash bonuses were awarded to non-executive directors of the Company in FY2024.

	Short-term incentive bonus (inclusive of superannuation)		
FY2024	Included in remuneration	% vested in year	% forfeited in year
Executive KMP			
T Watson	$255,000	100%	-
A Baldwin	-	-	-
J Stevenson	-	-	100%
S Ryan	$25,000	33%	67%

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 FY2024 relating to 2024 performance and remuneration outcomes; or
- In prior years which have now vested, were exercised/sold or which lapsed or were forfeited during FY2024.

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 at the time of vesting with no exercise cost. Dividends are not accumulated on performance rights.

No long-term incentive performance rights were granted to non-executive directors of the Company in FY2024.
The Executive Chair, Tim Watson, and current CFO, Andrew Baldwin, were not invited to participate in the Group's LTI program and are therefore excluded from the table below.

Performance Rights	Balance held	Granted as				Vested	Vested and exercised	Balance held	Vested and exercisable at
	01-Mar-23	Remun-eration	Exercised	Lapsed	Forfeited	during the year	during the year	29-Feb-24	29-Feb-24
Executives									
J Stevenson[1]	1,015,437	-	-	-	1,015,437	-	-	-	-
S Ryan[2]	155,957	-	-	-	155,957	-	-	-	-
	1,171,394	**-**	**-**	**-**	**1,171,394**	**-**	**-**	**-**	**-**

[1] Upon his resignation, Mr Stevenson forfeited his remaining performance rights under the LTI plans granted on 1 March 2020 and 5 August 2022. No new performance rights were granted in the current financial year.

[2] Upon her resignation, Ms Ryan forfeited her remaining performance rights under the LTI plan granted on 5 August 2022. No new performance rights were granted in the current financial year.

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-Mar-23	On Exercise of Rights	Net Change Other [2]	Balance held [3] 29-Feb-24
FY2024	**Ordinary Shares**	**Ordinary Shares**	**Ordinary Shares**	**Ordinary Shares**
Non-Executive Directors				
R Green	178,415	-	-	178,415
J Hamparsum	490,018	-	-	490,018
I Wilton	1,025,873	-	-	1,025,873
J Davies	-	-	-	-
S Scales	-	-	-	-
Executives				
T Watson (Chair)	3,171,232	-		3,171,232
A Baldwin[4]	-	-	-	-
J Stevenson[5]	-	-	-	-
S Ryan[6]	-	-	-	-
	4,865,538	**-**	**-**	**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] Appointed 25 October 2023.

[5] Resigned 1 July 2023.

[6] Resigned 25 October 2023.

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

T WATSON
Executive Chair
Brisbane
16 April 2024

NAMOI COTTON
Growing Together

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 29 February 2024 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

KPMG

Simon Crane
Partner

Brisbane
16 April 2024

KPMG

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 29 February 2024 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 29 February 2024;
- 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 material 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

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.

This matter was 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 this matter.

<table>
<tr><th colspan="2">Valuation of ginning infrastructure assets $126.0 million</th></tr>
<tr><td colspan="2">Refer to Note 3.3 to the Financial Report</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The valuation of ginning infrastructure assets is considered a key audit matter due to:
• the size of the balance, being 65.8% of total assets; and
• the level of audit effort and judgement required by us in evaluating the Group's assessment of the fair value of ginning infrastructure assets.

The Group engaged an independent, external valuation expert to complete the valuation of ginning infrastructure assets in the current period. The valuation method and assessment of the fair value of ginning infrastructure assets performed by the external expert involves significant judgement for key valuation assumptions as there is inherent estimation uncertainty. We focused on the significant forward-looking assumptions the external valuation expert 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.</td><td>Our procedures included:
• We assessed the objectivity, competence and scope of the Group's external valuation expert;
• Working with our valuation specialists we assessed the Group's external valuation expert report and:
- considered the appropriateness of the valuation methodology applied against our understanding of the Group's ginning assets and the requirements of the accounting standards;
- considered the sensitivity of the valuation 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 independent expert's assumptions of forecast sustainable ginning bales, ginning revenues and expenses against average production over an extended historical period. We did this to understand the independent expert'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;
• We assessed the adequacy of associated disclosures in the financial report using our understanding obtained from our testing, against the requirements of the accounting standard.</td></tr>
</table>

Other Information

Other Information is financial and non-financial information in Namoi Cotton Limited's annual report 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.

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 29 February 2024, 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 16 to 25 of the Directors' Report for the year ended 29 February 2024.

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
16 April 2024

Directors' Declaration

In the opinion of the directors of Namoi Cotton Limited (the Company):

a) the consolidated financial statements and notes that are set out on pages 34 to 77 and the Remuneration report included on pages 16 to 25 of the directors' report, are in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the Group's financial position as at 29 February 2024 and of its performance for the financial year ended on that date; and

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

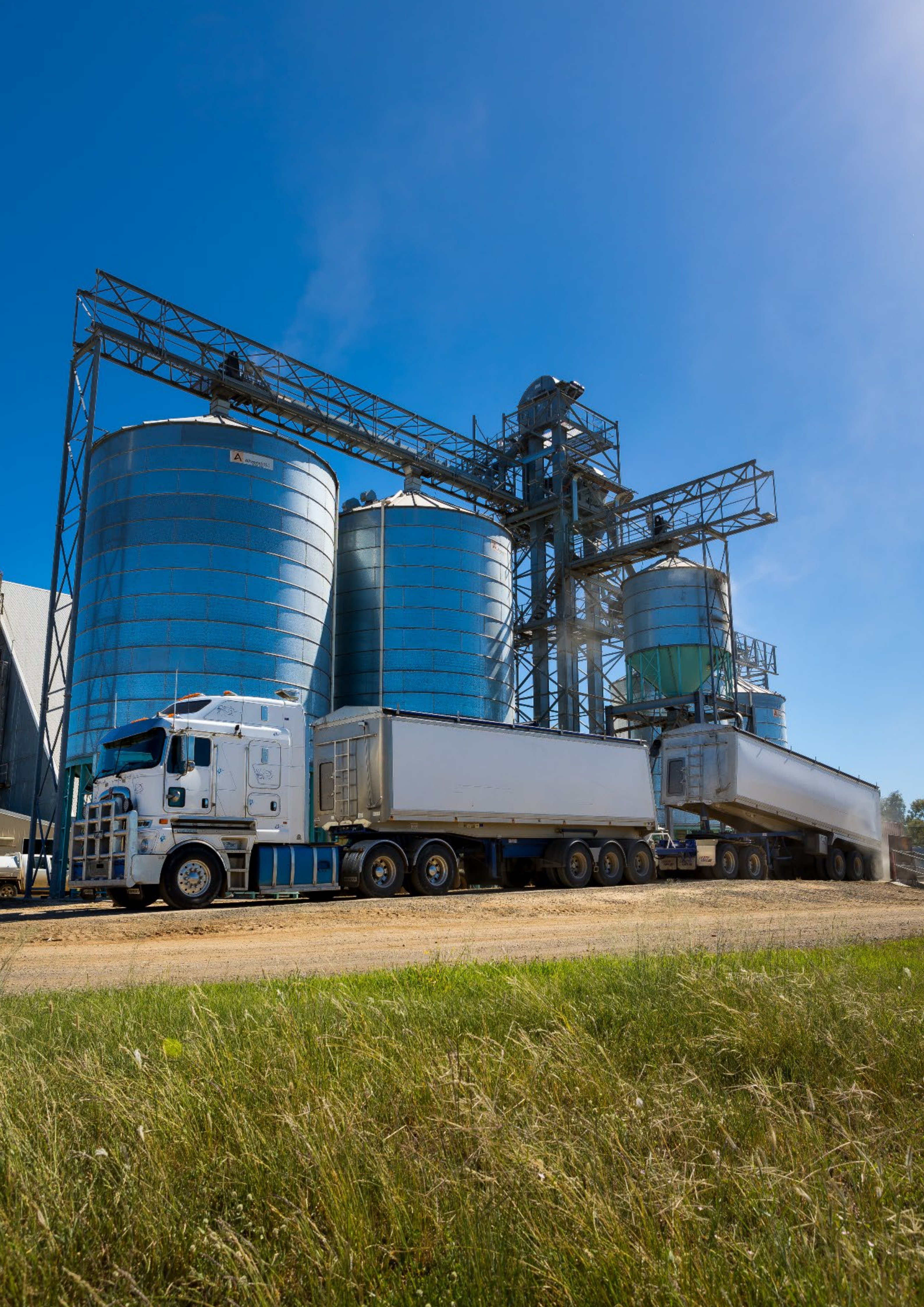
b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors draw attention to note "(a) Basis of preparation" which includes a statement of compliance with International Financial Reporting Standards.

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 29 February 2024.

Signed in accordance with a resolution of the directors:

T WATSON
Executive Chair
Brisbane
16 April 2024



Financial Statements

Consolidated financial report for the year ended 29 February 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2024

		Consolidated $'000	
	Note	29 Feb 2024	28 Feb 2023
Revenue from customers	1.2	244,007	256,947
Other income/(loss)	1.2	(5)	110
Share of profit/(loss) from investment in Namoi Cotton Marketing Alliance	4.2	1,500	1,488
Share of profit/(loss) of associates and joint ventures	4.3	1,478	(1)
Cottonseed and other goods purchased for resale		(122,934)	(122,948)
Raw materials and consumables used		(15,417)	(19,938)
Distribution costs		(28,222)	(47,921)
Employee benefit expenses	1.3	(37,475)	(34,700)
Repairs and maintenance		(6,813)	(5,661)
Depreciation		(11,249)	(11,094)
Finance costs	1.3	(2,367)	(2,896)
Derivatives recorded at fair value through profit or loss		(1,077)	(3,277)
Net foreign exchange gains/(losses)		(85)	2,943
Other expenses	1.3	(12,081)	(9,079)
Profit /(loss) before income tax		**9,260**	**3,973**
Income tax (expense)/benefit	1.4	(2,360)	(10)
Profit/(loss) attributable to the shareholders		**6,900**	**3,963**
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	3,773	3,287
Total comprehensive income attributable to Shareholders of Namoi Cotton Limited		**10,673**	**7,250**

		Cents	
	Note	29 Feb 2024	28 Feb 2023
Earnings per Ordinary Share			
Basic earnings per share	1.5	3.4	2.2
Diluted earnings per share	1.5	3.3	2.1

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

STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024

	Note	Consolidated $'000 29 Feb 2024	Consolidated $'000 28 Feb 2023
Current assets			
Cash and cash equivalents	2.2	7,531	4,877
Trade and other receivables	3.1	6,879	14,296
Inventories	3.2	14,091	24,304
Prepayments		924	1,044
Derivative financial instruments		-	277
Total current assets		**29,425**	**44,798**
Non-current assets			
Investment in Namoi Cotton Marketing Alliance	4.2	728	255
Investments in associates and joint ventures	4.3	203	(1,285)
Investments in convertible notes in Kimberley Cotton Company Limited (KCC)	2.5	4,006	1,386
Property, plant and equipment	3.3	157,227	158,151
Total non-current assets		**162,164**	**158,507**
Total assets		**191,589**	**203,305**
Current liabilities			
Trade and other payables	3.4	7,030	13,077
Interest bearing liabilities	2.1	2,024	13,717
Provisions	3.5	4,444	2,523
Derivative financial instruments		112	405
Total current liabilities		**13,610**	**29,722**
Non-current liabilities			
Interest bearing liabilities	2.1	29,184	38,326
Provisions	3.5	61	167
Deferred tax liabilities	1.4	5,396	1,419
Total non-current liabilities		**34,641**	**39,912**
Total liabilities		**48,251**	**69,634**
NET ASSETS		**143,338**	**133,671**
Equity			
Contributed equity	2.3	61,142	61,142
Reserves		80,068	76,338
Retained earnings / (deficit)		2,128	(3,809)
TOTAL EQUITY		**143,338**	**133,671**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2024

		Consolidated $'000	
	Note	29 Feb 2024	28 Feb 2023
Cash flows from operating activities			
Receipts from customers[1]		659,815	817,258
Realised gains/(losses) on derivatives		(1,093)	(3,208)
Payments to suppliers and employees		(193,791)	(194,073)
Payments to growers[1]		(431,244)	(619,272)
Interest received		376	36
Interest paid		(2,760)	(3,108)
Net cash (outflow)/inflow from operating activities		**31,303**	**(2,367)**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,277)	(9,823)
Proceeds from sale of property, plant and equipment		30	62
Investment in KCC		(11)	(28)
Investment in convertible notes in KCC		(2,620)	(1,386)
Distributions from NCMA		1,027	1,385
Net cash (outflow)/inflow from investing activities		**(6,851)**	**(9,790)**
Cash flows from financing activities			
Proceeds from issuing of ordinary shares		-	13,158
Dividends paid		(963)	-
Proceeds from borrowings		12,600	30,000
Repayment of borrowings		(33,478)	(27,175)
Proceeds from equipment loans		1,388	2,211
Repayment of equipment loans		(1,150)	(812)
Repayment of other loans		(16)	(426)
Payment of principal portion of lease liabilities		(179)	(416)
Net cash (outflow)/inflow from financing activities		**(21,798)**	**16,540**
Net increase/(decrease) in cash		2,654	4,383
Add cash at the beginning of the financial year		4,877	494
Cash at end of the financial year		**7,531**	**4,877**

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2024

Consolidated $'000	Issued Capital	Asset Revaluation Reserve	Performance Rights Reserve	Retained Earnings	Total Equity
Total equity at 1 March 2023	61,142	76,241	97	(3,809)	133,671
Ordinary shares issued	-	-	-	-	-
Net profit for the period	-	-	-	6,900	6,900
Share based payment transactions	-	-	(43)	-	(43)
Other comprehensive income/(loss)	-	3,773	-	-	3,773
Equity dividends	-	-	-	(963)	(963)
Total equity at 29 February 2024	61,142	80,014	54	2,128	143,338

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

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-products and by-products from the ginning process to both domestic and international customers.

On 16 April 2024, 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 Group's 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 assets 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:

- Recognition of deferred tax assets relating to historical tax losses – note 1.4
- Fair value of investment in convertible notes issued by Kimberley Cotton Company Limited – note 2.5
- Fair value of ginning infrastructure assets - note 3.3

- Accounting for investment in Namoi Cotton Marketing Alliance - 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.

MATERIAL ACCOUNTING POLICIES

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

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 March 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Although the amendments did not result in any changes to the accounting policies themselves, Management reviewed the accounting policies and made updates to the information disclosed in the Material accounting policies note (2023: Significant accounting policies) in certain instances in line with the amendments.

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) 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.

c) 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.

d) 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.

e) 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 29 February 2024 and have not been applied by the Group in preparing these financial statements. Further details of these are set out below:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

f) 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/ Executive Chair (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/ Executive Chair 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 4.4) 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 cottonseed 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. The ginning segment also includes the investment in Kimberley Cotton Company
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.

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

Business Segments	Ginning	Supply Chain & Marketing	Corporate	Consolidated
Year ended 29 February 2024	**$'000**	**$'000**	**$'000**	**$'000**
Ginning services	72,622	-	-	72,622
Sales of cottonseed	143,753	-	-	143,753
Sales of moss	6,362	-	-	6,362
Classing services	1,383	-	-	1,383
Warehousing and logistics services	-	17,130	-	17,130
Lint handling	287	-	-	287
Other service revenue	552	267	-	819
Management fees	-	1,540	-	1,540
Other	25	86	-	111
Total consolidated revenue	**224,984**	**19,023**	**-**	**244,007**
Other income	-	-	(5)	(5)
Share of profit from Investment in NCMA, associates and joint ventures	(39)	3,017	-	2,978
EBITDA[1]	**28,825**	**6,573**	**(12,522)**	**22,876**
Depreciation	(9,428)	(1,420)	(401)	(11,249)
Finance costs			(2,367)	(2,367)
Net profit before tax				**9,260**
Income tax expense				**(2,360)**
Net profit after tax				**6,900**

[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 before tax from NCMA and profit after tax from NCPS, excluding impairments and revaluation decrements on property, plant and equipment held at fair value).

Business Segments	Ginning	Supply Chain & Marketing	Corporate	Consolidated
Year ended 28 February 2023	**$'000**	**$'000**	**$'000**	**$'000**
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[1]	**20,971**	**4,504**	**(7,512)**	**17,963**
Depreciation	(9,347)	(1,443)	(304)	(11,094)
Finance costs[2]	-	-	(2,896)	(2,896)
Net profit before tax				**3,973**
Income tax expense				(10)
Net profit after tax				**3,963**

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 Comparative has been updated to align with current period presentation.

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	China	Japan	South Korea	Thailand	Consolidated
Year ended 29 February 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Ginning services	72,622	-	-	-	-	72,622
Sales of cottonseed	111,619	26,542	4,818	774		143,753
Sales of moss	108	-	-	-	6,254	6,362
Classing services	1,383	-	-	-	-	1,383
Warehousing and logistics services	17,130	-	-	-	-	17,130
Lint handling	287	-	-	-	-	287
Other service revenue	819	-	-	-	-	819
Management fees	1,540	-	-	-	-	1,540
Other	111	-	-	-	-	111
Total consolidated revenue	**205,619**	**26,542**	**4,818**	**774**	**6,254**	**244,007**

Geographic Areas	Australia	China	Japan	South Korea	Thailand	Consolidated
Year ended 28 February 2023	$'000	$'000	$'000	$'000	$'000	$'000
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**

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/ Executive Chair 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	
	29 Feb 2024	28 Feb 2023
Revenue from customers by type of goods and services		
Ginning services	72,622	69,596
Sales of cottonseed	143,753	160,823
Sales of moss	6,362	2,542
Classing services	1,383	1,382
Warehousing and logistics services	17,130	18,093
Lint handling	287	344
Other service revenue	819	1,221
Management fees	1,540	1,415
Other	111	1,531
	244,007	**256,947**
Other income		
Rental Income	87	107
Net gain/(loss) on disposal of property, plant and equipment	(92)	3
	(5)	**110**

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 processing of raw cotton into the associated products. Given the nature of ginning services and associated processing timeframes, this is akin to point-in-time revenue recognition.
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	
	29 Feb 2024	28 Feb 2023
Employee benefit expenses		
Salaries, wages, on-costs and other employee benefits	35,177	32,710
Contributions to defined contribution plans	2,341	1,931
Share based payments	(43)	59
	37,475	**34,700**
Finance costs		
Interest on bank loans and overdrafts	2,027	2,672
Interest expense – leases	163	108
Finance charges payable under equipment loans	177	113
Interest rate derivatives recorded at fair value through profit or loss	-	3
	2,367	**2,896**
Other expenses		
Audit fees and consulting	3,475	1,628
Business travel	854	758
Information technology	1,818	1,334
Insurance	1,965	1,734
Rental property expenses	592	458
Safety	1,076	662
Staff related costs	560	823
Other expenses	1,741	1,682
	12,081	**9,079**

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	
	29 Feb 2024	28 Feb 2023
Reconciliation of effective tax rate		
Profit before income tax	**9,260**	**3,973**
Income tax expense calculated at 30% (2023: 30%)	2,778	1,192
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income		
Non-deductible / non-assessable items	(569)	(42)
Recognition of previously unrecognised tax losses	-	(1,140)
Tax losses over/(under) provided in prior years	151	-
Income tax expense	**2,360**	**10**
Represented by:		
Current tax	3,086	1,650
Deferred tax: Temporary differences	(877)	(500)
Deferred tax: De-recognition/(recognition) of tax losses	-	(1,140)
Tax losses over/(under) provided in prior years	151	-
	2,360	**10**

b) Deferred tax assets and liabilities

	Consolidated statement of financial position		Consolidated statement of profit or loss or retained earnings		Consolidated statement of other comprehensive income	
	29 Feb 2024 $'000	28 Feb 2023 $'000	29 Feb 2024 $'000	28 Feb 2023 $'000	29 Feb 2024 $'000	28 Feb 2023 $'000
Deferred tax assets						
Deferred costs	498	439	(59)	(118)	-	-
Provisions and accruals	1,274	781	(493)	38	-	-
Tax losses carried forward[1]	24,504	27,741	151	(1,140)	-	-
Total deferred tax assets	**26,276**	**28,961**	**(401)**	**(1,220)**	**-**	**-**
Deferred tax liabilities						
Property, plant and equipment	(30,932)	(30,020)	(705)	(552)	1,617	1,409
Other assets	(740)	(360)	380	132	-	-
Total deferred tax liabilities	**(31,672)**	**(30,380)**	**(325)**	**(420)**	**1,617**	**1,409**
Net deferred tax liability	**(5,396)**	**(1,419)**	**(726)**	**(1,640)**	**1,617**	**1,409**

[1] This excludes unrecognised deferred tax assets related to entities that sit outside of the tax consolidated group. These losses total $1,592,058 on a gross basis (2023: $1,515,345 gross). Australian tax losses do not expire, however, any losses carried forward to future years are subject to Australia's loss integrity provisions.

Recognition of deferred tax assets relating to historical tax losses

The recognition of deferred tax assets involves significant judgement given the need to consider whether it is probable that the associated tax benefits will not be realised through generating sufficient future taxable profits or due to other circumstances, such as continued satisfaction of Australian tax requirements. This inherently involves making judgements around future events and circumstances impacting the Group's operations based on information available at the balance date.

At 29 February 2024, the Group is relying upon the Continuity of Ownership test under Australian tax requirements in order to recognise the deferred tax asset of $24,504,000 associated with historical tax losses outlined in the table above. Future changes in the Group's shareholder composition, whether it be through the completion of LDC's proposed scheme of arrangement or other means, may impact on the ability of the Group to meet the requirements of the Continuity of Ownership Test. In these circumstances the Same/Similar Business Test is required to be relied upon which involves judgement given the need to assess changes in the Group's operations over an extended time period. Given the timeframes in which the historical tax losses were incurred, and in the absence of a detailed assessment of compliance with the Same/Similar Business Test, there is a risk that tax losses could cease to be available to the Group and may need to be derecognised.

As at 29 February 2024, the Directors were of the view that there was not sufficient evidence available to conclude that it was probable that the proposed acquisition of the Group by Louis Dreyfus Company Asia Pte Ltd (LDC) would complete as it remained subject to various regulatory approvals as well as final approval from shareholders, noting that under the Corporations Act 2001, a scheme of arrangement requires support from 50% of members in number and 75% of voting interests.

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 statement of profit and loss and other comprehensive income:

	Consolidated $'000	
	29 Feb 2024	28 Feb 2023
Consolidated profit/(loss) attributable to ordinary shares	6,900	3,963
Earnings per share – basic (cents)	3.4	2.2
Earnings per share – diluted (cents)	3.3	2.1
Weighted average number of ordinary shares for basic EPS	204,996,853	182,524,724
Weighted number unconverted residual capital stock	1,836,029	1,841,273
Weighted average of performance rights on issue	1,428,025	2,047,423
Weighted average number of ordinary shares adjusted for the effect of dilution	208,260,907	186,413,420

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	
	29 Feb 2024	28 Feb 2023
Current		
Working capital finance[1,5]	-	12,675
Lease liabilities	194	180
Equipment finance[2]	1,015	862
Cargill Australia Ltd[3]	815	-
	2,024	**13,717**
Non Current		
Term debt[4,5]	24,500	32,602
Lease liabilities	3,210	3,403
Equipment finance[2]	1,474	1,490
Cargill Australia Ltd[3]	-	831
	29,184	**38,326**

[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.

[2] Equipment loans have an average term of 2.4 years (2023: 2.0) with the average interest rate implicit in the contracts of 6.41% (2023: 5.01%). These loans are secured against the value of associated property, plant and equipment with a carrying value of $2,912,185 (2023: $2,603,344).

[3] Cargill advance of $814,770 is the present value repayable by 31 August 2024 discounted at 6.5% pa.

[4] Term debt facilities are committed, non-amortising lines utilised to fund capital projects relating to the plant, property and equipment of the business. As at 29 February 2024 $8,000,000 of the facility is available to draw.

[5] 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	29 Feb 2024	28 Feb 2023
AUD Facility Limit					
Bank overdraft	AUD	8.73%	-	5,000	5,000
Equipment finance	AUD	6.21%	-	7,500	2,352
Working capital finance[1]	AUD	5.506%	2026	30,895	32,500
Term debt	AUD	5.506%	2026	32,500	32,500
				75,895	**72,352**

[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.

A Deed of Amendment was executed by Namoi Cotton and CBA on 25 October 2023 extending the maturity date of the working capital and term debt facilities to 30 October 2026.

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 FY2025.

Namoi Cotton was in compliance with all financial covenants during FY2024.

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

Accounting policy

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.

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	
	29 Feb 2024	28 Feb 2023
Cash at bank	7,531	4,877

(a) Reconciliation to Statement of Cash Flows

	29 Feb 2024	28 Feb 2023
For the purposes of the Statement of Cash Flows, cash comprises the following items:		
Cash at bank and in hand	7,531	4,877
	7,531	**4,877**

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

	29 Feb 2024	28 Feb 2023
Operating profit/(loss) after income tax	6,900	3,963
Adjustments for:		
Depreciation	11,249	11,094
(Gain)/loss on sale of property, plant and equipment	92	(3)
Provision for expected credit losses	71	-
Foreign exchange (gain)/loss on equipment loans	(4)	(8)
Share-based payments expense	(43)	59
Share of (profits)/losses of associate, joint ventures and investment in NCMA	(2,978)	(1,487)
	15,287	**13,618**
Changes in:		
(Increase)/decrease in trade and other receivables	7,344	(7,931)
(Increase)/decrease in inventories	10,213	(14,329)
(Increase)/decrease in other assets	400	(640)
Increase/(decrease) in trade and other payables	(5,824)	7,917
Increase/(decrease) in other liabilities	(293)	353
Increase/(decrease) in provisions	1,815	64
Increase/(decrease) in deferred tax asset	2,361	(1,419)
	16,016	**(15,985)**
Net cash inflow/(outflow) from operating activities	**31,303**	**(2,367)**

Disclosure of non-cash financing activities

	Liabilities			Equity	
	Bank overdrafts used for cash management purposes	Other Loans and Borrowings	Lease Liabilities	Share capital	Total
Balance at 1 March 2023	**-**	**48,460**	**3,583**	**61,142**	**113,185**
Changes from Financing Cashflows					
Proceeds from loans, borrowings, and equipment finance	-	13,988	-	-	13,988
Proceeds from issue of share capital	-	-	-	-	-
Repayment of loans, borrowings, and equipment finance	-	(34,644)	-	-	(34,644)
Payment of lease liabilities	-	-	(179)	-	(179)
Total changes from financing cash flows	-	(20,656)	(179)	-	(20,835)
The effect of changes in foreign exchange rates	-	-	-	-	
Changes in fair value	-	-	-	-	-
Other Changes					
Change in bank overdraft	-	-	-	-	-
New Leases	-	-	-	-	-
Total liability-related other changes	-	-	-	-	-
Total equity related other changes	-	-	-	-	-
Balance as 29 February 2024	**-**	**27,804**	**3,404**	**61,142**	**92,350**

Disclosure of non-cash financing activities

	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)
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**

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		$'000	
	29 Feb 2024	28 Feb 2023	29 Feb 2024	28 Feb 2023
1 cent Capital Stock (fully paid)				
1 cent Residual Capital Stock (fully Paid)				
Residual capital stock at the beginning of the financial year	**1,839**	**1,843**	18	18
Residual capital stock converted to ordinary shares	(3)	(4)	-	-
Residual capital stock at the end of the financial year	**1,836**	**1,839**	**18**	**18**
Ordinary Shares (fully paid)				
Ordinary Shares at the beginning of the financial year	204,892	172,105	61,142	47,984
Ordinary shares issued during the financial year	205	32,783	-	13,158
Residual capital stock converted to ordinary shares	3	4	-	-
Ordinary shares at the end of the financial year	**205,100**	**204,892**	**61,142**	**61,142**

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 being converted to Ordinary Shares or the 30th June 2018.

The value 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.

Residual capital stock terms and conditions:

• Residual capital stock holders are entitled to distributions as declared by the directors;

• Residual capital stock holders have no right to vote at any general meeting of Namoi Cotton;

• On winding up, residual capital stock holders are entitled to the proceeds from surplus assets after payment of 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

During the year the company issued shares upon the exercise of performance rights and conversion of residual capital stock.

Dividends

On 25 October 2023, the Directors declared and subsequently paid an unfranked dividend of $0.005 per ordinary share, totalling $0.963m (2023: $nil).
Subsequent to balance date, on 16 April 2024, the directors declared a dividend of $0.01 per ordinary share to be paid on 10 May 2024.

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	
	29 Feb 2024	28 Feb 2023
Property, plant and equipment		
Estimated capital expenditure contracted for at balance date but not provided for:		
Payable within one year	1,173	2,114
Payable after one year but no more than five years	-	-
	1,173	**2,114**

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 in accordance with the Cottonseed Risk Management Policy. This requires the Group to enter into fixed price purchase and sale agreements ahead of the growing season and by adhering to prescribed 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	
	29 Feb 2024	28 Feb 2023
	$	$
Fixed-Rate Instruments		
Financial Assets	4,919	1,508
Financial Liabilities	(3,405)	(3,182)
Lease Liabilities	(3,403)	(3,583)
	(1,889)	**(5,257)**
Variable-Rate Instruments		
Financial Assets	7,672	5,038
Financial Liabilities	(24,500)	(45,326)
	(16,828)	**(40,288)**

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	
	29 Feb 2024	28 Feb 2023
Consolidated		
+100 basis points	(168)	(403)
-100 basis points	168	403

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 currency, 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	
Financial Assets		
Cash and cash equivalents	656	1,020
Trade and other receivables	78	1,861
Derivatives	-	277
	734	**3,158**
Financial Liabilities		
Trade and other payables	-	(2,858)
Interest bearing loans and borrowings	(50)	(51)
Derivatives	(112)	(405)
	(162)	**(3,314)**
Net Exposure	**572**	**(156)**

The following significant exchange rates have been applied.

	Year end spot rate		Average exchange rate	
	29 Feb 2024	**28 Feb 2023**	**29 Feb 2024**	**28 Feb 2023**
USD	0.66	0.67	0.66	0.68

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 and investments in convertible notes issued by KCC. 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.

Year ended 29 February 2024 Consolidated	< 6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000	Carrying Amount $,000
Financial assets[1]						
Cash and cash equivalents	7,531	-	-	-	7,531	7,531
Trade and other receivables	6,879	-	-	-	6,879	6,879
Derivatives	-	-	-	-	-	-
	14,410	**-**	**-**	**-**	**14,410**	**14,410**
Financial liabilities						
Trade and other payables	(7,030)	-	-	-	(7,030)	(7,030)
Interest bearing loans and borrowings	(710)	(2,133)	(28,322)	(2,797)	(33,962)	(31,208)
Derivatives	(112)	-	-	-	(112)	(112)
	(7,852)	**(2,133)**	**(28,322)**	**(2,797)**	**(41,104)**	**(38,350)**

[1] The contractual cash flows relating to the Group's investments in convertible notes issued by KCC has not been included above on the basis that the issuer has the right to convert outstanding amounts, including capitalised interest, to ordinary shares in KCC. Refer to fair value disclosures below for further details.

Year ended 28 February 2023 Consolidated	< 6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000	Carrying Amount $,000
Financial assets[1]						
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)**

[1] The contractual cash flows relating to the Group's investments in convertible notes issued by KCC has not been included above on the basis that the issuer has the right to convert outstanding amounts, including capitalised interest, to ordinary shares in KCC. Refer to fair value disclosures below for further details.

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 29 February 2024 Consolidated	Carrying Amount $'000	Level 1 Quoted market prices $'000	Level 2 Market observable inputs $'000	Level 3 Non-market observable $'000
Current assets				
Foreign exchange contracts	-	-	-	-
	-	**-**	**-**	**-**
Non-current assets				
Investments in convertible notes in KCC	4,006	-	-	4,006
	4,006	**-**	**-**	**4,006**
Current liabilities				
Foreign exchange contracts	112	-	112	-
	112	**-**	**112**	**-**

Year ended 28 February 2023 Consolidated	Carrying Amount $'000	Level 1 Quoted market prices $'000	Level 2 Market observable inputs $'000	Level 3 Non-market observable $'000
Current assets				
Foreign exchange contracts	277	-	277	-
	277	**-**	**277**	**-**
Non-current assets				
Investments in convertible notes in KCC	1,386	-	-	1,386
	1,386	**-**	**-**	**1,386**
Current liabilities				
Foreign exchange contracts	(405)	-	(405)	-
	(405)	**-**	**(405)**	**-**

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.

Investment in Kimberley Cotton Company Limited (KCC)

The Group holds convertible notes issued by its equity accounted associate, KCC. These notes attract a fixed annual coupon payment and provide KCC with the ability to convert the face value of the notes together with any accrued or capitalised coupon payments into ordinary shares over the period from 1 January 2026 to 31 December 2032. In the event KCC does not exercise its discretion to convert the outstanding amount to ordinary shares by 31 December 2032, these amounts must be repaid to the Group. The convertible notes are initially recognised at fair value and are subsequently remeasured at fair value with any gains or losses recognised in the statement of profit or loss (FVTPL). These fair value measurements use unobservable inputs and are classified within level 3 of the fair value hierarchy.

The fair value of the convertible notes was estimated using a discounted cash flow model combined with a Black-Scholes pricing model given the terms and conditions of the convertible notes include an embedded put option sold to KCC. Key inputs to the valuation included:

- KCC share price of $1
- Volatility of 35.29%
- Risk free rate of 4.09%

The sensitivity of the valuation has been assessed against reasonably possible changes in the share price input. Keeping all other inputs constant, a relative increase/decrease of 10% in the share price would result in an increase in the fair value of $197,618 and decrease in the fair value of $257,909 respectively.

The sensitivity of the valuation has been assessed against reasonably possible changes in the volatility input. Keeping all other inputs constant, an absolute increase/decrease of 5% in the volatility would result in a decrease in the fair value of $226,045 and increase in the fair value of $231,028 respectively.

3 OPERATING ASSETS AND LIABILITIES

3.1. Trade and other receivables

	Consolidated $'000	
	29 Feb 2024	28 Feb 2023
Current		
Trade receivables from contracts with customers[1]	5,931	13,686
Less: allowance for impairment loss	(71)	-
Contract assets	736	-
Other receivables	283	610
	6,879	**14,296**

[1] 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	
	29 Feb 2024	28 Feb 2023
Unimpaired		
Within terms	4,962	11,317
Past Due 1 – 30 days	1,452	1,348
Past Due 31 – 60 days	23	1,030
Past Due 60+ days	513	601
Impaired		
Past Due 60+ days	(71)	-
Total outstanding	**6,879**	**14,296**

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	
	29 Feb 2024	28 Feb 2023
Seed cotton and moss (at cost)	-	222
Cottonseed (at cost)	3,131	13,447
Operating supplies and spares (at cost)	10,960	10,635
	14,091	**24,304**

Inventories expensed during the current financial year totalled $134,183,000 (2023: $133,017,000)

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 $'000s	Ginning infrastructure[1]	Non-ginning infrastructure	Warehouses	Plant & equipment	Capital works in progress	Right of use assets	Total
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**
Movement							
Transfer between asset categories	5,958	658	-	4,939	(11,555)	-	-
Additions	-	-	-	-	5,154	-	5,154
Depreciation	(8,021)	(199)	(454)	(2,354)	-	(221)	(11,249)
Disposals	-	-	-	(29)	(189)	-	(218)
Revaluation Increment	5,390	-	-	-	-	-	5,390
Total Movement	**3,327**	**459**	**(454)**	**2,556**	**(6,590)**	**(221)**	**(923)**
29 February 2024							
Fair value	126,000	-	-	-	-	-	126,000
Cost	-	7,978	13,634	35,097	2,136	3,358	62,204
Accumulated depreciation and impairment	-	(2,029)	(4,922)	(23,497)	-	(528)	(30,976)
Net book value	**126,000**	**5,949**	**8,712**	**11,601**	**2,136**	**2,830**	**157,227**

[1] The carrying value of ginning infrastructure that would have been recognised had these assets been held under the cost model is $62,272,000 (2022: $64,112,000).

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 29 February 2024 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 15.50% (implied multiple of 6.5).

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 29 February 2024 included:

• Sustainable bales - 790,000 bales p.a. (2023: 783,000 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 rates of ginning revenues ranging from 2.18% to 2.90% (2023 - 2.00%)

• Growth rates of ginning expenses ranging from 2.18% to 2.90% (2023 - 2.00%)

• Terminal growth rate 2.27% (2023 - 2.00%);

• Pre-tax discount rate 15.50% (2023 - 14.64%).

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.

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 (2023: 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 (2023: 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 use 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	
	29 Feb 2024	28 Feb 2023
Current		
Trade creditors and accruals	6,218	12,899
Customer deposits	155	103
Contract liabilities	657	75
	7,030	**13,077**

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	
	29 Feb 2024	28 Feb 2023
Current		
Employee leave entitlements	2,063	1,968
Employee variable compensation	2,381	555
	4,444	**2,523**
Non-current	61	167
Employee leave entitlements	**61**	**167**

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	
	29 Feb 2024	28 Feb 2023
Current assets	24,024	76,495
Total assets	196,386	214,096
Current liabilities	9,687	26,977
Total liabilities	63,033	85,128
Issued capital	61,142	61,142
Retained losses	(7,858)	(8,512)
Asset revaluation surplus	80,015	76,242
Share rights reserve	54	96
	133,353	128,968
Profit/(loss) of the Parent entity	1,617	888
Other comprehensive income of the Parent entity	3,773	3,287
Total comprehensive income of the Parent entity	5,390	4,175

4.2. Investments 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 or loss and statement of financial position for Namoi Cotton Marketing Alliance reconciled to the amounts recognised by the Group:

	Consolidated $'000	
	29 Feb 2024	28 Feb 2023
Revenue	422,408	676,488
Interest Expense	(4,410)	(6,958)
Profit/(loss) before income tax expense	41,706	42,950
Income tax expense[1]	-	-
Net profit/(loss)	**41,706**	**42,950**
Namoi Cotton Limited share of net profit/(loss) from investment in NCMA	**1,500**	**1,488**
Distributions received from Namoi Cotton Marketing Alliance	(1,027)	(1,481)

For the year ended 29 February 2024, the Group's interest in the net profit of NCMA was capped at $1.5m (2023: $1.5m).

Current assets		
Cash and cash equivalents	5,311	9,446
Financial assets (Excl. trade receivables)	8,856	27,651
Inventory	22,559	29,084
Other assets	90,675	62,668
Current liabilities		
Financial liabilities (excl. trade payables and provisions)	(22,370)	(63,009)
Other	(61,677)	(15,895)
Non-current liabilities		
Financial liabilities (excl. trade payables and provisions)	-	(5,195)
Other	(194)	(25)
Net assets	**43,160**	**44,725**

[1] The Joint arrangement is a partnership for tax purposes and 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

	Consolidated $'000	
	29 Feb 2024	28 Feb 2023
Balance at beginning of year	**255**	**248**
Share of results in NCMA	1,500	1,488
Distribution received from NCMA	(1,027)	(1,481)
Balance at end of year	**728**	**255**

4.3. Investments in associates and joint ventures using the equity method

	Consolidated $'000	
	29 Feb 2024	28 Feb 2023
Investment in joint ventures – NC Packing Services Pty Ltd	203	(1,313)
Investment in associates – Kimberley Cotton Company Limited	-	28
Net investment in associates and joint ventures	203	(1,285)

(a) Ownership interest

Name	Balance Date	% Ownership interest held by consolidated entity	
		29 Feb 2024	28 Feb 2023
Investments in associates and joint ventures			
NC Packing Services Pty Ltd (NCPS)	28 February	51%	51%
Kimberley Cotton Company Limited (KCC)	28 February	17%	20%

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 17% ownership interest (FY2023: 20%). The Group has also entered into agreements with KCC relating to the sale of equipment and for project managing construction and operations of a new cotton gin at Kununurra, WA. The Group has determined that it holds significant influence over KCC, despite holding less than 20% of its issued capital, given the Group's ability to appoint a representative to KCC's Board of Directors and through the other contractual arrangements in place relating to the supply of equipment and provision of other project management services. The investment has been reduced to nil at 29 February 2024 to reflect the Group's recognition of its share of losses generated by KCC in the current financial year. In accordance with the requirements of the accounting standards, the Group's share of KCC's losses have not been recognised subsequent to the carrying value of the Group's investment in associate being reduced to nil as the Group has made no commitments to finance the losses of KCC and has provided no guarantees over KCC's obligations.

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

	Consolidated $'000	
	29 Feb 2024	28 Feb 2023
(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	(1,313)	(1,312)
Share of profits/(losses) of joint venture	1,516	(1)
(ii) Carrying amount of investments in associates- Kimberley Cotton Company Limited:		
Balance at the beginning of the financial year	28	-
Capital contribution	11	28
Share of profits/ (losses) of associate	(39)	-
Carrying amount of investments in associates and joint ventures at the end of financial year	**203**	**(1,285)**

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

Name	Balance Date	% Ownership interest held by consolidated entity	
		29 Feb 2024	28 Feb 2023
Namoi Cotton Alliance (NCA)	28 February	**51%**	**51%**
Wathagar Ginning Company (WGC)	30 June	**50%**	**50%**
Moomin Ginning Company (MGC)	30 June	**75%**	**75%**

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 (2023: $nil).

Accounting policy

The Group consolidates its share of joint operations as disclosed in the consolidation accounting policy. Refer to the summary of material 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 $2.18m at 29 February 2024 (2023: $2.23m).

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	**29 Feb 2024**	**28 Feb 2023**
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

(a) Transactions with related parties

	Consolidated	
	29 Feb 2024	**28 Feb 2023**
	$	**$**
Management fees received from NCMA inclusive of lint handling fees	980,842	1,092,573
Payments to NC Packing Services Pty Ltd in relation to cottonseed logistics services	8,773,370	8,602,010
Revenues derived by NCA in relation to cotton lint warehousing and logistics from NCMA	9,250,632	12,172,982
Project management fees received from KCC	399,353	-

(b) Balances outstanding from related parties

	Consolidated	
	29 Feb 2024	28 Feb 2023
	$	$
Current receivables from NCMA	858,440	10,931
Current payables to NCMA	408,740	572,008
Current receivables from NC Packing Services Pty Ltd	482,265	-
Current payables to NC Packing Services Pty Ltd	44,969	105,322
Current receivables owed to NCA from NCMA	30,197	614,093
Current receivables from KCC[1]	762,956	-
Current liabilities to KCC[2]	656,956	-

[1] This includes contract assets of $736,000 (2023: nil) reflecting the costs incurred by the Group in constructing ancillary ginning equipment under arrangements with KCC.

[2] This represents contract liabilities for payments from KCC received in advance for the provision of ancillary ginning equipment.

Transactions with KCC, 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 related parties. The Group has no commitments with related parties.

Transactions with Key Management Personnel

(a) Key Management Personnel Compensation

	Consolidated	
	29 Feb 2024	28 Feb 2023
	$	$
Short-term	1,718,035	1,233,740
Post employment	211,592	103,129
Other long-term benefits including share-based payments	(53,919)	47,934
Termination benefits	211,302	-
	2,087,010	**1,384,803**

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.

(b) 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)	
29 Feb 2024 $	28 Feb 2023 $	29 Feb 2024 $	28 Feb 2023 $	29 Feb 2024 $	28 Feb 2023 $	29 Feb 2024 $	28 Feb 2023 $	29 Feb 2024 $	28 Feb 2023 $
-	542,752	4,411	11,958	79,406	189,334	-	70,100	97,253	273,451

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	
	29 Feb 2024	28 Feb 2023
	$	$
Audit and review services		
Fees for auditing and reviewing the statutory financial reports of the Group	351,675	245,000
Fees for auditing the financial report of joint operations	24,582	19,125
	376,257	264,125
Other non-audit services		
Vendor Assistance Report	90,000	-
	90,000	**-**

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, 2023 and 2024 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:

	2024 Number	2023 Number
Outstanding at 1 March	2,192,223	1,563,257
Granted during the year	679,362	853,247
Forfeited during the year[2]	(1,527,367)	-
Exercised during the year	(205,838)	-
Lapsed during the year[1]	-	(224,551)
Outstanding at 29 February	1,138,380	2,192,223
Vested and exercisable at 29 February [1]	**219,200**	**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

[2] During the year, key executives resigned from their respective positions. In accordance with the terms and conditions of the Company's Performance Rights Plan, the performance rights granted to these executives were forfeited upon their resignation.

The weighted average remaining contractual life for the performance rights outstanding as at 29 February 2024 was 2.49 years (2023: 1.5 years).

The weighted average fair value of rights granted during the year was $0.0509 (2023: $0.1982).

The weighted average exercise price on vesting for rights outstanding at the end of the year was $nil (2023: 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 29 February 2024:

	Performance rights issued FY2024	Performance rights issued FY2023	Performance rights issued FY2022
Grant date	31 August 2023	5 August 2022	28 February 2022
Rights granted	679,362	853,247	968,467
Fair value at grant date	$0.0509	$0.1982	$0.0360
Share price on grant date	$0.40	$0.4625	$0.3750
Dividend yield (%)	1.1%	1.1%	0%
Annualised volatility (%)	43.0%	47.5%	11%
Risk-free interest rate (%)	3.80%	2.83%	2.94%
Expected life of performance rights (years)	2.49	2.57	3.00
TSR Hurdle (CAGR)	5%	15%	15%
Conclusion of performance period	28 February 2026	28 February 2025	28 February 2024
Model used	**Monte Carlo**	**Monte Carlo**	**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 options 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

On 21 March 2024 Namoi Cotton Limited (‘Namoi’) announced that its Board of Directors had received a non-binding, indicative and conditional offer (‘NBIO’) from Olam Agri Holdings Limited.

The Directors have not become aware of any other significant matter or circumstance that has arisen since 29 February 2024, 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.

ADDITIONAL INFORMATION

For the year ended 29 February 2024:

The shareholder information set out below was applicable as at 10 April 2024.

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 10/04/2024			Fully paid ordinary shares (Total)
Range	Total Holders	Units	% of Units
1-1000	314	67,251	**0.03**
1001-5000	366	1,033,133	**0.50**
5001-10000	180	1,423,107	**0.69**
10001-100000	400	14,416,307	**7.02**
100001 and over	315	188,371,016	**91.75**
Rounding			**0.01**
Total	**1,575**	**205,310,814**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.4850 per unit	**848**	291	44,92 8

Unquoted Equity Securities

Namoi Cotton Limited

Range of Units as of 10/04/2024			Conversion Group – RCS and RCE Compositions: RCE, RCS
Range	Total Holders	Units	% of Units
1-1000	65	28,718	1.77
1001-5000	146	406,029	**24.98**
5001-10000	38	296,769	**18.26**
10001-100000	44	894,033	**55.00**
100001 and over	-	-	-
Rounding			**-0.01**
Total	**293**	**1,625,549**	**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 10/04/2024

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 10/04/2024		Composition: FP	
Rank	Name	Units	% Units
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	47,968,809	23.36%
2	LOUIS DREYFUS COMPANY ASIA PTE LTD	20,277,438	9.88%
3	LOUIS DREYFUS COMPANY ASIA PTE LTD <LDCA A/C>	14,611,540	7.12%
4	JVH COTTON PTY LIMITED	5,068,087	2.47%
5	NATIONAL NOMINEES LIMITED	4,335,296	2.11%
6	CITICORP NOMINEES PTY LIMITED	2,972,614	1.45%
7	RED PEPPERCORNS PTY LTD <WATSON FAMILY A/C>	2,100,485	1.02%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,079,147	1.01%
9	PALM BEACH NOMINEES PTY LIMITED	1,790,957	0.87%
10	RATHVALE PTY LIMITED	1,734,719	0.84%
11	BOND STREET CUSTODIANS LIMITED <HEF - D65545 A/C>	1,656,039	0.81%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,638,306	0.80%
13	G CHAN PENSION PTY LIMITED <CHAN SUPER FUND ACCOUNT>	1,482,634	0.72%
14	PRIME GRAIN PTY LTD <RON GREENTREE FAMILY A/C>	1,433,134	0.70%
15	MR ALBERT JOHN PANIZZA + MS KIM DIANNA BROADFOOT <ALKIRA SUPER FUND A/C>	1,335,350	0.65%
16	RNT ENTERPRISES PTY LTD <TRUSTUM FAMILY A/C>	1,260,244	0.61%
17	AGRICO INVESTMENTS PTY LIMITED	1,167,565	0.57%
18	INVIA CUSTODIAN PTY LIMITED <I WILTON SUPERFUND 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)	115,961,385	56.48%
	Total remaining holders balance	89,349,429	43.52%

The number of shares held by substantial shareholders in the Company, as disclosed in substantial holding notices given to the Company at 10 April 2024:

Shareholder	No. of shares	Percentage of shares held at date of notice	Date of notice
Samuel Terry Asset Management Pty Ltd	47,531,463	23.15%	22 March 2024
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

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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

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

Namoi Cotton Marketing Alliance

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NAMOI COTTON
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