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NAMOI COTTON LIMITED

INTERIM FINANCIAL REPORT

For the half year ended 31 August 2023

www.namoicotton.com.au

Namoi Cotton Limited
ABN 76 010 485 588

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APPENDIX 4D

The information contained in the report is for the half year ended 31 August 2023 and the previous corresponding period, 31 August 2022.

RESULTS FOR ANNOUNCEMENT TO MARKET

Revenue and profit	Up/ Down	% Change		\$'000
Revenues from ordinary activities	Up	37%	to	183,759
Profit before income tax	Up	45%	to	16,822
Net profit from ordinary activities after tax attributable to shareholders ¹	Up	2%	to	11,803
Net profit and other comprehensive income for the period attributable to shareholders	Up	2%	to	11,803

Dividends	Amount per security	Franked amount per security
Interim dividend	\$0.005	Nil
Record date for determining entitlements to the interim dividend	1 November 2023	–

For information regarding the financial result and review of operations refer to the Directors' report.

Net tangible assets per security	31 August 2023	28 Feb 2023
Net tangible asset backing per ordinary share	71 Cents	65 Cents

Additional Appendix 4D disclosure requirements can be found in the attached Interim Financial Report for the half year ended 31 August 2023.

This report is based on the condensed consolidated interim financial statements and notes which have been reviewed by KPMG.

Further information regarding Namoi Cotton Limited and its business activities can be obtained by visiting the website at www.namoicotton.com.au

In compiling this interim financial report, Australian Accounting Standards have been utilised. The interim financial report has been subject to review and is not subject to qualification.

¹ Profit attributable to the members of Namoi Cotton Limited. The Group recognised a tax expense during the half year ended 31 August 2023, however, due to the availability of tax losses, no tax payable has been recognised.

DIRECTORS' REPORT

Financial report for the half year ended 31 August 2023

Your Directors present their report on the consolidated entity consisting of Namoi Cotton Limited ('Namoi Cotton' or 'Namoi' or the 'Company') and the entities it controlled at the end of or during the half year ended 31 August 2023 ('H1FY24') and the previous corresponding half year period, 31 August 2022 ('H1FY23') (the Group) and the Group's interests in associates, joint ventures and other arrangements.

Directors, during the half year period and up to the date of this report are:

- Tim Watson (Executive Chairman)
- Robert Green
- Juanita Hamparsum
- Ian Wilton
- James Davies
- Sarah Scales

About Namoi Cotton

Namoi Cotton is Australia's largest cotton ginner and marketer of cottonseed. The Company's business spans fibre, feed, supply chain and marketing with ginning being at its core. Our network of 10 gins at 9 locations in NSW and southern QLD serving over 200 growers, is supported by warehousing and packing and connected by rail and road to container ports.

Summary of performance for the half year

Namoi Cotton has delivered a strong result in H1FY24 with an EBITDA¹ of \$26.9m and Profit Before Tax of \$16.8m from 1.02 million ginned bales² at half year end, an increase of 35% and 45% compared to H1FY23 based on a similar ginning volume (prior comparative period ('pcp') H1FY23: EBITDA \$19.9m, Profit Before Tax \$11.6m and 0.95 million ginned bales).

Australian cotton production for the 2023 season was above average at 5.5m bales³ (pcp: 5.6m bales). Cotton production in our catchment valleys for the 2023 season was 3.2m bales⁴ (pcp: 3.6m bales).

In the 2023 season (FY24) we ginned 1.16 million bales³ of cotton, with ginning completed on 16 October 2023, similar to last season's 1.17 million bales (FY23). This represents a market share of 36% of production in our catchment valleys (2022: 33%)⁴.

Ginning and business conditions in the 2023 season returned to normal following a challenging 2022 season that was negatively impacted by wet weather, lower quality cotton and supply chain disruptions.

The earnings uplift in H1FY24 was driven by increased contribution from ginning operations and joint ventures, offset in part by reduced contribution from cottonseed marketing and one-off corporate costs.

On 24 October 2023, the Directors declared a FY24 interim unfranked dividend of \$0.005 (0.5 cents) per share, totaling \$1,025,502 (FY23: nil).

¹ EBITDA is a non-IFRS measure defined as earnings before interest, tax, depreciation and amortisation. It has not been subject to audit or review.

² Includes 100% of bales ginned by joint operations with Moomin Ginning Company (MGC) and Wathagar Ginning Company (WGC).

³ Estimated Australian production from ABARES - Australian Bureau of Agricultural and Resource Economics and Sciences (September 2023)

⁴ Production estimates from Cotton Compass (for Macintyre, Mungindi, Gwydir, Walgett, Bourke, Lower Namoi, Upper Namoi, Macquarie & Lachlan valleys)

Highlights from the half year ended 31 August 2023 and the 2023 cotton season to date:

FOR HALF YEARS ENDED 31 AUGUST		H1FY24	H1FY23	MOVEMENT	
Highlights					
Australian cotton production ¹	mb	5.5	5.6	(2)%	↓
Catchment valleys cotton production ²	mb	3.2	3.6	(11)%	↓
Ginned bales (season) ³	mb	1.16	1.17	(1)%	↓
Ginned bales (half year) ³	mb	1.02	0.95	7%	↑
Cottonseed shipped (half year)	kt	229	145	58%	↑
EBITDA ⁴	\$m	26.9	19.9	35%	↑
Profit before tax	\$m	16.8	11.6	45%	↑
Profit attributable to members ⁵	\$m	11.8	11.6	2%	↑
Net operating cash inflow/(outflows)	\$m	15.3	(9.2)	266%	↑

Financial Results

(a) Profit and Loss

FOR HALF YEARS ENDED 31 AUGUST		H1FY24	H1FY23	MOVEMENT	
Earnings					
Revenue from customers	\$m	183.8	134.5	37%	↑
Share of earnings NCMA, associates & JVs	\$m	2.5	1.7	47%	↑
EBITDA ⁴	\$m	26.9	19.9	35%	↑
Profit before tax	\$m	16.8	11.6	45%	↑
Profit attributable to members ⁵	\$m	11.8	11.6	2%	↑

Namoi Cotton's EBITDA for H1FY24 is \$26.9m, an increase of \$7.0m (pcp: \$19.9m). Profit before tax for H1FY24 is \$16.8m, an increase of \$5.2m (pcp: \$11.6m). The drivers of this strong result, given similar pcp ginning volume, is summarised below.

Ginning volume: Ginning volume to 31 August 2023 was 1.02m bales, up by 0.07m bales (pcp: 0.95m bales). This was driven by above average cotton production in the northern valleys on the back of good weather conditions, with record volume at our MacIntyre, Mungindi and Merah North gins. However, cotton production in other valleys were below average due to wet weather reducing planted area, with below average volume at our Boggabri and Hillston gins.

Ginning: EBITDA from ginning for H1FY24 of \$27.8m, an increase of \$6.5m (pcp: \$21.3m), driven by:

- Increase in ginning fees to recoup past cost inflation,
- Reduction in gas and operating costs with good cotton quality and return to normal ginning conditions, and
- Increased productivity from the completion of 4PP gin upgrades.

¹ ABARES - September 2023

² Cotton Compass. Season production in our production valleys (Macintyre, Mungindi, Gwydir, Walgett, Bourke, Lower Namoi, Upper Namoi, Macquarie and Lachlan)

³ Includes 100% of bales ginned by joint operations with Moomin Ginning Company (MGC) and Wathagar Ginning Company (WGC).

⁴ EBITDA is a non-IFRS measure defined as earnings before interest, tax, depreciation and amortisation. It has not been subject to audit or review.

⁵ Profit attributable to the members of Namoi Cotton Limited. The Group recognised a tax expense during the half year ended 31 August 2023, however, due to the availability of tax losses, no tax payable has been recognised

Partly offsetting the strong contribution from ginning operations, cottonseed earnings were negatively impacted by below average cottonseed yield due to seasonal conditions and additional storage and distribution costs for inventory carried over from FY23 due to the supply chain disruptions in 2022.

Supply chain and marketing: EBITDA from supply chain and marketing for H1FY24 of \$5.3m, an increase of \$2.9m (pcp: \$2.4m), driven by record warehousing volume with an increased portion of volume shipped in the first half.

Corporate: Corporate cost for H1FY24 of \$(6.2)m, an increase of \$(2.4)m (pcp: \$(3.8)m), reflecting one-off costs associated with the strategic review process, announced on 29 June 2023, and the change in CEO. A program has been implemented to reduce support costs by \$2m in FY25.

(b) Cashflow

FOR HALF YEARS ENDED 31 AUGUST		H1FY24	H1FY23	MOVEMENT	
Cashflow					
Net cash (outflow)/inflow from Operating Activities	\$m	15.3	(9.2)	267%	↑
Payments for PPE and investments	\$m	(5.0)	(4.4)	(12)%	↓

Cashflow from operating activities for H1FY24 was \$15.3m. The \$24.5m increase in operating cashflow (pcp: \$(9.0)m) was supported by reduced cottonseed inventory given no supply chain disruptions in executing sales in H1FY24 and increased domestic demand. Cottonseed inventory as at H1FY23 was \$16.4m, an increase of \$3m (FY23 \$13.4m).

Capital expenditure, including \$1.4m investment in Kimberley Cotton Company Limited ('KCC'), to maintain the Group's 20% ownership Interest in H1FY24 was \$5.0m (pcp: \$4.4m). Certain 4PP initiatives have been deferred to FY25 so we can refocus internal resources on the construction of the gin for KCC at Kununurra, WA.

(c) Balance Sheet

HALF YEAR ENDED 31 AUGUST & PRIOR FULL YEAR		H1FY24	FY23	MOVEMENT	
Balance Sheet					
Net Assets	\$m	145.4	133.7	9%	↑
Cottonseed Inventory	\$m	16.4	13.4	22%	↑
Net Debt ¹	\$m	36.3	47.2	(23)%	↓
Core Debt ²	\$m	20.0	33.7	(41)%	↓
Metrics					
Gearing ratio ³	%	20.0	26.1	(23)%	↓
Diluted earnings per share	cents	5.6	6.6	(15)%	↓
Net tangible asset value (cents per share)	cents	71	65	9%	↑

Net Assets of \$145.4m backed by \$154.1m in plant, property and equipment.

Net Debt of \$36.3m includes \$32.5m in term debt facility with Commonwealth Bank of Australia ('CBA'). As at balance date, this term debt facility has an expiry date of 1 October 2024. Post balance date the debt facilities with the Commonwealth Bank of Australia (CBA) has been renewed and extended to 30 October 2026.

¹ Net Debt is a non-IFRS measure and is defined as Interest bearing liabilities less cash and cash equivalents. It has not been subject to audit or review.

² Core Debt is a non-IFRS measure and is defined as Net Debt less seasonal cottonseed inventory at cost. The Group considers this a more relevant metric given the marketable and liquid characteristics of traded cottonseed. It has not been subject to audit or review.

³ Gearing ratio is a non-IFRS measure defined as net debt divided by net debt plus total equity. It has not been subject to audit or review.

The Company's balance sheet is well positioned to manage variable seasonal conditions and fund 4PP initiatives with our debt position metrics returning to pre-drought levels, with a gearing of 20%¹ and Core Debt of \$20.0m at H1FY24 (excluding cottonseed inventory held for marketing).

Operations

(a) Ginning

Ginning conditions returned to normal in 2023 with good weather conditions and cotton quality. While ginning commenced 2-3 weeks late, due to late planting and picking, there were few interruptions during the season.

Our staff did an excellent job in safely managing the ginning season with an improved LTIFR² safety metric of 4.3 in H1FY24, a 40% reduction vs FY23 (pcp: 7.5).

Namoi Cotton during H1FY24 ginned 1.02m bales of the 2023 season cotton crop (pcp: 0.95m bales), including 100% of joint venture gins, a 7% increase versus the pcp.

We operated 9 of our 10 gins this season. North Bourke gin was not operated this season, with most of the cotton relocated to Trangie. The completed 4PP gin upgrades at Merah North and Trangie delivered increased contribution:

- Gin productivity increased by over 10% at both gins, reducing operating costs and reducing ginning time for growers.
- Merah North efficiently ginned a record volume, exceeding its past record by over 10%.
- Trangie efficiently ginned its second highest volume, enabling cotton from our North Bourke gin to be consolidated.

(b) Co-products (cottonseed marketing and mote)

Namoi Cotton during H1FY24 shipped 229,000 tonnes of cottonseed (pcp: 145,000 tonnes), a 58% increase versus the pcp.

Domestic and export supply chains returned to normal in 2023 with no transport disruptions and good container availability, increasing shipments and reducing inventory in H1FY24. Increased domestic demand from the livestock industry, due to dry conditions in the north, contributed to above average cottonseed prices in the 2023 season.

The new cottonseed shed at Boggabri gin, a 4PP initiative, was operated this season. This shed increased earnings by avoiding external storage costs and reducing transport costs, with 90% of cottonseed from Boggabri sold to nearby consumers and packers in 2023 season.

Most of the mote from the 2023 season and lower quality mote carried over from 2022 season was processed at Yarraman gin in H1FY24. The processed mote (moss cotton) is expected to be shipped in H2FY24.

(c) Supply Chain - Namoi Cotton Alliance (NCA)

NCA during H1FY24 shipped 473,000 bales of cotton lint, a 63% increase versus the pcp (290,000 bales). 117,000 tonnes of grain and cottonseed was packed, a 69% increase versus the pcp (69,000 tonnes).

A record warehouse volume is expected to be achieved in the 2023 season, driven by strong demand by merchants for strategically located up-country storage with a more reliable supply chain with few rail and road disruptions.

¹ Gearing ratio is a non-IFRS measure defined as is net debt divided by net debt plus total equity. It has not been subject to audit or review

² LTIFR: Number of lost time injuries in the financial year / total hours worked in the financial year × 1,000,000



(d) Lint Marketing - Namoi Cotton Marketing Alliance (NCMA)

Namoi Cotton acquired 488,000 bales as at H1FY24 on behalf of NCMA (pcp: 641,000 bales).

The 2023 season has experienced above average cotton lint prices, with NCMA generating sound earnings despite lower volume and strong competition in the global cotton market.

(e) Rounding

Amounts in the Directors' Report and Interim Financial Report have been rounded off 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.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 9 of the Interim Financial Report.

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

On behalf of the board

A handwritten signature in blue ink, appearing to read 'Tim Watson', is written over a light blue horizontal line.

Tim Watson
Executive Chairman
Toowoomba
24 October 2023

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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 review of Namoi Cotton Limited for the half year ended 31 August 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Simon Crane'.

Simon Crane
Partner

Brisbane
24 October 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 AUGUST 2023

		Consolidated \$'000	
		Restated ¹	
	Note	31 Aug 23	31 Aug 22
Revenue from customers	1.2	183,759	134,460
Other income	1.2	73	57
Share of profit/(loss) from investment in Namoi Cotton Marketing Alliance	4.1	1,500	1,500
Share of profit/(loss) of associates and joint ventures	4.2	1,013	210
Cottonseed and other goods purchased for resale		(92,197)	(49,878)
Raw materials and consumables used		(12,304)	(14,455)
Distribution costs		(21,037)	(22,663)
Employee benefit expenses	1.3	(24,627)	(21,467)
Repairs and maintenance		(2,362)	(2,981)
Depreciation		(7,892)	(7,715)
Finance costs	1.3	(2,232)	(623)
Other expenses	1.3	(6,872)	(4,864)
Profit /(loss) before income tax		16,822	11,581
Income tax (expense)/benefit	1.4	(5,019)	–
Profit/(loss) attributable to the shareholders		11,803	11,581
Other comprehensive income items that will not be reclassified subsequently to profit and loss:			
Increment/(decrement) to asset revaluation reserve (net of tax)		–	–
Profit/(loss) and other comprehensive income attributable to Shareholders of Namoi Cotton Limited		11,803	11,581
		Cents	
	Notes	31 Aug 23	31 Aug 22
Earnings per Ordinary Share			
Basic earnings per share	1.5	5.8	6.7
Diluted earnings per share	1.5	5.6	6.6

¹ Refer to note 5.4 for an explanation of the restatement of comparatives.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023

		Consolidated \$'000	
	Note	31 Aug 23	28 Feb 23
Current assets			
Cash and cash equivalents		13,760	4,877
Trade and other receivables	3.1	28,176	14,296
Inventories	3.2	29,544	24,304
Prepayments		1,870	1,044
Derivative financial instruments		163	277
Total current assets		73,513	44,798
Non-current assets			
Investment in Namoi Cotton Marketing Alliance	4.1	977	255
Investments in associates and joint ventures	4.2	2,528	101
Property, plant and equipment	3.3	154,118	158,151
Total non-current assets		157,623	158,507
Total assets		231,136	203,305
Current liabilities			
Trade and other payables	3.4	24,733	13,077
Borrowings	2.1	12,261	13,717
Provisions		3,951	2,523
Derivative financial instruments		401	405
Total current liabilities		41,346	29,722
Non-current liabilities			
Borrowings	2.1	37,847	38,326
Provisions		91	167
Deferred tax liabilities		6,438	1,419
Total non-current liabilities		44,376	39,912
Total liabilities		85,722	69,634
NET ASSETS		145,414	133,671
Equity			
Contributed equity		61,142	61,142
Reserves		76,278	76,338
Retained earnings / (deficit)		7,994	(3,809)
TOTAL EQUITY		145,414	133,671

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 AUGUST 2023

	Consolidated \$'000	
		Restated ¹
Note	31 Aug 23	31 Aug 22
Cash flows from operating activities		
Receipts from customers ²	477,735	468,996
Payments to suppliers and employees ²	(460,925)	(477,236)
Interest received	51	14
Interest paid	(1,569)	(924)
Net cash (outflow)/inflow from operating activities	15,292	(9,150)
Cash flows from investing activities		
Payments for property, plant and equipment	(3,587)	(4,448)
Proceeds from sale of property, plant and equipment	30	75
Investment in Kimberley Cotton Company Limited	(1,414)	–
Distributions from NCMA	778	460
Net cash (outflow)/inflow from investing activities	(4,193)	(3,913)
Cash flows from financing activities		
Proceeds from borrowings	16,000	17,500
Repayment of borrowings	(18,688)	(88)
Proceeds from equipment loans	901	86
Payment of principal portion of lease liabilities	(429)	(215)
Net cash (outflow)/inflow from financing activities	(2,216)	17,283
Net increase/(decrease) in cash	8,883	4,220
Add cash at the beginning of the financial year	4,877	496
Cash at end of the financial year	13,760	4,716

¹ Refer to note 5.4 for an explanation of the restatement of comparatives.

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 AUGUST 2023

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	–	–	–	11,803	11,803
Share based payment transactions	–	–	(60)	–	(60)
Other comprehensive income/(loss)	–	–	–	–	–
Total equity at 31 August 23	61,142	76,241	37	7,994	145,414

Consolidated \$'000	Issued Capital	Asset Revaluation Reserve	Performance Rights Reserve	Restated ¹ Retained Earnings	Restated ¹ Total Equity
Total equity at 1 March 2022	47,984	72,954	37	(5,386)	115,589
Impact of restatement ¹	–	–	–	(2,386)	–
Restated¹ equity at 1 March 2022	47,984	72,954	37	(7,772)	113,203
Ordinary shares issued	–	–	–	–	–
Restated ¹ net profit for the period	–	–	–	11,581	11,581
Share based payment transactions	–	–	–	–	–
Other comprehensive income/(loss)	–	–	–	–	–
Restated¹ total equity at 31 August 22	47,984	72,954	37	3,809	124,784

¹ The restatement of the opening balance sheet at 1 March 2022 has been disclosed in note b) in the significant accounting policies within the 28 February 2023 Annual Report. Refer to note 5.4 for an explanation of the restatement of comparatives.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 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 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 gins operated by Wathagar Ginning Company and Moomin Ginning Company, referred to in note 4.3) located in the key growing areas of NSW and Queensland. The ginning service provided to the growers during the production process includes the separation of lint cotton from seed and 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 cottonseed. Namoi Cotton buys and sells cottonseed from and to third parties. The mechanical process of ginning produces several marketable co-products including cottonseed and moss. The costs of which are unable to be separated from the cost of ginning and as such are reported as part of the ginning segment.
Supply Chain & Marketing	The supply chain and marketing business involves warehousing and logistics services of cotton lint bales through Namoi Cotton Alliance, as well as the purchase and sale of lint cotton from Australian growers to Namoi Cotton Marketing Alliance. Bales procured by Namoi Cotton Limited as an agent for Namoi Cotton Marketing Alliance are all sold to export markets. This segment includes the results of Namoi Cotton's Joint Ventures in NC Packing Services Pty Ltd and investment in Namoi Cotton Marketing Alliance.
Corporate	The following items (or a portion thereof) of income and expenditure are not allocated to operating segments as they are not considered part of the core operations of any segment: • Interest income; • Rental income; • Finance costs; • Corporate employee benefits expense; • Corporate depreciation; and • Other corporate administrative expenses.

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

Business Segments	Ginning	Supply Chain & Marketing	Corporate	Consolidated
Half year ended 31 August 2023	\$'000	\$'000	\$'000	\$'000
Ginning services	62,556	–	–	62,556
Sales of cottonseed	107,205	–	–	107,205
Sales of moss	1,256	–	–	1,256
Classing services	1,154	–	–	1,154
Warehousing and logistics services	–	9,582	–	9,582
Lint handling	192	–	–	192
Other service revenue	303	228	–	531
Management fees	–	653	–	653
Other	422	208	–	630
Total consolidated revenue	173,088	10,671		183,759
Other income	18	12	43	73
Share of profit from Investment in NCMA, associates and joint ventures	–	2,513	–	2,513
EBITDA	27,771	5,333	(6,158)	26,946
Depreciation	(7,022)	(674)	(196)	(7,892)
Finance costs	(2,223)	(9)		(2,232)
Net profit before tax				16,822
Income tax expense				(5,019)
Net profit after tax				11,803

Business Segments	Ginning	Supply Chain & Marketing	Corporate	Consolidated
Half year ended 31 August 2022 ¹	\$'000	\$'000	\$'000	\$'000
Ginning services	56,016	–	–	56,016
Sales of cottonseed	64,895	–	–	64,895
Classing services	1,109	–	–	1,109
Warehousing and logistics services	–	10,422	–	10,422
Lint handling	216	–	–	216
Other service revenue	291	255	–	546
Management fees	–	468	–	468
Other	238	550	–	788
Total consolidated revenue	122,765	11,695	–	134,460
Other income	–	–	57	57
Share of profit from Investment in NCMA, associates and joint ventures	–	1,710	–	1,710
EBITDA	21,316	2,412	(3,809)	19,919
Depreciation	(6,878)	(705)	(132)	(7,715)
Finance costs	(587)	(30)	(6)	(623)
Net profit before tax				11,581
Income tax benefit				–
Net profit after tax				11,581

¹ This note has been restated to reflect presentation in the current period due to the restatement of comparatives outlined in note 5.4

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.

1.2 REVENUE AND OTHER INCOME

		Consolidated \$'000	
			Restated ¹
		31 Aug 23	31 Aug 22
Revenue from customers by type of goods and services			
Ginning services		62,556	56,016
Sales of cottonseed		107,205	64,895
Sales of moss		1,256	–
Classing services		1,154	1,109
Warehousing and logistics services		9,582	10,422
Lint handling		192	216
Other service revenue		531	546
Management fees		653	468
Other		630	788
		183,759	134,460
Other income			
Rental Income		43	57
Net gain/(loss) on disposal of property, plant and equipment		30	–
		73	57

¹ Refer to note 5.4 for an explanation of the restatement of comparatives.

1.3 EXPENSES

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	Consolidated \$'000	
		Restated ¹
	31 Aug 23	31 Aug 22
Employee benefit expenses		
Salaries, wages, on-costs and other employee benefits	23,297	20,431
Superannuation expense	1,330	1,036
	24,627	21,467
Finance costs		
Interest on bank loans and overdrafts	1,351	1,412
Interest expense – leases	82	49
Finance charges payable under equipment loans	113	35
Interest rate derivatives recorded at fair value through profit or loss	–	3
Foreign currency derivatives recorded at fair value through profit or loss	691	(166)
Net foreign exchange (gains)/ losses	(5)	(710)
	2,232	623
Other expenses		
Audit fees and consulting	1,352	851
Business travel	404	302
Information technology	992	713
Insurance	1,087	708
Rental property expenses	343	267
Safety	739	463
Staff related costs	282	573
Other expenses	1,673	987
	6,872	4,864

¹ Refer to note 5.4 for an explanation of the restatement of comparatives.

1.4 TAXATION

a) Income tax expense

	Consolidated \$'000	
	31 Aug 23	Restated ¹ 31 Aug 22
Profit before income tax	16,822	11,581
Income tax expense calculated at 30% (H1FY23:30%)	5,047	3,474
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income		
Under/ (Over) provision in prior periods	96	–
Non-deductible / (non-assessable items)	(124)	244
Income tax expense	5,019	3,718
Recognition of previously unrecognised tax losses	–	(3,718)
Income tax expense	5,019	–

¹ Refer to note 5.4 for an explanation of the restatement of comparatives.

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.

The Group recognised a tax expense during the half year ended 31 August 2023, however, due to the availability of tax losses, no tax is payable.

Tax losses available to the tax consolidated group at 31 August 2023 were \$22.722million (28 February 2023: \$27.741 million). The deferred tax asset relating to these tax losses has been offset against existing deferred tax liabilities and presented on a net basis in the consolidated statement of financial position.

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	
	31 Aug 23	Restated ¹ 31 Aug 22
Consolidated profit/(loss) attributable to ordinary shares	11,803	11,581
Earnings per share – basic (cents)	5.8	6.7
Earnings per share – diluted (cents)	5.6	6.6
Weighted average number of ordinary shares for basic EPS	204,895	172,105
Weighted number unconverted residual capital stock	1,836	1,843
Weighted average of performance rights on issue	2,416	2,047
Weighted average number of ordinary shares adjusted for the effect of dilution	209,147	175,995

¹ Refer to note 5.4 for an explanation of the restatement of comparatives.

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

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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	
		31 Aug 23	28 Feb 23
Current			
Working capital finance ^{1,5}		10,075	12,675
Term debt		–	–
Lease liabilities		187	180
Equipment finance ²		1,156	862
Cargill Australia Ltd ³		843	–
		12,261	13,717
Non Current			
Term debt ^{4,5}		32,515	32,602
Lease liabilities		3,308	3,403
Equipment finance ²		2,024	1,490
Cargill Australia Ltd ³		–	831
		37,847	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 cottonseed inventory and debtors, ginning consumables, and general working capital needs.

2 Equipment loans have an average term of 2.2 years (28 Feb 23: 2.1 years) with the average interest rate implicit in the contracts of 6.21% (28 Feb 23: 4.99%). These loans are secured against the value of associated property, plant and equipment.

3 Cargill advance of \$843,000 is the present value repayable by 31 August 2024 discounted at 6.5% pa.

4 Term debt facilities remained fully drawn as at 31 August 2023. Term debt facilities are committed, non-amortising lines utilised to fund capital projects relating to the plant, property and equipment of the business.

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.

				Consolidated Facility Limit \$'000	
	Currency	Nominal interest rate	Financial year of maturity	31 Aug 23	28 Feb 23
AUD Facility Limit					
Bank overdraft	AUD	7.88%	–	5,000	5,000
Equipment finance	AUD	6.21%	–	4,030	2,352
Working capital finance ¹	AUD	5.17%	2024	30,895	32,500
Term debt	AUD	5.17%	2025	32,500	32,500
				72,425	72,352

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 facilities¹. The Company forecasts the finance facilities outlined above will be sufficient to fund operations in FY24.

Namoi Cotton was in compliance with all financial covenants during the half year ended 31 August 2023.

¹ Refer to note 5.2 Significant events after balance date regarding the renewal of these facilities.

3 OPERATING ASSETS AND LIABILITIES

3.1 TRADE AND OTHER RECEIVABLES

Consolidated \$'000	
	31 Aug 23
	28 Feb 23
Current	
Trade receivables from contracts with customers ¹	28,596
Less: allowance for expected credit losses	(585)
Other receivables	165
	28,176
	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.

3.2 INVENTORIES

Consolidated \$'000	
	31 Aug 23
	28 Feb 23
Seed cotton and moss (at cost)	658
Cottonseed (at cost)	16,378
Operating supplies and spares (at cost)	12,508
	29,544
	24,304

3.3 PROPERTY PLANT AND EQUIPMENT

	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	6,484	54	–	2,790	(9,328)	–	–
Additions	–	–	–	–	3,877	–	3,877
Depreciation	(6,365)	(98)	(227)	(1,092)	–	(110)	(7,892)
Disposals	–	–	–	(18)	–	–	(19)
Revaluation Increment	–	–	–	–	–	–	–
Total Movement	119	(44)	(227)	1,679	(5,451)	(110)	(4,034)
31 August 2023							
Fair value	129,157	–	–	–	–	–	129,157
Cost	–	7,374	13,634	32,997	3,275	3,358	60,638
Accumulated depreciation and impairment	(6,365)	(1,928)	(4,695)	(22,272)	–	(417)	(35,677)
Net book value	122,792	5,446	8,939	10,725	3,275	2,941	154,118

The Group revalued ginning infrastructure assets at 28 February 2023, refer to the annual report for further details. There have been no conditions or events that have transpired in the half year ended 31 August 2023 that would materially impact the fair value of the ginning infrastructure assets.

3.4 TRADE AND OTHER PAYABLES

Current

Trade creditors and accruals

Customer deposits

Consolidated \$'000

	31 Aug 23	28 Feb 23
	24,084	12,974
	649	103
	24,733	13,077

4 GROUP

4.1 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.

Namoi Cotton Limited interest in NCMA

	\$'000	
	31 Aug 23	28 Feb 23
Balance at beginning of year	255	248
Share of results in NCMA	1,500	1,488
Distribution received from NCMA	(778)	(1,481)
Balance at end of period	977	255

¹ The Joint arrangement is a partnership for tax purposes accordingly, is not a taxable entity.

4.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES USING THE EQUITY METHOD

		Consolidated \$'000	
	Note	31 Aug 23	28 Feb 23
Investment in joint ventures – NC Packing Services Pty Ltd		(300)	(1,313)
Investment in associates – Kimberley Cotton Company Ltd		2,828	1,414
Net investment in associates and joint ventures		2,528	101

a. Ownership interest

Name	Balance Date	% Ownership interest held by consolidated entity	
		31 Aug 23	28 Feb 23
Investments in associates and joint ventures			
NC Packing Services Pty Ltd (NCPS)	28 February	51%	51%
Kimberley Cotton Company Limited	28 February	20%	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 20% ownership interest. The Group entered into agreement with KCC on 12 September 2022 to project manage construction and operate a new cotton gin at Kununurra, WA. The investment recorded represents the Group's capital contribution as part of this agreement.

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

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

Share of profits/(losses) of joint venture

ii. Carrying amount of investments in associates– Kimberley Cotton Company Limited:

Balance at the beginning of the financial year

Capital contribution

Carrying amount of investments in associates and joint ventures at the end of period

Consolidated \$'000	
31 Aug 23	28 Feb 23
(1,313)	(1,312)
1,013	(1)
(300)	(1,313)
1,414	–
1,414	1,414
2,828	1,414
2,528	101

4.3 INTEREST IN JOINT OPERATIONS

The Group has joint control over Namoi Cotton Alliance, Wathagar Ginning Company and Moomin Ginning Company. Subsequent to 28 February 2023 there has been no change in the nature of operations or share of ownership of these Joint operations, refer to the annual report for further details.

5 ADDITIONAL NOTES

5.1 COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, there has been no material change in any contingent assets, liabilities or commitments.

5.2 SIGNIFICANT EVENTS AFTER BALANCE DATE

Namoi has renewed and extended its debt facilities with Commonwealth Bank of Australia (CBA) to 30 October 2026.

On 24 October 2023, the Directors declared an unfranked interim dividend of \$0.005 (0.5 cents) per share, totalling \$1,025,502 to be paid 1 December 2023.

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

5.3 RELATED PARTY TRANSACTIONS

There have been no significant changes to related party arrangements since 28 February 2023.

5.4 RESTATEMENT OF COMPARATIVES

Restatement to comparatives

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

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

Historically, the Group has accounted for all contracts from these activities as at fair value through profit or loss under AASB 9 *Financial Instruments* (AASB 9) and presented the net result as a Trading Margin in the consolidated statement of profit or loss and other comprehensive income. In 2021, the Group undertook a significant restructure of its lint marketing business, including the establishment of Namoi Cotton Marketing Alliance (NCMA), under a Joint Venture Agreement with Louis Dreyfus Company. As a consequence of the restructure, the contracts no longer fell under the scope of AASB 9.

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

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

Additionally, the Group also reviewed its accounting treatment for its interest in the Namoi Cotton Alliance (NCA) joint arrangement. Historically, this interest was equity accounted per AASB 128 *Investments in Associates and Joint Ventures*. However, after reassessing the NCA joint arrangement's terms, it was determined to be a Joint Operation. Consequently, the Group now accounts for its rights and obligations in NCA's assets, liabilities, revenues, and expenses.

The matters outlined above have already been incorporated in the 28 February 2023 Annual report and, as a result, the condensed consolidated statement of financial position as at 28 February 2023 presented as a comparative in this interim financial report has not been restated.

Refer to note b) in the significant accounting policies within the Group's annual report for the year ended 28 February 2023 for further information regarding the impact of the restatement, including a reconciliation of the impact of the restatements on the consolidated statement of financial position as at 28 February 2022.

The impacts on the Group's consolidated interim financial statements are summarized below.

Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 August 2022

	As previously reported 31 August 22	Adjustments ¹	Adjustments ²	As restated 31 August 22
Revenue from customers	1,117	11,059	122,284	134,460
Trading margin gains	73,363	–	(73,363)	–
Other income	369	–	(312)	57
Share of profit/(loss) from investment in Namoi Cotton Marketing Alliance	–	1,500	–	1,500
Share of profit / (loss) of associates and joint ventures	2,052	(1,842)	–	210
Processing and distribution costs	(28,063)	–	28,063	–
Employee benefits expense	(20,205)	(1,262)	–	(21,467)
Goods purchased for resale	–	3	(49,881)	(49,878)
Raw materials and consumables used	–	(108)	(14,347)	(14,455)
Distribution costs	–	(8,226)	(14,437)	(22,663)
Repairs and maintenance	–	(253)	(2,728)	(2,981)
Depreciation	(7,021)	(694)	–	(7,715)
Finance costs	(1,482)	(30)	889	(623)
Other expenses	(7,739)	(147)	3,022	(4,864)
Profit before tax	12,391	–	(810)	11,581
Income tax (expense)/ benefit	–	–	–	–
Profit attributable to shareholders	12,391	–	(810)	11,581
Basic EPS	7.2	–	(0.5)	6.7
Diluted EPS	7.1	–	(0.5)	6.6

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

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

Condensed consolidated statement of cash flows

For the half year ended 31 August 2022

	As previously reported 31 August 22	Adjustments¹	Adjustments²	As restated 31 August 22
Net cash (outflow)/ inflow from operating activities	(8,992)	(158)	–	(9,150)
Net Cash (outflow)/inflow from investing activities	(3,254)	(659)	–	(3,913)
Net cash (outflow)/ inflow from financing activities	17,287	(4)	–	17,283
Net increase/ (decrease) in cash	5,041	(821)	–	4,220
Cash at the beginning of the financial year	(1,994)	2,490	–	496
Cash at the end of the financial year	3,048	1,668	–	4,716

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

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

5.5 BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

Namoi Cotton Limited (the Company) is a publicly listed company, incorporated and domiciled in Australia. The registered office is located at 259 Ruthven Street, Toowoomba, Queensland 4350. These condensed consolidated interim financial statements (interim financial statements) as at and for the six months ended 31 August 2023 comprise the Company and its subsidiaries (together, the Group) and the Group's interests in associates, joint ventures and other investments.

The condensed consolidated interim financial statements for the half-year ended 31 August 2023 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial statements do not include all notes of the type normally included in a complete set of annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 28 February 2023, the AGM 2023 presentation to shareholders and any public announcements made by Namoi Cotton Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those applied in the consolidated financial statements as at and for the year ended 28 February 2023, and the corresponding interim reporting period with the exception of the restatement referred to in note 5.4.

The interim financial report has been authorised for issue by the Company's Board of Directors on 24 October 2023.

New accounting standards and interpretations

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

Going Concern

The condensed consolidated interim 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.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Seasonality of operations

The Group's Ginning segment operates on a seasonal basis whereby ginning services occur predominately 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 once ginning is complete.



Rounding

Amounts in the Interim Financial Report have been rounded off 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.

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DIRECTORS' DECLARATION

In the opinion of the Directors of Namoi Cotton Limited ('the Company'):

1. the condensed consolidated financial statements and notes set out on pages 10 to 34, are in accordance with the *Corporation Act 2001* including:
 - a. giving a true and fair view of the Group's financial position as at 31 August 2023 and of Its performance for the six month period ended on that date and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and
2. there are reasonable grounds to believe that the Company will be able to pay Its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Tim Watson

Executive Chairman

Dated at Toowoomba this 24 day of October 2023

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Independent Auditor's Review Report

To the shareholders of Namoi Cotton Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Namoi Cotton Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Namoi Cotton Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 August 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 August 2023
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half year ended on that date
- Notes 1 to 5 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Namoi Cotton Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

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

Emphasis of matter - restatement of comparatives

We draw attention to Note 5.4 to the Interim Financial Report, which describes the restatement of comparatives relating to:

- a change in revenue accounting treatment for certain operating activities; and
- a change in accounting treatment applied to the Group's interest in a joint operation.

Our review conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 August 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Simon Crane
Partner

Brisbane
24 October 2023



ADDITIONAL INFORMATION

CORPORATE OFFICE

259 Ruthven Street Toowoomba QLD 4350 (07) 4631 6100

NAMOI COTTON GINS

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

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

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

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

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

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

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

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

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

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

OTHER JOINT VENTURES

Namoi Cotton Alliance, 259 Ruthven Street Toowoomba QLD 4350 (07) 4631 610

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

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

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