

2004 AGM - Election of Directors

Transcript of 2004 AWI Annual General Meeting

Election and re-election of Directors

IAN MCLACHLAN: Thank you very much, Len, for that report and those answers. As it is not legally necessary to vote on the sale of a business, the meeting should now move on to the second item of business on the notice of meeting, the election and the re election of Directors. We move to the six motions with the election and re election of Directors. I will deal with each in turn in due course. As I mentioned earlier, six candidates are standing for the election to the office of Director and there are only three positions available. As required by the rules and procedures governing the election of Directors, I will be calling for a poll for each of the motions. I would like now to quote Rule 7 from AWI's 2004 rules and procedures for the election of Directors:

"If the number of candidates exceeds the number of vacancies, then the follow system will apply: The Chairman will call for a poll and each shareholder may vote in favour of the appointment of so many candidates as they approve of up to and including the number of vacancies. The candidate or candidates, where there is more than one vacancy, with the greatest number of votes will be elected until all vacancies are filled. The remaining candidate or candidates will be excluded. If a shareholder votes in favour of the appointment of more candidates than the number of vacancies, such a vote will be invalid."

I have asked the returning officer, Mr Leigh Bull of ASX Perpetual, the executive in charge of the company's share register, to conduct polling for all the motions for the election of Directors. In accordance with rule 11.8(a) of the constitution of the company, I have the right to make final determinations on any dispute as to the admission or rejection of a vote. The poll for each separate motion will be conducted at the conclusion of the discussion of all motions and the moving of the motions.

In accordance with the constitution, three Directors, Mr Hugh Nivison, Mr David Boyd and Mr Brian van Rooyen are required to retire and have offered themselves for re election. Nominations to the offices of Director have been received from Mr Walter Bruce Merriman, Miss Kathy Walker Shaw and Mr Martin Oppenheimer. These nominations have been certified by the company secretaries as satisfying the company's constitution and rules for election of Directors. The Board has resolved that these nominations and their consents have been properly made. Please note that the order in which the candidates appear on the notice of meeting and the proxy forms was independently determined by ASX Perpetual by the drawing of names by ballot.

Before I put the formal resolutions to the meeting, I will ask the candidates to address you for three minutes. A warning bell will sound after two and a half minutes. I gave each of the six candidates notice of this offer to speak to the meeting last Monday, 15 November. The candidates have been asked to address you in the order in which

they appear on the agenda proxy and voting forms. For two minutes at the end of each candidate's address, I will invite questions of the candidate from the shareholders present. After all six candidates have addressed the meeting and answered questions, if any, I will put the six motions listed on the agenda for resolution. Once all the motions have been moved, a poll will take place on each of these resolutions.

I would like now to invite the first candidate, Mr Hugh Nivison to the microphone which is down there on the right front of the stage. Mr Nivison will give a three minute presentation. A warning bell will sound after 2.5 minutes. Mr Nivison.

HUGH NIVISON: Thank you, chairman, ladies and gentlemen. I'm very pleased to present myself for re election to the Board of Directors of AWI. We are proud of the achievements we've made over the last two years and I've made as part of this team of Directors. When we first took on Directorship of AWI two years ago, we found a company that thought that spending money on wood lots, fossil collections and donations to charity was in the best interests of the woolgrowers. I'm proud to say that we now have a company that is very focused on the profitability of Australian woolgrowers and that is how we plan and direct our executives that we have put in place. Those of you who were here this morning would have seen a team of General Managers who are excited and enthused about the direction of the wool industry over the near future. They have plans in place both on farm and off farm that will help directly make woolgrowers make more money and I'm proud of the role I have had with the appointment of that executive team and the role they have taken in this company.

For those of you who don't know, I am a stud and commercial woolgrower from New England. For the gentleman earlier who asked, I am only 41, so at least I am the youngest candidate for Director at this meeting. Together with my brother we run sheep and we have joined more ewes every year for the last five years because we are very keen to be part of this industry in the long term. Thank you for your time.

IAN MCLACHLAN: Thank you. Shareholders, do you have any short questions for Mr Nivison? No questions? Thank you very much indeed.

Now I would like to invite the second candidate, Mr David Boyd, to the microphone at the front of the stage. David Boyd will give you a three minute presentation, a warning bell will sound after two and a half minutes. Thank you very much indeed, David Boyd.

DAVID BOYD: Thank you, Chairman. Ladies and gentlemen, I guess my position is very like Hugh's. I'm very proud of the job that we've done. I have had a very deep commitment and passion for the wool industry for as long as I can remember. I count myself very fortunate that I've been able to spend all of my working life pretty closely involved with the industry initially as a jackaroo on properties subsequently in a 28 year career with what was then Dalgety, and then more recently with my current employer, Clyde Agriculture.

Clyde Agriculture has very deep commitment to the industry. As a result of recent expansion, once we get past this drought impact and get back up to full capacity, our company will have the capacity to join 150,000 breeding ewes. Of those, 140,000 are Merinos and will be joined to Merinos. I'm delighted to have the privilege of running that business and to have the confidence and faith of our shareholding family owners in this industry. So there's a very deep commitment to see this industry prosper and go forward and I'm very keen to have an ongoing part in that.

I believe we have a two pronged approach. Anyone sitting here this morning, I think, listening to the on farm and the off farm, some of the off farm is relatively new but I thought it was very, very encouraging and exciting to see the work that was being done.

We're all disappointed at the level of wool prices, but at some stage this industry is going to turn and I can tell you for one thing, our organisation is going to be ready to take advantage of that. As Hugh said, this Board was given a considerable mess to fix up when we came in. We've done that. One of the most important jobs of a Board of Directors is to employ the chief executive and his senior support staff. We've done that and frankly from what I've seen today, I think we've done pretty well. So I will be very delighted to have your support for re election to this Board. Thank you.

IAN MCLACHLAN: Thank you. Do any shareholders have questions for Mr Boyd? Yes? Number two, thank you.

JOHN GUBBINS: Mr Boyd, in view of the new regulations around people nominated for the board, would you like to make any comments about the election process that you've had to go through today?

DAVID BOYD: Thank you. I think as the Chairman has said in his address, the first thing we've done is we've made it easy. I probably don't need to remind you that last time to get onto the ballot paper we had to get 1,830 odd signatures, a considerable barrier to entry for anyone getting onto that Board. This Board promised to change that; we have changed that. All that needs to be done now is to get a hundred signatures to get onto the ballot. I think that's been a good thing, so here we are with three positions and six candidates, so, if you like, that to me is good vigorous democracy working and that's healthy.

I think in the election campaign there's been one unfortunate aspect, and that is that I don't think I've ever seen this industry more united than it is at the moment, particularly in the face of the very considerable threat that comes from PETA. The industry has worked very well together with one notable exception and there's one organisation that clearly is supporting our three challengers and who has for blatant political reasons has attempted to divide the industry and has given a perception to the wider community and to overseas that this industry is divided. I think that is a great shame. I'm very disappointed in that organisation. I do not believe that in fact records, company searches would indicate that less than one per cent of Australian woolgrowers are members of that organisation and yet they have seen to make offers to apologise on behalf of the industry. If

anything is high handed, that has to be, given the platform they come from. I think it's done great damage and it's a great pity. So that's disappointing John, but in other respects I think it's been a good healthy situation.

IAN MCLACHLAN: Any further questions for Mr Boyd? If not, thank you very much indeed. Mr David Boyd.

I would now like to invite the third candidate, Mr Walter Merriman to the microphone at the front of the stage. Walter Merriman will give you a three minute presentation, a warning bell will sound after 2.5 minutes. Walter Merriman. Thank you.

WAL MERRIMAN: Good afternoon, everyone. As the Chairman has said, I'm Walter Merriman and I'm a candidate for the AWI Board. My brother and I operate the Merriville stud and commercial flocks, totalling some 30,000 sheep from the South West Slopes region of New South Wales. If I'm to be judged by my public speaking ability today, it's a good thing I brought along a few votes. If you bear with me, I will try and get through this three minutes.

I'm standing because my business in growing fine wool have deteriorated in the last two years and I believe the reason for this is lack of marketing promotion leading to low demand . It's not the Board's fault that the dollar has gone up, but talking to Italian mills) and things that I deal with, they just say there's low demand out there and I think that's because of lack of promotion.

I'm of the opinion that the basic model where AWS, Woolmark are to provide promotion and AWI get the levies and provide R&D, I just don't think that system can work in the area of promotion. Woolmark as a commercial entity will never have enough money to promote the Australian wool clip). In fact, Woolmark in my opinion is flat our surviving I know there's new management there and they're trying hard to make themselves financial, but they have just a historic baggage with them financially that it's going to be very difficult for them to be in a position to promote the clip .

In this scenario in my opinion, we need funds to market wool and wool products and the only funds available are from levy funds. At this point I would say I'm not advocating any new levies. We must use the two per cent we've got. Cotton and synthetics commit 40 and 45 million respectively to their marketing arms . We have to match this in some way. I think New Zealand has shown us the way. If anyone goes to New Zealand, there's wool everywhere. They're actively out here, there's one particular thing called an Icebreaker which is a 18.5 micron top. They're selling in Australia, not the Icebreaker but an equivalent, selling for about \$25 to \$30. The Icebreaker with marketing promotion sells for \$70. I think that's the difference.

I think AWI should have the flexibility that MLA has where they can take money as they did the other day from animal health and use it to promote (inaudible) in Japan before the yanks get there.

My only areas I see for R&D are shearing, blowflies and worms, blowflies including mulesing, and new product marketing at all stages of the chain. I believe the majority of growers know how to grow wool, and for those who don't, there are plenty of consultants, accountants, , benchmark groups et cetera to show you how. Growers have to take responsibility for their own actions and for their own business.

I'm concerned of the expenditure of AWI and the fact that, I don't know, my figures are slightly different from the ones that were put up today. The area of communications, education and adoption spent a total of some \$23.6 million in a total budget of \$58 million, that's some 40 per cent. I think we can better use those funds in marketing.

Another area that concerns me is the fact

IAN MCLACHLAN: I am sorry, have you rung the bell?

WAL MERRIMAN: I went over three minutes? That's a record, isn't it? I only want to say this point.

IAN MCLACHLAN: I apologise to everybody, I apologise to you as well.

WALTER MERRIMAN: I really want to say this point. In this election it's come to my notice, and perhaps I should have been more interested to find it out, but there's a lot of people not registered. They're paying their levies and they're not registered. Non matter who gets on this Board next week or whenever it is, I think the Board should look at some way of when they pay their levies they become a shareholder, they become registered. I know people with 30,000 sheep and they're not registered. I think that's wrong. They're paying and you should have a system where they get registered.

Thank you, Mr Chairman, and I'm sorry for going over my time. Any questions?

IAN MCLACHLAN: Indeed, are there any questions to Mr Merriman? Yes, number two.

GEORGE WARD: Me now, is it?

IAN MCLACHLAN: Yes.

GEORGE WARD: George Ward. Mr Merriman, didn't you when you were on the committee which recommended that the levy rate recommend a figure less than two per cent?

WAL MERRIMAN: Yes, and I voted nought. I'm one of those people who at the WoolPoll voted nought and now I'm trying to get on the Board.

GEORGE WARD: Did you resign from that committee because you didn't get your way?

WAL MERRIMAN: I resigned from that committee because in my opinion the result was influenced by AWI. We were never allowed to give other alternatives.

GEORGE WARD: If you get on this Board and you don't get your way, are you going to spit the dummy again?

WAL MERRIMAN: We'll have to see. Get me on it first.

GEORGE WARD: A further question. You're advocating advertising products. Now Mr McLachlan a while ago said the Japanese were spending \$264,000 or something on one article. How much would we have to spend in advertising? It would be far more than two per cent, more like 20 per cent. Would you agree?

WAL MERRIMAN: Yes, I find that a huge figure and I don't know about that company but I do know that Woolmark, the most successful advertising they did was in store marketing in conjunction with manufacturers and they levied the manufacturers' dollar.

IAN MCLACHLAN: Thanks George, that's the end of it.

JOHN GUBBINS: John Gubbins, woolgrower. Wally, just a question to you: When you get onto this Board, I put it to you, you will not be able to alter the Board will not be able to alter any money spent on advertising than is being spent now. To do that, as an industry you have to go to government and ask them to change the Wool Act. This Board is doing all it can on marketing and we cannot alter the mix of the levy at the moment. So I don't know why you're pushing that side of it.

WAL MERRIMAN: Are you telling me or is that a question?

JOHN GOVERNS: I'm just putting it to you for your answer.

WAL MERRIMAN: My answer is that the Board should have the freedom that MLA has. It should have. The Board should go and make representation and get that thing. We were at a meeting with AWI and Len Stephens and Les Targ were present and the AFFA (inaudible) representative, when asked, twice said yes, they can market.

IAN MCLACHLAN: Okay, thank you very much indeed Mr Merriman.

WAL MERRIMAN: Thank you.

IAN MCLACHLAN: I would now like to invite the fourth candidate, Miss Kathy Walker Shaw to the microphone. Kathy Walker Shaw will give a three minute presentation, the warning bell will sound, which I hope we can hear, after two and a half minutes. Thank you very much indeed.

KATHY WALKER-SHAW: Thank you. Mr Chairman, Board of Directors, fellow candidates, shareholders, ladies and gentlemen, I stand before you and seek in this short period of time to appeal to those of you who are in the business of growing wool. Wool is a tough business, constantly under pressures from the forces of nature that are the very essence of agriculture, with drought and plague locusts, many hurdles and obstacles. But there are other imminent real pressures. There is the ongoing very real devastation to the industry evidenced by low wool prices, decreasing market shares and the threats from competing fibres that are of the greatest concern. As a manufacturer and retailer of woollen garments, I too feel your despair. My business relies upon a well regarded wool industry with an understanding and appreciation of the wonderful advantages of wool. Australian Wool Innovation is the recipient of your hard earned wool levy and as such controls your destiny. Despite claims to the contrary, it can and must confront these pressures. I believe there are solutions, real and practical solutions, to influence the future viability of each and every woolgrower's bottom line.

As a candidate, I am encouraging effort in three key areas. One, promotion. We must urgently lift the profile of wool in the eyes of key industry stakeholders as well as consumers. We need to educate the public. As a manufacturer and retailer of woollen products, I know just how wonderful and versatile and desirable wool is. Why aren't we espousing this significant attribute to our consumers? Let's have some vision. Let's expel the myths of wool. Let's tell the world how good our wool is. Let's raise that profile.

Two, practical solutions. We need practical solutions to the processing and manufacturing of market accessible fabrics, whether it is a simple matter of a new blending process or a whole new way of presenting a new and exciting fibre. To get to a real commercialisation stage with profitability, sustainability and monetary rewards flowing back to the producers we need to appeal to a young consumer. We need to be out there.

Three, I would like to make Australian Wool Innovation more user friendly. AWI is in effect the front window to the Australian wool industry. Let's make it a window we can see through. Let's make it more user friendly. Imagine if you are a major manufacturer seeking assistance for development of an exciting new consumer product that relies upon wools of raw main fibre and you are met with a cool response. You could be put off before you even start.

A vote for myself will ensure that some fundamental areas are addressed as a priority. We are all in this business together. We must make the wool industry work. We must move ahead. I intend to continue to promote Australian grown, Australian designed and manufactured wool and woollen garments irrespective of today's outcome and I would also like to thank those who have supported me in the last few weeks. Thank you.

IAN MCLACHLAN: Do any shareholders have any questions for Ms Walker Shaw. Yes, please. Number one.

KIM HENDERSON: Kim Henderson, a New South Wales stud breeder. I used this analogy with you in Sydney a few weeks ago. I feel that the wool industry in this country, in AFL football parlance, we have reached three

quarter time. I'm directing this to you, Kathy, and the umpire is about to bounce the ball for the last quarter. Do you feel that this industry has got that sort of time left, and if we don't get it right in the next quarter, it's all over?

KATHY WALKER-SHAW: I totally agree with that. We really have to do something right now. Quite a few woolgrowers have spoken to me on the phone and said that they thought the wool industry was nearly over five years ago. Well, we've survived another five years, but if we don't do something now, there won't be much of an industry within five to ten years. Thank you.

IAN MCLACHLAN: Thank you. Any further questions? If not, thank you very much for the presentation.

I would like now to invite the fifth candidate, Mr Brian van Rooyen to the microphone at the front of the stage. Mr Brian van Rooyen will give a three minute presentation, the warning bell will sound after two and a half minutes. Thank you.

BRIAN VAN ROOYEN: Thank you, Chairman. I am pleased to offer myself for re election today and, like David and Hugh, I'm very proud of what we've achieved since the election of 2002. We have an excellent management team in place now which I know will produce results for you and that has probably been the key function of the Board. I have been involved in the proceeding of wool now through the spinning stage for 36 years. My company's involved in Australia, Japan, Korea and China, and I can tell you that our business is as strong now as it ever has been and that with the right products and the right demand creation through new products as you've seen here today, the future of this industry can be very strong.

Financial responsibility is very important in any organisation and we introduced that responsibility into AWI. It's really important that that should be maintained in the future. That is one strength I bring to this Board. I am happy to take questions.

IAN MCLACHLAN: Okay, any questions for Mr van Rooyen? Will Crozier.

WILL CROZIER: Will Crozier, woolgrower from Casterton. Brian, you said your business is in good shape now and I say that when you were first elected on the AWI Board, our business was in very good shape. I'll tell you what, it isn't now. Yours might be but ours isn't and I want to reverse the situation if we can. I don't really care about your business. I want to see our bottom line increase right now because if it doesn't, there is no future for you and there certainly is no future for us.

BRIAN VAN ROOYEN: I gather that's a statement not a question, but I will respond. What I was saying was that my business was strong and that's why I'm confident about the future for wool because I have seen demand for our products because of new products that we've introduced and therefore it indicates that there is a strong future for your fibre.

IAN MCLACHLAN: Yes, one more question on microphone two.

JIM KENNEDY: Jim Kennedy Mr van Rooyen If you are re elected to the position on the board along with the current incumbents, can you give an undertaking to continue the corporate governance that you've shown in the past and also to operate as a company to the high standards that you have over the previous two years?

BRIAN VAN ROOYEN: I can give you that assurance absolutely, Jim. Those people who know me know that I've got two colours, black or white, and there's no in between. We will continue to operate at a very high level of corporate governance, it's critical to any organisation and, believe me, AWI needed to improve its corporate governance. We have done that and I think this organisation can be very proud of the way it is managed.

IAN MCLACHLAN: Right, Mr van Rooyen, thank you very much indeed.

I would now like to invite the sixth candidate Mr Martin Oppenheimer to the microphone at the front of the stage. Mr Oppenheimer will give a three minute presentation, the warning bell will sound after two and a half minutes. Mr Oppenheimer, thank you very much.

MARTIN OPPENHEIMER: Thank you. Shareholders, we have a crisis of confidence. Wool is being talked about as a by product of the sheep meat industry. I'm not happy about this. We haven't done enough to build confidence in wool with consumers, processors and particularly with growers. Wool is living on the back of the sheep meat industry. I'm not happy about this. It doesn't make sense when fundamental demand is low during a worldwide commodity boom, supply is low and grower confidence is low, to reduce research, development and innovation spending. Why has RDI spending reduced by \$7 million in this last year to 35.8 million? Why has textile research been reduced by 8 million to only 11 million? Why have administration costs of AWI increased at the same time? Why do we have over \$113million of unspent funds at 30 June? The wool task force in 1999 concluded that administration costs of AWRAP were excessive at 23 per cent of revenue. We're now around 30 per cent.

So what are the solutions? Many of the solutions are contained in the strategic plan that we've heard about today. Many of the solutions are already here. The centrepiece in the strategic plan is Woolmark's situation analysis with 46 key findings. These key findings are the trends that will drive demand and supply of Australian wool over the next five years.

The four most important solutions are, number one: New markets for Australian Merino wool. That is mentioned 26 times as a solution for the 46 key findings. Number two: improved appearance of tension. I call it better fabrics. That's mentioned 18 times. Cost competitive wool processing. That's mentioned 14 times. Market access, that's mentioned five times. That's a total of 63 mentions as solutions for the 46 key findings. But despite the importance of these projects, they are under funded.

There are many projects that are overfunded. For example, we are spending over \$10 million on education and adoption, more workshops, and less than \$1.5 million on market access. It doesn't make sense.

Shareholders, we need to build confidence in our product. We need to do more and do all that we can do lift wool's image. We need to increase demand, we need to improve market access and then be cost competitive fibre producers. We need proactive marketing now. Thank you.

IAN MCLACHLAN: Thank you very much. Do any shareholders have questions for Mr Oppenheimer? Yes, there's a question on number three.

KEN HEAL: Ken Heal Mr Chairman. Martin, marketing and promotion has been probably the dominant issue in this venue today. Can you elaborate a bit more on what you think needs to be done in the area, please?

MARTIN OPPENHEIMER: How long have we got? I'll give you an example of something that I think can be done, something that's very real. Last Saturday I hosted a group of American sheep breeders at home. It was part of a tour organised by the Sheep Meats Council of Australia leading up to the meetings with the MLA, AGM in Tamworth this week. I was also invited to go, as some other people here were, to the Sheep Meats dinner on the Monday night. At that meeting, that's where there was a fair bit of talk about the wool industry and how poorly we are performing, but forget that. We'll put up with that. Look at what the result was from this American group coming out here. It's called the tri nations lamb group and they're putting together a marketing and promotional campaign of the three countries, New Zealand, Australia and USA producers working together to get product into the US market. They're building a brand, they're going to support the brand, they're going to share technology, they're going to probably share genetics, and they're working together. There is every chance that they'll either hold the value of the product going into that market or increase it, but certainly they're going to increase the volume. And the volume they are talking about increasing in a market is maybe double, maybe triple, maybe quadruple.

So there's an example of what you can do. The fund of that campaign is actually a generic promotional campaign. I'm not saying that's the answer, but there is an example of what can be done. That's actually our industry. The sheep meat industry is part of our industry, which is the sheep industry. If we can do it with sheep meat, why can't we do it with wool?

IAN MCLACHLAN: Thank you. George?

GEORGE WARD: George Ward. You were very critical at the Armidale forum there about the hundred and odd million reserves that AWI had. Wouldn't you agree that every organisation needs to have good reserves so it can take an opportunity if it arises or if it has a downturn in income?

MARTIN OPPENHEIMER: Thank you, it's a good question and you're right, I was critical of the amount of money that's being held in reserves, particularly at a time when we should be investing those monies. Particularly at that meeting, that was the meeting organised by WOolProducers and we were looking at extra levies. I couldn't understand the logic in talking about raising extra levies when we have so many resources in the bank.

GEORGE WARD: Just to

IAN MCLACHLAN: George, sorry, that is the end of the two minutes of questions and you've asked your question.

GEORGE WARD: Can I ask another question?

IAN MCLACHLAN: No, because question time is over. Thank you very much, Mr Oppenheimer, for your presentation.

Ladies and gentlemen, I ask you that you thank all the candidates for their presentations. Thank you.

I will now formally put these resolutions that we're about to vote on to the meeting. The first motion to be put concerns the re election of a Director, Mr Hugh Nivison, a Director since November 2002. He retires in accordance with the company's constitution and, being eligible, offers himself for re election. I will now put motion 2(a) to the meeting. That is to re elect as a Director Mr Hugh Nivison who retires as a Director in accordance with rule 13.3(a) of the company's constitution and, being eligible, offers himself for re election. Do I have a mover for 2(a) please? I have a mover. Mr David Wolfenden. Is there any discussion?

If there is no discussion, the second motion to be put concerns the re election of a Director, Mr David Boyd, a Director since November 2002, retires in accordance with the company constitution and, being eligible, offers himself for re election. I will now put motion 2(b) to the meeting, that is to re elect as a Director Mr David Boyd who retires as a Director in accordance with rule 13.3(a) of the company's constitution and, being eligible, offers himself for re election. Do I have a mover for motion 2(b), please? Yes, Mr Don Hamblin, thank you. Is there any discussion?

The third motion to be put concerns the election of a Director. Mr Walter Bruce Merriman offers himself for election. I will now put motion 2(c) to the meeting, that is to elect as a Director Mr Walter Bruce Merriman who has been nominated in accordance with rule 13.3(d) of the company's constitution and, having consented, offers himself for election. Do I have a mover for motion 2(c)? Derek Russell, thank you. Is there any discussion?

The fourth motion to be put concerns the election of a Director. Miss Kathy Walker Shaw offers herself for election. I will now put motion 2(d) to the meeting, that is to elect as a Director Ms Kathy Walker Shaw who has been nominated in accordance with rule 13.3(d) of the company's constitution and, having consented, offers

herself for election. Do I have a mover for motion 2(d)? Kim Henderson, thank you. Is there any discussion?
Thank you.

The fifth motion to be put concerns the re election of a Director. Mr Brian van Rooyen, a Director since November 2002, retires in accordance with the company constitution and, being eligible, offers himself for re election. I will now put motion 2(e) to the meeting, that is to re elect as a Director Mr Brian van Rooyen who retires as a Director in accordance with rule 13.3(a) of the company's constitution and, being eligible, offers himself for re election. Do I have a mover for motion 2(e)? Yes, I have a motion. Russell Crow, thank you. Is there any discussion?

The sixth motion to be put concerns the election of a Director. Mr Martin Oppenheimer offers himself for election. I will now put motion 2(f) to the meeting, that is to elect as a Director Mr Martin Oppenheimer who has been nominated in accordance with rule 13.3(d) of the company's constitution and, having consented, offers himself for election. Do I have a mover for motion 2(f)? Yes, David Webster, thank you. Is there any discussion?

A poll will now be conducted on each of the motions 2(a), 2(b), 2(c), 2(d), 2(e) and 2(f). I will now ask the returning officer Mr Leigh Bull to outline the polling procedure. Mr Bull.

LEIGH BULL: Thank you, Chairman. As the Chairman stated, a poll will be conducted on each motion. On registering for the meeting today you would have been provided with a yellow voting card as a shareholder or an orange proxy holder card. Separate instructions apply to these voting cards. I will deal with the yellow voting card first. Shareholders should vote using the yellow cards for up to three candidates by placing a mark in the FOR box. A tick or a cross or any sort of a mark that's within the box, the FOR box. You cannot vote for more than three candidates, otherwise your vote will be considered invalid. Could the shareholders who have the yellow voting card please cast their votes now.

IAN MCLACHLAN: Are there any questions?

LEIGH BULL: It's an option for you to use that to cast your vote as well. It won't invalidate your vote. It's only the full votes which are counted. If you leave some of the four boxes blank, they will be counted as no instructions, so, in other words, they won't be counted.

The staff have some pencils if you need pencils there.

IAN MCLACHLAN: All these cards will be collected at the end.

LEIGH BULL: While you are doing that, I'll deal with the proxy holder card which is a little bit more complicated for those who are proxy holders in the meeting. Proxy holders will be required to cast their vote indicating a preferences, one, two or three, for each candidate which is similar to the federal action which we've just had.

Under the instructions on the opposite side of the voting card you have an example of how you could complete the voting card. This is an example only.

Proxy holders do not need to complete all boxes but should indicate your preferences, one, two and three. The reason for the preferences for the proxy voting is that shareholders in nominating their proxy may have instructed the proxy holder just to vote for one candidate or two candidates, so I need to know who you wish to vote for in terms of the remaining candidates. As discussed with some of the proxy holders today, marking the FOR box where all the votes are open is still a valid vote. In those sort of cases you would need to just make a mark in the box.

Could those with proxy holder cards now cast their votes on those? Any questions on this?

IAN MCLACHLAN: If somebody has a question, could you go to the microphone please?

SPEAKER: Thank you Chairman. Just to check, the white attached form, does that go in the ballot box as well or do we detach that?

LEIGH BULL: Those votes are already recorded in the system so you don't need to do it, but by all means put it in.

SPEAKER: Put it in. Thank you.

LEIGH BULL: It's recorded in the system so I can carry those across.

IAN MCLACHLAN: The question is: Does the white attached paper go into the ballot box. Mr Bull said you can if you want to, but he has all that information in any case.

LEIGH BULL: Just to clarify on the yellow voting card, you can only vote for three candidates and you must mark them in the FOR box. Thank you, Chairman.

IAN MCLACHLAN: Can we get somebody to collect these votes up here please? Somebody is collecting them? Okay. We'll just wait for a while to make sure that everybody has plenty of time to cast their votes and in a minute I will make sure that has happened. So we'll give you five minutes or so to make sure you are happy.

Has everybody voted? Is there anybody who has not voted? Anybody who needs any more time? Anybody need any more time?

I believe that those persons who wished to vote on the polls on motion 2(a), 2(b), 2(c), 2(d), 2(e) and 2(f) have now done so. Is there any person present who has not completed their voting card and not had them collected by ASX? Any person who has not had them collected by ASX Perpetual staff, please raise your hand.

I now declare the polls on motions 2(a), 2(b), 2(c), 2(d), 2(e) and 2(f) closed and I now ask the ASX Perpetual officer to collect the voting cards in relation to I think we've just done all that. I'll ask them to collect all the voting cards so that the votes may be counted.

In accordance with rule 11.6 of the company's constitution, I now adjourn the meeting while the votes are counted.

I might just say to you this will take some time. It may take over an hour, it might take longer. I'll just ask the returning officer. Tea and coffee is available from the back of the room or from the foyer, but for those of you who leave the meeting and wait to find out about the vote somewhere else, could I simply say in anticipation, thank you for the way in which you have behaved, conducted yourselves at this meeting. It's been exemplary and I thank you all very much. We will reconvene those of you who are still here at whatever time the returning officer says that the votes have been counted. Thank you.

(A short break)

IAN MCLACHLAN: Ladies and gentlemen I now reconvene the meeting. For the record, I directed my open votes to resolution 2(a), resolution 2(b) and resolution 2(e). I will ask Mr Leigh Bull to read out the results of the election.

LEIGH BULL: In relation to resolution 2(a), there were 129,833 votes from the poll that were in favour of the resolution. In relation to resolution 2(b), there were 120,598 votes on the poll were in favour of the resolution. In relation to resolution 2(c), there were 129,317 votes on the poll were in favour of the resolution. In relation to resolution 2(d), there were 117,556 votes on the poll were in favour of the resolution. In relation to resolution 2(e), there were 136,409 votes on the poll in favour of the resolution. In relation to resolution 2(f), there were 91,498 votes on the poll were in favour of the resolution. Thank you Mr Chairman.

IAN MCLACHLAN: Thank you. I now formally confirm and declare the results of the poll as announced by the returning officer and I congratulate Mr van Rooyen, Mr Nivison and Mr Merriman on their election, their appointment as Directors of Australian Wool Innovation.

The results of this election will be published in the attachment to the minutes of this meeting and they will be available within one month of the meeting.

That concludes the business of the meeting but I would like to say first of all thank you to all the candidates for standing. I think when we rearranged things two years ago that this is a very healthy process and I would also like just to thank Mr David Boyd for the excellent job that he has done for us and for you over the last two years as a member of the AWI Board.

I invite you all to join the Board and the staff yet again in the marquee outside for drinks and refreshments. I now close this Annual General Meeting of Australian Wool Innovation Limited and thank you once again for your attendance. Thank you very much indeed.