



Report to Members

FOR THE 12 MONTHS
ENDING 31 MARCH 2025



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Executive Summary

CSD Fast Facts

New talent



We welcomed new people across all departments, building our united team to just over 80 permanent staff.

Help from all corners of the globe



The season saw around 14 different nationalities join us through our casual employee cohort for production.

Germplasm



Our new varieties (including those containing XtendFlex[®]) slotted in nicely across grower areas in Australia, taking up 22% of market share in the first year of being commercially available.

Research and Development



We've partnered with over 200 growers and co-operators in project and trial work, to demonstrate how our varieties fit into local production systems.

Extension



220 growers and advisors came along to our CSD Mastering Cotton Forum, linked with the Australian Cotton Conference in August.

Board of Directors



From left to right: Nigel Corish (Director), Sam Heagney (Director), Tony Quigley (Chair), Cleave Rogan (Director), Louise Hill (Director), Andrew Guthrie (Vice Chair), Juanita Hamparsum (Director), Andrew Parkes (Director) and John Stewart (Director)

Senior Leadership Team



Chief Executive Officer
Ian Taylor



Company Secretary
Fiona Campbell



Chief Financial Officer
Ron Dufficy



GM - Growth & Development
James Quinn



General Manager Operations
Brett Ross



People & Culture Business Partner
Julie Drake



Corporate Affairs & Comms Manager
Elizabeth Warden



Farm & Seed Increase Lead
Mark Cathcart



Senior Production Manager
Matthew Needham



Extension & Market Lead
Peter White



Commercial Research Manager
Michael Bange

Board Positions and Board Sub-Committees

CSD Ltd Chair T Quigley

CSD Ltd Vice Chair A Guthrie

Company Secretary F Campbell

CSD Holdings Board
T Quigley, A Guthrie, J Hamparsum

CSI Board
T Quigley, J Hamparsum, C Rogan

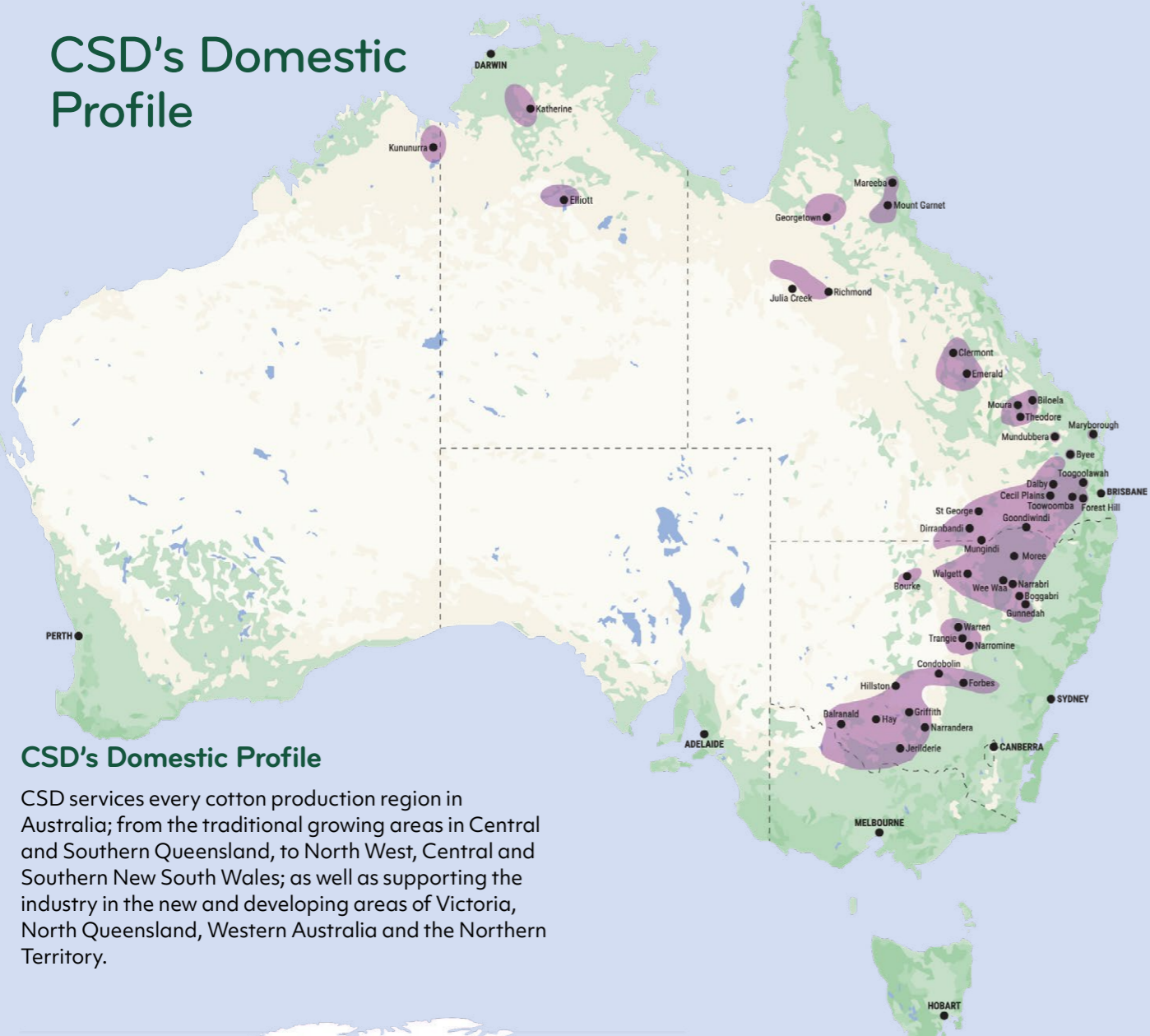
People & Culture Committee
A Guthrie (Chair), N Corish,
S Heagney

Audit & Risk Committee L Hill
(Chair), J Hamparsum, A Parkes

Cotton Breeding Australia Management Committee
T Quigley, I Taylor, N Corish

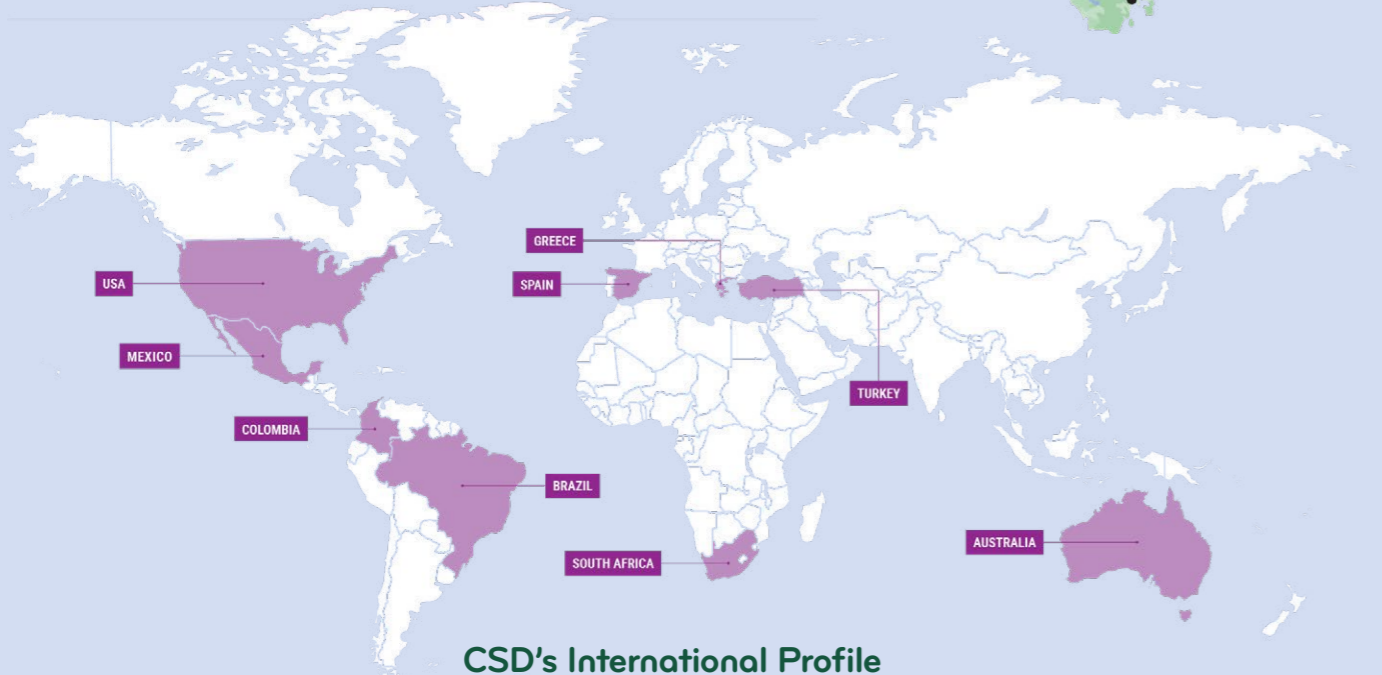
CSD/Bayer Joint Venture
T Quigley, I Taylor, B Ross

CSD's Domestic Profile



CSD's Domestic Profile

CSD services every cotton production region in Australia; from the traditional growing areas in Central and Southern Queensland, to North West, Central and Southern New South Wales; as well as supporting the industry in the new and developing areas of Victoria, North Queensland, Western Australia and the Northern Territory.



CSD's International Profile

CSD works in an international environment through partnerships with BASF®, Bayer Crop Science® and Cotton Seed Enterprises in key cotton growing regions around the world.

Snapshot of Key Achievements



10,258
seed increase
rounds sampled



5
varieties commercially
released



16,925
germination tests

90
Ambassador, Try Before
You Buy and variety
trial sites




12,500
tonnes of fuzzy seed
de-linted



3,000
training hours
undertaken, ~40 hours of
training per employee



6,820
tonnes cotton seed sold

325
hectares of in-field
research trials
conducted on CSD
Farms



CSD Board Chair Report 2025

The 2024/25 year has produced strong results for both CSD and the Australian cotton industry generally, with total cotton seed sales of 6,820 tonnes producing a crop estimated to again approach the 5 million bale mark. Some 22 percent of the crop planted was from the five new XtendFlex® varieties in their first fully commercial season, with many growers evaluating the new germplasm and traits on their farms for the first time.

The untimely extended April rain has reduced both yield and quality for many growers from the Namoi Valley north, but hopefully the current dry spell will allow those growers to complete their picking in a timely manner. The effect on the quality of the incoming seed increase crop into CSD is unquantified at the time of writing, with some deterioration in germination test results expected, however CSD has reasonable reserves of good quality seed on hand from the dry 2024 harvest.

I acknowledge the passing of pioneer cotton grower and inaugural CSD Chairman Mr Frank Hadley last June. Mr Hadley, along with the Kahl family, fostered the development of the modern Australian cotton industry after their arrival in the Namoi Valley from California in the early 1960s and collectively, they drove the establishment of the Namoi Cotton Co-operative, and it's Seed Committee that formed the basis of CSD. We extend our condolences to his wife Norma and the Hadley family.

At the 2024 AGM Andrew Parkes joined the Board as an elected Director, and John Stewart as an appointed Director with significant international seed industry experience. Both have quickly become valuable additions to the Board. Sam Heagney and Nigel Corish retire by rotation at this AGM, and have been renominated unopposed, so will be re-elected as Directors for the next 3 years.

After an external review of the CottonInfo extension model by Dr Rosemary Richards, the Boards of CSD, CRDC and Cotton Australia agreed to change its structure so that the Regional Extension Officers previously directly employed by CSD to provide CRDC extension, were transferred to CRDC employment, with CSD continuing to fund the ongoing CottonInfo program as a long-term core investor.

CSD continues to re-invest in its infrastructure to produce higher quality seed for our growers and facilitate a cleaner and safer operating environment for its employees. To these ends, the Board agreed to install two Cimbria optical colour sorters into the delinter seed line to reduce the visible mechanically damaged black seed at a cost of \$3.0m, and to replace the two original drying tables within the seed treatment lines, with sealed and hooded Australian produced tables complete with integrated dust extraction systems at a cost of \$1.7m.

In collaboration with our Cotton Breeding Australia joint venture partner CSIRO, CSD has committed to funding one half of the cost of a new climate-controlled greenhouse planned to be built at the Australian Cotton Research Institute in the Namoi Valley at an estimated total cost approaching \$7m. The project is currently with the CSIRO Strategic Procurement Group who expect to issue tenders for a Design and Construct contract in May.

The current CSD Strategic Plan completes at the end of June this year, with nearly all its objectives achieved under the six pillars. CSD management and the Board have been developing the replacement Plan with the assistance of Corporate Value Australia and in consultation with our staff and industry stakeholders.

This plan focusses on the 2025-30 and beyond vision for CSD, with the bold ambition of lifting average Australian cotton irrigated yields to 16 bales/ha and 6 bales/ha for rain-grown, with qualities of 42 fibre length and 34 g/tex strength, expanding the industry plantings to 850,000 ha, and applying novel approaches to breeding for resistance to many of the diseases that currently reduce cotton yields. The plan has three strategic pillars and priorities:

1. **Exceptional Customer Experiences.** Maximising value for our customers by helping them grow a more profitable and sustainable business.
2. **Creating Future Solutions.** Addressing key industry challenges to improve the competitiveness of Australian cotton.
3. **People at the Centre.** Our people, our growers and our cotton communities.

In closing, I thank the CSD Directors for their commitment, unwavering support and encouragement, the Chairs of the People and Culture Committee Andrew Guthrie and Audit and Risk Louise Hill for their dedicated work in the engine room of the Board subcommittees, our CEO Ian Taylor and his management team and the staff of CSD for their outstanding efforts in producing over 6,800 tonnes of quality planting seed for the Australian cotton industry this season.



Tony Quigley
CSD Board Chair
27 May 2025

Cotton Breeding Australia Chair Report

After a sustained period of germplasm development and trait transformation, Cotton Breeding Australia made its first commercial release of varieties containing the XtendFlex® (XF) traits into the Australian market this planting season. Four of these varieties contained the Bollgard® 3 insect control technology, including one with an okra leaf structure, and one XF- only variety for refuge plantings. Several more lines are slated for release over the next 2 seasons, followed by varieties with the addition of the ThryvOn sucking pest control trait by later this decade. Breeding has also commenced to introgress the Bollgard 4/ Herbicide 4/ThryvOn gene stacks into elite germplasm for release in the early 2030s.

Much of this breeding effort will be enhanced by the new Genomic Selection 3 Project, approved by the CBA Management Committee in March, which will allow faster genetic gain by using genomic prediction to aid in the selection of the parent crosses within the Core Breeding program.

The joint venture partners CSIRO and CSD continue to invest capital into the breeding program, each funding half the \$7 million cost of the new abiotic greenhouse planned for the Australian Cotton Research Institute, with the project now at the Design and Construct Tender process. The small-plot trial round bale picker is now operational this harvest, and after many further modifications and tweaks by the technical team at the Australian Cotton Research Institute (ACRI), is operating at the required productivity and accuracy levels.

Disappointingly, early season glyphosate drift has once again significantly damaged three of the seven CSIRO Core Breeding trial sites this season. These trials aim to select the elite germplasm lines to progress through trait introgression for incorporation of insecticide and/or herbicide traits and are extremely susceptible to damage from even low levels of glyphosate drift. Trial loss has now occurred in each of the past three seasons, and this year trials were lost in the Gwydir, Macintyre and Namoi valleys. Indications are that the cause is background community drift, rather than from co-operator or nearby herbicide applications. This is an issue the whole industry must address, as we are continuing to lose potential genetic gain with the loss of such critical trial data.

The CBA joint venture is overseen by two separate but linked committees:

Scientific Committee comprising:
CSD Mike Bange (Chair), Brett Ross, James Quinn

CSIRO Warwick Stiller, Steven Swain, Shannon Dillon

Cotton Australia Bernie Bierhoff and Angus O'Brien

CRDC Susan Maas

Management and Commercial Committee:
CSD Ian Taylor, Nigel Corish, Tony Quigley (Chair)

CSIRO Michael Robertson, Steven Swain, Richard Chambers

I thank the members of these committees for the way they have worked collaboratively for the betterment of the Australian cotton industry, and congratulate the CSIRO breeding team, led by Warwick Stiller, for their world class breeding efforts.



Tony Quigley
CBA Chair
27 May 2025

CEO's Report

This year has been a year of action, energy and change as we focussed on delivering the objectives in the last year of CSD's 2020-2025 Strategic Plan – we reflect on our successes and the challenges we as a company, along with the broader industry, have achieved or overcome. CSD has listened and delivered to growers and customers, continually striving to deliver the highest quality seed to the Australian cotton industry.

Our people within CSD are very proud of the improvements we've achieved in seed quality, driven specifically through our Seed Quality Improvement plan.

Over the last two years particularly, our Seed Increase protocols have adjusted to focus on seed quality rather than lint production. Our internal research program has focussed on the on-ground management practices we should be maintaining (ie considering herbicide usage, use of PGRs, irrigation timing) as well as our production processes.

At time of writing (May 2025), the optical sorter (also known as the colour sorter) was in the final stages of installation in the delinting section of our production system. The colour sorter will help CSD reduce the levels of mechanical damage to seed, by separating the smallest of colour and shade differences from almost any bulk material. We look forward to seeing the impact the optical sorter can provide.

Our people are also our most important asset. Together we have worked hard to build a safe work environment to ensure everyone gets home safe and well every day, which includes our Zero Compromise Towards Safety. The work health and safety modifications we've made over the last year include improvements to the stair ramps, a new dust extraction system in our production sheds and fluid bed driers to minimise the impact (particularly of dust) on our staff.

Unfortunately, one of our Leading Hands was involved in a workplace accident in May 2024, resulting in him requiring continuing extensive treatment on his hand. We are grateful that he is on the road to recovery and we continue to support him towards a safe return to work.

As Compliance Officer for CSD, I have continued to oversee the responsibilities of CSD for compliance with the undertaking entered into with the Australian Competition and Consumer Commission (ACCC). The external independent review of our Competition Law Compliance Program conducted in 2024 found that CSD meets all obligations.

A number of new appointments to CSD over the last year which includes:

- Pat Lash to the newly created Customer Relationships manager role, who is heavily involved in the efficient ordering, dispatch and day-to-day agent activities through the growing regions.
- Alex Roughley, Extension and Development Agronomist for Western Australia and Northern Territory, based in Katherine, who joins the keen growers in that area to continue to build cotton production.
- Rachel Russell, Graduate Agronomist based in the Namoi Valley, completing a structured two-year rotation that provides a foundation to deliver data-driven advice, crop management and working with growers.
- Emma McDonnell, Accounting Manager based in Wee Waa, as part of the finance team managing CSD's financial health, developing and implementing account strategies.
- Liz Warden to the Corporate Affairs and Communication Manager, a new role with a focus on the whole business to support improving the relationships we have with all of our stakeholders.
- Johnathan Charles, Apprentice Electrician at Shenstone, boosting our skills base in production.
- Dorian Cachart, Operations Process Technician at Shenstone, part of the team ensuring high quality seed production.
- Joshua Smith, who joins us as a permanent fixture as IT Manager, based in Wee Waa.

Finally, we celebrate as we look back at our achievements from 2020 to 2025.

New Varieties

We successfully introduced new CSD varieties containing XtendFlex®, providing growers with more tools in the toolbox to boost their yield potential through management of weeds and diseases. Our market share of varieties containing XtendFlex after just one year is 22%, with growers keenly looking at how they have performed this year ahead of choosing varieties for next season.

Efficient Running of Delinting Plant

A full review of the performance and operation of the delinting plant was undertaken with the French engineering company (Mersen) who designed the plant. With improved reliability and performance, our production season started earlier in 2024 and was completed in a record four months.

Cotton Breeding Australia

Cotton Breeding Australia (CBA) continues to move from strength to strength with a strong pipeline of new varieties and technologies, supporting CSD's aim to provide the best options for our customers. For Australian growers to be able to maximise the potential of these new varieties and technologies coming through, the XtendFlex® platform now becomes our foundation as our future improved varieties and new technologies (such as ThryvOn® and BG4HT4) rely on this vector stack.

Moving forward, I'm excited to introduce our next strategic plan from 2025-2030, setting us up as a leading seed and technology company, enabling Australian growers to produce the most desirable, profitable and sustainable cotton.

As shared in the Chair's report, our objectives for the future are ambitious. I look forward to living and delivering on this ambition, working side by side with our CSD people, partners and industry.

Thank you to the CSD Board for their continued dedication and passion for our Company, and also our staff – it is you that play such an important role in supporting our Australian cotton industry.

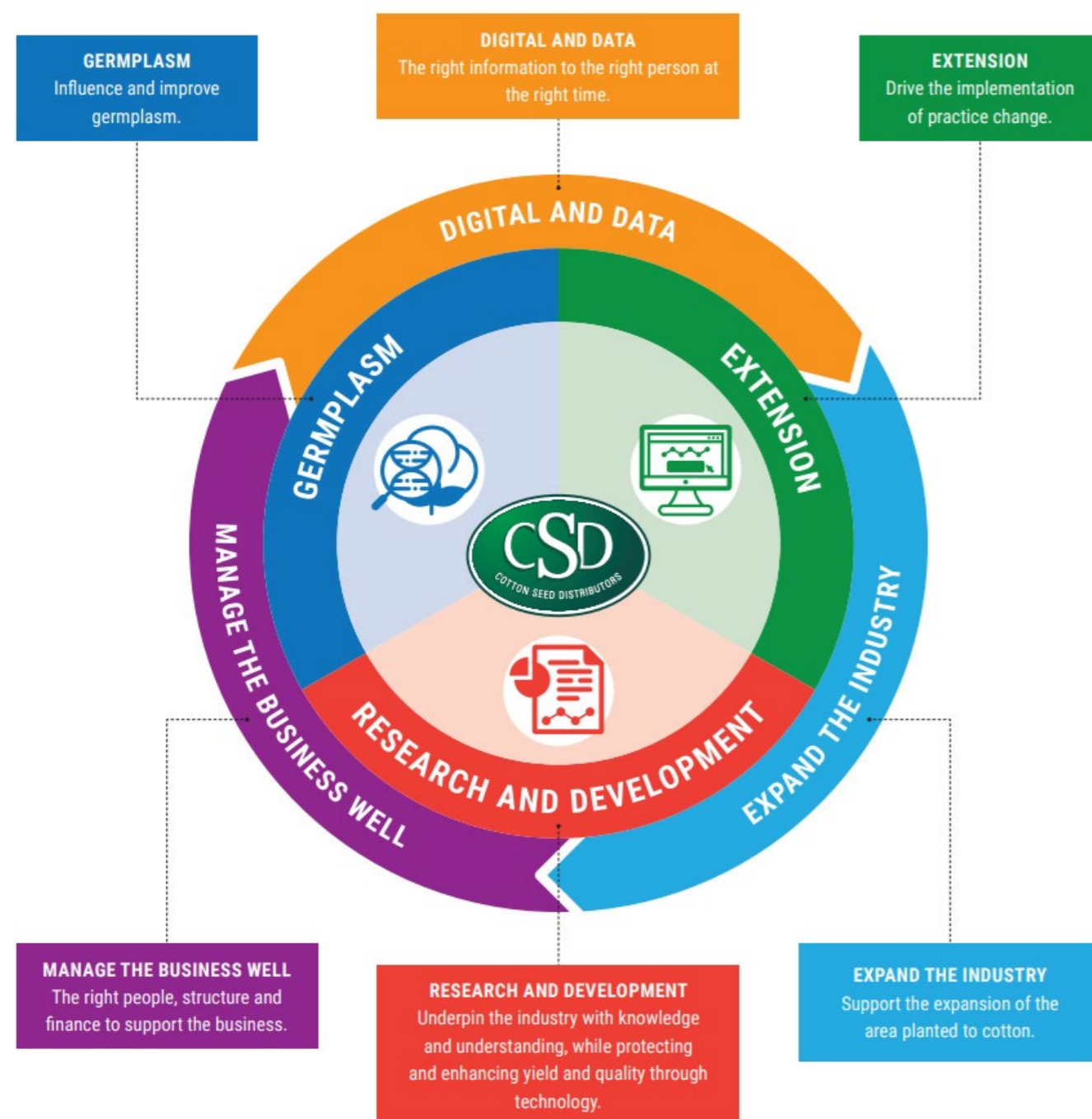


Ian Taylor
Chief Executive Officer, CSD
27 May 2025

CSD's Strategic Plan 2020-2025

Our vision: growing the Australian cotton crop through innovative solutions beyond seed.

2025 sees the completion of our current strategic plan, covering six strategic outcomes.



CSD's Key Strategic Plan Targets

Goal	Key outcomes 2020-2025
<p>Germplasm</p> <p>Reliably supply elite cotton varieties which are world leading in yield, quality and contain attributes which enhance production and the continued demand of our product.</p>	<ul style="list-style-type: none"> New varieties have been commercialised and yield (on average) is outperforming superceded varieties. CSD actively works with partners in assessing regulatory risks and commercialisation pathways for new varieties and technologies.
<p>Research and Development</p> <p>Focus, engage, support and leverage research, development and commercialisation, of technologies which enhance yield, fibre quality, planting seed quality and the future of the Australian cotton industry.</p>	<ul style="list-style-type: none"> CSD has created target areas of investment with partners around new technology. Cotton Breeding Australia research now utilises genomic selection and gene editing. CSD continues internal product development and research (approx 20 projects) with a focus on continually improving the quality of seed produced for growers. Several Richards Williams Initiative projects have delivered commercial outcomes for industry.
<p>Extension</p> <p>Deliver highly specific, targeted knowledge and information to cotton growers and industry which drives beneficial practice change to Australian cotton growers.</p>	<ul style="list-style-type: none"> CSD delivers quality individual and group face-to-face extension advice and support through the season. Online portals have been developed for members and agents. Our varieties have delivered water use efficiency improvements.
<p>Expand the industry</p> <p>Support the ongoing viability and continuity of the Australian cotton industry by expanding the base area planted to cotton and ensure that CSD has the capacity to meet cotton planting seed requirements in a timely manner.</p>	<ul style="list-style-type: none"> Expansion in far north Australia progresses slowly, helped with the establishment of cotton gins in Katherine and Kununurra. We've conducted research into dryland cotton production through traditional growing regions, as well as around Gatton Valley and Byee. Commercialisation of two varieties in the US, with two progressing in Europe and one in Brazil.
<p>Manage the business well</p> <p>Attract, retain and invest in people who have the skills to operate, lead and direct CSD. Create and manage a commercially viable business which can efficiently and effectively supply the Australian cotton industry's planting seed requirements beyond 2020. CSD will liaise, integrate and collaborate closely with key cotton industry organisations, government agencies and commercial entities. CSD will conduct business ethically, manage risks effectively and meet all its contractual obligations. It will support and reinvest in the cotton communities and cotton industry.</p>	<ul style="list-style-type: none"> CSD has taken a Zero Compromise Towards Safety in our workplace and has also invested in leadership development of staff at varying levels. Formal and productive relationships with all of CSD's partners are in place. Showcasing our company's research expertise in industry publications, and more effective use of own channels such as direct email and social media. CSD supports our local cotton communities and industry through sponsorship. A majority of our members are cotton growers.
<p>Digital and data</p> <p>Utilise the information gathered by CSD to drive innovation and efficiency for CSD and the cotton industry.</p>	<ul style="list-style-type: none"> CSD has developed six new digital tools, which will and are interoperable within CottonTracka®. CSD has an expansive dataset, created over time from our trial work and analysis, utilised through digital tools and insight for our members.

Germplasm

Reliably supply elite cotton varieties which are world leading in yield, quality and contain attributes which enhance production and the continued demand of our product.

Germplasm

This season, 5 new varieties from CSD containing XtendFlex® (XF) were commercially available to growers. In the field the varieties demonstrated, on average, an improvement in yield potential and disease resistance. Growers continue to learn about the suitability and potential of these new varieties in expanding growing areas.

Potential new varieties such as CSX1320B3XF look like delivering growers another variety choice with exceptional yield and quality potential. Nursery lines comprising of 13 Bollgard® 3 XtendFlex® and 2 XtendFlex lines highlight the extensive efforts invested in diversifying and expanding the genetic pool to address evolving industry needs.

Growers will benefit from the new technology class (powered by Bayer's ThryvOn®) to be incorporated into CSD's next varieties, which should be available in the next three to four years.

ThryvOn® technology from Bayer will be the industry's first cotton biotechnology trait that provides protection against key early season pest such as Thrips species and has activity against mirids. Through this technology growers will be able to defend the whole plant from these insects, improving early season cotton growth and setting the crop up for the flowering period.

Seed Increase

CSD continued to focus on producing the highest quality seed, as per Ian Taylor's commitment to growers when he commenced as CEO of the company. This builds on the already strict quality assurance procedures that were in place. Ongoing trial research is being undertaken to further understand cotton management practices conducive to producing premium quality seed. Research areas over the last couple of years cover multiple focus areas, including planting dates, management of irrigation, PGR rates and timing, nitrogen rates, use of herbicides at different stages and moisture levels in modules at picking.

Key achievements



4,500

hectares of seed increase production



3.7million+

seedlings assessed in our lab



35,420

leaves collected and tested for trait purity



CASE STUDY

Beyond the Bag – How CSD Ensures Seed Quality and Grower Confidence

Seed quality is one of the critical foundations for strong cotton establishment, and CSD leaves nothing to chance. Every AUSlot undergoes a rigorous quality assurance (QA) process, with approximately 50 tests completed before seed is released to growers to plant. These include multiple test methods repeated at key stages of production, ensuring consistency, purity, and performance.

One of the most valuable tools available to growers is the Statement of Seed Analysis, which provides a detailed breakdown of seed quality for every AUSlot — a unique code representing a seed treatment batch. Growers can access this information by scanning the QR code on the seed bags.

The Statement of Seed Analysis begins with an overview of the variety and treatment and test date. It outlines physical purity, which includes the percentage of pure cottonseed, any other seeds, and inert matter like seed coat fragments. While the minimum standard for physical purity is 98% and less than 0.2% other seeds, our advanced processing system means contamination is rarely seen. Also included in the report is mechanical damage, which is assessed microscopically and includes even pinhole-level damage through to the embryo.

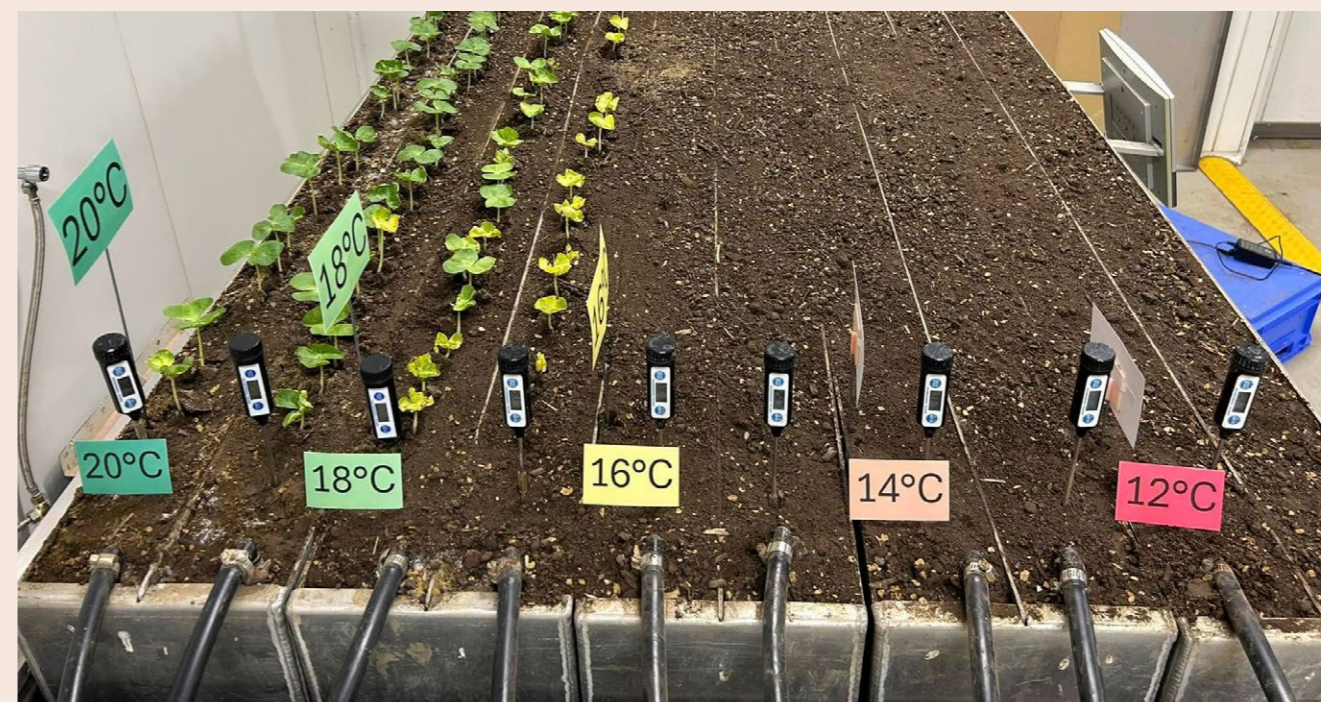
CSD performs germination testing under both warm and cool conditions, offering insight into both seed viability and vigour. The warm germination test,

conducted at an alternating 20°C/30°C regime, shows the maximum germination potential under ideal conditions, helpful for calculating planting rates. But because real-world conditions aren't always ideal, CSD also includes cool germination testing, performed at a constant 18°C, which acts as a stress test to measure seed vigour.

While not a seed industry requirement, cool germ testing provides important information, especially when planting into less-than-optimal conditions. Two seedlots with identical warm germ results may show significantly different cool germ results, giving growers a clearer picture of how seed might perform in the paddock.

To validate laboratory findings under semi-field conditions CSD utilises a thermogradient table, a temperature controlled soil-based system. In a recent trial using a temperature range from 11°C to 20°C, emergence was the most rapid at 20°C and decreased progressively with lower temperatures. Below 16°C, no emergence was observed, although some development under the soil occurred.

By combining extensive laboratory testing with real-world validation, CSD's QA program ensures growers have access to robust seed quality information. These insights enable informed decision-making and support strong, even crop establishment, laying the groundwork for a successful season.



Research and Development

Focus, engage, support and leverage research, development and commercialisation of technologies that enhance yield, fibre quality, planting seed quality and the future of the Australian cotton industry.

CSD's investment in research and development (R&D) is focussed on continual improvement of our seed production. We do this at a laboratory and field level, through formal partnerships focussing on solving the challenges growers face now and into the future.

Cotton Breeding Australia

The Cotton Breeding Australia (CBA) joint venture between CSD and CSIRO remains focused on advancing cotton production in Australia. Current research priorities include developing improved cotton varieties tailored to Australian growing conditions (with a focus on enhancing fibre quality, disease and pest resistance) and adaptability to challenging environmental conditions.

The core projects of CBA aim to breed new elite varieties, improve breeding processes and timelines, and develop disease resistance marker technologies. The increased investment in molecular technologies, such as genotyping and genome-wide selection processes, has shown promising results in accelerating breeding progress. These efforts involve accessing diverse germplasm, modelling environmental effects on genotypic responses, and implementing innovative techniques like DNA sequencing for genotyping, akin to understanding human ancestry using DNA.

Richard Williams Initiative

The Richard Williams Initiative (RWI) supports grower facing applied research, benefiting Australian cotton growers. Ongoing projects include developing a whole-farm water accounting dashboard, action research for disease management, understanding long-season cotton systems in central Queensland, and enhancing in-season crop nutrition management with handheld NIR instruments. New initiatives are supporting growers to implement varieties containing XtendFlex® in rainfed systems, using remote sensing to replace in-field measures of crop performance, and developing better understanding of the environmental constraints in northern Australia cotton production systems.

FastStart Cotton Program

FastStart™, a collaboration between CSD and Syngenta, aims to enhance cotton establishment and growth through cutting-edge genetics, chemistry and technologies. Investment in this program funds research, development and extension projects. This year saw the launch of the FastStart Field Forecast tool, which incorporates a soil temperature prediction algorithm to aid planting decisions.

The Faststart program has also invested heavily in determining the soil borne disease spectrum of Northern Australia to help direct future seed treatment requirements for Northern Australian cotton growing regions.

Product Development & Research

CSD's Product Development and Research (PD&R) program encompasses various internal investigations and experiments. This includes field trials by the CSD Extension team, lab-based research by the CSD Quality Assurance team and evaluation of seed and crop-applied products. Over 20 projects were conducted this season, including more than 100 field trials and numerous lab based experiments. The focus of these trials included varietal evaluation for yield, fibre quality, seedling vigour, disease resistance, optimisation of commercial processes and improvement of seed quality. Product development trials this season included the assessment of novel biological products in small-plot and large-scale trials. PD&R aims to maximise seed quality and overall crop performance.

CASE STUDY

Drivers of Profitability in Australian Irrigated Cotton Systems, a Richard Williams Initiative

In the past year, CSD's Richard Williams Initiative, supported by CRDC, has played a crucial role in examining the key drivers of profitability in Australian cotton growing. By assessing important industry datasets including CSD Erica trial data, CRDC Market Audit, CRDC Grower Survey and Crop Consultants Australia Survey, the initiative has provided valuable insights into the economic factors that influence cotton production and highlighted areas for improvement.

One of the major findings of the study was that yield is the most significant driver of gross margin. The research consistently showed a strong positive relationship between yield and profitability, reinforcing the importance of maximising yield as a key strategy for increasing profit. Additionally, the analysis identified fertiliser, water and insecticides as other key contributors to profitability. However, excessive use of these inputs resulted in diminishing returns, underscoring the need for careful management to ensure cost-effective production.

This Richard Williams Initiative project proved particularly valuable in identifying these trends by combining multiple industry datasets. The CSD Erica and CRDC Market Audit datasets were instrumental,

covering 89% of essential data needs for economic analysis. This combination of data provided a more comprehensive and accurate view of profitability drivers, illustrating the importance of leveraging diverse datasets to maximise the usefulness of economic analysis. At the same time it highlighted gaps in data collection such as inconsistencies in water use and crop protection data, that must be addressed to improve future analyses.

Through this project, the industry gained a deeper understanding of the economic impact of key inputs like nitrogen, water and insecticides, revealing that applying higher levels of these inputs beyond a certain point does not lead to increased returns. This insight helps growers make more informed decisions about managing inputs to optimise their yield and profitability.

This Richard Williams Initiative project has identified opportunities for improved management practices for more profitable and sustainable cotton farming systems. By continuing to refine and expand this research, the initiative will help growers enhance their economic performance and contribute to the ongoing development of the Australian cotton industry.



Extension

Deliver highly specific, targeted knowledge and information to cotton growers and industry which drive beneficial practice change to Australian cotton growers.

Driving Knowledge and Adoption in FY25

Our Extension and Development team delivered Growing Better events nation-wide.

- Mastering Cotton Forum (Gold Coast, 5 Aug 2024) gathered 220 growers, consultants and industry partners for the latest insights on establishment, growth regulation and seed quality.
- Seed & Sales Information Sessions delivered pre-season variety and seed supply updates for all cotton growing valleys, giving growers region-specific advice regarding CSD varieties.
- Regional Field Days showcased irrigated and dryland variety crops and provided first-hand farm management advice.

First Commercial Season of Varieties Containing XtendFlex®

Guided by an intensive, hands-on program from the Extension and Development team, XtendFlex® concluded its first commercial season with an impressive 22% variety market share. The team's efforts included 30 paddock field walks, 41 variety trial sites, and 50 "Try Before You Buy" Ambassador sites. This gave growers timely, region specific proof of variety performance and management advice. This real world evidence converted interest into confident adoption and laid a strong foundation for even broader uptake in FY26.

Transforming the Approach to CSD's Variety Trial Program

CSD's long-running variety trial program was re-engineered this season to give growers greater insights and decision ready data sooner. Picker mounted yield monitors, mobile module scales and a single, standardised gin- classing pipeline now feed results back to CSD within weeks of harvest. Pairing these rapid yield and fibre-quality reports with precision-ag layers—soil, input rates and local management—pinpoints varietal strengths at regional, farm and paddock scale. The streamlined workflow equips growers with timely, reliable information for confident seed selection.

Australian Cotton Conference 2024: Showcasing CSD Expertise

CSD maintained a strong profile at the 2024 Australian Cotton Conference, with five of our staff delivering six well attended presentations that translated research into on-farm value. Sam Lee explored the drivers of successful crop establishment; Dr Mick Bange addressed cotton crop physiology and later debunked myths on row configurations; Emma Chorley outlined grower led disease research; Larissa Holland compared growth curves across cotton varieties; and Natalie Aquilina introduced a practical method for estimating boll maturity. The breadth of topics and depth of discussion reinforced CSD's standing as a trusted knowledge partner and equipped growers and consultants with actionable insights for the season ahead.

Team Expansion and Graduate Development

This financial year saw another lift in capability and coverage. Pat Lash stepped into the newly created Customer Relationship Manager role, strengthening CSD's service link with growers and agents. Alex Roughley joined as Extension and Development Agronomist – NT & WA, and Colin Lye became Extension and Development Agronomist – Macintyre, deepening support across these valleys. We also welcomed Rachel Russell as this year's Graduate Agronomist. These appointments keep CSD well-resourced to deliver timely, practical support to growers in every cotton growing region.

Key Achievements



22%

first year market share of new varieties



121

locations where growers could see our varieties' performance



500k+

kilometres travelled to provide service to the industry

CASE STUDY

Partnering for Progress- Whole Farm XtendFlex® Adoption and Long Season Success

Grower, Nigel Burnett, Central Queensland

Central Queensland grower and Cotton Australia Chair Nigel Burnett has been a long-term collaborator with CSD and his journey is a clear demonstration of what can be achieved when innovative growers and trusted industry partners work together.

Operating across two properties near Emerald and Springsure in Queensland, Nigel runs 1,300 hectares of irrigation and 4,500 hectares of dryland cropping and beef. After growing up on a cotton farm, he began producing cotton in 2004. Today, his focus is on innovation, system optimisation and variety evaluation, supported by CSD every step of the way.

Nigel's partnership with CSD began in 2005 with variety trials and has evolved to include commercial demonstrations, XtendFlex® Try-Before-You-Buy (TBYB) comparisons and participation in CSD's Ambassador Program. "Working with CSD has helped us compare varieties in our own conditions and make confident decisions based on real performance," he said.

Last season, Nigel took the bold step of converting his entire cotton program to Bollgard 3 XtendFlex®, following a successful commercial trial of three new CSD varieties—Sicot 743B3XF, Sicot 761B3XF, and Siokra 253B3XF. "It was a whole-farm technology upgrade. We trusted CSD's data and breeding pipeline

and haven't looked back."

Siokra 253B3XF stood out, offering impressive early and late-season performance and demonstrating excellent fit within CQ's Long Season production system. The leaf structure also helped reduce disease pressure during monsoonal periods, showcasing how CSD varieties are developed with regional realities in mind.

Nigel is also a strong contributor to CSD's Long Season Cotton project as part of the Richard Williams Initiative, which is helping unlock sustainable yield and quality gains for Central Queensland growers. His irrigated crop yielded 17.4 bales/ha in a challenging season, highlighted the system's potential. "CSD's support has been instrumental in helping us understand how to replicate those results and fine-tune our management."

Whether hosting trials, providing feedback or sharing knowledge at grower days, Nigel's collaboration with CSD has helped shape real outcomes. "It's not just about our business, by working with CSD we're helping lift the region too. Their breeding, support and extension services are second to none."

Digital and Data

Utilise the information gathered by CSD to drive innovation and efficiency for CSD and the cotton industry.

Uptake of new tools

The CSD digital cotton crop monitoring and visualisation dashboard CottonTracka™ has seen further improvements in uptake across the Australian cotton industry. Year-on-year increase of 40% in the number of users, 80% increase in the number of Trackas (or fields) created. The CSD website still attracts well over 400 hits per day, with significant individual tools being the Weather Network (incorporating the FastStart Field Forecast), Variety Trials Results pages, Statement of Seed Analysis report and the Day Degree Calculator.

The CottonTracka and CSD-CROP benchmarking report has attracted international interest, with presentations delivered at events leading up to and including the Beltwide Cotton Conference in January in New Orleans, USA.

Planned integration of the micronaire prediction tool, the legacy NUTRILogic platform, and links to cotton crop productivity and sustainability benchmarking will further enhance platform functionality and provide deeper insights for growers.

Bring science to life - LEF tool

This tool animates recent CSD research on a refined method to determine cotton boll maturity and calculate the Last Effective Flower (LEF) date - critical for optimising defoliation timing and fibre quality. By focusing on boll fibre maturity rather than waiting for bolls to open, the research revealed that bolls reach maturity significantly earlier, reducing the boll period from 493 to 404 Day Degrees. This improved understanding of boll maturity allows for more accurate LEF predictions, supporting better decisions around final irrigation and harvest timing. The result: enhanced yields, superior fibre quality and reduced risk of weather-related crop damage.

Efficiency gains with architecture rebuild

Over the past year, CSD has undertaken a major architectural upgrade of its digital tools' environment. While changes may be largely invisible to external users, this eight-month project delivered substantial backend improvements. These include a 75% increase in the speed of data ingestion, analysis and reporting, as well as the adoption of a common language framework across tools. The upgrade has reduced infrastructure maintenance and licensing costs by 85.5%, laying the foundation for more seamless integration with climate data and delivering long-term benefits to both the Digital & Data Program and the broader cotton industry.

Key achievements



4

seconds to load the Day Degree Calculator



774

Trackas created in CSD's CottonTracka™



160k

visitors to CSD's website

CASE STUDY

FastStart™ Field Forecast – A Collaboration Between CSD, Syngenta & Goanna Ag

To help cotton growers determine when it is suitable to commence planting, CSD and Syngenta in collaboration with Goanna Ag developed the FastStart™ Field Forecast, a model that draws on strategically placed soil temperature probes and weather stations across NSW and Queensland, plus sites near Katherine (NT) and Kununurra (WA). The collaborative project was developed to create a site-specific soil temperature forecast algorithm linked to FastStart weather stations to pinpoint the optimal planting window.

FastStart principles advocate using soil temperature as the primary driver for optimal planting, with a minimum of >14°C and rising soil temperature plane and an average soil temperature of >16°C over seven days being the key criteria. These conditions have been further explored by CSD research utilising our in-house thermogradient table – visually validating the principles of soil temperature on germination, emergence and establishment.

Goanna Ag compared the FastStart Field Forecast optimal planting date with the user-reported planting date across 308 GoField® sites during the 2023/2024 season to assess how closely actual planting practices matched the optimal window. The comparison revealed:

- 15% of sites were planted too early. This means planting occurred before the planting conditions relating to soil temperature criteria were met, which could potentially impact establishment success.
- 11% of sites had a planting date that matched optimal timing. This alignment was considered to be within +/- 3 days of the optimal window.
- 74% of sites had a planting date that was 'conservative'. This indicates planting occurred after the opening of the optimal planting window.

These results highlight a clear opportunity for growers to refine planting timing and boost establishment success. The FastStart Field Forecast is now deployed to all CSD FastStart weather stations, providing a 7-day outlook of predicted 8am and average soil temperature, superseding the former 7-day Day Degree accumulation. Furthermore, guidance is offered on the predicted average soil temperature forecast potential on the establishment of normal and low-density seed types (field conditions, disease or soil insects etc, still need separate consideration).

The model behind the FastStart Field Forecast uses machine learning techniques that nightly reassess local observations and site-specific Bureau of Meteorology (BOM) 7-day forecasts, so each site can reevaluate and "self-learn" based on updated information, aiming to make planting decisions more informed, more relevant to location and simpler.

Through this new tool, growers can achieve more consistent germination and vigorous establishment of seedlings.



Expand the Industry

Support the ongoing viability and continuity of the Australian cotton industry by expanding the base area planted to cotton and ensure that CSD has the capacity to meet cotton planting seed requirements in a timely manner.

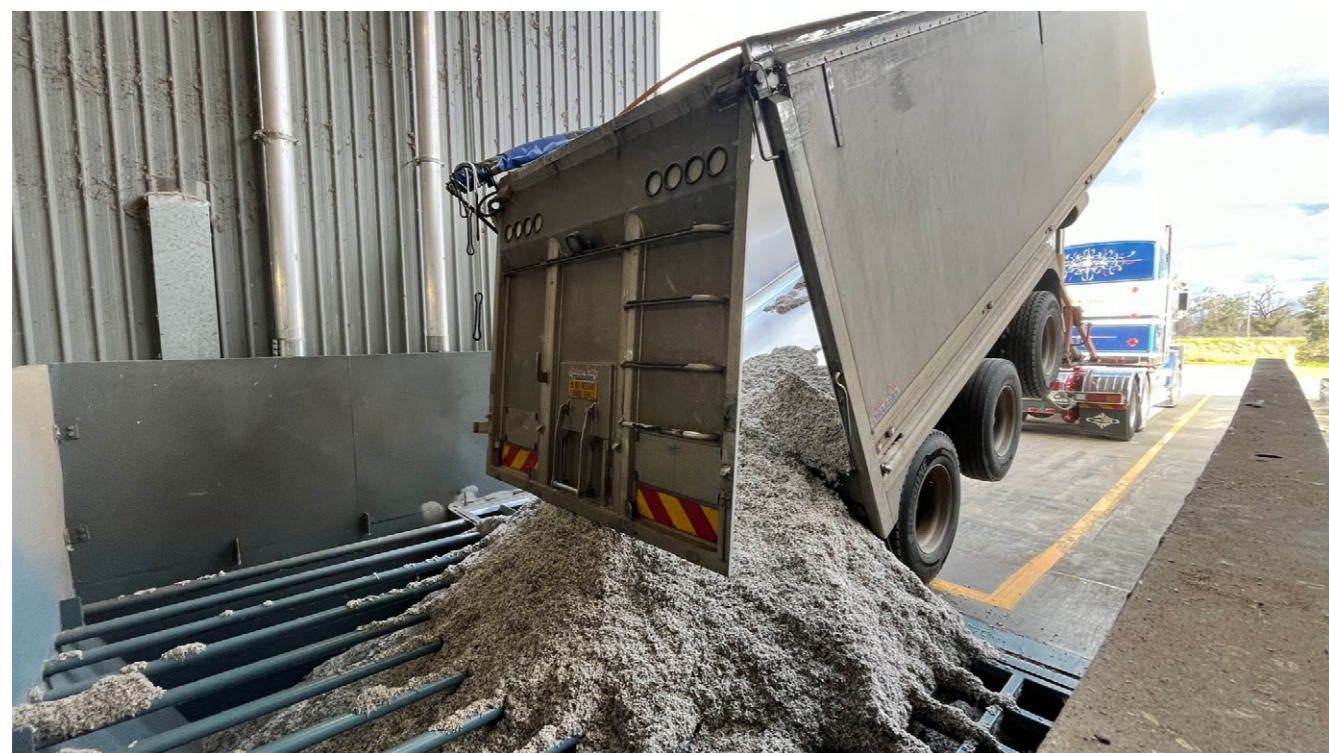
CSD Experts Across all Growing Areas

CSD has Extension and Development Agronomists based in all major cotton growing areas. Alex Roughley has joined us as the new Extension and Development (E&D) Agronomist for the Northern Territory and Western Australia regions – the fastest growing cotton region in Australia.

With extensive cotton experience in southern regions, Far North Queensland and Western Australia, Alex has developed a thorough understanding of the challenges unique to each area and is keenly aware of the opportunities for growth.

Understanding Grower Motivation to Support Expansion

CSD sought the advice of external marketing expert Peter Haydon, who talked with non-cotton growers, as well as lapsed and existing growers, on why or why not they choose to produce cotton. The insights gained will support our E&D team work across the grower spectrum to be better informed and tailor advice and information to these different cohorts.



Research in the North

CSD's focus on the north includes research through the Richard Williams Initiative investigating crop light dynamics in Northern Australia cotton production systems. Two weather stations operate remotely and collect data on light transmission in crops with various row configurations, plant spacing and varieties (normal vs. okra leaf) have been installed in the NT. The initiative involves five different entities across the NT.

Growers Given the Opportunity to "Try Before You Buy"

CSD incorporated a new element to demonstration sites this year. The Try Before You Buy fields were planted in partnership with co-operators to demonstrate how CSD's new varieties performed against other cotton varieties that were typically the go-to choice. The aim of the initiative was to increase the adoption of new technologies, enhancing the footprint of both new and existing cotton regions.

CASE STUDY



Unlocking the Ord Valley's Cotton Potential

The Ord River Irrigation Area has long promised big things for Australian cotton. Yet growth was long restrained by the haul to eastern gins, limited port access and the intense insect pressure that once demanded repeated pesticide applications. The arrival of Bollgard® 3 technology has sharply reduced those spray requirements, giving cotton a cleaner environmental footprint and a smoother agronomic fit for northern production systems.

Between 1 January and 26 March, the valley's growers planted 9,485 hectares of cotton, more than triple the previous record of roughly 3,000 hectares and the largest single-crop planting ever undertaken in the region. A drier-than-average wet season allowed most paddocks to be planted during January and early February in near-ideal conditions, although the lack of rain meant first irrigations were required much sooner than usual. The entire crop is irrigated, and uniform water management has helped preserve yield potential despite a late burst of monsoonal weather in March and April that caused some fruit shedding.

CSD's contribution was twofold. About 32% of the valley planted using CSD's latest varieties containing XtendFlex®, giving growers the weed-control flexibility and tolerance to environmental conditions of northern Australia. To support the expanded program, CSD invested in additional seed inventory for the region, ensuring every new hectare and any replanting requirements could be covered without delay. Secondly,

our extension team worked closely with several new cotton growers, ensuring agronomy recommendations and pest-management decisions were tailored to local conditions.

Critical supply-chain investments have reinforced that agronomic momentum in the area. The Kimberley Cotton Company's gin at Kununurra is on track to begin operations in August, synchronising perfectly with the predicted August–September harvest and eliminating the costly haul to eastern ginning organisations. At the same time, recent First Port-of-Entry status for Wyndham enables local containerisation and inspection, shortening the paddock-to-port pathway and accelerating grower payment cycles.

Together, modern genetics, targeted support and new processing capacity have transformed the Ord from a speculative outpost into a credible third pillar of Australia's cotton industry. Crop assessments have growers anticipating some promising yields and growers are already planning further expansion in FY26, clear evidence that a breeding program built for national diversity, coupled with whole-of-chain collaboration, can unlock regions once considered marginal.

Manage the Business Well

Attract, retain and invest in people who have the skills to operate, lead and direct CSD. Create and manage a commercially viable business which can efficiently and effectively supply the Australian cotton industry's planting seed requirements beyond 2020.

CSD will liaise, integrate and collaborate closely with key cotton industry organisations, government agencies and commercial entities. CSD will conduct business ethically, manage risks effectively and meet all its contractual obligations. It will support and reinvest in the cotton communities and cotton industry.

Work, Health and Safety

Over the past 12 months, there have been significant improvements to our work, health and safety (WHS) practices at CSD. This includes transitioning to a new safety management system designed to streamline reporting, enhancing risk visibility, facilitating WHS onboarding and improving compliance with regulatory requirements.

In addition to this system upgrade, comprehensive reviews and assessments of high-risk tasks have taken place across all operational areas, engaging with frontline teams to identify potential hazards, implement controls and ensure each task is thoroughly documented and assessed for safety risks. Role-specific training initiatives have been undertaken. Programs focused on increasing awareness, building safety competencies, and ensuring all team members understand their responsibilities in maintaining a safe work environment.

The 'Zero Compromise on Safety' initiative, which addresses physical and psychosocial safety in workplaces, was launched in November 2024. The program features behavioural safety measures to strengthen safety citizenship and promote a shared sense of responsibility.

The FY25 initiatives and collaborative efforts by the CSD team have delivered measurable results, most notably, a 47% reduction in reported safety incidents.

For the year CSD had a total recordable incident frequency rate of 12.6, and a lost time injury frequency rate of 4.2.

Our People

Over the past year, the People and Culture team has worked with employees through one-on-one interviews, surveys, and all-staff forums. This collaborative process led to the co-creation of CSD's shared values, which play a crucial role in shaping our culture and supporting the attraction and retention of high-quality team members. The values are:

- Integrity and trust
- Respect and inclusion
- Safety and health
- Innovation and excellence
- Leadership and collaboration.

Over a six-month period, 32 team members took part in the Performance HQ Leadership Program to enhance their skills. The program fostered strategic thinking, accountability and critical thinking, both within their teams and across the broader organisation.

CSD has successfully attracted new talent by offering greater workplace flexibility and ensuring new hires align with our culture and possess the necessary skills for their roles. Many employees have also engaged in vocational certificate courses, university studies, and other professional development programs to boost their effectiveness in current roles and prepare for future opportunities.

The year culminated with the successful 'Flourish 2025', the CSD Company Conference that reviewed the FY25 year and looked forward to FY26 and beyond.

Risk and Governance

To support continuous improvement and strengthen our governance framework, CSD has appointed BDO as its internal auditor. In collaboration with management, BDO has developed a structured internal audit program extending through to FY27. This program will provide independent assurance and insights across key areas of the business with planned audits. These audits are designed to identify opportunities for improvement, ensure compliance with relevant standards, and enhance operational effectiveness.

Strategic Plan

CSD continues to play a vital role as the sole supplier of cotton seed to the Australian industry driving reliability, quality, and innovation. Building on the achievements of the 2020-2025 Strategic Plan, including the launch of the Seed Quality Improvement Plan and extension of the Cotton Breeding Australia Joint Venture, CSD is finalising a new 2025-2030 Strategic Plan. The new CSD Strategic Plan is shaped by extensive stakeholder consultation and focuses on three strategic pillars: delivering exceptional customer experiences, creating future-focused solutions, and placing people at the centre. CSD has set some ambitious plan objectives which encompasses improving yields, fibre quality and disease management to ensure cotton remains the crop of choice for growers. CSD is also looking to support sustainable expansion to grow the industry to buffer against the cyclic production variability because of irrigation water availability in traditional areas. The plan aims to support industry growth beyond 850,000 hectares, enhance seed quality and disease resistance, and ensure long-term industry profitability and sustainability. The CSD 2025-2030 Strategic Plan will be released to CSD Members and the industry in FY26.



Emerging Leaders: CSD Agronomists Build International Insights

In July last year, CSD participated in the CSD / Cotton Incorporated Study Exchange, a reciprocal program designed to build stronger links between Australian and US cotton research and extension networks. This reciprocal initiative supports shared learnings around water and nitrogen use efficiency, while also encouraging alignment and collaboration on digital tools and technologies, including CottonTracka.

Two members of CSD's Extension and Development team joined the exchange: Larissa Holland, based in the Darling Downs, QLD and Emma Chorley, based in the Namoi Valley, NSW. Both were selected based on their demonstrated expertise, commitment to research-led extension and strong contributions to CSD's work with Australian cotton growers.

Larissa was identified as a recipient due to her demonstrated skills in data analysis and her leadership in interpreting results from the CSD Ambassador Network. Her focus on boll maturity and progression in XtendFlex® varieties has provided growers with clear insights into varietal development and crop management under diverse seasonal conditions.

Emma was selected for her work within the Richard Williams Initiative (RWI) Disease Project, where she has contributed to research on crop rotation strategies, varietal responses and disease testing. She also played a key role in maintaining variety trial work throughout the upper and lower Namoi Valley.

The exchange included visits to Cotton Incorporated's headquarters in North Carolina, attendance at the Cotton Breeders Meeting and tours of pathology and research facilities at North Carolina State University. The program also included visits to farms, growers and research organisations in Tennessee, Missouri and Arkansas, including Bayer and Elemental Enzymes, offering valuable exposure to global research and production systems.

Upon returning, Larissa and Emma shared their learnings with the broader CSD team. Their insights have strengthened internal capability and continue to inform extension programs across key cotton-growing regions.

Their involvement in the study exchange reflects the calibre of talent within CSD and underscores the importance of global collaboration in supporting innovation and sustainability in the cotton industry.



Corporate Operations

Directors Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Group') consisting of Cotton Seed Distributors Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2025.

Directors

The following persons were Directors of Cotton Seed Distributors Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

	Period as Director
Tony Quigley	20 June 2017 to present
Andrew Guthrie	3 May 2021 to present
Juanita Hamparsum	1 November 2012 to present
Nigel Corish	21 June 2016 to present
Cleave Rogan	19 June 2018 to present
Louise Hill	16 June 2021 to present
Sam Heagney	21 June 2022 to present
Andrew Parkes	18 June 2024 to present
John Stewart	18 June 2024 to present
Matthew Norrie	15 May 2012 to 18 June 2024
Doug Rathbone	1 May 2015 to 18 June 2024

Objectives

The short and long term objectives of the Consolidated Group are to be the premier producer of commercial cotton planting seed offering value and quality by producing leading germplasm incorporating desirable traits bred to satisfy the industry.

The strategy for achieving the above goals is to:

1. own, develop, test and license germplasm;
2. develop, license and commercialise traits - based on merit; and
3. being first to market to meet growers needs.

The Consolidated Group applies the world's best practice in all operational processes and made progress in its key objectives this year by:

1. continuing to improve the capacity and efficiency of its laboratory, production and early seed generation facilities;
2. strengthening the relationship with the Consolidated Group's germplasm and trait partners; and
3. improving the Consolidated Group's risk mitigation framework and corporate governance processes.

The Consolidated Group measures its performance by measuring whether the customer take-up of its products is at a level commensurate with the seasonal conditions and by the strength of its relationships with its germplasm and trait partners.

In recognising the need for the highest standards of corporate behaviour and accountability, the Consolidated Group has adopted ASX Corporate Governance Council Principles and Recommendations ('ASX Governance Standards') as its benchmark for group corporate governance practices. The Consolidated Group's website has a comparison of the Consolidated Group's corporate governance practices to the ASX Governance Standards with commentary on the level of compliance.

Information on Directors

Tony Quigley

Non-executive Director

Associate Diploma Farm Management (OAC), GAICD

Tony joined the CSD Board in 2017 in a non-executive capacity. Tony is a cotton, grain and livestock producer in the Macquarie Valley, NSW. Tony has over 4 decades of agricultural experience, including 40 years of cotton production, culminating in Quigley Farms being awarded the Bayer Australian Cotton Grower of the Year for 2021. He is past Chairman of Macquarie River Food and Fibre and is currently a Director of Trangie-Nevetire Co-operative Ltd Irrigation Scheme. Tony is Chair of the CSD Board, Chair of CSD Holdings Pty Ltd, Chair of Cotton Seed International Pty Ltd, Chair of the Cotton Breeding Australia Management and Commercial Committees and a member of the Bayer/CSD/CSIRO Joint Venture Committee.

Andrew Guthrie

Non-executive Director

B.AgSc (Honors), GAICD

Andrew joined the CSD Board in 2021 in a non-executive capacity. Andrew has extensive experience in agriculture through his 32 years with Syngenta. He has broad international experience as well as risk and governance expertise. Andrew is the Vice Chair of Cotton Seed Distributors, Director of CSD Holdings Pty Limited and Chair of the People and Culture Committee.

Juanita Hamparsum

Non-executive Director

B.Bus, FCA, FAICD, FPCT

Juanita joined the CSD Board in 2012 in a non-executive capacity. A cotton and grains producer on the Liverpool Plains, NSW and a Chartered Accountant. Juanita has over 25 years' experience in agriculture, accounting and finance. She has been involved in policy development and advocacy for water and natural resource management. Juanita is a Director of CSD Holdings Pty Ltd, Cotton Seed International Pty Ltd as well as a member of the Audit and Risk Committee. Juanita is a Director of MH Premium Farms, GreenCollar and End Food Waste Australia.

Nigel Corish

Non-executive Director

Assoc. Dip. B.App Science, GAICD

Nigel joined the CSD Board in 2016 in a non-executive capacity. A cotton and grains producer in the MacIntyre Valley, QLD. Nigel has over 20 years' farming experience and is a Director of New Leaf Ag Pty Limited, a family owned and operated mixed farming business in Condamine, Qld. Nigel is a member of the CSD People and Culture Committee and a member of the CBA Management and Commercial Committees. Nigel is a Director of Nuffield Australia, a Director of Grain Growers Limited and the Chair of Ability Agriculture.

Cleave Rogan

Non-executive Director

GAICD

Cleave joined the CSD Board in 2018 in a non-executive capacity. Cleave is a cotton and grains producer at St. George, QLD with over 39 years agriculture experience. He has extensive experience in Research, Development and Extension policy from his representation on the Cotton Research Development Corporation Board – and Cotton Innovation Network, Cotton Australia Board, Australian Cotton Conference Chair and the Australian Cotton Growers Research Association. Cleave is a Director of Cotton Seed International Pty Ltd.

Louise Hill

Non-executive Director

LLB (with Distinction), DGLP, MQLS, BBus (Accounting), CPA

Louise joined the CSD Board in 2021 in a non-executive capacity and is the Chair of the CSD Audit and Risk Committee. A cotton, grains and livestock producer at St George and Miriam Vale, QLD and as a Lawyer and CPA, Louise has extensive legal, financial and business experience. Louise is currently a Director of Mallawa Irrigation (November 2018).

Sam Heagney**Non-executive Director****GAICD**

Sam joined the CSD Board in 2022 in a non-executive capacity. Sam is a cotton, grains and cattle producer in the Gwydir and Border Rivers Valleys with over 20 years' experience in farming and grain marketing. Sam is a member of the CSD People and Culture Committee and is Member of the Gwydir Valley Irrigators Association and of the Mungindi Cotton Growers Association.

Andrew Parkes**Non-executive Director****B.App Science (Agriculture)**

Andrew joined the CSD Board in 2024 in a non-executive capacity. Andrew is the Managing Director of Customised Farm Management and has been involved in agriculture for over 25 years. His current role and business includes multiple geographies where both cotton, grains and permanent crop production exist. He was awarded the Australian National Committee for Irrigation and Drainage ('ANCID') National Irrigation Award in 2004 for his achievements in irrigation efficiencies and was also inducted into the Cotton Australia Hall of fame in 2014. He spent 10 years as the Chairman of the TIMS Committee and is also a past Director of Cotton Australia. Andrew is a member of the CSD Audit and Risk Committee.

John Stewart**Non-executive Director****B.Rur.Sci, GAICD,**

John is an agribusiness executive with 20 years seed company experience and 15 years direct involvement in production agriculture. His skills include strategic planning, research and development in the agricultural and biotechnology sectors, seed production and inventory management and an integral understanding of agricultural value chains. John has previously held a number of Board and governance positions in agricultural seed and technology businesses, including Managing Director DLF Seeds Australia, Chairman Annual Legume Breeding Australia Joint Venture between DLF Seeds and the University of Western Australia, a Board Member of Grasslands Innovation (NZ) and a Board Member of the Pasture Trials Network.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 March 2025, and the number of meetings attended by each Director were:

	Full Board		Audit & Risk Committee		People & Culture Committee	
	Attended	Held	Attended	Held	Attended	Held
Tony Quigley	7	7	-	-	-	-
Andrew Guthrie	7	7	-	-	4	4
Juanita Hamparsum	6	7	3	4	1	1
Nigel Corish	7	7	-	-	3	3
Cleave Rogan	7	7	-	1	-	-
Louise Hill	7	7	4	4	-	-
Sam Heagney	7	7	-	-	4	4
Andrew Parkes	6	6	3	3	-	-
John Stewart	6	6	-	-	-	-
Matthew Norrie	2	2	-	-	-	-
Doug Rathbone	2	2	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Contributions on winding up

The Consolidated Group is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$200 each towards any outstanding obligations of the company. At 31 March 2025 the collective liability was \$198,000 (31 March 2024: \$206,800).

Auditor's independence declaration

A copy of the auditor's independence declaration as required in accordance with Subdivision 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors



Tony Quigley

Director

27 May 2025

Goondiwindi

Auditor's Independence Declaration



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Auditor's Independence Declaration under Subdivision 60-40 of the Australian Charities and Not-For-Profits Commission Act 2012

In accordance with Subdivision 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of Cotton Seed Distributors Limited.

I declare that to the best of my knowledge and belief, during the year ended 31 March 2025 there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Sydney Audit Pty Ltd

Mark Boyle
Director

Dated at Sydney 27 May 2025

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March 2025

	Note	Consolidated Group	
		2025	2024
		\$	\$
Revenue			
Sale of goods	4	69,217,102	61,345,286
Cost of goods sold		(58,535,313)	(54,403,064)
Gross profit		10,681,789	6,942,222
Other revenue	5	29,815,491	29,134,557
Other income	6	2,506,976	2,641,556
Expenses			
Research and development		(11,915,428)	(9,320,041)
Market growth and extension		(4,456,041)	(2,975,245)
Administration		(11,340,624)	(11,261,270)
Operating surplus		15,292,163	15,161,779
Net finance income	8	9,152,663	7,281,875
Surplus before income tax expense		24,444,826	22,443,654
Income tax expense	9	-	-
Surplus after income tax expense for the year attributable to the Members of Cotton Seed Distributors Limited	23	24,444,826	22,443,654
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the Members of Cotton Seed Distributors Limited		24,444,826	22,443,654

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

Consolidated Statement of Financial Position

As at 31 March 2025

	Note	Consolidated Group	
		2025	2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	10	218,442,205	189,876,164
Trade and other receivables	11	65,103,856	62,478,594
Inventories	12	23,676,914	20,723,347
Biological	13	1,767,373	1,977,611
Held to maturity bonds	14	501,361	2,172,240
Prepayments	15	1,172,676	3,444,757
Total current assets		310,664,385	280,672,713
Non-current assets			
Other financial assets	16	-	93,517
Property, plant and equipment	17	108,690,052	112,248,482
Right-of-use assets	18	263,372	399,036
Intangibles	19	15,041,064	15,041,064
Held to maturity bonds	14	5,522,694	2,681,349
Total non-current assets		129,517,182	130,463,448
Total assets		440,181,567	411,136,161
Liabilities			
Current liabilities			
Trade and other payables	20	44,400,321	39,791,126
Lease liabilities	21	105,433	104,016
Employee benefits	22	656,235	622,404
Total current liabilities		45,161,989	40,517,546
Non-current liabilities			
Lease liabilities	21	17,713	123,152
Employee benefits	22	298,265	236,689
Total non-current liabilities		315,978	359,841
Total liabilities		45,477,967	40,877,387
Net assets		394,703,600	370,258,774
Equity			
Retained surpluses	23	394,703,600	370,258,774
Total equity		394,703,600	370,258,774

The above consolidated statement of financial position and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

Consolidated Group	Retained surpluses	Consolidated Group	Retained surpluses
Balance at 1 April 2023	347,815,120	Balance at 1 April 2024	370,258,774
Surplus after income tax expense for the year	22,443,654	Surplus after income tax expense for the year	24,444,826
Other comprehensive income for the year, net of tax	-	Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	22,443,654	Total comprehensive income for the year	24,444,826
Balance at 31 March 2024	370,258,774	Balance at 31 March 2025	394,703,600

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Note	Consolidated Group	
		2025	2024
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		107,691,950	104,645,539
Payments to suppliers and employees (inclusive of GST)		(81,186,155)	(87,796,785)
Interest received		7,340,590	6,092,164
Interest and other finance costs paid		(35,063)	(14,625)
Net cash from operating activities		33,811,322	22,926,293
Cash flows from investing activities			
Payments for property, plant and equipment	17	(5,796,204)	(8,310,179)
Proceeds from disposal of investments		321,075	-
Proceeds from disposal of property, plant and equipment		333,870	220,561
Net cash used in investing activities		(5,141,259)	(8,089,618)
Cash flows from financing activities			
Repayment of lease liabilities		(104,022)	(102,611)
Net cash used in financing activities		(104,022)	(102,611)
Net increase in cash and cash equivalents		28,566,041	14,734,064
Cash and cash equivalents at the beginning of the financial year		189,876,164	175,142,100
Cash and cash equivalents at the end of the financial year	10	218,442,205	189,876,164

The above consolidated statement of changes in equity and other comprehensive income should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

31 March 2025

Note 1. General Information

The financial statements cover Cotton Seed Distributors Limited as a Consolidated Group consisting of Cotton Seed Distributors Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to hereafter as the 'Consolidated Group'). The financial statements are presented in Australian dollars, which is Cotton Seed Distributors Limited's functional and presentation currency.

Cotton Seed Distributors Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

2952 Culgoora Road
Wee Waa NSW 2388

A description of the nature of the Consolidated Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 May 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material Accounting Policy Information

The accounting policies that are material to the Consolidated Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or Amended Accounting Standards and Interpretations Adopted

The Consolidated Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-forprofits *Commission Act 2012* and associated regulations, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for biological assets and buildings measured at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

These financial statements present the results of the Consolidated Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cotton Seed Distributors Limited ('Company' or 'parent entity') as at 31 March 2025 and the results of all subsidiaries for the year then ended. Cotton Seed Distributors Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Group'.

Subsidiaries are all those entities over which the Consolidated Group has control. The Consolidated Group controls an entity when the Consolidated Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences

recognised in equity. The Consolidated Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Cotton Seed Distributors Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The Consolidated Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Royalty revenue and seed access fees

Revenue from royalties and seed access fees is recognised when the entity is entitled to the receivable and the amount can be reasonably estimated. If a royalty and/or seed access fee cannot be reasonably estimated, it is recognised at time of receipt.

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

As the Company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

The Consolidated Group's income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Group has applied the simplified approach to measuring expected credit losses, which

uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Consolidated Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Consolidated Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime

expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Land, buildings, and plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	10 - 40 years
Plant and equipment	3 - 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

Water licence

This intangible asset represents a water license attached to the Consolidated Group's land. The asset is considered an indefinite life intangible because there is no foreseeable limit to the cash flows that can be generated. Water licence is not depreciated and is tested annually for impairment.

Biological assets

Biological assets are measured at their fair value less estimated point of sale costs.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Royalty revenue and seed access fees

The Consolidated Group is entitled to an End Point Royalty ('EPR'). The amount of the EPR is dependent on a number of significant assumptions and cannot be estimated reliably at year end. Revenue can only be recognised when the amount can be reliably estimated. The EPR in relation to FY24 seed sales is included in seed access fee revenue in the FY25 financial year. The EPR in relation to FY25 seed sales will be included in seed access fee revenue in the FY26 financial year (refer to note 26 Contingent assets).

Included in other debtors is an estimate for royalties and seed access fees receivable. The estimate is a function of total cotton hectares planted, product mixes and predicted plough out rates (refer to note 11 Trade and other receivables).

Biological assets

Cotton lint and seed are measured at their fair value less estimated point of sale costs. The fair value is based on the market price of the estimated recoverable harvested crop, net of harvesting costs. The fair value includes management's estimate of the current stage of development and growth (refer to note 13 Biological).

The fair value measurement of the biological assets is a level 3 measurement, as defined by AASB 13 'Fair Value Measurement' hierarchy, as one or more of the significant inputs is not based on observable market data.

Note 4. Sale of Goods

	Consolidated Group	
	2025	2024
	\$	\$
Seed sales	65,811,699	56,229,754
Farming sales	3,405,403	5,115,532
Total sale of goods	69,217,102	61,345,286

Disaggregation of revenue

All revenue is derived in Australia and recognised at point in time.

Note 5. Other Revenue

	Consolidated Group	
	2025	2024
	\$	\$
Royalty revenue and seed access fees	64,430,071	62,450,498
Less: Seed access fees	(34,614,580)	(33,315,941)
Net seed access fees and royalty revenue	29,815,491	29,134,557

Note 6. Other Income

	Consolidated Group	
	2025	2024
	\$	\$
Net foreign exchange gain/(loss)	51,749	(14,822)
Net gain on disposal of financial assets	227,558	-
Net gain on disposal of property, plant and equipment	192,280	220,561
Gain on cotton crop (note 13)	1,767,373	1,977,611
Other	268,016	458,206
Total other income	2,506,976	2,641,556

Note 7. Expenses

Surplus before income tax includes the following specific expenses:

	Consolidated Group	
	2025	2024
	\$	\$
Leases		
Short-term and low-value assets lease payments	44,874	42,516
Superannuation expense		
Defined contribution superannuation expense	1,194,597	1,083,849
Write off of assets		
Inventories	5,516,784	5,689,708

Note 8. Net Finance Income

	Consolidated Group	
	2025	2024
	\$	\$
Interest income - other parties	9,187,726	7,296,500
Interest expense - other parties	(35,063)	(14,625)
Net finance income	9,152,663	7,281,875

Note 9. Income Tax**Numerical reconciliation of income tax expense and tax at the statutory rate**

	Consolidated Group	
	2025	2024
	\$	\$
Surplus before income tax expense	24,444,826	22,443,654
Tax at the statutory tax rate of 30%	7,333,448	6,733,096
Profit attributable to the Company not subject to tax	(7,333,448)	(6,733,096)
Income tax expense	-	-

Deferred tax assets not recognised

Deferred tax assets not recognised comprises temporary differences attributable to:

	Consolidated Group	
	2025	2024
	\$	\$
Tax losses	41,321	41,321
Total deferred tax assets not recognised	41,321	41,321

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 10. Cash and Cash Equivalents

	Consolidated Group	
	2025	2024
	\$	\$
Current assets		
Cash on hand	1,662	2,171
Cash at bank	8,285,985	40,342,754
Short-term deposits	210,154,558	149,531,239
Total cash and cash equivalents	218,442,205	189,876,164

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated Group	
	2025	2024
	\$	\$
Balances as above	218,442,205	189,876,164
Balance as per statement of cash flows	218,442,205	189,876,164

The Consolidated Group has an Investment Standard to manage its credit risk. The Consolidated Group also has a Reserves Standard which is reviewed annually and available on the CSD website.

Note 11. Trade and Other Receivables

	Consolidated Group	
	2025	2024
	\$	\$
Current assets		
Trade receivables	-	(374,786)
Less: Allowance for expected credit losses	12,302,256	1,382,262
Other receivables		
Net goods and services tax receivable	-	181,916
Interest receivable	4,033,269	2,186,133
Total trade and other receivables	65,103,856	62,478,594

Note 12. Inventories

	Consolidated Group	
	2025	2024
	\$	\$
Current assets		
Seed inventory (fuzzy, black, finished) - at cost	19,006,284	17,596,483
Stores and other costs - at cost	4,670,630	3,126,864
Total inventories	23,676,914	20,723,347

Note 13. Biological

	Consolidated Group	
	2025	2024
	\$	\$
Current assets		
Cotton crop	1,767,373	1,977,611

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Cotton crop	
	2025	2024
	\$	\$
Consolidated Group		
Balance at 1 April 2024		1,977,611
Decrease due to harvesting/picking		(1,977,611)
Gain arising from changes in fair value less estimated point of sale costs		1,767,373
Balance at 31 March 2025		1,767,373

Note 14. Held to Maturity Bonds

	Consolidated Group	
	2025	2024
	\$	\$
Current assets		
Held to maturity bonds	501,361	2,172,240
Non-current assets		
Held to maturity bonds	5,522,694	2,681,349
Total held to maturity bonds	6,024,055	4,853,589

Note 15. Prepayments

	Consolidated Group	
	2025	2024
	\$	\$
Current assets		
Prepayments	1,172,676	3,444,757

Note 16. Other Financial Assets

	Consolidated Group	
	2025	2024
	\$	\$
Non-current assets		
Shares in listed entity - at fair value	-	93,517
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
	\$	\$
Opening carrying amount	93,517	76,082
Additions	-	54,439
Disposals	(93,517)	-
Revaluation decrements	-	(37,004)
Closing carrying amount	-	93,517

Note 17. Property, Plant and Equipment

	Consolidated Group	
	2025	2024
	\$	\$
Non-current assets		
Land - at cost	5,112,751	5,112,751
Buildings - at cost	67,229,106	66,719,299
Less: Accumulated depreciation	(16,042,581)	(14,008,020)
	51,186,525	52,711,279
Plant and equipment - at cost	93,399,169	88,815,936
Less: Accumulated depreciation	(44,012,196)	(38,144,607)
	49,386,973	50,671,329
Work in progress - at cost	3,003,803	3,753,123
Total property, plant and equipment	108,690,052	112,248,482

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated Group	Land	Buildings	Plant and equipment	Work in progress	Total
	\$	\$	\$	\$	\$
Balance at 1 April 2024	5,112,751	52,711,279	50,671,329	3,753,123	112,248,482
Additions	-	-	1,683,557	4,112,647	5,796,204
Disposals	-	-	(81,463)	(60,127)	(141,590)
Reallocation to inventory	-	-	-	(955,161)	(955,161)
Transfers in/(out)	-	509,807	3,336,872	(3,846,679)	-
Depreciation expense	-	(2,034,561)	(6,223,322)	-	(8,257,883)
Balance at 31 March 2025	5,112,751	51,186,525	49,386,973	3,003,803	108,690,052

Note 18. Right-of-Use Assets

	Consolidated Group	
	2025	2024
	\$	\$
Non-current assets		
Equipment - right-of-use	802,691	802,691
Less: Accumulated depreciation	(539,319)	(403,655)
Total right-of-use assets	263,372	399,036

The Consolidated Group leases equipment under agreements of between two to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated Group	Equipment -right-of-use
	\$
Balance at 1 April 2024	399,036
Depreciation expense	(135,664)
Balance at 31 March 2025	263,372

Note 19. Intangibles

	Consolidated Group	
	2025	2024
	\$	\$
Non-current assets		
Water licences - at cost	15,041,064	15,041,064

The Consolidated Group periodically undertakes independent valuation of water assets to ensure no impairment.

Note 20. Trade and Other Payables

	Consolidated Group	
	2025	2024
	\$	\$
Current liabilities		
Trade payables	472,527	3,703,055
Net goods and services tax payable	643,481	-
Other payables and accruals	43,284,313	36,088,071
Total trade and other payables	44,400,321	39,791,126

Note 21. Lease Liabilities

	Consolidated Group	
	2025	2024
	\$	\$
Current liabilities		
Lease liability	105,433	104,016
Non-current liabilities		
Lease liability	17,713	123,152
Total lease liabilities	123,146	227,168
Future lease payments		
Future lease payments are due as follows:		
Within one year	106,458	106,458
One to five years	17,743	124,201
Total future lease payments	124,201	230,659

Note 22. Employee Benefits

	Consolidated Group	
	2025	2024
	\$	\$
Current liabilities		
Employee benefits	656,235	622,404
Non-current liabilities		
Employee benefits	298,265	236,689
Total employee benefits	954,500	859,093

Note 23. Retained Surpluses

	Consolidated Group	
	2025	2024
	\$	\$
Retained surpluses at the beginning of the financial year	370,258,774	347,815,120
Surplus after income tax expense for the year	24,444,826	22,443,654
Retained surpluses at the end of the financial year	394,703,600	370,258,774

Note 24. Key Management Personnel Disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Group is set out below:

	Consolidated Group	
	2025	2024
	\$	\$
Senior executives	2,936,829	2,451,171
Non-executive Directors	675,098	645,044
Aggregate compensation	3,611,927	3,096,215

The key management personnel remuneration includes the Board of Directors and senior executives. Senior executive remuneration is determined after reference to independent advice and benchmarking.

	Number of senior executives	
	2025	2024
Total remuneration (excluding bonuses)		
\$100,000 to \$250,000	8	2
\$250,001 to \$600,000	4	5

Non-executive Director	Period	CSD Director fees	Subsidiary and committee fees	Superannuation	Total
		\$	\$	\$	\$
Tony Quigley	2025	107,677	8,635	28,571	144,883
	2024	93,588	8,636	30,519	132,743
Nigel Corish	2025	57,018	-	6,485	63,503
	2024	55,794	-	5,858	61,652
Andrew Guthrie	2025	57,018	8,827	7,488	73,333
	2024	55,794	8,636	6,765	71,195
Juanita Hamparsum**	2025	57,018	1,954	8,042	67,014
	2024	51,429	8,636	11,129	71,194
Louise Hill**	2025	57,018	6,951	7,284	71,253
	2024	55,794	-	5,858	61,652
Matthew Norrie*	2025	12,596	-	1,386	13,982
	2024	55,794	-	5,858	61,652
Sam Heagney	2025	57,018	-	6,485	63,503
	2024	55,794	-	5,858	61,652
Doug Rathbone*	2025	12,596	-	1,386	13,982
	2024	55,794	-	5,858	61,652
Cleave Rogan	2025	57,018	-	6,485	63,503
	2024	55,794	-	5,858	61,652
Andrew Parkes***	2025	44,907	-	5,164	50,071
	2024	-	-	-	-
John Stewart***	2025	44,907	-	5,164	50,071
	2024	-	-	-	-
Total	2025	564,791	26,367	83,940	675,098
Total	2024	535,575	25,908	83,561	645,044

* Resigned 18 June 2024

** Committee chair change 18 June 2024

*** Commenced 18 June 2024

Note 25. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the Company:

	Consolidated Group	
	2025	2024
	\$	\$
Audit services - Nexia Sydney Audit Pty Ltd		
Audit of the financial statements	80,300	89,004
Other services - Nexia Sydney Audit Pty Ltd		
Tax compliance services	7,706	5,078
Total remuneration of auditors	88,006	94,082

Note 26. Contingent Assets

The Consolidated Group is entitled to a contingent asset in the form of an end point royalty which will be payable in financial year 2026 of approximately \$9 million (31 March 2024: financial year 2025 of approximately \$8.7 million)

Note 27. Commitments

	Consolidated Group	
	2025	2024
	\$	\$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	1,991,805	846,477
Research (excluding Cotton Breeding Australia)	642,400	1,742,400
Seed increase contract commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,618,000	1,695,000
Cotton Breeding Australia capital expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,616,664	2,571,187
One to five years	3,249,000	3,131,000
More than five years	2,815,125	3,588,250
	8,680,789	9,290,437
Cotton Breeding Australia research expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	4,116,851	3,957,775
One to five years	17,345,187	16,702,797
More than five years	15,233,323	19,394,439
	36,695,361	40,055,011

The Consolidated Group has established a long term agreement with CSIRO to provide long term funding for the breeding of new and improved cotton varieties for Australia. The partnership also develops technologies for the benefit of the Australian cotton industry ensuring a long term pipeline of quality varieties for exploitation by CSD. As a result of this expenditure, the Consolidated Group has a 50% ownership in current and future elite lines and varieties.

In addition to the above, the Consolidated Group has an agreement with the Cotton Research and Development Corporation and Cotton Australia Pty Limited to co-deliver research and development extension. Commencing 1 March 2025, the Consolidated Group is funding a team of Regional Extension Officers which is expected to cost approximately \$7.5 million over the 5-year rolling term.

Note 28. Related Party Transactions

Parent entity

Cotton Seed Distributors Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Group	
	2025	2024
	\$	\$
Payment for goods and services: Raw cotton lint purchased from Director, Matthew Norrie*	-	6,798
Payment for other expenses: Site re-development consultancy fees paid to Director, Doug Rathbone*	15,400	92,400
Other transactions: Travel costs paid to Director, Doug Rathbone*	615	15,278

* Expenses reported for 2025 include only costs paid up until resignation of Doug Rathbone and Matthew Norrie as Directors on 18 June 2024.

Grower Directors (Sam Heagney, Cleave Rogan, Tony Quigley, Matthew Norrie, Juanita Hamparsum, Louise Hill, Nigel Corish and Andrew Parkes) purchased cotton seed from the Consolidated Group during the year through Agents. The terms and conditions of these transactions were the same as all other grower customers of the Consolidated Group.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent Entity Information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	\$	\$
Surplus after income tax	24,855,111	22,966,054
Total comprehensive income	24,855,111	22,966,054

Statement of financial position

	Parent	
	2025	2024
	\$	\$
Total current assets	304,440,153	280,082,912
Total assets	435,194,738	411,783,763
Total current liabilities	41,862,659	43,262,932
Total liabilities	42,178,637	43,622,773
Equity		
Retained surpluses	393,016,101	368,160,990
Total equity	393,016,101	368,160,990

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 March 2025 and 31 March 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 March 2025 and 31 March 2024.

Capital commitments - Property, plant and equipment

All commitments disclosed in note 27 relate to the parent entity.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Consolidated Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025	2024
Cotton Seed International Pty Limited	Australia	100%	100%
CSD Holdings Pty Limited	Australia	100%	100%
CSD Property Trust Australia	100%	100%	

Note 31. Events After the Reporting Period

On 2 May 2025, the Company agreed to vary the terms of the Collaborative Research and Licence Agreement between CSIRO and CSD. The variation effected the extension of the project from 31 October 2025 until 31 October 2027. CSD is committing an additional \$2.4 million to fund the extension to the agreement.

In collaboration with our Cotton Breeding Australia joint venture partner CSIRO, CSD has committed to funding one half of the cost of a new climate-controlled greenhouse planned to be built at the Australian Cotton Research Institute in the Namoi Valley at an estimated cost of \$7 million. The project is currently with the CSIRO Strategic Procurement Group who expect to issue tenders for a Design and Construct contract in May 2025.

No other matter or circumstance has arisen since 31 March 2025 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Group's financial position as at 31 March 2025 and of its performance for the financial year ended on that date; and
- 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 Directors.

On behalf of the Directors



Tony Quigley | Director

27 May 2025 | Goondiwindi

Independent Auditor's Report to the Members of Cotton Seed Distributors Limited



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Independent Auditor's Report to the Members of Cotton Seed Distributors Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cotton Seed Distributors Limited (the Company and its subsidiaries (the Company)), which comprises the consolidated statement of financial position as at 31 March 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- i) giving a true and fair view of the Company's financial position as at 31 March 2025 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2022.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The directors are responsible for the other information. The other information comprises the information in Cotton Seed Distributors Limited's annual report for the year ended 31 March 2025, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Nexia Sydney Audit Pty Ltd (ABN 77 606 785 399) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.



Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Nexia Sydney Audit Pty Ltd

Mark Boyle
Director

Dated: 27 May 2025

Sydney



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