

Australian Wool Innovation Limited

ABN 12 095 165 558

Notice of Annual General Meeting

Program Outline

AWI Forum and Annual General Meeting 2005

Wednesday 9 November 2005

**The Adelaide Shores Function Complex, Cnr Hamra and Military Road,
West Beach, Adelaide, South Australia**

8.30am

Registration

9.00am

Forum commences – ‘Making Innovation Work’

Improving Australian woolgrower productivity and profitability

- Blowfly control and mulesing R&D update
- Upright posture shearing platform demonstrations
- On-farm R&D results and priorities

Increasing demand for Australian Merino wool

- Fashion and retail showcase
- Building global business alliances
- International focus: China, Europe and North America

12.45pm

Lunch

2.00pm

AGM commences

Following the AGM, all attendees are invited to join the Board and AWI staff for drinks and refreshments.

Letter from the Chairman

Dear Shareholder

In the past year Australian Wool Innovation Limited (AWI) has worked hard to deliver products through research and innovation that will help improve the businesses of Australian woolgrowers.

AWI is placing an increased focus on the commercialisation and marketing of Australian Merino wool products – the aim of which is primarily to get wool products into the northern hemisphere consumer markets and build the global demand for Australian Merino wool.

We are concentrating on building alliances with the designers, retailers, manufacturers and garment makers around the globe who make the decisions about the fibre used in apparel. We have developed successful alliances in China, the US and our next step is into Europe.

While the most significant changes in the company's direction are in the areas of textiles and trade, there continues to be a strong commitment to on-farm R&D, which is aimed at increasing woolgrowers' productivity and reducing their business costs.

Significant advances are being made in on-farm innovations including new shearing technology, mulesing alternatives and genetics. We continue to partner commercial companies and research organisations to create new on-farm solutions that can be adopted by woolgrowers.

As a shareholder, you can again have your say about the performance and direction of your company at the AWI Annual General Meeting (AGM) starting at 2pm on Wednesday 9 November 2005 in Adelaide, South Australia.

As outlined in this Notice of Meeting, shareholders will be asked to:

- consider the financial report of the company, the Directors report and the auditor's report, for the financial year ended 30 June 2005; and
- vote on the election of Directors, as outlined in this Notice of Meeting and Explanatory Notes.

I strongly encourage you to attend the meeting. If you are unable to attend the meeting, I encourage you to vote by proxy, either via post, fax or online on the Internet.

In addition to the formal AGM proceedings, an AWI forum and innovation showcase for woolgrowers will be held in the morning. Presentations will include speakers from AWI and our partners – designers, manufacturers and retailers.

The forum and showcase will give you an insight into how your wool levy is being invested to build the demand for Australian Merino wool and provide you with opportunities to increase on-farm profitability and productivity.

I look forward to your participation.

Yours sincerely



Ian McLachlan AO

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Company is to be held at The Adelaide Shores Function Complex, Cnr Hamra and Military Road, West Beach, Adelaide, South Australia on Wednesday 9 November 2005, commencing at 2.00pm Australian Central Standard Time.

Annual General Meeting Agenda

Ordinary business to be transacted

1. Consideration of Reports

To receive and discuss the Financial Report of the Company, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2005.

2. Election and re-election of Directors

To consider and if thought fit to pass the following as separate ordinary resolutions:

- (a) To elect as a Director Ms Kathy Walker-Shaw, who has been nominated in accordance with Rule 13.3(d) of the Company's Constitution and, having consented, offers herself for election.
- (b) To re-elect as a Director Dr Kevin J Bell, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- (c) To re-elect as a Director Mr Ian M McLachlan, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- (d) To re-elect as a Director Mr Peter S Sykes, who retires as a Director in accordance with Rule 13.3(a) of the Company's Constitution and, being eligible, offers himself for re-election.
- (e) To elect as a Director Mr Shane J Edwards, who has been nominated in accordance with Rule 13.3(d) of the Company's Constitution and, having consented, offers himself for election.
- (f) To elect as a Director Mr William D Crozier, who has been nominated in accordance with Rule 13.3(d) of the Company's Constitution and, having consented, offers himself for election.

Note – Item 2

The order in which the candidates appear in this notice of meeting has been independently determined by ASX Perpetual Registrars Limited by means of a random ballot.

Although six candidates are standing for election to the office of director, a maximum of three candidates may be elected in accordance with the Company's constitution.

As the number of candidates exceeds the number of positions available this item cannot be decided on a show of hands. Accordingly, pursuant to AWI's Rules, the Chairman will call a poll in relation to this item at the meeting.

Each shareholder may vote in favour of the appointment of as many candidates as they approve of up to and including the number of vacancies. You may only vote for a maximum of three candidates. Voting for more than three candidates will render your vote invalid.

Proxies

Please note that:

- (a) a shareholder of the Company entitled to attend and vote at the Annual General Meeting has the right to appoint a proxy;
- (b) a proxy need not be a shareholder of the Company; and
- (c) a shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is to exercise.

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

A Form of Proxy accompanies this Notice of Annual General Meeting. For the appointment of a proxy to be effective for a meeting, the following documents must be received by ASX Perpetual Registrar, by post (using the reply-paid envelope enclosed) or fax to (03) 8614 2909 or by delivery to its offices at Level 4, 333 Collins Street, Melbourne, Victoria 3000, by 2.30pm Australian Eastern Standard Time on 7 November 2005:

- (i) the Form of Proxy properly completed and signed; and
- (ii) if the Form of Proxy is signed by the appointor's attorney, the authority under which the Proxy was signed or a certified copy of the authority.

Shareholders may alternatively submit their proxy instructions electronically via the Share Registry Service at www.asxperpetual.com.au. Once on the website, shareholders should click on 'Proxy Voting' from the left hand menu bar and then choose 'Australian Wool Innovation' from the 'Company Name' drop down list.

Chris Chapman

Company Secretary

Dated 4 October 2005

As authorised by the Board of Directors

Explanatory Notes

Item 1 – Consideration of Reports

To receive and discuss the Financial Report of the Company, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2005.

Item 2 – Election and re-election of Directors

In accordance with the Constitution (Rule 13.3(a)) three Directors, **Dr Kevin J Bell**, **Mr Ian M McLachlan** and **Mr Peter S Sykes** will retire. Each of the directors has satisfied the requirements to be eligible for, and is seeking re-election.

Nominations to the office of Director have been received from **Ms Kathy Walker-Shaw**, **Mr Shane J Edwards** and **Mr William D Crozier**. These nominations have been certified by the Company Secretaries as satisfying the AWI Constitution and "Rules and Procedures governing the election of Directors" ("the Rules"). The Board has resolved that these nominations and their consents have been made in compliance with the AWI Constitution and the Rules.

Short biographical details for each of candidates follows. The respective biographies and notes were provided by the candidates; Australian Wool Innovation Limited has not sought to verify the accuracy of these statements.

Candidates' biographies and notes

Ms Kathy Walker-Shaw

"Never has the future of so many depended upon the actions of so few." For the Australian Wool Industry never has a truer sentiment been expressed. With continuing price falls for wool, this once proud and profitable industry has been identified by many as vanishing into insignificance.

We all know how wonderful wool is, many consumers also understand the benefits of a clean and green, durable and importantly naturally renewable fibre, yet wool is becoming an unwanted commodity.

The wool industry desperately needs a cultural change in attitude and in leadership to bring about that much needed return to prominence.

For this reason, with the support of many committed woolgrowers, I will be seeking election to the board of Australian Wool Innovation.

As a manufacturer and retailer of wonderful Australian wool garments, I share the anguish of woolgrowers. My business depends upon the sustainability of wool as a desired fibre of choice.

As a candidate, I offer a fresh approach, independent of any agri-political alliances or allegiances, ready to work for the benefit of all to ensure wool is seen in a positive light.

I encourage all woolgrowers to dispel the Churchill "prophecy" and ensure that the future of this large and important industry is determined by as many as possible.

More information can be found at my special election website www.kws4awi.com

Dr Kevin J Bell B.V.Sc. (Hons), Ph.D.

Sheep Management and Production Consultants, Kojonup, Western Australia.

Professor of Animal Production Systems, Murdoch University.

My desire and enthusiasm to represent growers on the board of Australian Wool Innovation remains firm after the last 3 years. During this time, with what I consider to have been an admirable team, I feel it to have been an honour and privilege to have played a part in revitalising industry research, development and the marketability of Australian Merino wool.

I have been taught and challenged much by the many innovative farmers with whom I work. I am well aware of the major issues facing all of us in the sheep industry, and see first hand the very real profits delivered by intelligent uptake of good research. This remains a key role of all our levy-funded endeavours.

Stability, unified focus and wise decision-making are incredibly important attributes for our board right now. We must deal with serious disruption and interference from misguided and ill-informed groups, without losing sight of our prime reason for existence – to enhance on-going profitability and productivity of wool production for shareholders in Australia.

Negativity has no place in my life, nor should it exist in the sheep industry. Managing sheep for wool production should be a profitable, enjoyable and sustainable occupation. It is my aim to continue to contribute to this in whatever way possible.

Mr Ian M McLachlan AO

Three years ago the wool industry asked me to lead a team, including Kevin Bell, also standing for election, to replace the then AWI Board to solve serious governance issues.

That was achieved in 12 months, and AWI has moved forward at a fast pace.

We have introduced research into new systems for wool harvesting, a painfree mulesing system, inexpensive solutions for internal and external parasites, and a massive new genetics programme that I believe will revolutionise the sheep industry.

Importantly, we have developed alliances in China, the US and Europe, and are building alliances with designers, retailers, manufacturers and garment-makers involved in decision-making on fibres used in apparel.

Serious issues remain.

1. Animal rights groups cannot destroy our industry. I supported legal action against them, and reassured retailers that Australian wool-growers are ethical.
2. I helped formulate the Chairs Group comprising all agricultural industries. Only through unity can animal-rightists be defeated, and I condemn any action that undermines or ignores this new farming unity.

I am seeking another two-year term to:

1. Complete the removal of the threat of animal liberationists;
2. Further extend AWI's innovation to the international retail industry;
3. Resolve the integration of the two Australian wool-industry bodies, The Woolmark Company and AWI, so that confusion disappears, and efficiency prevails.

I believe I can deliver these programmes.

Mr Peter S Sykes

Peter Sykes is the founder and Managing Director of Woolaby Australia Investments Pty Ltd, a brand developed to deliver new Merino products into traditional non wool markets.

Its products focus on meeting key consumer preferences for clothing that is lightweight, easy care, soft and comfortable against the skin, while still value for money.

The Woolably range is available throughout Australia and developing export markets.

He is also a director of Sykes Holdings Pty Ltd producing fine wool and beef cattle in southern NSW. Mr Sykes has nine years' experience in financial markets with Westpac Banking Corporation in money market trading, risk management, marketing and distribution.

Mr Sykes's experiences with Woolaby Australia has him well placed to continue to provide strategic input for developing measurable and cost effective textile marketing and demand creation for AWI.

Mr Shane J Edwards

Shane is 44 years of age has broad experience in the rural sector beginning his working career at the age of 15 in a family owned butchering business has been instrumental

in the development of a broadacre sheep and wheat property annually shearing 8,000 merino sheep which sells surplus animals to the meat trade, a merino ram breeding and selling enterprise has also been at the forefront of the business.

A joint partner of W.E. EDWARDS & Co managing the sheep flock on the family owned property "ROCKRIDGE" in Western Australia's central agricultural region.

Shane has served as an industry advisor at the Co-operative Research Centre for Sheep and a member of Meat & Livestock Australia's Mutton Taskforce.

He believes with the current low price of raw wool at the farm gate there is a need for future development of the product in the market place that will require some level of on-going research to identify market opportunities.

Shane will work to balance expenditure towards key areas that return shareholders long term viability for their wool levy investment in AWIL.

Mr William D Crozier

Will grew up on the family farm property Kalabity in far western Victoria. He currently manages 2200 hectares with his father Digby, and one full-time employee. The operation produces on an annual basis 100,000 kilos of wool, turns off 3,000 wethers for the live sheep trade, has 150 hectares under cropping and includes a background cattle operation.

Prior to graduating from Marcus Oldham in 1984, Will spent three years with the Stanbroke Pastoral Company, North Queensland.

Subsequently he has been an active participant in the wool industry as an advocate of grass-roots commercial growers, and has been involved in both State and National industry bodies.

He believes that there are real opportunities for commercial woolgrowing in spite of the present state of the market, provided the industry embraces culture change, tight fiscal management and the visionary leadership to realize the massive potential of modern consumer trends.

Will has been encouraged to nominate at the forthcoming AGM by concerned levy-payers in five States, who have become increasingly disenchanted with the management and direction of the present Board.

Company Secretary

Dated 4 October 2005

Australian Wool Innovation Limited

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• **australian wool**
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• limited