

QC buys Twynam gins, drops Namoi bid

In late January, Queensland Cotton agreed to pay \$25 million for Twynam's Collymongle, Warren and Mungindi gins. At the same time, the company also dropped its long running merger proposal with Namoi Cotton.

The Twynam deal will give Queensland Cotton exclusive rights to gin Twynam's upland cotton crop grown in the ginning zones for the next five to six years and rights to market Twynam's cotton over the same period. Twynam will be Queensland Cotton's key supplier of cotton in each region.

Twynam's Colly Cotton marketing business will be wound down as part of the deal.

Incentive payments of up to a maximum of \$10 million will be payable if Twynam delivers certain minimum volumes of cotton to Queensland Cotton over the next five to six year period.

Queensland Cotton's Chief Executive Officer, Richard Haire, said the acquisition was in line with the compa-



Richard Haire.

ny's strategic objective of becoming the preferred supplier of premium cotton to world textile markets.

"The acquisition will provide the company with the

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Cotton Merchants

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Australia Pty. Ltd.
Level 15, 10 Market Street
BRISBANE QLD 4000
Ph: 07 3221 3700 — Fax: 07 3221 3770
Email: australia@goenka.com.au



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opportunity to access around 50 percent of the New South Wales cotton crop, with the three gins capable of processing more than 260,000 bales per season," he said.

"It will give us the capability to build market share in cotton growing regions where previously we had no ginning presence.

"Queensland Cotton will have the broadest geographic footprint of any Australian cotton company and we are the only Australian company continuing to invest in the local cotton industry.

"It is a further step towards achieving the scale which will be required for the future of the cotton industry and which the farming sector has already embraced.

"Building domestic market share will allow us to better satisfy the requirements of international milling customers and enhance their confidence in Queensland Cotton. This will help to sustain the premium that Australian growers currently receive for their cotton, which is vital for the future of our cotton industry," Richard said.

Queensland Cotton already has commenced an improvement programme for the Mungindi, Collymungle and Warren gins to ensure they will be ready for a good start to the 2006 ginning season.

"We have brought in a Lummus equipment expert from the US to oversee the improvement program for the three gins. In addition, we will be complementing the existing staff levels by using a number of our experienced staff at the gins.

"Further to this we will be drawing on the strong experience base of our US ginning operations which have now completed their northern hemisphere season," he said.

"We believe further rationalisation of the Australian cotton industry is inevitable given the competitive and fast changing nature of the global cotton market and Queensland Cotton intends to be the leader in this area," he said.

Shortly after the Twynam deal was announced, Queensland cotton officially withdrew its merger proposal for Namoi Cotton.



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**Queensland Cotton has the longest supply chain
in the Australian cotton industry.**

From crop inputs to ginning and marketing, we provide our growers with the most comprehensive grower services system available. As Australia's largest cotton company, Queensland Cotton's success is attributed to quality products, services and valued relationships with suppliers, growers and spinners.



55 Wyandra Street, Newstead Queensland Australia 4006, Tel: 61 7 3250 3300 Fax: 61 7 3852 1600