

From the Chairman

Chinese Market

Last week the Wools of New Zealand Board and senior Management conducted a strategic planning session in Beijing, China, providing an opportunity to connect with and understand this important market. China accounts for more than 50% of all New Zealand strong wool exports and demand is growing.

The objectives of the visit to China were to:

- understand and evaluate sales and marketing opportunities for Wools of New Zealand
- provide the opportunity for Directors and Management to meet and understand each other's respective responsibilities and views
- develop our strategic direction based on the Prospectus and capitalisation of Wools of New Zealand focused on market opportunities, building shareholder value and presenting commercial options to our growers and their wool production.

Chief Executive designate Ross Townshend joined the team and facilitated the strategy sessions. For Ross, it was an opportunity to meet all Directors and Management, develop our commercial strategy, as well as visit local spinners, scourers, manufacturers and carpet showrooms to experience the Chinese carpet market first hand.

Some key observations:

- The Chinese market holds New Zealand wool and Wools of New Zealand in high regard
- Integrity of New Zealand wool supply and quality is vital
- Brands are very important to affluent Chinese. This presents an opportunity for Wools of New Zealand to develop products for sale at retail or to designers and specifiers
- With the size and scale of the Chinese carpet market, it is important to focus on the high end residential and commercial markets
- There are particular opportunities in the hand-tufted, printed and woven carpet sectors where there's a requirement for high quality, white wool
- Price of wool is important to all aspects of the industry. Wools of New Zealand needs to identify the needs of the customers including wool supply and provide a basket of services that add value to our customers
- Volatility of price is the key issue for the entire industry
- Important to actively 'police' the Wools of New Zealand brand to retain integrity and value.

Wools of New Zealand has a solid foundation for growth in China supported by strong personal relationships, respect and desire to work closely alongside a grower-owned entity.

The focus in the coming months will be to build commercial relationships resulting in increased revenues and providing growers with options in regard to moving their wool to market efficiently and profitably.

Grower Questionnaire

Thank you to those of you who have already completed and sent back the wool supply questionnaire. If you haven't yet completed the form I would urge you to take a few minutes to do so or contact us at 0800 OURWOOL if you require assistance. The information gathered will assist us in developing a comprehensive database of individual grower information so that we can match market enquiries to specific growers.

Roadshow and AGM

We are currently working on dates and venues for grower roadshows later this year, providing Ross and the Board a chance to update you on our progress and opportunities. We will advise details as soon as they are confirmed.

The Wools of New Zealand Annual General Meeting is scheduled for 20 November. Further information will be provided when available.

Wool Market Development Commitment

We appreciate the early attention by many of you to the payment of the January to June WMDC invoiced in the last few weeks. We apologise for the disruptions caused by incorrect invoices which we've endeavoured to address and correct quickly.

The WMDC is an important aspect of Wools of New Zealand's funding particularly in these early days until we gain full commercial traction.

Payment of WMDC is an obligation undertaken by all shareholders as part of the application process. We are looking to develop better ways of collecting the WMDC ideally as we transact your wool. In the interim we look forward to your on-going support and early attention to the invoices.

Finally, I hope you are coping with the vagaries of the winter and the volatile returns we as sheep and beef farmers are experiencing.

Based on many comments fielded personally and by our staff, there is an impatience amongst many shareholders to see early results. I can appreciate your impatience but please remember this is a five year strategy. There is no quick fix. I can assure you all that we are working as hard as possible to provide the changes and improvements that you are looking for.

As always, we are happy to field calls from you if the need arises. Telephone 0800 OURWOOL (0800 687 9665)

Mark Shadbolt
Chairman, Wools of New Zealand