

Wools of New Zealand Shareholder Communication No. 42  
24 October 2014

### From the Chief Executive

Today's meeting in Gisborne will wrap up a week long roadshow of the North Island. These meetings have been generally well attended with constructive feedback across a range of subjects. A reminder that the South Island roadshow kicks off in Tapawera on 17 November (meeting calendar below) and we are also hosting our AGM in Masterton on 24 November.

To confirm your attendance at any of these presentations or the AGM please contact Avril Jordan via email on [avril.jordan@woolsnz.com](mailto:avril.jordan@woolsnz.com), phone 0800 ourwool (0800687 9665) or phone your local SLO (details below).

### Financial Results

Our financial results will be available from next week at [www.ourwool.co.nz](http://www.ourwool.co.nz) and can be posted to those shareholders who request a hard copy. For our second year of trading following the recapitalisation of the company, I can report a net loss of \$268,664 which is consistent with forecast and on target for the plan over five years. Net book value at 30 June 2014 of 68.0 cents per share was also in line with expectations.

We did make considerable progress in this last financial year, including:

- Consolidation of our global staff under the new ownership structure, with a head count of 20 (17 Full time equivalents) globally
- Appointment of four Supplier Liaison Officers in New Zealand and formation of the Grower Advisory Panel, which have

greatly improved communications with our grower shareholders

- More than two million kilograms of wool traded on our own behalf during the year, approximately 30% of shareholders wool on the proportion of the year that we were trading
- Renewal of our long standing contract with Camira for the supply of lamb's wool into their flagship Blazer range of fabric
- Success of the direct to scour model, which has allowed for savings compared to conventional sales methods and allows WNZ to identify wools for specific markets.

### Camira Contract Deadline

There has been a late flurry of applications for the Camira Lamb's Wool Contract to qualify for the incentive payment of 10 c/kg clean for committed supply by 31 October 2014. Contracts will need to be signed and returned to us by 5 pm next Friday to qualify.

A reminder that the wool to be supplied is to the same standards and specifications and prices as 2014, with prices as follows:

- \$6.25/kg clean for 0.0% VM
- \$6.10/kg clean for 0.1% VM
- \$5.85/kg clean for 0.2% VM (limited quantities)
- Commitment bonus of 10c/kg for committed supply by 31 October 2014.

Easier terms:

- 40% paid at 30 days
- 40% paid at 30th November 2015
- 20% paid at 28th February 2016

## Merger of Wool Scours and D2S

You will be aware that Cavalier Wool Holdings (CWH) and NZ Wool Services International (WSI), respectively New Zealand's number one and two wool scours, this week announced their intention to merge their scouring assets. An important element of this is the separation of the WSI wool trading operation from its scouring operation, to become a stand-alone wool exporter and a commission customer of CWH.

We support the merger, as it provides us with the opportunity to expand our Direct to Scour volumes through greater scour capacity.

## Continued Professional Development Seminars – London

Wools of New Zealand, in partnership with the Society of International Design (SBID) is running a series of Continued Professional Development seminars. The inaugural session was held in London this month in the prestigious penthouse of the New Zealand High Commission in London, a venue chosen for its spectacular views of Central London and because of the 100% Laneve wool axminster carpet on the floor.



Attendees of the first professional development seminar were treated to spectacular views across London, premium New Zealand wines and information about New Zealand wool carpets from WNZ's Steven Parsons

Wools of New Zealand works with international brands to promote wool carpets and textiles. Our goal is to connect interior design professionals with the people

that grow fibre for interiors so that ultimately we produce fit-for-purpose fibre and a better experience within people's homes and offices.

SBID are a professional association for Interior Designers and Architects, which has built a reputation for quality, style and continuous improvement, qualities that fit perfectly with our own values and ambitions. Members of SBID earn credits by attending educational seminars and workshops towards their Continued Professional Development criteria.

The seminar explains the various machine-made wool carpet varieties with examples of installations, as well as educating about the technical advantages of wool products for interiors as well as explaining the sustainability credentials of wool. There is an element of myth busting involved so that interior designers can become confident in specifying wool and inspired to use a wool carpet as the starting point of the interior.

## Notice of Annual General Meeting

The Wools of New Zealand AGM will be held at the Horseshoe Room, Farriers Bar & Eatery, Masterton at 11am on Monday, 24 November 2014. For more information and to download a proxy please go to [www.ourwool.co.nz/AGM](http://www.ourwool.co.nz/AGM).

Ross Townshend

### SOUTH ISLAND

#### MONDAY, 17 NOVEMBER

TAPAWERA – Kohatu Flat Rock Café, 5087 Motueka HW	11.00am
BLenheim – Scenic Circle Hotel, 65 Alfred St	5.00pm

#### TUESDAY, 18 NOVEMBER

CHEVIOT – Cheviot Trust Hotel, SH1	11.00am
MT SOMERS – Mt Somers Tavern, 70 Hoods Rd	5.00pm

#### WEDNESDAY, 19 NOVEMBER

WAIMATE – Waihao Forks Hotel, SH82	11.00am
PALMERSTON – Waihemo Lodge Hotel, 13 Runbrake St	5.00pm

#### THURSDAY, 20 NOVEMBER

OUTRAM – Outram Rugby Club, 102 Formby St	11.00am
GORE – Heartland Hotel Croydon, 100 Waimea St	5.00pm

#### FRIDAY, 21 NOVEMBER

MOSSBURN – Mossburn Community Centre, Devon St	9.00am
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## Market Report

At this week's South Island wool sale prices stabilised. On the back of a weaker New Zealand dollar Crossbred wool prices overall took this into account when compared to Napier on the 16th October. Of the 9,113 bales on offer 77% sold (7,000 bales).

While some business has been concluded in China between sales it has been generally at the finer micron range 31 to 34 micron.

When compared to the South Island sale on 9 October Merino Fleece 17-18.5 micron was 1-2.5% percent cheaper, 19.5 and 20 micron 6.5% cheaper, 20.5 to 22.5 micron 1-2% dearer. Mid micron wools 24 and 24.5 was 2.5% dearer, 25 to 27.5 micron was 3% cheaper, 29 and 30 micron firm.

Compared to the North Island 16th October Fine Crossbred Fleece of 34 to 36 micron was 1% dearer. Fine Crossbred Early Shorn and Second Shear 31 to 36 micron 3-5 inch was 22.5% dearer. 31 and 32 micron 3-4 inch was 1% cheaper while 32 to 36 micron 3-4 inch and 2-4 inch 2-2.5% dearer.

Coarse Crossbred Early Shorn and Second Shear were 2% dearer. Crossbred Combing Oddments were 2% dearer while Clothing Oddments remained firm.

Next sale on 30 October comprises 6,100 bales from the North Island.

## Contact Us

Please contact your regional Supplier Liaison Officer (SLO) directly if you wish to discuss anything.

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