

Wools of New Zealand Shareholder Communication No. 60  
25 October 2015

### From the Chairman



I am now six weeks into the role at Wools of New Zealand and have spent that time getting across the New Zealand, UK and the USA businesses. I am excited by the opportunities I see in market and through the supply chain where our customers, including scourers, spinners, dyers,

manufacturers or retailers, value the integrity and authenticity of our wool and the fact that we are 100% grower owned international sales and marketing Company.

There is also evidence of an increasing desire to connect directly with product origin and the people who grow our high quality wool and the supply system that underpins it. The Lamb's Wool contract is a great example of this and it is important that all supplying growers remain focused on meeting the contract requirements.

To support us further in the traceability area we have invested in Oritain, which many of you will be aware of. Oritain uses science to create a 'fingerprint' of our wool that represents the origin of where the wool was grown. Once we have this database created we can check products in market or the supply chain to see if it is genuine.

To help us build this database we are going to need your support. All shareholders can expect to receive a pack in the next two weeks where we will be asking you to supply a small sample of your wool. Your support will be important as we look to further protect and strengthen the integrity of our product and brand. Watch out for these packs from us.

I have also been impressed with the capability of our WNZ people, a committed team who are covering a lot of ground and who have built strong relationships

with our growers and key customers globally. Further, we are seeing our expertise in creative design and product development deliver increased commercial outcomes and growing demand through the system for our wool.

I look forward to meeting many of you over the coming months and some of you at the AGM.

Rosstan Mazey

### US Visit



While in the UK and the US we met with Brett Hemphill of Hemphill's Rugs and Carpets at his brand new showroom in Costa Mesa, a location that services the affluent Southern California region. Brett's team, including his wife Cherie, has developed a successful business

focused on high quality carpets and rugs. Over many years a strong relationship has been developed and Hemphill's are now one of our most loyal and committed Wools of New Zealand Premier Partners. With their focus on quality they feature many Wools of New Zealand products and proudly display our branding.

Pictured (above) outside Hemphill's brand new store that features the Wools of New Zealand brand are from left to right Brett and Cherie Hemphill and Rosstan.

## From the Chairman

### Financial Results

Wools of New Zealand (WNZ) has today posted its annual report for the financial year to end June 2015 to its website and sent out a notice of AGM, which will be held 23 November in Timaru.

The year was a positive one, with revenue growing to \$27.6 million, up from \$11.8 million. This on the back of D2S, Staple supply programmes and new and expanding wool contracts and commercial relationships, all contributing to the higher turnover. However, the impact of non-reoccurring items relating to the accounting treatment of unrealised foreign exchange contracts (mark to market) and the replacement of our Chief Executive resulted in a total comprehensive loss of \$928,364.

Excluding these one-off items would have seen the company post a profit of approximately \$265,697, which was our expectation this time last year.

If you would like a hard copy to be posted to you please email Avril Jordan at [avril.jordan@woolnz.com](mailto:avril.jordan@woolnz.com), phone 0800 ourwool (0800 687 9665).

### Premier Partner Visit

Rob Rogers of Carpet Trends in Rye, New York, has been selling niche carpets for the past 25 years. As a member of WNZ's Premier Partner programme, he is an important ally in promoting the benefits of wool to the US market. With wool representing about 70% of his carpet sales, Rob jumped at the chance to visit Fork Farm, near Wanaka, his first visit to a sheep farm.

**Mark Shadbolt**

### Fixed Price Forward Contracts

#### WNZ 064

WNZ Laneve Integrity Program EU Eco-Label Compliant Lamb's Wool Contract

#### Specifications:

- EU Eco-Label compliant\*
- Micron: 28.0 - 31.5
- Length: 2" – 3"
- VM: 0.0 – 0.2
- Colour: Y-Z 0.0 - 2.0

#### Pricing:

- \$7.50/kg\*\* clean (28.0-30.5 Mic + 0.0 VM + 0.0-1.0 Y-Z)

- \$7.30/kg\*\* clean (30.6-31.0 Mic or 0.1 VM or 1.1-1.5 Y-Z)
- \$7.00/kg\*\* clean (31.1-31.5 Mic or 0.2 VM or 1.6-2.0 Y-Z - limited volumes)

#### Payment terms:

- 50% paid 60 days after acceptance into contract
- 50% paid 240 days after acceptance into contract

\*To comply with EU Eco-Label standards all growers entering this contract must be WNZ Integrity Program registered and enter the contract knowing that they must comply with compliant pesticide requirements which will be subject to independent third party verification.

### Market Report – 22 October 2015

Despite a slightly easier New Zealand dollar compared to the last sale on 15th October wool prices continued to decline. Of the 8,290 bales on offer 70% sold. The tightening of the Chinese economy is restricting new business with exporters covering for old orders only and quota issues restricting concluding new contracts.

Compared to 8 October sale:

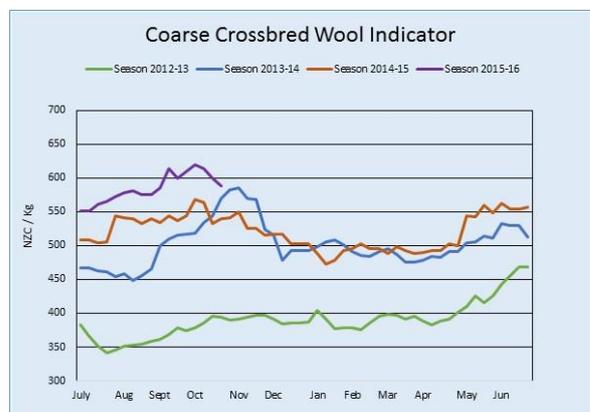
Merino Fleece 17-18.5 and 22-23.5 microns eased 2-6% with pressure on 19-19.5 microns increasing levels by 4%. Mid Micron wools were neglected with 24-29.5 microns reducing by 8-9%.

Compared to 15 October sale:

Fine Crossbred Fleece 31-32 microns were 11-13% cheaper. Fine Crossbred Shears 32-35 microns were down 1.5-3.5%. Full Fleece, coarser than 36 microns were nominally up to 1% easier.

Coarse Shears were 1.5-2% down. Short oddments were 3-5% cheaper.

**Next sale on 29 October comprises approximately 5,100 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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