

From the Chief Executive Increased Wool Volumes for D2S

A big thank you to our shareholders for your continued support, reflected in year on year increases in wool volumes and our highest monthly volume ever achieved this February. Recognising the importance of an efficient route to market, we are currently exploring ways to improve the current D2S model and we will update you as we develop the new model.

New Pooling Mechanism for Bin Bales

WNZ are trialling a pooling system for handling bin bales to maximise your returns for these often one bale lines. In the belief that our shareholders are 'stronger together', WNZ will carry out a trial where these smaller lines are consolidated into larger commercially viable lines in an effort to achieve the best possible outcome for growers.

So what does this mean?

- A better outcome than the current system
- Price and payment will be made once WNZ have successfully sold the pooled bales as a larger and more commercially viable line of wool.

We emphasise that this is a trial aimed at putting more money in our growers' pockets. Depending on how it goes it could be permanently introduced as part of a new D2S model which we are hoping to roll out in the coming months.

Record Entries for Asia Rug Design Awards

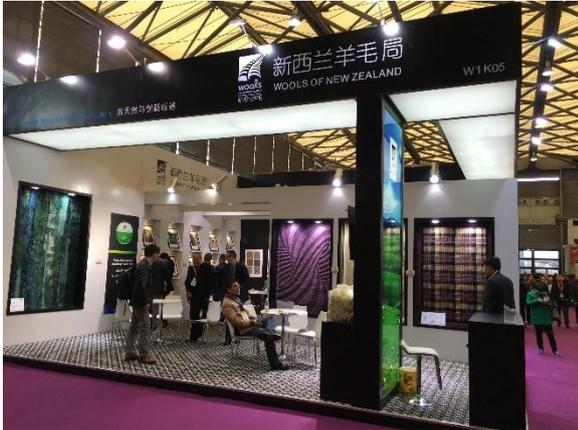
Wools of New Zealand had a strong presence at the Domotex Asia/CHINAFLOOR, the leading flooring trade exhibition in Asia and the second largest worldwide. A highlight of the exhibition is always the amazing collection of wool hand-tufted and woven rugs. Wools of New Zealand have made a point of featuring as many of these as possible on our stand, creating a large, gallery style display of the most interesting, creative and high quality products in the show.

To draw attention to these products and encourage continual improvement in the innovative carpet design abilities of our Chinese brand partners, in 2011 WNZ launched the Wools of New Zealand Rug Design Award. This year saw a record 39 entries from 10 Chinese brand partners, with each brand partner submitting several rugs incorporating at least 80% New Zealand wool.

Joanna Ramsden, WNZ creative director and awards judge, said the advanced interpretation of colour and styling for all the entries was superb. "Designers in China have come a long way in their use of selecting and combining colour. Coupled with innovative hand tufting techniques to demonstrate the versatile design options available to potential customers worldwide, the rugs were well received and much admired by the many visitors who came to study them."

The winning rug, a contemporary tartan manufactured by Pearl Carpets was a great example of how marrying new colours with a classic plaid, in an elegant velvet cut pile rug can

create a work of art. Designed by a young lady, only 21 years old, from a village three hours north of Beijing, the rug was exhibited at the front of the WNZ stand for all to see and admire. It is great to see youthful creativity coming to fore in a country sometimes criticised for its lack of design flair.



Designer of the Best Rug award for 2016 Eileen Wang with Joanna Ramsden and Rosstan Mazey.



Market Report

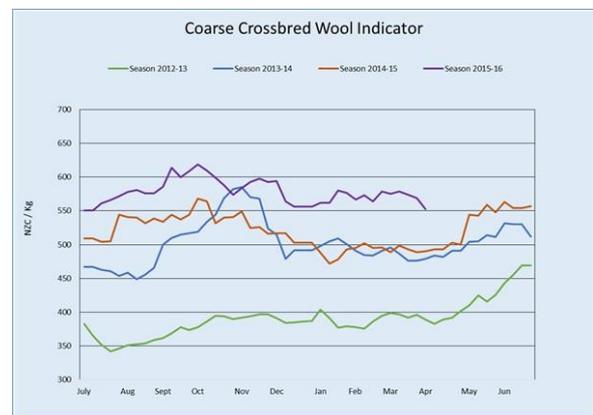
The North Island offering of 8,600 bales saw an 86% clearance with most types easing in local terms mainly due to a significantly stronger New Zealand dollar.

Compared to the last North Island sale on 17 March where similar wools were on offer, good colour Fine Crossbred Fleece was up to 2%

easier with porter styles 4-5.5% cheaper. Good colour Crossbred Fleece was firm to 1.5% easier with poor styles 3.5-4.5% cheaper.

Good to average style shears were firm to 3.5% cheaper with poor styles generally 4.5% weaker. Fine First Lambs Fleece was 3.5-6.5% cheaper with coarser types 1-4% cheaper. Long Oddments were down 5% with short oddments ranging 3.5-9% lower.

The less stylish wools on offer this week compared to last weeks' South Island sale compounded some of the price reductions and any poorly prepared or lots with high vegetable matter attracted significant discounts. Next sale on 7 April comprises approximately 8,900 bales from the South Island.



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