

Wools of New Zealand Shareholder Communication No. 68
1 May 2016

From the Chief Executive

**Camira and EU Eco Label Visit -
Wools of New Zealand is awarded
EU Ecolabel licence for greasy
wool**

Wools of New Zealand hosted Paul Vaughan of EU Ecolabel and John Quarmby of Camira Fabrics this week as they visited sheep farms in tandem with audits to check on the farm management, animal welfare and prescribed pesticide use by the EU Ecolabel Textiles criteria.

EU Ecolabel is Europe’s leading product certification sustainability brand and has strong recognition across Europe and in the UK. As consumer interest in product origin and supply chain integrity increases, demand is growing for products that meet the requirements and carry the EU Ecolabel brand.

Camira manufactures and markets the leading ‘Blazer’ upholstery fabric produced from the Wools of New Zealand supplied high quality lamb’s wool; for an insight go to -

<https://www.camirafabrics.com/fabrics-and-samples/blazer>



For Camira the EU Ecolabel is an important part of differentiating the Blazer branded offering and to support Camira’s sustainability credentials. This can only be achieved through partnerships with

aligned suppliers. To this end, Wools of New Zealand and participating growers, have worked hard to deliver to market specifications. This work has resulted in Wools of New Zealand being the first global strong wool supplier to be awarded the

EU Ecolabel licence for Greasy Wool – a great result for our company and growers, demonstrating our ability to work together and to respond to market signals.



Paul Vaughan (EU Ecolabel), Jason Everson, John Quarmby (Camira) and farm manager Jason Harper at Te Houka near Hastings.

Te Houka is owned by John Cullwick and is one of the earliest farms in the country to lamb, with lambing starting in the next 2-3 weeks enabling the wool to be pesticide free.



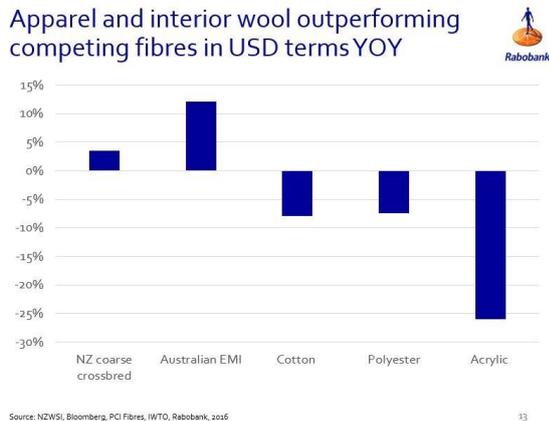
Standing in front of scoured lambswool bound for Camira’s Blazer product left to right

are: Jason Everson, John Quarmby (Camira), Paul Vaughan (EU Ecolabel), Tony Cunningham (Cavalier Woolscourers) and Rosstan Mazey.

Wool Outperforms

Wools of New Zealand staff and a number of growers were privileged to attend a presentation by Rabobank commodity analyst Georgia Twomey in Akaroa recently on the rising fortunes of wool. The presentation was a stand-out, reinforcing overall positive sentiment about wool and natural fibres versus synthetics.

While local returns have certainly been buoyed by favourable currency movements through the past 12 months, even when converted to USD NZ Coarse crossbred wool has performed more strongly than competing fibre indicators. Low oil prices and high cotton stocks continue to limit upside potential for those other fibres.



Taking Care in the Wool Shed

Last year there were 122 sheep shearing related injuries serious enough to require funding support from ACC. The majority of injuries were back strains, sprains and muscular stress caused by shearing techniques. WorkSafe NZ's Safer Farms, a programme which aims to reduce the high rates of accidents and deaths on farm, has published a useful fact sheet on sheep shearing in consultation with farmers.

While professional shearers and wool handlers have the technique, fitness and equipment care practices to manage the risk, farmers who shear and crutch a few sheep now and again are more at risk through less practiced technique, fitness or poorly maintained gear. Like bowling a cricket ball, good technique is important to avoid injuries and growers who are preparing for shearing need to make sure their woolsheds and machinery are in good working order. Check out www.saferfarms.org.nz and stay safe!

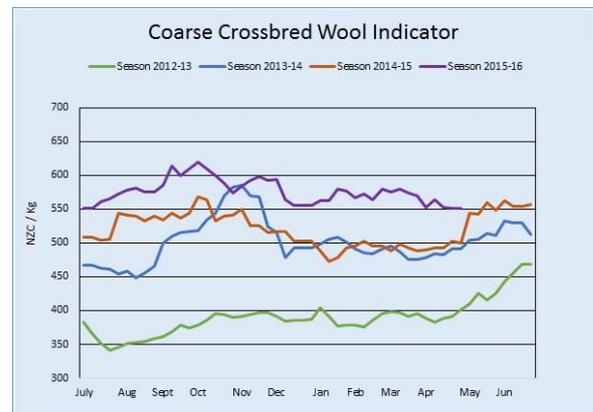
Rosstan Mazey

Market Report

Targeted buying saw some types well supported at the North Island auction with others either holding steady or easing slightly. Of the 5,000 bales on offer 88% sold. Fine Crossbred Shears were firm to 2% easier.

Coarse Crossbred Fleece were firm to 1.5 percent cheaper. Coarse Crossbred Shears were well supported, ranging from firm to 3% dearer with good styles sought after. Shorter First Lambs were 1-3% easier with long Lambs firm to 4% dearer. Long Oddments were firm to 1% cheaper with short oddments 2-5% dearer.

Limited competition with Australasia, Western Europe and China principals with support from India, Middle East and United Kingdom. Next sale on 5 May comprises approximately 4,700 bales from the South Island.



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