

Wools of New Zealand Shareholder Communication No. 64
28 February 2016

From the Chief Executive

Wools of New Zealand shareholders Grant and Diana Baird and son Hamish, of Fairview Farm in Mangaweka, travelled to the US to see the first run of their Drysdale wool at Laneve brand partner, CAP Carpet, North Carolina. Diana, a GAP member, shared her impressions:

White Oak Carpet Mills (a CAP Family of Brands Company since 1967), North Carolina

What an inspiration! The first run of carpet with our wool in has a gorgeous sculptured effect produced with a combination of multiple-height loop pile and then "shearing" - the appreciation of which I am sure you will see on our faces in the photos.

Any reservation I had about beige was blown out of the water when I saw what they were achieving. We saw a large finished rug with subtleness in the "work of art" category - from one direction it looked like pale-ombre stripes, but as you walked around it, a complicated pattern of triangles appeared.

Equally impressive is the way they are taking the excellence of a previous era and reigniting it in the 21st century. With my background in IT and appreciation for textiles I wished I could have been involved in CAP's vision to combine computers with the solid, reliable equipment of yesteryear.

On one hand they had the largest laser cutting table in the world, able to precision cut shapes in hours (which take weeks by hand), and on the other they had antique twisting machines (manufactured in 1820) used to hand

manufacture carpet for Michelle Obama's personal designer.

The partnership between WNZ, Fairview and CAP is unique in the industry today. Totally focused as partners to make the worlds' finest carpets and rugs using only the highest quality wool. Together we are controlling quality every step of the way. Grant said, "It is so nice to know exactly the genetics we are striving for and to be connected from the farm, factory and finally, the customers' floor."

We wish them well with their new factory – great to see how enthusiastic people can be about a leaky eight-acre building (nothing quite like snow to find holes in the roof!), although even I could appreciate its expanse, history, the substation it encompassed and its heavy-metal free status.

There was quite a discussion about white and how some designers were pushing back a little from optical white, although this should be tempered with the word "trend"... which is of course cyclical. We toured Cessna (Hamish is a keen but irregular single engine pilot) and the comments I took away about private jet interiors (CAP supplies into that space) was that black was not recommended in that environment and that interiors were conservative due mainly to re-sale concerns.

Thanks to Wools of New Zealand, for the opportunity to follow our wool right through to the carpet manufacture. CAP appear to be a great place to establish WNZ wool in the US. At the risk of overusing superlatives what we saw truly is exciting, impressive and inspirational.

Diana Baird, Fairview

From left: Diana, Grant and Hamish Baird with Tom Pack President of Manufacturing and Aaron Pirner, CEO CAP Carpet, Inc. White Oak Carpet Mills.



New Technologies Update

Solid progress is being made with the due diligence of the GlacialXT scouring and Kiteq™ dye technologies. Both of these technologies represent significant opportunities to WNZ and our grower shareholders. Key manufacturing partners are excited about the design potential and product performance attributes that both GlacialXT and Kiteq™ look to offer and are eager to work with WNZ to get to market with innovative new products.

To help accelerate the commercialisation of the new technologies, WNZ and coalition partners The Merino Company and Oritain, are seeking funding from New Zealand Trade & Enterprise under the International Growth Fund initiative. WNZ expects to find out in April if the coalition has been successful in gaining this funding.

Lambs Wool Contracts

Our EU-Ecolabel lamb's Wool contract has been well received and well supported so thank you to all those growers who have participated and supplied into that contract. We now have a new lamb's wool contract opportunity available on a smaller scale.

Details as follows:

\$7.50 Kg Clean

30.0 Micron Maximum

Good Colour Y-Z 1.0 Maximum

VM 0.1 Maximum

Payment terms: 60 days after acceptance into

contract.

Offer expires Wed 2 March.

Contact your SLO for further details.

General

We are currently experiencing large peak season wool volumes through our Direct to Scour system.

Keeping the wool flowing through the pipeline effectively and efficiently does require a team effort.

So, please ensure Wool Logistics know your wool is coming before the wool leaves your shed. Ideally they also need a copy of the spec sheet, but we do recognise this is not always possible for some growers.

Wool Logistics details:

Email: wool@fourdfreight.co.nz

Phone: 03 3118044

Fax: 03 313 6199

Rosstan Mazej

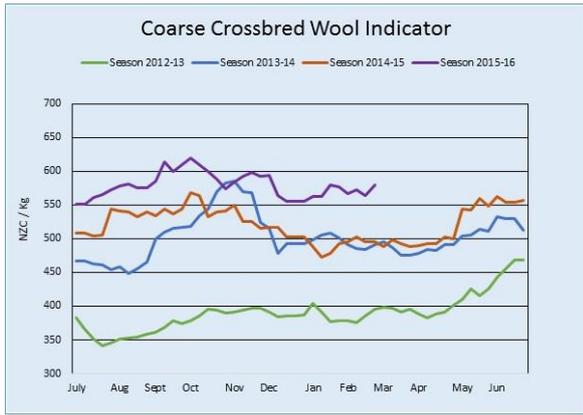
Market Report – 25 February 2016

Apart from Lambs Fleece, the market lifted generally 1-4% compared to the sale on 18th February.

Of the 8,600 bales on offer 89% sold. Emerging new business and shipping requirements for older contracts combined to lift the market for the selection of mainly good style wools. Fine Crossbred Full Fleece were 2-4% dearer with Fine Shears firm to 3% stronger.

Full length Coarse Fleece were 2-3.5% dearer. Coarse Shears were firm to 3.5% stronger. First Lambs were 1-4.5% cheaper while good colour oddments were strongly supported, lifting 3-8%.

Next sale is on 3 March and comprises approximately 11,200 bales from the North Island and 7,200 bales from the South Island.



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

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