

**Media Release – For Immediate Use**

**31 August 2009**

**Wool Equities 2008-09 Annual Results**

<b>Wool Equities Limited</b>	
<b>Results for announcement to the market</b>	
Reporting Period	Twelve months to 30 June 2009
Previous Reporting Period	Twelve months to 30 June 2008

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$NZ 178	-68%
Profit (loss) from ordinary activities after tax attributable to security holders.	\$NZ (3,532)	23%
Net profit (loss) attributable to security holders.	\$NZ (3,532)	23%

Interim/Final Dividend	Amount per security	Imputed amount per security
No dividend is proposed		

Record Date	Not Applicable
Dividend Payment Date	Not Applicable

Comments:	<p>Accompanying this announcement are the Company's Financial Statements that have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the matters to which the Statements relate.</p> <p>These Financial Statements provide the balance of information required in accordance with Listing Rule 10.4.2, Appendix 1.</p>
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**Company Report**

In the Half Year Shareholder Update, I advised that the Board was actively considering options for the future structure and operation of the Company. As a result of that review, the Board recommended to shareholders that:

- Wool Equities' remaining investment, Keratec Limited, be sold to Keraplast Technologies Limited, and a consequential change be made in the nature of the business to investment in wool-based enterprises as proposed by the Wool Advancement Group (WAG), subject to a minimum level of \$1.9 million cash being held by the Company on completion of a share buyback
- The Company offer a buyback to shareholders of two for every three shares held, with the ability for shareholders to over-subscribe, that is, to offer all their shares for sale.

At the Special Meeting of Shareholders held on 30 June 2009, shareholders voted overwhelmingly (>99.8%) in favour of these Board recommendations.

As a result, the sale of Keratec was completed on 30 June 2009, and Wool Equities now only holds cash and receivables. The buyback offer was sent to shareholders in August, offering to purchase two out of every three shares held, at 17.4 cents per share with the ability to over-subscribe.

The buyback offer closes at 5:00pm on 2 September 2009 and cash will be paid to shareholders who participate on or before 15 September 2009.

## **Financial Results**

Directors report that the Group incurred a loss of \$3.5 million for the year ended 30 June 2009. The loss of \$3.5 million includes:

- A Parent Company loss of \$2.2 million.
- A non cash impairment of Keratec goodwill of \$1.3 million.

Following the sale of Keratec, the Group now only consists of a non trading Parent company. The only assets of the Company are cash and receivables consisting of \$4.7 million. The Company has no debt.

## **Future**

If the Company has at least \$1.9 million on hand after the share buyback:

- (a) Messrs Pearce, Henry, Kelly, Polson and Von Roy will resign from the Board of the Company and Messrs Heath and Mellon (as the sole remaining Directors at the time) will appoint Wool Advancement Group representatives Messrs Pringle, Stewart and Taylor to the Board; and
- (b) Under its new Board, the Company will initially focus on investments that, over time, are intended to materially affect the use and value of wool.

If the Company does not have \$1.9 million cash on hand following completion of the buyback in September 2009, Messrs Heath and Mellon will resign from the Board, the Company will be put into liquidation and the proceeds of the liquidation distributed to shareholders in accordance with the provisions of the Company's Constitution. In accordance with the sale and purchase agreement for the sale of Keratec to Keraplast, however, the Company has undertaken it will not go into voluntary liquidation:

- (a) Within the period to 30 June 2011 if, following completion of the buyback, the Company has more than \$1.9 million on hand; and
- (b) Within the period to 30 June 2010 if, following completion of the buyback, the Company has less than \$1.9 million on hand.

Accordingly, the Board will not be in a position to appoint a liquidator until after one or other of those dates.

## **DisCo Distribution**

Ongoing legal action continues to delay the distribution of the remaining DisCo funds of approximately \$7.45 million, to eligible growers. An update on the latest legal proceedings is as follows:

On 21 August 2008, the Saxon plaintiffs filed a Notice of Application for Special Leave to bring Civil

Appeal and Urgent Interim Orders in the Supreme Court. In essence, they were seeking an order that the decision of the Court of Appeal in Wool Board Disestablishment Co. Ltd v Saxmere Co. Ltd (which dismissed all of the Saxon plaintiffs' claims against the old Wool Board) be set aside on the grounds of a reasonable apprehension of bias, resulting from the personal and business relationship of one of the three Court of Appeal Judges with one of DisCo's legal counsel.

The application was heard by a full bench of the Supreme Court on 3 and 4 March 2009 and the Supreme Court ruled unanimously against the Saxon Plaintiffs.

In August 2009, the Saxon Plaintiffs applied for recall of the unanimous Supreme Court Decision in favour of DisCo.

DisCo have advised that they believe the latest Saxon legal action is without merit, but until the outcome of these proceedings is known, the Company is not in a position to advise when DisCo will finally be able to settle the affairs of the Wool Board and distribute its remaining funds of approximately \$7.45 million to eligible growers. If DisCo proceeds with the distribution on or before 25 September 2009 or the new shares have been issued on or before that time, the Board of Wool Equities has determined that the issue price for the new shares will be 17.4 cents per new share. If DisCo does not proceed with the distribution on or before 25 September 2009 or the new shares have not been issued on or before that time, the approval for the issue of the new shares contained in the Board's resolutions will no longer be valid. The Board will, if required after that time, consider again the issue of the new shares, including the issue price for the new shares.

The distribution, when it occurs, is to be made in accordance with the election made by eligible growers under the Redeemable Preference Share Process outlined in the Prospectus dated 26 September 2003. The company has obtained a Securities Commission exemption, so that those eligible growers that elected to receive their entitlement as additional shares in Wool Equities will have the opportunity to receive their entitlement as cash rather than shares.

A further announcement about the amount and likely timing of the proposed further distribution will be made by the Company as soon as that information is available.

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