

100TH
ANNUAL REPORT
YEAR ENDED FEBRUARY 28TH, 2018



WWW.WOOL.CA
WWW.PREMIER-CHOIX.CA
WWW.REALWOOLSHOP.CA

CANADIAN CO-OPERATIVE WOOL GROWERS LIMITED
AUDITED FINANCIAL STATEMENTS / ÉTATS FINANCIERS VÉRIFIÉS
FEBRUARY 28, 2018 / LE 28 FÉVRIER 2018
TABLE OF CONTENTS

| | PAGE # |
|---|--------|
| DIRECTORS, MANAGERS & STAFF / LES MEMBERS DU PERSONNEL, CONSEIL D'ADMINISTRATION | 3 |
| CERTIFICATE OF MERIT WINNERS 2017 / LE CERTIFICAT DE MÉRITE 2017 | 4 |
| PRESIDENT'S MESSAGE / MESSAGE DU PRÉSIDENT | 5 |
| AUDITOR'S REPORT & FINANCIAL STATEMENTS / ÉTATS FINANCIERS DU VÉRIFICATEUR | 6-13 |
| WOOL INDUSTRY NEWS / NOUVELLES DE L'INDUSTRIE LAINE / CCWG AGM / L'ASSEMBLÉE GÉNÉRALE ANNUELLE CCWG | 14-20 |
| WOOL MARKET REPORT / MISE À JOUR DU MARCHÉ DE LA LAINE | 21-24 |
| SHAREHOLDER / WOOL SHIPPER LOYALTY REWARD PROGRAM (SWSLRP) / PROGRAMME DE RÉCOMPENSE DES ACTIONNAIRES / EXPÉDITEUR DE LAINE | 24-25 |
| DUMFRIES HOUSE WOOL DECLARATION / DÉCLARATION DE LAINE MAISON DUMFRIES | 26 |
| ONLINE STORES / BOUTIQUE EN LIGNE | 27 |
| HONORARY KNIGHTS OF THE GOLDEN FLEECE / LE CHEVALIER D'HONNEUR DE LA TOISON D'OR | 28 |

CATERING TO SHEEP PRODUCERS!
SERVICE AUX PRODUCTEURS DE MOUTONS!

We carry a complete line of supplies
 Nous offrons une gamme complète de fournitures agricole
 Here are just a few: Voici quelques-unes:

| | | |
|---|---|--|
| <input type="checkbox"/> Animal Health Products Produits de Soin | <input type="checkbox"/> Power Fencing Clôture | <input type="checkbox"/> RFID Tags & Readers |
| <input type="checkbox"/> Handling Equipment Manutention | <input type="checkbox"/> Lambing Supplies l'agnelage | <input type="checkbox"/> Show Supplies Toilettage |
| <input type="checkbox"/> Pharmaceuticals Santé et médicaments | <input type="checkbox"/> Shearing Supplies Équipement de tonte | <input type="checkbox"/> Instruments Instruments |

Ask for our free catalogue / Demandez notre catalogue gratuit
 Visit our websites / visitez nos sites Web www.wool.ca www.premier-choix.ca

Mail & Web orders receive prompt attention
 Web & messagerie commandes reçoivent attention prompte

WOOL BOUGHT YEAR-ROUND FOR YOUR CONVENIENCE
LAINE ACHETE L'ANNÉE POUR VOTRE CONVENANCE

Cover photo - first meeting of CCWG held on February 7, 1918 at Dominion Government Wool Warehouse, 128 Sincoe St. Toronto, ON.

Photo de couverture - Première réunion de CCWG tenue le 7 février 1918 au Dominion Government Wool Warehouse, 128 Rue Sincoe, Toronto, ON,

MANAGERS & STAFF / LES MEMBRES DU PERSONNEL

CARLETON PLACE, ONTARIO

www.wool.ca ccwghq@wool.ca

613-257-2714 1-800-488-2714

General Manager / Directeur général - Eric Bjergso

Executive Director / Membres de la direction

- Donna Zeman

Wool Graders / Classificateur de laine - Patrick Lamothe,

Nathan Pappas-Barabe

Wool Warehouse Staff / Personnel de l'entrepôt de laine

- David Banbury, Ed Banks, Alan Davidson-Cummings,

Troy Latham, David Smith

Export Logistics, Wool Accounts / Logistique d'exportation,

Comptes concernant la laine - Carol Berger

Web Designer, Wool Accounts / Webmestre / Comptes

concernant la laine - Cathy Holmes

CCWG LIVESTOCK SUPPLIES & EQUESTRIAN CENTRE

stockmans@wool.ca

Branch Manager / Directeur de succursale

- Lee-Anne Durant-McIntyre

Assistant Manager / Directeur adjoint

- Andrew Brydges

Customer Service / Service à la clientèle

- Val Wyman, Sam Baker, Braydon Mann, Isaya

Matsushita, Dianna Stocker, Joshua Streng,

Caleb Swallow

REAL WOOL SHOP

www.realwoolshop.ca woolshop@wool.ca

Manager / Directeur de succursale - Erin Pretty

Customer Service / Service à la clientèle

- Malika Addi Ferrade, Patricia Brauer, Kathy Cosham,

Lauren Kerkhoff, Marilyn Johnston, Maureen Pelletier,

Brenda Rennick, Lisa Sheehan, Joann Thorpe

COOKSTOWN, ONTARIO

ccwgck@wool.ca

705-458-4800 1-866-458-4800

Branch Manager / Directeur de succursale

- John Cuthbert

Assistant Manager / Directeur adjoint

- Richard Metheral

WATERLOO, ONTARIO

waterloo@wool.ca

Phone/Fax 519-888-8299

Sales Staff / Personnel des ventes - Glenn Kelley

LETHBRIDGE, ALBERTA

ccwglb@wool.ca

403-327-3760 1-800-567-3693

Branch Manager / Directeur de succursale

- James Burdett

Assistant Manager / Directeur adjoint

- Robert Webster

Accounting / Comptabilité - Sharon Barrett

Customer Service/Service à la clientèle

- Angela Bucklaschuk, Kevin Frattinger,

Natalie Hanson, Lori Porter, Michelle Preston

SAINT-HYACINTHE, QUÉBEC

www.premier-choix.ca info@premier-choix.ca

450-796-4242 1-888-796-4242

Branch Manager / Directeur de succursale - Jacob Morin

Assistant Managers / Directeurs adjoint

- Catherine Cloutier, Anne-Marie Auger

Accounting / Comptabilité - Heidi Lancaster

Customer Service / Service à la clientèle

- Abigail Boucher-Bédard, Satiana Boucher-Bédard,

Annabelle Gagnon

2019-20 DIRECTORS / CONSEIL D'ADMINISTRATION

BRITISH COLUMBIA / COLOMBIE BRITANNIQUE

Term: 2 years / mandat de 2 ans

Roma H. Tingle

2765 Denicola Cr

Prince George, BC V2K 5C7

250-963-7301

ALBERTA (South/Sud)

Term: 2 years / mandat de 2 ans

Warren L. Moore

Box 203 Stavely, AB T0L 1Z0

Tel/Fax: 403-549-2464

ALBERTA (North/Nord)

Term: 1 year / mandat de 1 ans

John D. Woodburn

Box 565, Grimshaw, AB T0H 1W0

780-332-4481 Fax 332-2878

SASKATCHEWAN (South/Sud)

Term: 2 years / mandat de 2 ans

Ward Harden

Box 43 Fir Mountain, SK S0H 1P0

Tel/Fax: 306-476-7250

SASKATCHEWAN (North/Nord)

1st Vice President /

1er vice president

Term: 1 year / mandat de 1 ans

Lee E. Sexton

Box 179, Hanley

SK S0G 2E0

Tel/Fax: 306-544-2660

MANITOBA

Term: 1 year / mandat de 1 ans

Brian W. Greaves

Box 3, Miniota

MB R0M 1M0

Tel/Fax: 204-567-3509

ONTARIO (West/Ouest)

2nd Vice President /

2e vice president

Term: 1 year / mandat de 1 ans

Allan E. Ribbink

2599 Bruce Rd 15 Tiverton

ON N0G 2T0

519-368-7691

ONTARIO (East / Est)

Term: 2 years / mandat de 2 ans

Gary J. Fox

72 Christian Rd

Bloomfield, ON K0K 1G0

613-393-5258

QUÉBEC (West/Ouest)

President / Président

Term: 2 years / mandat de 2 ans

David Mastine

RR 4, 63 – Route 243

St. Felix de Kingsey QC JOB 2T0

Tel/Fax: 819-848-2538

QUÉBEC (East/Est)

Vacant

ATLANTIC / ATLANTIQUE

Term: 1 year / mandat de 1 ans

Ruth Mathewson

989 Upper Brookside Rd

Central North River NS B6L 6W6

902-895-4708

2017 CERTIFICATE OF MERIT / LE CERTIFICAT DE MÉRITE

PAUL & ANN CULLINGWORTH
627 HEATHBELL RD
SCOTSBURN NS B0K 1R0
SHEARER / TONDEUR:
ERIC SULLIVAN

CHRISTIAN & MARINA BELLAAR-SPRUYT
280 LAKE BERNARD RD
ALCOVE QC J0X 1A0
SHEARERS / TONDEURS:
DAVID ST-ONGE & TOM REDPATH

DAVID ANDERSON
ANDELIN FARMS
2446 OLD BARRIE RD E
ORILLIA ON L3V 6H1
SHEARER / TONDEUR:
DON METHERAL

KEN THOMPSON
ISLAND MEADOW FAMILY FARM
480 NORTH BIG ISLAND RD
DEMORESTVILLE ON K0K 1W0
SHEARER / TONDEUR:
RUCO BRAAT

JIM JOHNSTON - PASTURE HILL FARM
238400 PIPE LINE RD
NEW LISKEARD ON P0J 1P0
SHEARERS / TONDEURS:
GERALD GEMMILL, JONAS OUELLETTE,
WILLIAM ROUSSEAU

RUPERT DUROSE - PUDDLE DUCK FARM
BOX 299 PLUMAS MB R0J 1P0
SHEARER / TONDEUR:
RUPERT DEROSE

STEVE LEWIS
BOX 86 McAULEY MB R0M 1H0
SHEARER/ TONDEUR:
STEVE LEWIS

BONNY & NORMAN LEE
BOX 202 PANGMAN SK S0C 2C0
SHEARER / TONDEUR:
CLIFF METHERAL

DALE & DAWN MONTGOMERY
BOX 1333 MAPLE CREEK SK S0N 1N0
SHEARER / TONDEUR:
CLIFF METHERAL

HEIDI CLARKE - WILLOW ISLAND FARM
RR 9 BOX 274 SASKATOON SK S7K 1P3
SHEARERS / TONDEURS:
BILL & HEIDE CLARKE

RICHARD & WANDA PERRAULT
BOX 215 VAL MARIE SK S0N 2T0
SHEARER / TONDEUR:
LORRIE REED

JORDON PRESTON
BOX 453 VAUXFALL AB T0K 2K0
SHEARERS / TONDEURS:
JOHN BEASLEY, SHAUN FAJNOR, DWIGHT
GALENZOSKI, PAUL PRESTON

SHANNON & DON HORKOFF
BOX 1179 VULCAN AB T0L 2B0
SHEARER/ TONDEUR:
JEFF FIEDLING

DENNIS GELLINGS
BOX 931 DAWSON CREEK BC V1G 4H9
SHEARERS / TONDEURS:
SOUTH PEACE COLONY &
BIRCH HILLS COLONY

CERTIFICATE OF MERIT - DUE TO ORGANIZED MARKETING AND THE EMPHASIS BEING PLACED ON PRODUCING A QUALITY PRODUCT BY MEMBERS OF THE CO-OP, A GREAT INTEREST IS BEING SHOWN IN CANADIAN WOOL BY BOTH COMMERCIAL AND INDIVIDUAL BUYERS. NOW THERE IS RECOGNITION PAID TO WOOL GROWERS WHO TAKE EXTRA PRIDE IN THEIR WOOL, AND THROUGH EXTRA EFFORTS OFFER A MUCH IMPROVED PRODUCT FOR MARKET. THESE GROWERS ALSO EXEMPLIFY THE CO-OPERATIVE SPIRIT AND CONTRIBUTE BY MAKING THEIR SYSTEM OF MARKETING OPERATE MORE EFFICIENTLY, TO THE BENEFIT OF ALL WOOL GROWERS ACROSS CANADA.

IN ORDER THAT THESE MEN AND WOMEN BE KNOWN FOR THEIR EFFORTS AND SO SOME STANDARD WILL EXIST IN COMMERCIAL WOOL PRODUCTION, AS IT DOES IN SO MANY WAYS WITH LAMB PRODUCTION A CERTIFICATE OF MERIT IS AWARDED TO THE TOP WOOL SHIPPERS OF CANADA FOR THE CURRENT WOOL SEASON. THESE GROWERS WILL ALSO BE RECOGNIZED AT OUR ANNUAL GENERAL MEETING AS WELL AS IN THE NEXT ISSUE OF THE CANADIAN WOOL GROWERS MAGAZINE.

THESE AWARDS WILL BE MADE TO THOSE GROWERS WHO BEST SUPPORT THE CO-OPERATIVE METHOD OF MARKETING WOOL THROUGH THEIR KNOWLEDGE AND EFFORTS AT PRODUCING WOOL WHICH GOES FAR TO PROMOTE CANADIAN WOOL TO BUYERS. THE SELECTION WILL BE MADE BY A PANEL OF JUDGES REPRESENTING THE SHEARING, WAREHOUSING, GRADING, SELLING AND BUYING ASPECTS OF WOOL. CONSIDERATION WILL BE GIVEN TO VOLUME, BREEDING, CARE OF THE FLEECE, PROPER PREPARATION AND SHIPMENT TO THE CO-OP. FACTORS SUCH AS GEOGRAPHIC LOCATION WILL BE CONSIDERED AS WELL TO ALLOW FOR UNAVOIDABLE VARIATIONS IN SUCH THINGS AS CLIMATE.

NO GROWER WILL BE PENALIZED FOR OFFSORTS THAT HAVE BEEN SEPARATED, IDENTIFIED AND SHIPPED TO THE CO-OP AS SUCH.

IT IS OUR INTENTION THAT THIS AWARD WILL GROW IN PRESTIGE AND STATURE AS THE SYMBOL OF EXCELLENCE IN COMMERCIAL WOOL PRODUCTION.

LE CERTIFICAT DE MÉRITE - EN RAISON DE LA COMMERCIALISATION ORGANISÉE ET L'ACCENT MIS SUR LA PRODUCTION D'UN PRODUIT DE QUALITÉ PAR LES MEMBRES DE LA CO-OP, UN GRAND INTÉRÊT A ÉTÉ DÉMONTRÉ ENVERS LA LAINE CANADIENNE PAR LES ACHETEURS COMMERCIAUX ET INDIVIDUELS. MAINTENANT QU'IL Y A UNE RECONNAISSANCE DISCERNÉE AUX PRODUCTEURS QUI DÉMONTRENT UNE FIERTÉ ENVERS LEUR LAINE, ET GRÂCE A CERTAINS EFFORTS SUPPLÉMENTAIRES, NOUS POUVONS OFFRIR UN PRODUIT NETTEMENT AMÉLIORÉ SUR LE MARCHÉ.

CES PRODUCTEURS ILLUSTRONT ÉGALEMENT L'ESPRIT DE COOPÉRATION ET CONTRIBUENT EN RENDANT LEUR SYSTÈME DE COMMERCIALISATION PLUS EFFICACE, CE QUI EST DANS L'INTÉRÊT DE TOUS LES PRODUCTEURS DE LAINE À TRAVERS LE CANADA.

AFIN QUE CES HOMMES ET CES FEMMES SOIENT RECONNUS POUR LEURS EFFORTS ET QU'UNE CERTAINE NORME EXISTE DANS LA PRODUCTION DE LAINE COMMERCIALE - COMME À BIEN DES ÉGARDS DANS LA PRODUCTION D'AGNEAU - UN CERTIFICAT DE MÉRITE EST DÉCERNÉ AUX MEILLEURS EXPÉDITEURS DE LAINE DU CANADA POUR LA SAISON EN COURS. CES PRODUCTEURS SERONT ÉGALEMENT RECONNUS À NOTRE ASSEMBLÉE ANNUELLE, AINSI QUE DANS LA PROCHAÎNE ÉDITION DE LA REVUE CANADIAN WOOL GROWERS.

LA SÉLECTION SERA FAITE PAR UN COMITÉ DE JUGES REPRÉSENTANT LA TONTE, L'ENTREPOSAGE, LE CLASSEMENT, LA VENTE ET LES ASPECTS D'ACHATS DE LA LAINE. DE PLUS, LES JUGES TIENDRONT COMPTE DU VOLUME, DE L'ÉLEVAGE, DES SOINS DE LA TOISON, DE LA PRÉPARATION ET DE L'EXPÉDITION À LA CO-OP. D'AUTRES FACTEURS SERONT ÉGALEMENT PRIS EN CONSIDÉRATION, TELS QUE L'EMPLACEMENT GÉOGRAPHIQUE ET LES VARIATIONS INÉVITABLES DE CLIMAT.

AUCUN PRODUCTEUR NE SERA PÉNALISÉ POUR LA LAINE INFÉRIEURE QUI A ÉTÉ SÉPARÉE, IDENTIFIÉE ET LIVRÉE À LA COOPÉRATIVE.

IL EST DE NOTRE INTENTION QUE CE PRIX AUGMENTERA EN PRESTIGE ET EN STATURE, TEL LE SYMBOLE DE L'EXCELLENCE DANS LA PRODUCTION DE LA LAINE COMMERCIALE.

CCWG President's Report

Another year at CCWG has flown by, with this year having a special significance to it, as it was our 100th anniversary as a Cooperative. We have been a producer-owned company for 100 years, proving what can be accomplished by working together. So *together* we celebrated 100 years of success at our AGM and banquet this past October. I must say that it was great to see the many industry partners, past directors, shearers, and producers. It was an eventful evening; many thanks to the 100th anniversary organizing committee for making this event an occasion to remember.

As for current events, we are presently working on preparing for success in the future. With our current website sales being a small percentage of our overall business (with the exception of the *Real Wool Shop*), we realize that if we want to do business with the new generation of farmers, we are going to have to keep up with their purchase methods. With that being said, we must invest time and money into this part of the company, all while maintaining great customer service for our walk-in clients.

On the wool side of our business, we continue to support many shearing schools, wool classing, as well as fleece preparation courses. Furthermore, well prepared wool clips will decrease our processing cost and increase producer profits. As for wool sales, they were a bit of a struggle again this year. However, we are fortunate that our general manager, Eric, travelled to China in May and September. Both trips were very successful sales trips. Thank you Eric!

Lastly, I must also thank all the directors, management team, and staff. Without your loyalty and commitment to CCWG, we could not enjoy the remarkable success we have had and will continue to have as a prosperous company.

*Sincerely,
David Mastine*

Rapport du président

Une autre année au CCWG prend déjà rapidement sa fin. Par contre, cette année n'était pas juste n'importe quelle année au CCWG— elle avait une importance spéciale. L'année de 2018 marque 100 ans d'existence pour l'entreprise CCWG. En étant une entreprise composée de producteurs depuis maintenant un siècle de temps, nous prouvons toute les choses qui peuvent être accompli lorsqu'on travaille ensemble, en groupe. Puis, c'est justement *ensemble* que nous avons fêter nos 100 ans de succès lors de notre réunion annuelle l'octobre dernier. C'était une soirée avec une bonne ambiance. Un gros merci au comité qui a organisé cet évènement. C'est certain que c'était une occasion remplie de bons souvenirs.

Dans le cadre des évènements courants, nous préparons maintenant à continuer notre succès pour le futur. Présentement, nos ventes provenant de notre site web consiste de seulement un petit pourcentage de nos ventes totales (à l'exception du *Real Wool Shop*). Nous reconnaissons que si nous voulons faire des affaires avec la nouvelle génération d'éleveurs agricoles, nous devons adapter à leurs méthodes d'achat. Alors, dans les prochaines années, il faut investir notre temps, ainsi que notre argent, dans cette partie de l'entreprise, tout en maintenant une service excellente pour nos clients qui entrent directement dans nos magasins.

En outre, du côté de la laine, nous continuons toujours de soutenir plusieurs écoles de tonte, le classement de laine, ainsi que des classes de préparation de toison. De plus, les clips de laine bien préparés vont diminuer nos coûts et ils vont aussi augmenter les profits des producteurs. D'ailleurs, cette année, les ventes de laine étaient quand même bases. Par contre, nous sommes chanceux que notre directeur générale, Eric, a voyagé en Chine en mai et septembre. Les deux voyages ont eu beaucoup de succès au niveau des ventes. Merci Eric!

En dernier lieu, je veux aussi remercier les directeurs, l'équipe de gestion et le personnel. Sans votre fidélité et votre engagement à CCWG, nous ne pouvons pas célébrer le succès que nous avons réussi jusqu'à date, puis que nous allons continuer à réussir dans les futures années.

*Sincèrement,
David Mastine*

NEPHIN WINTER BINGLEY

CHARTERED PROFESSIONAL ACCOUNTANTS

Canadian Co-operative Wool Growers Limited
Financial Statements
February 28, 2018
Independent Auditors' Report

To the Directors of Canadian Co-operative Wool Growers Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Co-operative Wool Growers Limited which comprise the balance sheet as at February 28, 2018, and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting principles and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of these financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the balance sheet of Canadian Co-operative Wool Growers Limited as at February 28, 2018 and the results of its operations and its cash flows for the year ended February 28, 2018 in accordance with Canadian accounting standards for private enterprises.

Nepkin Winter Bingley

July 25, 2018
Carleton Place, Ontario

Chartered Professional Accountants
Licensed Public Accountants

1 COSTELLO DRIVE, SUITE 2, CARLETON PLACE, ON K7C 0B4
TEL. (613) 257-4705 FAX (613) 257-2116

Canadian Co-operative Wool Growers Limited
Balance Sheet
For the Year Ended February 28, 2018

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Assets | | |
| Current | | |
| Accounts receivable | 603,976 | 872,244 |
| Inventory (Note 2) | 4,491,846 | 4,336,846 |
| Income taxes recoverable | 25,711 | 7,060 |
| | 5,121,533 | 5,216,150 |
| Property, Plant and Equipment (Note 3) | 2,859,170 | 2,688,380 |
| Other Assets | | |
| Investments in wool associations at cost | 1,140 | 1,140 |
| | 7,981,843 | 7,905,670 |
| Liabilities | | |
| Current | | |
| Bank overdraft | 230,663 | 381,362 |
| Bank loans (Note 4) | 42,835 | 223,276 |
| Accounts payable and accrued liabilities | 1,316,268 | 1,297,953 |
| Government remittances payable | 16,812 | - |
| Dividends payable | 106,227 | 100,319 |
| Current portion - capital lease obligation (Note 5) | 9,960 | - |
| | 1,722,765 | 2,002,910 |
| Long-term Debt | | |
| Capital lease obligations (Note 5) | 8,300 | - |
| | 1,731,065 | 2,002,910 |
| Shareholders' Equity | | |
| Capital Stock (Note 6) | 312,650 | 305,380 |
| Retained Earnings | 5,938,128 | 5,597,380 |
| | 6,250,778 | 5,902,760 |
| | 7,981,843 | 7,905,670 |

Approved on Behalf of the Board of Directors:

Gary J. Fox Director Lee E. Sexton Director

See accompanying notes
Subject to Auditors' Report dated July 25, 2018

Canadian Co-operative Wool Growers Limited
Statement of Income
For the Year Ended February 28, 2018

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Gross Sales | 10,381,738 | 10,128,556 |
| Cost of Sales | 7,043,283 | 6,793,702 |
| Gross Profit | 3,338,455 | 3,334,854 |
| Operating Expenses | | |
| General expenses | 995,159 | 1,088,027 |
| Salaries and benefits | 1,725,444 | 1,585,610 |
| Amortization | 168,190 | 114,232 |
| Interest on short and long-term debt | 6,738 | 4,108 |
| Directors' fees | 17,325 | 15,372 |
| | 2,912,856 | 2,807,349 |
| Net Operating Income before Other Income | 425,599 | 527,505 |
| Gain on sale of asset | - | 670,718 |
| Net Operating Income before Income taxes | 425,599 | 1,198,223 |
| Income taxes (Note 8) | (66,916) | (65,041) |
| Net Income | 358,683 | 1,133,182 |

Canadian Co-operative Wool Growers Limited
Statement of Retained Earnings
For the Year Ended February 28, 2018

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Retained Earnings, beginning of year | 5,597,381 | 4,479,304 |
| Net income | 358,683 | 1,133,182 |
| Refundable portion of income tax recovered (Note 7) | 4,000 | 6,080 |
| Dividends declared | (21,936) | (21,186) |
| Retained Earnings, end of year | 5,938,128 | 5,597,380 |

See accompanying notes
Subject to Auditors' Report dated July 25, 2018

Canadian Co-operative Wool Growers Limited
Statement of Cash flows
For the Year Ended February 28, 2018

| | 2018 \$ | 2017 \$ |
|--|------------|-------------|
| Cash Flows from Operating Activities | | |
| Net income | 358,683 | 1,133,182 |
| Items not (producing) requiring a current cash payment | | |
| Gain on sale of asset | | (670,718) |
| Amortization | 168,190 | 114,232 |
| | 526,873 | 576,696 |
| Net Changes in non-cash working capital | | |
| (Increase) decrease in accounts receivable | 268,268 | (48,738) |
| (Increase) decrease in inventories | (155,000) | (211,488) |
| (Increase) decrease in deposits | - | 3,000 |
| Increase (decrease) in accounts payable | 35,130 | 355,827 |
| Increase (decrease) in income taxes payable | (18,651) | (24,782) |
| (Increase) decrease in refundable tax | 4,000 | 6,080 |
| | 660,620 | 656,595 |
| Cash Flows from Investing Activities | | |
| Additions to capital assets | (338,983) | (1,331,343) |
| Net proceeds on disposal of assets | - | 670,718 |
| | (338,983) | (660,625) |
| Cash Flows from Financing Activities | | |
| Issue (redemption) of shares | 7,270 | 11,870 |
| Increase (decrease) in bank overdraft | (150,699) | 93,910 |
| Increase (decrease) in bank loan | (180,441) | (55,402) |
| Increase (decrease) in long-term debt | 18,260 | (32,180) |
| | (305,610) | 18,198 |
| Dividends paid | (16,027) | (14,168) |
| Increase (Decrease) in Cash during the year | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | - | - |

1. Summary of Significant Accounting Policies

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises; accordingly, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Measurement uncertainty

Financial statements are based on representations that often require estimates to be made in anticipation of future transactions and events and include measurements that may, by their nature, be approximations.

(c) Capital assets

Capital assets are recorded at acquisition cost. Amortization is provided for at the following rates:

| | |
|------------------------|-----------------------|
| Buildings | 5% declining balance |
| Equipment | 20% declining balance |
| Furniture and Fixtures | 20% declining balance |
| Automobile | 30% declining balance |

(d) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at year end exchange rates. Revenue and expenses are translated at the exchange rate on the date cash is received or payment is made. Gains and losses from exchange translations are reflected in the revenue or expense item to which they relate.

(e) Financial instruments

The company's financial instruments consist of accounts receivable, bank indebtedness, bank loans, accounts payable and accrued liabilities, income taxes payable, long-term debt and capital lease obligations. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The company is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. In some cases, the company requires bank letters of credit. The company does not have a significant exposure to any individual customer or counterpart.

The company is exposed to currency risk due to changes in foreign exchange rates. To reduce foreign exchange risk on its financial assets, the company enters into currency hedges by purchasing or selling currency futures. The organization's exposure and management of risk has remained consistent from the end of the previous fiscal period due to continuing fluctuations in the United States currency exchange rate. During the fiscal year, the Canadian currency has strengthened relative to the United States currency which is a financial disadvantage to the company as they are an exporter of raw wool valued in United States currency.

1. Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

The company is exposed to interest rate risk on the bank indebtedness and short term bank loans due to interest rates based on prime rate. Increases in market interest rates would increase the rate on these debts. Due to low and stable market interest rates, the organization's exposure and management of risk has not changed materially from the end of the previous fiscal period.

(f) Capital Lease Obligation

Lease arrangements that transfer substantially all of the benefits and risks of ownership are recorded as obligations at the net present value of the minimum lease payments discounted at the corporation's incremental borrowing rate. The imputed interest portion of the lease payment is expensed over the lease term and the remainder of the payment reduces the outstanding obligation.

(g) Revenue Recognition

The company recognizes revenue from sale of raw wool at the time the goods are shipped to the customer. Revenue and income from sale of livestock supplies and wool related products are recognized at the point of sale.

2. Inventory

Inventory is recorded at the lower of cost or net realizable value with cost determined on an average cost basis.

| | 2018 | 2017 |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Raw wool | 1,414,852 | 1,594,254 |
| Stockmen's supplies | 2,550,338 | 2,273,404 |
| Wool Shop | 526,656 | 469,188 |
| | 4,491,846 | 4,336,846 |

3. Property, Plant and Equipment

| | Cost | Accumulated Amortization | Net 2018 | Net 2017 |
|---------------------------|------------------|-----------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Land | 185,740 | - | 185,740 | 185,740 |
| Buildings | 2,864,245 | 540,014 | 2,324,231 | 2,207,994 |
| Equipment | 1,043,232 | 790,697 | 252,535 | 209,729 |
| Equipment - Capital Lease | 81,869 | 49,384 | 32,485 | 12,593 |
| Furniture and fixtures | 506,673 | 468,659 | 38,014 | 34,945 |
| Vehicles | 116,086 | 89,921 | 26,165 | 37,379 |
| | 4,797,845 | 1,938,675 | 2,859,170 | 2,688,380 |

Canadian Co-operative Wool Growers Limited
Notes to the Financial Statements
For the Year Ended February 28, 2018

4. Bank Loans

Bank loans represents the balance owing to Bank of Nova Scotia under an operating loan credit facility agreement renegotiated December 2017. The credit facilities and authorized maximum thresholds available include; an operating loan at a maximum of \$1,235,000 in Canadian currency including a maximum of \$100,000 in United States currency, standby letters of credit at a maximum of \$50,000, and foreign exchange contracts at a maximum term of one year. The operating loans bear interest at prime rate payable monthly and are due on demand. The loans are secured by a general security agreement, assignment of book debts, accounts receivable, inventory and collateral mortgage on the company's real properties.

| | 2018 \$ | 2017 \$ |
|--|------------|------------|
| Operating Line of Credit | | |
| bearing interest at prime rate, due on demand. | 42,835 | 223,276 |

5. Capital Lease Obligations

| | Future Minimum Lease Payments \$ | Amount Representing Imputed Interest \$ | Buyout Option \$ | Net Lease Obligation 2018 \$ |
|--|--|---|------------------------|--|
| Meridian OneCap Credit Corporation secured by equipment, repayable in monthly lease payments of \$913 including implicit interest of 9% purchase option upon maturity, matures June 2019. | 14,608 | 1,328 | 4,980 | 18,260 |
| Less: Current portion | (10,956) | (996) | - | (9,960) |
| | 3,652 | 332 | 4,980 | 8,300 |

Canadian Co-operative Wool Growers Limited
Notes to the Financial Statements
For the Year Ended February 28, 2018

5. Capital Lease Obligations (continued)

Future minimum lease payments due in the subsequent two years are as follows:

| | Future Minimum Lease Payments | Amount Representing Imputed Interest | Buyout Option | Net Lease Obligation |
|------|--|---|------------------|----------------------------|
| | \$ | \$ | \$ | \$ |
| 2018 | 10,956 | 996 | | 9,960 |
| 2019 | 3,652 | 332 | 4,980 | 8,300 |

6. Capital Stock

Authorized: 50,000 common shares, redeemable at \$10 each, cumulative dividends at 7%

| | 2018 | 2017 |
|--|---------|---------|
| | \$ | \$ |
| Common shares issued and outstanding: | | |
| Opening Balance - 30,538 (29,531 prior year) | 305,380 | 293,510 |
| Issued - 894 (1,375 prior year) | 8,940 | 13,750 |
| Redeemed - 167 (188 prior year) | (1,670) | (1,880) |
| Closing Balance - 31,265 (30,538 prior year) | 312,650 | 305,380 |

7. Refundable Dividend Tax

Represents income tax paid that is refundable upon payment of dividends at a rate of one third of total dividends paid. Since the expectation is that dividends are paid annually and the refundable tax will be recovered annually the amount of refundable dividend tax has been presented as a reduction to retained earnings rather than an expense on the income statement. As the refundable tax is recovered the reduction to retained earnings will be reduced accordingly.

8. Income Tax Expense on Accounting Income

The company's income tax rate is made up of :

| | 2018 | 2017 |
|--|-----------|------------|
| | \$ | \$ |
| Net Income before income taxes | 425,599 | 1,198,223 |
| Expected income tax expense at the combined basic federal and provincial income tax rate | 170,240 | 467,307 |
| Tax savings from deferral of gain on sale of property | - | (261,580) |
| Small business deduction | (111,418) | (122,831) |
| Tax effect of timing difference between accounting expenses and deductions for income tax purposes | 8,094 | (17,855) |
| Tax expense | 66,916 | 65,041 |
| Tax expense as a percentage of accounting income | 15.72 % | 5.43 % |



WWW.REALWOOLSHOP.CA WWW.PREMIER-CHOIX.CA
Serving Canada's Sheep Producers with Pride Since 1918
Fièremment au service des producteurs ovins Canadiens depuis 1918

WOOL INDUSTRY NEWS / NOUVELLES DE L'INDUSTRIE DE LA LAINE

The CCWG recently held Management and Board of Director meetings at the 100th Annual General Meeting in Carleton Place & Almonte, Ontario on October 18th – 20th, 2018. La CCWG a récemment tenu des réunions de direction et du conseil d'administration à la 100^{ième} assemblée générale annuelle à Carleton Place et Almonte, Ontario, les 18, 19 et 20 octobre 2018.

The 2018 elected Board of Directors are as follows / Le conseil d'administration a été élu comme suit:

Executive Committee / Comité exécutif:

President / Président

- David Mastine, St. Felix de Kingsey, QC

1st Vice President / 1er vice-président

- Lee E. Sexton, Hanley, SK

2nd Vice President / 2e vice-président

- Allan E. Ribbink, Tiverton, ON

- Roma H. Tingle, Prince George, BC

Additional Directors on the Board are as follows / Autres directeurs sur le comité:

Warren L. Moore, Stavely, AB
(Audit Committee / comité de vérification des comptes)

Ward Harden, Fir Mountain, SK
(Audit Committee / comité de vérification des comptes)

Ruth Mathewson, Central North River, NS
(Audit Committee / comité de vérification des comptes)

Gary J. Fox, Bloomfield, ON
Brian W. Greaves, Miniota, MB
John Woodburn, Grimshaw, AB

For the fiscal year ending February 28, 2018 the co-operative recorded gross sales of almost 10.4 million which represents an increase of 2.5% from the previous year. Net income of \$425,599 from all business operations was achieved. Difficult wool marketing conditions for broader wools continued in 2017/18. This resulted in lower wool sales in our value-added wool trading division of almost 14.5% compared to the previous fiscal year. Canadian wool is currently being marketed to 6 countries, but China remains the major export destination for all wool types. Profitability was up at all retail locations with overall sales increasing by 9.2%. In terms of revenue ratio, the past year reflected 25% (wool) and 75% (retail).

The Board of Directors have authorized a dividend payment of 7% to the shareholders of record date December 31, 2017. The company has always paid a dividend and it has been 7% annually since 1999. The Shareholder Wool Shipper Loyalty Reward Program (SWSLRP) will remain at the rate of 7 cents per pound on the 2017 wool clip. Full details of these programs can be found on the company website www.wool.ca. For a report on the current wool market and our business update - <https://www.wool.ca/page/wool-market-reports>. In other news, a thorough review and evaluation of the company's long term strategic business plan was completed by the Board of Directors and Management team.

2018 marked our 100th year in business which is a significant milestone to reach. To celebrate this event an evening banquet featuring fresh Ontario lamb was held at the North Lanark Agricultural Hall in Almonte, Ontario with 200 guests in attendance. In 2019 the Annual General Meeting will be held in Truro, Nova Scotia from October 17th – 19th.

Pour l'exercice se terminant le 28 février 2018, la coopérative a enregistré des ventes brutes de près de 10.4 millions, ce qui représente une augmentation de 2.5% en comparaison avec l'année précédente. Un revenu net de 425 599 dollars a été réalisé parmi toutes les opérations. Des conditions difficiles de commercialisation de la laine grossière se sont poursuivies en 2017-18. Cela a entraîné une baisse des ventes de laine de cette catégorie de près de 14.5% en comparaison avec l'année précédente. La laine canadienne est actuellement vendue dans 6 pays, mais la Chine demeure la principale destination d'exportations de toutes les catégories de laine. Les bénéficiaires ont augmenté dans tous les magasins de détail, les ventes globales ayant augmenté de 9.2%. Le pourcentage des revenus pour l'année écoulée se chiffre à 25% pour la laine et 75% pour le détail.

Le conseil d'administration a autorisé le versement d'un dividende de 7% aux actionnaires inscrits en date du 31 décembre 2017. La coopérative a toujours versé un dividende qui s'élève à 7% par an depuis 1999. Le programme de récompenses des actionnaires expéditeurs de laine (SWSLRP) demeurera au même montant, soit à 7 cents la livre pour la laine de 2017. Les détails complets de ces programmes peuvent être trouvés sur le site Web de la coopérative <https://www.wool.ca>. Pour le plus récent rapport concernant le marché de la laine ainsi que nos activités, consultez – <https://www.wool.ca/page/wool-market-reports>. D'autre part, un examen approfondi ainsi que l'évaluation du plan d'action stratégique à long terme de la coopérative ont été réalisés par le conseil d'administration et l'équipe de direction.

L'année 2018 a marqué notre 100^{ème} anniversaire, ce qui constitue un exploit d'envergure. Pour célébrer cet événement, un banquet mettant en vedette l'agneau frais de l'Ontario a eu lieu dans la salle agricole North Lanark à Almonte, en Ontario, avec 200 invités présents. L'assemblée annuelle de 2019 aura lieu à Truro, en Nouvelle-Écosse, du 17 au 19 octobre.

The national Wool Certificate of Merit recipients for 2017 were announced as follows / Les récipients nationaux des certificats de mérite de la laine pour 2017 ont été annoncés comme suit:

Atlantic / Atlantique

Paul & Ann Cullingworth
Scotsburn, NS

Shearer / Tondeur

Eric Sullivan

Québec

Christian & Marina Bellaar-Spruyt,
Alcove, QC

Shearers / Tondeurs

Tom Redpath & David St-Onge

Ontario

David Anderson – Andelin Farms
Orillia, ON

Shearer / Tondeur

Don Metheral

Ontario

Jim Johnston– Pasture Hill Farm
New Liskeard, ON

Shearers / Tondeurs

Gerald Gemmill, Jonas Ouellette, William Rousseau

Ontario

Ken Thompson – Island Meadow Family Farm,
Demorestville, ON

Shearer / Tondeur

Ruco Braat

Manitoba

Rupert Durose - Duck Paddle Farm
Plumas, MB

Shearer / Tondeur

Rupert Durose

Manitoba

Steve & Jeanette Lewis
McAuley, MB

Shearer / Tondeur

Steve Lewis

Saskatchewan

Heidi Clarke
Willow Island Farm
Saskatoon, SK

Shearers / Tondeurs

Bill & Heidi Clarke

Saskatchewan

Bonny & Norman Lee
Pangman, SK

Shearer / Tondeur

Cliff Metheral

Saskatchewan

Dale & Dawn Montgomery
Maple Creek, SK

Shearer / Tondeur

Cliff Metheral

Saskatchewan

Richard & Wanda Perrault
Val Marie, SK

Shearers / Tondeurs

Lorrie Reed & Crew

Alberta

Jordan Preston
Vauxhall, AB

Shearers / Tondeurs

John Beasley, Shaun Fajnor,
Dwight Galenzoski, Paul Preston

Alberta

Shannon & Don Horkoff
Vulcan, AB

Shearer / Tondeur

Jeff Fielding

British Columbia / Colombie Britannique

Dennis Gellings
Dawson Creek, BC

Shearers / Tondeurs

South Peace Colony,
Birch Hills Colony



Staff & Director Retirement Presentations
Présentations pour la retraite du personnel et des directeurs

James McNeely, Wool Superintendent / surintendant de la laine, Carleton Place
John Woodburn, CCWG Director / directeur de la CCWG, Alberta North / nord de l'Alberta



**CCWG 100th AGM Banquet held at North Lanark
Agricultural Hall - Almonte, ON - October 20,
2018**

**Le banquet de la 100^{ième} AGA de la CCWG tenu
dans la salle agricole North Lanark, Almonte, ON
– 20 octobre 2018**

**CCWG staff attending
the 100th AGM &
Banquet**
**Le conseil
d'administration 2018-
19 de la CCWG**



CCWG 2018/19 Board of Directors
**Le conseil d'administration 2018-19 de
la CCWG**

Left to right / De gauche à droite:
Gary Fox, Allan Ribbink, Warren Moore,
Ruth Mathewson, Ward Harden,
David Mastine, Lee Sexton, Eric Bjergso,
Brian Greaves, Roma Tingle



2017 Wool Certificate of Merit / Certificat de mérite 2017 en production de laine

David & Elizabeth Anderson, Andelin Farms, Orillia, ON

Presented by / Présenté par Allan Ribbink – CCWG Director Ontario West / directeur de la CCWG l'ouest de l'Ontario & Patrick Lamothe – Carleton Place Wool Grader / Classificateur de laine à Carleton Place



2017 Wool Certificate of Merit / Certificat de mérite 2017 en production de laine

Warren Moore – CCWG Director Alberta South presents the Certificate of Merit to Grant Preston, Mount Forest, ON on behalf of his grandson Jordan Preston from Vauxhall, AB.

Directeur de la CCWG du sud de l'Alberta présente le certificat de mérite à Grant Preston, Mount Forest, ON, au nom de son petit fils Jordan Preston de Vauxhall, AB.

**The following shearers were recognized for their long time service to the sheep industry.
Les tondeurs suivants ont été reconnus pour leur long service au sein de l'industrie ovine.**

Nicole Blanchard, L'Épiphanie, QC
Ross Creighton, Clayton, ON
Geraldine Heffernan, Indian River, ON
Bruce McEwen, Foresters Falls, ON
Richard Metheral, Glen Huron, ON
Judy Miller-Shelley, Hanover, ON
Steve Shelley, Hanover, ON

Tom Redpath, Ayres Cliff, QC
John Farrell, Wingham, ON
Jerry Kelleher, York, ON
Donald Metheral, Glen Huron, ON
Ruco Braat, Baillieboro, ON
Terry Spicer, Madoc, ON
Robert Worden, Courtice, ON
Peter Kudelka, Mitchell, ON



Shearers recognized for long time service to the sheep industry / Les tondeurs reconnus pour leur long service au sein de l'industrie ovine

Left to right, front row / De gauche à droite, première rangée:

Judy Miller-Shelley, Jerry Kelleher, Ross Creighton, Terry Spicer, Bruce McEwen,
Nicole Blanchard.

Left to right, back row / De gauche à droite, rangée arrière:

Steve Shelley, Tom Redpath, Ruco Braat, Richard Metheral, John Farrell, Peter Kudelka,
Eric Bjergso – CCWG General Manager / Directeur général de la CCWG

Absent – Geraldine Heffernan, Donald Metheral, Robert Worden

Left to right / De gauche à droite:



Lee-Anne Durant-McIntyre, National Director CCWG Livestock Supplies/ Directrice nationale CCWG Fournitures pour bétail; Carol Berger, CCWG Wool Accounts / Logistic's/ Comptabilité/Logistique; Nathan Pappas-Barabe, Wool Grader / Classificateur de laine; Shearer / Tondeur - Ross Creighton



David Mastine, CCWG President / Président; Nathan Pappas-Barabe, Wool Grader / Classificateur de laine; Shearer / Tondeur – Nicole Blanchard; Eric Bjergso, CCWG General Manager / directeur général



Andrew Brydges, Assistant Manager / Assitant-gérant CCWG Livestock Supplies & Equestrian Centre; Nathan Pappas-Barabe, Wool Grader / Classificateur de laine; Shearer / Tondeur – Bruce McEwen



Brian Greaves, CCWG Manitoba Director/ Directeur CCWG du Manitoba; Shearer / Tondeur – Richard Methetal, CCWG wool depot operator / Opérateur de dépôt de laine; Nathan Pappas-Barabe, Wool Grader / Classificateur de laine



Shearer / Tondeur – Steve Shelley; Pat Lamothe, Wool Grader / Classificateur de laine; Shearer / Tondeur – Judy Miller-Shelley, CCWG wool depot operator (retired) / Opératrice de dépôt de laine (retraité); Nathan Pappas-Barabe, Carleton Place Wool Grader / Classificateur de laine



Donna Zeman, CCWG Executive Director / Directrice Exécutive
Pat Lamothe, Wool Grader / Classificateur de laine; Shearer / Tondeur – Tom Redpath



Shearer / Tondeur – Jerry Kelleher, CCWG wool depot operator / Opérateur de dépôt de laine; ; Pat Lamothe, Wool Grader / Classificateur de laine; John Cuthbert, Manager CCWG Livestock Supplies, Cookstown, ON / Gérant CCWG de Cookstown



Pat Lamothe, Wool Grader / Classificateur de laine; Shearer / Tondeur – Ruco Braat, CCWG wool depot operator / Opérateur de dépôt de laine;



Shearer / Tondeur – Shearing School Instructor / Instructeur d'école de tonte - Peter Kudelka; Nathan Pappas-Barabe, Wool Grader / Classificateur de laine



Shearer / Tondeur – Terry Spicer; CCWG wool depot operator / Opérateur de dépôt de laine; Nathan Pappas-Barabe, Wool Grader / Classificateur de laine



Pat Lamothe & Nathan Pappas-Barabe, Wool Graders / Classificateur de laine; Joyce Farrell, Shearer / Tondeur – CCWG wool depot operator / Opérateur de dépôt de laine; – John Farrell, Wingham, ON; Allan Ribbink, CCWG Director Ontario West / directeur Ouest



Eric Bjergso, CCWG General Manager / directeur general accepts a limited edition Sunbeam Stewart hand crank sheep shearing machine that was originally made exclusively for CCWG. Donated by John & Joyce Farrell for display at CCWG Carleton Place, ON. / Accepte une manivelle Sunbeam Stewart à édition limitée. Cisaille à moutons fabriquée à l'origine exclusivement pour CCWG. Don de John & Joyce Farrell pour exposer au CCWG Carleton Place, ON.

CCWG Wool Market and Business Update – Fall 2018

2017/18 Wool Market Update

In the last 12 months fine wools from all origins have achieved unprecedented record prices although at the time of this writing prices have pulled back for most microns in the last couple of weeks. Unfortunately the crossbred and broader wools which are much more plentiful in supply have been left behind for the most part and have only recorded marginal increases compared to the previous year.

The growth in fine wool prices can be attributed to two main factors. There is major concern regarding future available supply due mainly to ongoing Australian drought in most of the major wool producing states. This has resulted in decreased production ie lower fleece weights due to feed shortages and reduced sheep numbers. For the 2018/19 season it does not look any better with the current forecast of a 5.7% reduction in the Australian wool clip.

As always, China is playing a major role in influencing the market due to the significant growth of their middle class and upper income earners. Despite rising prices, consumer demand for wool apparel has continued to grow. It was only ten years ago when China was mainly a low cost manufacturing and re-exporting destination for most of the wool exported to China. Today more than half of China wool imports are manufactured into wool products that stay in China and are purchased by Chinese consumers. Upwards of 70% of global wool production finds its way into this market. These are the main reasons for the current strong performance of fine wools. Most leading Chinese textile companies are reporting an increase in domestic sales but a decrease in exports. This underlines the huge growth potential for domestic sales within China as incomes continue to rise.

In terms of sustainability the key message to encourage consumers to choose wool continues to be that we have a natural fiber, renewable and biodegradable resource.

In addition to challenging global climatic conditions the current USA / China trade conflict cannot be underestimated. This escalating trade war remains a key risk to global economic activity and to global textile markets because of the uncertainty it is creating. It has the potential to completely disrupt the supply chain and to lower consumer confidence which up to this point in time has been very high in most of the major wool consuming countries. The present situation is that American raw wool, hides etc are now subject to a Chinese duty of 25%. China accounts for 53% of all USA imports of wool clothing.

Although we have developed markets for Canadian wool in six countries, China will be our major export destination in 2018 for all wool types. It does not appear that the new USMCA agreement will have any impact on Canadian wool exports to USA, greasy wool is still rated duty free the same as the previous NAFTA agreement. Our sales to USA will be lower this year because of the USA / China trade war, American mills have ample supply of wool that would otherwise be exported under normal wool trading conditions.

Our wool volume dropped approximately 4.3% during the 2017/18 wool marketing year but we are encouraged by recent Statistics Canada figures that indicate our sheep and lamb numbers have increased by 1.6% in 2018 compared to 2017, the first increase in 7 years. However, the drought conditions experienced this year in several provinces has resulted in high feed prices that will likely result in some flock reductions or dispersals.

The tough trading conditions for the broader wools in 2017/18 resulted in lower sales of almost 14.5% for Canadian wool compared to the previous fiscal year. Conditions are somewhat improved during the current wool marketing season. We have found much better selling opportunities compared to a year ago to our regular network of buyers and also some newly established customers.

Retail Business

The retail business of CCWG achieved better than projected results for the fiscal year ending February 28, 2018 and continues to grow. Profitability was up at all locations with overall sales increasing 9.2% In terms of revenue ratio it is now almost 25% (wool) and 75% (retail).

2018 marks our 100th year in business which is a significant achievement. Sincere appreciation is extended to all staff and directors for your efforts in helping CCWG reach this major milestone. You are the company's most valuable assets. Of course we must recognize the support we receive from our loyal customers who are the reason we are still operating and growing the business today. We are fully committed to building relationships with our customers based on the right product at the right price and delivered with exceptional customer service.

Best wishes to all for continued success.

Yours truly,
Eric Bjergso, General Manager

Mise à jour d'affaires et du marché de la laine de la CCWG – Automne 2018

Mise à jour du marché de la laine 2017-18

Au cours des 12 derniers mois, les laines fines provenant du monde entier ont atteint des prix record sans précédent, même si, au moment de la rédaction de cet article, les prix avaient chutés pour la plupart des microns durant les deux dernières semaines. Malheureusement, les laines grossières, dont l'offre est beaucoup plus abondante, ont été laissées de côté et n'ont enregistré que des augmentations minimales par rapport à l'année précédente.

La croissance des prix de la laine fine peut être attribuée principalement à deux facteurs. Il y a d'importantes inquiétudes concernant la disponibilité de l'offre future en raison de la sécheresse qui sévit actuellement en Australie dans la plupart des principaux états producteurs de laine. Cela a entraîné une baisse de la production, c'est à dire une diminution du poids de la toison en raison d'une pénurie des fourrages pour les animaux et une diminution du cheptel ovin. Pour la saison 2018-19, les prévisions actuelles démontrent une réduction de 5.7% de la toison australienne.

Comme toujours, la Chine joue un rôle majeur dans l'influence du marché en raison de la croissance importante de la classe moyenne et des hausses des revenus. Malgré la hausse des prix, la demande des consommateurs pour les vêtements en laine a continué de croître. Il y a seulement dix ans, la Chine était principalement une destination de fabrication et de réexportation à faible coût pour la majeure partie de la laine exportée vers la Chine. Aujourd'hui, plus de la moitié des importations chinoises de laine sont transformées en produits qui demeurent en Chine et sont achetés par les consommateurs chinois. Près de 70% de la production mondiale de laine se retrouve au niveau de ce marché. Ce sont les principales raisons de la forte performance actuelle des laines fines. La plupart des grandes entreprises de textiles chinoises signalent une augmentation des ventes domestiques et une baisse des exportations. Cela souligne l'énorme potentiel de croissance des ventes domestiques en Chine tout comme les revenus qui continuent d'augmenter.

En termes de viabilité, le message clé pour encourager les consommateurs à choisir la laine reste que nous disposons d'une ressource en fibres naturelles, renouvelable et biodégradable.

En plus des conditions climatiques mondiales difficiles, le conflit actuel entre les É.-U. et la Chine ne peut être sous-estimé. L'escalade de la guerre commerciale reste un risque majeur pour l'activité économique mondiale et pour les marchés mondiaux des textiles en raison des incertitudes qu'elle crée. Ceci pourrait complètement bouleverser la chaîne d'approvisionnement et affaiblir la confiance des consommateurs, qui était jusqu'à présent très élevée dans la plupart des principaux pays consommateurs de laine. La situation actuelle est que la laine brute, les peaux, etc. américaines sont maintenant soumises à des frais de douanes chinois de 25%. La Chine représente 53% de l'ensemble des importations américaines de vêtements en laine.

Bien que nous ayons développé des marchés pour la laine canadienne dans six pays, la Chine sera notre principale destination d'exportation en 2018 pour tous les types de laine. Le nouvel accord USMCA ne semble pas créer d'incidence sur les exportations de laine canadienne aux É.-U. La laine brute est toujours considérée comme exempte de frais de douane, tout comme l'accord précédent. Nos ventes aux É.-U. seront plus faibles cette année en raison de la guerre commerciale entre les É.-U. et la Chine. Les moulins américains disposent d'un grand inventaire de laine qui aurait autrement été exportée dans des conditions commerciales normales.

Notre volume de laine a diminué d'environ 4.3% au cours de la campagne de commercialisation 2017-18, mais nous sommes encouragés par les chiffres récents provenant de Statistique Canada

qui indiquent que le nombre de moutons et d'agneaux ont augmenté de 1.6% en 2018, ce qui constitue la première augmentation en 7 ans. Toutefois, la sécheresse qui a sévit cette année dans plusieurs provinces a entraîné une hausse des prix des fourrages, ce qui entraînera probablement une réduction ou des dispersions des troupeaux ovins.

Les conditions commerciales difficiles pour les laines grossières en 2017-18 ont entraîné une baisse des ventes de la laine canadienne de près de 14.5% par rapport à l'exercice précédent. Les conditions se sont quelque peu améliorées pendant la présente campagne de commercialisation de la laine. Cette année, nous avons eu la chance de trouver de meilleures opportunités de ventes parmi notre réseau d'acheteurs réguliers, en plus d'établir de nouveaux clients.

Commerce au détail

Les activités de ventes au détail de la CCWG ont obtenu de meilleurs résultats que prévu pour l'exercice se terminant le 28 février 2018 et continuent de croître. Il y a eu une croissance de la rentabilité au sein de tous les emplacements, représentant une augmentation globale de 9.2%. Le ratio des revenus est près de 25% pour la laine et 75% pour le détail.

L'année 2018 marque notre 100^{ième} anniversaire, ce qui constitue un exploit important. Nos sincères remerciements vont à l'ensemble du personnel et des directeurs pour les efforts qu'ils ont déployé afin d'aider la CCWG à atteindre ce jalon majeur. Ils sont l'actif le plus précieux de l'entreprise. Bien sûr, nous devons reconnaître le soutien que nous recevons de nos fidèles clients, qui sont la raison pour laquelle nous sommes en affaires et que l'exploitation continue d'accroître. Nous nous engageons pleinement à établir de bons liens avec nos clients en offrant le bon produit au bon prix avec un service client exceptionnel.

Meilleurs vœux à tous pour un succès ininterrompu.

Sincèrement vôtre,
Eric Bjergso, Directeur général



30th Nanjing Wool Market Conference and Wool Trade Fair 2018

Eric Bjergso, CCWG General Manager attended the 30th Nanjing Wool Market Conference and Wool Trade Fair on September 11th – 13th in Nanjing Jiangsu Province, China.

Over 500 delegates were registered from the Chinese and international wool trade.

Participants include growers, traders, primary processors, spinners, weavers and garment manufacturers. It provided an excellent opportunity for all international delegates to meet with China's biggest wool buyers and processors, all in one place. Contracts were negotiated for 700,000 pounds of graded and objectively measured Canadian wool.

30^{ième} Conférence du commerce de la laine et le Salon de la laine 2018 de Nanjing

Eric Bjergso, directeur général de la CCWG, a participé à la 30^{ième} Conférence et Salon de la laine de Nanjing, dans la province de Jiangsu, en Chine, tenue du 11 au 13 septembre dernier.

Plus de 500 délégués chinois et internationaux se sont enregistrés au Salon de commerce de la laine.

Les participants se composent de producteurs, commerçants, transformateurs primaires, fileurs, tisserands et fabricants de vêtements. Ce fut une excellente occasion pour tous les délégués internationaux de rencontrer le plus grand nombre d'acheteurs et de transformateurs chinois, et ce, en un seul endroit. Des contrats ont été négociés pour 700 000 livres de laine canadienne classée et mesurée objectivement.

Shareholder Wool Shipper Loyalty Reward Program (SWSLRP)



The Board of Directors have approved a loyalty reward program proposed by management for CCWG shareholders that are also wool shippers. The purpose of this loyalty reward program is to recognize shareholder / wool shippers with a rebate on their wool clip.

Following each year-end and depending on the overall profit from all company business, the Board of Directors will allocate a percentage of the year's profit to a reserve account for (SWSLRP). The rebate will then be paid to shareholder / wool shippers in the form of a CCWG profit sharing coupon which can be redeemed for purchasing products at any CCWG branch location. The profit sharing coupon will have an expiry date of 3 years from date of issue, will not have a cash surrender value and will not be transferable. This will be an added bonus for shareholder / wool shippers in addition to the standard shareholder benefits such as the dividend, discount plan etc. The

calculation for the rebate will be based on the net weight of the current fiscal years wool clip at a pre-determined rate in cents per pound.

This coupon must be presented at time of redemption.

Wool Preparation Incentive / Rebate (WPIR)

- 1) Currently a bonus of up to 8¢ per pound is paid on the total net weight of the wool clip (all grades including offsorts)
- 2) Eligibility is based on bright high yielding wool clips that have been well prepared and skirted with offsorts separated from main fleeces by a newspaper divider or packaged in a separate bag.
- 3) Shipped in well packed sacks.

Explanation: The objective of the wool preparation incentive is to reward producers with a bonus for those that have taken the time and effort to present a clean, well prepared and packaged wool clip for grading and marketing. At the time of wool grading, our wool grader assesses if the producers clip qualifies for the bonus which will range from 2¢ - 8¢ per pound,

depending on the quality and presentation of the wool clip. Offsorts are defined as the bellies, stained wool and tags.

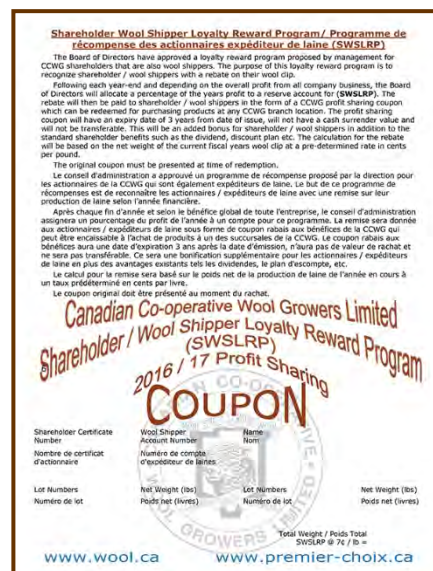
Programme de récompense des actionnaires expéditeurs de laine (SWSLRP)

Le conseil d'administration a approuvé un programme de récompense proposé par la direction pour les actionnaires de la CCWG qui sont également expéditeurs de laine. Le but de ce programme de récompenses est de reconnaître les actionnaires / expéditeurs de laine avec une remise sur leur production de laine selon l'année financière.

Après chaque fin d'année et selon le bénéfice global de toute l'entreprise, le conseil d'administration assignera un pourcentage du profit de l'année à un compte pour ce programme. La remise sera donnée aux actionnaires / expéditeurs de laine sous forme de coupon rabais aux bénéficiaires de la CCWG qui peut être encaissable à l'achat de produits à un des succursales de la CCWG. Le coupon rabais aura une date d'expiration 3 ans après la date d'émission, n'aura pas de valeur de rachat et ne sera pas transférable. Ce sera une bonification supplémentaire pour les actionnaires / expéditeurs de laine en plus des avantages existants tels les dividendes, le plan d'escompte, etc.

Le calcul pour la remise sera basé sur le poids net de la production de laine de l'année en cours à un taux prédéterminé en cents par livre.

Ce coupon doit être présenté au moment du rachat.



Politique de motivation à la préparation de la laine / Rabais (WPIR)

- 1) Présentement, une prime pouvant aller jusqu'à 8 ¢ par livre est versée sur le poids net total de la toison (tous les grades, y compris la laine inférieure)
- 2) L'admissibilité est basée sur les toisons à haut rendement, de couleur clair brillant, qui ont été bien préparés, ainsi que sur la laine inférieure séparée des toisons principales par un papier journal diviseur ou emballée dans un sac séparé.
- 3) Expédié dans des sacs bien entassés.

Explication: L'objectif de cette politique est de récompenser par le biais d'une prime, les producteurs qui ont pris le temps et l'effort de présenter une toison propre, bien préparée et emballée pour le classement et la commercialisation. Au moment du classement de la laine, notre classeur de laine évalue si la toison des producteurs se qualifie pour une prime, qui varie entre 2 ¢ et 8 ¢ par livre, en fonction de la qualité et de la présentation de la toison. La laine inférieure est celle qui provient des ventres, qui est tachée ou qui est souillée.

the Dumfries House Wool Declaration

The Dumfries House Conference
9 September 2016

The versatility of the Wool fibre has been appreciated by man since the stone ages and to this day keeps the modern consumer cool when they are active and protects the wearer from severe weather elements. Moisture on the skin is wicked away and no man-made fibre has the ability to regulate the body's temperature in all weather conditions like Wool does naturally.

With this Declaration we commit our efforts, time and talents to promote, educate and enforce the wonderful natural attributes of the Wool fibre, listed here below:

1. Wool is 100% natural:

A natural protein fibre that is similar to human hair, Wool grows naturally on sheep.

2. Wool is a renewable resource:

Consuming a simple blend of water, air, sunshine and grass, sheep produce a new fleece every year without depleting finite natural resources.

3. Wool forms part of a natural carbon cycle:

Sheep consume organic carbon by eating plants, and store this in their fleece. Fifty percent of a fleece's weight is pure organic carbon stored in a durable, wearable form.

4. Wool is a natural alternative to wasteful consumer practices:

Research shows that the average life of a Wool garment is 2-10 years, compared to 2-3 years for garments made from other fibres.

5. Wool was made for recycling:

Wool fibres are high quality and durable, capable of re-use and recycling, ultimately reducing landfill disposal. Wool is routinely upcycled into woollen-spun knitwear, insulation and geotextiles – all of which contribute to a circular economy.

6. Wool is biodegradable:

Wool decomposes in a matter of years, releasing valuable nitrogen-based nutrients back into the soil.

7. Wool is naturally odour resistant:

By absorbing moisture vapour, Wool garments leave less perspiration on the skin, reducing odour-causing bacteria. Easily refreshed by airing, Wool garments can be worn longer between washes due to Wool's natural ability to shed dirt and bacteria.

8. Wool is fire resistant & fire retardant:

Naturally high in nitrogen and water content, Wool's unique cell structure requires high levels of oxygen in order to burn, and forms an insulating layer when heated that prevents the spread of flames. Wool does not melt, drip or stick to the skin when subject to extreme heat and produces less smoke and toxic fumes during combustion.

9. Wool improves indoor air quality:

When used in interior textiles such as carpets and upholstery, Wool absorbs and locks away pollutants such as volatile organic carbons (VOCs) from the air more rapidly than other fibres.

10. Wool is welfare assured:

The major woolgrowing countries namely Argentina, Australia, New Zealand, Norway, South Africa, United Kingdom, United States and Uruguay, all support the IWTO and Campaign for Wool and conform to the strictest standards of animal welfare as embodied in the IWTO Specifications for Wool Sheep Welfare. The IWTO Specifications are premised on the Five Freedoms of Animal Welfare as set forth by the World Organisation for Animal Health (OIE): freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury or disease, the freedom to express normal behaviour, and freedom from fear and distress. The Five Freedoms also form the basis of strictly enforced national animal welfare legislation in each of these woolgrowing countries.

About The Campaign for Wool

The Campaign for Wool is a global endeavour initiated by its Patron, HRH The Prince of Wales, to raise awareness amongst consumers about the unique benefits offered by Wool and call attention to the ecological advantages it delivers. The campaign was launched by the Patron in January 2010 and has been celebrated in key international markets, such as the United Kingdom, Australia, Spain, Netherlands, Germany, Norway, South Africa, Canada, United States of America, New Zealand, Italy, Japan and China.

About IWTO

With a world-wide membership encompassing the Wool pipeline from sheep to shop, the International Wool Textile Organisation (IWTO) represents the interests of the global Wool trade. By facilitating research and development and maintaining textile industry standards, IWTO ensures a sustainable future for Wool. To learn more about IWTO and its activities, visit www.iwto.org.

About the Dumfries House Wool Declaration

The Wool industry commits to protect the environment, to care about the welfare of the Wool Sheep and to uphold the best possible practices in growing, trading, manufacturing and selling Wool fibre and its relating textiles.



PREMIER-CHOIX.CA



5120 RUE MARTINEAU
SAINT-HYACINTHE, QC
450-796-4242
1-888-796-4242
INFO@PREMIER-CHOIX.CA

REALWOOLSHOP.CA



142 FRANKTOWN RD
CARLETON PLACE, ON
613-257-2714
1-800-488-2714
WOOLSHOP@WOOL.CA

VISIT Us ONLINE



3807 HWY 89
COOKSTOWN, ON
705-458-4800
1-866-458-4800
CCWGCK@WOOL.CA



OLEX STOCKYARD
WATERLOO/KITCHENER, ON
519-888-8299
WATERLOO@WOOL.CA



145 BROXBURN BOULEVARD
LETHBRIDGE COUNTY, AB
403-327-3760
1-800-567-3693
CCWGLB@WOOL.CA



142 FRANKTOWN RD
CARLETON PLACE, ON
613-257-2714
1-800-488-2714
STOCKMANS@WOOL.CA

PayPal[™]



Find us on
Facebook

FOR NOTABLE SERVICE AND OUTSTANDING CONTRIBUTION
TO CANADIAN CO-OPERATIVE WOOL GROWERS LIMITED
AND TO AGRICULTURE IN CANADA

POUR LE SERVICE REMARQUABLE ET LEUR CONTRIBUTION
EXCEPTIONNELLE À LA CANADIAN CO-OPERATIVE WOOL
GROWERS LIMITED ET À L'AGRICULTURE AU CANADA

HONORARY KNIGHTS OF THE GOLDEN FLEECE
LE CHEVALIER D'HONNEUR DE LA TOISON D'OR.

COL. ROBERT McEWEN, MARCH 25TH, 1937

CHRISTIAN JENSEN, MARCH 30TH, 1950

GEORGE E. O'BRIEN, MARCH 25TH, 1964

W. H. JAFFRAY TISDALE, MARCH 25TH, 1965

JOHN WILSON JR., APRIL 2ND, 1970

JOHN C. ROSS, APRIL 5TH, 1979

LALOVEE R. JENSEN, MARCH 27TH, 1980

ROBERT W. SHOPLAND, APRIL 14TH, 1984

NEWTON G. BENNETT, APRIL 25TH, 1987

LLOYD AYRE, MAY 1ST, 1993

A. RUSSELL SIMPSON, MAY 28TH, 2005

JOHN D. BALDERSON, OCTOBER 19TH, 2014



"ask him to build a galley with fifty oars,
needing fifty strong men to row it."