



Sinclair Watson (25 years service) and Murray Ross (40 years service) say the best advice they got when they started in the industry was 'JOIN THE SUPER'.

Manage your super online on www.dairysuper.superfacts.co.nz

In May 2009 the Scheme website was upgraded. The new website offers the same features as the previous website as well as a range of new features designed to help make managing your super easy as well as saving you time (and paper)!

For example, you can view the latest Scheme interest rates, see the split between your locked in savings (which are generally not payable until you reach age 65) and the amount payable when you leave the Scheme; and check out your overall asset allocation and mix between growth and defensive investments (particularly useful if you are considering investing in two funds).

Before you log on, you need to have your member number (shown on your benefit statement) and PIN ready. Then:

- Type www.dairysuper.superfacts.co.nz in the address bar at the top of the screen
- Enter your member number and PIN in the appropriate places at the top left-hand side of the screen and select 'submit'.

Alternatively, you can log on to www.superfacts.co.nz as usual and when you enter the employer number, you will automatically be switched to the new site.

- Updating details such as your home address and nominated beneficiaries can now be done online.

To advise us of a change of home address:

1. Log in and select the 'Personal details' tab
2. Select 'Update details' beside your previous address
3. Type your new address into the online form and select submit.

To update your nominated beneficiaries:

1. Log in and select the 'Beneficiaries' tab
2. Click on 'Update beneficiaries' just below your name on the right-hand side of the page
3. Complete the form and select 'submit'.

- You can now print off copies of all the Scheme forms from the home page of www.dairysuper.superfacts.co.nz. Copies of forms are also still available from payroll.
- If you need a new PIN or have a question about the Scheme (including the annual report and benefit statement), call the freephone 0800 355 900.

Looking for more information? Visit www.dairysuper.superfacts.co.nz or call 0800 355 900

CHAIRMAN'S REPORT

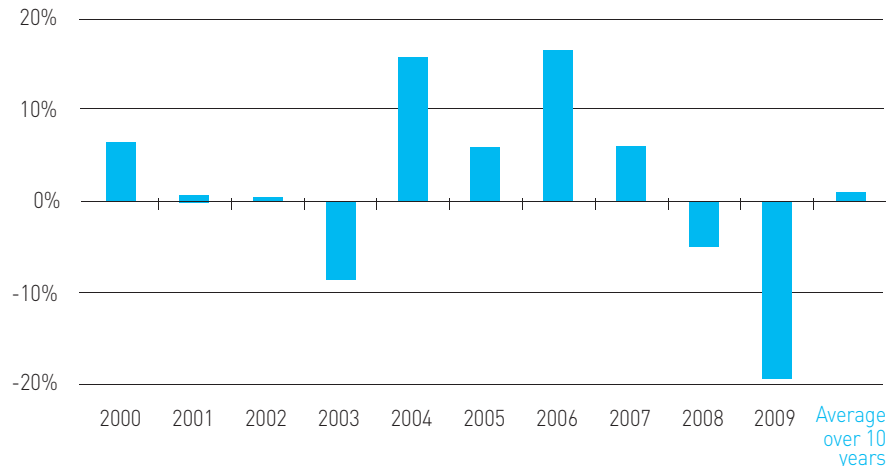
Scheme statistics for the year ended 31 March

	2009	2008	2007	Average pa over last 5 years
Credited interest rates:				
Cash fund	4.03%	5.10%	4.55%	4.66%
Cash/Conservative	-1.52%	2.73%	4.76%	3.69%
Conservative fund	-7.06%	0.36%	4.97%	2.64%
Conservative/Balanced	-13.31%	-2.38%	5.46%	1.36%
Balanced fund	-19.55%	-5.11%	5.95%	-0.03%
Balanced/Growth	-23.16%	-6.55%	6.53%	-0.74%
Growth fund	-26.77%	-7.98%	7.10%	-1.50%

Contributions received during the year:

Member	\$20,533,058	\$21,199,792
Employer	\$19,537,930	\$18,461,986
Transfers in:	\$115,678	\$139,765
Benefits paid during the year:	\$36,436,946	\$36,332,772
Total fund size:	\$273,776,299	\$309,742,347

Balanced Fund - Annual Return & Average Over 10 Years



It is an understatement to say that last year was a difficult one for the Scheme. At the time of last year's annual report, strains in the international financial system were evident but the extent and pace of the events that followed and their links to world economies, unemployment, government finances and investors was startling.

Swings in investors' confidence in investment markets have been huge and almost impossible to predict. Confidence in the financial system remained fragile throughout the Scheme year and governments generally struggled to show that they had convincing plans to stop the rapid deterioration in economic conditions when their own finances were severely stretched. This led some investment markets to appear almost irrational at times as very weak investor confidence, particularly between September and November 2008 after the collapse of Lehmans, a large investment bank in the USA, coincided with some forced selling of investments as debts were called back by lenders. Sensationalist type headlines only added to the pressure on investors and worsened their concerns.

The Scheme's returns shown to the left reflect the effects of this. All funds with exposure to growth type assets (mainly shares and property) suffered significant negative returns over the year, the Growth and Balanced Funds being the worst hit. These returns will undoubtedly have made many members uncertain and anxious about the state of their retirement savings.

In times like this it is impossible to say with any certainty what will happen in the immediate future. While there has been a solid improvement in share values over the last couple of months, it is too soon to say that

markets are completely out of the woods and that global economies are well on the road to recovery. However, some reassurance can be taken from the very significant steps taken by many governments to support economic activity and the banking system. As a result, the prospects of a repeat of the 1930s depression experience seem to have diminished significantly. As recent months have shown, any recovery in investor confidence can quickly translate into improved investment markets.

While sometimes hard to do, the best strategy generally is to remain focussed on your medium to longer-term objectives, rather than be too influenced by the high level of short-term confusing noise in investment markets. Despite the experience of the last two years, the value of maintaining a retirement savings plan, particularly with the support of an employer-sponsored superannuation scheme such as your Scheme, still remains.

While the Trustee directors cannot influence the general direction and outcomes from investment markets, they do remain committed to those key elements of the Scheme that can be more directly influenced and that they believe will lead to a sound result for members over the medium to longer term, namely:

- maintaining a set of quality investment managers for a diversified range of investment types and fund options;
- ensuring the Scheme operates efficiently and effectively as a means for members to save for retirement, with costs well managed and competitive; and
- providing additional benefits (where practicable) such as the ability to access the Government's KiwiSaver tax credits of up to \$20 a week through the Scheme's locked-in section.

The Trustee directors continue to actively review the set of investment managers employed and in general are comfortable with both the quality of managers and the way the assets are invested. As commented on later in this report, the Scheme's experience with its range of investment managers over the last year was quite mixed, with some significantly underperforming their benchmark measures, leading to the Scheme not achieving its overall performance targets this year. The Trustee directors recognise, however, that investment market conditions have been particularly difficult (and in some cases remain so) with some asset values depressed indiscriminately and unreasonably. Care therefore needs to be taken in drawing the right conclusion about managers and also ensuring that if any changes are being considered, they will not 'lock in' losses that are expected to be temporary in nature or incur unnecessarily high costs.

Scheme operating costs remain a focus with, hopefully, the slowdown in changes in the KiwiSaver and regulatory environment meaning less changes to systems and documentation over the next year or so. Administration costs were lower overall than in the previous year (see page 11 for more details) and generally compare favourably with relevant market benchmark measures such as KiwiSaver schemes.

In difficult times member communications are even more important than normal. A new Scheme website has been launched which should provide an improved platform for communications in future

– visit www.dairysuper.superfacts.co.nz. We also plan, for example, to provide more regular details of the performance and portfolio make-up of the various investment managers used by the Scheme. In addition, work is progressing on new member booklets and forms.

Further changes to KiwiSaver and the tax on employer contributions during the year led to corresponding amendments to the Scheme's locked-in section so that members can generally access the maximum tax benefits available if they choose to lock in a portion of their (and their employer's) contributions.

Looking forward, your Trustee directors remain committed to providing an effective and efficient retirement savings scheme for members. It is hoped that most of the painful financial market adjustments are now behind us, although the road to recovery may stretch out for some time and not be without occasional concerns.



Tim McGuinness
Chairman

SCHEME INVESTMENTS

Where are the funds invested?

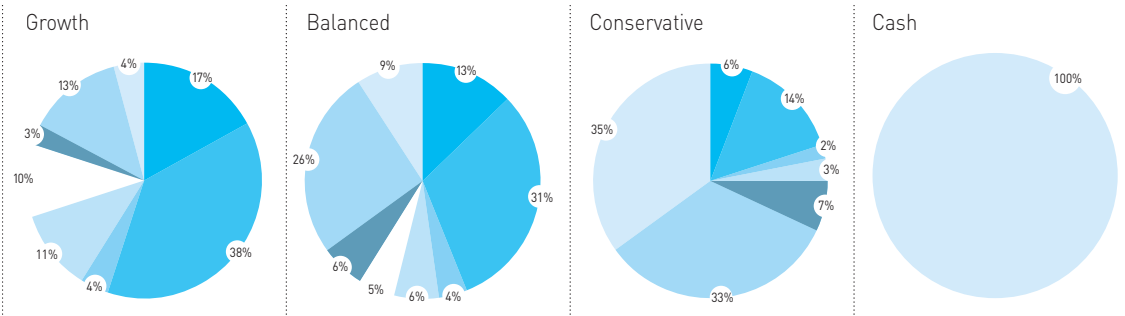
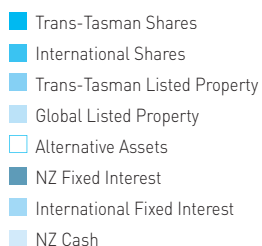
Members have a choice of investment funds in which to invest their superannuation savings. These options have been developed by the Trustee directors in conjunction with the Scheme's investment consultant to provide members with a range of funds with different investment return and risk profiles. This enables members to select the profile which best suits their needs. Each fund offers a diversified mix of investments.

The asset mixes for the various options are set on a long-term basis, so members can generally expect them to stay close to the levels below. So a member who has chosen the Growth fund, for example, should expect that it will remain invested in approximately 80% growth type investments, irrespective of investment market conditions.

Investment objectives and strategies

The investment objectives and strategies for the four investment funds are shown in the table below.

Sector mix at 31 March 2009



Growth assets: shares, property & alternative assets	80%	60%	30%	0%
Income assets: fixed interest & cash	20%	40%	70%	100%
Long-term investment objective (actual percentage may vary from time to time)	To exceed inflation by 4% pa <i>after tax</i> and all expenses	To exceed inflation by 3% pa <i>after tax</i> and all expenses	To exceed inflation by 2% <i>after tax</i> and all expenses	To achieve a return close to the 90-day bank bill rate <i>before tax</i> and all expenses
Average annual return achieved	-1.50% over 5 years only	1.29% over 10 years	2.64% over 5 years only	4.66% over 5 years only
Value of members' investments at:				
1 April 2008	\$32m	\$178m	\$65m	\$41m
31 March 2009 *	\$25m	\$129m	\$60m	\$18m

*There was a change on 1 April 2009 to rebalance for members changing investment options.

The very poor outcome for the last year has put quite a dent in the average 5 and 10 year results recorded by the various fund options above. More comment on this is made in the section on returns achieved against targets.

The Scheme's investment managers

The Scheme uses a range of managers to look after its investments. The Trustee, assisted by its investment consultants, looks for experienced and competent managers for each asset type and also ensures an appropriate level of diversification among managers so not too much is held by one manager.

The managers employed by the Scheme at 31 March 2009 for each of the various asset types are shown in the following table:

	\$m
Trans Tasman Shares	
Brook Asset Management	10.1
ING Investment Services	10.0
International Shares	
AMP Capital Investors	47.2
Global Listed Property	
AMP Capital Investors	8.3
Trans-Tasman Listed Property	
ING Investment Services	5.9
Alternative Assets	
BT Funds Management	8.5
International Fixed Interest	
BlackRock Management	24.1
Tower Asset Management (using PIMCO)	24.2
New Zealand Fixed Interest	
AMP Capital Investors	4.3
ING Investment Services	4.5
New Zealand Cash	
AMP Capital Investors	42.9
ING Investment Services	42.6
	\$232.6

The Trustee invests the Scheme's international shares portfolio with AMP Capital Investors as a "manager of managers" for its international shares with AMP responsible for selecting and managing a diversified range of investment

managers with complementary active management styles. This gives the Scheme a wide mix of investment managers in this sector.

At 31 March 2009, AMP invested the Core International Fund (which made up approximately 85% of international shares held by the Scheme) in a range of seven managers and the Extended Markets Fund (making up the balance of approximately 15%) in a range of eleven managers. The managers selected by AMP for the Core International fund as at 31 March 2009 were:

	%
AMP Core International Share Fund	
Alliance (Growth Equities)	15
Arrowstreet Capital	11
Baillie Gifford	15
Bernstein (Value Equities)	19
GMO	10
Taube Hodson Stonex Partners	20
T. Rowe Price	10
	100

There was one change to the make-up of the managers used by the Scheme during the year and at the date this report was prepared, another is pending. Both relate to BT Funds Management (BTFM) products as BTFM decided to exit "wholesale" funds management for clients like the Scheme.

From August 2008, the overseas fixed interest investments previously invested via a BTFM product was changed so the Scheme invested directly with BlackRock, the underlying international manager used by BTFM, BlackRock is a very substantial and strong manager being part of the Bank of America group.

The BTFM Alternative Investment Fund is in the process of being wound up. The assets are to be repaid to the Scheme commencing in June 2009. BTFM has decided to close its Alternative Investment Fund following the fall-out in the hedge fund market and the pressure on the fund to meet client redemptions. The alternative assets generally did not perform as expected in the market turmoil we have seen. Given the experience of the last year, the Trustee directors will be undertaking a review of these types of investments and its role in the mix of assets for each investment option before looking for a replacement manager. In the meantime, the funds returned will be held in cash investments.

How did it go last year?

Investment market review

There were very few "safe havens" for investors last year. Almost all assets, apart from government backed securities and very high quality cash type assets, struggled in the turmoil seen in financial markets.

Returns from international shares were under pressure for most of the year, only improving in early March as investors shook off concerns about depression scenarios, reflecting increasing consumer confidence following the announcement of new extensive government stimulus packages. Shares in financial institutions were particularly hard hit, initially because of concerns about asset write-downs and exposure to sub-prime lending, and later in 2008 because of the collapse of a number of reputable financial institutions, falling consumer confidence and further concerns about an ongoing global recession. Many have effectively ended up in government majority ownership.

Trans-Tasman shares generally followed overseas share market trends as poor retail sales, rising unemployment and falling business and consumer confidence all took their toll.

It was an especially difficult year for both international and Trans-Tasman property securities, which were caught between rising borrowing costs and global financial market volatility. High levels of debt in many listed funds, a poor economic outlook which impacts on vacancies and rent levels and an absence of buyers all contributed to these sectors' poor performance.

For much of the year returns from the government stock part of international and New Zealand fixed interest funds benefited from volatile sharemarkets, as investors sought to move out of shares and into more stable (and potentially less risky) fixed interest investments. These sectors also benefited as central banks around the world cut interest rates (some virtually to zero). Other types of fixed interest investments including those of many banks, companies and other types of debt securities (such as mortgages) had very mixed outcomes as investors found it extremely difficult to differentiate between the good and the bad so tended to push values of everything down. This effect does seem to have moderated over the last few months with better quality investments starting to be recognised.

New Zealand cash provided sound returns over the year, initially benefiting from a higher official cash rate and then from banks electing to hold extra cash and ceasing to lend to each other as freely as previously. However, by the final quarter returns were lower, reflecting drastic cuts to the Reserve Bank's official

cash rate which stood at 3.0% at the end of the Scheme year.

The New Zealand dollar was weak over the Scheme year as a whole, as investors preferred the perceived safer haven of large currencies such as the US dollar and yen. Since the Scheme year end there has been a very rapid reversal of much of the NZ dollar fall against the US dollar as the focus has shifted to internal pressures within the USA.

The graph on page 8 compares the actual and benchmark returns for the various asset classes with the extent of the fall in shares and property very clear.

How do the returns look against our targets?

The Trustee sets targets and measures performance at a number of levels:

Level 1: Four principal investment funds.

Measure: The level of return after tax and expenses above inflation measured against the investment objectives set by the Trustee.

Level 2: Each asset type.

Measure: The managers' performance measured against the specified market index relevant to that asset class

Level 3: Peer fund performance.

Measure: The gross return before tax and fees measured against other similar funds.

It is disappointing to report that the Scheme missed its targets in all three areas in the last year, after many years of generally favourable positioning against both the internal benchmarks used by the Scheme for the various fund options and for assessing manager performance and external comparisons. The very poor state of many investment markets explains a significant proportion of the outcome but also the results from a few managers have exacerbated this when looking at the Level 2 and 3 measures listed above.

Level 1: Investment fund performance

The Scheme's performance results for each of the principal investment funds against the long-term real return objectives are shown in the table on page 5. The extent of the fall in share and property markets and other growth type asset values has pushed the long-term returns for some of the Scheme's investment funds into negative territory and, for all but the Cash fund, below the real return objectives. The experience of last year has been termed by many as a "100 year" event and was extremely abnormal. Looking ahead, the directors believe that the long-term target returns for the various investment funds still remain reasonable, although it will take a considerable recovery period before the historic numbers catch up with the targets that have been set.

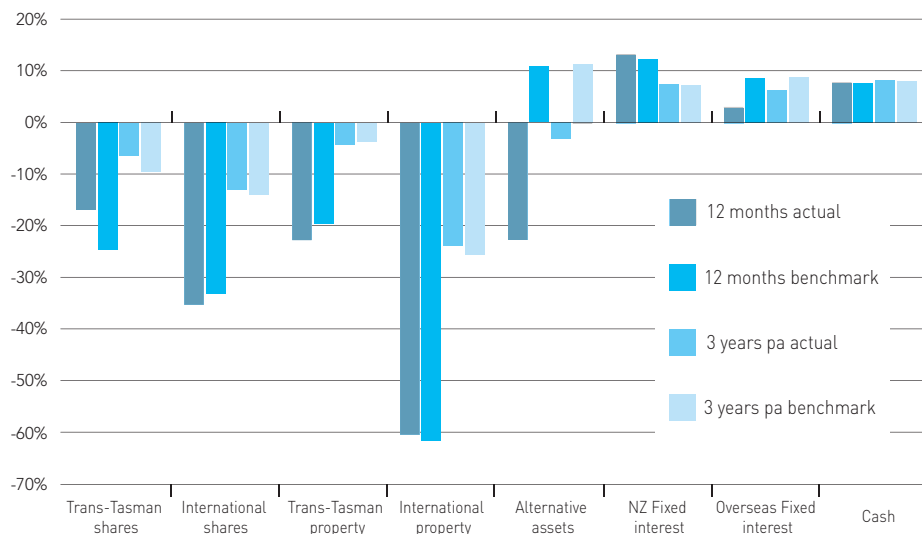
Level 2: Manager performance

The returns from each asset type for the year ended 31 March 2009 and the last three years, together with a comparison with the relevant market indices, are shown in the chart to the right. The returns are before investment fees, Scheme expenses and income tax. The graph shows that many asset classes have performed broadly in line with or better than their benchmark (or target) return. There are three exceptions that made the most difference to returns - alternative assets, overseas fixed interest and international shares.

In the case of alternative assets, this asset class is invested in a broad mix of hedge funds adopting many different styles of investment, which was expected to provide overall fairly stable returns even if some markets were weak. The expected benchmark return was the return from cash investments. The actual outcome last year was very much different

from that, with the return closer to that from shares as most markets and investment types acted in similar ways. As mentioned earlier in the report, this asset class will be reviewed in the current year following this unexpected outcome last year and the winding up of the BTFM fund used by the Scheme.

Actual Returns V Benchmark For Each Asset Type Over One & Three Years (Before Tax & Expenses)



One of the managers in the overseas fixed interest portfolio, Tower/PIMCO underperformed by approximately 10% last year (a return of -2% versus a benchmark of +8%) as investors became nervous about the corporate bonds held in their portfolio, particularly in the last quarter of 2008. With the portfolio of investments held by PIMCO considered to be of generally high quality, it is felt that much of this underperformance will be recovered over time and therefore to quit or change the portfolio now would most likely lead to locking in unrealised losses unnecessarily. Since the beginning of 2009 the PIMCO returns have outperformed their benchmark and the directors will be looking for this to continue.

The AMP Core International Equity Fund, which uses a mix of seven different managers, underperformed its benchmark over the year by approximately 5%. Three of the managers used in the AMP Fund, Bernstein, Alliance and T. Rowe Price made up the bulk of this negative outcome. These managers had previously been strong performers but generally underestimated the extent of the downturn last year and had over exposures to financial stocks in particular. Notwithstanding the result for last year, the Trustee remains comfortable with the AMP multi manager approach and the general mix of managers used.

LEGISLATIVE CHANGES

KiwiSaver

Level 3: Performance against peer funds

It is anticipated that in future annual reports we will start comparing the results for the various investment funds against a representative mix of similar funds in the KiwiSaver market. The Trustee directors believe that this will be the most relevant comparison for members. Unfortunately for this report we do not have firm data to use. However, it is expected that, due to the specific manager underperformance issues talked about above the Scheme's various fund options will have underperformed the equivalent average KiwiSaver fund over the last year.

For many years the Scheme has been well placed against peer group comparisons and the Trustee directors will be focussed on returning the Scheme to this position so that members can be comfortable that the Scheme offers them a sound and effective superannuation savings vehicle.

Further changes to KiwiSaver took effect from 1 April 2009:

- the minimum member contribution rate to KiwiSaver has reduced from 4% to 2% of salary;
- the compulsory employer contribution rate rose to 2% of salary (and will remain at that rate instead of increasing by 1% a year to 4% from 1 April 2011);
- the tax exemption will only apply to employer contributions to KiwiSaver up to 2% of salary (instead of 4%);
- the annual \$40 member fee subsidy and the employer tax credit of up to \$1,043 a year will be discontinued.

The member tax credit of up to \$1,043 a year, the \$1,000 kick-start and the home deposit subsidy remain as they currently are.

The Scheme's trust deed has been amended so that the rules that apply to locked-in accounts take account of the new minimum contribution rate to KiwiSaver. See page 15 for details.

Tax on employer contributions

If a member's earnings plus before-tax employer contributions in the tax year to the previous 31 March are \$57,600 or less, his or her employer can choose to deduct tax from employer contributions (excluding locked in contributions that are exempt from tax) at a tiered rate. With effect from 1 April 2009, the tiered rates were amended as follows:

Earnings in prior tax year plus before-tax employer contributions	Contribution tax rate
\$0 - \$16,800	12.5%
\$16,801 - \$57,600	21%
\$57,601 upwards	33%

If you are unsure whether you qualify for a lower tax rate, please contact payroll.

SCHEME MANAGEMENT

Dairy Industry Superannuation Scheme Trustee Limited is the corporate trustee for the Scheme. The directors of the corporate trustee are:



Mark Apiata-Wade
Elected by Dairy
Workers Union



Debra Marshall
Elected by employer
companies



Tim McGuinness (Chairman)
Elected by employer
companies



David Scott
Elected by employer/s
identified by the Trustee



Tony Wilding
Elected by employer
companies



Andy Williams
Elected by Dairy Division,
NZ Institute of Food
Science & Technology



Patrice Wynen
Elected by employer
companies

Trustee statement

The Trustee certifies, in accordance with the Superannuation Schemes Act 1989, that:

- All contributions required to be made to the Scheme in accordance with the terms of the Trust Deed and the most recent Actuarial Valuation Report have been made.
- All benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed have been paid.
- The market value of the assets of the Scheme at 31 March 2009 equalled the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries at that date.

A handwritten signature in black ink, appearing to read 'T. McGuinness'.

T. McGuinness
For the Trustee

Additional complying superannuation fund disclosures

As at 31 March 2009:

- The market value of the Scheme's assets subject to complying fund rules is \$697,411 relating to 143 members.
- The value of withdrawals subject to complying fund rules totals \$4,749.

There have been no changes to the directors of the Trustee since 1 April 2008.

Scheme Costs

The directors of the Trustee maintain a close watch on the Scheme's expenses. The following table compares the Scheme costs over the last two years. Overall operating expenses (excluding investment management) were lower during the year as there was less change in legislation governing KiwiSaver and superannuation schemes in general compared to the previous year. The higher investment management fees reflect the decision taken in late 2007 to shift from passive to active investment of international shares following changes in the tax basis (refer to last year's annual report).

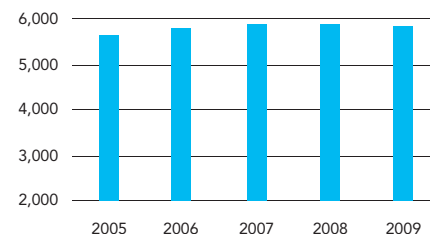
	2009 \$000s	2008 \$000s
Investment fees	1,061	895
Administration & actuarial fees	574	602
Auditors' remuneration		
- audit	48	35
- taxation advice	33	29
Legal & other expenses	165	194
Cost to members before tax	1,881	1,755
Income tax	(564)	(576)
Cost to members after tax	1,317	1,179
Average retirement savings \$m	292	313
% cost to members (after tax)		
- reporting and administration	0.19%	0.19%
- investment management	0.25%	0.19%
Insurance premiums \$000	2,876	2,761
% cost to members	1.00%	0.90%

Membership

	Employee Members	Individual Members	Preserved Members	Pensioners	Total
At 1 April 2008	5,439	100	229	99	5,867
New members	580	9	2	2	593
Transfers in	6	-	-	-	6
Transfers out	(4)	-	-	-	(4)
Resignations	(391)	-	-	-	(391)
Withdrawals/commutations	-	(29)	(21)	-	(50)
Retirements	(96)	-	-	-	(96)
Redundancies	(62)	-	-	-	(62)
Deaths	(9)	-	-	(6)	(15)
Disablements	(2)	-	-	-	(2)
At 31 March 2009	5,461	80	210	95	5,846

Total membership dropped by 21 over the year.

The following graph shows the change in Scheme membership over the past five years.



Deaths

The following members died during the Scheme year:

GN Arnst (Fonterra), P Anderson (Fonterra), RT Blake (Fonterra)*, AE Bracken (Fonterra), CJ Carter (Goodman Fielder)*, D Gallimore (Fonterra), CL Groshinski (Fonterra), JR Hall (Fonterra), KT Matthews (Fonterra)*, VC Ormsby (Fonterra)*, AT Perea (Alto Packaging).

The deaths figure in the membership table above includes B Dunning (Fonterra) and SE Griffin (Fonterra) who died during the 2007/2008 (and were included in last year's annual report) because their benefits were paid in the 2008/2009 year.

*Died during the 2008/2009 Scheme year but not included in the membership table because benefit either paid after 31 March 2009 or awaiting payment.

The following pensioners died during the Scheme year: MN Aoake, ST Batey, SA Brighting, EG Jackson, AP Kelly, MC Smith.

Sympathy is extended to the families of members and pensioners who have died.

SUMMARY FINANCIAL STATEMENTS

For the year ended 31 March 2009

Dairy Industry Superannuation Scheme

	2009 \$	2008 \$
Statement of Changes in Net Assets		
Investment Activities		
Net Investment Income	(37,726,155)	(7,606,702)
Reimbursement of Expenses	48,000	-
Group Life Claims	2,862,459	2,282,239
Use of Money Interest	7,523	31,864
Net Income	(34,808,173)	(5,292,599)
<i>Less</i>		
Other Expenses		
Administration and Consulting Fees	573,716	602,140
Auditors' Remuneration - Audit Fees	47,737	34,555
Auditors' Remuneration - Taxation Services	32,725	29,213
Group Life Premiums	2,876,382	2,760,816
Other Expenses	58,584	92,719
Trustee Remuneration	106,166	101,528
Total Other Expenses	3,695,310	3,620,971
Change in Net Assets Before Taxation and Membership Activities	(38,503,483)	(8,913,570)
Income Tax Expense	1,212,285	576,282
Change in Net Assets After Taxation and Before Membership Activities	(39,715,768)	(9,489,852)
Membership Activities		
Member Contributions	19,530,772	18,442,828
Voluntary Member Contributions	1,002,286	2,756,964
Employer Contributions	19,537,930	18,461,986
Transfers in from Other Schemes	115,678	139,765
<i>Less</i> Benefits Paid	36,436,946	36,332,772
Net Membership Activities	3,749,720	3,468,771
Net Decrease in Net Assets During the Year	(35,966,048)	(6,021,081)

	2009 \$	2008 \$
Statement of Net Assets		
Assets		
Financial Assets - Fair Value Through Profit & Loss	232,616,096	309,394,199
Current Assets	42,393,659	836,421
Deferred Tax	-	511,453
Total Assets	275,009,755	310,742,073
Less		
Current Liabilities		
Other Amounts Payable	1,053	-
Income Tax Payable	57,728	-
Benefits Payable	1,034,027	814,762
Sundry Creditors	140,648	184,964
Total Liabilities	1,233,456	999,726
Net Assets Available for Benefits	273,776,299	309,742,347
Vested Benefits*	264,813,076	286,151,101
Statement of Cash Flows		
Net Cash Flows from Operating Activities	2,604,657	646,257
Net Cash Flows from Investing Activities	35,940,000	(20,000)
Net Increase in Cash Held	38,544,657	626,257
Cash at Beginning of Year	678,763	52,506
Cash at End of Year	39,223,420	678,763

*Vested Benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Scheme at balance date.

AUDIT REPORT

Financial statements

A summary of the Scheme's audited financial statements for the year ended 31 March 2009 which were authorised for issue on 17 June 2009 is shown on pages 12 and 13. The summary financial statements have been extracted from the full audited financial statements dated 31 March 2009. The summary financial statements have been prepared in accordance with FRS-43 Summary Financial Statements.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). The Scheme has made an explicit and unreserved statement of compliance with NZ IFRS in note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Scheme operates.

The summary financial statements cannot be expected to provide as complete an understanding as is provided by the full financial statements of changes in net assets, net assets and cash flows of the Scheme. A copy of the full financial statements can be obtained, free of charge, from the Scheme's administration manager. The Scheme is a profit orientated entity.

The auditor has examined the summary financial report for consistency with the audited financial statements and has issued an unqualified opinion.



To the members of Dairy Industry Superannuation Scheme

We have audited the summary financial statements of Dairy Industry Superannuation Scheme for the year ended 31 March 2009 as set out on pages 12 and 13 and notes to the summary financial statements to the left.

Responsibilities of the Trustee and Auditor

The Trustee is responsible for the preparation of the summary financial statements in accordance with generally accepted accounting practice in New Zealand. It is our responsibility to express to you an independent opinion on the summary financial statements presented by the Trustee.

Basis of Opinion

Our audit was conducted in accordance with New Zealand Auditing Standards and involved carrying out procedures to ensure the summary financial statements are consistent with the full financial report on which the summary financial statements are based. We also evaluated the overall adequacy of the presentation of information in the summary financial statements against the requirements of FRS-43: Summary Financial Statements.

Our firm has also provided other services to the Scheme in relation to taxation services. This matter has not impaired our independence as auditors of the Scheme. We have no other relationship with or interests in the Dairy Industry Superannuation Scheme.

Unqualified Opinion

In our opinion:

- the summary financial statements have been correctly extracted from the full financial statements; and
- the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent in all material respects with the full financial statements from which it is derived and upon which we expressed an unqualified audit opinion in our report to members dated 17 June 2009.

We completed our work for the purposes of this report on 26 June 2009.

A handwritten signature of the KPMG firm, written in black ink. The letters 'KPMG' are clearly visible, followed by a stylized flourish.

Wellington

STATUTORY INFORMATION

Declared interest rates for the year to 31 March 2009

Period	Cash	Cash/ Conservative	Conservative	Conservative/ Balanced	Balanced	Balanced/ Growth	Growth
2008							
April	0.33%	0.92%	1.50%	2.35%	3.19%	3.62%	4.06%
May	0.45%	0.39%	0.33%	0.51%	0.69%	0.76%	0.82%
June	0.42%	-0.73%	-1.87%	-3.09%	-4.31%	-4.97%	-5.64%
July	0.48%	0.41%	0.33%	0.14%	-0.06%	-0.14%	-0.22%
August	0.41%	0.58%	0.74%	0.70%	0.65%	0.62%	0.60%
September	0.35%	-1.10%	-2.56%	-4.16%	-5.76%	-6.46%	-7.16%
October	0.46%	-1.76%	-3.98%	-6.42%	-8.85%	-10.34%	-11.82%
November	0.37%	-0.23%	-0.83%	-1.78%	-2.73%	-3.44%	-4.16%
December	0.32%	0.65%	0.97%	0.84%	0.71%	0.60%	0.49%
2009							
January	0.31%	0.05%	-0.20%	-0.44%	-0.67%	-1.01%	-1.36%
February	0.14%	-0.97%	-2.07%	-3.32%	-4.56%	-5.34%	-6.12%
March	-0.10%	0.21%	0.51%	0.67%	0.83%	0.88%	0.93%
Equivalent Annual Rate	4.03%	-1.52%	-7.06%	-13.31%	-19.55%	-23.16%	-26.77%

Note that the March interim interest rate may be adjusted once the annual financial statements have been audited.

Trust deed

As advised in last year's annual report, the following changes to the Scheme took effect from 1 April 2008:

- The Scheme's vesting scale was reduced from 10 to five years. This means that if you are entitled to a resignation benefit, you will receive your Member's Account balance plus 20% of the balance in your Employer's No.1 Account for each complete year of Scheme membership, up to a maximum of 100% after five or more complete years of Scheme membership. Your benefit statement included with this annual report shows your resignation benefit calculated on the new basis.
- Any employer contributions to the Scheme in respect of a member who was a member of the Scheme prior to 1 April 2008 are now allowed to be offset by any amount contributed to another complying superannuation fund or KiwiSaver scheme.

- The trust deed was consolidated to allow for these amendments.

Following further changes to KiwiSaver which took effect from 1 April 2009, the trust deed was further amended by a deed dated 6 March 2009. The amendment, which also took effect from 1 April 2009, was made to allow members who first held a locked in account in the Scheme before 1 April 2009 to reduce contributions to their locked in accounts to 4% of salary (2% member/2% employer). Members who first hold a locked in account in the Scheme on or after 1 April 2009 may only contribute 4% of salary to their locked in account (2% member/2% employer).

Prospectus

The registration date of the Scheme's most recent prospectus was 19 September 2008 as amended on 23 December 2008, 30 January 2009 and 6 March 2009 by various Memoranda of Amendment.

Summary of actuarial report as at 31 March 2009

An actuarial valuation was carried out as at 31 March 2009. The valuation assumptions were the same as those used for last year's actuarial valuation, which reflected pensioners enjoying longer expectancy of life and anticipated future Scheme returns of 5% pa.

The actuarial review reported a deficit, which the Actuary recommended be funded immediately by the transfer of \$977,041 from the Reserve Fund to the Non Allocated Fund. The Trustee has adopted this recommendation and the Non Allocated Account is in a balanced position as at 31 March 2009.

DIRECTORY

Administrator

All correspondence should be addressed to:

Secretary
Dairy Industry Superannuation Scheme
C/- Mercer (N.Z.) Limited
P O Box 2897

Wellington
Freephone: 0800 355 900
Telephone: (04) 819 2600
Facsimile: (04) 915 0434

Administers the Scheme on behalf of the Trustee.

Investment Managers

AMP Capital Investors (NZ) Limited

BlackRock Investment Management (Australia) Limited

Brook Asset Management

BT Funds Management

ING Investment Services Limited

Tower Asset Management Limited

Responsible for investing the Scheme's assets in accordance with the investment policy adopted by the Trustee.

Actuary

Mercer (N.Z.) Limited

Conducts actuarial reviews.

Insurance Provider

National Mutual Life Association of New Zealand Limited (trading as AXA New Zealand)

Provides the cover for the insurance benefits.

Solicitors

Kensington Swan

Advises the Trustee on legal issues affecting the Scheme.

Auditor

KPMG

Audits the Scheme's financial statements.

Investment Consultant

Mercer Investment Consulting

Assists the Trustee in setting investment policy and monitoring the investment managers.

Privacy Act

Your personal information may be held for the purposes of the Scheme and when necessary passed between your employer, the Trustee and the Scheme's professional advisers. If you wish to check or amend your personal information, please contact the Scheme Secretary.

Looking for more information?

Internet access:
www.dairysuper.superfacts.co.nz

Member Helpline: 0800 355 900

Scheme personnel - here to help you

Derek Vincent continues as Secretary to the Scheme. Contact Derek if you would like to correspond with the Trustee, have any questions about this report, or for a copy of the Scheme's audited financial statements. Copies of the Scheme's statement of investment policy and objectives are also available free of charge from Derek.

Derek can be contacted at:

Freephone: 0800 355 900
Telephone: (04) 819 2600
Facsimile: (04) 914 0434
P O Box 2897, Wellington

Peter Alsop continues to take care of the day-to-day running of the Scheme. Please call Peter or the Member Helpline if there is any aspect of the Scheme or this report you do not understand.

Peter can be contacted at:

Freephone: 0800 355 900
Telephone: (04) 819 2600
Facsimile: (04) 914 0434
P O Box 1849, Wellington