



dairy industry
superannuation scheme

Annual Report
For the Year Ended 31 March 2010



Helping dairy industry workers save for their retirement since 1952



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Cover:

Justin Dick, Fonterra Hautapu
Frances Webster, Fonterra Takanini
Grant Ellis, Fonterra Edendale
Fonterra plant Clondeboye Canterbury



It's nice to have the **peace of mind** the Scheme's insurance cover offers for myself and my family if something were to happen.



Justin Dick
Dairy Workers Union
Runanga Convener
Fonterra
Hautapu
DISS member
for six years

Super health check

As your circumstances change over time, it's important you check your super to make sure it still meets your needs.

Ask yourself these questions every year to make sure you stay on track:

- **Is my investment choice still appropriate?**

Have your personal circumstances changed? Will your current investment choice provide the level of long-term returns you need to achieve the savings you need for a financially secure retirement?

Complete the Quick Quiz in the Scheme information booklet to see if different investment fund(s) may be more suitable.

If you wish to change your investment fund(s) go to the 'Your investments' page on www.dairysuper.superfacts.co.nz or complete and return an 'Investment Alteration' form.

- **Am I contributing enough to reach my retirement savings goals?**

Are you in a position to increase your contributions? If you are not already doing so, should you consider 'locking in' contributions to get the matching member tax credits of up to \$20 a week and some tax-free employer contributions?

Use the retirement calculator on www.sorted.org.nz to help you estimate whether your current level of contributions will provide the cash amount you need for a financially secure retirement.

Change your contribution rate by completing and returning a 'Changes to your superannuation' form.

- **Are my family adequately provided for in the event of my death or permanent incapacity?**

How would your family manage financially if you died or became permanently unable to work?

The Scheme offers insurance cover (if you are entitled) of 50 times your member contributions (up to a maximum of 6% of your salary) for the previous 12 months.

Check whether you have existing cover by reviewing your annual statement. If you do not, and potentially qualify, you are able to apply for death and permanent incapacity cover by completing and returning a Personal Statement.

- **Do I need to update my nominated beneficiaries?**

If your personal circumstances have changed, for example, if you have married, you may need to update your beneficiaries.

Go to the 'Beneficiaries' page on www.dairysuper.superfacts.co.nz or call 0800 355 900 to check your current nominated beneficiaries.

To change your nominated beneficiaries, complete and return a new 'Nominated beneficiaries' form.

- **Do the Scheme administrators hold my current address?**

Scheme communications (for example, your annual report and benefit statement, and Scheme newsletters) are sent to your home address. If we don't have your current address, you may receive Scheme communications late or not at all.

Update your address on the 'Personal details' page on www.dairysuper.superfacts.co.nz or complete step 5 on a 'Changes to your superannuation' form.

Copies of all forms, and the Personal Statement for the Scheme's insurance cover, are available from the Documents and Forms page accessible from the homepage of www.dairysuper.superfacts.co.nz, from HR/payroll or by calling 0800 355 900.

Looking for more information?

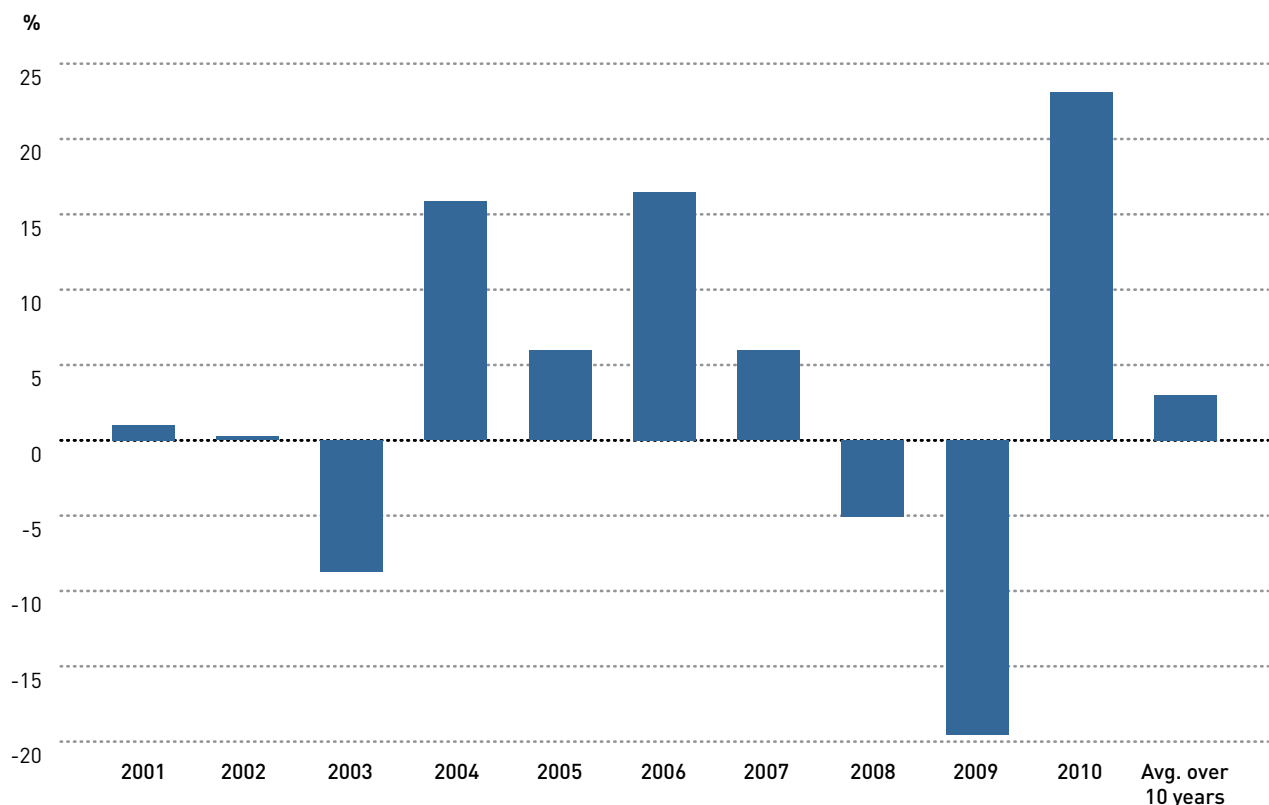
Visit www.dairysuper.superfacts.co.nz
or call 0800 355 900

Scheme statistics

for the year ended 31 March

Credited interest rates:	2010	2009	2008	Average pa over last 5 years
Cash fund	1.54%	4.03%	5.10%	4.11%
Cash/Conservative	6.94%	-1.52%	2.73%	4.08%
Conservative fund	12.34%	-7.06%	0.36%	4.01%
Conservative/Balanced	17.72%	-13.31%	-2.38%	3.53%
Balanced fund	23.09%	-19.55%	-5.11%	3.01%
Balanced/Growth	26.52%	-23.16%	-6.55%	2.76%
Growth fund	29.94%	-26.77%	-7.98%	2.49%
Contributions received during the year:				
Member	\$21,247,499	\$20,533,058		
Employer	\$20,378,119	\$19,537,930		
Transfers in:	\$280,916	\$115,678		
Benefits paid during the year:	\$14,689,569	\$36,436,946		
Total fund size:	\$342,615,924	\$273,776,299		

Balanced Fund – Annual return & average over 10 years



Note: Past performance cannot be relied upon as a guide for future performance.

Chairman's report

for the year ended 31 March 2010

After two tough years, it is satisfying, and with some sense of relief to be able to report that returns for the Scheme's Growth, Balanced and Conservative funds bounced back sharply over the 2009/2010 Scheme year. On the other hand, the return for the Cash fund was weaker than in recent years, reflecting record low short-term interest rates.

Twelve months ago investment markets were very uncertain but showing some signs that the worst fears of widespread banking sector collapses and economic depression were misplaced. Despite some periods of doubt, investors' relief that many key indicators continued to point towards a generally improving global picture helped sharemarkets to recover a good proportion of recent losses. However, while the improvement is welcome there are still plenty of issues around to worry investors. Concerns remain about the recovery's sustainability and the poor state of government finances and high debt levels of many countries. How countries can extract themselves from the financial stimulus packages introduced during the global financial crisis and get their finances back in order, yet not create another material economic downturn is the most pressing current issue for investment markets. Europe's debt problems in particular have taken centre stage, with the fortunes of China also being a key in maintaining confidence.

Last year we struggled to meet the various investment objectives that the Trustee uses to help measure the Scheme's performance. This year we are able to report that all key performance objectives have been met. Details are set out in the section 'How do the returns look against our targets?' on page 5-7 of the report.

If nothing else, the last three years have demonstrated how important it is to take a long-term view of your retirement savings and how difficult it is to get the timing right with shorter-term moves. Last year has reinforced how quickly markets can move over short periods. However, to give you more flexibility to change investment funds when your circumstances alter, since 1 November 2009 the Scheme rules have allowed you to change investment funds once each year at any time, instead of only as at 1 April. Any change takes effect from the first of the month following the date your online request or form is submitted.

In non-investment areas, administration costs for the Scheme continue to be closely managed and were lower overall than in the previous year (see page 10). The Scheme's insurance for death and permanent incapacity with AXA has been renewed for a further three years.

The Trustee's commitment to high quality communication with members was recognised at the annual Workplace Savings New Zealand awards held in December 2009, when the 2009 annual report and benefit statement won the award for the best annual report and benefit statement as well as the supreme award for excellence in communications.

Your Trustee directors value your opinion about the Scheme's communications. So that you can let us know your views on the current communications we included a brief survey with the May 2010 newsletter. We will include the results of the survey in the June quarter newsletter and advise you of any actions taken as a result of the survey findings as they are introduced.

I would like to thank my fellow directors for their continued efforts on behalf of members over the year and note in particular that later this year Tony Wilding will be retiring as a director after 11 years. I also thank the various providers to the Scheme for their continued service. Looking forward, your Trustee directors continue to be committed to providing you with an efficient and effective way of saving for your retirement.



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 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.

Investment objectives and strategies

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

Benchmark (or target) sector mix at 31 March 2010	Growth	Balanced	Conservative	Cash
<ul style="list-style-type: none"> ● Trans-Tasman Shares ● International Shares ● Trans-Tasman Listed Property ● Global Listed Property ● Alternative Assets ● NZ Fixed Interest ● International Fixed Interest ● NZ Cash 				
Growth assets: shares, property & alternative assets	80%	60%	30%	0%
Income assets: fixed interest & cash	20%	40%	70%	100%
Long-term investment objective*	To exceed inflation ¹ by 4% pa after tax and all expenses	To exceed inflation ¹ by 3% pa after tax and all expenses	To exceed inflation ¹ by 2% after tax and all expenses	To achieve a return close to the 90-day bank bill rate ² before tax and all expenses
Average annual return over last 5 years (after tax and expenses)	2.49%	3.01%	4.01%	4.11%
Value of members' investments at:				
1 April 2009	\$25m	\$129m	\$60m	\$57m ³
31 March 2010	\$42m	\$149m	\$61m	\$91m

* Actual percentage may vary from time to time

¹ Increase in Consumers Price Index over last 5 years is 2.9% pa

² 90-day bank bill rate for year to 31 March 2010 is 2.9%

³ Includes \$39 million funds in transit

The asset allocations for the Growth/Balanced, Balanced/Conservative and Conservative/Cash options are 50% from each of the main options.

The Scheme's investment managers

The Scheme uses a range of managers to look after its investments. The Trustee, assisted by its investment consultant, 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 2010 for each of the asset types are shown in the following table:

	\$m
Trans-Tasman shares	
Brook Asset Management	16.0
ING (NZ) Limited	16.3
International shares	
AMP Capital Investors (NZ) Limited	75.5
International listed property	
AMP Capital Investors (NZ) Limited	16.0
Trans-Tasman listed property	
ING (NZ) Limited	9.2
Alternative assets	
BT Funds Management (NZ) Limited*	2.1
International fixed interest	
BlackRock Investment Management Limited	32.1
Tower Asset Management (using PIMCO)	31.4
New Zealand fixed interest	
AMP Capital Investors (NZ) Limited	6.5
ING (NZ) Limited	7.0
New Zealand cash	
AMP Capital Investors (NZ) Limited	65.5
ING (NZ) Limited	65.4
	\$343.0

* The BTFM Alternative Investment Fund continues to be in the process of being wound up and the assets repaid to the Scheme.

There have been no changes to the investment managers during the year, although some of the "sub-managers" used by AMP have changed.

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 2010, AMP invested the Core International Fund (which made up approximately 85% of international shares held by the Scheme) in a range of six managers and the Extended Markets Fund (making up the balance of approximately 15%) in a range of 11 managers. The managers selected by AMP for the Core International Fund as at 31 March 2010 were:

	%
AMP Core International Share Fund	
Baillie Gifford	10.0
Bernstein (Value Equities)	20.0
Schroders	32.5
Taube Hodson Stonex Partners	20.0
T. Rowe Price	10.0
Wellington Investment Management	7.5
	100.0

During the year Alliance Growth Equities, Arrowstreet Capital and GMO ceased to manage assets in the AMP Core International Share Fund and Schroders and Wellington Investment Management were appointed.

The BTFM Alternative Investment Fund continues to be in the process of being wound up. Repayment of the assets to the Scheme commenced in June 2009. The funds returned are invested in a mix of other assets (in proportion to their benchmark allocations within each investment option) until a long-term approach to investment in alternative assets is resolved.

How did it go last year?

Investment market review

After two tough years, Scheme returns for the year to 31 March 2010 were pleasing, with all asset classes posting positive returns and generally performing well against their respective benchmarks.

Returns from Trans-Tasman shares bounced back during the 2009/2010 Scheme year. A close association with Australia and China helped the New Zealand share market, although it continued its trend of lagging when international share markets improved but weakening less when international share markets fell. Across the Tasman, the Australian share market had a very impressive year thanks to factors such as relatively low unemployment, comparatively healthy corporate balance sheets and a continuing demand for commodities.

International shares staged a sharp rebound in the first half of the Scheme year, as investors began to gain much-needed confidence, buoyed by the stabilisation of the global financial system and signs of improved economic activity. Returns then steadied a little, reflecting concerns about the huge amounts of government and consumer debt and what would happen when governments' stimulus packages came to an end.

Returns from Trans-Tasman listed property were very sound until the final quarter when they weakened, reflecting investors' concerns about the effects of pending tax changes in New Zealand.

Having been hard hit by the global financial crisis in the previous Scheme year, returns from global listed property recovered dramatically. Continued confidence in investment markets and the global economic recovery, as well as increased access to credit markets all helped to support returns from this asset class.

New Zealand fixed interest posted a sound, if unspectacular, return for the year. Early in the Scheme year long-term New Zealand Government interest rates increased from historic lows as concerns about the global financial crisis eased. Returns were then steady for the remainder of the Scheme year as improved confidence in share markets pushed interest rates down.

Despite investors' preference for more risky investments such as shares and property, international fixed interest had another good year, as increasing investor confidence pushed interest rates down and the price of existing securities up. There was also a significant rebound in the value of some non-government securities that had been severely beaten down during the global financial crisis.

Cash posted a modest return, reflecting low shorter-term interest rates during the year.

How do the returns look against our targets?

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

		Measure
Level 1	Four principal fund options	The level of return after tax and expenses above inflation measured against the investment objectives set by the Trustee
Level 2	Each asset type	The managers' performance measured against the specified market index relevant to that asset class
Level 3	Balanced Fund	The gross return before tax and fees measured against other similar funds in the Mercer Investment Performance Survey – KiwiSaver

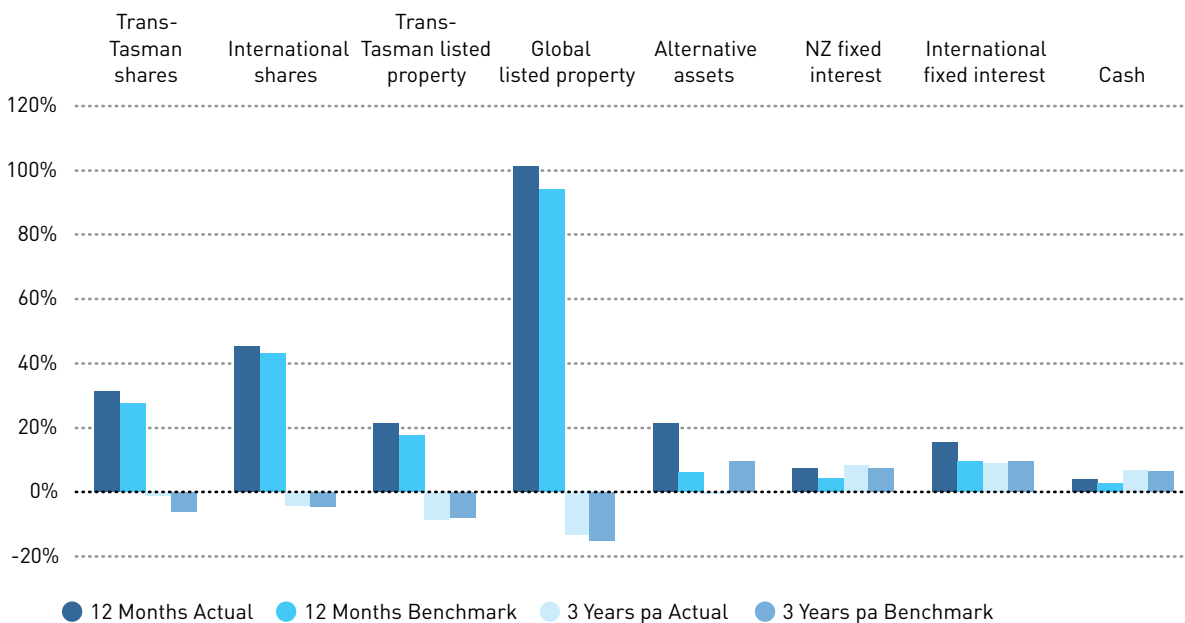
Level 1: Investment fund performance

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 3. While strongly ahead on this measure over the last year, the impact of the previous two years on those investment options with material weightings to shares shows through in the five year results.

Level 2: Manager performance

The return from each asset type for the year ended 31 March 2010 and the last three years, together with a comparison with the relevant market index, is shown below. The returns are shown *before investment fees, Scheme expenses and income tax*. The graph shows that all asset classes outperformed their benchmark return over the last year.

Actual returns v benchmark for each asset type over one & three years (before tax & expenses)



The only asset class to significantly underperform over the past three years has been alternative assets. As explained in last year's annual report, this asset class is invested in a broad mix of hedge funds, which were adversely affected by the global financial crisis, whereas the returns from this asset class are measured against a cash index which has produced stable and positive returns. The wind up of the BTFM fund used by the Scheme for its alternative assets investments and return of assets to the Scheme also continues.

Last year's annual report noted Tower/PIMCO (international fixed interest) and the AMP Core International Equity Fund (international shares) as underperforming. The improvement in returns from Tower/PIMCO which started in early 2009 continued, with this manager outperforming its benchmark by almost 12% over the current Scheme year. Returns from the AMP Core International Equity Fund have also outperformed the benchmark.

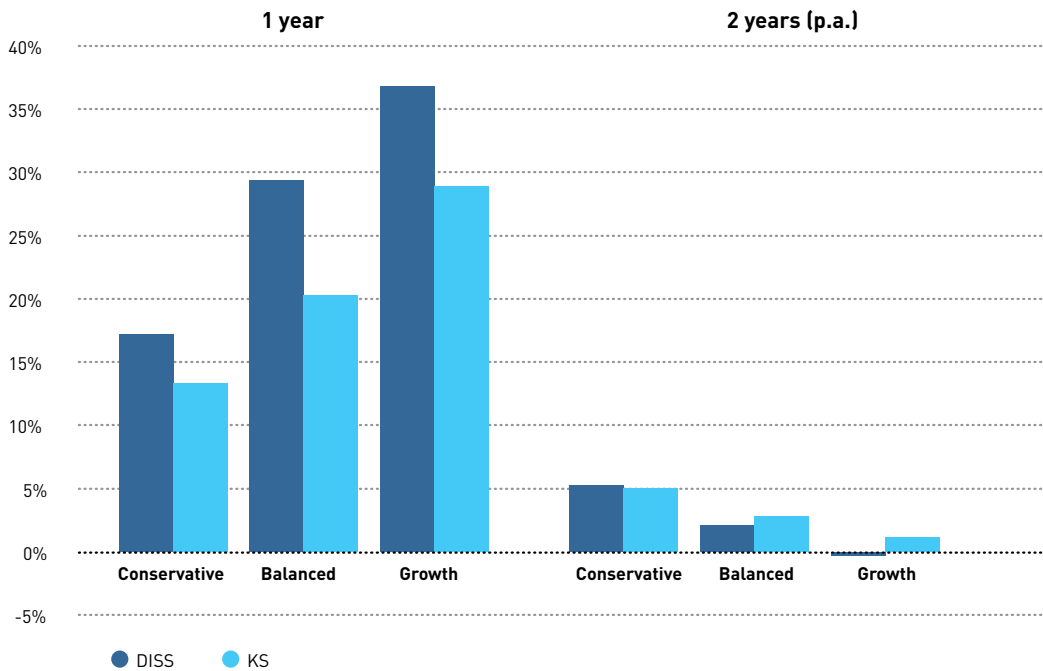
The AMP Extended Markets Fund, which manages approximately 15% of the Scheme's investments in international shares, has underperformed its benchmark by 7.8%. This fund has two underlying funds, emerging markets and global small caps. The managers of both funds were defensively positioned (that is, their portfolios were largely made up of shares in lower risk companies producing goods that everyone needs such as food and healthcare, which traditionally perform better when markets are volatile), during the 2009 rally when the companies and countries with the highest risks had the largest price increases. AMP has also advised that they have recently reviewed and replaced some managers with the aim of appointing managers with views on the wider market to support the existing stock picking managers (that is, managers with particular expertise in stock selection).

Level 3: Performance against peer funds

The following chart compares the performance (before tax and after fees) of each of the Scheme's four main investment funds against the median return for similar funds in the Mercer KiwiSaver survey. Returns are shown over one and two years, as KiwiSaver only commenced from 1 July 2007.

The chart shows that over the 2009/2010 Scheme year, the three main investment funds have significantly outperformed similar funds in the KiwiSaver market. However, over two years, the Balanced and Growth investment funds both underperformed the equivalent median KiwiSaver fund. This is largely due to the underperformance over the 2008/2009 Scheme year of one of the Scheme's international fixed interest managers (Tower/PIMCO) and to a lesser extent, three of the managers in the AMP Core International Equity Fund.

Scheme investment fund returns v KiwiSaver medians



Latest information about the Scheme's investment performance

Especially when markets are as volatile as they are now, it's helpful to have the latest information about the Scheme's investment performance. A new Investment Update page is being added to the Your Investments page on www.dairysuper.superfacts.co.nz to give you additional information about the performance of the Scheme's investments. It will be updated each quarter as soon as reports are available (usually a month or so after the end of the quarter) and includes information such as current and historical declared interest rates, the performance of the Scheme's investment funds and the top 10 holdings in the Scheme's share portfolios.

Legislative changes

The May 2010 Budget included further changes to superannuation scheme taxation.

- From the first pay period ending on or after 1 October 2010, if your employer has elected to deduct contribution tax at a progressive rate, the tax on employer contributions will change as follows:

Threshold amount	Old tax rate	New tax rate
Up to \$16,800	12.5%	10.5%
\$16,801 to \$57,600	21%	17.5%
\$57,601 to \$84,000	33%	30%
Over \$84,000	33%	33%

- From 1 April 2011, the tax rate on the Scheme's investment income will reduce from 30% to 28%.
- Fund withdrawal tax (FWT) (a 5% tax on the portion of a benefit relating to employer contributions plus earnings) has been amended and will no longer apply to employer contributions and earnings after 1 October 2010. FWT will continue to apply to withdrawals of employer contributions (and earnings) made prior to 1 October 2010 where relevant withdrawals are made prior to 1 October 2015. Because of the nature of the Scheme, FWT does not generally apply to benefits. You will be advised if it does at the time your benefit becomes payable.



Thanks to my super,
I'm looking forward
to a **financially
secure retirement.**

Maria Kumeroa
Cafe Worker
Women's Delegate
Fonterra
Whareroa
DISS member
for 10 years



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

There have been no changes to the directors of the Trustee since 1 April 2009. However, Tony Wilding has advised that he will be retiring as a director with effect from 31 October 2010.

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 2010 equalled or exceeded 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.

T. McGuinness
For the Trustee

Additional complying superannuation fund disclosures

As at 31 March 2010:

- The market value of the Scheme's assets subject to complying fund rules is \$1,662,692 relating to 198 members.
- The value of withdrawals subject to complying fund rules totals \$40,371.

Scheme costs

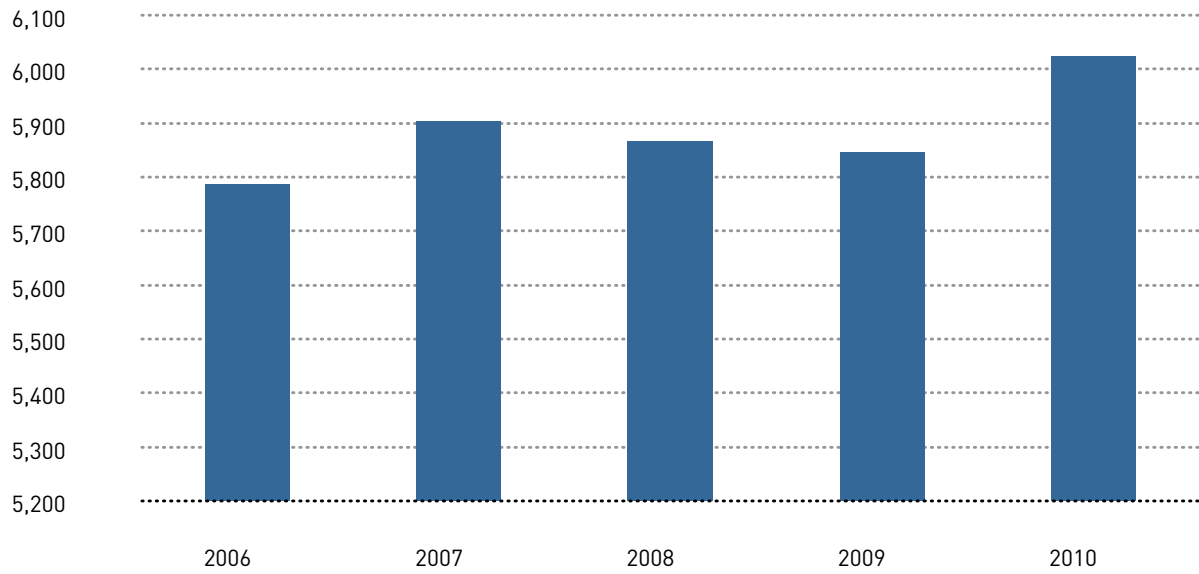
The directors of the Trustee maintain a close watch on the Scheme's expenses. The following table compares the Scheme costs over the last two years.

	2010 \$000s	2009 \$000s
Investment fees	1,150	1,061
Administration & actuarial fees	569	574
Auditors' remuneration - audit	33	48
- taxation advice	6	33
Legal & other expenses	150	165
Cost to members before tax	1,908	1,881
Income tax	(572)	(564)
Cost to members after tax	1,336	1,317
Average retirement savings	308,196	291,759
Insurance premiums	3,115	2,876
% cost to members - reporting and administration (after tax)	0.17%	0.19%
- investment management (after tax)	0.26%	0.25%
% cost to members - insurance	1.00%	1.00%

Membership

	Employee Members	Individual Members	Preserved Members	Pensioners	Total
At 1 April 2009	5,461	80	210	95	5,846
New members	458	14	1	4	477
Transfers in	5	-	-	-	5
Transfers out	(1)	-	-	-	(1)
Resignations	(198)	-	-	-	(198)
Withdrawals	-	(10)	(14)	-	(24)
Retirements	(51)	-	-	-	(51)
Redundancies	(13)	-	-	-	(13)
Deaths	(6)	(1)	-	(8)	(15)
Disablements	(3)	-	-	-	(3)
At 31 March 2010	5,652	83	197	91	6,023

Total membership increased by 177 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:

DK Arnold (Fonterra), MA Eade (Fonterra), MK Henry (Fonterra), GD Seed (Fonterra), WR Ward (Fonterra)

Due to timing issues, the number of deaths shown in the membership table does not correspond with the list of members who died during the Scheme year.

The following pensioners died during the Scheme year:

AM Butler, LG Christian, JL Davies, GB Daysh, MJ Edwards, CA Lane, MV McCook, EM Sutton.

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

Dairy Industry Superannuation Scheme

Summary financial statements for the year ended 31 March 2010

Statement of Changes in Net Assets	2010 \$	2009 \$
Investment Activities		
Net Investment Income	52,379,287	(38,628,087)
Reimbursement of Expenses	–	48,000
Group Life Claims	1,366,229	2,862,459
Use of Money Interest	7,908	7,523
Net Income/(loss)	53,753,424	(35,710,105)
Less		
Other Expenses		
Administration and Consulting Fees	569,337	573,716
Auditors' Remuneration – Audit Fees	32,515	47,737
Auditors' Remuneration – Taxation Services	6,097	32,725
Group Life Premiums	3,115,285	2,876,382
Other Expenses	40,227	58,584
Trustee Remuneration	110,096	106,166
Total Other Expenses	3,873,557	3,695,310
Change in Net Assets before Taxation and Membership Activities	49,879,867	(39,405,415)
Income Tax Expense	8,257,207	310,353
Change in Net Assets after Taxation and before Membership Activities	41,622,660	(39,715,768)
Membership Activities		
Member Contributions	20,391,576	19,530,772
Voluntary Member Contributions	855,923	1,002,286
Employer Contributions	20,378,119	19,537,930
Transfers in from Other Schemes	280,916	115,678
Less		
Benefits Paid	14,689,569	36,436,946
Net Membership Activities	27,216,965	3,749,720
Net Increase/(Decrease) in Net Assets during the year	68,839,625	(35,966,048)
Statement of Net Assets		
Assets		
Financial Assets – Fair Value Through Profit or Loss	343,045,632	235,783,514
Current Assets	793,733	39,224,433
Total Assets	343,839,365	275,007,947
Less		
Current Liabilities		
Other Amounts Payable	–	1,053
Income Tax Payable	445,628	55,920
Benefits Payable	653,823	1,034,027
Sundry Creditors	123,990	140,648
Total Liabilities	1,223,441	1,231,648
Net Assets available for Benefits	342,615,924	273,776,299
Vested Benefits*	331,246,874	264,813,076
Statement of Cash Flows		
Net Cash Flows from Operating Activities	23,478,667	2,604,657
Net Cash Flows from Investing Activities	(61,909,704)	35,940,000
Net (Decrease)/Increase in Cash Held	(38,431,037)	38,544,657
Cash at Beginning of Year	39,223,420	678,763
Cash at End of Year	792,383	39,223,420

* 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.

Financial statements

A summary of the Scheme's audited financial statements for the year ended 31 March 2010 which was authorised for issue by the Trustee on 23 June 2010 is shown on page 12. The summary financial statements have been extracted from the full audited financial statements dated 31 March 2010 which were authorised on 23 June 2010. 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 equivalents 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 oriented entity.

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

Audit report

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 2010 as set out on page 12 and the sections headed '*Financial statements*' above, and '*Summary of triennial statutory actuarial valuation report as at 31 March 2009*' on page 15 and '*Summary of interim actuarial report as at 31 March 2010*' on page 15.

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 and general accounting services. These matters have 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 aspects 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 23 June 2010.

We completed our work for the purposes of this report on 23 June 2010.



Wellington

Statutory information

Declared interest rates for the year to 31 March 2010

Period	Cash	Cash/ Conservative	Conservative	Conservative/ Balanced	Balanced	Balanced/ Growth	Growth
2009							
April	0.15%	1.54%	2.93%	4.46%	5.99%	6.99%	7.99%
May	0.11%	0.40%	0.70%	0.92%	1.14%	1.25%	1.36%
June	0.11%	0.14%	0.17%	0.07%	-0.03%	-0.11%	-0.19%
July	0.12%	1.30%	2.48%	3.57%	4.65%	5.14%	5.63%
August	0.15%	0.76%	1.38%	1.86%	2.35%	2.77%	3.19%
September	0.14%	0.57%	1.01%	1.36%	1.72%	1.94%	2.17%
October	0.13%	0.01%	-0.10%	-0.29%	-0.47%	-0.59%	-0.71%
November	0.11%	0.51%	0.92%	1.25%	1.58%	1.75%	1.92%
December	0.13%	0.34%	0.55%	1.08%	1.60%	1.96%	2.32%
2010							
January	0.11%	-0.06%	-0.24%	-0.69%	-1.13%	-1.40%	-1.67%
February	0.09%	0.30%	0.51%	0.67%	0.83%	0.94%	1.05%
March	0.12%	0.77%	1.42%	2.19%	2.95%	3.38%	3.80%
Equivalent Annual Rate	1.54%	6.94%	12.34%	17.72%	23.09%	26.52%	29.94%

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

“
Being able to log on
to the website any
time, anywhere, **makes**
managing my super easy.”

Grant Ellis
Site Delegate
Fonterra
Edendale
DISS member
for 10 years



Trust deed

No amendments have been made to the trust deed since the last annual report.

Prospectus

The registration date of the Scheme's most recent prospectus was 23 September 2009.

Summary of triennial statutory actuarial valuation report as at 31 March 2009

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2009. The Actuary concluded that the value of the accrued benefits of both the Allocated and Non Allocated (the pensions) sections are fully covered by the Scheme's assets. In this report, the Actuary recommended that the employers continue to contribute at their standard (gross of contribution tax) contribution rate of 1.5 times the employees' contributions for allocated members.

The Actuary also recommended that the next statutory valuation be carried out at 31 March 2012, or earlier if there is a substantial fall in the value of the assets which is expected to be permanent.

Summary of interim actuarial report as at 31 March 2010

An interim actuarial valuation was carried out as at 31 March 2010. The valuation assumptions were the same as those used in the most recent triennial actuarial valuation as at 31 March 2009 which anticipated investment returns of 5.5% pa.

The actuarial review reported a surplus of \$579,534 in the Non Allocated section, which the Actuary recommended be transferred to the Reserve Fund. The Trustee has adopted this recommendation and the Non Allocated section is in a balanced position as at 31 March 2010.

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 6140

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 6140

Directory

Administrator

All correspondence should be addressed to:

Secretary

Dairy Industry Superannuation Scheme
C/- Mercer (N.Z.) Limited
P O Box 2897
Wellington 6140
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 (NZ) 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 Limited)

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 employers, the Trustee and the Scheme's professional advisers. If you wish to check or amend your personal information, please contact the Scheme Secretary



If you don't need the money right now, **put it in the Scheme and see it grow over the long term.**

Mark Michael
Site Delegate/Supervisor
Goodman Fielder
Auckland Freight Centre
DISS member
for three years



Looking for more information?

Internet access:

www.dairysuper.superfacts.co.nz

Member Helpline: 0800 355 900

(9.00am to 7.00pm on business days)