



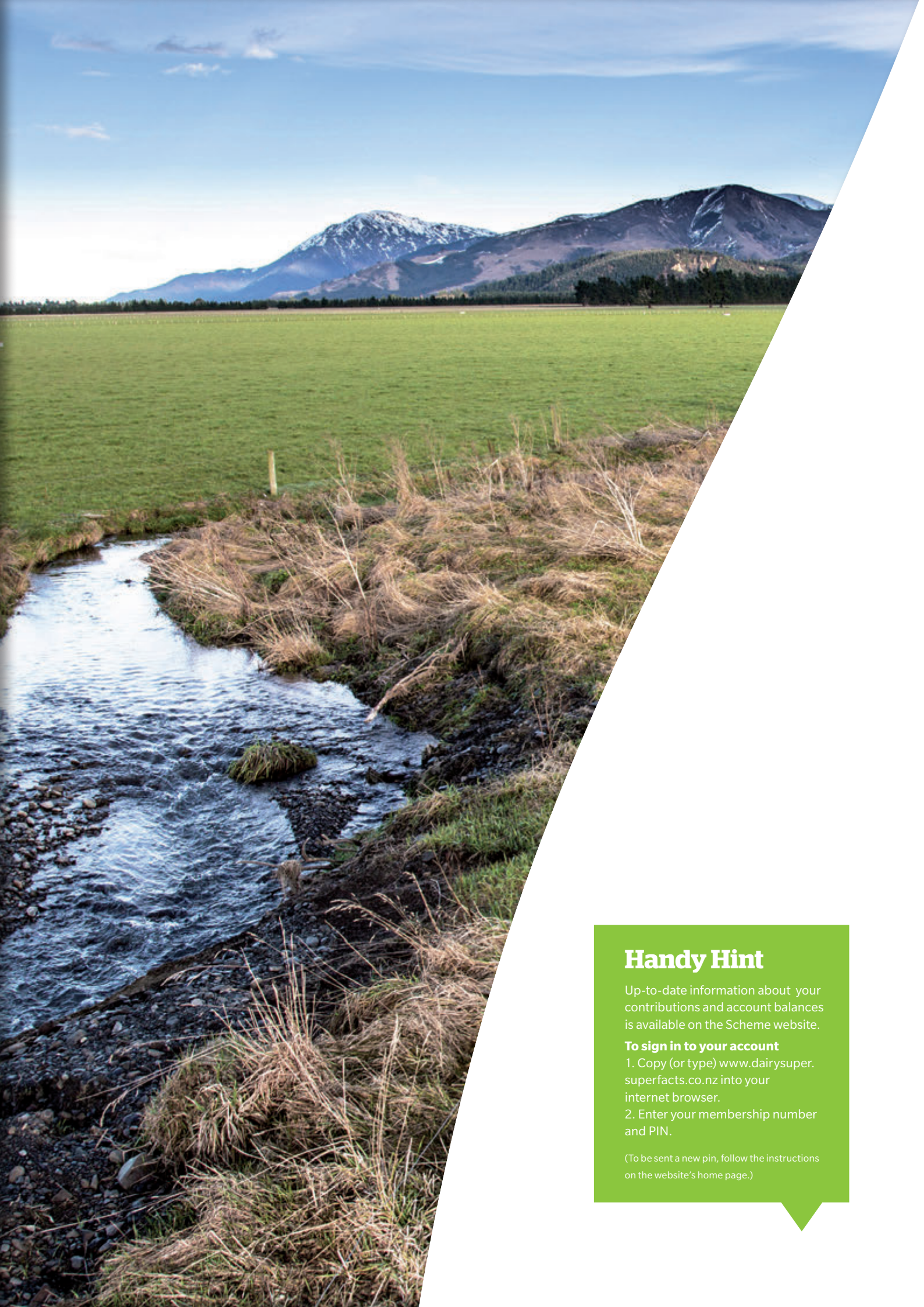
dairy industry
superannuation scheme

Annual Report

For the year ended 31 March 2015



A mua ake. For the future.



Handy Hint

Up-to-date information about your contributions and account balances is available on the Scheme website.

To sign in to your account

1. Copy (or type) www.dairysuper.superfacts.co.nz into your internet browser.
2. Enter your membership number and PIN.

(To be sent a new pin, follow the instructions on the website's home page.)

The year in numbers

Membership increased by

272

Total membership

7,194

Member Contributions:

\$30.23m

(incl Member Tax Credits)

Company Contributions:

\$28.1m

Benefits paid

\$41.1m

Net assets available
to pay benefits

\$606.6m

Website visits

59,762

Calls to the helpline

2,180



Chairman's report

The past year continued the recent very good run of investment results for the Scheme, as can be seen from the summary of declared interest rates on page 3. Growth assets (such as shares and property, which are expected to have higher returns over time) again led the way, although among income assets the overall return from longer-term fixed interest assets also remained stronger than many commentators (including myself) had expected.

In each of the last three or more annual reports, I have written about how good each of those years had been for investment returns, notwithstanding all the financial and political worries affecting the world. I also forewarned each year that perhaps things couldn't carry on the same way, and guess I may be starting to sound like a worn record by saying the same thing again this time around.

The central underlying theme of the last five years that continued into the latest year was the ongoing and prolonged stimulus and support given to economies and investment markets by central banks around the globe. This was helped over the latest 12 months by the slump in oil prices taking some pressure off inflation (although there wasn't a lot anyway) and putting a little more cash into the pockets of consumers. These positive influences overshadowed, in the end, the myriad of 'bad news' items such as European problems with Greece, the conflict in Ukraine and its resulting strains on international relations, and doubts about the robustness of economic growth in China and other emerging economies.

Looking ahead, most of the various potential global challenges are still with us, along with a likely reduction in central bank support for markets, particularly in the US where their economy has moved onto a firmer path. So, it wouldn't be surprising to see an upcoming year that provides much more muted investment returns.

Regarding Scheme operations over the past year, we continued to see growth in overall membership numbers and total member assets, and pleasing levels of member and employer contributions. I believe this provides an excellent base for the Scheme to continue providing members with all the elements necessary for an effective and efficient retirement savings vehicle. The level of insurance benefits paid over the year was somewhat higher than normal, reinforcing the value of this benefit to many members, and their families.

Scheme running costs will be a bit higher in the short term as we transition the Scheme into the regulatory requirements of the new Financial Markets Conduct Act 2013 (FMC Act), the law that governs how schemes such as ours will be run in the future.

This will involve, amongst other things, a review of our Trust Deed and a complete rewriting of all our key Scheme information material. We will keep you informed of the main changes as we go through the process.

We have had a look at whether we should make any other changes to the Scheme at the same time as making all the FMC Act changes and have decided that we will add a Significant Financial Hardship Benefit to the Scheme from next year when we "go live" with the FMC Act. Our Hardship Benefit will be modelled on the way the KiwiSaver Act and KiwiSaver schemes define and apply this benefit. We will provide more information in due course, but I should point out that the underlying premise for a hardship benefit is that it is a "last resort" option with tightly defined parameters as to what is and what isn't regarded as significant financial hardship.

Each year we adopt a different superannuation-related theme for the annual report. This year, we are focusing on our women Scheme members and the effect on their retirement planning of what is often a stop-start working life.

Throughout the annual report you will see interesting vignettes about a number of members, who discuss the important role the Scheme plays in their lives.

The Scheme continues to be well served by its key external providers and I thank them again for their efforts on behalf of members during the year, particularly Mercer as the main administration interface with members and employers. I also thank my fellow directors for their continuing efforts.



Tim McGuinness
Chairman

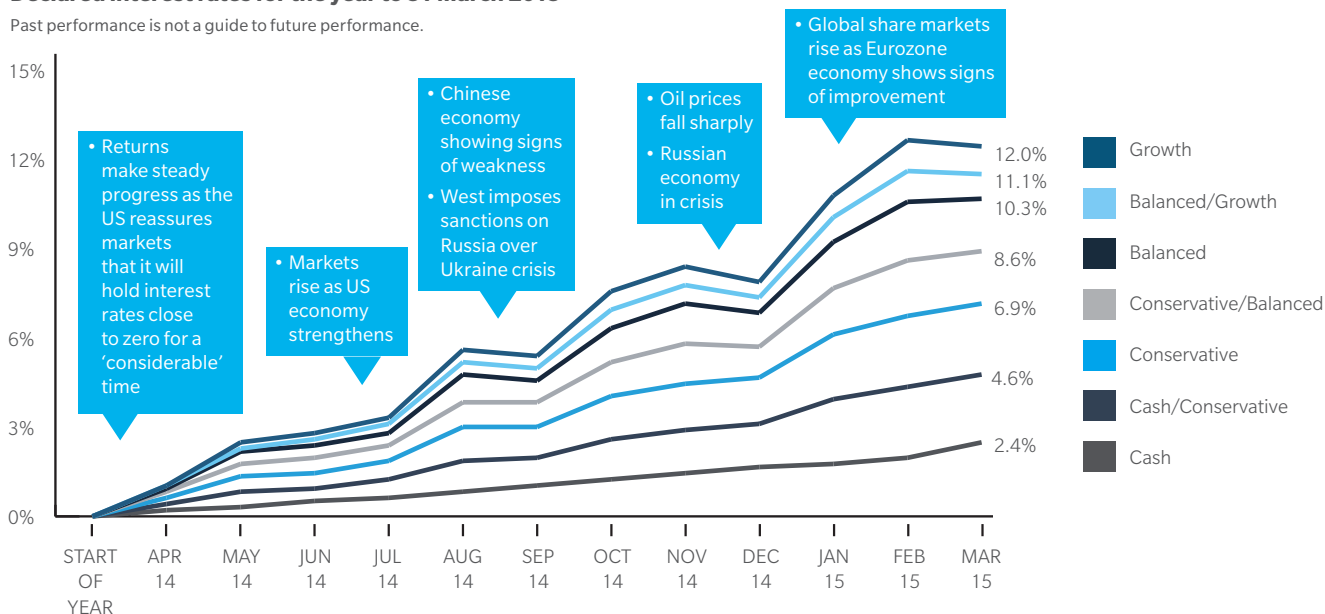


Declared interest rates

The declared interest rates are the rates applied to benefits paid out during the year.

Declared interest rates for the year to 31 March 2015

Past performance is not a guide to future performance.



While returns from the Growth and Balanced options were up on the previous Scheme year, the biggest improvement came from the Conservative option, reflecting pleasing results from the Scheme's fixed interest investments.

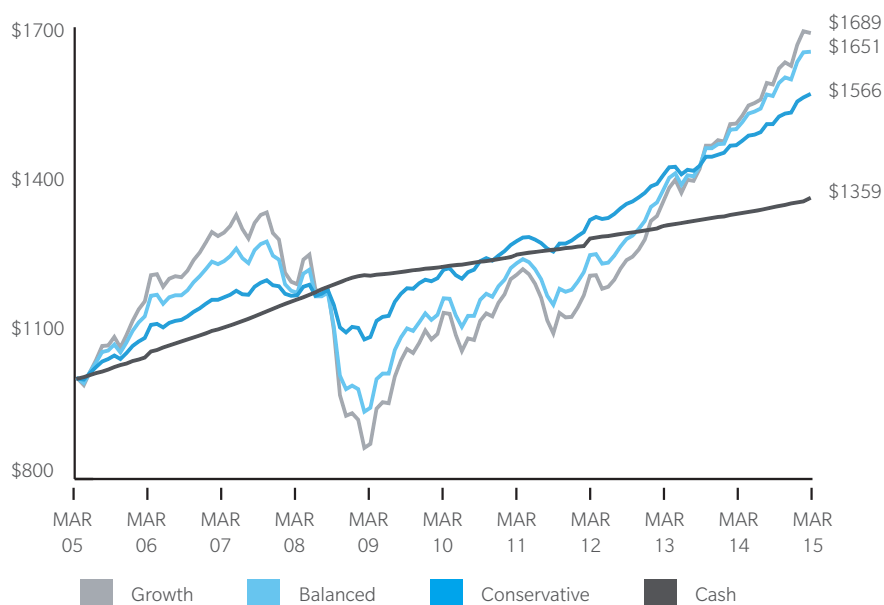
Credited interest rates

The credited interest rates are the returns allocated to your accounts at the end of each Scheme year.

The chart below shows how \$1,000 invested in each of the four main investment options on 1 April 2005 would have grown over the 10 years to 31 March 2015. It demonstrates how returns from the Growth and Balanced options have been up (and down) more steeply than those of the Conservative and Cash options, but how over the full 10 years, returns from Growth and Balanced have been significantly better.

Growth of \$1,000 invested in each option over the past 10 years

Past performance is not a guide to future performance.



The chart also shows the importance of viewing your Scheme investments over a longer time period, rather than being concerned about shorter-term investment market influences.

Global economy

The Scheme's investment returns are strongly influenced by events in the global economy. Events affecting this year's returns included the following:

Eurozone

The European Central Bank implemented a €1.1 trillion asset-purchasing programme in February, in an attempt to stimulate the region's economic growth. Eurozone interest rates remained at record lows throughout the year, falling below zero in some instances.

Russia

The Russian economy and the rouble were badly affected by the sharp fall in oil prices and sanctions imposed by western nations over the Ukrainian situation.



Greece

The Greek Government, the IMF and other EC governments spent much of the year trying to find a solution to the debt repayment crisis. The fear is that Greece will default on its repayment obligations.

China

Economic growth in China, though still comparatively strong at above 7%, continued to ease during the year, putting downward pressure on world commodity prices.

Australia

The Australian economy struggled against a second year of falling commodity prices, caused mainly by a reduced demand for iron ore and coal from China.



United States

Concerns about when and by how much the US Federal Reserve would begin interest rate increases have had financial markets on tenterhooks for most of the past 12 months.

Japan

The Bank of Japan substantially increased its asset-purchasing programme in October. Relative to the size of the Japanese economy, the new programme is far larger than anything attempted by other central banks.

New Zealand

Weaker commodity prices, dairy in particular, have taken the gloss off a buoyant economy. However, business and consumer confidence remains positive.

Investment performance

We monitor the Scheme’s investment performance in three ways:

1. Each fund’s return against its objective
2. Each fund’s return against the median return from KiwiSaver schemes with a similar mix of assets
3. Each of the Scheme’s investment managers against the appropriate index for the particular asset class.

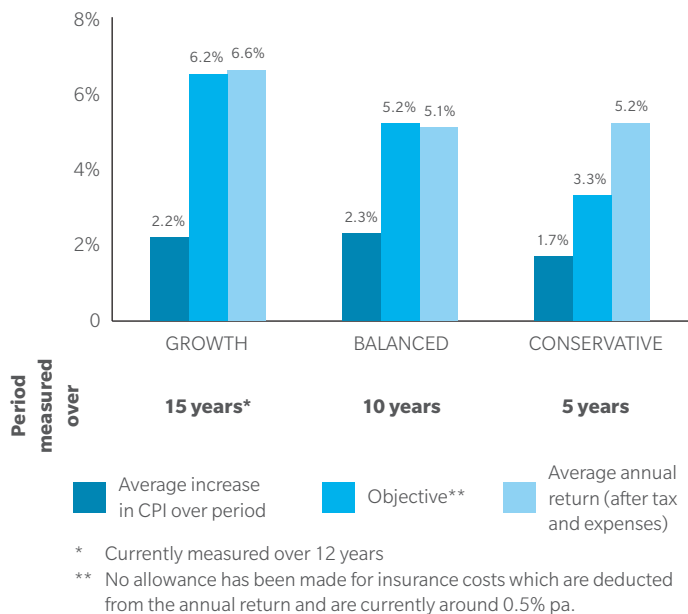
Fund performance against objective

The Growth fund’s return is measured over rolling 15-year periods (as the Growth fund started in 2003, data is only available for 12 years), the Balanced over 10 years and the Conservative over five years.

The graph shows that the three main funds are performing well. The Growth option is now exceeding its objective, the Balanced option is close to meeting its and the Conservative option is significantly out performing its, reflecting the sound returns from most asset classes in recent years as markets recover from the global financial crisis.

The Cash fund’s objective is to achieve a return close to the 90-Day Bank Bill rate before tax and all expenses. For the year to 31 March 2015 it returned 4.0% *before* tax and expenses (2.4% *after* tax and expenses), against a 90-Day Bank Bill rate of 2.7% *before* tax.

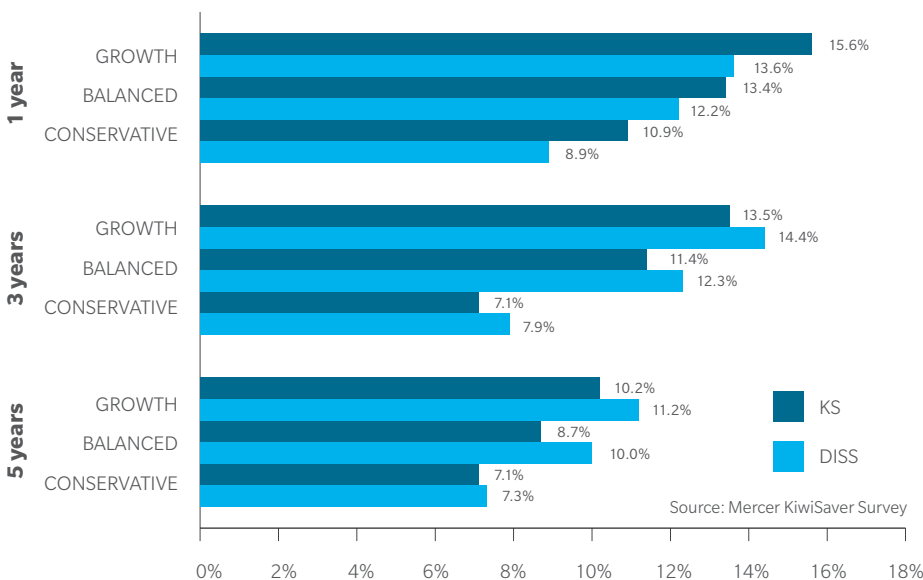
Increase in inflation, objective and average annual return



Fund performance compared to the KiwiSaver scheme median

We monitor the performance of each of the Scheme’s investment funds against the median (mid-point) of KiwiSaver schemes with a similar asset mix as surveyed by Mercer.

The chart shows that while the funds’ returns continue to equal or outperform the median KiwiSaver scheme over three and five years, there has been some underperformance over one year. Returns are after fees and before tax.



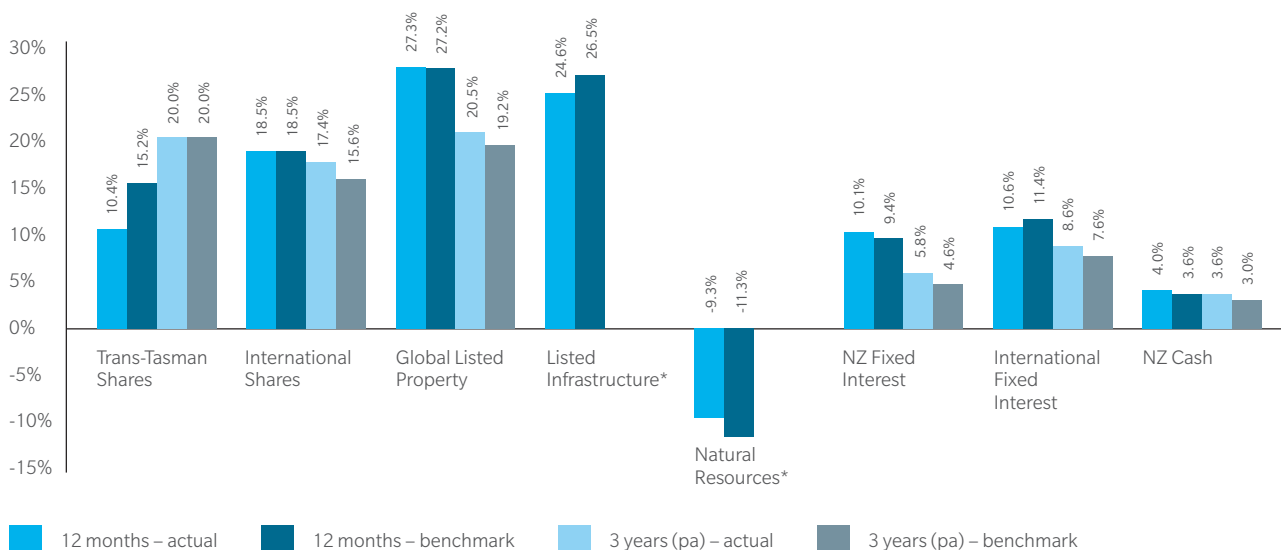
What is the reason for the Scheme’s lower one-year returns?

The Scheme has more investments in natural resources (such as dairy, oil and iron ore) than other funds. In the past year, natural resources have not performed as well as the other asset classes.

Investment manager performance

To check on the investment managers' performances we compare their performance (before investment fees, Scheme expenses and income tax) against an appropriate index for the particular asset class they are managing.

Actual returns v index for each asset type over one & three years to 31 March 2015 (before tax & expenses)



*Since investments in listed infrastructure and natural resources only started in July 2012, returns and the index are only shown over 12 months.

The lower-than-index return over one year from the Scheme's investments in trans-Tasman shares is because one of the managers of this asset class invests in growth companies that do not pay high dividends. Over much of the Scheme year, high dividend paying shares were in greater demand.

Mark Michael was made redundant from Goodman Fielder during a restructuring and was very happy he could transfer his savings and other benefits across to Fonterra Brands Takanini and continue as a member of the Scheme.



DWU National President Brett Brown and DWU National Vice President Shane Stieller both became Scheme members when they first began working in the industry. They strongly encourage all eligible dairy workers to join the Scheme as well.



How the Scheme's investments performed

Note: The following returns are for the 12 months ending 31 March 2015 and are before tax and expenses.

Trans-Tasman shares Annual return 10.4%

70% Harbour Asset Management Limited
30% ANZ New Zealand Investments Limited



Trans-Tasman shares had another very good 12 months. Similar to the last Scheme year, the New Zealand share market outperformed its Australian counterpart. Although the local economy's growth rate has eased, business and consumer confidence remains high and this, along with a possibility of interest rate cuts, has supported a positive market. Across the Tasman, continuing weakness in the resources sector and related concerns about growth in China have continued to affect returns. However, the Australian market recovered some lost ground by staging its strongest March-quarter return on record, following an interest rate cut by the Reserve Bank of Australia.

International shares Annual return 18.8%

AMP Capital Investors (NZ) Limited



International shares continued to make ground through most of the Scheme year, although falling oil prices, concerns about the Eurozone and Ukraine-related sanctions on Russia created some investor unease. Share market returns varied widely between the major regions. Europe struggled for most of the year, although the European Central Bank's quantitative easing programme reduced interest rates and boosted share market returns during the last weeks of the year.

Global listed property Annual return 27.3%

AMP Capital Investors (NZ) Limited



Global listed property was a very strong performer over the Scheme year. This asset class has been benefitting from, and continues to benefit from, the ongoing low interest rate environment, as well as improving economic conditions.

Listed infrastructure Annual return 24.6%

Mercer Investments (New Zealand) Limited



Listed infrastructure benefitted throughout the Scheme year from low interest rates and investors' continued search for higher-yielding investments. Exposure to oil-related production had a negative effect on returns mid-year, but not enough to prevent a very strong annual return.

Natural resources

Annual return -9.3%

Mercer Investments (New Zealand) Limited

Natural resources was the year's poorest performing sector, largely as a result of the sharp decline in oil prices during the middle part of the year. A combination of strong supply across most commodities and falling demand, especially from China, also contributed to the Scheme's only negative return.



International fixed interest

Annual return 10.6%

*Russell Investments Group Limited
(using Implemented Investment Solutions)*

International fixed interest provided a sound return as interest rates continued to fall. Slowing growth in China, Europe edging towards deflation and plunging oil prices saw markets extend expectations of interest rate hikes in all major markets except the US. The US Federal Reserve has indicated that it could raise rates some time this year. In the final quarter, the European and Japanese central banks introduced quantitative easing measures in an attempt to prevent a deflationary spiral and spur economic growth.



New Zealand fixed interest

Annual return 10.1%

*52% AMP Capital Investors (NZ) Limited
48% ANZ New Zealand Investments Limited*

New Zealand fixed interest provided a consistently solid performance throughout the Scheme year, benefitting from falling long-term interest rates. This asset class is being supported by a benign outlook for inflation.



Cash

Annual return 4.0%

*57% AMP Capital Investors (NZ) Limited
43% ANZ New Zealand Investments Limited*

Cash continue to provide reliable though modest returns. A year ago, it was expected that the Reserve Bank of New Zealand would begin lifting interest rates. However, although the Official Cash Rate (OCR) was raised to 3.50% in three steps early in the Scheme year, by the end of the period there were signs that interest rates may actually be reduced in the coming months. This proved to be the case, with the Reserve Bank dropping the OCR by 0.25% at its June review.

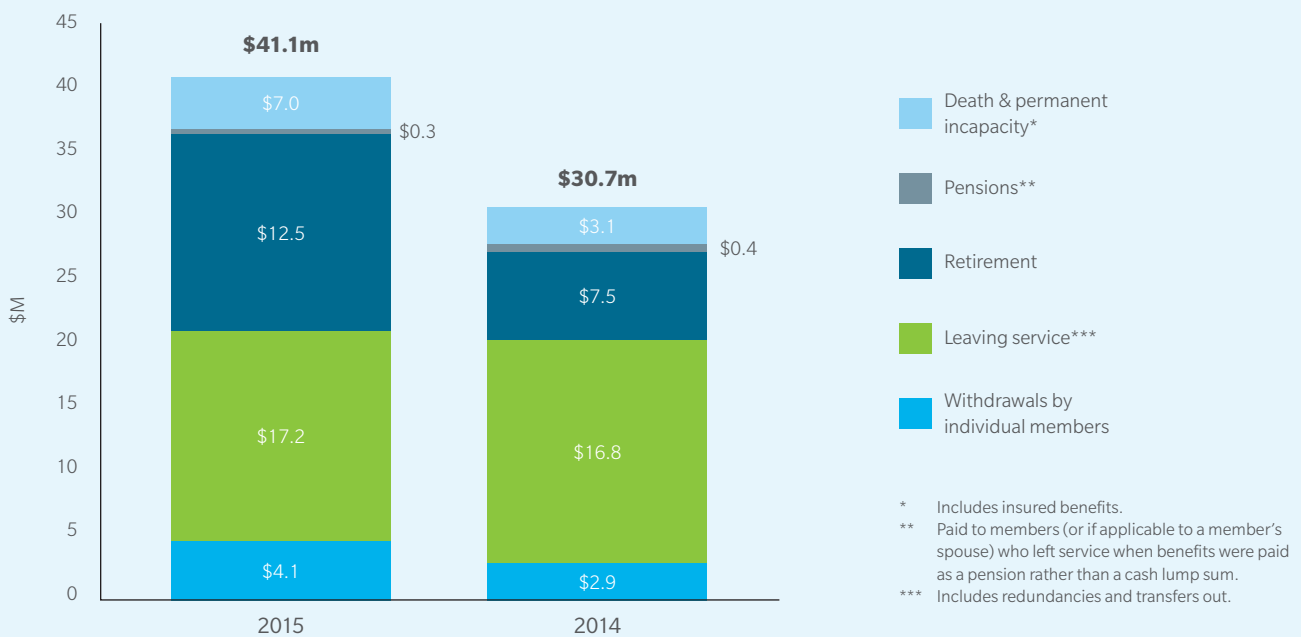




Scheme pays \$41.1m in benefits

The chart below shows a breakdown of the different benefits paid from the Scheme over each of the last two years. This year, benefits paid to members totalled \$41.1m (2014:\$30.7m).

Benefits paid during the year



Insured benefit payments

In the five years to 31 March 2015, the Scheme insurers paid out some \$13.4 million worth of insured benefits (\$7.5 million in death benefits and \$5.9 million in disablement and terminal illness benefits) to Scheme members and their beneficiaries.

The Scheme offers insurance cover for eligible members, and generally provides cover regardless of whether a claimable event happens in the workplace, at home or while you are on holiday.

We cannot over-emphasise the important role insurance cover plays when planning for the future of you and your loved ones. If you are eligible and do not already have cover, we encourage you to look into taking advantage of the Scheme's insured benefits.

Ray Mills is a long-serving member and site delegate at Fonterra Stirling in the South Island, and a staunch supporter of Scheme membership: "I have personally seen how the Scheme's insurance benefits have made life a lot easier when tragedy has struck dairy workers - both as a result of being permanently incapacitated and through death."



Keeping an eye on costs

The Trustee regularly monitors the Scheme's costs and expenses to ensure that they are reasonable and competitive compared to other savings options.

The Trustee believes the various costs and charges, explained below, are reasonable and generally compare favourably with similar schemes.

Investment fees and expenses

Total investment fees and expenses paid by the Scheme last year (including those paid to its consultant) amounted to \$2.6 million compared to \$2.2m the year before. Investment fees are charged on the amount of money being managed, so if the Scheme is growing in size, total costs also increase.

The key measure is the cost for each dollar invested. On this basis, total investment costs in the last year represented 0.42% of average assets over the year compared with 0.40% the year before. The current allowances for the various funds are shown in the chart to the right:

INVESTMENT FUND	INVESTMENT COST ALLOWANCE (%pa)
Cash	0.11%
Conservative	0.37%
Balanced	0.59%
Growth	0.65%

Expenses of operating and administering the Scheme

Operating expenses for the Scheme span a wide range of services including, for example, administering member records, communications, directors' fees and legal advice.

EXPENSE TYPE	2014/2015 (\$'000's)	2013/2014 (\$'000's)
Administration and secretarial services	450	429
Member communications	103	94
Legal, tax and actuarial consulting	79	86
Audit	38	37
Trustee directors' fees and related costs	179	168
Financial Markets Authority (FMA) levy	60	40
Other expenses	2	5
Total operating cost (before tax) excluding investment costs	911	859
Total operating costs as % of funds managed	0.16% (0.12% after tax)	0.16% (0.12% after tax)
Total operating cost per member	\$127 (\$91 after tax)	\$124 (\$89 after tax)

Insurance

The Scheme pays insurance premiums for members' death and permanent incapacity cover. Premiums paid for the year to 31 March 2015 totalled \$3.3 million covering 5,818 members.

Statutory information

Scheme management

Dairy Industry Superannuation Scheme Trustee Limited is the corporate trustee for the Scheme. The Board has seven directors, four elected by the employer companies, one elected by employer/s identified by the Trustee, one elected by the Dairy Division, NZ Institute of Food Science and Technology and one by the Dairy Workers Union.

It is the Board's job to ensure that the Scheme is run according to the Trust Deed and superannuation law.

The current directors of the Trustee are:



Mark Apiata-Wade

Ko tainui toku waka
Ko taupiri toku maunga
Ko Waikato toku awa
Ko Waikato toku iwi
Ko Mark Apiata-Wade
taku ingoa
Tihei mauri ora

I'm the National Organiser for the Dairy Workers Union – Te Runanga Wai U – and the DWU-elected representative/director on the Board. I've been a director for almost 20 years. I live in Horotiu, work in Hamilton and am a passionate believer in the Scheme and the benefits and peace of mind it offers to workers and their families.



Bruce Kerr

I joined the Board in March 2011 as an employer-elected director and in 2015 was appointed as the

Scheme's Independent Licensed Trustee. Wellington-based, I'm widely experienced in the workplace retirement savings area, being the Executive Director of Workplace Savings NZ (the peak industry organisation representing employers, trustees and members of workplace super and KiwiSaver schemes, as well as industry service providers). I am also a professional trustee of two other workplace super schemes. Outside work I enjoy running, playing golf and socialising with good friends.



Tim McGuinness
(Chairman)

I have been on the Board since 2007 and combine my role as Chairman with the

trusteeship/directorship of a number of other significant superannuation schemes including the Police, Fire Service and RioTinto New Zealand superannuation schemes, Unimed and Whai Rawa Fund Limited. I bring to the Board a broad knowledge and understanding of investment, financial and superannuation matters as well as general governance experience as a director of a number of entities over the last 13 years or so. Outdoor and sporting pursuits including golf and tramping are a feature of my non-work time.



David Scott

I was appointed as an employer-elected director of the Trustee Board in 2003. Prior to that I was a trustee of the

NZ Dairy Group Superannuation Plan for a number of years, initially as a member-elected representative and later as a company representative. In my Regional Optimisation Manager role with Fonterra, I have regular contact with a wide range of corporate, transport and manufacturing staff.

Outside work, my wife Sandy and I have three adult children and two lovely granddaughters, and I still enjoy playing football, softball and the occasional game of golf.



Debra Marshall

I have been an employer-elected member of the Board since August 2007.

My contribution to the Board stems from my role as a Rewards Manager in Fonterra Human Resources. Based in Auckland, I have an extensive knowledge of employee remuneration practices and superannuation in particular. Away from work I enjoy spending time with my young family.



Andy Williams

I have represented the Dairy Division, NZ Institute of Food Science and Technology (which covers a wide range of food industries)

on the Board since 2006. I was elected by the NZ Institute of Food Science and Technology to represent the views of their members and other people in similar positions. I am employed by Fonterra as a Product Manager. In my spare time I enjoy masters rowing and watching rugby.



Patrice Wynen

I am the Director of Fonterra's Finance Delivery Centre in Hamilton. A qualified chartered accountant,

I have more than 20 years' experience in finance and management roles within the dairy industry and bring strong financial management skills to the Board. I am married with two children and am also the Chair of my children's School Board of Trustees.

There have been no changes to the Trustee directors since the date of the last annual report.

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 2015 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.



T. McGuinness
For the Trustee

Additional complying superannuation fund disclosures

As at 31 March 2015:

- The market value of the Scheme's assets subject to complying fund rules is \$10.23 million relating to 704 members.
- The value of withdrawals subject to complying fund rules totals \$389,923.

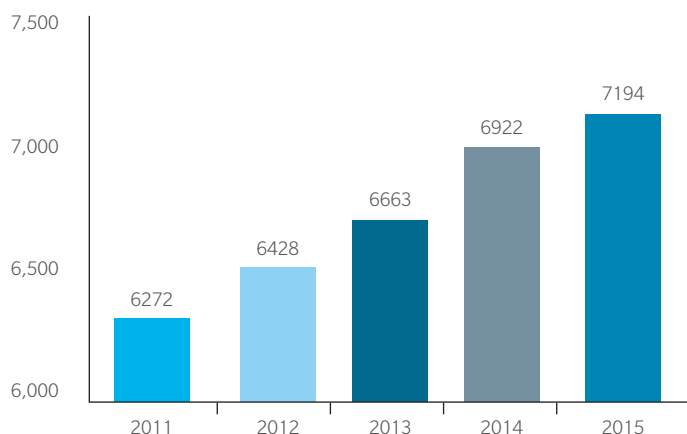
Membership

	Employee members	Individual members	Preserved members	Pensioners	Total
At 1 April 2014	6,604	96	152	70	6,922
New members	699	18	1	4	722
Transfers in	3	-	-	-	3
Retirements	(116)	-	-	-	(116)
Resignations	(245)	-	-	-	(245)
Withdrawals	-	(10)	(5)	-	(15)
Redundancies	(39)	-	-	-	(39)
Deaths	(12)	(1)	(1)	(15)	(29)
Disablements	(8)	-	-	-	(8)
Transfer out	(1)	-	-	-	(1)
At 31 March 2015	6,885	103	147	59	7,194

Total membership increased by 272 over the year.

Changes in membership

Changes in membership over the last five years



Deaths

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

The following members died:

RO Adams (Fonterra), SB Atutahi (Goodman Fielder), TH Berghuis (Fonterra), PO Cullinan (Individual Member), RA Hirst (Fonterra), FM Kelsen (Fonterra), P Kumeroa (Fonterra), LMA Mathieson (Fonterra), CM McFaull (Fonterra), RD McKay (Fonterra), IE Russell (Preserved Member), LJ Shepherd (Fonterra), TRR Waipouri (Fonterra), RP Witham (Fonterra).

The following pensioners died during the Scheme year:

EG Bublitz, AM Christie, ME Dickson, RL Dieudonne, IJ Edmonds, R Gorton, RJ Hawkins, BJ Hilderink, AE Hutchinson, K Kloeten, TRR Moyle, MC Novak, JM Scinnick, JJ Van Rossen, DJ Wright.

Dairy Industry Superannuation Scheme

SUMMARY OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2014		2015	
\$		\$	
	Statement of Changes in Net Assets		Summarises the Scheme's income and expenses during the year
	Investment Activities		
45,042,317	Net Investment Income	57,826,107	Investment earnings less the investment managers' fees
	Other income		
2,160,838	Group Life Claims	4,129,495	Payments from the insurer
47,203,155	Net Income	61,955,602	
	Less		
	Other Expenses		Costs of running the Scheme
653,267	Administration and Consulting Fees	680,617	
33,810	Auditor's Remuneration – Financial Statement Audit	35,420	
3,019	Auditor's Remuneration – Prospectus, Trustee Reporting & Registry Audit	3,019	
21,056	Auditor's Remuneration – Taxation Compliance Services	14,470	
3,814,471	Group Life Premiums	3,284,154	
40,092	FMA Levy	60,222	
141,151	Other Expenses	155,193	
167,929	Trustee Remuneration	178,447	
4,874,795	Total Other Expenses	4,411,542	
42,328,360	Change in Net Assets before Taxation and Membership Activities	57,544,060	Investment income less expenses
6,494,857	Income Tax Expenses	6,228,762	
35,833,503	Change in Net Assets after Taxation and before Membership Activities	51,315,298	Investment income less tax and expenses
	Membership Activities		
26,271,815	Member Contributions	28,945,706	
983,500	Voluntary Member Contributions	1,103,729	
150,681	Member Tax Credits	182,264	
25,890,152	Employer Contributions	28,081,178	
141,118	Transfers in from Other Schemes	199,853	
30,675,841	Less Benefits Paid	41,067,697	Contributions paid into the Scheme less benefits paid
22,761,425	Net Membership Activities	17,445,033	Investment income less tax and expenses plus net membership activities
<u>58,594,928</u>	Net Increase in Net Assets during the Year	<u>68,760,331</u>	

2014		2015		
\$		\$		
Statement of Net Assets				
Assets				
939,207	Cash at Bank	3,645,064	Summarises what the Scheme owns and what it owes	
538,088,738	Investments	603,551,112		The Scheme's assets held with the investment managers
10,503	Prepayments	10,503		
-	Sundry Debtors	33,578		
23,552	Income Tax Receivable	-		
70,923	Deferred Tax	-		
<u>539,132,923</u>	Total Assets	<u>607,240,257</u>		
<i>Less</i>				
Current Liabilities				
750	Contributions Refundable	114	Liabilities are amounts owed to others	
1,233,582	Benefits Payable	525,119		
95,450	Sundry Creditors	141,981		
-	Income Tax Payable	9,571		
<u>1,329,782</u>	Total Liabilities	<u>676,785</u>		
<u>537,803,141</u>	Net Assets Available for Benefits	<u>606,563,472</u>	Total assets less current liabilities	
<u>526,786,035</u>	Vested Benefits*	<u>595,168,099</u>		Benefits payable had all members left the Scheme at balance date
Statement of Cash Flows				
21,443,373	Net Cash Flows from Operating Activities	16,305,857	Summarises cash flows through the Scheme during the year	
<u>(20,838,734)</u>	Net Cash Flows from Investing Activities	<u>(13,600,000)</u>		Contributions less benefit payments & operating expenses
604,639	Net Increase in Cash Held	2,705,857	Total cash flow	
334,568	Cash at Beginning of Year	939,207		Plus cash held at beginning of year
<u>939,207</u>	Cash at End of Year	<u>3,645,064</u>		

* 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.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

A summary of the Scheme's audited financial statements for the year ended 31 March 2015 which were authorised for issue by the Trustee on 2 July 2015 is shown on pages 16 and 17 of this annual report. The summary financial statements have been extracted from the full audited financial statements dated 31 March 2015 which were authorised for issue on 2 July 2015. 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 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 statements for consistency with the audited financial statements and has issued an unmodified opinion on both the summary financial statements and the full financial statements.

Independent auditor's report



To the members of Dairy Industry Superannuation Scheme

The accompanying summary financial statements on pages 16 to 17, which comprise the summary statement of net assets as at 31 March 2015 and the summary statement of changes in net assets and cash flows for the year then ended and notes, are derived from the audited financial statements of Dairy Industry Superannuation Scheme ("the scheme") for the year ended 31 March 2015. We expressed an unmodified audit opinion on those financial statements in our audit report dated 2 July 2015.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Dairy Industry Superannuation Scheme.

Trustee's responsibility for the financial statements

The trustee is responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 Engagements to Report on Summary Financial Statements.

Our firm has also provided other services to the scheme in relation to taxation compliance services. This matter has not impaired our independence as auditor of the scheme. The firm has no other relationship with, or interest in, the scheme.

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of Dairy Industry Superannuation Scheme for the year ended 31 March 2015, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements, in accordance with FRS-43 Summary Financial Statements.

A handwritten signature of the KPMG firm, written in black ink.

2 July 2015
Wellington

Scheme documents

Trust Deed

As explained in last year's annual report, the Trust Deed was amended by a deed dated 10 June 2014 to comply with the Trustee's ministerial exemption from anti-money laundering legislation.

As a result of the amendment, in most circumstances voluntary contributions must now be made through payroll. The only exceptions are:

- If you are on leave of absence you can pay contributions either to payroll or to the Scheme's administration manager. However, your contributions must be for the same amount and made at the same frequency as your contributions immediately before you went on leave of absence.
- If you have a locked in account, you can make voluntary contributions outside payroll to bring your contributions up to the minimum \$1,043 to qualify for the maximum member tax credit.

There were no other amendments made to the Trust Deed during the Scheme year.

Prospectus

The Scheme's most recent prospectus was registered on 19 September 2014.

Summary of triennial statutory actuarial valuation report as at 31 March 2012

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2012. 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 that report, the Actuary recommended that the employers continue not making additional contributions other than those required under the Trust Deed in respect of allocated members (pensioners).

The next triennial actuarial valuation of the Scheme due as at 31 March 2015 is currently being prepared and will be summarised in next year's annual report.

Summary of interim actuarial report as at 31 March 2015

An interim actuarial valuation was carried out as at 31 March 2015. The valuation assumptions were updated to the latest mortality tables with an allowance for future improvements and the expected investment returns were revised to 5.25% per annum.

The actuarial review reported a surplus and the actuary recommended a transfer of \$0.185 million from the Non Allocated Account to the Reserve Account. The Trustee has adopted this recommendation and the Non Allocated section is in a balanced position as at 31 March 2015.

Scheme personnel

Derek Vincent continues as Scheme Secretary. 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

Judy Fletcher continues to be responsible for the running of the Scheme in respect of pensioners. Please call Judy on the Pensioner Helpline if you have a query about your pension from the Scheme.



Judy can be contacted at:

Freephone: 0508 473 674

Telephone: (09) 928 3200

Facsimile: (09) 928 3201

P O Box 1849, Wellington 6140

“All of us are members of the Scheme and from those of us with very young children through to those of us with grandchildren we are so grateful to have the life cover and savings and the peace of mind it gives us and our families.”

DWU Women’s Committee

Image on cover

Left to Right Front – Frances Webster, Francie Cook, Linda Radosinska, Lavina Ireland, Laura Boynton, Nici Benington, Helen Rowe.

Image below

Left to Right Front – Merel VanRoyen , Lavina Ireland , Maria Kumeroa, Frances Webster, Linda Radosinska (DWU Co-ordinator).

Left to Right Rear – Francie Cook, Laura Boynton (Convenor), Nici Benington, Helen Rowe .



ADMINISTRATOR

All correspondence should be addressed to:

Scheme 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
ANZ New Zealand Investments Limited
Harbour Asset Management Limited
Mercer (N.Z.) Limited

Russell Investment Group Limited

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

EMPLOYERS PARTICIPATING IN THE SCHEME

Alto Packaging Limited
Canpac International Limited
DMV – Fonterra Excipients (NZ) Limited
Fonterra Co-operative Group Limited
Fonterra Limited
Fonterra Research Centre Limited
Goodman Fielder NZ Limited
MilkTest NZ LP
RD1 Limited
The Tatua Co-operative Dairy Company Limited
Westland Co-operative Dairy Company Limited

ACTUARY

Mercer (N.Z.) Limited
Conducts actuarial reviews.

AUDITOR

KPMG
Audits the Scheme's financial statements.

INSURANCE PROVIDER

Sovereign Assurance
Provides cover for the insurance benefits.

SOLICITORS

Kensington Swan
Advise the Trustee on legal issues affecting the Scheme.

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.

To make a complaint:

1. Call the helpline to discuss your concerns.
2. Depending on the nature of your complaint, the helpline will direct it either to the administration team or to the Secretary to the Trustee.

The Trustee has 40 working days to respond to your complaint. If you are not satisfied by the response, you may refer the matter to FSCL by emailing info@fscl.org.nz or calling FSCL on 0800 347 257.

Alternatively, you may write to FSCL at:

Financial Services Complaints Limited
Level 4, 101 Lambton Quay
P O Box 5967, Lambton Quay
Wellington 6145

Full details of how to access the FSCL scheme can be obtained on their website www.fscl.org.nz.

LOOKING FOR MORE INFORMATION?

Internet access:

www.dairysuper.superfacts.co.nz

Member Helpline: 0800 355 900
(9.00am to 7.00pm on business days)

Pensioner Helpline: 0508 473 674
(8.30am to 5.00pm on business days)



dairy industry
superannuation scheme