



dairy industry
superannuation scheme



Annual Report

for the year ended 31 March 2016

A mua ake. For the future.

Welcome

AS A MEMBER OF THE SCHEME
YOU ARE ON YOUR WAY TO A
FINANCIALLY SECURE RETIREMENT!

Everyone's plan for retirement is unique, whatever your plan,
your benefit from the Scheme can help you achieve it.



Crunching the numbers

The average DISS member is male, aged between

50 - 54 years

has a total account balance of

\$96,000

and has been in the Scheme for just over

10 years

It pays to be in for the long haul -

1,200 members

(or 16.4% of the Scheme's total membership) have account balances of more than

\$150,000

built up over an average of

16 years

Scheme membership

Membership doesn't have to end at 65 years

328 members

are aged 65+. Their average account balance is

\$153,000

and they've been Scheme members for an average of

13 years

Chairman's review

After a series of very good results, returns from most of the Scheme's investments were well down this year. Nonetheless, due mostly to a strong rebound late in the year, all investment options posted positive returns.

Global share markets were very volatile, up one month and then sharply down the next as falling oil prices, signs that the Chinese economy was slowing and concerns about when and by how much US interest rates would rise kept investors on tenterhooks. Relief came in mid-February when the US dollar started to soften and oil prices began to rise, suggesting that the global economy was not headed for a crash.

In late June, Britain's vote to leave the European Union threw markets into confusion. Share markets dropped sharply as did interest rates and the British pound. In the short term at least, there will be uncertainty stemming from Brexit in terms of the economic impact on the UK and European economies in particular, but also globally.

Looking ahead, global economic growth is expected to remain modest, with most market commentators' forecasts for the major economies proving surprisingly resilient, despite market volatility.

New benefits

For some time now the trustee directors have been considering the introduction of two new Scheme benefits. I am pleased to advise that from 1 October 2016, CFA members (that is, members who have made or are making locked in contributions) will be able to withdraw funds from their Locked In Accounts to put towards the purchase of a first home (or in special circumstances a second home). From the same date, all members will be able to apply to make a withdrawal if they are suffering or are likely to suffer, significant financial hardship. The maximum withdrawal amount is the benefit the member would have received had he or she resigned. The terms and conditions for both benefits will be based on the rules that apply to KiwiSaver schemes and are subject to strict rules.

Further information about both these benefits will be available shortly.



CREDITED INTEREST RATES

Growth	2.9%
Balanced/Growth	2.8%
Balanced	2.8%
Conservative/Balanced	2.8%
Conservative	2.8%
Conservative/Cash	2.4%
Cash	2.0%

Change to insurance cover

During the year the insurance cover for older members was changed so that the reduction starts from a member's 62nd birthday (rather than 60th) but reduces more quickly. Refer to the Insurance fact sheet available from Documents & forms on www.dairysuper.superfacts.co.nz.

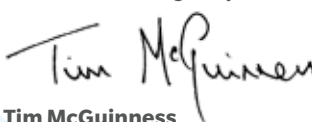
Financial Markets Conduct Act

Behind the scenes, work continues on the Scheme's transition to the new Financial Markets Conduct Act regime. The Scheme is expected to fully comply from 23 September 2016. Most of the changes will be behind the scenes and affect documents such as agreements with the Scheme's service providers, the trust deed and documentation relating to the Scheme's investments. More noticeable changes will include the introduction of a new product disclosure statement in place of the Scheme's prospectus and investment statement and, from 2017 onwards, a shortened time frame for the preparation of the annual review information.

Thank you for completing the survey

We are always interested in your opinion of various aspects of the Scheme. Earlier this year members were invited to participate in a survey focusing on Scheme communications. While the overall response was positive, there are areas for improvement, some of which we have included in this report. We plan to incorporate other suggestions in future communications.

I would like to thank my fellow directors and the Scheme's external service providers for their continuing efforts on behalf of members during the year.



Tim McGuinness
Chairman

Declared interest rates

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

Declared interest rates to 31 March 2016

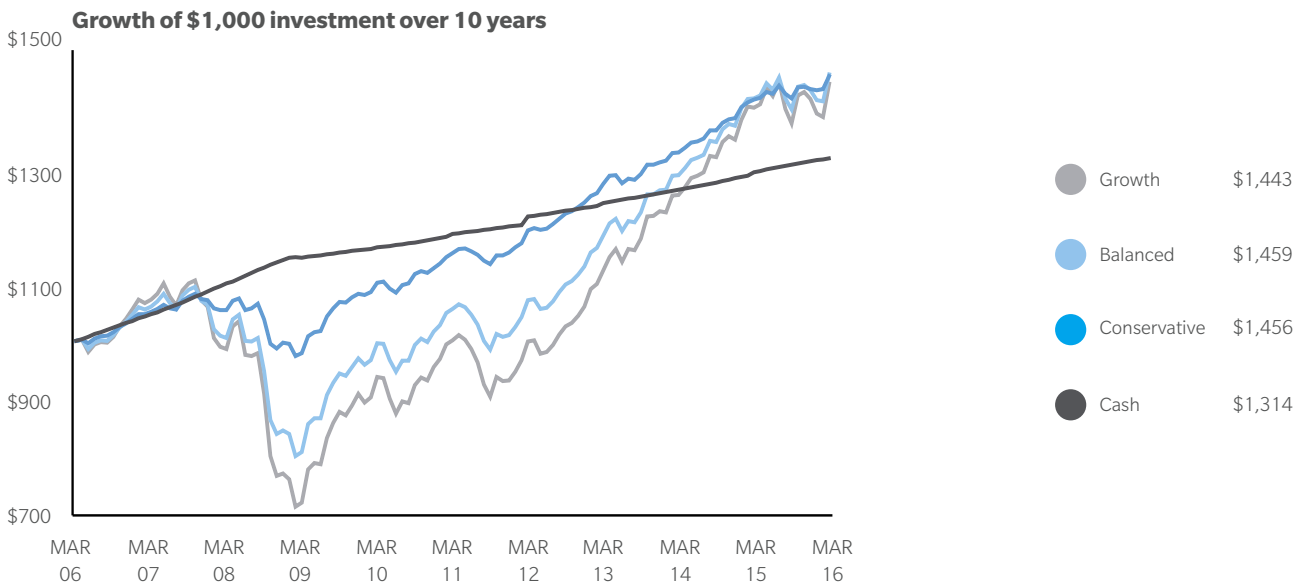
Month ending	Cash	Cash/ Conservative	Conservative	Conservative/ Balanced	Balanced	Balanced/ Growth	Growth
2015 APRIL	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%
MAY	0.4%	0.7%	0.9%	1.4%	1.8%	2.1%	2.4%
JUNE	0.6%	0.6%	0.7%	0.9%	1.1%	1.3%	1.5%
JULY	0.7%	1.2%	1.7%	2.1%	2.5%	2.9%	3.3%
AUGUST	0.9%	0.8%	0.7%	0.3%	0.0%	-0.1%	-0.1%
SEPTEMBER	1.1%	0.6%	0.2%	-0.6%	-1.3%	-1.6%	-1.9%
OCTOBER	1.2%	1.3%	1.5%	1.4%	1.4%	1.5%	1.5%
NOVEMBER	1.3%	1.4%	1.5%	1.6%	1.6%	1.8%	2.0%
DECEMBER	1.5%	1.4%	1.3%	1.1%	0.9%	1.0%	1.1%
2016 JANUARY	1.6%	1.4%	1.1%	0.5%	-0.2%	-0.5%	-0.7%
FEBRUARY	1.7%	1.5%	1.3%	0.5%	-0.4%	-0.7%	-1.1%
MARCH	2.0%	2.4%	2.8%	2.8%	2.8%	2.8%	2.9%

The declared interest rates are shown on a cumulative basis, which means that the rates shown above are the total returns for the period between the start of the Scheme year (1 April) and the end of the month in the left hand column.

Example: Say Pat resigns on 21 February, after the rates for January have been declared. Pat's savings are invested in the Cash/Conservative option, so using the table above, the declared interest rate applied to Pat's benefit for the period between 1 April 2015 and 31 January 2016 will be 1.4% with part year returns applied to any contributions made in the 2015/16 financial year. An interim rate will apply to the period between 1 February 2016 and 21 February 2016.

Credited interest rates

Credited interest rates are allocated to your accounts at the end of each Scheme year (31 March). The chart below shows how \$1,000 invested in each of the four main investment options on 1 April 2006 would have grown over the 10 years to 31 March 2016. It demonstrates how returns from the Growth and Balanced funds have been up (and down) more steeply than those of the Cash and Conservative funds as well as how volatile returns have been over the last year.



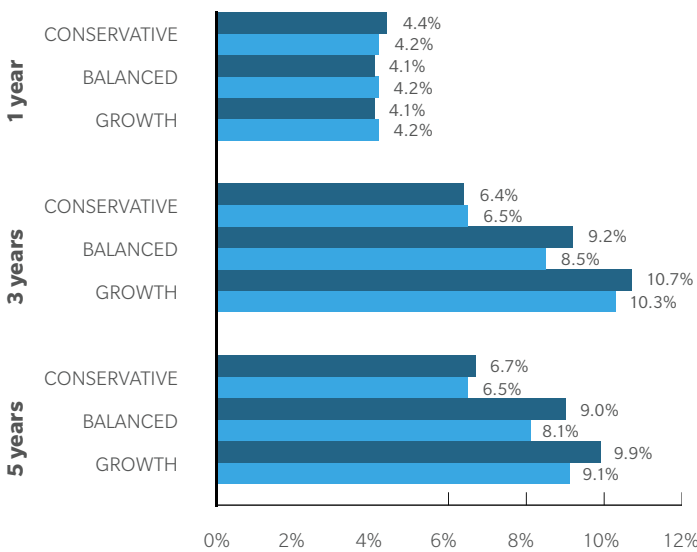
When comparing returns on different investments, it's important to compare apples with apples. Both the declared and credited interest rates shown above are **after** deduction of tax and all expenses (including group life insurance premiums). If you compare Scheme returns with bank term deposit rates, take into account that the advertised rates are **before tax**. For example, if a bank offers 3.25% for a 12-month deposit, after tax has been deducted at 28%, the rate payable at the end of the year will be 2.34%.

Investment performance

Scheme performance compared to KiwiSaver

It's important to know how the Scheme's performance compares with other similar investments. This chart shows how returns from the three main funds compare to the median (or middle) return for KiwiSaver schemes with a similar mix of assets. It shows that the Scheme's returns compare favourably, with all three funds performing in line with or outperforming the median KiwiSaver scheme for all periods measured.

Fund performance compared to KiwiSaver scheme median
Past performance is not a guide to future performance.



Note that KiwiSaver scheme returns are reported after fees and before tax. Because of this, the Scheme returns shown in the chart vary from those shown elsewhere in this report.

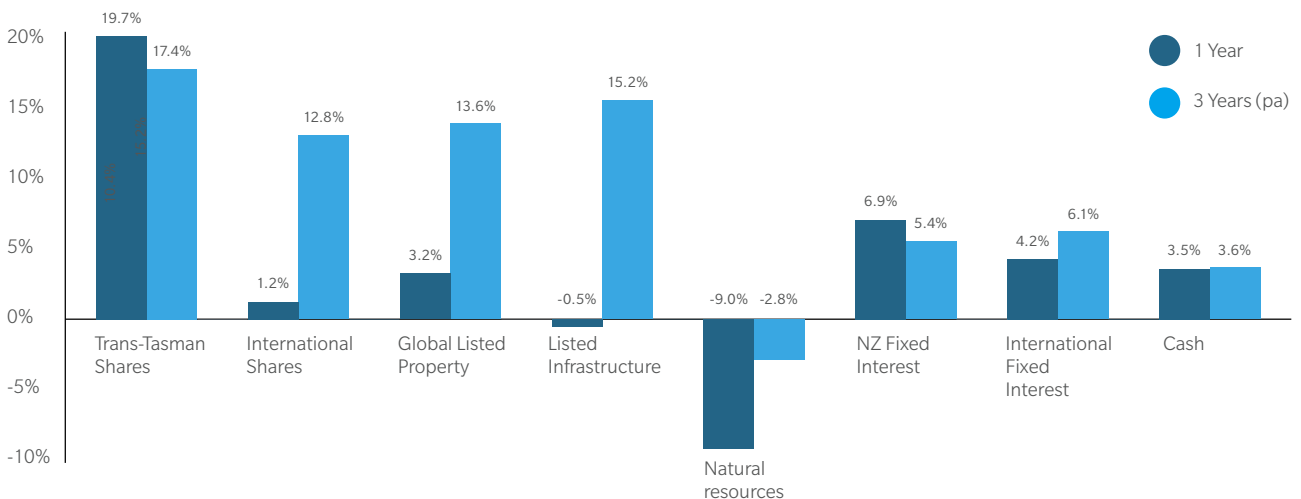
Source: Mercer KiwiSaver survey

Investment performance review

Financial markets struggled over the second half of 2015 and early 2016 as concerns about the state of the global economy saw share market volatility return to levels not seen since the peak of the Eurozone crisis in 2011.

As the chart below shows, this year's returns from most asset classes were much more moderate than they have been recently. The exception was trans-Tasman shares, which had a very good year, while at the other end of the spectrum, natural resources continued to struggle.

Before tax & expenses return for each asset type over one & three years (pa) to 31 March 2016



Your investment options

About your choices

The Scheme offers you a choice of seven investment options. You can choose one of the four main funds – Growth, Balanced, Conservative and Cash, or a combination of two adjacent funds (Cash/Conservative, Conservative/Balanced and Balanced/Growth). Each option has a different level of risk and return, depending on its mix of growth and income assets. Growth assets are more suited to longer term savings as they fluctuate more in the short term, but tend to be higher over the longer term. Income assets are more suited to shorter-term savings as their returns fluctuate less over the short term but tend to be lower over the longer term.

Choosing the right option is important. If you need help, to go to the Investment and savings tool on the Sorted website (www.sorted.org.nz/tools/investor-kickstarter) and/or contact an authorised financial adviser. A list of authorised financial advisers is available on the Financial Markets Authority website (www.fma.govt.nz/compliance/lists-and-registers).

The table below summarises the features of each fund.

Growth assets:

Shares
Global listed property
Listed Infrastructure
Natural resources

Income assets:

Fixed interest
Cash

		Risk level	Asset ratio
GROWTH FUND	<p>Risk/return profile: Expect higher returns than the other funds over the long term, but higher losses in bad years.</p> <p>Aim: To achieve returns which exceed inflation by 3.5% pa after tax and expenses over rolling 15-year periods.</p>		
BALANCED FUND	<p>Risk/return profile: Expect reasonable returns (but lower than the Growth fund), but reduced losses in bad years.</p> <p>Aim: To achieve returns which exceed inflation by 2.5% pa after tax and expenses over rolling 10-year periods.</p>		
CONSERVATIVE FUND	<p>Risk/return profile: Expect lower returns over the long term, but lower risk of losses.</p> <p>Aim: To achieve returns which exceed inflation by 1.0% over rolling 3-year periods.</p>		
CASH FUND	<p>Risk/return profile: Expect very low risk of negative returns, but has historically earned the lowest returns over the long term.</p> <p>Aim: To achieve a return close to the 90-Day Bank Bill rate before tax and all expenses.</p>		

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

Asset class performance

Trans-Tasman shares

Annual return: 19.7%

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



During the first half of the Scheme year, weaker dairy prices and the strong New Zealand dollar took its toll on returns from New Zealand shares. The second half was a different story, as interest rate cuts (both globally and locally) and the strength of the New Zealand economy saw our share market end the year on a record high. Across the Tasman, the Australian share market struggled as the decline in commodity prices continued to hurt the mining and energy sectors.

International shares

Annual return: 1.2%

AMP Capital Investors (NZ) Limited



Global share markets were very volatile, up one month and sharply down the next. The steepest falls came in August, and again at the start of 2016. In fact, the US share market recorded its worst ever start to a calendar year. Markets began to recover from mid-February when the US dollar started to soften and the price of oil started to rise, suggesting that the global economy was not headed for a crash.

Global listed property

Annual return: 3.2%

AMP Capital Investors (NZ) Limited



After last year's very strong result, signs that interest rates might start to rise moderated the Scheme's return from its global listed property portfolio. After a slow start, returns bounced back in the second half of the year as interest rates fell and the US Federal Reserve toned down expectation of further interest rates rises in 2016.

Global listed infrastructure

Annual return: -0.5%

Mercer Investments (New Zealand) Limited



A strong final quarter as utility securities (electricity, water etc) staged a comeback was not quite enough to move the return from this portfolio into positive territory. For much of the year, the prospect of rising US interest rates and falling energy prices were a significant drag on returns.

Natural resources

Annual return: -9.0%

Mercer Investments (New Zealand) Limited

Falling commodity prices and an oversupply of oil in particular, had a negative impact on returns from the Scheme's investments in this portfolio.



International fixed interest

Annual return: 4.2%

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

With many governments continuing to cut interest rates and investors occasionally in panic mode, government securities in particular performed well over the year.



New Zealand fixed interest

Annual return: 6.9%

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

Falling longer-term interest rates and short-term declines as the Reserve Bank cut the official cash rate to try and stimulate inflation and weaken our dollar, benefited returns from this portfolio.



Cash

Annual return: 3.5%

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

Having lifted the official cash rate three times in the 2014/2015 Scheme year, the Reserve Bank dropped it five times from 3.50% to 2.25% during the 2015/2016 year. As a result, the return from the Scheme's cash investments was down a little from last year.

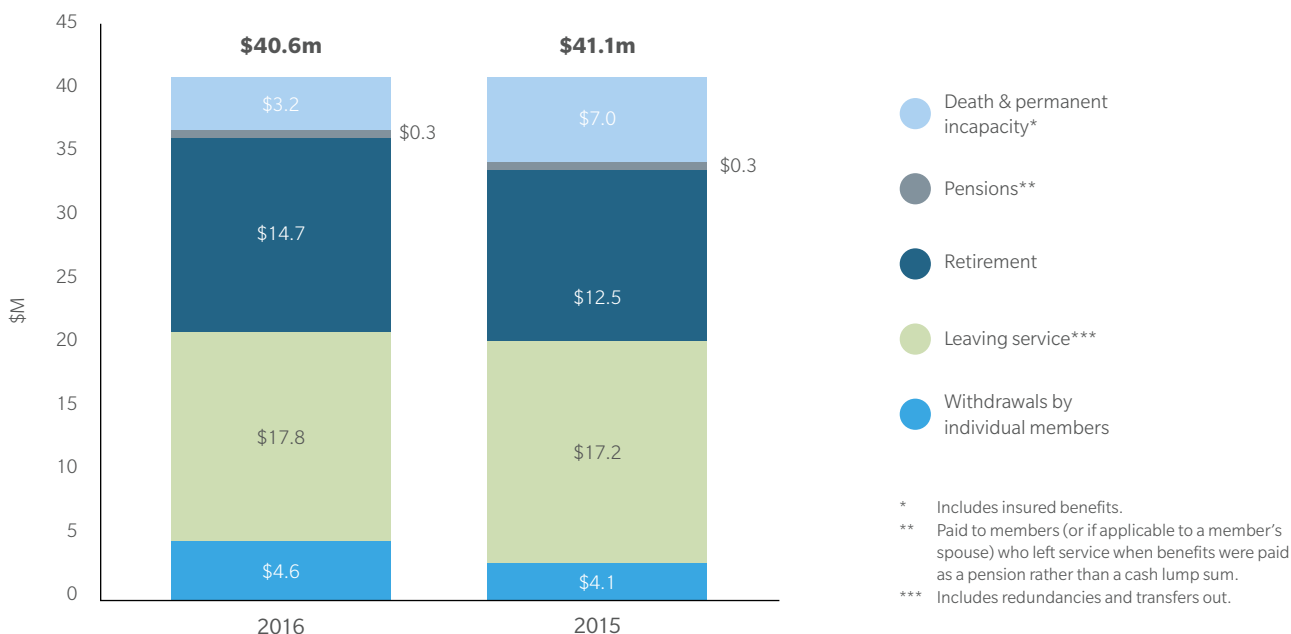


For more information about the Scheme's investment performance, sign in to www.dairysuper.superfacts.co.nz, select the Investments page and click on the Monthly investment report button (for a summary of the managers' reports) and/or the Quarterly investment update button for comparisons of the Scheme's performance against other similar schemes, top 10 shareholdings etc.

Scheme pays \$40.6m 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 \$40.6m (2015: \$41.1m).

Benefits paid during the year



Payment of your death benefit

The Scheme allows you to nominate a beneficiary or beneficiaries as recipients of your benefit should you die while a member of the Scheme. For your nomination to be effective, it is important that you keep it up to date, particularly if your family or marital circumstances change. You can nominate more than one person and you can change this at any time by going to the beneficiaries page on www.dairysuper.superfacts.co.nz and following the prompts, or by completing and returning a new 'Nomination of Beneficiaries' form (available from 'Documents & Forms' on the home page of www.dairysuper.superfacts.co.nz or by calling the Scheme helpline 0800 355 900).

While the Trustee will take your nominated beneficiaries into account, it has discretion to pay the benefit to anyone it determines was wholly or partially maintained by you at the date of your death and to anyone it decides you would have wished to be considered as a recipient. It also has discretion as to the amount paid to each beneficiary.

Keeping an eye on costs and expenses

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

The Trustee believes the various costs and charge, 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 \$2.8m compared to \$2.6m the year before. Investment fees are charged on the amount of money being managed, so if the Scheme is growing in size, total costs increase.

The key measure is the cost for each dollar invested. On this basis, total investment costs in the last year represented 43 cents for each \$100 of average assets over the year compared with 42 cents for each \$100 the year before. The current allowances for the various funds are shown in the chart to the right:

INVESTMENT FUND	COST PER \$100 INVESTED
Cash	11 cents
Conservative	37 cents
Balanced	59 cents
Growth	65 cents

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	2015/2016 (\$000's)	2014/2015 (\$000's)
Administration and secretarial services	475	450
Member communications	70	103
Legal, tax and actuarial consulting	101	79
Audit	37	38
Trustee directors' fees and related costs	186	179
Financial Markets Authority (FMA) levy	62	60
Other expenses	3	2
Total operating cost (before tax) excluding investment costs	934	911
Total operating costs as % of funds managed	0.15%	0.16%
Total operating cost per member	\$127 (\$91 after tax)	\$127 (\$91 after tax)

Insurance

The Scheme pays insurance premiums for members' death and permanent incapacity cover. Premiums paid for the year to 31 March 2016 totalled \$3.7 million. There were 6,292 members with insurance cover as at 31 March 2016.

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

Wellington-based, I'm widely experienced in the workplace retirement savings area, having recently resigned as 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 the trustee of three other workplace super schemes. Outside work I enjoy running, playing golf and socializing with friends.



Patrice Wynen

I am the Director of Fonterra's Global Business Services 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.



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, Westpac and Rio Tinto 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 15 years or so. Outdoor and sporting pursuits including golf and tramping are a feature of my non-work time.



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 New Zealand in Fonterra's People & Property Solutions group. 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.



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 four grandchildren to enjoy, and I still like playing football, softball and the occasional game of golf.



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.

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 2016 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 2016:

- The market value of the Scheme's assets subject to complying fund rules is \$12,448,660 relating to 755 members.
- The value of withdrawals subject to complying fund rules totals \$472,009.

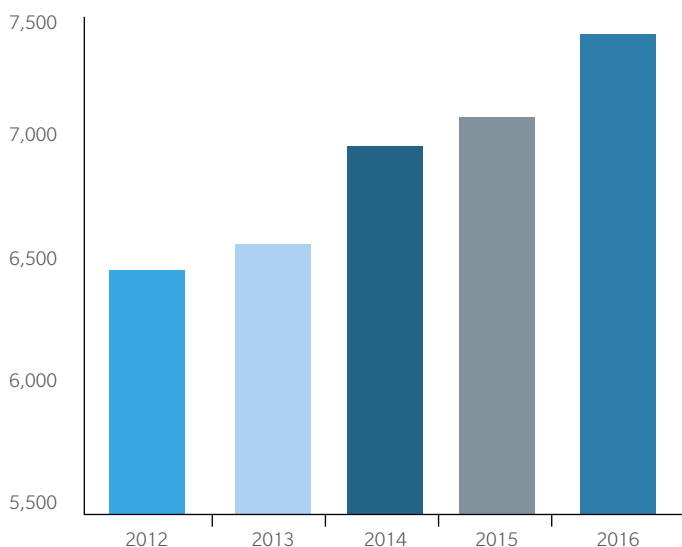
Membership

	Employee members	Individual members	Preserved members	Pensioners	Total
At 1 April 2015	6,885	103	147	59	7,194
New members	590	25	1	-	616
Transfers in	5	-	-	-	5
Retirements	(119)	-	-	-	(119)
Resignations/withdrawals	(273)	(11)	(9)	-	(293)
Redundancies	(21)	-	-	-	(21)
Deaths	(6)	-	-	(6)	(12)
Disablements	(7)	-	-	-	(7)
At 31 March 2016	7,054	117	139	53	7,363

Total membership increased by 169 over the year.

Scheme membership shows steady growth

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:

GA Cleary (Fonterra), HK Gooseman (Fonterra), JB Litt (Fonterra), RC Lynch (Fonterra), MS McMillan (Fonterra), WD Parker (Goodman Fielder).

The following pensioners died during the Scheme year:

MJ Baird, DR MacLaine, NJ Richards, ZA Roest, DN Rowe, BAC Weiss.

Dairy Industry Superannuation Scheme

SUMMARY OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2015 \$(000s)		2016 \$(000s)	
	Statement of Changes in Net Assets		
	Investment Activities		
57,826	Net Investment Income	22,026	Summarises the Scheme's income and expenses during the year
	Other income		Investment earnings less the investment managers' fees
4,129	Group Life Claims	2,282	Payments from the insurer
61,955	Net Income	24,308	
	<i>Less</i>		
	Other Expenses		Costs of running the Scheme
681	Administration and Consulting Fees	712	
35	Auditor's Remuneration – Financial Statement Audit	34	
3	Auditor's Remuneration – Prospectus, Trustee Reporting & Registry Audit	3	
15	Auditor's Remuneration – Taxation Compliance Services	14	
3,284	Group Life Premiums	3,702	
60	FMA Levy	60	
155	Other Expenses	151	
178	Trustee Remuneration	186	
4,411	Total Other Expenses	4,862	
57,544	Change in Net Assets before Taxation and Membership Activities	19,447	Investment income less expenses
6,229	Income Tax Expenses	1,072	
51,315	Change in Net Assets after Taxation and before Membership Activities	18,375	Investment income less tax and expenses
	Membership Activities		
28,946	Member Contributions	29,821	
1,104	Voluntary Member Contributions	1,146	
182	Member Tax Credits	206	
28,081	Employer Contributions	28,356	
200	Transfers in from Other Schemes	563	
41,068	<i>Less</i> Benefits Paid	40,627	Contributions paid into the Scheme less benefits paid
17,445	Net Membership Activities	19,465	Investment income less tax and expenses plus net membership activities
<u>68,760</u>	Net Increase in Net Assets during the Year	<u>37,840</u>	

2015 \$(000s)		2016 \$(000s)	
	Statement of Net Assets		Statement of what the Scheme owns and what it owes
	Assets		
3,645	Cash at Bank	2,319	
603,551	Investments	639,104	The Scheme's assets held with the investment managers
10	Prepayments	3,199	
34	Sundry Debtors	39	
-	Deferred Tax	236	
607,240	Total Assets	644,897	
	<i>Less</i>		
	Current Liabilities		Liabilities are amounts owed to others
-	Contributions Refundable	1	
525	Benefits Payable	352	
142	Sundry Creditors	140	
10	Income Tax Payable	-	
677	Total Liabilities	493	
606,563	Net Assets Available for Benefits	644,404	Total assets less current liabilities
595,168	Vested Benefits*	633,064	Benefits payable had all members left the Scheme at balance date
	Statement of Cash Flows		Summarises cash flows through the Scheme during the year
16,306	Net Cash Flows from Operating Activities	13,274	Contributions less benefit payments & operating expenses
(13,600)	Net Cash Flows from Investing Activities	(14,600)	
2,706	Net Increase in Cash Held	(1,326)	Total cash flow
939	Cash at Beginning of Year	3,645	Plus cash held at beginning of year
3,645	Cash at End of Year	2,319	

*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 2016 which were authorised for issue by the Trustee on 30 June 2016 is shown on page 12 and above. The summary financial statements have been extracted from the full audited financial statements dated 31 March 2016 which were authorised for issue on 30 June 2016. 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 12 to 13, which comprise the summary statement of net assets as at 31 March 2016 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 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 30 June 2016.

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.

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the scheme's members those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the scheme's members as a body, for our audit work, this report or any of the opinions we have formed.

Trustee's responsibility for the financial statements

The trustees are 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. 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 2016, 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 stylized, handwritten signature of the KPMG firm, written in dark blue ink.

30 June 2016
Wellington

We're here to help



Derek Vincent

Derek 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.

I can be contacted at:

Freephone: 0800 355 900

Telephone: (04) 819 2600

Facsimile: (04) 914 0434

P O Box 2897, Wellington 6140



Peter Alsop

Peter 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.

I can be contacted at:

Freephone: 0800 355 900

Telephone: (04) 819 2600

Facsimile: (04) 914 0434

P O Box 1849, Wellington 6140



Judy Fletcher

Judy 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.

I can be contacted at:

Freephone: 0508 473 674

Telephone: (09) 928 3200

Facsimile: (09) 928 3201

P O Box 1849, Wellington 6140

Scheme documents

Trust Deed

There were no amendments made to the trust deed during the Scheme year.

Prospectus

The Scheme's most recent prospectus was registered on 18 September 2015.

Summary of triennial statutory actuarial valuation report as at 31 March 2015

The most recent triennial actuarial valuation of the Scheme was carried out as at 31 March 2015. 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 his 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.

The Actuary also recommended that the next statutory valuation be carried out at 31 March 2018, 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 2016

An interim actuarial valuation was carried out as at 31 March 2016. The valuation assumptions were updated with anticipated investment returns being revised to 5.0% p.a.

The actuarial review reported a deficit and the actuary recommended a transfer of \$0.072 million from the Reserve Account to the Non-Allocated Account. The Trustee has adopted this recommendation and the Non Allocated section is in a balanced position as at 31 March 2016.

Directory

ADMINISTRATOR

All correspondence should be addressed to:

The Administrator
Dairy Industry Superannuation Scheme
C/ - Mercer (N.Z.) Limited
P O Box 1849
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 Secretary to the Trustee.

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 347257.

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
(9am to 7pm on business days)



dairy industry
superannuation scheme