



FOODSTUFFS
NORTH ISLAND LIMITED

**MAKING SURE NEW ZEALANDERS
GET MORE OUT OF LIFE.**

CONCISE ANNUAL REPORT FY2016

OUR PURPOSE IS _____

MAKING SURE NEW ZEALANDERS GET MORE OUT OF LIFE.

TO DELIVER ON
OUR PURPOSE
WE WILL
FOCUS ON:

EVERY BRAND
WINNING ITS
MARKET



BEING A
POWERFULLY
ALIGNED AND
ENGAGED
CO-OP



BEING AGILE,
EFFICIENT AND
ABLE TO COMPETE
WITH ANYONE



BEING
CUSTOMER
INSIGHT DRIVEN



UNLEASHING
OUR PEOPLE
POTENTIAL



WE'LL KNOW WE'VE SUCCEEDED WHEN:



OUR CUSTOMERS
AND SUPPLIERS
PREFER US



OUR SALES AND
MARKET SHARE
CONTINUE TO
GROW



AND WE CAN
SEE A LONG AND
SUSTAINABLE
FUTURE AHEAD



WITH EXCITING
CAREERS
FOR FUTURE
GENERATIONS



CONTENTS





DIRECTORS' REPORT 4



CEO REPORT 8



BEING A POWERFULLY ALIGNED CO-OP 14



BEING CUSTOMER INSIGHT DRIVEN 16



FOOD FOR THOUGHT 18



EVERY BRAND WINNING ITS MARKET 20



BEING AGILE, EFFICIENT AND ABLE TO COMPETE WITH ANYONE 24



UNLEASHING OUR PEOPLE POTENTIAL 28



NATIONAL PROGRESS REPORT 32



FINANCIAL HIGHLIGHTS 38



BOARD OF DIRECTORS 40



EXECUTIVE TEAM 42



SUMMARY FINANCIAL STATEMENTS 44



SERVING OUR CO-OP 54

DIRECTORS' REPORT

This Foodstuffs North Island Limited (FSNI) Annual Report tells the story of FSNI's second full year (53 weeks to 3 April 2016) as an entity.





LEADERSHIP

The business has had another extraordinary year that included strong financial performance, the arrival of a new CEO, continued merger progress and strategic initiatives designed to make sure New Zealanders get more out of life.

FSNI Managing Director Murray Jordan was given a special farewell at last year's Annual Meeting in recognition of his valued contribution to our Co-operative (Co-op). The Board would like to take this opportunity to again thank Murray for his exceptional contribution to Foodstuffs over more than a decade. Murray played a key role in one of New Zealand's biggest mergers, between Foodstuffs Auckland (FSA) and Foodstuffs Wellington (FSW), and his leadership has laid a strong platform for the continued success of FSNI.

Chris Quin started as our CEO in September 2015, bringing a wealth of leadership skills and commercial experience. Chris's open and transparent style has improved communications between the Support Centre (the Centre) and our Members, encouraging the Centre to view Members as their customers. With the Leadership Team, Chris has validated our strategic plan and added a fifth strategic focus – 'being a powerfully aligned and engaged Co-op'. Chris and the team quickly established a substantial plan of action to realise our strategic goals, making timely and decisive decisions to deliver long term growth for the Co-op, and value for Members.

CUSTOMER SATISFACTION

In FY2016 we introduced a new tool to measure our performance from a customer's perspective across our PAK'nSAVE, New World, Four Square and Gilmours Banners. The Net Promoter Score (NPS) tool is an internationally recognised measure of customers recommending our brand experience. At the end of FY2016 our scores, which gauge the loyalty of our customer relationships were: New World 67%, PAK'nSAVE 66%, Four Square 77% and Gilmours 66%. These scores represent the 'promoters', customers who like shopping with us and are more likely to refer us to others. Year on year comparisons are not available because we are only in our first year, but our NPS scores are within the range of other well-performing organisations.

We've added a fifth strategic focus – 'being a powerfully aligned and engaged Co-op'.

FINANCIAL PERFORMANCE

The results for FY2016 represent the trading for 53 weeks compared to 52 weeks in the prior year. Group revenue for the 53 week period of \$6,439m increased 3.2% (\$199.7m) on a reported basis and 1.3% (\$79.7m) on the comparable 53 week trading period for the prior year. This result is against the backdrop of a decline in food price inflation over the same period and the transition of \$105m of Wholesale revenue to Owner Operators as part of the restructure of our Gilmours Wholesale business.

Group operating profit for the 53 week period of \$219.3m was up 3.1% (\$6.7m) on a reported basis and 1.2% (\$2.6m) on a comparable basis. Slightly lower total gross margins reflect the greater proportion of deliveries made direct to store rather than through FSNI Distribution Centres. This is in line with optimisation of our Supply Chain to deliver lowest cost of goods to our stores and ultimately to our end customer.

The Group's ongoing investment in our IT infrastructure continues with the rollout of SAP to Member stores accelerating to enable 12 more stores during FY2016. The costs of deployment have been absorbed within operating expenses of \$488.4m which remain in line with the comparable period for the last financial year, and contribute to the strong underlying profit performance.

A reduction in the Group's financing costs reflects a more favourable interest rate environment and the steady repayment of debt which has seen the Group able to reduce its total facility limits by an additional \$100m. Following the restructure of the Group's Wholesale joint ventures the contribution from associate companies (refer to Note 3f on page 52 for a description of what our associate companies are) was also improved on the prior year.

The lower financing costs and associates' contribution have helped to deliver Group profit before distribution to Members of \$167.4m, an increase of 5.8% over the comparable period last financial year.

FSNI has continued to reduce debt through the careful management of expenditure and via divestment of non-strategic assets. The programme to divest surplus assets has realised a further \$35.2m within the financial year. Significant capital expenditure was made to develop and refurbish the store network (including a property capex of \$61.6m), and to fund the transformational roll out of new IT systems. This included the SAP design for our lower North Island stores, and developments in our online and customer relationship management capability.

Overall, FSNI remains in a strong financial position with total assets of \$2,586m and financial ratios well within the requirements set by our lenders. In addition, the flexibility of the Group to diversify its funding has improved during the financial year as FSNI's lenders have agreed to transition the financing facilities from a secured to a negative pledge arrangement.

Debt levels reported on in the Statement of Financial Position (refer page 47) and variations in operating cash in the Statement of Cash Flows (refer page 49) reflect the timing of the financial year end relative to the monthly supplier payment outflows.

The financial year closed with our market share at 55.5%, up slightly from the prior financial year.

DISTRIBUTION TO MEMBERS

We are very pleased that the overall distribution to Members increased 4.4% to \$170.8m on a comparable basis. In total, this included enhanced cash and deferred rebate returns.

In line with the 2013 Merger Information Memorandum, Rebate Investment Vouchers continue to attract interest at 8% per annum and the FSNI Deferred Rebate Vouchers (DRV) attract interest at 7.57% (6.86% from 1 August 2016) per annum. The reduction in rate reflects a decrease in the margin applied on top of the Group's cost of funding core debt, in line with the Group Commercial Operating model changes planned for implementation in October 2016.

The Board is pleased to report a strong performance for the financial year which continues to exceed the expectations set at the time of the merger.



3.1%▲
Group Operating Profit
on a comparable basis



199 STORES



98 STORES



42 STORES



7 STORES



2 STORES



1 STORE

350
MEMBERS

OVER
22k
PEOPLE
EMPLOYED

AUDITORS

PricewaterhouseCoopers (PwC) have conveyed their willingness to continue in office.

LOOKING FORWARD

Excellent progress has been made to align the operations and cultures of the two pre-merger businesses. Greater effectiveness in this area will help us align our Co-op, and we have some exciting projects planned for FY2017 to increase our agility and make us a powerfully aligned and highly engaged Co-op.

To keep winning now and in the future, FSNI is refining our understanding and use of whole of business (WOB) metrics. We will be benchmarking ourselves externally so Members can be even more confident that their investments in the Centre are being used in line with global best practice. We will be using WOB to take a long term view of everything we do – helping us to understand how we want FSNI to look in 10, 20 and even 50 years' time. Our pragmatic and long term approach to property investments will support us in making appropriate long term investments in all areas.

THANKS

The Directors extend their sincere appreciation to the Leadership Team, Centre team members and our Membership, particularly those who have served on Committees during this year of consolidation at FSNI. We look forward to an exciting year ahead.

On behalf of the Board

Peter Anderson
Board Chair

CEO REPORT

It's an exciting time to be your CEO and one of the Foodstuffs North Island team. Thank you for the warm welcome, and the direct and open feedback to make sure we continue to win as New Zealand's favourite grocers.





I'm inspired to be a part of such a committed and passionate group who are so focused on our customers, communities and country. Our Co-op is in a strong position, thanks to our Members, Board, previous MD Murray Jordan, the Leadership Team and our Centre team.

In the last seven months we have made critical strategic decisions driven by customer insights which will enable us to execute well to deliver value, become a smarter business and build momentum. This means that we've made great progress and lifted business performance again in FY2016 and set a framework for FY2017.

Since 1922, when our first buying Co-ops sprung up in Auckland and Wellington, we have been here to make sure New Zealanders get more out of life. From 'I ran out of nappies' to 'what will I cook for dinner tonight?' we have been there. We are 100% New Zealand owned and locally operated, and through our 350 stores we serve over 1.3 million customers every week. New Zealanders trust us as part of their everyday lives and that's why we have a responsibility to serve our customers when, where and how they choose to shop. Through our Food for Thought Education Trust we provide free nutrition education to families, enabling healthy food choices. This is why I love being part of our Co-op – awesome people committed to our customers, and passing on a better Co-op for the next generation.

Since 1922,
we have
been here
to make sure
New Zealanders
get more out
of life.

LEADING WITH PURPOSE

This year we established a new purpose for our business – 'Making sure New Zealanders get more out of life'. It captures why we do what we do, and has guided our decisions. Getting more out of life means different things to different people, and it's why we have a clear multi-brand strategy. Through our brands and each of their unique customer propositions, we deliver a wide range of experiences and value. The success of our brands at the 'Readers Digest Quality Service Awards', where New World won Gold, and PAK'nSAVE won Silver, are proof of the strength of our brands.

We live in the most special place in the world. Many people choose New Zealand for the lifestyle, and opportunities available but just making ends meet and feeding a family healthily and safely is a challenge for many New Zealanders. Being a part of a team that can bring the best possible value for customers whatever their circumstances, is a responsibility we take seriously, and one we've continued to improve on this year.

CONNECTION, CLARITY, ACTION

An important function of leadership is generating clarity for the organisation through a clear purpose, and focus on Member and customer priorities. For me high performance starts with connection, clarity and action. It means listening and making sure our Members, customers and Centre team members are heard, and the insights we capture are acted upon.

We are growing a culture based on values and high performance that takes customer-inspired actions. Our customer NPS programme enables us to measure our business performance on daily customer feedback, together with traditional financial measures and market benchmarks. Communicating strongly with Members to make sure you are clear on the value our actions realise for the Co-op now and in the future is vital; and being open and transparent has been a key focus. By listening and responding to feedback, be it from customers, Members or Centre team members, we have continued to unleash the potential of our people.

OUR PEOPLE, OUR DIFFERENCE

A priority for me was to connect with Members as our primary customers – visiting many stores across the island – and I continue to make spending time with you in your business a priority. We are a people and purpose driven business, and it's relationships that make the difference. It's clear that we have a passionate Membership base who are deeply connected with our customers and communities, and committed leaders within our Centre.

Essential to our success is our ability to develop, nurture and grow our team talent and to make sure we have the best grocer for every store. Our Trainee Operator Programme (TOP) has continued to develop the Owner Operators of the future. Through our Operator Development and Approval Committee (ODAC) we have increased support for our Owner Operators, with business reviews held regularly throughout the year.

It's exciting to see that our Centre training programme registrations were up 30% on the previous year, and this has meant more of our people are performing at a high level to add value to our customers' lives. Our in-store training programmes involved over 1,400 students with more than 250 butchery and bakery apprentices enrolling in a trade skills qualification, and over 200 managers receiving leadership training in our Supply Chain to improve efficiencies for Members.

Collaboration is at the heart of a high performing culture. It enables agility as a Co-op. Mutual respect between the Centre and stores is vital, and is how we truly unleash our people potential. We have introduced whole of business (WOB) metrics to ensure that we are aligned on the goals, and to help us understand what levers to move to keep winning. In early FY2017 we have been aligning our Centre leadership team goals and incentives to WOB performance, so we collectively focus on the success of each Member's store, and the financial health of your Centre.

A CULTURE OF WELLBEING AND SAFETY

The new Health and Safety at Work Act 2015 came into force in 2016. While we have always been responsible as a team to be safe at work, there is now recognition that Directors and senior managers have the most influence and control over workplace safety. We made some good progress in this area but still have a lot of opportunities to ensure safety and wellness is deeply embedded culturally within the Co-op.

Safety is not only about compliance, it's about culture and our efforts are being led by our Board and Leadership Team. Our Co-op's wellness and safety commitment of 'Home safe - every day', fits with our purpose of making sure New Zealanders get more out of life. We must continue to ensure that as a Co-op and as individuals, we look after each other every day through continual safety observations. FSNI also offered Centre team members a free individual health check, resulting in 735 of our people receiving personal wellness reports with advice on making an ongoing positive difference to their wellbeing.

Our wellbeing and safety achievements saw a reduction in Lost Time Injury Frequency Rates (LTIFR) by 25%, introduction of the Spine Safe programme resulting in a 30% reduction in torso injuries, and introduction of the Drive Smart programme for the transport team. Investment was also made in a wide range of skills, leadership and business training.

We are a people and purpose driven business, and it's relationships that make the difference.



BEING COMPETITIVE

Operational excellence is critical to us being able to compete with anyone. Our customers must always see the products they want on our shelves at great value. Managing our costs at the Centre, and a focus on Supply Chain improvements has seen us reduce our overall costs for the benefit of our Members and customers.

I'm proud of the direction provided by the Centre Leadership Team to support your Board in the review of our Commercial Operating Model, to deliver competitive advantage for years to come. At the end of March 2016, a robust review was close to completion, and a consultation process with our Members, Centre teams and Suppliers began in June 2016.

The new Commercial Operating Model will be good for the long term sustainability of the FSNI Co-op. It will bring greater efficiency, transparency, and buying behaviour that will reap benefits for the Co-op.

We have always been in a very competitive market. It's fair to say our competitors are focused on improving, innovating and winning share, and as always we must remain focused on delivering what customers value and making sure every brand is the best it can be.

VALUABLE PARTNERING WITH SUPPLIERS

We need our supply partners to deliver best value for our customers, consistent service delivery excellence, constant innovation for New Zealanders and a joint commitment to safety. We have reviewed these four priorities with partners this year, their progress and shared feedback on how to improve. These qualities were on display at the successful Foodstuffs National Expo in April, a world-class event which saw 300 exhibitors and over 4,000 people from the FSNI community connect, learn and get excited about making sure New Zealanders get more out of life.

Expo provided Foodstuffs Members with information that enabled them to go straight back and make change happen in store, to keep winning their customers. It's fast innovation – delivering value and convenience for customers.

DECISIONS TO BENEFIT CUSTOMERS

Our strategy 'being customer insight driven' is critical and to continue to strengthen our understanding of our customers, the Co-op is launching the New World Clubcard in the North Island later in 2016; a loyalty programme to reward customers for shopping with New World. CRM will provide detailed information about our customers that better enables us to serve and reward them in the future.

CUSTOMER-DRIVEN DIGITAL

Online shopping is a huge opportunity to keep growing. Enabling every one of our customers to conveniently shop in the way that best suits them is an investment we had to make.

We have announced plans for an online solution across the North Island. It is clear from our trials that there is a large appetite for this service. Our online service will effectively put each individual New World and PAK'nSAVE store online, rather than simply providing a generic national offering, which is important because our customers value our locally owned proposition.

Finally, to our Members, Board, Centre team members and suppliers, thank you for your continued commitment to our customers and our Co-op this year. Together we have amazing opportunities ahead to win every day for our customers and be a high performing team that delivers on our promise, to make sure New Zealanders get more out of life.



Chris Quin
CEO

Online shopping is a huge opportunity to keep growing.



**MAKING SURE
NEW ZEALANDERS
GET MORE OUT
OF LIFE.**



WE SOLD:

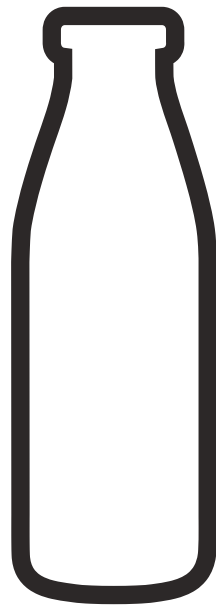
951,982.94
TONNES OF SALMON

60 MILLION
INDIVIDUAL APPLES

AND

248,331,677
EGGS IN

17,948,928
PACKS



MILK
WAS OUR
TOP SELLING
ITEM WITH
89,701,862
LITRES SOLD!

\$2.5 billion

Cost of Goods sold via Distribution Centres

**OUR TRUCKS TRAVELLED 19.3 MILLION
KILOMETRES DELIVERING TO STORES**

Our Distribution Centres picked and packed 83.9m cartons of goods



● Controlled Temperature	11,699,222
● Fresh	7,586,628
● Grenada	801,232
● Mihaere Drive	10,380,988
● Roberts Line	21,740,665
● Roma Road	23,889,306
● Rotorua	7,819,972
● Total	83,918,013

BEING A POWERFULLY ALIGNED CO-OP

Strong Co-op principles and behaviours have served our North Island customers and generations of grocers well for more than 90 years; the past year has seen us continue to grow.





CO-OP ALIGNMENT

The strength of a successful Co-op is the commitment to pass a better Co-op to the next generation of Members. Our Paramount Principle to work for the mutual benefit of all Members and to perpetuate and promote the Co-op has been reaffirmed this year with the Board and Leadership Team 'shoulder-to-shoulder' on the need for powerful alignment across Foodstuffs North Island.

CENTRE-MEMBER ENGAGEMENT AND COMMUNICATION

Regular CEO communications have set out the key principles that are essential to boost FSNI cohesion, and equip us to serve customers better, including:

- The Centre must give excellent customer service to each store
- Whole of business performance is the key to success for the Centre
- It's important for FSNI people to spend time in the market and stores
- Shared targets that are clear and simple, with key indicators such as customer preference, brands, market share, rebates and revenue
- Success will come when everyone acts with an owner's mindset.

COMMERCIAL OPERATING MODEL

In FY2016 we commenced a review of our Commercial Operating Model which will deliver our sustainable competitive advantage for the years to come. The recommendations are being shared with Members in early FY2017. Our new model will be good for the Co-op and its longer term future. It will bring greater efficiency and transparency, and guide buying behaviour in a way that will reap benefits for the Co-op's balance sheet and culture.

We always strive to be where our customers want to be, and a growing number of them want us to be online. We made rapid progress toward the launch of our online offer, and also the exciting prospect of a New World Clubcard to provide meaningful and relevant rewards, and invaluable customers insights to FSNI.

The strength of a successful Co-op is the commitment to pass a better Co-op to the next generation of Members.

BEING CUSTOMER INSIGHT DRIVEN

We have always succeeded through focusing on our customers, what they need and why they need it.



ONLINE SHOPPING

With 74% of New Zealanders already buying something online at least once a month, this is a large opportunity. The launch of digital ordering at selected FSNI stores in FY2017 will bridge these physical and online locations.

We need to launch, learn and adapt fast to secure our share of this more than \$400 million market. Our New World Thorndon and New World Levin stores have been trialling a click-and-collect and a delivery service for the past two years – learning to earn our customers' trust in online.

New Zealanders love their cars, so supermarkets are already located on the most popular driving routes. This means a click-and-collect service can meet a lot of our customers' needs, although a delivery service is also important.

Online shopping also allows customers to select food by origin, type or healthy food preference. Our customers value our ability to meet their individual needs and they will expect an extension of their experience with our New World and PAK'nSAVE stores.

Winning in the digital space through a competitive and attractive online shopping offering is a key part of winning for the future. Our plan is to keep placing stores where our customers need them, combined with an online service that delivers convenience and enables our customers to get more out of each store.

NEW WORLD CLUBCARD

In October 2016 we will launch New World Clubcard. This initiative rewards our customers and has already achieved great results in the South Island, where it exceeded the active membership target of 400,000 within the first year.

This programme will deliver rich customer information and equips us to engage and reward customers better. It will enable each store to grow and retain loyal customers by offering enhanced service and rewards, and relevant information tailored to each customer, demonstrating how much we value them.

Customers joining the New World Clubcard programme will get access to exclusive Clubcard deals, promotions and competitions. They will also have the choice over how they are rewarded, with either Fly Buys, Airpoints or New World Dollars. We are piloting the programme at five stores from July 2016 and then the full customer launch in October.

Winning in the digital space through a competitive and attractive online shopping offering is a key part of winning for the future.



FOOD FOR THOUGHT

Foodstuffs Food for Thought Education Trust, with the support of Pams, has continued to support our communities through our free nutrition education programme 'Food for Thought'.





Food for Thought has had a successful year delivering to 218 schools, 657 classes, 17,612 students, and 604 parents who attended the programme as parent helpers.

The Food for Thought programme is delivered by four Nutritionists (three North Island and one South Island based) in conjunction with Heart Foundation Health Promotion Co-ordinators (HPCs). This collaboration with the Heart Foundation allows the programme to reach a greater number of schools and students.

The Food for Thought programme focuses on educating children about healthy food choices, through understanding how to read labels and therefore understand what the food they eat actually contains such as salt, sugar etc. The programme also talks about occasional versus everyday foods to help children gain an understanding of what a healthy daily diet looks like and how eating affects their health, learning power at school and energy on the sports field.

The programme aligns with many areas of the New Zealand education curriculum and is delivered through classroom sessions and inquiry learning sessions in our supermarkets. Budgeting and numeracy skills are incorporated through the planning, designing and budgeting of a sponsored healthy lunch for the class. Each student who completes the programme receives a free Food for Thought lunchbox and meal planner magnet to take home.

Feedback from schools, parents and children continues to be excellent with the programme being well received across the country. We thank our Members and Pams for their commitment and support of this valuable community-based programme.

Since 2007 Food for Thought has delivered to:

- **1,135 Schools**
- **Over 100,000 Students**
- **3,910 Classes**
- **3,789 Parents**

EVERY BRAND WINNING ITS MARKET

Our Co-op is privileged to represent New Zealand's most iconic and loved grocery brands. We must continue to raise the standard for these brands, emphasising service, value, convenience and customer experience.





PAK'nSAVE

The PAK'nSAVE Banner experienced another financial year of strong growth and outstanding sales by delivering on its brand position to bring New Zealanders the lowest overall grocery prices. The brand maintained its market share in FY2016.

PAK'nSAVE's 30th birthday promotional activity contributed to this growth, boosting sales in August. Other promotions, including the Big Games Brekky Deal, \$5 week and fuel discounts of up to 40 cents drove strong store sales performances.

The focus on in-store customer experience continues to yield positive results with a silver medal performance at the Readers Digest Quality Service Awards. Six-monthly research showed a continued improvement in the Banner's customer rating, especially in produce.

PAK'nSAVE won with customers particularly in the lead up to Easter, growing its 'one stop shop' perception through customers loving the brand's value and time-saving service. Over Christmas the PAK'nSAVE Christmas Character campaign delivered strongly to shift perceptions toward the Banner being a store that caters for everyone's Christmas needs.

The look and feel of PAK'nSAVE stores continues to be a key focus with the rollout of brand standards during the financial year. Alignment and emphasis on Fresh Food and localised in-store ranges for each location across the Banner has gone well to date, with completion due by October 2016.

FOUR SQUARE

Four Square enjoyed another solid financial year as the brand continues to benefit from a unified promotional plan and circular across all stores.

Wide scale marketing across the brand-wide platform helped create a buoyant period of winter sales for stores, creating additional stability despite some extreme weather spells.

The Banner continues to improve its positioning on customer convenience and service. As Christmas 2015 approached, this positioning proved its worth as Four Square grew sales faster than other convenience stores.

The ordering and promotional process for Four Square Members, 'Cheeky Charlie' was piloted in a number of stores across the North Island in FY2016. 'Cheeky Charlie' was a major move forward to enable our Four Square stores to buy better and make maximum use of the promotional programme. Stores using the new solution over the Christmas and New Year period saw significant improvements in store ordering stability, and 'Cheeky Charlie' is being rolled out in the coming year.

Through a continual focus to improve the in-store look, feel and customer experience, a number of stores improved their Fresh departments. Four Square brand standards were defined and updated and in the coming year a discussion paper will be presented to the Board to implement standards across the Banner.

GILMOURS

As part of our strategy to maximise the opportunity in the small-medium business sector we transformed our Wholesale offering through the financial year, consolidating our Wholesale brands under the Gilmours Banner. This strategy has created a network of well-located, large format Owner Operator Wholesale stores, complimented by delivery across the North Island.

With Wholesale stores now operating under the Gilmours brand, our customers now receive the benefit of a locally owned and operated store. Our offering delivers a consistent range and service across the North Island, with store owners committed to serving the local businesses in their regions.

Comprehensive communications helped to create a smooth transition for existing Wholesale customers. Additionally we worked hard to ensure that team members affected by store closures received financial, job skills and placement support.

The rollout of 'Cheeky Charlie' enabled Four Square stores to buy better and maximise use of promotions.





NEW WORLD

New World achieved strong sales growth over FY2016, with same store growth above budget and the previous financial year.

The brand's second gold medal performance at the Readers Digest Quality Service Awards reaffirmed its premier position, delivering outstanding customer service and in-store experience. Six-monthly research shows an increase in the Banner's customer satisfaction, driven by a rise in customer service and value perceptions.

New World deployed Customer Radar in FY2016. This survey constantly gains customer feedback to improve their shopping trips, and is an excellent tool for real time customer feedback.

The New World Little Kitchen collectibles programme grew sales year on year October 2015. Over the Christmas 2015 period, New World's Santa Brand campaign won the hearts of customers and performed above industry norms.

New World's quality brand positioning was reaffirmed through the creation and implementation of Fresh Food brand standards, which were introduced at workshops for Members. Wider New World brand standards for the North Island stores have been agreed, and all stores will have an individual plan aligned to the deployment within two years. Also supporting our quality brand positioning was the 2015 New World Wine Awards with an unprecedented 1,309 entries and 86 gold medals awarded.

New World Members also approved the Retail Grocery Price policy for the brand to ensure competitiveness in the market. A Banner productivity plan to 'Operate for Less' in New World stores has been defined and infrastructure has been built for analytics reporting in the coming year.



SHOPRITE

Shoprite Inglewood continued to perform well in its community. This smaller size supermarket prides itself on knowing a large number of their customers and delivering quality service. They are small enough to have the 'community' feel, but large enough to offer a wide range of cost-effective products found at the larger retail supermarkets.

WRITE PRICE

Our three Write Price stores, operating in the lower North Island towns of Levin, Feilding and Wairoa (closing July 2016) continued to deliver value and a wide range of products during FY2016. The distinctive black, white and red food barns carried the full complement of New Zealand's top grocery brands, Fresh Food departments and Foodstuffs' own private label brands.



BEING AGILE, EFFICIENT AND ABLE TO COMPETE WITH ANYONE

To keep competitive we have to deliver operational excellence across all aspects of our business. It's about continually improving business as usual and putting the right capability in place to increase agility and operate more efficiently every day.



TECHNOLOGY AND PROJECT LIGHTNING

Over the past financial year we have sought to make our Retail and Wholesale SAP solution the best and most agile it can be. We've made strides to develop faster solutions for stores and offer real value to our customers, whilst operating efficient and profitable businesses.

Highlights include:

- Twenty stores now on SAP and more than 480 store team members undertook SAP process and systems training
- Delivered over 100 enhancements and new features to the Lightning SAP solution in nine months
- Completed the Wholesale and Retail SAP solution pilots in the lower North Island with Gilmours Central, Gilmours Wellington, New World Miramar and PAK'nSAVE Lower Hutt
- Released a new ordering app 'Cheeky Charlie' to Four Square stores to simplify and speed up their ordering process
- Adapted components from the 'Cheeky Charlie' app to support PAK'nSAVE's SHOP'nGO in the lower North Island and begin the development of our online offering
- Completed the roll out of the touchscreen Point of Sale to all upper North Island stores. This enabled the introduction of loyalty rewards for regular customers
- Deployment is underway of an Internet-based IT infrastructure as part of Store Technical Readiness in the lower North Island
- We are on track to complete the SAP roll out to PAK'nSAVE and New World stores by late 2018.

On track to complete the SAP roll out to PAK'nSAVE and New World stores by late 2018.

PRODUCT INFORMATION

FSNI has worked closely with Foodstuffs South Island (FSSI) to develop the Foodstuffs National Product Information Management (PIM) system as part of the OneData Project. The National PIM will be the common repository for all product information submitted and updated by suppliers via the National Product Catalogue and Product Flow or 'Foodstuffs Data Express'. It provides Foodstuffs stores across New Zealand with timely access and greater visibility of new product offerings and changes made by suppliers.

PROPERTY

The financial year was busy for property development with three new stores and one major refurbishment:

- Four Square Coromandel: a new store of 1700m² replaced the previous store that had been trading for 30 years. Providing a modern fresh food and grocery offer, the store is light and bright, in harmony with the heritage character of Coromandel town, and is one of the most iconic Four Squares in the country
- PAK'nSAVE Ormiston: a new store of 6,165m² forms part of the Ormiston Town Centre being developed to the east of Manukau by Todd Property. The store provides the fast-growing community with a modern PAK'nSAVE store featuring great natural light, wide aisles and plenty of car parks
- New World Whangaparaoa: a new store of 2,710m² on Whangaparaoa Road, midway along the peninsula. The store has great exposure to the road, has strong natural light and provides a modern, high quality shopping experience for customers
- PAK'nSAVE Whangarei: a major store refurbishment which started in 2014 and was completed in April 2015. Trading continued at the old store whilst a new store was built on top of it. On completion, the old store was demolished. The store retail footprint has increased by 50%.



SUPPLY CHAIN

Implementation of the long term Supply Chain Strategy approved by the Board in 2014 remained a focus. The objectives of the strategy are safety, improving store service, and continually lowering end-to-end Supply Chain costs. The major themes for FY2016 were operational excellence, strategic planning and capability development.

OPERATIONAL EXCELLENCE

Our challenge is to achieve speed, quality and efficiency. Service levels remained high, with world-class transport on-time performance of 99%. A Supply Chain collaboration programme was launched with suppliers to drive end-to-end improvement, from electronic data interchange (EDI) to collaborative forecasting and planning.

DEVELOPING CAPABILITY

Having embedded a strong service ethos within our Supply Chain, we embarked on significant investment to develop the capabilities of team members. This improved team engagement scores and reduced lost time injuries by 35%. We made good progress in the areas of change governance, Supply Chain optimisation and safe operating process. In addition, front line team members attended 2,800 in-house training briefings on safe operating process.

SUPPLY CHAIN PLANNING

Retail is about daily pace. A focus for the year has been to create detailed plans to ensure appropriate Distribution Centre and transport systems are in place to offer store friendly, cost-effective service. In addition, we commenced developing the business case to ensure our network infrastructure is fit for purpose for the next 10 years.

COMMERCIAL OPERATIONS

Consolidation and extension of the programme of work to integrate the legacy businesses and drive standardisation and efficiency in financial processing has been a feature of the year. Transparency of performance metrics and monitoring of activities has enabled closer collaboration internally and with suppliers and Members.

Service levels remained high, with world-class transport on-time performance of 99%.

TRANSACTIONAL PROCESSING

During the year the processing of the majority of transactions has been transferred into SAP, FSNI's core Enterprise Resource Planning (ERP) system and further work performed to streamline and standardise process. This has resulted in a doubling of inbound volume through SAP and has been enabled by closer engagement with our suppliers to clarify process, rationalise accounts and to improve the format of inbound documentation and data accuracy. Over the year the throughput time has been reduced and the proportion of transactions which need to be manually processed reduced by over 6%, including an improvement of over 20% on scanned documents.

ASSET MANAGEMENT

Several initiatives came together for the Asset Management team over the last year. Highlights included:

- The replacement of our property asset management data base with SAP flexible real estate. The project was delivered on time and under budget with no disruption to our Members. The commitment of everyone involved to achieve this was exceptional
- The selection of a roof safety system supplier which will result in systems installed across our stores to ensure that anyone using our roof remains safe at all times
- Project Tailor, which upgraded our Silverstream Support Centre and Roma Road Support Centre to accommodate more Centre employees was completed seamlessly
- The continuous focus on customer service is paying dividends with positive feedback from the Centre and Members.

PROCUREMENT

Several large Requests for Proposal were delivered over the last year including: the Transport Management System, Warehouse Management System, Telecommunications, Upper North Island Electricity, Fall Restraint Systems, Security Guard Services, Outsourced Service Desk and Field Services as well as support for online.

CHANGE OF OWNERSHIPS

This year was another busy year for Membership transactions with 31 change of ownership (six PAK'nSAVE, 10 New World, and 15 Four Square) transactions completed during the financial year.

In addition, support was provided to conclude the restructuring of the Wholesale Banner business. This included the three Gilmours store closures and their associated sale of catchments to four existing Gilmours (Mt Roskill, Manukau, North Shore and Tauranga) as well as the sale of the Toops businesses to two owner operators in Palmerston North and Wellington.

The year also saw the completion of the work to enable exit from the remaining Foodstuffs Retail and Wholesale joint ventures. Gilmours Tauranga is now 100% owned by an owner operator and New World Metro Queen Street's owner operator purchased FSNI's 50% share in April 2016.

Transparency of performance metrics and monitoring of activities has enabled closer collaboration with suppliers and Members.



UNLEASHING OUR PEOPLE POTENTIAL

Developing talented people and teams has always made the difference in our business. This is why we're committed to supporting everyone to reach their full potential with the goal of creating exciting careers for future generations.





DEVELOPING OUR PEOPLE

FSNI takes an inclusive approach to developing the capability of our people, and our training and development programmes involved 1,400 students from across the Co-op.

The inaugural FSNI Graduate Programme had its first intake of seven graduates this year, and a Talent Development Programme was also launched for high potential employees. It has a group of 29 and is designed to increase the leadership talent pool within business units, boost our employment brand and match high potential employees with critical roles.

Other key programmes included more than 250 butchery and bakery apprentices enrolled in a trade skills qualification. Entries to the Baker of the Year competition doubled to 90, and the top 20 bakers competed over two days for the Supreme Award. Four hundred graduating students, and over 500 family and store supporters took part in the 2015 graduation ceremony held in Auckland in November. Supply Chain leadership training was provided to over 200 managers.

OWNER OPERATOR SUPPORT

Owner Operator business reviews were held regularly through the year. These reviews are intended to be two-way conversations with the Operator Development and Approval Committee (ODAC) to support the growth and development of our Owner Operators; and are an opportunity for the Board to understand their career aspirations. Business review information is then taken into consideration during the Expression of Interest process to ensure Owner Operators are well-matched with new opportunities. A performance management and recruitment toolkit was also developed for Members.

FUTURE OWNER OPERATORS

During FY2016 there were 20 Trainee Operators in the Trainee Operator Programme (TOP) with five graduating at the end of CY2015. In addition to these five, seven of the current TOPs have already taken store ownership.

TRAINEE OPERATOR SELECTION GROUP

The Trainee Operator Selection Group (TOSG) is for candidates who have aspirations to join the FSNI TOP.

During FY2016 the cohort rose to 50. Candidates stay in the TOSG as they go through the application process for the TOP. FSNI has a strong pipeline of talent and emerging Owner Operators. The TOSG/TOP process will be reviewed in FY2017 to make sure it is delivering the very best possible candidates through to ownership.

250
butchery
and bakery
apprentices
enrolled in
trade skills
qualifications



CHECKER OF THE YEAR

Our Checker of the Year competition reached new heights in FY2016. Designed to recognise and reward the skills of our Checkout Operators, the competition attracted 866 entries in 10 regional events with a cool Kiwiana theme. Congratulations to Kirsten Cooper (PAK'nSAVE New Plymouth) who won 2015 Checkout Operator of the Year.

EXCELLENCE AWARDS

The annual FSNI Excellence Awards were held in November 2015 at the ASB Showgrounds in Auckland. These recognise the achievements of team members involved in the Checker of the Year finals and the extensive range of training and development programmes. The Co-operative Spirit Award, nominated by Owner Operators, was jointly awarded to Steve Duffield (Four Square Papamoa) and Malcolm Boyd (New World Morrinsville) for their support as pilot stores for the FSNI SAP rollout.

SUPPORTING A CULTURE OF 'HOME SAFE EVERY DAY'

Our focus on building a Culture of Wellness and Safety continued strongly in FY2016. Together with the launch of our 'Home Safe Every Day' programme, we offered our first Centre-wide health check in 2015.

In emphasising a cultural approach to observing health and wellness, we have moved away from strict compliance and now focus on making people the priority.

Our Health and Wellness achievements over FY2016 include:

- FSNI achieved secondary level certification in the ACC Workplace Safety Management Practices (WSMP) audit
- Vault Health & Safety online reporting system is now operational in all FSNI sites and 50% of PAK'nSAVE and New World stores
- Reduction in lost-time injury frequency rates (LTIFR) within FSNI by 25% from 20.15 to 15.70 (per million)
- Spine Safe programme introduced with a 30% reduction in torso injuries
- Drive Smart programme introduced into the transport team with good early results
- Improved internal H&S audit results in Supply Chain – all but one DC improved its score
- Wellness programme operational with a 40% uptake in FSNI
- 100% of new staff to FSNI received a Health & Safety induction.

Building a Culture of Wellness and Safety continued with the launch of our 'Home Safe Every Day' programme.



NATIONAL PROGRESS REPORT

This National Progress Report highlights some of the key achievements of Foodstuffs companies who are nationally owned as well as the work of our sister Co-operative, Foodstuffs South Island.





NATIONAL MARKETING

FY2016 was a busy one for the Foodstuffs (NZ) Ltd marketing team with the business' desire for strong sales momentum keeping us focused. Supplier collaboration and the creation of innovative customer campaigns across the brands saw our customer-driven marketing reach new levels.

Overall, Foodstuffs Supermarkets had a successful year increasing +0.4pts in market share with PAK'nSAVE growing +0.2pts and New World +0.2pts.¹ Four Square experienced very strong growth in the Convenience Channel, and along with New World and PAK'nSAVE, grew faster than collective non-supermarket competitors across the food and grocery market.

Success in the current market would not be possible without putting customers first and our brands continue to improve our customer shopping experiences; both New World and PAK'nSAVE reporting very strong growth in very satisfied customer ratings.² Next year as a Group we aim to deliver an even greater improvement in our ability to listen, learn, and take action collaboratively on our customers' feedback as we place their voice at the heart of our decisions.

CUSTOMER MARKETING AND INSIGHTS

The year proved outstanding for the Foodstuffs (NZ) Ltd Customer Marketing and Insights team who exceeded their objectives and were recognised across the industry in both New Zealand and around the world. Accolades included the Marketing Association's Grand Prix Award, Direct Marketing Organisation of the Year, and Clubcard recognised as Loyalty Programme of the Year. Internationally the team was also recognised by Colloquy with the Global Excellence Award.

The team's top achievements included exceeding the Clubcard active membership target of 400,000 within the first year and taking the South Island market to full saturation. The impact of Clubcard was significant with its use pushing our loyalty scan rates up from 50% to 65% which is resulting in far richer data to meet our customers' needs.

The team has worked hard to develop and execute personalised targeted offers which create far greater relevance to customers, and considering only 11% of loyalty programmes globally manage to achieve personalisation, this has shown that the programme really is leading globally.

Foodstuffs
Supermarkets
increased
+0.4pts in
market share.

¹ Nielsen Scan National MAT to 28.02.2016 vs YA

² Foodstuffs Customer Panels O1 2016 vs YA

BRAND AND RETAIL MARKETING

For the PAK'nSAVE brand overall performance in FY2016 was strong. Revenue grew by +5% year on year with two new store openings, PAK'nSAVE Rangiora in the South Island and PAK'nSAVE Ormiston in the North Island. There was cause for celebration as 2015 marked the year that PAK'nSAVE turned 30 after opening its doors for the first time in Kaitaia in 1985. This milestone birthday was celebrated with the hugely successful 'Let's party like it's 1985', which saw the brand's birthday celebrated across all PAK'nSAVE stores nationwide — giving customers access to the products they love at really great prices. Sales momentum for the brand continued after the birthday festivities culminating in a highly successful Christmas campaign, centred around the customer insight that shoppers didn't believe PAK'nSAVE stores had the range to meet all their Christmas needs. The campaign, 'Cater for every character this Christmas' performed strongly both in terms of sales but more importantly helped changing customer perception around the brand's offer. Throughout the year other key Retail initiatives saw topical and fun campaigns delivering around April Fool's Day, Valentine's Day and linked to the New Zealand Flag referendum where Stickman did his bit by throwing some truly creative options out there.

This year saw the launch of a number of exciting, engaging campaigns for New World including the Birthday 'Pop for Prizes' celebration, the playful Little Kitchen collectibles programme, a fresh in season campaign announcing the return of seasonal favourites and a fully integrated Christmas campaign. The Christmas programme of marketing activity was led by Noel who captured the hearts of customers and sprinkled some Christmas magic on the occasion. This was followed up with the delightful Little Christmas collectibles and loads of festive food inspiration for customers. New World launched a new Retail price and product piece that has been dramatic and disruptive in the category, using a New Zealand music sound track that New World now has the rights to — *Love Love Love* from Avalanche City.

But that's not all for New World, 2016 will see the launch of new Brand Standards that have been developed for both the exterior and interior of stores. This evolved in-store brand experience is designed to create a more modern, fresh and consistent customer shopping experience and will be rolled out across all New World's nationwide over the next couple of years.

SPONSORSHIP

Foodstuffs sponsorship partnerships continue to be a key pillar of our overall national marketing strategy. This past financial year saw PAK'nSAVE support two new nationwide partnerships; Movember and The Breast Cancer Foundation. Through these community partnerships, we saw PAK'nSAVE ads turn pink during the Pink Ribbon Appeal and Stickman (as well as a number of Foodstuffs' own people) grow a number of interesting moustaches for Movember. We raised \$111,075 for Movember and more than \$71,000 for the Breast Cancer Foundation. It was a big year for New World sponsorship, with the brand continuing as the Elite sponsor of the Silver Ferns (during the 2015 Netball World Cup) and moving into year two as a Five Star Sponsor of the Starship Foundation. New World's ongoing support of New Zealand families at Starship saw us share a love of food through weekly deliveries of fresh fruit to parent kitchens, and fund key clinical programmes including: a tube-weaning pilot programme, cooking classes for diet-restricted kids, and enabling the purchase of a 'Sim Baby' for vital clinical training.

IN SUMMARY

The year was not without its PR challenges for the industry, with the infant formula tampering threat taking a large part of our focus in the first half of the year. As an industry we came together to ensure customer safety was paramount and we are thrilled that the Police investigation identified the culprit and he was held to account.

We remain committed to ensuring our marketing programmes are informed and driven by insights from our customers, who remain central to our every decision. Our ability to meet our customers' needs will be expanded even further by the roll out of New World Clubcard in the North Island later this year and the creation of a CRM solution for PAK'nSAVE.

We would like to once again acknowledge and thank both Co-ops for their ongoing support and encouragement.

Our marketing programmes are informed and driven by insights from our customers, who remain central to our every decision.

**WE'RE
PARTYING
LIKE IT'S
1985**



**30TH BIRTHDAY
ON NOW**

PAKŃSAVE

OUR POLICY: NZ'S LOWEST FOOD PRICES

paknsave.co.nz



FOODSTUFFS OWN BRANDS LIMITED

It has been a year of change for Foodstuffs Own Brands. Following a strategic review of the business, a new strategy was developed and a new organisational structure put in place. A new three-tier brand hierarchy has been established and the organisation has been refocused to provide increased levels of resource and competence in product development and procurement. The new structure will deliver a product range that is more customer orientated and will see an increased focus on best practice procurement to ensure we are bringing the best possible value to consumers.

The three-tier brand hierarchy, which includes an increased focus on fresh food, sees the 'Budget' brand being replaced by 'Value', the 'Pams' brand receiving some minor updates; the introduction of 'Pams Finest', and the introduction of sub-brands for gluten free, super foods and organic under 'Pams'.

An increased investment in marketing will support the brand changes to ensure that customers are aware of the fantastic private label range that Four Square, New World and PAK'nSAVE bring their customers.

FY2017 is shaping up to be a big one for private label as these strategic changes are put in to effect.

LIQUORLAND

FY2016 saw the continuation of Liquorland's strong performance. The brand's acquisition of 21 stores from The Mill Retail Holdings (The Mill) saw the group's store count increase by a total of 23 stores throughout the year to 108.

Sales growth for the group was over 10% with same-store growth exceeding market growth. The 2016 focus on premiumisation continues into 2017 and is contributing well to sales and margin growth. Franchisee gross profit remains strong, and interest in the brand continues to grow.

Strong trading performance has enabled the costs of The Mill transaction to be absorbed into the business whilst still delivering on budgeted EBIT. The team embraced the challenges and performed exceptionally well throughout the transition, and are looking forward the next phase of the business.

In July 2016 the Liquorland e-Commerce click and collect site went live. Customer interest has been very positive and remains high with stores reporting new customers coming in for specific products they have researched online. The plan is to continue increasing the brand's digital marketing offer with a view to adding customer delivery in 2017.

Toast magazine, which launched in early 2014, continues its success and we will seek to strengthen its digital profile as we further integrate it into our mailer and e-commerce site in 2017.

Increased investment in marketing will ensure that customers are aware of our fantastic private label range.

NATIONAL ADVOCACY

Foodstuffs (NZ) Ltd continues to co-ordinate national submissions and undertake advocacy work on public policy issues which are relevant to its Members' business interests.

Over the course of the financial year the Government completed the legislative and regulatory changes required to implement its new health and safety management regime based around 'persons conducting a business or undertaking' (PCBUs). The new regime underpins ambitions to reduce workplace injuries and fatalities by 25% by 2020. Foodstuffs submitted on the draft regulations for workplace management, worker participation and engagement, and the management of hazardous substances, seeking modest changes to improve the clarity of the rules and their practicality in our sector. In parallel, the Foodstuffs companies have been strengthening their health and safety management practices to ensure adherence to best practice at all times.

In mid-2015 the Minister of Employment announced proposed changes to employment law to extend employee protections. An Employment Standards Bill was introduced and progressed through Parliament, coming into effect in April 2016. Foodstuffs supported the Bill seeking only modest changes to improve the workability of an extended parental leave scheme. Later in 2015, Foodstuffs submitted on the annual review of the minimum wage, supporting an increase in line with annual wage inflation. The Government subsequently announced a 3.3% increase.

Over a number of years our Members have experienced difficulty recruiting qualified bakers. A submission by Foodstuffs was successful in overturning Immigration NZ's preliminary decision to remove bakers from the Immediate Skills Shortage List (ISSL) as part of this annual review of the List. As a consequence, the baker occupation was relisted on the ISSL in March 2016.

Pressure from retailers for reform to the Easter trading laws has resulted in the introduction of a Bill permitting Territorial Authorities to pass by-laws allowing shops to open on Easter Sunday. Foodstuffs' submitted to the Select Committee outlining its preference that all shops be allowed to open on Easter Sunday by a simple amendment to the Principal Act. The Government's proposal was supported as a 'less preferred' option. Foodstuffs is also seeking an amendment to the Sale and Supply of Alcohol Act 2012 so stores that are permitted to open on Easter Sunday will also be able to sell alcohol. The Select Committee is expected to report back on the Bill in May 2016.

Lobbying by Foodstuffs and the alcohol supply community has led to the introduction of a Bill to allow the sale of low-alcohol and no-alcohol product within the single alcohol area in supermarkets and grocery stores. The move will support messaging around responsible consumption and we remain hopeful that the Bill will complete its passage through Parliament and be enacted during the course of the current year. Input into the development of Local Alcohol Policies continues to absorb large amounts of time and resource which is expected to continue for the foreseeable future with a number of appeals of Provisional Local Alcohol Policies pending.

Foodstuffs (NZ) Ltd continues to monitor wider public policy developments and make submissions where appropriate. Submissions were filed on: the Building (Earthquake-prone Buildings) Amendment Bill, the Resource Legislation Amendment Bill, the Natural Products Bill, the Commerce Commission's review of competition in dairy markets, the Ministry for the Environment's proposals to create Marine Protection Areas affecting some inshore fisheries, the Ministry of Primary Industries' consultation on regulations for the Food Act 2014, and the Advertising Standards' Authority's review of advertising to children.



FINANCIAL HIGHLIGHTS

Performance continues to exceed expectations at the time of the merger.





\$7.5bn

store sales



2.6%

increase in store sales on a comparable 53 week basis



\$167.4m

Group profit before distribution to Members, up 5.8% on a comparable year on year basis

Group revenue for the period is



\$6.4bn

up 1.3% on a comparable 53 week basis



\$106.4m

of capex was invested in the year

BOARD OF DIRECTORS





Peter Anderson (Chair)
PAK'nSAVE Kapiti

Appointed Chair of the FSNI Board in 2013, Peter is also currently Chair of Foodstuffs New Zealand. He became a Foodstuffs Member in 1997 when he purchased New World Stokes Valley. Since 2005, he has jointly owned and operated PAK'nSAVE Kapiti with Glen Taylor. Prior to joining Foodstuffs, Peter had a 28-year career with Wrightson Limited where he managed a variety of business areas. Peter is also Board Chair of New Zealand Health Partnerships Limited. Peter is married to Judy and they have four adult sons.



Robert Redwood
PAK'nSAVE Glen Innes

Appointed to the FSNI Board in 2013, Robert was a teenager when he started part-time work at his local Four Square. In 1987 he received a Scholarship Award and became a Foodstuffs Member purchasing a Cut Price store in Taumarunui, which was later converted to a Four Square. He moved to New World Hillcrest before purchasing New World Eastridge in 1995 and took ownership of PAK'nSAVE Glen Innes in 2014. Robert and his wife Jackie have four children.



Neil Foster
PAK'nSAVE Rotorua

Appointed to the FSNI Board in 2013, Neil started his Foodstuffs career as a Trainee Operator working at New World Te Puke and officially became a Foodstuffs Member in 1994 with the purchase of the Te Puke store. In 1999 he took ownership of his current business, PAK'nSAVE Rotorua. Before joining Foodstuffs, Neil was a Chartered Accountant. Neil is married to Rosalind and they have three children.



Peter Schuyt
Independent Director

Peter has held senior executive roles in finance and strategy areas at New Zealand Dairy Board, Fonterra and NZ Post Group. As a Director, Peter is on the Board and chairs the Audit & Risk Committees of Tatua Dairy Company and Dairy NZ, chairs the Audit Committee of TSB Bank and is currently Chair on the Board of: Pumpkin Patch, Dairy Investments Limited and Tax Management NZ Limited. Peter holds a Bachelor of Commerce in Accounting and Economics from Canterbury University. Peter and his wife Tracey have five children.



Paul Blackwell
PAK'nSAVE Albany

Appointed to the FSNI Board in 2013, Paul became a Foodstuffs Member in May 1993 when he purchased New World Matamata. After five years in the Matamata store he went on to open his current business, PAK'nSAVE Albany on Auckland's North Shore in August 1998. Paul joined Foodstuffs with a strong retail and management background and had previously owned and operated several Paper Plus stores. Paul and his wife Liz have four children.



Dean Waddell
PAK'nSAVE Tauranga

Appointed to the FSNI Board in 2013, Dean is a third generation grocer who began working in the family supermarket, New World Brookfield, at age 13. He left to study at Massey University, graduating with a Bachelor of Business Studies before returning to work at New World Brookfield. Dean became a Foodstuffs Member in 1992 when he purchased New World Brookfield and moved to his current business, PAK'nSAVE Tauranga in 2013. Dean and his wife Julie have three children.



Craig McKeown
PAK'nSAVE Sylvia Park

Appointed to the FSNI Board in 2014, Craig was chosen as the pilot Operator for the conversion of Gilmours stores to owner operated. Craig was the Owner Operator of Gilmours North Shore for over six years, before taking ownership of PAK'nSAVE Sylvia Park in August 2015. Prior to joining Foodstuffs Craig held senior management positions in a number of large retail organisations throughout Australasia. Craig and his wife Kathryn have one child.



Sir Henry van der Heyden
Independent Director

Sir Henry has served in dairy industry governance roles for 25 years. He is currently Chair of Auckland International Airport Limited, Tainui Group Holdings and Manuka SA Limited. He is a Director on the Boards of Pascaro Investments Limited, Rabobank NZ Limited and Rabobank Australia Limited. Sir Henry holds a Bachelor of Engineering with Honours from Canterbury University. Sir Henry is married to Jocelyn and they have four children.



Jane Freeman
Independent Director

Jane has held senior marketing and general management positions at Telecom, ASB Bank, Bank Direct and Clear Communications; and currently holds directorships with Kiwi Property Group, ASB Bank and Delegats Group. Her previously held board positions include Pumpkin Patch (Chair), Air New Zealand, St George Bank NZ, Albert Street Dental, Publicis Groupe NZ, Sheffield and SKYCITY Entertainment Group. Jane holds a Bachelor of Commerce in Marketing from the University of Auckland. Jane and her husband Chris have three children.



Joe Vegar
New World Miramar

Appointed to the FSNI Board in 2013, Joe joined his brother Paul in the ownership of New World Miramar in Wellington's Eastern Suburbs in 2002. Before becoming a Foodstuffs Member, Joe was a Chartered Accountant and Chief Financial Officer working in commerce and within various accountancy firms in New Zealand and overseas. Joe is married to Drina and they have three adult children.



Karl Marryatt
New World Railway Metro

Appointed to the FSNI Board in 2014, Karl has spent his entire working career in supermarkets and the retail sector. He became a Foodstuffs Member in 2004 with the purchase of New World Naenae which he owned and operated for three years before purchasing his current business, New World Railway Metro in central Wellington in 2007. Karl is married to Caroline and they have two children.

EXECUTIVE TEAM





Chris Quin
Chief Executive Officer

Chris joined Foodstuffs North Island as CEO in September 2015 with 28 years experience in leadership roles. His most recent position was CEO of the Home, Business and Mobile division of Spark NZ (previously Telecom NZ), where he was praised for his role in Spark's business transformation programme and is well known as the leader who fronted to Telecom Business customers during the XT issue. In 2010, he received a Sir Peter Blake Leadership Award for his leadership achievements and contribution to the community, which include being Chair of business growth hub, The Icehouse. Chris holds a Bachelor of Commerce and Accounting from Victoria University and completed the Stanford Graduate School of Business Executive Program.



Peter Muggleston
Chief Information Officer

Peter joined Foodstuffs in 2012 as Chief Information Officer at FSA and became Chief Information Officer at FSNI in 2013. Peter was named New Zealand's CIO of the Year in 2015. Prior to Foodstuffs, Peter worked internationally with Shell Oil before returning to New Zealand and senior roles at ASB Bank including: Chief Manager Information Services, GM Online Banking and GM Technology Planning & Risk, before joining Sovereign as Chief Information Officer. Peter has a MBA from Otago University and holds degrees in Commerce and Science from the University of Auckland.



Lindsay Rowles
GM Property Development

Lindsay joined FSNI in May 2016 after eight years at Woolworths Australia where he held various leadership roles in their property group. Most recently Group Property Operations Manager – North, he had responsibility for the development and execution of their national network strategy plan including: new store growth, refurbishments and expansion of existing stores; maintenance of the existing store network tenure and the national occupancy cost ratio; and in late 2015 their property strategy. Prior to Woolworths, Lindsay worked for ALDI for eight years, establishing and operating the ALDI retail brand in NSW, then as Property Director responsible for store network development. He graduated from Deakin University in 2001 with degrees in Commerce and Law.



David Stewart
Chief Financial Officer

David joined Foodstuffs in 2010 as Chief Financial Officer at FSA and became Chief Financial Officer at FSNI in 2013. Before Foodstuffs, David worked in Europe in senior finance roles at France Telecom, Orange and PwC before returning to New Zealand to work at Yellow Pages as Chief Financial Officer. Named New Zealand's '2015 CFO of the Year', David is a Chartered Accountant and holds a Bachelor of Commerce and Post Graduate Diploma in Commerce from the University of Auckland.



Mike Brooker
General Counsel & Company Secretary

Mike started at Foodstuffs in 2009 as General Manager Legal at FSA and was appointed to the role of General Counsel & Company Secretary at FSNI in 2013. Prior to Foodstuffs, Mike was a Partner at DLA Piper where he had a broad commercial practice, including acting for a number of franchised businesses, of which Foodstuffs was the largest. Mike studied at the University of Auckland where he gained a Bachelor of Law degree and a Masters of Commercial Law. Mike was '2015 Private Sector In-house Lawyer of the Year'.



Wendy Hammonds
GM People and Capability

Wendy became GM People & Capability at FSNI in March 2016. With over 15 years' experience developing talent and leading people, Wendy has a particular interest in change and culture within large organisations. Prior to coming to FSNI, she led the HR team for the retail business unit within Spark NZ that looks after home and small business customers. Prior to Spark, Wendy worked for Westpac, AMP Banking and Bendon following 10 years in the UK.



Doug Cochrane
GM Retail

Doug joined FSNI as GM Retail in March 2014. He started his career in 1985 as a General Assistant at Tesco in the United Kingdom; and progressed into senior operations and development roles in Europe and Asia, including Hungary, Turkey, China, Japan and then returned back to the United Kingdom where he held the roles of Store Director – International Operations Development, followed by Store Director for Tesco Extra stores in Wales. Doug has a MBA from the Henley Management College.



Vaughan Grant
GM Supply Chain

Vaughan was appointed GM Supply Chain at FSNI in December 2013. Prior to Foodstuffs, Vaughan was Acting Chief Executive and General Manager Commercial for the PlaceMakers Group. Vaughan has worked in a range of industries in Australia, England and New Zealand, including Woolworths Australia, with roles involving supply chain operations and strategy development, major change management and SAP systems implementation. Vaughan is a Chartered Accountant and holds a Bachelor of Management Studies from the University of Waikato.



Baden Ngan Kee
GM Merchandise

Baden started his Foodstuffs career in October 2013 when he was appointed to the role of GM Merchandise. Prior to joining Foodstuffs, Baden held the role of General Manager, Retail Sales and Export at Fonterra where he was responsible for all New Zealand grocery sales and branded consumer domestic and exports to Asia and the Pacific. Baden holds a Bachelor of Commerce and Administration from Victoria University.

SUMMARY FINANCIAL STATEMENTS





Report of the Independent Auditors' on the Summary Financial Statements

to the shareholders of Foodstuffs North Island Limited

The accompanying summary financial statements, on pages 46 to 53 which comprise the summary statement of financial position as at 3 April 2016, the summary statement of comprehensive income, the summary statement of changes in equity and the summary cash flow statement for the period then ended, and related notes, are derived from the audited financial statements of Foodstuffs North Island Limited ("the Group") for the period ended 3 April 2016.

The summary financial statements do not contain all the disclosures required for full financial statements under New Zealand Equivalents to International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Foodstuffs North Island Limited.

Our audit of the financial statements for the period ended 3 April 2016 was completed on 23 June 2016 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those financial statements from the date of the completion of our audit and those financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

This report is made solely to the Group's shareholders, as a body. Our work has been undertaken so that we might state those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders, as a body, for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the annual report not specifically mentioned in our report.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible on behalf of the Group for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements* (FRS 43).

Auditors' Responsibility

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

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax and advisory services. The provision of these other services has not impaired our independence.

Opinion

In our opinion, the summary financial statements on pages 46 to 53 derived from the audited financial statements of Foodstuffs North Island Limited for the period ended 3 April 2016 are consistent, in all material respects, with those audited financial statements, in accordance with FRS-43.

Restriction on Use of our Report

This report has been prepared for inclusion in the annual report. We disclaim any responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared.

Chartered Accountants
23 June 2016

Auckland

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 53 WEEKS ENDED 3 APRIL 2016 (52 WEEKS FOR 2015)

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Revenues	6,438,579	6,238,889
Cost of sales	(5,929,153)	(5,740,526)
Gross profit	509,426	498,363
Other income	198,358	193,905
Operating expenses	(488,445)	(479,632)
Operating profit	219,339	212,636
Finance income	6,441	7,606
Finance costs	(60,381)	(64,020)
Net finance costs	(53,940)	(56,414)
Share of profit/(loss) from Associates and Joint Ventures	2,047	(869)
Profit before distribution to Members	167,446	155,353
Distribution to Members	(141,123)	(132,533)
Profit before income tax	26,323	22,820
Income tax expense	(15,787)	(4,439)
Profit for the period attributable to Members	10,536	18,381
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss:		
Decrease in fair value of hedging net of tax	(9,893)	(11,928)
Items that may not be reclassified subsequently to profit or loss:		
Decrease in fair value of other financial assets	(1,245)	(7,261)
Total Other Comprehensive Income/(Loss)	(11,138)	(19,189)
Total Comprehensive Income/(Loss) for the period attributable to Members	(602)	(808)

Items in Other Comprehensive Income are disclosed net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 3 APRIL 2016

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
ASSETS		
Non-current assets		
Property, plant and equipment	1,742,894	1,754,907
Intangible assets	208,600	198,664
Investments in associates	662	915
Investments in joint ventures	7,690	7,156
Other financial assets	58,092	59,337
Finance lease receivables - non-current	47	60
Total non-current assets	2,017,985	2,021,039
Current assets		
Cash and cash equivalents	32,038	44,071
Trade and other receivables	327,346	340,374
Inventories	133,745	150,070
Derivative financial instruments	-	215
Related party receivables	64,219	61,419
Assets held for sale	7,703	16,876
Income tax receivable	2,540	11,499
Finance lease receivables - current	27	24
Total current assets	567,618	624,548
Total assets	2,585,603	2,645,587
EQUITY		
Capital and reserves attributable to equity holders		
Share capital	132,573	132,573
Other financial asset revaluation reserve	(33,152)	(31,907)
Hedging reserve	(21,483)	(11,590)
Retained earnings	683,880	673,344
Total equity	761,818	762,420
LIABILITIES		
Non-current liabilities		
Liabilities to Members	401,785	370,824
Borrowings	450,000	450,000
Deferred tax liability	130,737	133,108
Derivative financial instruments	37,583	22,413
Other liabilities	1,144	1,372
Total non-current liabilities	1,021,249	977,717
Current liabilities		
Borrowings	119,000	-
Liabilities to Members	74,975	71,872
Cash distribution to Members	50,832	49,153
Trade and other payables	548,341	775,528
Derivative financial instruments - current	863	605
Related party payables	8,525	8,292
Total current liabilities	802,536	905,450
Total liabilities	1,823,785	1,883,167
Total equity and liabilities	2,585,603	2,645,587



Board Chair



Director
23 June 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 3 APRIL 2016 (52 WEEKS FOR 2015)

	Share capital \$ '000	Other reserves \$ '000	Hedging reserve \$ '000	Retained earnings \$ '000	Total equity \$ '000
GROUP					
Balance at 30 March 2014	132,553	(24,646)	338	654,963	763,208
Profit for the period	-	-	-	18,381	18,381
Other comprehensive income					
Decrease in fair value of other financial assets	-	(7,261)	-	-	(7,261)
Decrease in fair value of hedging net of tax	-	-	(11,928)	-	(11,928)
Total other comprehensive income/(loss)	-	(7,261)	(11,928)	-	(19,189)
Transactions with owners in their capacity as owners					
Conversion of B preference shares to voting A shares	20	-	-	-	20
Balance at 29 March 2015	132,573	(31,907)	(11,590)	673,344	762,420
Profit for the period	-	-	-	10,536	10,536
Other comprehensive income					
Decrease in fair value of other financial assets	-	(1,245)	-	-	(1,245)
Decrease in fair value of hedging net of tax	-	-	(9,893)	-	(9,893)
Total other comprehensive income/(loss)	-	(1,245)	(9,893)	-	(11,138)
Balance at 3 April 2016	132,573	(33,152)	(21,483)	683,880	761,818

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 53 WEEKS ENDED 3 APRIL 2016 (52 WEEKS FOR 2015)

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Cash flows from operating activities		
Cash receipts from customers	6,696,142	6,494,318
Cash paid to suppliers and employees	(6,557,148)	(6,131,549)
Cash generated from operations	138,994	362,769
Interest received	6,384	6,941
Interest paid	(23,719)	(33,207)
Net GST paid	(47,007)	(46,368)
Income tax paid - net	(5,140)	(7,430)
Net cash generated from operating activities	69,512	282,705
Cash flows from investing activities		
Purchase of property, plant and equipment	(71,925)	(70,245)
Proceeds from sale of property, plant and equipment	35,202	57,163
Purchase of intangible assets	(34,820)	(29,957)
Dividends received from other investments	3,327	3,530
Advances to Members	(149,664)	(131,472)
Repayment of advances to Members	142,791	148,247
Repayment from Associates	14,802	949
Advances to Other Related Companies	(10,483)	(1,898)
Net cash used in investing activities	(70,770)	(23,683)
Cash flows from financing activities		
Drawdown/(Repayment) of borrowings	119,000	(121,200)
Rebate investment vouchers paid	(48,436)	(44,501)
Deferred rebate vouchers paid	(11,938)	(12,557)
Interest paid on rebate investment vouchers	(20,248)	(17,739)
Cash rebates paid	(49,153)	(34,302)
Net cash used in financing activities	(10,775)	(230,299)
Net (decrease)/increase in cash and cash equivalents	(12,033)	28,723
Cash and cash equivalents at beginning of period	44,071	15,348
Cash and cash equivalents at end of period	32,038	44,071

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. POLICIES

a. Basis of Preparation

The summary financial statements are those of Foodstuffs North Island Limited (the 'Company' or the 'Parent Company'), its subsidiaries and associates (the 'Group' or 'Foodstuffs'). Foodstuffs North Island Limited has designated itself and the Group as profit oriented entities for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They have been prepared in accordance with Financial Reporting Standards No. 43 "Summary Financial Statements" and have been extracted from full financial statements that comply with NZ IFRS.

The full financial statements, signed 23 June 2016, have been audited by PricewaterhouseCoopers and given an unqualified opinion.

For a complete understanding of the financial affairs of the Group, the full financial statements are available for shareholders on request.

b. Accounting Periods

The Group has a weekly operating cycle ending on Sunday night. The annual accounting period follows this cycle. The 2016 accounting period presented consists of 53 weeks to 3 April 2016. This compares to the 2015 accounting period being a 52 week period to 29 March 2015.

NOTE 2. DISTRIBUTION TO MEMBERS

The total distribution for the period consolidated is made up as follows:

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Cash rebates payable	50,832	49,153
Deferred rebate vouchers (DRVs)	90,291	83,380
Distributions to Members before interest	141,123	132,533
Interest on legacy rebate investment vouchers included in finance costs	29,633	27,952
Total distributions to Members	170,756	160,485

These balances and transactions are with related parties (refer note 3).

NOTE 3. RELATED PARTY TRANSACTIONS

a. Transactions with related parties

Foodstuffs North Island Limited operates as a co-operative and predominantly trades with Members. All transactions are conducted on normal trading terms and conditions. On a Group level, approximately \$6,229,922,000 (2015: \$5,914,612,000) of revenue represents sales to and rental from Members. Within other income, services to Members were \$45,985,000 (2015: \$45,808,000).

In the ordinary course of business the Group bears charges for the shared activities undertaken by its associated companies and related parties and incurs direct costs which are recovered from them. The net charges from associated companies were \$16,186,000 (2015: \$11,220,000). Net charges from related parties were \$766,000 (2015: \$472,000).

Advances, repayment of advances, and distributions to Members are presented in the Cash Flow Statement.

There have been no transactions with Directors outside trading in the normal course of business in their capacity as Members.

b. Outstanding balances at balance date with related parties

The Parent Company advances funds to subsidiaries, Members and associate companies in the normal course of business at commercial lending rates. All loans are secured and repayable on demand. At 3 April 2016 a reserve against future recoverability of Member loans of \$2,200,000 (2015: \$5,500,000) was held.

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Loans to Members	22,306	15,432
Loans to Associates	12,417	26,560
Receivable from Other Related Companies	29,496	19,427
Related party receivables	64,219	61,419

Included in Trade debtors for the Group are \$233,332,000 (2015:\$227,336,000) arising from Member purchases.

Other related parties represent balances owing from the Foodstuffs North Island's sister company in South Island, Foodstuffs Auckland Provident Fund, Foodstuffs New Zealand and Modern Merchants Limited.

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Payable to Associates	900	240
Payable to Other Related Companies	7,625	8,052
Related party payables	8,525	8,292

Loans to Members are due within one year and the rate of interest is determined over the period at the floating rate existing at that time except where alternative arrangements have been made. The average floating rate at balance date was 5.3% (2015: 6.1%).

Other related parties represent balances owing to Modern Merchants, Foodstuffs New Zealand, Foodstuffs Inbound Limited and Foodstuffs North Island's sister company in the South Island, Foodstuffs South Island Limited.

Eight Directors of the Company are also store owners and as such may receive loans under the same terms and conditions as other loans to Members. At balance date, these amounted to \$nil (2015: \$nil).

CONTINUES ON NEXT PAGE >

c. Guarantees

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Guarantees for Members' bank loans	412,281	380,075

The Group acts as a guarantor for a number of Members' bank loans. The Group is obligated under the guarantee to make the loan payments in the event the Member defaults on a loan agreement. The Group generally holds first debenture security over the assets and prudently manages exposures. Based on a review of the current financial situation of Members, the Directors do not expect any impact on profit from cash outflows under the guarantees in place.

d. Fair values

The carrying values of balances receivable or payable are approximately their fair value.

e. Investment in Subsidiaries

The Group's principal subsidiaries are:

Share of issued capital
and voting rights

	Business activity	2016	2015
Equity Funding Limited	Investment	100%	100%
Foodstuffs (Auckland) Nominees Limited	Investment	100%	100%
Foodstuffs (Auckland) Systems & Technology Leasing Limited	Leasing	100%	100%
Foodstuffs Finance (Auckland) Limited	Funding	100%	100%
Foodstuffs Fresh (Auckland) Limited	Distribution	100%	100%
Merchant Property Management Limited	Property management	100%	100%
Route & Retail Distribution Limited	Transport	100%	100%
The National Trading Company of New Zealand Limited	Retail property	100%	100%
Foodstuffs Properties (Wellington) Limited	Retail property	100%	100%
Wardell Bros. & Coy Limited	Investment	100%	100%
Toops Wholesale Limited	Wholesaling	100%	100%
AF Logistics Limited	Transport	100%	100%

f. Investment in Associates and Joint Ventures

The Group's principal associates and joint ventures are:

Share of issued capital
and voting rights

	Reporting Date	Business activity	2016	2015
Foodstuffs (NZ) Limited	30 June	Brand Management	50%	50%
Foodstuffs Liquor New Zealand Limited	31 March	Retail	67%	67%
Foodstuffs Own Brands Limited	31 March	Procurement	50%	50%
Foodstuffs Inbound Limited	31 March	Transport	50%	50%
Panmure Cash 'n Carry Limited	31 March	Wholesaling	50%	50%
Rotorua Cash 'n Carry Limited	31 March	Wholesaling	50%	50%
Tauranga Cash 'n Carry Limited	31 March	Wholesaling	0%	50%
Metro New World	31 March	Retail	50%	50%

All associate and joint venture companies are incorporated and domiciled in New Zealand which is their principal place of business. At balance date all the above companies are considered joint ventures.

Associates are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the associate, but does not have control or joint control over these policies.

Joint Ventures are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the joint venture and has joint control over these policies.

CONTINUES ON NEXT PAGE >

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Interests in Associates		
Carrying value at beginning of period	915	697
Group's share of associates (loss)/profit	(253)	218
Carrying value at end of period	662	915

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Interests in Joint Ventures		
Carrying value at beginning of period	7,156	9,086
Disposal/sale of shares in joint venture	118	(27)
Group's share of joint venture's profit	1,265	2,001
Dividends received (declared)	(1,804)	(816)
Reversal of impairment/(impairment) of investment in joint venture	955	(3,088)
Carrying value at end of period	7,690	7,156

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Disposals of Associates and Joint Ventures		
Total cash received	250	1,183
Profit on disposal	250	1,183

The Group disposed shares in Gilmours Tauranga in FY16 and Bell Tea & Coffee Company in FY15.

	GROUP 2016 \$ '000	GROUP 2015 \$ '000
Results of Associate and Joint Venture companies		
Share of profit/(loss) before income tax	2,586	(10)
Income tax	(539)	(859)
Share of profit/(loss) from Associates and Joint Ventures	2,047	(869)

The Group's share of the results of its principal associates and joint ventures, all of which are unlisted, and its aggregated assets, liabilities and revenues are as follows:

	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit \$'000
2016	14,716	10,071	29,889	2,047
2015	14,852	11,238	30,613	(869)

SERVING OUR CO-OP

It takes many hands to keep our Co-operative strong, and we sincerely thank the following people and organisations for their service to FSNi over FY2016.





PROTECTION AND PERPETUATION TRUSTEES

Tony Carter (Chair)
 Stuart Irons
 Hugh Perrett
 Richard Reilly
 John Street

AUDIT, RISK & COMPLIANCE COMMITTEE

Peter Schuyt (Chair)
 Peter Anderson
 Neil Foster
 Joe Vegar
 Dean Waddell

SUCCESSION, REMUNERATION & NOMINATION COMMITTEE

Peter Anderson (Chair)
 Jane Freeman
 Sir Henry van der Heyden
 Robert Redwood
 Paul Blackwell
 Dean Waddell

OPERATOR DEVELOPMENT & APPROVAL COMMITTEE

Paul Blackwell (Chair from December 2015)
 Robert Redwood (Chair until December 2015)
 Dean Waddell
 Karl Marryatt
 Craig McKeown
 Chris Quin, Chief Executive Officer
 Wendy Hammonds, GM People & Capability
 Doug Cochrane, GM Retail

BUSINESS TRANSFORMATION ADVISORY COMMITTEE

Rob Dowman
 Robert Redwood
 Kym Samuels
 Gwen Bailey
 Craig McKeown
 Graham Fabian
 Brendon Smith
 Jason Witehira
 David Collins
 Wendy Hammonds (Chair)
 Nigel Stevens
 Peter Jeffares **
 Ricky Bowen **

PAK'NSAVE BANNER COMMITTEE

Gareth Jones (Chair)
 Andrew Graney
 Dean Galt
 Dean Waddell
 Ewan Atherton
 Neil Foster
 Quintin Proctor
 Vinod Bhaga
 Glen Taylor **
 Michael Kelly **

NEW WORLD BANNER COMMITTEE

Jason Witehira (Chair)
 Brendon Good
 Gary Baker
 Joe Vegar
 Karl Marryatt
 Malcolm Boyd
 Richard Lucas
 Rob Dowman

FOUR SQUARE BANNER COMMITTEE

Peter Pritchard (Chair)
 Mike Anderson
 Steve Duffield
 Grant Irwin
 Michael Jago
 Vivek Bangia
 Joe Vegar
 Craig McKeown

BANKERS

ASB Bank Limited
 Bank of New Zealand
 Bank of Tokyo-Mitsubishi RFJ, Limited
 Commonwealth Bank of Australia
 Westpac New Zealand Limited

EXTERNAL AUDITORS

PricewaterhouseCoopers

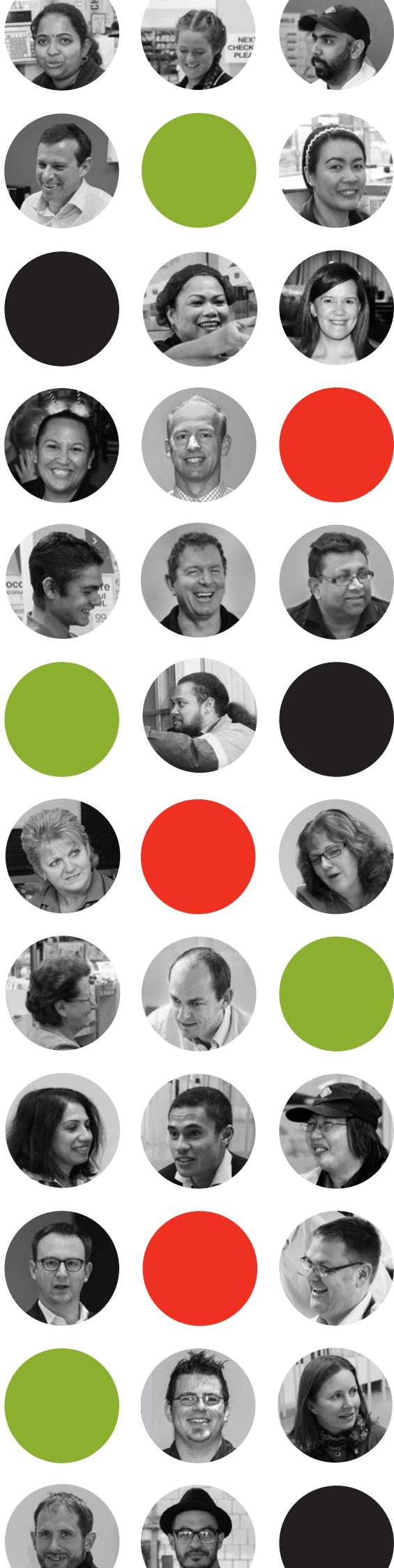
INTERNAL AUDITORS

Ernst & Young

SOLICITORS

DLA Piper
 Ellis Gould
 Hudson Gavin Martin
 SBM Legal

** stood down during FY2016



FOODSTUFFS

NORTH ISLAND LIMITED

REGISTERED OFFICE
60 Roma Road
Mount Roskill
Auckland