

# **Our year at Foodies**

**in the best little  
country in the world.**



**We've been a part  
of New Zealanders'  
lives for generations,  
and are committed to  
being there for many  
more to come.**

**We love this place  
we call home.  
There just isn't  
anywhere better.**



**We're Foodies  
and we're an  
unbeatable team**



**of over  
22,000 New  
Zealanders**



**who are  
making sure  
New Zealanders  
get more out  
of life.**



**We believe that everyone who calls New Zealand home, or comes to visit us, deserves to enjoy more of what matters most to them. For nearly 100 years we have built up a growing network of almost 350 PAK'nSAVE, New World, Four Square and Gilmours stores, conveniently located where our customers need us to be, across the North Island. Local grocers own and operate every one of our stores, and are committed to delivering what's right for their customers and communities. Our grocers are backed by a North Island supply chain and support team.**

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**Directors' Report. On behalf of the Board of Directors of Foodstuffs North Island Limited (FSNI, Foodstuffs or Co-op), I am proud to share our Annual Report, showcasing our activities, highlights, challenges and financial performance for the 52 week period ending 2 April 2017.**



## Overview.

Foodstuffs has had an outstanding year under the leadership of our CEO Chris Quin and his team. The business has achieved strong financial results and is focusing on strategic initiatives designed to make sure New Zealanders get more out of life.

Our focus has turned to 2022, when the Co-op will be 100 years old. The Board has worked side-by-side with the Leadership Team to design the new 2022 strategy and the plan to bring this to life for our people right across the business.

## Customer Satisfaction.

This was the second year of using our Net Promoter Score (NPS) tool to measure customer satisfaction in relation to the PAK'nSAVE, New World, Four Square and Gilmours brands. NPS is an internationally recognised measure which gives us scores that reflect the perspectives of customers who shop with us and how likely they are to recommend our stores to others.

## FY2017 NPS Scores.

**Four Square** 77%

**New World** 67%

**PAK'nSAVE** 65%

**Gilmours** 63%

## Co-op Spirit.

We've seen many examples of the Co-op spirit over the past year, especially when the Kaikoura earthquake struck and our New World Hutt City store had to close temporarily for just under four weeks. Not wanting to let our Hutt City customers

down, our Co-op pulled together to support Steve and Sarah Williams to open a pop-up store in the interim. This was a truly amazing feat and didn't go unnoticed by our Hutt City customers or New Zealanders.

## Financial Performance.

The Board is pleased to report a strong performance for the financial year, which exceeded the challenging targets set for the business.

Group operating profit for the 52 week period was \$216.4m, down 1.3% (\$2.9m) on a reported basis compared to 53 weeks and up 0.6% (\$1.2m) on a comparable basis, despite the negative operating impacts of increased infrastructure spend. The catch-up investment in our IT infrastructure includes the launch of New World Clubcard in the North Island, developing our online shopping platform and rolling out SAP to our stores. In FY2017, 42 stores were migrated onto SAP and more than 56% of the Group's total retail revenue was processed through SAP. Supply

## The lower financing costs and robust operating results have helped to deliver Group profit before distribution to Members of \$172.1m, which is an increase of 4.7% over the comparable period last financial year.

**The results for FY2017 represent trading for 52 weeks, compared to 53 weeks in the prior year.**

Foodstuffs Group (Group) revenue for the 52 week period of \$6,393m was \$45.3m lower than the prior 53 week year on a reported basis but 1.2% (\$76.2m) up on the comparable 52 week trading period for the prior year.

We introduced a new commercial operating model in October 2016 to provide greater transparency over the Group's true supply chain costs to serve and encourage better buying and operational efficiency. All these changes will help us deliver greater value to our customers over the coming years. The new operating model has suppressed Group revenue growth as margins on our sales into Member stores have been reduced. There has been an increase in Member levies to offset lost margin and to cover the reinvestment back into the business. This has increased other income by \$21.3m on the prior year.

chain costs continue to be a key focus, especially with the introduction of the new cost to serve commercial operating model, and as a percentage of cost of sales improved 0.21 percentage points or \$4.8m on the prior year.

A reduction in the Group's financing costs reflects a combination of the more favourable short term interest rate environment and the reversal of losses on the Group's interest rate derivatives as they approach expiry.

The lower financing costs and robust operating results have helped to deliver Group profit before distribution to Members of \$172.1m, which is an increase of 4.7% over the comparable period last financial year.

During FY2017, there was a significant capital expenditure programme aligned to the Group's refreshed strategy. Underpinning the capital expenditure is a revitalised property programme totalling \$115.9m in the year and combining acquisition to address market gaps, new store builds and refurbishments.



An additional \$46.9m capex was invested in continued IT development. This included ongoing enhancement of our core SAP systems, work to provide the platform for future growth through customer loyalty and online, and initiation of work to drive operational efficiency through modern warehouse and transport management systems.

The capital expenditure has been partly offset by divestment of non-strategic assets following the merger of the Auckland and Wellington businesses in FY14. We sold an additional \$10.2m of assets in FY2017, bringing the initial divestment programme to a close.

With the focused reinvestment back into the business, total debt levels at balance date are \$32m higher than the prior year.

Overall, the Foodstuffs Group remains in a strong financial position with total assets of \$2,669m and financial ratios well within the requirements set by our lenders.

Our share of the total food market, as measured by Westpac Business Intelligence Total Food and Grocery Market Share, closed the year at 46%, with the 52 week trend ahead of the last financial year.

## Distribution to Members.

We are very pleased the overall distribution to Members increased 4.1% to \$174.4m 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 6.86% (6.61% from 1 August 2017) per annum. The reduction in rate reflects the full year impact of the decrease in the margin applied on top of the Group's cost of funding core debt. This is in line with the Group commercial operating

model changes implemented from 3 October 2016.

## Auditors.

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

## Looking Forward.

FY2017 was a significant milestone in the history of the Co-op with our refreshed commercial operating model and the new 2022 strategy to carry the business through to our centenary in 2022 and beyond.

Excellent progress has been made across many areas and there are plenty of exciting challenges ahead of us. Considered investment and strong execution of our growth strategy is measured on a Whole of Business (WOB) basis to give Members the confidence that our investments make sense in the long-term and for the benefit of the Co-op as a whole.

Making sure we realise the benefits of the commercial operating model for all Members in the year ahead will be a key management focus as it is an important part of remaining a powerfully aligned Co-op.

## Thank You.

Thank you to the Leadership team, Centre team members and our Membership, particularly those who have served on Committees during the year. The Board looks forward to an exciting year ahead.

On a personal note, it's been a privilege to serve as Chairman of the Board since the FSNI merger in 2013. The Co-op is in good heart and I'm thrilled to be handing over the reins to Dean Waddell immediately after the 2017 Annual Meeting. Dean is the Owner of PAK'nSAVE Tauranga and has a long history with the Co-op. He has my full support, and that

of all the Directors, and he will do an excellent job of leading the Board into a new and exciting chapter for our Co-op.

On behalf of the Board,



**Peter Anderson**  
Board Chair

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**CEO Report.** I continue to be excited to be part of a Co-op dedicated to making sure New Zealanders get more out of life, every single day. This purpose goes far deeper than just meeting the needs of our customers and Members. We have a role in helping our New Zealand communities thrive and in passing on a better Co-op to the next generation of New Zealanders. Over the past financial year we achieved an incredible amount together. We've made positive, deliberate changes driven by our strategy and our unwavering focus on making a difference to the lives of New Zealanders.



## Giving customers more of what matters to them.

We want our customers to have more of what matters to them. For some this is more time, more choice, more convenience, more value and more help making healthier food choices. For others, it's all these things and more.

Our future success depends on knowing all New Zealanders well, and innovating to deliver the best possible shopping experiences that keep us relevant and valuable to them. This is why everything we do needs to be truly customer insight-driven and we made strides toward this in FY2017.

Part of staying relevant and valuable to customers is giving them the ability to shop when, where and how they want through a compelling omni-channel experience. In the past financial year we've invested in our online shopping service for customers and are looking forward to going live, starting with New World Mt Roskill.

We were proud to open five cool new stores to give the Milford, Tauriko, Te Kuiti, Tamatea and Papakura communities a whole new store experience. They're run by top teams and these communities are now enjoying the latest supermarket design and environmental features, like CO<sub>2</sub> refrigeration and LED lighting. We've also opened Four Square The Lakes and Gulf Harbour with our latest small store designs.

We launched New World Clubcard in October 2016 and it's given us an exciting platform to understand our customer needs even better and to excite them with tailored offers. Clubcard already has more than 750,000 active users in the North Island.

Our customers need shopping convenience because time is the new luxury. Over the past financial year we trialed a new concept called Just Cook It, which involves meal kits made fresh in-store daily. Our customers love this flexible, quick and easy dinner option so we're rolling it out to more stores in the year ahead.

Getting more out of life means different things to different people and we've continued to deliver on this through our multi-brand strategy. PAK'nSAVE continues to have delivered on their policy of New Zealand's lowest prices. New World was named the *Reader's Digest* New Zealand's Most Trusted Supermarket and has delivered happiness time and time again through campaigns like Little Garden. Four Square is always looking after the locals and it's home to all your Kiwi essentials, plus a friendly welcome. Gilmours provides top quality products to the food service and convenience sector.

Thanks to a focus on reigniting our Private Label business in FY2017, New Zealanders are now enjoying a new and improved Pams range. The range includes Pams Finest and healthier Pams sub-brands including Pams Organic, Pams Gluten Free and Pams Superfoods. We have a responsibility to be health leaders and the new Pams range gives our customers quality, healthier products at affordable prices, every day.

## Our people make the difference.

We have the privilege of representing New Zealand's most iconic and loved grocery brands. We serve more than 1.3 million customers every week and together with our stores we employ over 22,000 New Zealanders.

An important part of making sure New Zealanders get more out of life is having safer environments and safer systems so our people can get Home Safe Everyday. We made great progress in this space and over the past year we reduced our Lost Time Injury Frequency Rate by 10%. We're

looking to repeat this in FY2018.

We must relentlessly focus on safety because nothing but Home Safe Everyday will ever be good enough for our people and our communities.

In a climate where youth unemployment is becoming a growing issue in New Zealand, we were proud to support the 50/500 campaign. This challenged New Zealand businesses to place 500 young New Zealanders into jobs, over 50 days.

For me, it was important for us to be part of this as I strongly believe every New Zealander deserves the opportunity to have a good job, contribute and develop. I'm immensely proud of the fact that we already employ thousands of people under the age of 30 across our Co-op.

To unleash the potential of our people, we need great leaders of the future who can inspire our teams to be the best they can be. We collaborated with our Members to revamp the Trainee Operator Programme in FY2017 and did some research into what makes a successful owner in the future. There's been phenomenal feedback and this research has led to a much stronger selection and assessment process. We've launched a trainee development programme based on this research.

We also did a leadership talent review of our Support Centre leaders, rolled out new leadership competencies and hosted Leader's Days to give our leaders the tools and support they need to drive a high performance culture.

We're continuing to develop, nurture and grow talent through our learning programmes. These are being reviewed to fit with our future needs and make the most of technology. More than 1,000 Foodies are enrolled in our leadership programmes, short courses and apprenticeships, while 47 butchery and bakery apprentices graduated with their qualifications in FY2017.

## In Form for the future.

It's been a year of getting fit for the future. To stay competitive, we must be customer insight driven, continually

improve the way we do things and put the right capability in place so we are agile, efficient and competitive. Our Lightning and Bolt SAP rollout has continued through the year so we can have one Foodstuffs way of working, timely trading data and better information to help us be more productive. It was incredible to get 42 stores live on SAP in FY2017 with more to come in the year ahead.

On the store productivity front, we have made great progress on developing an innovative web application that drives weekly store wage budgets. This will be introduced to stores from September 2017 and follows the new checkout rostering solution which we rolled out to most PAK'nSAVE and New World stores in early 2017.

We also launched a new commercial operating model for our Co-op in early

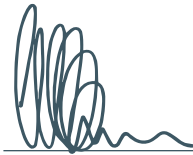
Supply Chain and Merchandise teams working closely with 16 key suppliers to improve stock availability. Their efforts improved accountability and drove an average improvement of 1.8% in stock position in FY2017 compared to the previous year, which was a great result.

For the first time ever we introduced WOB metrics to make sure we focus on the success of each Members' store and the financial health of Support Centre. Many of the investments we're making at the Centre around things like Online, Just Cook It, the Lightning deployment and Supply Chain's Transport Management System are about growing our future financial performance.

There were also several changes within our Support Centre teams. Property, Merchandise and People & Capability all made changes to their team structures

Thank you to all our Members, Board, employees and suppliers for your strong commitment to delivering awesome shopping experiences for our customers this financial year. Thanks also to Peter Anderson who has done a phenomenal job in leading the Board over the past four years. He leaves us in great shape for the next chapter.

I'm excited about working together over the next year to maximise the opportunities ahead of us to make sure New Zealanders get more out of life.



**Chris Quin**  
CEO

## It's been a year of getting fit. To stay competitive, we must be customer-driven and continually improve the way we do things and put the right capability in place so we are agile, efficient and competitive.

October. This has allowed us to simplify our trading, drive the lowest cost supply chain and negotiate a lower cost of goods sold. While it's still early days, we'll continue to check in regularly on the model's impacts and benefits for all tiers of stores.

There's been significant progress and transformation within Supply Chain in FY2017 with the purpose of connecting our suppliers to stores, safely and efficiently, to meet our customers' needs.

We continue to partner with suppliers to drive best value, consistently great service delivery and constant innovation. These partnerships are incredibly important for our Co-op to deliver the right products on time for our customers. The Winning Together initiative is a great example of this collaboration, with our

to make sure we're set up to deliver our strategy and support our stores in the right way.

### Staying In Front.

To be a customer-focused business we need to be ahead of the game for our customers. This means catering for their needs today, but with an eye firmly on what we need to become in the future.

We have big plans for the years ahead as we start to bring our 2022 strategy to life across the Co-op. It's about being *In Tune* with the needs of our customers, people and communities. We also need to be *In Form* to deliver what our customers need, and *In Front* innovating to make sure they have more of what matters most to them.

# This is us. We are Foodies.



**Our purpose is to:**  
Make sure New Zealanders get more out of life.

***In Form*** to deliver what our customers want and need efficiently, sustainably and profitably.

**By being:**  
***In Tune*** with the needs of our customers, colleagues and communities.

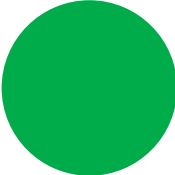
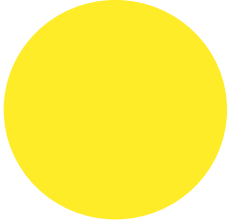
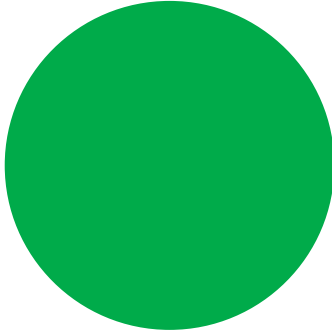






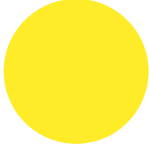
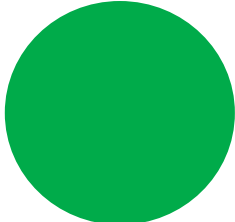
*In Front*  
innovating to  
make sure New  
Zealanders get  
more of what  
matters most  
to them.

**Our success is  
measured by:  
Being most preferred  
by our customers,  
employees and  
suppliers.**



**Creating  
purposeful careers  
and bright futures for  
New Zealanders who  
work with us.**

**Building a  
sustainable and  
profitable future  
for our customers,  
colleagues, Co-op,  
communities and  
country.**



# intune

**We are customer insight driven, first and foremost. And our customers are changing.** Shopping is evolving and becoming less planned. With life so busy, time is the new luxury so customers want convenience without having to compromise on quality, price or experience.

**We're catering to increasingly diverse tastes and conscious consumption is growing. As people become more health-conscious, 'being my best self' is the new lifestyle choice. And of course, there's just no escaping digital disruption with 2.5 million New Zealanders now owning a smartphone.**







# To respond to our changing customer needs and remain relevant, we have:

## 1.



Brought "Just Cook It" meal solutions to market

## 2.



Launched New World Clubcard, with over 750,000 active customers in the North Island

## 3.



Produced Board approved strategic plans for Meat, Fresh Produce and Ethnic, to improve our customer offers and experiences in these categories

## 4.



Continued to deliver New Zealand's lowest prices through our PAK'nSAVE stores

## 5.



Delivered our eco-friendly Little Garden campaign through New World

## 6.



Raised and redefined store brand standards to improve the shopping experience and environment for our customers

## 7.



Improved our Fresh offering in our Four Square stores, resulting in improved profitability

## 8.



Online shopping pilot running at New World Mount Roskill to allow customers to shop where and how they want

## 9.



Undertaken a large research project to better understand the needs of our Wholesale customers

## 10.



Introduced a 5 cent rebate programme for customers when they use their own bags in our New World stores.

# inform

**We are a powerfully aligned and engaged Co-op.** One of the most special things about being a Co-op is the shared ownership and passion for achieving results. We believe our Centre and store team of over 22,000 people is unbeatable. Especially when we are clear on where we are headed, and each of us is engaged.







# To continue to improve alignment and engagement in FY2017 we have:

1.



Achieved an overall people engagement score of 60%

2.



Now incentivised our Executive Team on Whole of Business results

3.



Rebranded Budget as Value, with Private Label growth of 2.7% across both Co-ops in the quarter

4.



85,591 articles updated and active in our national Product Information Management (PIM) system

5.



Updated our core Seafood Operating System, achieving 7.2% growth

6.



Delivered sales growth of \$2.4M ahead of budget

7.



Annualised Cost of Goods savings of \$10M

8.



Upgraded our safety management systems, to streamline and simplify the compliance aspect of safety

9.



Set up a new Aon Hewitt employee engagement tool to track annual engagement across our teams more accurately

10.



Developed and implemented our new commercial operating model in October 2016 to deliver long-term benefits for the Co-op

11.



Implemented our Membership Agreement project, with the aim of having all Members on the same form Agreement. 77% Members on the new Agreement as at 31 March 2017

12.



Delivered our One Data project, with a single national PIM system to drive accurate decision making across the business

13.



Developed our 2022 strategy story to engage teams

14.

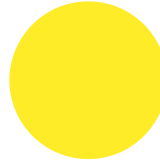
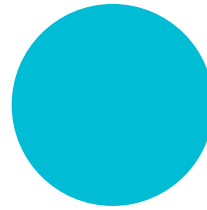


As part of One Door, we refreshed the FSNI internal brand.

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**We unleash our people potential. Our people make our business what it is. That's all of us from those in front of our customers right through to our Support Centre and Supply Chain teams. Everyone has an impact on delivering awesome shopping experiences for our customers, so we want to make sure our teams have what they need to unleash their potential and get Home Safe Everyday. Over FY2017 our strategy has been to grow people, create simplicity and make a difference.**

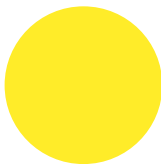
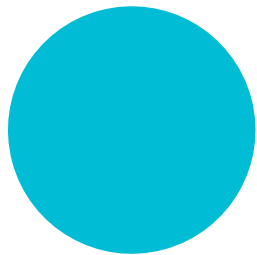
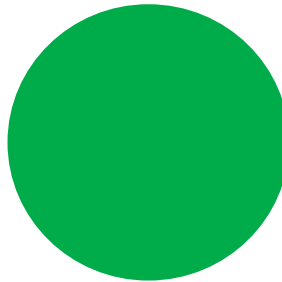




**Foodstuffs  
Excellence  
2016**  
BEST OF THE BUNCH



**co.op  
awards  
2016**



**Foodstuffs  
Graduation  
2016**  
CREAM OF THE CROP



# We unleashed our people potential in FY2017 by:

## 1.



Delivering a Board approved Safer People, Safer Environments, Safer Systems health and safety (H&S) strategy

## 2.



Achieving a 10% reduction in Lost Time Injury Frequency Rate (LTIFR)

## 3.



Introducing our H&S engagement and communications programme, to nurture and grow our culture of safety through training programmes such as Safety Leadership for Managers

## 4.



Increasing our H&S support team from two to seven people, with speciality skills to make sure our people are Home Safe Everyday

## 5.



Developing Safety Working Groups for Safety Representatives training programme

## 6.



Delivering 10 Checker of the Year events, with more than 110 stores entering their superstar checkout operators

## 7.



Identifying a new 360 Leadership Tool, and aligning it with our nine Leadership Competencies

## 8.



Redeveloping our Support Centre performance plans and incentive frameworks

## 9.



Redesigning our Trainee Operator Programme, with 11 new Trainee Operators (TOPS) inducted into the programme in March

## 10.



Completing 31 store ownership transfers.

# Graduation and qualification results.





## Qualifications

22	National Certificate in Baking (Instore/Franchise) Level 4
30	National Certificate in Baking Level 3
18	National Certificate in Meat Retail Butchery (Advanced) Level 4
3	National Certificate in Meat Retailing Level 3 cabinet and Shelf Ready
6	National Certificate in Meat Retailing Level 4 Advanced
1	National Certificate in Meat Retailing Level 4 Breaking and Boning strands

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**We are agile, efficient and able to compete with anyone. Improving our ability to respond efficiently to changing customer needs means we can quickly deliver what they need, at the best possible prices.**







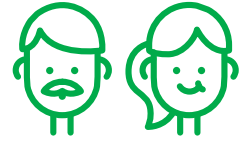
# Our Supply Chain.



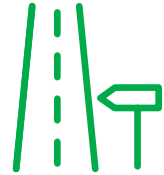
**4,000**

deliveries a week

Working with suppliers to improve transactional efficiency

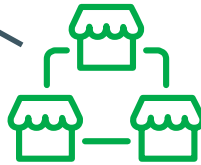


To make sure New Zealanders get more out of life.



**\$2.4**

billion of products are brought through our Supply Chain



**20**

million kilometres travelled by road and rail



# To make us more agile, efficient and competitive in FY2017 we:

## 1.



Established our Property Capital Efficiency programme

## 2.



Designed our Board approved, next generation small format stores, launching in July 2017

## 3.

# SAP

Upgraded 42 stores to SAP, with 56% of revenue now passing through SAP

## 4.



Collaborated with our supply partners to extend our direct inbound freight programme, increasing suppliers on our electronic trading platform, enhancing our vendor management inventory and import programme, and establishing supplier performance management processes

## 5.



Established improved routes to market as a result of our new commercial operating model, working with our suppliers to keep service standards high, enough inventory investments in-store, and efficient stock ordering patterns

## 6.



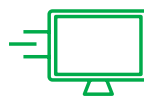
Delivered benefits of \$8.5m through our Commercial Services team including the finalisation of the Lower North Island electricity plans

## 7.



Implemented Cheeky Charlie digital solution improvements for Four Square

## 8.



Transformed our internal IT processes to accelerate continual improvement and innovations

## 9.



Achieved an on time transport delivery performance of 98%, within a one hour window

## 10.



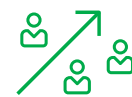
Produced our Supply Chain strategy to connect suppliers to stores, safely and efficiently, to meet our customers' needs

## 11.



Delivered \$38m in cumulative cost savings for Members over the last three years, through our Supply Chain Operational Excellence programme

## 12.



Put all our IT team members and key business partners through 'Agile' training, to improve how efficiently technology initiatives are delivered



13.



Delivered a first class, 95% in-full stock availability across approximately 15,000 Stock Keeping Units (SKUs)

14.



Lifted productivity in our Distribution Centres as a result of increased training, a focus on safety and end-to-end collaboration

15.



Invested in advanced transport systems to reduce costs

16.



Delivered 160 enhancements on the SAP platform

17.



Focused on transactional consolidation and efficiency in Financial Shared Services to reduce costs by 11.4% with a saving of \$0.9m for Members

18.



Continued our focus on our Supplier Engagement programme to build strong partnerships with our supplier community

19.



Wound up our Wellington Super Scheme to improve the efficiency of the Co-op with one central Super Scheme for everyone eligible

20.



Upgraded our Contact Centre telephone system to improve our support channels and meet the needs of our business

21.



Increased our Contact Centre support team by 40 people to support our business with the launch of New World Clubcard

22.



Moved our Pams 0800 support line to our central Contact Centre team

23.



Resolved over 400,000 customer, store and Member interactions through our Support Centre

24.



Raised store Trading Availability via our digital systems to 99.95%

25.



Reviewed our Lower North Island electricity supply solutions and brought in changes to make our Members \$526K better off

26.



Completed training of all PAK'nSAVE and New World stores on the new productivity checkout process in March to start realising benefits in FY2018.

# infront

**We win key markets.**  
We are very clear at Foodies about the markets we are focused on winning. We don't try to be all things to all people, all the time. Based on customer insights, we identify opportunities where we can leverage our strengths and resources, to deliver awesome shopping experiences for our customers.

To make sure we win in our key markets, in FY2017 we have:

**46%**

share of the  
North Island  
food market\*

**5**

new stores  
opened in local  
communities

**15**

stores refurbished  
for our customers

**7.2%**

sales growth  
in our Seafood  
Category

**5.7%**

sales growth  
in our Produce  
Category

\*Westpac Business Intelligence Total Food and Grocery Market Share.



PAK'nSAVE Tauriko



New World Papakura



# Top selling merchandise.

**103.5**

million litres of milk sold



**105**

million individual apples sold

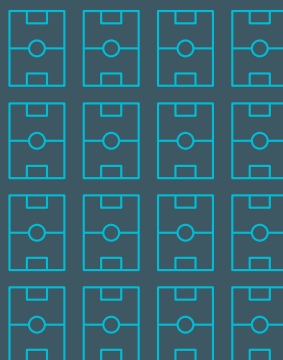


**7.9**

tonnes of seaweed sold  
(15.8 million sheets)

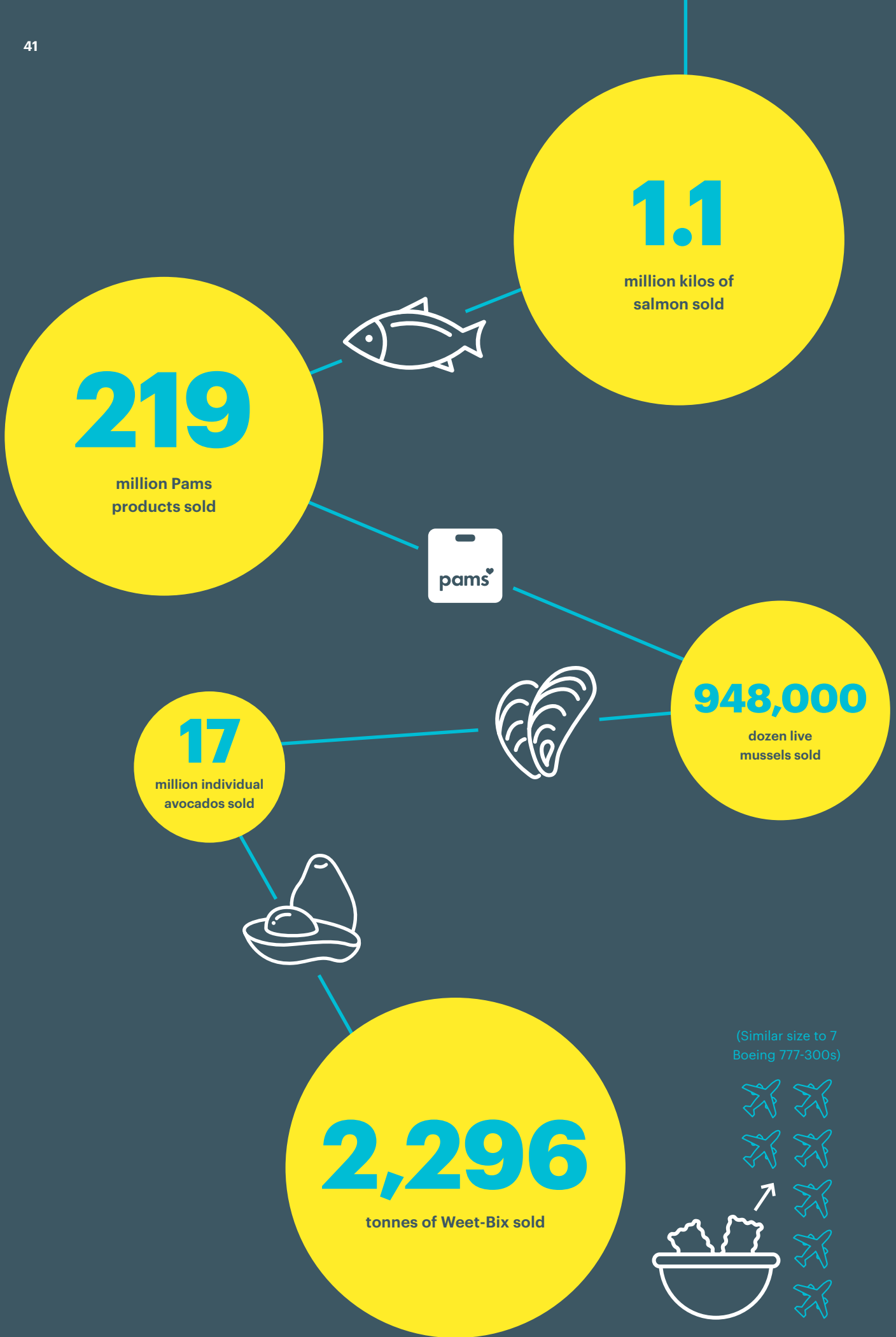


(Enough to cover  
16 football fields)



**140**

million individual bananas sold



All our brands leading in their market. At Foodstuffs we have four clearly differentiated brands, focused on delivering to the unique needs of their customers. Our four brands are a strength of our Co-op and they've continued to perform well in FY2017.



## In FY2017, our brands have:

### Gilmours.

- Completed a significant customer research programme, so our plans for the evolution and growth of our wholesale business are grounded in a solid understanding of our wholesale customer needs and aspirations
- Delivered the successful Finest Cut incentive programme, which hosted over 260 food service customers in Melbourne to grow sales, build loyalty and position Gilmours at the heart of the New Zealand food service industry
- Made good progress with our Gilmours protein and fresh offering, resulting in growth of 19.8% year-on-year in butchery and 13% in produce
- Grown our primary target market, HORECA (Hotels, Restaurants and Cafes), by 2.7% year-on-year, with restaurant type trade up 10.2%
- Increased web sales growth to 43.8% of all service orders
- Improved service levels year-on-year from 95.24% to 96.75%

### New World.

- Remained famous for quality, service and value, winning the *Reader's Digest* New Zealand's Most Trusted Supermarket and Quality Service awards
- Had outstanding success with the Clubcard launch, with over 750,000 active North Island Clubcard members who scan for an average of half of all store visits and almost two thirds of all sales
- Opened two new stores (Te Kuiti and Papakura)
- Entered the design and build phase for our new Online shopping platform, which is progressing well and in pilot at New World Mount Roskill

- Ran a very successful Little Garden campaign which reinvented the collectables programme and fulfilled the challenging task of appealing to both young and old, while increasing sales and positive PR for New World as an eco-friendly retailer
- Launched our Happiness brand initiative in mid-August with strong levels of engagement with our customers. This was evident online with 134,000 YouTube views of the Happiness Wedding proposal, 90,000 views of the Happiness Blade Runner video and 141,000 views of the Happiness Baby content
- Completed the 14th year of the New World Wine Awards. Last year nearly 400,000 bottles of the Top 50 wines, with a retail value in excess of \$5.3m, were sold through New World supermarkets nationally in the first six weeks of the awards being announced
- Ran the New World Beer & Cider Awards for the third year running, and sold over \$700k of the 27 Gold medal winners
- Increased sales of boutique craft beer by more than 7% over previous quarter as a result of the New World Beer & Cider Awards

### PAK'nSAVE.

- Remained the lowest priced supermarket brand in the market
- New brand standards resulting in a more cohesive store experience for our customers
- Achieved strong sales growth over Christmas, where an improved seasonal offer in-store resonated with our customers
- Delivered excellent trading highlights including our Birthday Campaign, which was our strongest yet and supported by some superheroes
- Improved our overall operational standards
- Ran a 'Look Good, Feel Good' week, which brought something different

to our themed week activities for customers. This enabled us to focus on a different range of products where we could deliver an excellent price position within a new campaign

- Improved offers on our Meat and Fish counters, where we have maintained a great price in store while increasing the overall customer offer
- Continued to develop our Fresh offer in-stores, resulting in strong Fresh growth initiatives
- Run Store Manager and Buyers Forums focused on how we can continually maintain and improve our price position, while also enhancing operational standards in our stores

### Four Square.

- Continued to be our best growing brand within Foodstuffs
- Engaged strongly with suppliers to generate more themed promotions with the support of stores. These provided significant benefits in return
- Improved Owner Operator engagement with more Four Square Members attending Four Square meetings
- New brand standards and messaging for Four Square enabled us to continue the journey of developing our Four Square brand offer, recognising its unique heritage and firm place in the local community and New Zealand culture
- Introduced the Cheeky Charlie ordering system which has made ordering, ticketing, stocktaking and reporting simpler
- Continued to be a core development location for trainee operators, with nine going into the Trainee Operator Programme over the past 18 months.

## Financial Highlights.

**\$7.4bn** Store sales

**3.5%** Increase in store sales on a comparable 52 week basis

**\$172.1m** Group profit before distribution Members, up 4.7% on a comparable 52 week basis

**\$6.4bn** Group revenue for the period is up 1.2% on a comparable 52 week basis

**\$175.1m** of capex was invested in the year



## National Marketing Report.

Nationally Foodstuffs has enjoyed three straight years of market share growth off the back of a number of exciting initiatives around the country.

Insight-led marketing campaigns are resonating strongly with shoppers and in many cases are also driving positive cultural change and perceptions in the business. Little Garden was a standout success for New World, delivering a feel-good factor for the brand, customers and store teams. The Clubcard expansion is driving even more excitement in the business and is already delivering growth. We're looking forward to this bearing even more fruit in 2017.

The Foodstuffs New Zealand team continues to deliver significant productivity and efficiency gains for the business. This is based on a strong culture of collaboration and trust, investment in great people who really get the challenges we face, and the will to seize opportunities.

### Customer Marketing and Insights 2016.

It has been another cornerstone year for the Customer Marketing and Insights team. The multi-award winning New World Clubcard programme launched into the North Island in October, and customers welcomed it with open arms. By the end of 2016 the programme had already signed up one million actively engaged members nationwide, making its mark as one of the leading loyalty programmes in market. Additionally, the team has been working hard on a number of other Customer Relationship Marketing (CRM) initiatives which will be trialled in 2017.

Foodstuffs made a step-change towards its aspiration of becoming a truly customer-led and data-driven business. The insights and analytics team grew threefold in response to a significant increase in demand across the Foodstuffs group. This has enabled a much more customer-focused approach and put more rigour around the data needed for key business decision making processes.

## Brand and Retail Marketing.



### New World

New World's overall brand performance for FY2017 continued to be strong with both brand health and share measures ahead of last year. During FY2017 we launched our distinctive New World brand initiative – the "Happiness Project". This project is about New World doing everything we can to help make New Zealand an even happier country. It is centred on delivering moments of happiness, thoughtfulness and delight to New Zealanders.

We saw the return of the loveable Noel to lead our Christmas marketing programme. This emotive campaign continued to capture the hearts of our customers at this special time of year. New World celebrated the much loved Christmas One Day Sale for the first time nationally with Clubcard. Plus, customers received a free collectible shopping bag when they spent \$150.

The fun and engaging Pop for Prizes campaign returned to celebrate New World's birthday in May, and we launched the very successful 'Our Biggest Car Giveaway Ever' promotion with a prize pool of more than \$2 million, including one car being given away at every store nationwide.

In September we launched the most successful "Little" campaign to date. To celebrate spring we introduced Little Garden. More than eight million seedling kits were given away over the campaign, encouraging New Zealanders to grow their own vegetables and herbs. This included the bonus petunia flower

seedling which was available for a limited time for a \$1 donation, with all proceeds going to Starship. The results for Little Garden were massive with sales increasing by +5%, and the added bonus of positive brand and internal culture outcomes for the business.

We also introduced new in-store brand standards across all New World stores and main refurbishments in FY2017. These will continue throughout the coming year.

New World sponsored some exciting initiatives with our long-term partners Netball New Zealand and the Starship Foundation. As the Elite Sponsor of the Silver Ferns, we introduced a new, impactful fan experience at the New World Netball Series to surprise and delight netball's biggest fans.



#### PAK'nSAVE

PAK'nSAVE's performance in FY2017 was very strong. The brand led share growth for the category with increases in sales in existing stores, and some very strong new store openings.

Once again, the birthday campaign was a highlight, surpassing the previous year's milestone 30th Birthday Party themed "Let's party like it's 1985". This year's theme was "Superhero", and Stickman

#hambags designed by Otis Frizzell. The bags were then modelled by a butcher, student, fireman, grandmother, nanny and one of our checkout team, which generated some fantastic national media coverage.

PAK'nSAVE continued its support of two nationwide community partnerships with The Breast Cancer Foundation's Pink Ribbon Appeal and the Movember Foundation. By fundraising with pink PAK'nSAVE reusable grocery bags sold in-store, we raised more than \$120,000 for the Breast Cancer Foundation. In November, Stickman grew a moustache to increase awareness of Movember, and we donated more than \$30,000 to the Foundation.

## We launched the most successful "Little" campaign to date. To celebrate spring we introduced Little Garden. More than eight million seedling kits were given away over the campaign.

New World is now in the third year of its five star sponsorship of the Starship Foundation. We built a closer connection between the two brands, with a number of new projects focused on food. These included:

- A new national Feeding Clinic
- Refurbishment of the Level 5 parent kitchens
- Delivery of more than 400 free fruit baskets throughout Starship Hospital
- More than \$50,000 raised for the Starship Foundation through Little Garden

was the hero of Low Prices. This created a celebratory atmosphere in-store with staff donning their favourite costumes and there was huge customer engagement through an online promotion. Customers young and old, came dressed as their favourite superheroes for a photo with Stickman. A dollar was donated to the Breast Cancer Foundation for every photo posted online.

We continued to run new and creative theme weeks, which resulted in fantastic sales. The "NZ Made" campaign focusing on "Low prices on stuff made here" was a huge highlight.

This year's Christmas campaign was all about how to be "The Host with the Most for Less" to drive home the message that PAK'nSAVE is the place for all your Christmas needs. In another first for PAK'nSAVE, we set up an in-store catwalk and showcased limited edition PAK'nSAVE



#### Four Square

FY2017 was an exciting one for Four Square. We've experienced double digit growth across the country and rolled out the first stage of a new national brand campaign. The campaign focuses on the little touches that make a big difference to our customers and includes a national radio campaign capturing what is special about our stores and their customers.

The financial year's summer promotion engaged with customers all over the country through the "Splash of Summer" campaign, which gave customers the chance to win \$10,000 worth of prizes plus thousands of instant prizes. Four Square was also proud to support Kaz Noiri all the way along his awesome journey. He walked the entire length of New Zealand from Bluff to Pukeni to raise money for Arthritis New Zealand.









### Liquorland

FY2017 has been a good one for Liquorland. The Mill stores we purchased were fully integrated and trading as Liquorland. Combining this with our focus on the premium segment meant sales grew over 18% year-on-year, with margin also improving.

We also refreshed our Liquorland website, focusing on linking our offer with the strength of our *Toast* magazine. We'll continue developing our digital platform with new methods of communicating to customers in FY2018.

Our store network continues to grow based on the strength of our franchisee offer. We will be leveraging this in FY2018 to improve our coverage and grow our share of the market.

### Advocacy.

Foodstuffs (N.Z.) Limited continues to coordinate national submissions and undertake advocacy work on public policy issues which are relevant to its Members' business interests.

A significant milestone in FY2017 was a change to the Shop Trading Hours Act 1990 to allow territorial authorities to make local policies, allowing retail trading on Easter Sunday. While Foodstuffs had sought a change to the Principal Act so that all stores could open as of right, Foodstuffs welcomed the amendment as a significant step forward.

Alcohol regulation continues to be an area of significant focus. Following advocacy by Foodstuffs and alcohol suppliers, the Government introduced legislation to allow no and low-alcohol products to be displayed in the single alcohol area alongside higher alcohol products. The change

supports messaging around responsible consumption and makes it easier for consumers to choose no and low-alcohol alternatives.

Following the passage of the Health and Safety at Work Act 2015, Foodstuffs has been giving increased focus to health and safety management to make sure we get all our people Home Safe Everyday.

Changes to Food Safety Management are in progress as part of the transition to the Food Act 2014. The Foodstuffs companies are working together to develop a

submissions where appropriate for our Members' interests.

### Sustainability.

Foodstuffs' sustainable development achievements were recognised by a number of national awards in 2016:

- Recyclable meat tray initiative received the Ministry for the Environment's Green Ribbon Award.
- Soft Plastics Recycling Programme received the Supply Chain Innovation

## In a world first, Foodstuffs' new recyclable butchery tray is now available in our supermarkets, affording customers the opportunity to divert 80 million trays a year away from landfill and into recycling.

common "food control template" to comply with the new requirements, which must be implemented by the end of 2018. Foodstuffs is working closely with the Ministry of Primary Industries to make sure there is a smooth transition to the new arrangements.

Property law changes are another area of significant interest to the organisation. Foodstuffs made submissions on the Government's RMA Amendment Bill, the Productivity Commission's Inquiry into Urban Planning, and the Ministry for the Environment's National Policy Statement on Urban Development.

In October 2016 Foodstuffs joined other food retailers in making a pledge to support the Government's strategy to reduce childhood obesity. Foodstuffs has committed to steadily improving the nutritional profile of its private label foods. We'll take a leadership role in encouraging suppliers of proprietary brands to do the same so the nutritional profile of supermarket foods improves.

Foodstuffs continues to monitor wider public policy developments and make

award from the New Zealand Chartered Institute of Logistics.

- Waste Minimisation Programme was awarded best project or initiative in the commercial or public sector at the Waste Industry Awards for Excellence.

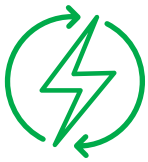


### Packaging & Plastics

Foodstuffs customers in Auckland, Hamilton, Christchurch, Wellington, Queenstown and Dunedin are returning more than five tonnes of soft plastic packaging a week for reprocessing and manufacturing into outdoor furniture, decking and street furniture. The programme is being expanded to Manawatu and the Bay of Plenty in 2017, aiming to offer 70% of New Zealanders the opportunity to recycle soft plastics.

In a world first, Foodstuffs' new recyclable butchery tray is now available in our

supermarkets, affording customers the opportunity to divert 80 million trays a year away from landfill and into recycling. The tray is made from 50% recycled material. It's an important step towards the goal of 100% of our Private Label and in-store packaging being recyclable for our customers, either at kerbside or back at store. This is one way we are helping customers reduce landfill and their waste costs.



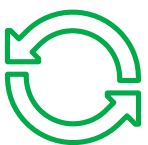
#### Energy Efficiency

The stores continue to track down by around 1-2% a year in terms of energy consumption per m<sup>2</sup>, thanks to improved design and energy efficient components.



#### Refrigeration

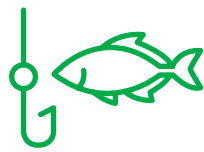
All new store construction and major refurbishments over the past three years have had natural refrigeration systems installed. These new systems use CO<sub>2</sub> rather than synthetic gases, reducing refrigeration-related greenhouse gas emissions by 99%. This has shrunk the overall store refrigeration energy consumption by an impressive 45%.



#### Reducing Waste & Increasing Recycling

The Waste Minimisation Plan for Foodstuffs supermarkets has proved a great success, with more than 110

stores transitioned across to the new arrangements by March 2017. On average, stores have improved recycling rates from a respectable 65% to an impressive 80% plus. Some stores are now diverting 90% of waste away from landfill to other uses including recycling, stockfeed and composting.



#### Sustainable Sourcing

PAK'nSAVE and New World stores sell an ever-increasing range of both Fair Trade and free range products including coffee, tea, chocolate and bananas. We also support Environmental Choice – the official environmental label in New Zealand. All Pams and Value tuna continues to be 100% Fish Aggregating Device (FAD) free, drastically reducing any by-catch. There is also a Pole and Line caught tuna option available for customers.

All Pams and Value paper products are sustainably sourced and certified by the Forestry Stewardship Council. Foodstuffs is also a member of the Round Table for Sustainable Palm Oil (RSPO), with Pams, Value products, and all in-store bakeries using only sustainable palm oil certified to the Mass Balance standard.



#### Electric Vehicles

Foodstuffs worked with Chargenet, Orion, and Vector to find strategic sites to install electric vehicle rapid charging stations. The first store-based rapid charging stations were opened at New World stores in Northwood, Christchurch, Otaki, Kapiti Coast, Warkworth, and Kumeu. Funding was also agreed with the Energy Efficiency & Conservation Authority for a trial of 28 electric delivery vehicles in

2017 at New World, PAK'nSAVE, and Four Square stores across the country.



#### Foodstuffs Own Brands.

This has been a year of solid behind the scenes progress for Foodstuffs' Private Label business. Results are now beginning to flow through to the regions, Members and customers. Over the quarter ending 8 January 2017, both regions had 2.7% growth in Private Label sales.

Improved buying has been a key focus throughout the year and has contributed to improved competitiveness and profitability across a number of categories.

The brand strategy has also been in full swing with the switch from Budget to Value well underway. The first Pams Finest products are performing well. Over the rest of the 2017 calendar year this will accelerate with a significant number of Pams Finest, Pams Fresh and Pams Superfoods products being launched in the first quarter, with great support.

The rebrand from Budget to Value is progressing well. Each new product continues to meet strict standards for quality, cost competitiveness and fit within the category.



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**Food for Thought. The Foodstuffs Food for Thought Education Trust has continued to support our communities through our free nutrition education programme, Food for Thought. The Trust's collaborative agreement with the Heart Foundation has been a win-win by sharing our Food for Thought message with more young people. Food for Thought lines up with many areas of the New Zealand education curriculum and is targeted at 9–10 year olds. It's delivered by qualified nutritionists in the classroom and at our supermarkets. It's easy and simple to understand and the supermarket sessions make it real for the students.**



This year has been exceptional and we've delivered Food for Thought to:

**233** schools

---

**751** classes

---

**21,098** students

---

**2,091** parents

---

**Food Donation for Communities.** The majority of our New World and PAK'nSAVE stores donate food which is safe to eat, but not suitable for sale. They support a variety of organisations in local communities such as foodbanks, schools and community groups, as well as dedicated food rescue organisations. Our average store donates 1.5 tonnes of food each month, equating to over 4,000 meals.





# OUR BIGGEST CAR GIVEAWAY EVER!





## Co-op Awards.

Our daily efforts to make sure New Zealanders get more out of life have been widely recognised in FY2017. We are humbled and proud of the external acknowledgements we have received including:

### Foodstuffs NZ.

#### The Chartered Institute for Logistics and Transport Award for Supply Chain Innovation

The Packaging Forum represented by Lyn Mayes (TPF), Mike Sammons (Foodstuffs), Carl Longstaff (MetalArt).

#### WasteMINZ Award - Best project or initiative in the commercial or public sectors

Waste minimisation project in PAK'nSAVE and New World stores.

#### Green Ribbon Awards, Top Waste Minimisation Initiative

World-first recyclable butchery trays.

### New World.

#### Reader's Digest

2016 Quality Service Awards (Gold)

#### Reader's Digest

2016 Most Trusted Brands 2016 (Supermarket category winner)

#### Canstar

2016 Most Trusted Supermarket

### Pams.

#### Reader's Digest

2016 Most Trusted Brands (Supermarket Home Brand category winner)

### PAK'nSAVE.

#### Reader's Digest

2016 Quality Service Awards (Silver)

#### Reader's Digest

2016 Most Trusted Brands 2016 (Highly Commended)

#### Consumer NZ

For the 15th year running PAK'nSAVE stores came in with the lowest food prices

#### Canstar

Most Trusted Supermarket (Highly commended)

### CAANZ Beacons 2016 (Media Awards).

#### Best use of Video

New World Turning a Promotion Into Play (Gold)

#### Retail/Etail

New World Turning a Promotion Into Play (Silver)

#### Best use of Content

New World Turning a Promotion Into Play (Silver)

### Direct Marketing Awards.

New Zealand Direct Marketing Awards winning Nexus Supreme with justONE.

#### Industry and Channel Awards

- Little Kitchen, Colenso BBDO / Proximity New Zealand, New World
- New World Wine Awards DM, Creating an Appetite for Wine, justONE, Foodstuffs (NZ)
- New World's Biggest Car Giveaway Ever, .99, Foodstuffs (NZ)
- New World's One Day Christmas Cracker, Loyalty New Zealand, New World.

#### Craft Award

Little Kitchen, Colenso BBDO / Proximity New Zealand, New World.

# NZ MADE DEALS

**LOW PRICES ON STUFF MADE HERE**



**ON NOW AT**

**PAKŃSAVE**  
OUR POLICY: NZ'S LOWEST FOOD PRICES



[paksave.co.nz](http://paksave.co.nz)



## **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 58 to 65 which comprise the consolidated statement of financial position as at 2 April 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and related notes to the financial statements, are derived from the audited consolidated financial statements of Foodstuffs North Island Limited ("the Group") for the period ended 2 April 2017.

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 consolidated financial statements of Foodstuffs North Island Limited.

Our audit of the consolidated financial statements for the period ended 2 April 2017 was completed on 28 June 2017 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those consolidated financial statements from the date of the completion of our audit and those consolidated 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 consolidated 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 compliance and advisory, treasury advisory and financial model assistance, other advisory and Member accounting services. The provision of these other services has not impaired our independence.

### **Opinion**

In our opinion, the summary financial statements on pages 58 to 65 derived from the audited consolidated financial statements of Foodstuffs North Island Limited for the period ended 2 April 2017 are consistent, in all material respects, with those audited consolidated 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  
28 June 2017

Auckland

## Consolidated Statement of Comprehensive Income.

For the 52 weeks ended 2 April 2017 (53 weeks for 2016)

	Notes	Group 2017 \$ '000	Group 2016 \$ '000
<b>Revenues</b>		6,393,277	6,438,579
Cost of sales		(5,909,787)	(5,929,153)
<b>Gross Profit</b>		483,490	509,426
Other income		219,655	198,358
Operating expenses		(486,725)	(488,445)
<b>Operating profit</b>		216,420	219,339
Finance income		9,018	6,441
Finance costs		(55,147)	(60,381)
Net finance costs		(46,129)	(53,940)
Share of profit from Associates and Joint Ventures	3	1,785	2,047
<b>Profit before distribution to Members</b>		172,076	167,446
Distribution to Members	2	(144,809)	(141,123)
<b>Profit before income tax</b>		27,267	26,323
Income tax expense		(10,382)	(15,787)
<b>Profit for the period attributable to Members</b>		<b>16,885</b>	<b>10,536</b>
<b>Other Comprehensive Income</b>			
Items that may be reclassified subsequently to profit or loss:			
Increase/(Decrease) in fair value of hedging net of tax		6,292	(9,893)
Items that may not be reclassified subsequently to profit or loss:			
Decrease in fair value of other financial assets		(10,166)	(1,245)
<b>Total Other Comprehensive Loss</b>		<b>(3,874)</b>	<b>(11,138)</b>
<b>Total Comprehensive Income/(Loss) for the period attributable to Members</b>		<b>13,011</b>	<b>(602)</b>

Items in Other Comprehensive Income are disclosed net of tax.

## Consolidated Statement of Financial Position.

At 2 April 2017

ASSETS	Notes	Group 2017 \$ '000	Group 2016 \$ '000
<b>Non-current assets</b>			
Property, plant and equipment		1,787,852	1,742,894
Intangible assets		227,970	208,600
Investments in associates		9	662
Investments in joint ventures		7,664	7,690
Other financial assets		47,926	58,092
Finance lease receivables - non-current		—	47
<b>Total non-current assets</b>		<b>2,071,421</b>	<b>2,017,985</b>
<b>Current assets</b>			
Cash and cash equivalents		20,465	32,038
Trade and other receivables		346,480	327,346
Inventories		136,246	133,745
Related party receivables	3	72,810	64,219
Assets held for sale		17,848	7,703
Income tax receivable		4,196	2,540
Finance lease receivables - current		—	27
<b>Total current assets</b>		<b>598,045</b>	<b>567,618</b>
<b>Total assets</b>		<b>2,669,466</b>	<b>2,585,603</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share Capital		132,573	132,573
Other financial asset revaluation reserve		(43,318)	(33,152)
Hedging reserve		(15,191)	(21,483)
Retained earnings		700,765	683,880
<b>Total equity</b>		<b>774,829</b>	<b>761,818</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to Members		433,345	401,785
Borrowings		550,000	450,000
Deferred tax liability		131,512	130,737
Derivative financial instruments		26,265	37,583
Other liabilities		1,562	1,144
<b>Total non-current liabilities</b>		<b>1,142,684</b>	<b>1,021,249</b>
<b>Current liabilities</b>			
Borrowings - current		51,000	119,000
Liabilities to Members - current		79,451	74,975
Cash distribution to Members		40,611	50,832
Trade and other payables		570,052	548,341
Derivative financial instruments - current		432	863
Related party payables	3	10,407	8,525
<b>Total current liabilities</b>		<b>751,953</b>	<b>802,536</b>
<b>Total liabilities</b>		<b>1,894,637</b>	<b>1,823,785</b>
<b>Total equity and liabilities</b>		<b>2,669,466</b>	<b>2,585,603</b>

Chairman


Director  
28 June 2017



## Consolidated Statement of Changes in Equity.

For the 52 weeks ended 2 April 2017 (53 weeks for 2016)

<b>GROUP</b>	<b>Share Capital \$ '000</b>	<b>Other Reserves \$ '000</b>	<b>Hedging Reserves \$ '000</b>	<b>Retained Earnings \$ '000</b>	<b>Total Equity \$ '000</b>
Balance at 29 March 2015	132,573	(31,907)	(11,590)	673,344	762,420
Profit for the period	—	—	—	10,536	10,536
<b>Other comprehensive income</b>					
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)
<b>Transactions with owners in their capacity as owners</b>					
<b>Balance at 3 April 2016</b>	<b>132,573</b>	<b>(33,152)</b>	<b>(21,483)</b>	<b>683,880</b>	<b>761,818</b>
Profit for the period	—	—	—	16,885	16,885
<b>Other comprehensive income</b>					
Decrease in fair value of other financial assets	—	(10,166)	—	—	(10,166)
Increase in fair value of hedging net of tax	—	—	6,292	—	6,292
Total other comprehensive income/(loss)	—	(10,166)	6,292	—	(3,874)
<b>Transactions with owners in their capacity as owners</b>					
<b>Balance at 2 April 2017</b>	<b>132,573</b>	<b>(43,318)</b>	<b>(15,191)</b>	<b>700,765</b>	<b>774,829</b>

## Consolidated Statement of Cash Flows.

For the 52 weeks ended 2 April 2017 (53 weeks for 2016)

	Group 2017 \$ '000	Group 2016 \$ '000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	6,648,086	6,696,142
Cash paid to suppliers and employees	(6,299,472)	(6,557,148)
Cash generated from operations	348,614	138,994
Interest received	6,427	6,384
Interest paid	(22,053)	(23,719)
Net GST paid	(52,506)	(47,007)
Income tax paid - net	(13,126)	(5,140)
Net cash generated from operating activities	267,356	69,512
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(128,758)	(71,925)
Proceeds from sale of property, plant and equipment	10,211	35,202
Purchase of intangible assets	(46,344)	(34,820)
Disposal of associates and joint ventures	3,055	—
Dividends received from other investments	3,117	3,327
Advances to Members	(125,705)	(149,664)
Repayment of advances to Members	110,451	142,791
Repayment from associates	5,014	14,802
Repayment from/(advances to) other related companies	3,579	(10,483)
Net cash used in investing activities	(165,380)	(70,770)
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	32,000	119,000
Rebate investment vouchers paid	(51,496)	(48,436)
Deferred rebate vouchers paid	(11,938)	(11,938)
Interest paid on rebate investment/deferred rebate vouchers	(21,035)	(20,248)
Cash rebates paid	(61,080)	(49,153)
Net cash used in financing activities	(113,549)	(10,775)
Net decrease in cash and cash equivalents	(11,573)	(12,033)
Cash and cash equivalents at beginning of period	32,038	44,071
<b>Cash and cash equivalents at end of period</b>	<b>20,465</b>	<b>32,038</b>

## Notes to the Financial Statements.

### 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.

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 2017 accounting period presented consists of 52 weeks to 2 April 2017. This compares to the 2016 accounting period being a 53 week period to 3 April 2016.

### 2. Distribution to Members.

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

	Group 2017 \$ '000	Group 2016 \$ '000
Cash rebates payable	40,611	50,832
Cash rebates paid	10,028	—
Deferred rebate vouchers (DRVs)	94,170	90,291
<b>Distributions to Members before interest</b>	<b>144,809</b>	<b>141,123</b>
Interest on legacy rebate investment vouchers and DRVs included in finance costs	29,629	29,633
<b>Total distributions to Members</b>	<b>174,438</b>	<b>170,756</b>

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

### 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 \$6,381,843,000 (2016: \$6,229,922,000) of revenue represents sales to and rental from Members. Within other income, services to Members were \$83,070,000 (2016: \$45,985,000).

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 \$16,423,000 (2016: \$16,186,000). Net charges from related parties were \$771,000 (2016: \$766,000).

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 2 April 2017 a reserve against future recoverability of Member loans of \$955,000 (2016: \$2,200,000) was held.

	<b>Group 2017</b>	<b>Group 2016</b>
	\$ '000	\$ '000
Loans to Members	37,559	22,306
Loans to Associates	7,256	12,417
Receivable from other related companies	27,995	29,496
<b>Related party receivables</b>	<b>72,810</b>	<b>64,219</b>

Included in Trade debtors for the Group are \$249,047,000 (2016: \$233,332,000) 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.

	<b>Group 2017</b>	<b>Group 2016</b>
	\$ '000	\$ '000
Payable to Associates	752	900
Payable to other related companies	9,655	7,625
<b>Related party payables</b>	<b>10,407</b>	<b>8,525</b>

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 4.6% (2016: 5.3%).

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 \$300,000 (2016: \$nil).

**(c) Guarantees**

	<b>Group 2017</b>	<b>Group 2016</b>
	\$ '000	\$ '000
Guarantees for Members' bank loans	426,243	412,281

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.

## Notes to the Financial Statements Continued.

### (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:

	Business Activity	Share of issued capital and voting rights	
		2017	2016
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%

\* Toops Wholesale Limited was re-named Gilmours Wholesale Limited on 1 March 2017 with no change in business activity.

^ On 3 April 2017, they are amalgamated to form a new entity FSNI Transport Limited.

### (f) Investment in Associates and Joint Ventures

The Group's principal associates and joint ventures are:

	Reporting Date	Business Activity	Share of issued capital and voting rights	
			2017	2016
Foodstuffs (NZ) Limited	28 Feb	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%
Metro New World	31 March	Retail	0%	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.



	Group 2017 \$ '000	Group 2016 \$ '000
<b>Interests in Associates</b>		
Carrying value at beginning of period	662	915
Disposal/sale of shares in associates	(662)	—
Group's share of associate's profit/(loss)	9	(253)
<b>Carrying value at end of period</b>	<b>9</b>	<b>662</b>

	Group 2017 \$ '000	Group 2016 \$ '000
<b>Interests in Joint Ventures</b>		
Carrying value at beginning of period	7,690	7,156
Disposal/sale of shares in associates	(1,349)	118
Group's share of associate's profit/(loss)	1,776	1,265
Dividends declared	(453)	(1,804)
Reversal of impairment of investment in joint venture	—	955
<b>Carrying value at end of period</b>	<b>7,664</b>	<b>7,690</b>

	Group 2017 \$ '000	Group 2016 \$ '000
<b>Disposals of Associates and Joint Ventures</b>		
Total cash received	3,055	250
Net liabilities disposed of	(1,349)	—
<b>Profit on disposal</b>	<b>1,706</b>	<b>250</b>

The Group sold Metro New World during FY17; disposed shares in Gilmours Tauranga in FY16.

	Group 2017 \$ '000	Group 2016 \$ '000
<b>Results of Associate and Joint Venture Companies</b>		
Share of profit before income tax	2,340	2,586
Income tax	(555)	(539)
<b>Share of profit from Associates and Joint Ventures</b>	<b>1,785</b>	<b>2,047</b>

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
<b>2017</b>	9,852	3,512	14,584	1,785
<b>2016</b>	14,716	10,071	29,889	2,047

## Our Board of Directors.

### Peter Anderson CHAIR



#### PAK'nSAVE Kapiti

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

### 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 more than 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. He and his wife Kathryn have one child.

### 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 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.

### Rob Redwood



#### PAK'nSAVE Glen Innes

Appointed to the FSNI Board in 2013, Rob was a teenager when he started part-time work at his local Four Square. In 1987 he received a Scholarship Award and became a Member by 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. Rob 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 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. He is married to Rosalind and they 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 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.

## Paul Blackwell



### PAK'nSAVE Albany

Appointed to the FSNI Board in 2013, Paul became a 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. 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.

## Peter Schuyt



### Independent Director

Peter has held senior executive roles in finance and strategy areas at the New Zealand Dairy Board, Fonterra and NZ Post Group. 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 Dairy Investments Ltd and Tax Management NZ Ltd. Peter holds a Bachelor of Commerce in Accounting and Economics from Canterbury University. Peter and his wife Tracey have five children.

## Jane Freeman



### Independent Director

Jane has held senior marketing and general management positions at Telecom, ASB, Bank Direct and Clear Communications, and currently holds directorships with Kiwi Property Group and ASB. She has previously held board positions with Delegats Group, Pumpkin Patch (Chair), Air New Zealand, St George Bank NZ, Albert Street Dental, Publicis Groupe NZ, Sheffield and SKYCITY Entertainment Group. Jane has a Bachelor of Commerce in Marketing from the University of Auckland. She and her husband Chris have three 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 Member in 2004 with the purchase of New World Naenae, which he owned and operated for three years before purchasing New World Railway Metro in central Wellington. Karl is married to Caroline and they have two children.

## Sir Henry van der Heyden



### Independent Director

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



## Our Executive Team.

### Chris Quin



#### Chief Executive Officer

Chris joined FSNI 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. 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 has a Bachelor of Commerce and Accounting from Victoria University and completed the Stanford Graduate School of Business Executive Programme.

### Peter Muggleston



#### Chief Information Officer

Peter joined in 2012 as Chief Information Officer at Foodstuffs Auckland and became Chief Information Officer at FSNI in 2013. He 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 taking on senior roles at ASB including Chief Manager Information Services, GM Online Banking and GM Technology Planning & Risk, before joining Sovereign as Chief Information Officer. Peter has an MBA from Otago University and holds degrees in Commerce and Science from the University of Auckland.

### Lindsay Rowles



#### GM Property

Lindsay joined FSNI in May 2016 after eight years at Woolworths Australia, where he held various leadership roles in their property group. Most recently as Group Property Operations Manager – North, he had responsibility for the development and execution of their national network strategy plan and their property strategy. Before Woolworths, Lindsay worked for ALDI for eight years, establishing and operating the ALDI retail brand in New South Wales, then as Property Director responsible for store network development. He graduated from Deakin University with degrees in Commerce and Law.

### Wendy Hammonds



#### GM People & Capability

Wendy became GM People & Capability at FSNI in March 2016. With more than 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. Before 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 at Tesco in the United Kingdom, and progressed into senior operations and development roles in Europe and Asia, including Hungary, Turkey, China and Japan. He then returned to the United Kingdom and became Store Director – International Operations Development, followed by Store Director for Tesco Extra stores in Wales. Doug has an MBA from Henley Management College.

### Catherine Tardif



#### GM Strategy & New Ventures

Catherine joined Foodstuffs Auckland in May 2013 as Manager Strategy & New Ventures, and was appointed to the role of GM Strategy & New Ventures in July 2016. Prior to Foodstuffs, she was Senior Manager Corporate Development for Thomas Cook Group in the UK and held senior investment banking roles at Citi and PricewaterhouseCoopers. Catherine has an MBA from the London Business School and a Bachelor of Finance from Université Laval in Quebec, Canada.

## David Stewart



### GM Merchandise

David joined in 2010 as Chief Financial Officer at Foodstuffs Auckland and became Chief Financial Officer at FSNI in 2013, then GM Merchandise in 2016. Before Foodstuffs, David worked in Europe in senior finance roles at France Telecom, Orange and Pricewaterhouse Coopers then returned to New Zealand to work at Yellow Pages as Chief Financial Officer. Named New Zealand's CFO of the Year for 2015, David is a Chartered Accountant and has a Bachelor of Commerce and a Postgraduate 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 Foodstuffs Auckland 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 was 2015 Private Sector In-house Lawyer of the Year. He studied at the University of Auckland, where he gained a Bachelor of Laws and a Master of Commercial Law.

## 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. He 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.

## Jo Allan



### Chief Financial Officer

Jo joined FSNI as Chief Financial Officer in January 2017 and brings more than 20 years' Fast Moving Consumer Goods (FMCG) finance and leadership experience to the table. She has held senior finance, strategy, leadership and transformation roles for a number of leading companies including Frucor, Danone, Fonterra, Tegel and Lion. She is also an engineer who offers a unique diversity of thought when it comes to strategic vision and planning. Jo has a Bachelor of Engineering (Mechanical).

Making  
sure New  
Zealanders  
get more  
out of life.





## Serving our Co-op.

Our Co-op is strong because of many people working together for New Zealanders, and we are grateful for the contribution our Members, employees and suppliers have made in FY2017. Thank you to the significant contributions of the following people and organisations:

### Protection & Perpetuation Trustees.

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

### Audit, Risk & Compliance Committee.

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

### Operator Development & Approval Committee.

Dean Waddell (Chair)  
Paul Blackwell  
Robert Redwood  
Karl Marrayatt\*\*  
Craig McKeown  
Chris Quin, Chief Executive Officer  
Wendy Hammonds, GM People & Capability  
Doug Cochrane, GM Retail  
Joe Vegar

### Succession Remuneration & Nomination Committee.

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

### Business Transformation Banner Committee.

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

### Four Square Banner Committee.

Peter Pritchard (Chair)  
Mike Anderson  
Steve Duffield\*\*  
Grant Irwin\*\*  
Michael Jago  
Vivek Bangia  
Joe Vegar  
Craig McKeown  
Mahendra Patel  
Peter Jones

\*\* Stepped down from the Committee in FY2017

## New World Banner Committee.

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

## PAK'nSAVE Banner Committee.

Gareth Jones (Chair)  
 Andrew Graney  
 Dean Galt  
 Dean Waddell  
 Ewan Atherton  
 Neil Foster  
 Quintin Proctor  
 Vinod Bhaga

## Bankers.

ASB Bank Limited  
 Bank of New Zealand  
 Bank of Tokyo-Mitsubishi UFJ, Limited  
 Commonwealth Bank of Australia  
 Industrial and Commercial Bank of China  
 (New Zealand) Limited  
 Westpac New Zealand Limited

## External Auditors.

PricewaterhouseCoopers

## Internal Auditors.

Ernst & Young

## Solicitors.

DLA Piper  
 Ellis Gould  
 Hudson Gavin Martin  
 SBM Legal



A photograph of three children at a playground. One child is swinging happily on a swing set, while two other children are leaning in towards him, smiling. They are all wearing dark blue polo shirts. The background shows a wooden fence and greenery. A large yellow circle is overlaid on the bottom half of the image, containing text.

**Thanks for  
another great  
year, making sure  
New Zealanders  
get more out  
of life.**

