



FARMLANDS
ANNUAL
REPORT

2014



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On the cover: Farmlands is a part of the lives of our shareholders – in the same way our shareholders are the very lifeblood of the co-operative. The cover of this Annual Report is made up of images provided by our shareholders for the 2015 Farmlands Calendar. Thank you to all the shareholders who entered their photos – your photos provide a fitting backdrop to this Annual Report.



Notice of Annual General Meeting

04 November

Notice is hereby given that the fifty-first Annual General Meeting of shareholders of Farmlands Co-operative Society Limited will be held at 3pm on Tuesday 4th November 2014, at Ascot Park Hotel, Invercargill.



Shareholders are invited to join the Directors and Executive of the Society for refreshments at the conclusion of the meeting. At this function, shareholders will be entered into a complimentary sweepstake in the Melbourne Cup that will run at 5.00pm.

The shareholder who wins the sweepstake will receive a trip for two to Melbourne including five nights accommodation*, valued at \$2,500.

We look forward to your attendance at our Annual General Meeting.

Please RSVP by Friday 31st October to rsvp@farmlands.co.nz or 0800 200 600.

Business

1. To receive and adopt the Annual Report for the year ended 30 June 2014.
Resolution to be put: That the Annual Report for the year ended 30 June 2014 be adopted.

2. To appoint the auditors.
Resolution to be put: That the auditors, PricewaterhouseCoopers, continue in office and that the directors be authorised to fix their remuneration.

3. To approve directors fees.
Resolution to be put: That the total amount of directors' fees able to be paid from the date of the 2014 Annual General Meeting, 4 November 2014, shall be \$700,300 per annum, being no increase on the amount approved by shareholders as at the date of amalgamation, 1 March 2013.

Explanatory note - As part of the resolutions passed by shareholders at the time of amalgamation, 1 March 2013, shareholders approved maximum total directors fees of \$700,300 per annum. This amount approved was based on independent specialist advice. The Board recommends no change to this level and seeks shareholders' approval accordingly.

4. To transact any other business that may be properly considered at the Annual General Meeting.

A handwritten signature in black ink, appearing to read "Stephen Higgs".

By order of the board
Stephen Higgs, Secretary
Christchurch
7 October 2014



Lachie Johnstone
Chairman



Brent Esler
Chief Executive Officer

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

The 2014 financial year is the first where we report a full year of trading by the merged CRT and Farmlands entities. We are pleased to report a very successful year's trading was achieved, in a buoyant agricultural market whilst considerable change was occurring within the business.

Turnover for the year was \$2.46 billion and this is a 13% improvement on the previous 12 months.

Even more pleasing was producing a surplus of \$23.5 million, which is more than 24% higher than the two record years of Farmlands (2011) and CRT (2012) combined. Further, this surplus was after we incurred \$2.4 million in one-off expenses related to the merger implementation.

We operate in a very competitive market environment. We endeavour to lead the market in price and service. Our difference as a co-operative is that our profits benefit only our customers who are also our shareholders.

All business units of Farmlands have produced surpluses for the year. The Board has declared a bonus rebate of \$17.6 million to our shareholders. Through this mechanism, we will distribute 75% of the co-operative's operating surplus back to our shareholders. This distribution is being made 60% in cash and 40% in shares (up to the 15,000 share cap, beyond which the entire rebate is paid in cash).

The rebate is calculated on a percentage basis attributed to individual shareholder transactions, net of rebates, with the various business units. This year's rebate is allocated on the following basis:

Retail Rural Supplies	
including Seed purchases.....	2.20%
Farmlands Bulk Fuel	4.30%
Ballance Fertiliser purchases	0.40%
Farmlands and CRT Card spend	
(Including Challenge, Caltex and BP Fuel) ..	0.40%
Livestock – of commission paid	1.00%
Real Estate – of commission paid	1.00%
Grain sales and purchases <i>per tonne</i>	\$0.50
Small Seed vendors <i>per kilogram</i>	\$0.05

In addition to this, we have increased shareholder monthly rebates and other benefits by 13% to \$90.6 million, with shareholders also enjoying further savings

at the point of purchase with several of our partners as a result of improved offers.

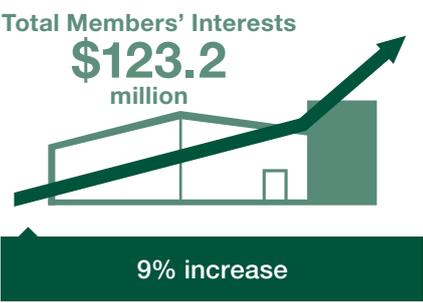
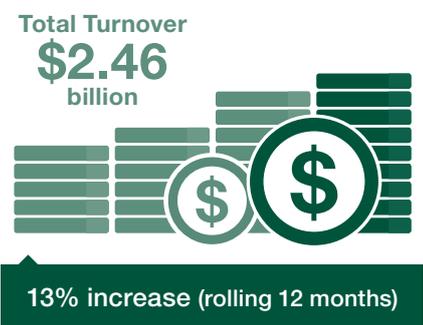
From the outset of the merger we were committed to minimising disruption to our shareholders' service experience with the co-operative, as we commenced implementing the significant change that is inevitable in a merger of this size. Largely that objective has been achieved.

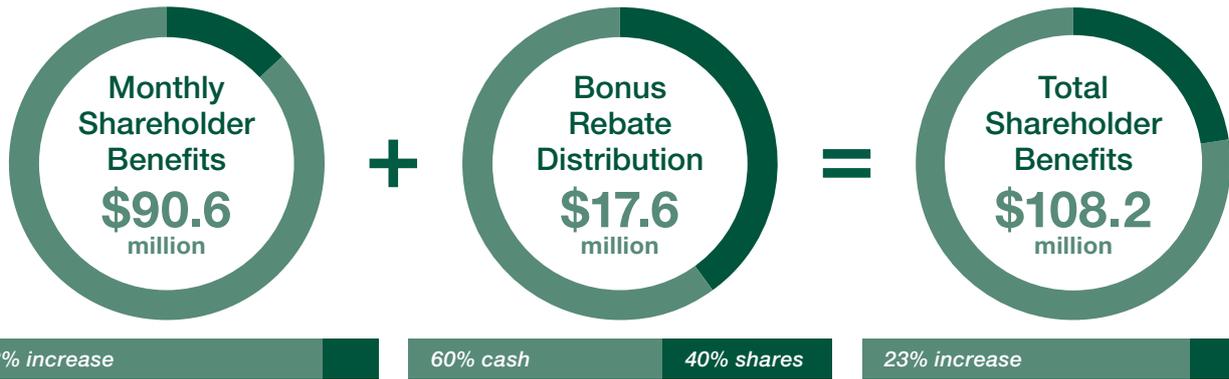
One of the more visible changes has been the rebranding of the business under the Farmlands Co-operative banner and this is now virtually completed, one year earlier than originally planned.

This in itself was a significant and essential project to deliver ongoing cost savings in marketing. It was equally important for the future of the co-operative that all of our stakeholders – our shareholders, staff and suppliers – unite behind a single, strong and vibrant national brand that is the heart of rural New Zealand.

In terms of the wider merger activity, we have overachieved in some areas and underachieved in others against our original merger projections. Most of this relates to amendments in the timing of implementing the planned merger changes and activities, such as the rebranding project. We are very confident that the originally projected merger benefits will be exceeded over the 3 year period.

A significant saving not yet realised related to our Information Technology operations and the operational costs of running both IT systems. This in turn has required two teams inputting into the systems. This is a complex and critical project and the detailed project planning stage took longer than we had anticipated. There is no room for error in this process. Any disruption or breakdown in our ability to process our shareholders' transactions and billing, payment receipting and processing of payments to our suppliers would be unacceptable to you, our shareholders, and to suppliers, and would be debilitating for the business.





Offsetting these timing changes, we have already achieved benefits exceeding our expectations. We have achieved improved terms with many of our suppliers, including the savings direct to shareholders mentioned earlier, coupled with other terms of trade improvements that have delivered gains \$1 million higher than forecast.

The market is always dynamic and opportunities and challenges unforeseen will continue to present themselves. We have recently committed to incurring additional expenditure to improve our bulk fuel delivery service to shareholders and have announced other initiatives in fuel pricing and storage since balance date.

Another opportunity was realised in late 2013 with the successful acquisition of the business of NRM, one of the oldest brands in New Zealand agriculture and the pre-eminent brand in the animal nutrition market. This business has been successfully integrated into our other nutrition business and is enjoying positive growth since being returned to New Zealand ownership and local management.

The rural supplies business, Grain and Seed operations and Nutrition service all enjoyed strong revenue growth and resultant trading surplus improvements. The Card operations continue to achieve consistent growth in revenue and have also far exceeded our expectations, in terms of overall shareholder benefits achieved following merger.

The Gulf Oil distribution business achieved its potential with the rollout of this brand throughout our national network of stores and achieved considerable growth through our Fuel team. By removing a layer of local importers and distributors and directly importing this oil from Europe, we have delivered shareholder savings in excess of 20% on similar specification oils with a brand that you own in New Zealand.

Similarly, our Real Estate business has recorded its best year in more than 20 years in

business and contributed significantly to the co-operative, not just in profit but in synergies delivered to other parts of the business and in raising our brand profile. Livestock and Finance have also enjoyed a strong year and are developing into mature operations in our business stable, offering shareholders viable alternatives in both of these markets.

We continue to invest in our store network, ensuring that our facilities are convenient, efficient and safe environments for our staff and shareholders. There is little scope remaining for new locations and the emphasis now is very much on prioritising the replacement of existing stores. In the past 12 months we have commenced construction or opened replacement stores in Rotorua, Mossburn, Amberley and Greymouth. We have recently secured a new site in Invercargill, for a long overdue store replacement in one of our larger catchment areas. The planned sale of nine of our North Island properties to Top Country Properties Limited, offering our shareholders the opportunity to invest indirectly in these properties subsequent to balance date, did not proceed as the offer was under-subscribed. The expenses related to that transaction are reflected in the financial statements.

In the year ahead we will be facing some of the more difficult changes in the co-operative, some of which will impact on our shareholders – receiving a statement in a different format in the North Island, or adopting a different Card brand in the South. We are communicating directly with our shareholders on this and we ask for your support as we make these changes, all of which will deliver the co-operative's shareholders significant ongoing benefits. These changes are essential in delivering our cost savings and getting to one brand – we are not just changing for the sake of changing.

Sadly with these changes there is also a human cost and we are losing many long serving employees in our processing and support functions, as we rationalise systems

and locations to position the co-operative for the future. Our staff have performed exceptionally well during this difficult time and despite the personal challenges they face, they have still continued to focus on ensuring our shareholders' service requirements are met. This is an enduring value in the co-operative that we are committed to preserving.

Our staff are the face of the business and we acknowledge their efforts in serving our shareholders and thank them for the results achieved. We are putting significant investment into increasing our capability in Human Resource management and striving for excellence in performance around Health and Safety in the workplace, to protect our staff and our shareholders and other customers.

Many of our shareholders have strong connections to the earliest roots of the co-operative in the various regions of New Zealand where they were formed more than 50 years ago. The last two decades has seen significant change, as these co-operatives have consolidated to create Farmlands today. These changes have enabled your co-operative to capture operating efficiencies in removing duplicated systems and processes and increasing our buying power, enabling us to deliver greater value to our shareholders.

We are working hard to maintain our regional connection, retaining original shareholder numbers and ensuring we maintain a strong shareholder facing presence in every region we operate.

We thank you for your support of the co-operative and we look forward to serving you in the year ahead.

Lachie Johnstone
Chairman of the Board

Brent Esler
Chief Executive Officer

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Comprehensive Income Year Ended 30th June 2014

HOW THE DOLLARS WERE MADE AND SPENT	Group 2014 12 months to 30 th June \$000	Group 2013 15 months to 30 th June \$000
Turnover	2,465,717	1,924,781
Revenue	2,184,644	1,746,187
Cost of Goods Sold	(1,921,838)	(1,569,480)
Gross Profit	262,806	176,707
Plus Other Income	2,676	2,703
Less paid/due to suppliers for goods and costs to run the Society	(153,252)	(119,849)
Interest paid to the bank	(2,998)	(1,931)
Monthly rebates to shareholders	(85,777)	(45,718)
PROFIT FROM OPERATING ACTIVITIES	23,455	11,912
Less distribution to shareholders		
Bonus Rebate owing to shareholders	(17,600)	-
Bonus Rebate paid (prior year)	-	(5,418)
Profit after distribution to shareholders	5,855	6,494
Less income tax expense	(1,676)	(2,606)
Profit left in our Society	4,179	3,888

Summary Statement of Financial Position As at 30th June 2014

THE VALUE OF OUR SOCIETY	Group 2014 30 th June \$000	Group 2013 30 th June \$000
Current assets:		
Stock held at retail branches, grain and seed, stock feed	95,815	85,529
Money owed to us by customers and income tax refundable	206,017	172,632
Land and buildings held for sale	19,214	1,295
Investments	150	150
	321,196	259,606
Non-current assets:		
Land, buildings, vehicles, fixtures and plant	48,749	60,075
Investments	51	51
Computer software and goodwill	15,022	14,011
Money owed to us by our customers	723	668
Income tax receivable in future years	2,486	1,083
	67,031	75,888
Total assets - the things we own	388,227	335,494
Current liabilities - take away what we owe:		
Money we owe to the bank (net of cash held)	46,702	63,650
Money we owe to our suppliers and employees	186,425	150,018
Money we owe Inland Revenue for GST and income tax	20,333	8,235
Money we owe for bonus rebate payable in cash	11,140	-
	264,600	221,903
Non-current liabilities:		
Money we owe our employees	410	386
Total Liabilities other than share capital repayable on demand	265,010	222,289
This leaves the total members' interests of our Society at	123,217	113,205

Summary Statement of Changes in Equity and Members' Interests Year Ended 30th June 2014

	Group 2014 30 June \$000	Group 2013 30 June \$000
Equity at the beginning of the period	3,161	12,273
Profit left in our Society	4,179	3,888
Bonus Share issue	-	(13,000)
Equity at the end of the period	7,340	3,161
Share capital repayable on demand at beginning of the year	110,044	41,765
Net contribution from owners	(627)	7,169
Bonus Share issue	6,460	11,740
Bonus Rebate applied to share capital	-	-
Equity from merged Society	-	49,370
Members' interests at the end of the year	123,217	113,205

Summary Statement of Cash Flows Year Ended 30th June 2014

	Group 2014 12 Months \$000	Group 2013 15 Months \$000
Net cash flows from operating activities	33,770	20,525
Net cash flows (to) investing activities	(16,195)	(14,217)
Net cash flows (to) financing activities	(627)	(7,543)
Cash introduced from merged Society - bank borrowings	-	(41,013)
Net increase (decrease) in cash held	16,948	(42,248)

REPORTING ENTITY

The Summary Statements presented are those for Farmlands Co-operative Society Limited and its subsidiaries for the twelve months to 30 June 2014.

On 1 March 2013, Farmlands Trading Society Limited was merged into Combined Rural Traders Society Limited and a change of name to Farmlands Co-operative Society Limited was registered, with a change of balance date to 30 June.

The 12 months presented are for the first full year of the merged Societies. The 15 months presented for last year incorporated 15 months of CRT and four months of Farmlands Trading. Consequently, the figures presented are not directly comparable to the previous year.

While this was a merger of the two Societies, for accounting purposes Farmlands Co-operative Society Limited acquired all the assets of Farmlands Trading Society Limited and assumed responsibility for their liabilities.

A summary of the effects incorporating the merged Society at 1 March 2013 is as follows:

	Group 2013 \$000
Accounts Receivable	82,480
Inventories	41,066
Property, Plant and Equipment	31,431
Intangibles	927
Deferred Tax Asset	32
Tax Refund Due	610
Bank Borrowings	(41,013)
Accounts Payable	(68,228)
Employee Entitlements	(428)
GST Payable	(364)
Total identifiable net assets	46,513
Shares as consideration	49,370
Less Goodwill	2,857
Total	46,513

EVENTS SUBSEQUENT TO BALANCE DATE

The promotion of the sale of properties to Top Country Properties Limited was not successful and costs of \$380,055 have been accounted for in the 2014 financial year.

NOTES TO SUMMARY FINANCIAL STATEMENTS

The specific disclosures included in this summary financial report have been extracted from the full financial report which was authorised for issue on 7 October 2014. The full financial statements have been prepared in accordance with full NZ GAAP as a profit-oriented entity and the Group has made an explicit and unreserved statement of compliance with IFRS's in the full financial report. The full financial statements have been audited and an unmodified audit opinion has been issued. These summary financial statements comply with FRS 43. Figures are in New Zealand dollars.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report of the Group.

If you require a full set of accounts, please write to: **The Secretary, Farmlands Co-operative Society Limited, Private Bag 1968, Dunedin 9054**, giving your name, address and shareholder number and we will forward a copy to you.



Lachie Johnstone
Chairman of the Board



Peter Wilson
Chairman of the Audit and Risk
Management Committee

The Board of Directors of Farmlands Co-operative Society Limited authorised this summary of the financial statements on 7 October 2014.



INDEPENDENT AUDITORS' REPORT ON SUMMARY FINANCIAL STATEMENTS

to the shareholders of Farmlands Co-operative Society Limited

The accompanying summary financial statements, on pages 8 to 9 which comprise the summary balance sheet as at 30 June 2014, the summary statement of comprehensive income, the summary statement of changes in equity and the summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Farmlands Co-operative Society Limited for the year ended 30 June 2014.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Farmlands Co-operative Society Limited.

Our audit of the financial statements for the year ended 30 June 2014 was completed on 7 October 2014 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 Society'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 Society'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 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 have no relationship with, or interests in, Farmlands Co-operative Society Limited or any of its subsidiaries other than in our capacities as auditors and providing additional assurance services. These services have not impaired our independence as auditors of the Society and the Group.

Opinion

In our opinion, the summary financial statements on pages 8 to 9 derived from the audited financial statements of Farmlands Co-operative Society Limited for the year ended 30 June 2014 are consistent, in all material respects, with those audited financial statements, in accordance with FRS-43.

Restriction on Distribution or Use

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.

PricewaterhouseCoopers

Chartered Accountants

Dunedin

7 October 2014



GOVERNANCE AND THE BOARD OF DIRECTORS

Farmlands has eight shareholder directors, elected and approved by shareholders and two independent directors appointed by the Board. Shareholder directors retire by rotation after three years, with three rotating this year, three in 2015 and two in 2016; the 3/3/2 cycle continuing after that.

Overview

The eight shareholder directors are located equally between the North and South Islands, four in each, as required by the rules. The independent directors are also based one in each island.

Board Responsibilities

The Board has responsibility for the affairs and activities of the co-operative, while the day to day operations and administration are delegated to the Chief Executive.

The Farmlands Board follows best governance practice and the four pillars of governance, as advocated by the New Zealand Institute of Directors, establish the basis for that best practice.

The four pillars are:

- Determination of purpose
- An effective governance culture
- Holding to account
- Effective compliance

More specifically, the responsibilities include directing and supervising management in the following areas:

- Ensuring that the co-operative's goals are clearly established and strategies put in place to achieve them
- Establishing there are policies to improve performance
- Monitoring the performance of management
- Overseeing and monitoring the co-operative's financial position
- Ensuring that the co-operative adheres to appropriate values, ethics and corporate behaviour
- Ensuring that there are risk management and compliance policies in place

Board Committees

The Farmlands Board operates with three committees:

- Audit and Risk Management - Peter Wilson (Chair), Joe Ferraby, John Foley and David Jensen
- Remuneration - Lachie Johnstone (Chair), Craig Boyce, Nikki Davies-Colley and Don McFarlane
- Shareholder - Howie Gardner (Chair), Joe Ferraby and Tony O'Boyle

The Audit and Risk Management Committee assists the Board in matters relating to auditing, financial reporting and risk. The Remuneration Committee reviews the performance and sets the remuneration of the Chief Executive, reviews the remuneration of the Executive team and recommends remuneration of directors to shareholders.

The Shareholder Committee is charged with considering the relationship between shareholders and the co-operative. The Board is united in its belief that a critical component of what can influence the co-operative's success is how the shareholder relationship is managed - especially communication. Information is provided to shareholders through the monthly shareholder magazine, the Farmlands website, the Annual Report and the Annual General Meeting of the co-operative.

Board Meetings

Farmlands Board meetings are scheduled at the beginning of each month with extra meetings held if required. Management reports from across the business are provided to directors in the week leading up to the monthly meetings. Senior management from the co-operative are introduced to answer specific queries on those reports and to provide insight into relevant issues.



FARMLANDS BOARD OF DIRECTORS

Lachie Johnstone

Lachie is the Chairman of the Board of Directors. He has a commerce background and worked as an accountant before moving onto the family farm in the Waikato, which expanded to 935ha involving an intensive bull beef system, breeding ewes and cows.

Lachie is currently a director and majority shareholder of the food logistics company, Wholesale Frozen Foods Limited. He is a shareholder in Waimaha Farms Ltd, which farms 600ha in the western Waikato, finishing bulls. Lachie was previously involved in community-based farm research projects conducted through AgResearch and the Foundation for Research, Science and Technology. He has been a councillor on the New Zealand Co-operatives Association and has served as a Board member (and Chair) on school boards.

Don McFarlane

A Nuffield and Kellogg Scholar, Deputy Chairman Don McFarlane has directorships with New Zealand Honey Co-operative, Moeraki Ltd and Presbyterian Support SC.

He chairs Clough Holdings/Duncan Ag, which manufactures farm equipment and seed drills for NZ farmers and exports to several countries. He is a director of Hunter Downs Irrigation Ltd, which has consents to irrigate 35,000ha south of Timaru.

Don, his wife Di and son Hamish farm 700ha fully irrigated near Temuka. The farm produces carrots, cereals, potatoes, grass seeds and blackcurrants. Dairy support and cow wintering, as well as winter lamb finishing are the main grazing activities.

Nikki Davies-Colley

Nikki and her husband Peter have been farming and involved in the forestry industry in Northland for more than 30 years. They have been Farmlands shareholders since 2004 when the co-operative moved into Northland. Nikki is well known in the Northland business and farming community.

She is Chairman of Northpower Ltd, a Kellogg Scholar and holds a Masters in Business Administration. Nikki is also a director of Landcorp Farming Limited and West Coast Energy Pty. Limited. She is a



past director of Northpower Fibre Ltd, The Tree People Ltd and MP Logging Ltd.

A Fellow of the NZ Institute of Directors, Nikki is experienced in strategic analysis, project management, motivation and ensuring that agreed strategies are carried through to implementation.

Joe Ferraby

A Kellogg Scholar, Joe and his wife Carolyn live on their 690ha irrigated sheep and beef property in the Awatere Valley in Marlborough. Joe is also a trustee and director of a large neighbouring property and a director of a large corporate farming business with properties in New Zealand and Australia. He chairs Terra Vitae Vineyards, a publicly owned viticultural company owning 400ha of vineyards in Marlborough and Hawke's Bay. He is Chairman of ANZPAC Oils Ltd - the Farmlands owned distributorship of Gulf Oil for New Zealand, Australia and the Pacific Islands and is Chairman of a large family owned construction company and its subsidiaries, based in Blenheim. His past governance roles have included PPCS, Silver Fern Farms, the Silver Fern Farms North Island Shareholders Council, Destination

Marlborough Trust, Marlborough Lines and Nelson Electricity. He is a chartered member of the Institute of Directors.

John Foley

John has spent most of his farming life in North Otago except for a 10 year interlude farming in the Gisborne region. John, together with his wife Ruby, has recently converted the farms from an intensive arable farming system to dairy farming. One block runs a system 3 dairy farm and the most recent conversion is a hybrid style dairy farm, which incorporates herd homes and a supplement feeding system. John and Ruby run the remainder of their land with crops to provide to the dairy farms and to winter graze the cows. John has had many governance roles and has previously won the East Coast FMG Royal Excellence Award and went on to win the AC Cameron Award for the North Island. He is a graduate of the Rabobank Executive Development Programme, a member of the NZ Institute of Directors and is President of the Oamaru Jockey Club. John is also a member of the Farmlands Audit and Risk Committee and a Director of Farmlands Fuel.

Howie Gardner

Howie, his wife Marion and son Rhys run a 12,300 stock sheep and beef unit in the Puerua Valley, South Otago. The operation includes a Perendale stud flock.

The wool industry is of particular interest to Howie and he is a director of both Primary Wool Co-operative and joint venture company Elders Primary Wool. He has been closely involved with the creation and development of the Just Shorn wool carpet and rug brand, currently operating in the United States.

Howie also chairs the Farmlands Shareholder Committee.

David Jensen

David lives at Pyes Pa, Tauranga, where he has a 300ha dairy farm, 21ha of kiwifruit and 5ha of avocados. David is a director of Livestock Improvement Corporation and was a director of Satara Co-operative, a New Zealand kiwifruit and avocado co-operative. He remains Chairman of Satara Kiwifruit Supply Limited, a related but separate entity. He is also on the Executive of Tauranga-Katikati Vet Club and Chairman of Eastpac's Growers Forum.

Previous positions include director on the Livestock Improvement Regional Board, farm consultancy for the New Zealand Dairy Board, a councillor of the New Zealand Dairy Group, manager of the National Dairy Excellence Awards and Grower Director and past Chairman of AvoFresh.

Tony O'Boyle

Tony O'Boyle joined the Farmlands Board in late 2010. Tony, together with his wife Pattie have experience in both dairy and drystock, having grown up in the Central Plateau. They still operate a dairy farm under a 50/50 agreement in the area but now reside in the Wairarapa, where they farm a 1,000ha hill country sheep and beef farm.

Tony has had various industry roles, including with NZDG, a Chairman of the Fonterra Shareholders' Council, with Wools of New Zealand and various Board sub-committees. Past and present directorships include being a director of both Rotorua Vet Club and ANZPAC Oils.

Tony is no stranger to the ethos of the co-operative structure, as his grandfather wrote the Co-operative Act 1956.

Independent Directors

Craig Boyce

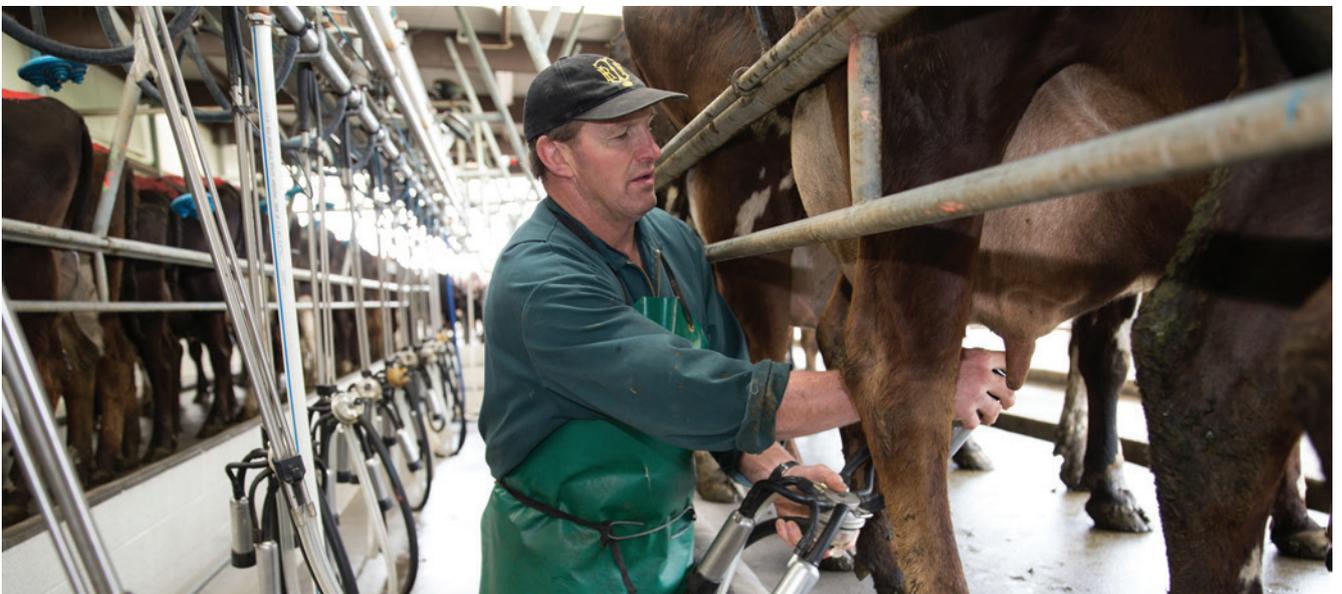
Craig Boyce has been a director or Chairman of a variety of New Zealand companies operating in diverse industries and market environments. Current involvement includes Ovation New Zealand (formerly Bernard Matthews), Progressive Leathers, Horizon Farms, Datacom, Smiths City, Snowy Peak and Transdiesel.

Peter Wilson

Peter is a chartered accountant and professional company director, serving on the boards of several national companies and lives in Otaki. Peter is Chairman of Westpac New Zealand Limited and past director of Westpac Banking Corporation of Australia. He is Deputy Chairman of Meridian Energy Limited. He previously worked in public practice in Hawke's Bay and held numerous directorships of Hawke's Bay companies, was Chairman of Healthcare Hawke's Bay and the Port of Napier Limited. Peter also chaired the former Hawke's Bay Farmers' Meat Company during industry restructuring in the late 1980s.









Geoff Taylor
General Manager Retail

RETAIL

A co-operative owned by New Zealand farmers to increase their profitability through market leadership in the provision of farm inputs and service.

The Year in Review

Farmlands Co-operative lived up to its motto this year, as the focus towards adding value for shareholders was complemented by a fast rate of growth.

To continue to reach the goals and maintain the values Farmlands was formed on more than 50 years ago, this focus is supported by three core areas.

- By having a strong technical sales team, both in-field and in-store
- By ensuring our stores have good in-stocks of leading branded products at competitive pricing
- By having a strong focus on Customer Service

provide the best advice to shareholders. As farming practices evolve and new science is discovered, Farmlands is committed to ensuring staff are encouraged to train and develop their expertise, to maintain a knowledge base fitting of our leading rural co-operative.

This previous year has seen further expansion to our store network – Cromwell became our 81st store, while new purpose-built stores in Amberley, Feilding, Mossburn and Greymouth provide those communities with fantastic modern facilities.

Result

The Farmlands Co-operative Retail Team achieved an excellent result last year, with a 16% growth in sales. While the rural sector was very buoyant, this result is a fantastic achievement, as it has been accomplished with major alignment projects, for both retail systems and branding, taking place in the background. Despite these challenges we achieved outstanding growth, which reflected well on the efforts of all our Retail Team.

Through our scale we also managed to provide very competitive pricing across a wide range of products, while also increasing our rebate to our shareholders.

Looking ahead

Our focus for this coming year is concentrated in three main areas:

Customer focused

- Adding value to our shareholders through our knowledgeable team
- High levels of Customer Service at our stores
- Availability of key lines at all our stores

Our people

- Having market leading knowledge
- Building a highly engaged team
- Offering career paths

Operational excellence

- Identify operational efficiencies that can be gained from our scale
- Creating a safe working environment
- Leveraging of our larger buying power and obtaining better deals for our shareholders



2014 HIGHLIGHTS

- 16% growth in sales
- Strong on-farm advice specialists with more than 120 Technical Field Officers nationwide
- Four new purpose built stores
- Expansion of Horticultural services in Tasman, Marlborough, Central Otago, Bay of Plenty and Northland
- Record spring fertiliser sales

The retail sales force at Farmlands continues to evolve and grow – we now have more than 120 Technical Field Officers (TFOs), along with product specialists and retail staff at 81 stores nationwide. The TFO team are the on-farm advice specialists – they are devoted to helping farmers achieve their production objectives, by providing solutions tailored to individual farm conditions. Their expert knowledge and understanding of modern farming systems helps provide industry-leading solutions. Together, they provide a network of shared knowledge that shareholders can call on at any time.

Our Team Member development programme is working well, with improvements in Team Member knowledge at all levels of the co-operative. This programme was introduced to ensure our staff can



Luke Hansen
National Horticulture Manager

Farmlands Horticulture

A key objective of expanding and cementing the Horticultural Team was achieved during the year, with additional Technical Advisors increasing the level of service to Tasman, Marlborough, Central Otago, Bay of Plenty and Northland. Growers have been duly impressed by the calibre and passion of the Technical Advisors and this is reflected by increased growth across

every region. To support the team, we have completed the enormous task of producing a 172 page Horticulture Catalogue, which details the range and variety of products on offer. The Advisors are further supported with innovative products from suppliers that want to preferentially deal with Farmlands, because of the reputation the team holds for technical skills and our ability to challenge the norm.



Farmlands Fertiliser

The first quarter volumes kick-started the 2014 year, with a 30% increase over budget, which gave us a good lead-in to another solid growth year in Fertiliser volumes, through our national supply partner Ballance. A record spring season saw November achieving 53% above budget, on the back of a targeted marketing campaign where we encouraged shareholder spend through combined Farmlands/Ballance field work. The rest of the financial year was consistently strong and above budget, with a slight drop in the last month due to colder climate in the south. Farmlands continues to grow our market share in this space and we are continually looking at new technologies and other alternatives to offer our shareholders, especially in the horticulture and cropping markets.

One of the ongoing concerns within the industry is the advice on-farm around nutrient management. Farmlands is working with industry stakeholders to ensure staff are at the forefront of training and can give the right

advice on site. We will continue to develop this in-house expertise over time, within the industry guidelines. In the meantime, we have access to the best suppliers in the industry, who are continually working with Farmlands and our shareholders to give best practice advice.

This year saw some softening in the cost of products being passed on to shareholders, with high global inventory levels of urea (particularly in China) and increased international manufacturing capacity of DAP having contributed to lower pricing for both of these products. International pricing for phosphate rock has also softened. Most trace elements have reduced, due to cost prices falling, however boron and magnesium sulphate prices have increased. This trend looks to continue through into the early part of the new financial year. However, suppliers are continuing to monitor international market trends, to ensure these are reflected in domestic fertiliser pricing.



Phillip Bracefield
General Manager Nutrition

2014 HIGHLIGHTS

- Adding NRM, the oldest New Zealand feed brand to our offering.
- Our national growth confirmed our customers improved on-farm productivity.
- Record outputs at all production plants.



NUTRITION

The addition of NRM to Nutrition’s product offering strengthened our national offering, position and ability to service with on-farm advice and a complete nutritional solution.

The Year in Review

Two of the most significant achievements for the past year were the addition of the NRM feed brand and the national growth in dairy supplement feeding, via either a blend or compound feed solution.

The 120-year-old feed brand, NRM was the first significant acquisition since the merger and gave Nutrition an established and recognised technical team in both Islands, which complemented our growth strategy. Also the iconic brands of ‘Peck’n’Lay’, ‘Moozlee’ and ‘Coolade’, to mention a few in the lifestyle and equine ranges, complemented our national wholesale bagged range offering. Development and further expansion of the technical Nutrition Specialist team became the next focus, to ensure that we meet the on-farm demand for nutritional advice and feed plans.

This saw the addition of four Specialists and a Nutritionist to the NRM team and two additional Specialists to the Reliance team. With our technical team at full strength and three Nutritionists nationally across the Reliance and NRM brands, Farmlands Nutrition has one of the strongest in-field solutions, adding value to farmers’ productivity at a competitive price.

Result

With one of the strongest dairy payouts to date, the market still faced a number of challenges with adverse growing conditions. This is where our specialised Nutrition team excel and add maximum value on-farm – and this was the case over the past year. Our national reach and solution saw both feed brands assist farmers from Southland to the far reaches of Northland, through the coldest months, to some of the hottest dry days recorded – and of course floods. During these challenges, the dairy cow’s nutritional requirements change and through our on-farm visits and diet range, we could adapt and accommodate these changes to maintain and in most cases strengthen production.

At the same time, our calf, lifestyle and equine product range also enjoyed significant growth nationally and production records at all production sites exceeded previous bests. During the course of the year, this production lift ensured purchasing negotiations were maximised, which in turn minimised price increases across our entire product range for the year.

Looking ahead

The news of the dairy payout forecast may result in ‘belt tightening’, however the past year’s climate challenges proved one thing – feeding a well-balanced ration and fully feeding a cow will result in a return in production. The question is how much to feed, versus the potential production return. This is where our Nutrition Specialists can and will add value to the relationship. I encourage our dairy customers to arrange a visit with one of our 19 Specialists and Nutritionists, to design a feeding solution that meets your on-farm requirements and feed budget.

We will continue to invest and develop in our nutritional technical team, so we can continue to support our customers with leading innovation and product development. We also have several initiatives to strengthen our customer service experience and team, to stay ahead of demand and growth, while continuing to deliver a high level of service.

There is no doubt the year ahead will bring continued challenges to the industry but the McMillan Equine, Reliance Feeds and NRM teams have a depth of knowledge and experience unmatched in the market. We are here to ensure on-farm productivity targets are met or exceeded – just one of the benefits of dealing with Farmlands Nutrition and its national brands.



Terry Ashby
General Manager Livestock

LIVESTOCK

The twelve months to June 2014 has seen Farmlands Livestock continue with tactical engagements of key personnel in specialist areas and regions.

The Year in Review

In conjunction with a strong staff retention rate, we have achieved a great outcome of continued genuine experience and consistent service and advice from our team.

Throughout the year, positive price increases have occurred in both the sheep and beef markets. As a result, overall confidence in the sheep market is improving slowly.

Our weight gain heifer grazing contract was new to the market this year and monthly monitoring and paying for performance has been the focus of this product. It has been well received by our dairy clients, who are happy to pay for high performing graziers. There is ongoing enquiry for this product and it is rapidly becoming a significant part of our business.



Result

All sectors of Farmlands Livestock have shown solid growth, in both sale numbers and commission returns. Record prices were achieved recently at an exclusive Farmlands on-farm sheep sale, with returns exceeding any achievements nationwide in the past three years. A dedicated effort resulted in the team moving approximately 14,500 head of dairy stock and we also completed a record private sale of \$2,900/head for more than 400 high indexed dairy stock. Grazing returns this year grew to 10% of total commissions, against 3% two years earlier. Early success has been recognised in our Maniototo fodder beet trial, with significant interest shown by shareholders and opposition agencies – and it is already paying dividends for the coming season.

2014 HIGHLIGHTS

- Establishing a presence at Palmerston Saleyards, increasing our profile in calf and cattle sales.
- Successful Clearing Sales throughout the year, contributing to both our profile and client base.
- A positive shift from traditional grazing practices to a weight gain based plan, benefiting all parties and eliminating most problems previously encountered with professional service.

Beef prices have risen sharply recently on the back of a positive outlook from processors and a mild winter with surplus feed in most areas. The Farmlands Livestock brand is now being seen as a serious player in this industry, with growing support from shareholders and clients and keen interest from the North Island. We have proven our value and trust to processing companies, with a widespread increase in headage offered.

Our committed focus to the dairy business has seen records achieved in herd and heifer sales and associated businesses. May and June 2014 saw the most significant amount of Choices Points awarded on commission based sales, with 44% of the annual total of 127,000 Points allocated in this high density dairy period.

Looking ahead

As we begin another four seasons, the sheep and beef outlook remains very positive. Forward herd sale contracts for the next season are well underway and considerable numbers of established and new clients want to place their heifers on grazing contracts for the coming season. The export heifer market is buoyant and one of our experienced representatives is presently on a boat heading to China with heifers. This will only enhance our relationship. We are currently pursuing prospective team members, to ensure we have coverage in all aspects of the business. Our motto is to work in partnership with farmers to improve their profit and we believe our team is achieving this across all sectors.



Mark Elliotte
General Manager Grain and Seed

GRAIN AND SEED

This year we were able to increase both seed sales and market share, while securing better seed wholesaler supply agreements, through leveraging off our nationwide distribution and independent, specialist technical advisory service. For the first time a rebate was paid to arable shareholder buyers and growers.

The Year in Review

There was a significant increase in the amount of physical seed handled in the past year. This is due to the change towards annual type crops for dairy support, which contributed to the increased retail seed sales. Maize, forage cereal, fodder beet, annual grasses and brassica seed volumes were all well up on the previous year.

The North Island drought again impacted on perennial ryegrass sales, however drought tolerant species such as lucerne, cocksfoot and plantain are being sown instead, to help manage the risk of lower rainfall in some areas.

The untimely death of one of our Grain Traders, Chris Sutherland in August 2013 was a very sad experience. Chris lost a brief battle with cancer, following 18 months of dealing with his son Lachie's cancer treatment.

Dean Smith from Sydney joined our Grain Trading team in May 2014 and his arable farming background and previous trading experience has seen him quickly settle in to trading in the New Zealand market.

Result

Farmlands Grain and Seed has produced another terrific annual financial result. It is the fourth consecutive year of record year on year growth.

Our Grain Trading team managed the increased volume and associated trading risk exceptionally well, with outstanding results.

It is a tremendous achievement to be paying, for the first time, a rebate per tonne to our shareholder grain buyers and grain growers and a per kg rebate to our shareholder seed grower suppliers, in addition to our Retail Seed rebate.

The four seed stores experienced significant growth in the volume of product handled and maintained their high level of service, getting seed mixed and distributed to meet the required timeframes.

Thank you to the entire Grain and Seed team for their fantastic effort and the service they have provided to TFOs, store staff and shareholders over the past year.

Looking ahead

Our focus remains on increasing our market share in Grain Trading, through our trading capability and maintaining shareholder support through strong pricing and reliable contractual performance.

Farmlands' retail seed market share will continue to increase, through our access to new products, independent approach, strong technical specialised service and focus on delivering shareholders' desired results.

The year ahead will be exciting, as we again look forward to adding value on-farm and helping to maximise the productivity and profitability of our shareholders.



2014 HIGHLIGHTS

- Rebate paid to shareholder Grain Buyers and Grain and Seed Growers for the first time.
- Grain and Seed had another record breaking year.
- Trading and seed multiplication sales were up 25% on 2013.
- 2013/14 Retail Seed sales were up 20% nationally.

The utilisation of existing internal infrastructure at Rolleston for the mixing and distribution of seed nationally is working well.

Arable shareholders continue to benefit from the vertical integration in the co-operative, by supplying small seed for our retail sales and grain to our feed mills. 'Commons' seeds such as Moata and Tama ryegrass are now grown by arable shareholders for retailing to shareholders nationwide.

Despite world grain prices falling over the year, the domestic markets defied import parity prices and continued firming into the autumn / winter. Domestic grain prices continued to rise as a result of the strong dairy demand, driven by the high pay-out and lower than previously carry-over grain stocks.



Daryl Aitken
General Manager Credit

2014 HIGHLIGHTS

- Lending grew by more than 25%.
- More than 1,900 shareholders using the various Finance products.
- More promotional opportunities offered.
- Maintained competitive interest rates in a rising market.

FINANCE

Farmlands Finance has continued to grow in a considered and viable manner over the past 12 months.

The Year in Review

Farmlands Finance has continued to grow in a considered and viable manner over the past 12 months. The company was profitable while maintaining a sound credit approach.

Farmlands Finance continues to provide several core goals, being:

- Provide an effective working capital alternative for our shareholders
- Offer competitive terms and fixed interest rates for plant, machinery and vehicle purchases
- Support interest free and interest bearing promotions sold through the various Farmlands sales networks

Currently Finance offers four products – a deferred product called Creditline, as well as Term Loan, Hire Purchase and Livestock Finance. These products can be tailored to meet the various funding requirements of our shareholders, such as purchasing livestock, plant and machinery, as well as provide seasonal cashflow support.

During the year, further specific promotional opportunities have been developed, which allow shareholders to use farm supplies now – but they don't have to pay for them until later.

One such promotion, currently underway through Farmlands Fuel, allows shareholders to buy now and pay later with an interest free facility for on-farm fuel tanks. This has solved a specific need for our shareholders, being to upgrade their tanks to be compliant, while allowing time to build cashflow to pay for the product.

Another successful promotion was the 12 month interest and principal free promotion working with a supplier to provide in-shed feeding systems. This enables farmers to gain the cashflow benefit of the product before the unit is purchased. Already we are seeing repeat business, which speaks volumes of the tangible benefit of the promotion.

The merger has generated a substantial opportunity to grow the Farmlands offerings nationally to our shareholders.

During the latter part of 2013 Farmlands Finance changed its name from CRT Finance, which aligns with the overall brand change strategy.

Looking ahead

Our focus remains on growing our lending base, by assisting more shareholders with funding. During the next few months, shareholders can look forward to the following initiatives:

- Expect further special deferred deals through Farmlands
- By working closely with all Farmlands activities, we can offer finance options on a wide range and variety of products
- Expand products nationwide
- Continuing to manage risk within conservative lending policy
- Expand the on-farm sales network, to allow more national coverage





Calvin Lean
General Manager Real Estate

REAL ESTATE

The 2013/14 financial year saw Farmlands Real Estate pitching for more business than ever before. The opportunity to present submissions for the sale of shareholder property and provide a very competitive commission rate, comprehensive marketing campaigns and detailed property brochures saw us list more property, when there was a national decrease in properties available for sale.

The Year in Review

Farmlands Real Estate was appointed the sole agent by Meridian Energy to market their South Island farm and lifestyle holdings. We were also appointed to market Solid Energy properties in Southland. Add in numerous residential homes, flats, townhouses, sections, subdivisions, lifestyle blocks, sheep and beef farms, dairy units and high country stations and the quality of these listings was a key factor in the team producing a record year.

Strong marketing, particularly with the addition of our ability to utilise the monthly Farmlander publication to reach our national audience, drove campaign results and successes for shareholders.

Result

Farmlands Real Estate has delivered record sales and a record profit. Shareholders have benefitted from competitive commission rates and Choices Points paid. Seventy percent of our commission revenue is generated by shareholders and those shareholders, in-turn, will receive a rebate on commission paid, enhancing the profitability of their own business.

Looking ahead

The wider market indicators across all sectors appear to be positive, balanced by interest rate rises and the revised dairy payout, which logically must temper the market. Sheep and beef shareholders look set for a bumper season. South Island provincial residential and lifestyle sales are underpinned by local business confidence, in-part driven by the rural economy. Regional activity, especially within Canterbury (driven by the recovery effort), is very strong. Irrigation infrastructure is underway, with the Central Plains (Selwyn District) and the Rangitata Scheme, plus Hunter Downs (Waimate), which has a catchment area of 40,000ha, if confirmed will potentially contribute \$800 million in GDP to the South Canterbury area. Viticulture recovery in Marlborough and Central Otago has stimulated activity in this market sector and the Southland economy continues to go from strength to strength. Regional and local business will stimulate the all-important flow-on effect, in-turn driving provincial real estate values. Given the market and economic indicators, we have been looking forward and sought to bolster and add to our Regional Management and Sales teams.

2014 HIGHLIGHTS

- Rebate awarded on gross commission paid.
- Increased our rural market share to 25% of all South Island sales more than 50ha.
- Our people delivered new milestones in sales and profitability.
- National scale has aided listing and sales opportunities.



"The end result has been an outstanding success, with sales of all the listed properties to date having exceeded market expectation. Your team has been a pleasure to work with and I look forward to carrying on the relationship into the future."

David Warner
Land and Property
Manager, Meridian Energy Limited

The diversity of our business supports revenue when one market sector is down. One in three Sale and Purchase Agreements is generated by our residential team. Our maturing property management business in Timaru is a model we propose to replicate, alongside providing a property management service to our dairy shareholders to manage their accommodation units. We conducted numerous on-farm clearing sales. More shareholders than ever before supported the co-operative with their Real Estate business.



Mark McHardy
General Manager Fuel

2014 HIGHLIGHTS

- Continued growth in fuel supply to rural, retail and commercial sectors.
- Implementation of the Touchstar system, enabling electronic transfer of fuel delivery data.
- Significant growth in Gulf lubricants.
- Delivery of a 24/7 outdoor payment terminal solution for our network of unmanned fuel stops.
- Further development of comprehensive Health and Safety/Compliance plan.
- Growth of Farmlands Fuel unmanned diesel stop network.
- Growth of storage systems, both stationary and mobile.



FUEL

Farmlands Fuel has produced another strong trading performance, with all components of its business achieving continued growth in 2014.

The Year in Review

Bulk fuel deliveries and fuel card transactions have increased – and despite the flat nature of the retail fuel market, bulk fuel volumes delivered to the Challenge service station network have grown considerably. This is a pleasing result for Farmlands Fuel and just reward for the hard work put in by the dedicated Fuel team.

Farmlands Fuel has been an instrumental part of the brand refresh project throughout the Challenge site network. This update of external signage of Challenge service stations has been very well received by the market. Our Gulf lubricant business continues to grow rapidly year on year, with Gulf's brand profile, excellent customer service and impressive product performance driving the growth in sales.

During the year we completed the implementation of Touchstar, the automated electronic system that transfers fuel delivery data from the truck to our core system live and in real time. This exciting innovation will deliver increased operational efficiency and better service to our business.

Farmlands Fuel has made considerable progress over the past 12 months on further developing its Health and Safety and Compliance programmes. We are market leaders in providing our customers with the latest advice and supply options around compliant, safe fuel storage. Shareholders have responded well to this during the year, with a significant number choosing to upgrade their fuel storage facilities with new tanks to achieve compliance status.

This year, Farmlands Fuel's Project Development Team developed a new comprehensive 24/7 outdoor payment terminal solution for our network of unmanned fuel stops. This development will provide us with an opportunity to aggressively grow our network. The sites will be branded as a Farmlands site and will accept the Farmlands Card.

Farmlands Fuel offers the following benefits to you as a Farmlands shareholder:

- Competitive prices, with some profits from the operation returned to those shareholders who support us by way of a bonus rebate, determined on a year to year basis
- Our experienced tanker drivers operate 46 trucks out of 11 ports and deliver fuel throughout New Zealand
- We provide purchase summaries, enabling shareholders to claim on Petrol Excise Tax (currently returning around 66 cents per litre)
- A full range of lubricants and oils from the iconic Gulf range
- A comprehensive offer on fuel tanks, bunds and equipment, offering specialist advice and fuel storage solutions, including the new Farmlands Ute Tank
- Provide easy to understand advice on achieving fuel storage compliance

In the year ahead, we will continue to focus on growing market share in all areas of our business. We have received Board approval to extend the size of our tanker fleet, which will improve our service levels to shareholders on a wider scale.

Farmlands Fuel has a total commitment to safe fuel storage for both our customers and the environment and will continue to develop and enhance our Health and Safety/Compliance programme.

Our Farmlands Fuel diesel stop network will expand this year, with seven sites already identified for development. Our network provides convenient diesel refuelling options for commercial transport operators and shareholders alike.



Nick Hughes
Manager Farmlands Lubricants

2014 HIGHLIGHTS

- Gulf Oil launched across Farmlands North Island Retail network.
- Gulf branded Ford GT40 undertakes an “epic” tour of the North Island to support the launch of Gulf Oil.
- Farmlands shareholders enjoy up to 20% price advantage on key Gulf lubricant grades.
- Sales volumes up 70% on previous year.
- Farmlands is now recognised as a credible destination for quality lubricants solutions.

LUBRICANTS

Farmlands Lubricants had an excellent year, with strong growth across all sales channels. The major highlight was the hugely successful launch of Gulf Oil into North Island Farmlands stores. Farmlands Lubricants now has a fully established national distribution network – and an exciting future in New Zealand.

The Year in Review

Farmlands shareholders continue to strongly support the iconic Gulf brand – which they own in New Zealand. Through Farmlands stores nationwide, the full range of premium quality Gulf lubricants is available at significantly discounted prices. This is an important competitive advantage for Farmlands, as every litre of Gulf oil purchased contributes to the success of the co-operative.

Farmlands Fuel recorded another great result, as shareholders and commercial clients tap into the competitive lubricants solution and technical knowledge offered by the Farmlands Fuel team.

Across the automotive trade, Gulf is quickly becoming a brand of choice, as mechanics see the value delivered by the Gulf range of top quality automotive oils.

The drive for Gulf brand awareness continued throughout the year. Farmlands Lubricants had a significant presence at A&P Shows, Field Days, Farmlands stores and major events throughout the country. The magnificent Gulf branded Ford GT40 took centre stage at most events, leveraging on Gulf’s close association with New Zealand’s motor racing heritage.

Result

Total sales volumes for Farmlands Lubricants were up 70% on the 2012/13 financial year, while net contribution to the co-operative has significantly increased.

Shareholders enjoy up to 20% price advantage on similar specification key oil grades through Farmlands, therefore reducing input costs and improving the profitability of their businesses.

Gulf has also continued to define its legacy in motorsport. On the international scene, the Gulf sponsored Aston Martin Racing team scored an impressive victory at the 2014 Le Mans 24 Hour Race in France.

Looking ahead

As Gulf continues to gain acceptance across the country, we look forward to another record breaking year for Farmlands Lubricants.

The switch from existing lubricant brands to a Gulf alternative is safe, easy and well supported by support material from local Farmlands stores or Farmlands Fuel Territory Managers.

Brand awareness campaigns for Gulf will continue, with the highlight being a major sponsorship of the New Zealand Festival of Motor Racing in January 2015. The “Howden Ganley Formula 5000 Festival” takes place at Hampton Downs and is an event Farmlands Shareholders and Farmlands Fuel customers can choose to attend along with members of the wider public. It is a terrific opportunity to present the iconic Gulf brand to a national audience.





Jaimie McNabb
General Manager Commercial Services

CARD

The Farmlands Card Team enjoyed a great year, as we were able to offer even more opportunities for shareholders, saving time and money through the use of the Farmlands Card.

The Year in Review

The ability to gain efficiencies and benefits of scale has paid off with increased rebates and additional offers. The Card Team is taking the time to ensure we keep a local focus, with the addition of more than 1,000 Card Partners in the past year.

Farmlands Card attributes its success to the strong relationships with both our suppliers and shareholders. These have developed over time and are entrenched in a mutual Win-Win basis.

As a team, Farmlands Card has a commitment to continue to grow, innovate and provide value to all parties.

2014 HIGHLIGHTS

- Additional 1,000 local Card Partners added to network via regional Card growth.
- Continued establishment of national partnerships with major retailers.
- Increased profile of Farmlands Card through events held around the country.
- More shareholders taking up improved electricity offer via Meridian.

This year Farmlands Card has:

- Established national partnerships with a number of major retailers including The Warehouse, Briscoes and Rebel Sport, ELGAS and Lighting Direct, to name a few
- Significant growth in Meridian Energy account as a result of the further 1% rebate offered to our shareholders
- Regional Card growth nationwide has seen an additional 1,000 local Card Partners added to the network
- Working closely with Ford New Zealand, Farmlands has negotiated an exclusive offer for shareholders at all Ford Dealerships – the results have been staggering
- Great events, such as the Legendary Variety Show campaign, where we joined the Topp Twins and Dai Henwood to celebrate with the big winners – Morrinsville and Ashburton. The Ladies Night series was also a great success, with special guests Ray McVinnie (North Island) and Jax Hamilton and Brett McGregor (South Island)



Looking ahead

Farmlands and CRT Cards will become one from the start of the 2014-15 Financial Year, with new Farmlands 'Card Accepted Here' signage throughout the South Island. This will assist shareholders in being able to easily locate all Card Partners. Farmlands wants to ensure you can find the great deals and savings on offer.

Farmlands has also reinforced the Regional Card representation, to focus on delivering local value and supporting the local rural community.

By reinforcing the team on the front line, Farmlands Card can continue to focus on its big picture – namely, continuing to lower the cost of farm inputs through capital purchases, farm business inputs and personal spend.

Call in and see us!

You'll find Farmlands stores throughout New Zealand.

Call in and talk to one of our friendly team members, call 0800 200 600 or visit www.farmlands.co.nz for all your farming requirements.

- Farmlands Store
- Farmlands and Real Estate

MOTUEKA
03 528 1100

NELSON
03 543 9450

WESTPORT
03 788 8340

GREYMOUTH
03 768 5743

HOKITIKA
03 756 9069

WHATAROA
03 756 1040

FAIRLIE
03 685 8586

KUROW
03 436 0917

ALEXANDRA
03 440 2030

CROMWELL
03 445 0174

TAPANUI
03 203 0130

MOSSBURN
03 248 4040

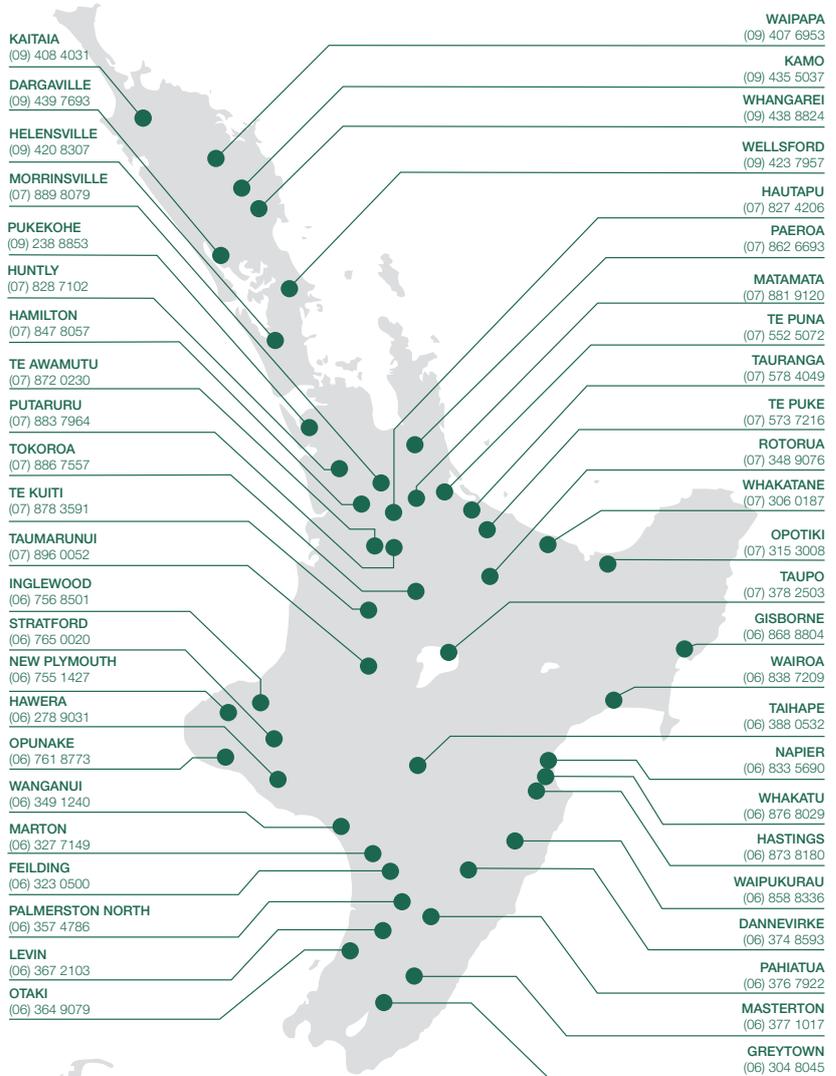
WINTON
03 236 6166

OTAUTAU
03 225 8398

WINTON
Feed Mill

INVERCARGILL
03 211 1955

GORE
03 203 9510



BLenheim
03 579 3150

KAIKOURA
03 319 5448

CULVERDEN
03 315 8692

AMBERLEY
03 314 8340

RANGIORA
03 313 2299

DARFIELD
03 318 7610

YALDHURST
Feedbarn

CHRISTCHURCH
03 344 4045

LINCOLN
(Real Estate only)

ROLLESTON
Feed Mill

LEESTON
03 324 8022

ASHBURTON
03 307 9140

TEMUKA
03 688 6655

TIMARU
03 687 9459

WAIMATE
03 689 8862

OAMARU
03 433 1030

RANFURLY
03 444 1060

DUNEDIN
Grain & Seed

DUNEDIN
03 477 9040

BALCLUTHA
03 418 3322

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YOUR CO-OPERATIVE FAMILY

