

I'm wearing my
**GOING
OUT**
GUMBOOTS



LOVE COUNTRY?
**EW
BET!**

LIVE RURAL
**LOVE
LIFE**

SHUT THE
**FLOCK
UP**

**ID RATHER
BE AT
FARMLANDS**



IF EWE CAN
READ THIS
**MOO
BACK!**
EWE TOO
CLOSE

**WE'RE
ALL
FOR
EWE**

Farmlands
co-operative
**ANNUAL
REPORT
2015**

**MY
GUMMIES
ARE MY
RUNNERS**



We're
helping to
grow the
C-country

Farmers can keep
going...till the



come home!

Entry is FREE

**But the Bull
CHARGES**



**GRASS
WHISPERER**



**WE
FARM
LANDS
LIKE
NONE
OTHER**



**FARMING:
MUD
SWEAT
&
BEERS**

**GUMBOOTS
ARE MY
TOWN
SHOES**



LIVING IT. GROWING IT

**YOU'RE IN
FARMLANDS
COUNTRY**

**RURAL
RUGGED
RELIABLE**

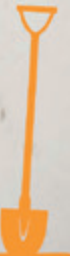
**FARMERS
DO IT
IN THE DIRT**

**LIVE
LAUGH
FARM**



WORKING IT, LIVING ON IT
WITH FARMLANDS

IT'S A FARM THING





CONTENTS

Notice of Annual General Meeting	05
Chairman and Chief Executive Officer's Report	06
Summary Financial Statements	08
Independent Auditors' Report on Summary Financial Statements	10
Governance and the Board of Directors	11
Board of Directors	12
Business Unit Review	14

This year, we took to Facebook in search of the ultimate bumper sticker created by farmers, for farmers.

We asked shareholders to come up with a slogan that symbolised rural life and gave them the chance to have that slogan turned into the official Farmlands bumper sticker.

We received so many great entries for the competition that we decided to turn 12 of our favourites into the 2016 Farmlands calendar as well.

The front cover of the Annual Report this year features some of the best entries from the competition.

VISION

The trusted team of choice.
Every time.

MISSION

To enhance the profitability of our
shareholders through the provision
of rural services and supplies.

VALUES



GROWING RELATIONSHIPS

We care



We are accountable
to our shareholders



We are service focused
rural specialists



We contribute to
our communities



FOSTERING INNOVATION

Delivering the future



We lead and
embrace change



We look for smarter
ways of doing things



We challenge the norm
and exceed expectations



INSPIRING EXCELLENCE

Being the best



We work safely,
every day



We grow and develop
the best people



We add value in
everything we do



NOTICE OF ANNUAL GENERAL MEETING

03
November

Notice is hereby given that the fifty-second Annual General Meeting of shareholders of Farmlands Co-operative Society Limited will be held at 3.00pm on Tuesday 3rd November, 2015 at The Devon Hotel, New Plymouth.



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
\$1,000 of travel vouchers to create their dream trip*.**

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

Please RSVP by Friday 30th 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 2015.
Resolution to be put: That the Annual Report for the year ended 30 June 2015 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.

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

By order of the Board
Stephen Higgs, Secretary
Christchurch
6th October 2015



Lachie Johnstone
Chairman



Tony van der Hoorn
Chief Executive Officer (Acting)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

We are a co-operative owned by New Zealand farmers; our vision is to be your trusted team of choice, and our mission is to enhance your profitability through the provision of rural services and supplies.

With that in mind, in stark contrast to the 2014 financial year which benefited from a very buoyant agricultural market, the 2015 year has been more challenging for many of our shareholders. As is to be expected, this has had an impact on your co-operative as our fortunes are inextricably linked with those of our shareholders.

One of the consequences of the more challenging economic environment is that the reported surplus this year of \$11m is lower than the record surplus of last year. However, this is also partly due to a conscious decision to ensure that more benefits are passed to shareholders earlier, for example the enhanced point of sale discounts for fuel and electricity.

There have also been further investments in benefits provided to shareholders as we introduced the Choices Rewards scheme to the North Island together with the national launch of Air New Zealand Airpoints Dollars™ and, more latterly, we have commenced the national roll-out of Real Estate, Livestock and Finance Creditline. In addition to these benefits, there has been significant investment in enhancing the technical teams in the field as the feedback from shareholders is that they value this service and support. We have also continued to invest in the store network with our 82nd store opening in Ngatea, together with replacement stores in Amberley, Blenheim and most recently Tauranga.

In terms of the wider merger activity, we are pleased to report that this is now complete with the successful migration from two systems onto one common system and set of business processes. The consolidation of systems and processes has been the single biggest one-off cost relating to the merger, and work has now started on leveraging this investment for the future benefit of the co-operative and its shareholders. This is a key focus for the coming year.

We would also like to acknowledge that change of this nature does directly impact our shareholders. We appreciated the feedback from, and the support of, our shareholders in the North Island as we introduced a new statement format, and of our shareholders in the South Island, where we introduced the new Farmlands card.

It is also pleasing to note that, since the establishment of a dedicated supply chain team, many of our suppliers and card partners are providing enhanced terms of trade to the co-operative and its shareholders in recognition of the value that we provide to their businesses. These enhanced benefits flow directly to shareholders in the form of competitive prices in the market or are invested back into the business to drive future benefits for shareholders.

We are also constantly looking at opportunities to strengthen the business or to make it more efficient, or simply to make things easier. Recent examples of these have been the acquisition of certain assets of the Elders business and the introduction of the Farmlands App. We are also striving to minimise the impact on shareholders of the increasing regulatory and compliance burden that is being placed on the co-operative, examples of which include Anti-Money Laundering legislation and the new Health & Safety legislation.

We believe that the efforts we make on behalf of our shareholders are appreciated, and we are pleased to note a net increase of over 2,500 new members this year which gives us a total membership in excess of 60,500 as at 30 June 2015.

Turning now to the end of year rebate, as has often been noted we operate in a very competitive market and sales are only achieved in meeting or beating the competition on price and service. Our other point of difference is that we then share our operating surplus with our customers who are our shareholders.

All business units of Farmlands have produced surpluses for the year and this is

60,544
shareholders



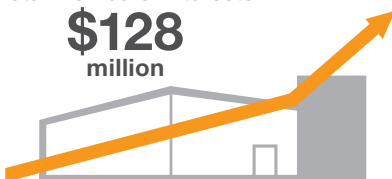
2,572 Net increase

Total Turnover
\$2.5
billion

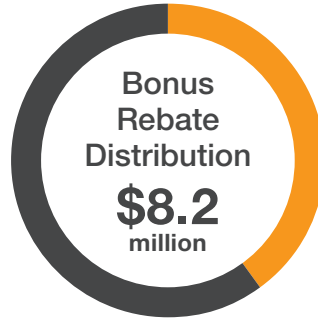


2% increase (rolling 12 months)

Total Members' Interests
\$128
million



4% increase



\$89.8m monthly rebates **\$5.3m Choices Rewards**

60% cash **40% shares**

recognised in the formulation of a Bonus Rebate distribution approved by the board of \$8.2 million. 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 shareholders' transactions net of rebates with the various business units. This year's rebate is allocated on the following basis:

Bulk Fuel	2.00%
Retail Rural Supplies and Seed purchases	1.00%
Horticulture purchases	1.00%
Ballance Fertiliser purchases	0.18%
Farmlands and CRT Card spend – (including Challenge, Caltex and BP Fuel)	0.20%
Livestock – commission paid	1.00%
Real Estate – commission paid	1.00%
Grain sales and purchases per tonne	\$1.00
Finance – interest paid	1.00%
Small Seed vendors (per kg)	\$0.05

This is a transparent model and shareholders will be able to easily reconcile this with their annual spend with the co-operative.

Looking forward, there is no doubt that this will be another challenging year for some of our shareholders with the dairy pay-out continuing at the lower end of historic forecast levels and the threat of an El Niño related drought. However, it is not all doom and gloom and it is important to recognise that one of the strengths of your co-operative is in the diversity of its shareholder base and the breadth of the

services that it offers. You can rest assured that your co-operative will continue to provide as much support as possible in terms of providing the services and supplies that you need at competitive prices.

In closing, we would like to take this opportunity to acknowledge the contribution and efforts of senior management and the wider Farmlands team, who are passionate about the service that they provide to our shareholders.

And to you, our shareholders, we once again 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

Tony van der Hoorn
Chief Executive Officer (Acting)

CHAIRMAN ACKNOWLEDGEMENTS

This past year has seen some significant changes in those representing Farmlands at both director and executive level, and I would like to make the following acknowledgements.

Firstly, I would like to thank my fellow directors for their support and commitment to Farmlands. In particular, the Board and I collectively acknowledge the exceptional service that fellow director Howie Gardner has made as he steps down after more than 20 years of service on the Boards of Farmlands and formerly CRT.

Secondly, former CEO Brent Esler's contribution to the business has been significant. Not only was Brent the first leader of Farmlands post-merger, but as the previous CEO of CRT he also championed many of the significant initiatives that are delivering value to our shareholders today.

I would also like to thank Chief Financial Officer Tony van der Hoorn for stepping into the role of Acting CEO from February 2015. Tony has led the team well during the search for a new CEO, as well as performing his duties as CFO.

Finally, we welcome the arrival of Peter Reidie to Farmlands as our new CEO. As a board, we are confident that the appointment of Peter will enable us to build on the great work of the past as we position our co-operative for the future.

Lachie Johnstone
Chairman



FARMLANDS CO-OPERATIVE SOCIETY LIMITED

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Comprehensive Income Year Ended 30th June 2015

HOW THE DOLLARS WERE MADE AND SPENT	Group 2015 \$000	Group 2014 \$000
Revenue	2,210,035	2,184,644
Cost of Goods Sold	(1,944,982)	(1,921,838)
Gross Profit	265,053	262,806
Plus Other Income	3,066	2,676
Less paid/due to suppliers for goods and costs to run the Society	(164,236)	(153,252)
Interest paid to the bank	(3,043)	(2,998)
Monthly rebates to shareholders	(89,813)	(85,777)
PROFIT FROM OPERATING ACTIVITIES	11,027	23,455
Less distribution to shareholders		
Bonus Rebate owing to shareholders	(8,224)	(17,600)
Profit after distribution to members	2,783	5,855
Less income tax expense	(999)	(1,676)
Profit left in our Society	1,784	4,179
Other comprehensive income, net of tax	203	-
TOTAL INCOME	1,987	4,179

Summary Statement of Financial Position As at 30th June 2015

THE VALUE OF OUR SOCIETY	Group 2015 \$000	Group 2014 \$000
Current assets:		
Stock held at retail branches, grain and seed, stock feed	109,966	95,815
Money owed to us by customers and income tax refundable	216,316	206,017
Land and buildings held for sale	-	19,214
Investments	150	150
	326,432	321,196
Non-current assets:		
Land, buildings, vehicles, fixtures and plant	61,850	48,749
Investments	51	51
Computer software and goodwill	19,696	15,022
Money owed to us by our customers	545	723
Income tax receivable in future years	3,079	2,486
	85,221	67,031
Total assets - the things we own	411,653	388,227
Current liabilities - take away what we owe:		
Money we owe to the bank (net of cash held)	66,043	46,702
Money we owe to our suppliers and employees	192,055	186,425
Money we owe Inland Revenue for GST and income tax	20,378	20,333
Money we owe for Bonus Rebate payable in cash	5,086	11,140
	283,562	264,600
Non-current liabilities:		
Money we owe our employees	294	410
Total Liabilities other than share capital repayable on demand	283,856	265,010
This leaves the total members' interests of our Society at	127,797	123,217

Summary Statement of Changes in Equity and Members' Interests Year Ended 30th June 2015

	Group 2015 \$000	Group 2014 \$000
Equity at the beginning of the year	7,340	3,161
Profit left in our Society	1,784	4,179
Equity at the end of the year	9,124	7,340
Share capital repayable on demand at beginning of the year	115,877	110,044
Net contribution from owners	(565)	(627)
Other comprehensive income	203	-
Bonus Rebate applied to share capital	3,158	6,460
Members' interests at the end of the year	127,797	123,217

Summary Statement of Cash Flows Year Ended 30th June 2015

	Group 2015 \$000	Group 2014 \$000
Net cash flows from (to) operating activities	(5,236)	33,770
Net cash flows (to) investing activities	(8,721)	(16,195)
Net cash flows (to) financing activities	(5,384)	(627)
Net increase (decrease) in cash held	(19,341)	16,948

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 25 September 2015. 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, which is the Group's presentation currency. All financial information has been rounded to the nearest thousand.

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 25th September 2015.



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, comprise the summary statement of financial position as at 30 June 2015, the summary statement of comprehensive income and the summary statement of changes in equity and the summary cash flow statement for the year then ended, and related notes. They are derived from the audited financial statements of Farmlands Co-operative Society Limited for the year ended 30 June 2015.

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

Our audit of the financial statements for the year ended 30 June 2015 was completed on 25 September 2015 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 providers of additional assurances services, financial analysis and treasury advice. These services have not impaired our independence as auditors of 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 for the year ended 30 June 2015 are consistent, in all material respects, with those audited financial statements, in accordance with FRS-43.

Restriction on Use of our Report

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

Chartered Accountants

Christchurch

25 September 2015



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 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, Farmlands App, the Farmlands Facebook page and the Annual Report.

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

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 Farmlands moved into Northland. Nikki is well known in the Northland business and farming communities.

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. She is a past Director of Northpower Fibre Ltd, West Coast Energy Pty Ltd, The Tree People Ltd and MP Logging Ltd.

Joe Ferraby

A Kellogg Scholar, Joe and his wife Carolyn live on their 640ha 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 viticulture 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 Equitable Group, Destination Marlborough, Marlborough Lines and Nelson Electricity. He is a Chartered Fellow member of the Institute of Directors. He is a member of the Audit and Risk and Shareholder committees.

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 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 New Zealand 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. He has a 700 cow dairy farm, 21ha of gold and green kiwifruit and 3ha of avocados. David is a Director of Livestock Improvement Corporation, Figured on Farm and Chair of the EastPack Growers Forum. He is currently a member of the Tauranga-Katikati Vet Club Executive.

He was previously a Director of Satara Co-op and Chair of Satara Kiwifruit Supply Ltd. He has also been Chair of AvoFresh. He has been a New Zealand Dairy Board dairy farm consultant and manager of the Dairy Excellence Awards.

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 New Zealand 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. He was made a Member of the New Zealand Order of Merit in 2015, is a JP and a Charter Member of the Institute of Directors. 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.

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 now live, work and play in

the Wairarapa, where they farm a 1,080ha hill country sheep and beef farm.

Tony has been elected to hold various industry roles, including with NZDG, then councillor and Chairman of the Fonterra Shareholders' Council. Tony has chaired and held membership in various Board sub-committees. Past and present directorships include being a Director of both Rotorua Vet Club and ANZPAC Oils. Tony is a past Chairman of Wairarapa's Shepherds Club.

Tony is no stranger to the ethos of the co-operative structure, with his grandfather being instrumental in the writing of the Co-operative Companies Act 1956.

Independent Directors

Craig Boyce

Craig Boyce has for the last 15 years been Chairman or Director of a number of New Zealand companies operating in diverse industries and market environments. He is currently Chairman of Ovation New Zealand (formerly Bernard Matthews), Progressive Leathers, Horizon Farms, Datacom, Smiths City, Snowy Peak and Transdiesel. Prior to this involvement in governance, he held positions including CEO at Smiths City and General Manager in the meat industry.

Peter Wilson

Peter is a Wellington based professional Director with extensive experience in banking, business establishment, problem resolution, asset sale and management of change functions. Currently Peter is Chairman of Arvida Group Limited, Chairman of Augusta Capital Limited, Deputy Chairman of Meridian Energy Limited and Chairman of P F Olsen Limited. Peter is the immediate former Chairman of Westpac New Zealand Limited.



HEALTH AND SAFETY

At Farmlands we care about the wellbeing of our shareholders and staff. We are actively working towards creating a safer work environment so that everyone is working safely – and gets home safely – every day.

The Year in Review

During the past year, we saw a reduction in the number of Farmlands employees that were injured to the extent that they required time off work and more employees sought medical treatment for their injury. Overall recorded injuries, lost time and medical treatment increased by 8 percent during the year.

The most common type of injury to Farmlands employees was to fingers or hands. Also, there were a number of back strains or sprains recorded that required treatment or time off work. Farmlands is looking to implement initiatives during the coming year that will reduce the incidences of these injuries.

A key aspect of reducing injuries is to proactively address safety issues. All Farmlands employees are encouraged to report safety incidents and interactions. Farmlands recorded 121 safety interactions this year, there were 96 instances of safe behaviour reported and this resulted in 17 staff members receiving safety award nominations.

Working safely is not just a shift in practice, it is a shift in culture. Farmlands is asking all employees to switch on to working safely, so that they get home safely, every day.

Ruth Knewstubb

General Manager People and Safety



15%
REDUCTION
Lost Time Injuries

6 LESS



30%
INCREASE
Medical Treatment Injuries

11 MORE



8%
INCREASE
Total Recordable Injuries

5 MORE



Strains or sprains to **backs** requiring medical treatment or lost time



Injuries to **fingers or hands** most common



Safety Interactions recorded



Safety Award Nominations



Safe Behaviour



Colm Hamroque
Chief Operating Officer

2015 HIGHLIGHTS

- Opening of 82nd Farmlands store at Ngatea.
- Two more purpose-built stores opened at Amberley and Blenheim.
- Specialist on-farm service provided by more than 120 Technical Advisors and Field Officers nationwide.

RETAIL

A growth in sales in an increasingly tight market has allowed Farmlands to give shareholders a 1% rebate on their rural supplies purchases.

The Year in Review

Farmlands Co-operative has achieved a year of growth in the face of tough trading conditions. While there has been high levels of success across the business, everyone is well aware of the tough year faced by agriculture. Farmlands has placed a high emphasis on ensuring that service levels to all of our shareholders remain paramount during these tougher times.

Ngatea became the 82nd Farmlands store in June and we are delighted we can provide more convenient service to our shareholders in the area. In addition to the new Ngatea store, Farmlands also opened new premises for our shareholders in Blenheim and Amberley. These purpose-built stores allow for a greater range of products to the growing markets in these areas.

The relationship with Ballance Fertiliser has again been a positive for Farmlands, with growth of 5 percent compared to last year.

“Farmlands has placed a high emphasis on ensuring that service levels to all of our shareholders remain paramount...”

While the Farmlands Rural Supplies business has experienced growth, it has also experienced great change. These changes are in-line with the consolidation plans post-merger, designed to save the business money in the long-term.

North Island stores have now moved onto the national AdvanceRetail point of sale system. By ensuring all Farmlands stores operate the same technology, we not only save money on operating costs, we open up opportunities to use other services, such as Farmlands Finance’s Creditline facility.

With any new technology there is an embedding process and we acknowledge the difficulties encountered by some of our shareholders. We thank shareholders for their patience during this time, in the same way we thank shareholders for their patience and understanding as our new statements were unveiled. We have received crucial feedback on the changes and the statements will continue to be fine-tuned, to provide an optimal experience for shareholders.

The Year Ahead

Improvements will continue to be made throughout Farmlands, however the focus for the coming year will be on providing support and service to shareholders. We will be focusing on a lower cost base in the year ahead, as we try to reduce spending where possible.

Farmlands will most likely be facing a challenging year ahead, because it is going to be a challenging year for shareholders. We are here to support our shareholders in both good times and difficult.

It is a case of “all hands on deck”, as we respond to the market and the difficulties faced by our shareholders.





Luke Hansen
National Horticulture Manager

HORTICULTURE

Farmlands Horticulture continues to go from strength to strength, assisting shareholders in all aspects of horticulture.

Farmlands now has 38 Technical Advisors spread throughout the country, delivering tangible benefits to their shareholder clients. Our clients often remark they wished they'd come on-board earlier, as they recognise the benefits we offer.

As the scale of Farmlands Horticulture grows, so does our ability to attract world leading

products and suppliers, while continuing to diversify the options available to any shareholder operation. Growers now have more options to solve everyday problems than ever before. Farmlands Horticulture will continue to be the team providing that support and service, to deliver for New Zealand growers, regardless of their operation.



Farmlands Fertiliser

On the back of a challenging 12 months, fertiliser sales finished the year on a positive note. The Farmlands market share has grown throughout the year with our national fertiliser supply partner Ballance.

The national fertiliser result was reflected by some very strong regional performances. All Farmlands regions increased their market share and tonnes transacted over the previous 12 months through Ballance, which has been sold to a mix of farm types including sheep and beef, dairy, horticulture, deer and arable operations. This is a testament to the strong relationships our Farmlands staff have with the shareholders they service and the ability to add value through the advice and products they offer.

Farmlands in conjunction with Ballance undertook a national autumn fertiliser sales campaign that yielded some very successful results. The campaign involved activity based at different levels locally, regionally and nationally. This generated a lot of interest in fertiliser, in particular Farmlands and Ballance, which led to additional fertiliser sales and enquiry during this period.

Retail fertiliser sales remained strong throughout the year, especially in the horticulture sector, where Farmlands services a wide range of farm/crop types offering specific soluble, liquid and granulated fertiliser options.



Phillip Bracefield
General Manager Nutrition

2015 HIGHLIGHTS

- Establishment of a national Nutrition Trading Desk, to provide shareholders with increased product and advice options.
- Record sales of 'straight' feed commodities.
- Strong growth in McMillan and Virkon ranges.
- One of the first to achieve FeedSafeNZ accreditation from the NZ Feed Manufacturers Association.

NUTRITION

Farmlands Nutrition has been proactive in responding to the challenging conditions faced by shareholders, by expanding the product range to suit the environment and shareholders' requirements.

The Year in Review

Nutrition introduced and refined a number of policies and procedures to improve feed quality and safety. This culminated in FeedSafeNZ accreditation from the New Zealand Feed Manufacturers Association (NZFMA). Farmlands Nutrition was proactive in achieving accreditation and the process included an external audit, to assure shareholders and customers of the quality of both product and process. This new quality assurance programme is designed to provide New Zealand stockfeed customers with the greatest confidence in the products they are buying. Farmlands Nutrition is proud to be a pioneer for this accreditation.

With the climatic and market challenges, our team of specialists are busy providing nutritional advice to our affected shareholders. Blends were strengthened in the Reliance range to provide more flexibility and options to those looking for more cost effective feeding options. Our job is to support our shareholders, which we will continue to do in any way possible.

The Nutrition Trading Desk has been established to provide a single process and operating system for the national trading and

management of bulk dairy feeds, including straights. This move will allow all Farmlands shareholders increased options in how they receive their nutrition products and advice.

Farmlands Nutrition has also continued its capacity building, both of the national team and operations. This included for the first time 24/7 milling in peak season and further plant expansion at Rolleston. In addition, supply chain improvements such as electronic order picking and web order tracking were introduced.

NRM has continued its success since joining the Farmlands family, as brand awareness has increased through sponsorship arrangements and its increased coverage through Farmlands stores.

Result

In terms of trading result, it was a challenging year for the Nutrition business given the tough dairy environment. Despite this, we made good progress in all other segments. This was boosted by an increased customer base taking up offers and options from Farmlands Nutrition. Our 'straight' feed commodities grew significantly year on year to record levels. We saw good growth in many bagged products, particularly for our McMillan equine range and Virkon®S (a biosecurity disinfectant), on the back of a concerted sales and business development effort. Sheep nut volumes were also well up on the back of regional drought and snow events.

Overall, Nutrition delivered an increase in revenue – a fantastic result given the mitigating factors.

Looking Ahead

For the year ahead we will continue to actively support all of our shareholders with their nutrition needs.

We will continue to develop the nutritional expertise of our nationwide network, both through our in-field feed specialists in Farmlands Nutrition and NRM, as well as through technical training to store and customer service teams.

A key focus for the year will be cementing and building on the growth of our bagged products. A refresh to the McMillan equine range will be implemented from September and the national sales coverage strengthened.





Frank Ruddenklau
General Manager Livestock (Acting)

2015 HIGHLIGHTS

- Number of grazing contracts has doubled.
- Strong beef market benefits shareholders in that area.
- Creation of strong contacts, including first Livestock Agent in the North Island, further strengthening the Farmlands Livestock network.

LIVESTOCK

Growth in key areas has allowed Farmlands Livestock to give shareholders a rebate of 1% on commission paid over the past year.

The Year in Review

Farmlands Livestock has worked hard to serve shareholders. The various aspects of the Farmlands Livestock business – sheep and beef, dairy and grazing all had differing levels of success in some of the most extreme conditions seen in years.

A milestone was reached this year with the appointment of the first North Island Farmlands Livestock Agent. New appointments have also been made on the West Coast and Southland.

Farmlands Livestock’s dairy heifer weight gain contract business worked well. For a number of grazing clients the contracts proved to be very successful, as “the long-term contract through to May provides them with a signed, sealed, delivered contract at a good price level”.

Numbers on these contracts have doubled for the year, with grazing income consequently doubling as well. There are now three full time grazing specialists, who complement the other agents using the grazing operation as a part of their business.

Sheep and beef trading started off very strong, with favourable lamb prices through to Christmas time as meat schedule prices and beef started strong. These prices continued through the killing season, with record seasons at the works for both sheep and beef.

The lamb schedule reduced from Christmas on – and is only recovering to pre-Christmas levels now. Consequently the store lamb market was very weak, with very little buyers in the market and drier conditions causing a need to find homes for the store lambs. People who have bought store lambs have made very good margins and will look to continue making those margins going into spring.

The beef market is looking very strong for spring, with scheduled prices looking at getting up to \$6/kg. Store beef is extremely strong – the highest Farmlands Livestock has ever seen.

The dairy market’s issues are well documented. Farmlands Livestock had a “reasonable” year in the dairy scene – with all things considered – with quite a few herds sold and tidied up. Ensuring shareholders are supported remains the priority for Farmlands Livestock.

GM – Livestock Terry Ashby has made the decision to step down from his role. We would like to thank Terry for his contribution to Farmlands over the years.

The Year Ahead

The year ahead will see lots of opportunity for Farmlands Livestock. We will continue to evolve to provide a complete service to shareholders, with a sense of optimism for the coming year. The key is of course to support, which is all the more prevalent in difficult conditions.





Mark Elliott
General Manager Grain and Seed

2015 HIGHLIGHTS

- Appointment of Arable and Forage Agronomists.
- North Island Grain Trading volumes rise.
- Retail Seed Sales increase again.
- Continuation of grain and seed rebates.



GRAIN AND SEED

Our Retail Seed and Arable offering was significantly strengthened with the appointment of additional Forage and Arable Agronomists and a Grain and Seed Representative in 2015. The Grain and Seed rebates paid last year per kg and per tonne were well received by shareholders and we are pleased to be able to continue this with the small seed rebate and additionally increasing the grain rebate from 50c to \$1.00 per tonne.

The Year in Review

The opportunities to add value to shareholders' farming operations continue to increase, as a result of changes in land use, irrigation, legislation, new seed varieties and new agrichemical chemistry formulations.

We have appointed additional Agronomists to provide a seed and chemical technical expertise resource to Technical Field Officers (TFOs) and our shareholders. The focus of our Agronomists is the establishment, management and use of forage and arable crops. We will look to expand this offering further around the country as the demand and need arises and as suitably qualified people to fill the roles are identified.

The year that's been has seen a combination of climatic and financial volatility. A drought in North Canterbury, flooding in Wanganui, rising beef prices and falling dairy and grain returns combined with low interest rates and a falling New Zealand dollar. The list of examples could go on, however they illustrate the ever changing world New Zealand farming operates in. We must be agile and adaptable to the hand we're dealt, so that we can take on the new opportunities that present themselves when existing market dynamics change.

Results

Our Retail Seed turnover increased by more than 10 percent year on year. This was an outstanding result given the unseasonal weather conditions in some areas around the country over the last 12 months and as the potential effects of the drop in the dairy pay-out were publicised.

The volume of annual forage crops continues to increase, with our fodder beet area, for example, up 130 percent on 2013 sowings. The sowings of forage cereals and annual grasses were also well up on previous year's sales.

Our Grain Trading and our small seed multiplications operated in a market of high volatility. Grain prices dropped by more than \$100.00 per tonne year on year, through

over-supply due to increased use of PKE, a high New Zealand dollar seeing larger volumes of imported grains and a drop in demand for supplementary feed from the dairy sector. The high New Zealand dollar and a lack of demand meant export opportunities for small seeds were limited. These are expected to improve for the 2017 harvest.

Looking Ahead

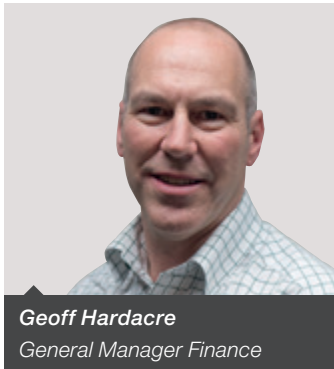
We will continue to increase our market share in Retail Seed through our focus on providing value to our shareholders via technical expertise, an independent approach giving us access to all commercially available seeds and our reliable mixing and distribution service.

Our Grain Trading and small seed multiplications are increasing each year and we anticipate increased trading volumes as we build on our existing relationships and take up the ever changing market opportunities presented to us.

New grain sales opportunities into the North Island were appearing in the second quarter of 2015, as the lower exchange rate saw delivered North Island imported prices rise, allowing on-farm prices ex the South Island to compete with import parity. We haven't had this opportunity for several years.

The 2015/16 year will be both challenging and exciting, depending on the sector you operate in. The cyclical nature of rural commodity markets as a result of exchange rates, supply and demand, alternative product substitutes like PKE and other economic and political factors is why we approach farming with a long-term view.

Making informed decisions is crucial and we will ensure that we have the required staff available that are technically competent with access to the information you need for all your grain and seed requirements.



Geoff Hardacre
General Manager Finance

2015 HIGHLIGHTS

- Creditline, the Farmlands deferred payment option, increases volumes by 23%.
- More than 2,000 South Island shareholders availed of Farmlands Finance products during the year.
- Farmlands Finance launches Creditline into the North Island.
- Farmlands Finance products now available to all shareholders, providing more choice and assistance to shareholders to help with cash flow management.
- More promotional opportunities offered to shareholders, to assist in financing everything from bulk feed and fuel tanks to farm equipment and in-shed feeding systems.

FINANCE

Farmlands Finance had a successful transitional year, delivering value and increased choice to shareholders through effective cash management tools and loans, enabling a 1% rebate of interest paid.

The Year in Review

Farmlands Finance has continued to grow and evolve over the past 12 months to offer shareholders more choice in their financing needs, from their own co-operative. While an increasing number of shareholders are opting for the services provided by Farmlands Finance, the core function – to be a responsible lender to our shareholders – has not wavered.

The major change for Farmlands Finance this year has come in personnel, with the appointment of Geoff Hardacre to the position of General Manager to further the expansion and offerings of the business. Geoff’s appointment allows Daryl Aitken to move into the role of General Manager – Credit for Farmlands. Daryl has been instrumental to the growth of Farmlands Finance and we thank him for his immense contribution.

The products offered by Farmlands Finance – Creditline, Term Loans, Livestock Finance and Hire Purchase – have proved increasingly popular as the year has progressed. As awareness of Farmlands Finance has grown, so too has the geographic coverage of these services. “Finance Staff Roadshows” have been held regionally throughout the country, to help Farmlands staff recognise how they can help shareholders understand and utilise the finance services available to them. With the changeover in the North Island stores to

the new point of sale system, AdvanceRetail, shareholders in the North Island will now have easier access to Creditline, Farmlands Finance’s deferred payment option.

Various A&P Shows and field days throughout the year gave us the chance to showcase some of the finance offers available to shareholders. These diverse interest free loan offers (which include REL in-shed feeding systems and compliant Farmlands Fuel storage tanks), or low cost tailored loans for the likes of a Gator, prove that Farmlands Finance offers more choice in a competitive market.

The Year Ahead

The focus for Farmlands Finance will always revolve around supporting shareholders with cash flow management needs and providing them choice. Money is the oxygen of anyone’s business – it is our job to provide sufficient oxygen to work at optimal performance.

By tailoring solutions to assist the specific scenarios our individual shareholders face, we can provide a unique support service via our relationships with both shareholders and the market at large.

With more than 60,000 shareholders, Farmlands has a very diverse and broad business model, which affords Farmlands Finance the opportunity to look into varied deferred or low interest cost deals that directly assist shareholders.

Watch out for fresh finance offers coming your way over the next 12 months to support your business plans and maximise your working capital position, such as deferred terms on your equipment servicing or low interest rates on selected farm machinery transacted through our Card Partners. The nationwide roll-out of Farmlands Finance will continue in the year ahead, giving all shareholders the choice of using their co-operative for selective cash flow management and tailored finance needs.





Calvin Leen
General Manager Real Estate

REAL ESTATE

The Year in Review

Farmlands Real Estate achieved a positive profit contribution, despite the year not shaping up as initially forecast. Our team pulled together more than ever to list, market and sell all types of property – but the reality was collapsed farm sales affected the bottom line in the final two quarters. On average seven out of ten contracts processed were residential and lifestyle sales. Of the remaining three rural contracts, one collapsed. This was a reflection of the change in confidence by purchasers to proceed.

Continuing and ever-increasing shareholder support translated into the team being asked to pitch for even more business than ever. The introduction of our glossy Mainlander publication was warmly welcomed and has become a strong tool, aiding our Salespeople to turn prospects into listings and listings into sales on the most advantageous terms for our Vendors. Focus on continuous improvement, particularly in marketing has driven us to present appealing yet thorough property information, well above industry standards. As a direct result, feedback suggests our information memorandums and submissions are ahead of the competition.

Our people are our strength and in 2014/15 we recruited experienced Salespeople, plus three Regional Managers. The investment in getting the right people has provided critical management support enabling increased market share, new branches to be opened in the South Island and expansion into the North Island.

Result

Farmlands Real Estate has delivered a positive contribution. A rebate and Choices Rewards Points have been awarded to shareholders who successfully listed and sold via their co-operative. The majority of all our sales are transacted for shareholders who have also received competitive commission rates for their continued loyal support.

Looking Ahead

The future is bright for real estate. Our first North Island office opened in July at Masterton and is already successfully trading. In September we opened at Palmerston North and Feilding. Whangarei is due to open in October. While the Wairarapa/Manawatu are important first steps, Farmlands Real Estate is looking for experienced real estate professionals across the North Island to create competition and offer a real estate service for our shareholders.

A national network spreads risk, gives further diversity and the ability to capitalise on opportunities across differing market conditions over many geographical regions. Another benefit for shareholders is the introduction of Air New Zealand Airpoints Dollars™. Already accustomed to earning Choices Points through Farmlands Real Estate, shareholders can now choose to earn Airpoints Dollars on the commission paid on real estate sales.

2015 HIGHLIGHTS

- Rebate on gross commission paid.
- Introduction of *The Mainlander* publication.
- First office opened in the North Island, roll-out to continue.
- A positive profit contribution in a challenging year.
- Staff retention and recruitment.

Sold





Mark McHardy
General Manager Fuel

2015 HIGHLIGHTS

- Significant growth in fuel volumes supplied to rural, retail and commercial sectors.
- Continued growth of commercial fuelcard volume.
- Re-signed Challenge supply contract through until 2025.
- Further growth of Gulf lubricant business.
- Roll-out of a 24/7 outdoor payment terminal solution to our expanded network of unmanned fuel stops.
- Further development of our Health and Safety/ Compliance plan.



FUEL

All components of Farmlands Fuel achieved continued growth in 2015.

The Year in Review

Our bulk fuel delivery business increased significantly throughout 2015, the result of increases in both shareholder and commercial customer numbers trading with us. Similarly, commercial fuelcard volume growth was impressive this financial year.

The most notable achievement for the team this year was re-signing the Challenge Service Station network supply agreement through until 2025. The relationship between Farmlands and Challenge's 80 service stations nationwide has developed into something quite special and the Challenge Executive's decision to re-sign with Farmlands for a further 10 years endorses the confidence in that relationship.

Farmlands has worked closely with Challenge in implementing the external brand refresh project and other initiatives to assist with business development. The Challenge Service Station network received the 2014 Canstar Blue Award for Customer Satisfaction – great recognition for the significant amount of effort invested by all.

Farmlands Fuel's Health and Safety and Compliance programme continues to gain strong momentum. This year, Fuel established a Safety and Compliance Committee, to provide increased focus and support for our Compliance Management team. We are market leaders in providing our customers with the latest advice and supply options around compliant and safe fuel storage. Significant numbers of shareholders took advantage of our tank promotional offers this year, to ensure their sites met the required compliance requirements. We strongly encourage all our customers to contact us for advice if they have any concerns regarding the compliance status of their fuel storage facility.

This year we continued the roll-out of our 24/7 outdoor payment terminal solution for our network of unmanned fuel stops. We expanded the network this year and have a number of other new sites scheduled to be introduced next year.

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

- Competitive prices, with shareholders who support us rewarded by way of a Bonus Rebate (determined on a year to year basis at the discretion of the Farmlands Board).
- Our experienced tanker drivers operate 46 trucks out of 11 ports and deliver fuel throughout New Zealand.
- Purchase summaries are provided to enable shareholders to claim on Petrol Excise Tax (currently returning about 66 cents per litre) or, if preferred, access to a fully managed excise tax refund option is available.
- 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.
- Easy to understand advice on achieving fuel storage compliance is readily available.

The Year Ahead

In the year ahead, we are forecasting similar growth for both our bulk fuel and commercial card fuel business. We have a very aggressive fleet replenishment programme in place, which will see 20 new trucks added to the Farmlands Fuel fleet before year's end.

Service is an integral part of the Farmlands Fuel business and this aggressive fleet replenishment programme will assist us in providing the service reliability our customers expect.

Further growth is also forecasted for the Challenge network. We are planning to open our first Challenge site in the Bay of Plenty (Omokoroa) late in 2015. The Challenge brand is seen as an increasingly viable alternative for independent retailers. We will continue to expand our Farmlands branded unmanned fuelstop network, which provides 24/7 fuel access for shareholders and commercial customers.

Our Gulf lubricant business continues to gain pleasing momentum and we see this trend continuing.



Nick Hughes
Manager Farmlands Lubricants

2015 HIGHLIGHTS

- Shareholder and agriculture sector support helps increase Gulf product nett sales at Farmlands stores by 11% year on year.
- Gulf Oil available for purchase at Repco outlets nationwide from October – delivering benefits to Farmlands shareholders.
- Aston Martin Racing officially uses and endorses Gulf lubricants, which have been used in every one of Aston Martin's wins en route to becoming the most successful manufacturer in World Endurance Championship history.
- Gulf Oil was the major sponsor of the highly successful New Zealand Festival of Motor Racing at Hampton Downs in January.

LUBRICANTS

Due to tremendous support from Farmlands shareholders and commercial customers, Gulf Oil is now well established in New Zealand and has a bright future.

Since launch in 2011, Farmlands Lubricants has processed in excess of 14,000 wholesale orders and achieved sales of close to 3 million litres of Gulf Oil.

The Year in Review

In conjunction with focused attention on existing channels to market, development of new sales channels has been a major objective for Farmlands Lubricants during the past year.

- Farmlands Lubricants has negotiated supply agreements with several major national truck and bus organisations, which will lead to the Gulf brand achieving presence and credibility in this important channel.
- Gulf Oil is now available for purchase through national retailer Repco. This gives the general public access to the world famous Gulf brand. Remember that every litre sold benefits Farmlands Co-operative.
- Farmlands Lubricants is working closely with Farmlands Card Partners to leverage existing relationships and drive sales of Gulf Oil.

Results

In a challenging year for retail sales generally, Farmlands staff and shareholders continue to strongly support the Gulf Oil brand, which they own in New Zealand. Key indicators including Gulf Oil units sold, gross sales and profit margins all continue on upward trends, which is good news for the oil and lubricants category.

Farmlands Fuel remains an important channel for Gulf Oil in a challenging market, allowing sale volumes to finish on par with the 2014 financial year. Farmlands Fuel and Farmlands Lubricants are working closely on a number of significant national fuel and oil tenders. Having a strong bundled fuel and oil offer is proving an attractive option for national organisations.

Farmlands Lubricants also sells directly to the automotive trade and other direct customers. Significant progress has been made with franchised and non-franchised dealerships, with Gulf Oil now being chosen as the primary workshop brand around New Zealand. As previously mentioned, substantial supply agreements have been negotiated in the heavy transport sector.

Looking Ahead

Current economic conditions indicate lower new farm equipment sales, which is resulting in more servicing done on-farm. This will bode well for retail sales of Gulf Oil.

An aggressive promotion and advertising calendar will ensure that brand awareness for the Gulf brand will remain high.

The Gulf lubricant brand is now present in more than 100 countries spanning five continents, with the values of 'Quality, Endurance and Passion' as its core attributes. This means the brand is ever more recognisable and accepted in the commercial environment.

Farmlands Lubricants in New Zealand will also benefit from recent supply chain efficiencies created by supplier Gulf Oil International. In a move away from outsourced manufacturing, GOI has purchased a significant oil blending facility. The plant is based in Antwerp, Belgium and production commenced in July this year.





Jaimie McNabb
General Manager Commercial Services

2015 HIGHLIGHTS

- Farmlands App launched to market, to save shareholders valuable time and effort.
- Market leading fuel offer, through network of more than 530 service stations nationwide.
- Card Partner signage rolled out nationwide, making it easier to find Card Partners.
- Growing local network of Card Partners, supporting local commerce.
- Stronger nationwide power deal assists shareholders to reduce their key input costs.
- Announcement of partnership with Air New Zealand brings even more benefits to shareholders.

CARD

The Farmlands Card team has built on the success of last year, by offering shareholders a rebate of 0.2% on their Card purchases. Now even easier to use and providing more benefits, an increasing number of shareholders are saving time and money through Farmlands Card.

The Year in Review

Farmlands Card is now the strongest Card in rural New Zealand. Because of this, Farmlands is able to leverage the Card’s scale to get better deals and improve service to shareholders. The Card programme plays an important part in facilitating purchases between local businesses and shareholders, making it even easier to save on business and everyday purchases.

As a team, Farmlands Card has a commitment to grow, innovate and provide value to shareholders and our Card Partners.

This year Farmlands Card has:

- Through our partnership with Challenge and Caltex, increased the rebate on the Farmlands Card to 12 cents off the pump price.
- Released the Farmlands App – shareholders can now find Card Partners in their area, request quotes, phone or get directions to each Card Partner. Plus, you can now report issues that need resolving back to Farmlands via the Farmlands App.
- Increased the rebate on energy, which has seen thousands of shareholders save even more money on their electricity through Farmlands.

- Replaced Card Partner signage in the South Island, completing the re-branding process and making it easier for shareholders to find Card Partners.

Looking Ahead

A big focus for the team is saving shareholders time and money through doing things smarter. Through the Farmlands App, we’ve made it easier to find Card Partners and understand the rebates offered. We are looking at providing more detail on the Farmlands statement, to save you time with monthly accounts.

With new Farmlands Cards being rolled out throughout the South Island, another post-merger benefit will be complete, saving Farmlands – and shareholders – money in the long-term.

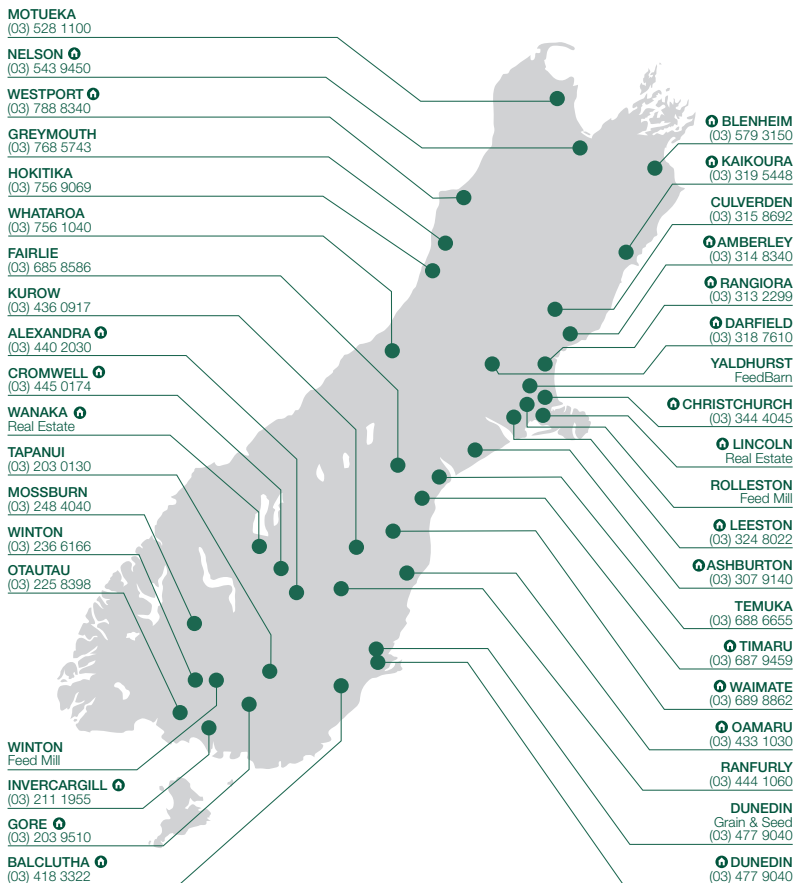
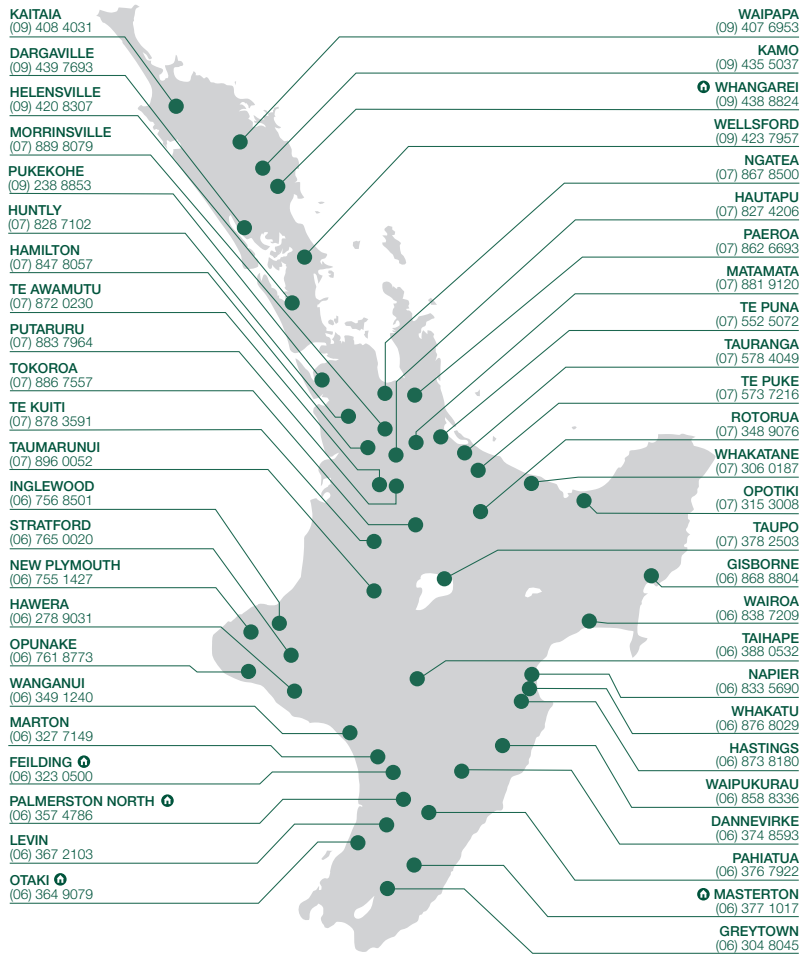
There are still “gaps” in our coverage of Card Partners and we will continue to add more to the network – do not hesitate to recommend businesses where you would like to use your Farmlands Card.





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
co-operative

Farmlands Christchurch Office
535 Wairakei Road,
Burnside,
Christchurch 8053.

Farmlands Dunedin Office
84 Cumberland Street,
Dunedin 9016.

I'm wearing my
**GOING
OUT**
GUMBOOTS



LOVE COUNTRY?
**ewe
bet!**

LIVE RURAL
**LOVE
LIFE**



**IT'D RATHER
BE AT
FARMLANDS**



IF EWE CAN
READ THIS
**MOO
BACK!
ewe TOO
CLOSE**

**FARMERS
DO IT
IN THE DIRT**

**SHUT THE
FLOCK
UP**

We're
helping to
grow the
Country



**WE
FARM
LANDS
LIKE
NONE
OTHER**

Farmers can keep
going...till the
COWS
come home!



Entry is FREE
**But the Bull
CHARGES**

**RURAL
RUGGED
RELIABLE**

**FARMING:
MUD
SWEAT
&
BEERS**

**WE'RE
ALL
FOR
ewe**

**GUMBOOTS
ARE MY
TOWN
SHOES**

**YOU'RE IN
FARMLANDS
COUNTRY**



**FARMERS
DO IT**
FOR THEIR COUNTRY
IT'S A FARM THING

**LIVE
LAUGH
FARM**



**WORKING IT, LIVING ON IT
WITH FARMLANDS**

