



**Market Gardeners Limited**  
**Annual Review 2014**

**Together.**  
**Stronger.**





MG is made up of more than 430 grower shareholders, 700 active growers and over 480 full-time committed staff, working together to achieve the kind of benefits that would not be possible on one's own.

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# Financial Highlights

Group gross sales under management

**\$538.872 million**

Group profit before income tax

**\$8.837 million**

Group profit for the year (after income tax)

**\$6.382 million**

Group total equity

**\$86.029 million**

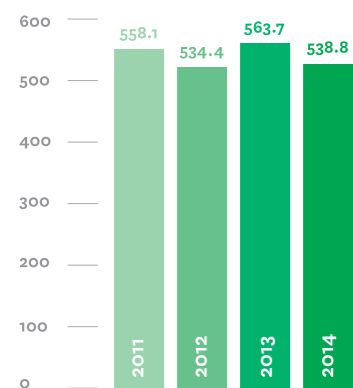
Group total assets

**\$178.819 million**

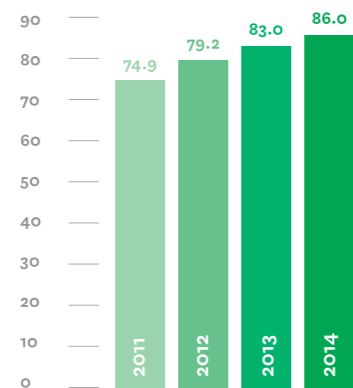
Shareholder distributions	2014	2013
	\$'000	\$'000
– Supplier shareholder rebate	250	250
– Bonus issue on supplier shareholder rebate of 3 for 1 (2013 : 2 for 1)	750	500
– Final gross dividend on “A” shares : 6 cents per share (2013 : 6 cents per share)	801	778
– March 2014 – final gross dividend on 2007 Prospectus “D” shares : 2.667 cents per share (June 2013 : 4.667 cents per share)	68	129
– November 2014 – final gross dividend on 2013 Prospectus “D” shares : 4 cents per share (November 2013 : 3.333 cents per 2007 Prospectus “D” shares)	92	85
<b>Total shareholder distributions in relation to year ended 30 June</b>	<b>1,961</b>	<b>1,742</b>



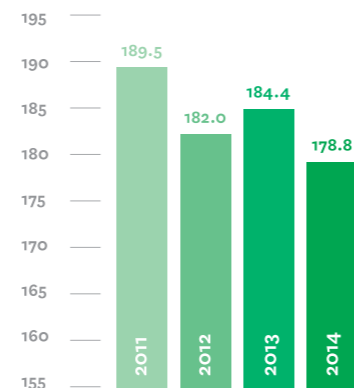
Group gross sales under management (\$M)



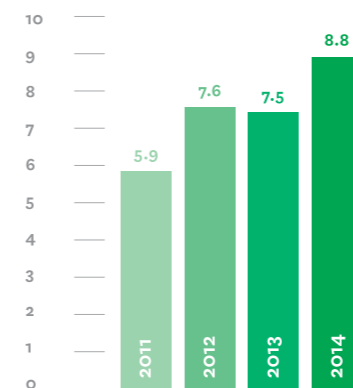
Group total equity (\$M)



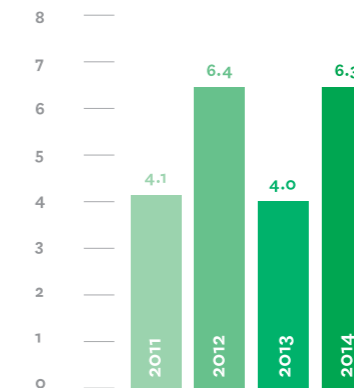
Group total assets (\$M)



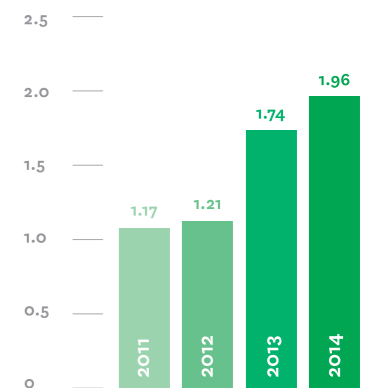
Group profit before income tax (\$M)



Group profit after tax for the year (\$M)



Group distributions (\$M)





## Chairman & CEO's Review

As we reflect on the year, Market Gardeners Limited, trading as MG Marketing (MG), is proud to deliver its 2014 Annual Review which includes a positive financial result. It also highlights a number of initiatives that have been made to improve the long-term success of your cooperative.

This review shows that your cooperative is in good health with a real focus on grower success and the prosperity of our industry.

We have delivered an increased profit before tax of \$8.837 million. Revenue from sales in our New Zealand market was broadly in line with last year's, whilst higher foreign exchange conditions caused a reduction in revenue out of the Australian LaManna Bananas Pty Ltd Group (LaManna) business once converted into New Zealand dollars. This exchange rate movement has similarly negatively impacted the LaManna net profit which was otherwise relatively similar to 2013.

Despite the 3.7% decrease in total Group revenue, MG continued to grow the equity in the business. Similar to the revenue reduction as discussed above, the value of Group assets is 3.0% down due to our Australian assets being valued at a much higher exchange rate than previous years.

Our grower shareholders are aware of the many challenges facing our business, but the cooperative continues to face these head-on and prove we can adapt to the changing market conditions.

Weather related issues were more favourable to our Australian operations, but Mother

Nature has not been so kind on the New Zealand growers over the past 12 months. An extremely wet summer in the Hawkes Bay affected the quality of the summer fruit, flooding in Horowhenua impacted on our New Zealand greens production, while the wettest autumn on record in Canterbury also restricted supply and the value of some produce.

Despite these weather setbacks, there were plenty of domestic highlights in the business including growth in a number of key domestic categories. MG has also increased its market share and saw good growth in seasonal categories. Domestic sales remained steady throughout the year and resulted in a positive increase.

LaManna in Australia had an oversupply early in the year and were challenged by price pressures in their domestic banana market, but better trading conditions helped the business recover strongly in the later part of the year. LaManna has also had to deal with a difficult economic climate in Australia, however, its product diversification strategy into other produce categories has been instrumental to that company's improved performance.

The solid result, despite a challenging environment, is the best example of how we have maximised the market potential for our grower shareholders. The results give MG's management the confidence that these improvements will continue into the current financial year. Our stability and market position enables us to recruit and retain the

most skilled staff and best sales people in the country. We are also continuing with infrastructure upgrades to provide the best facilities in the market from which to sell growers' produce.

Since 1923 we have constantly evolved, adapted, been innovative and grown to meet the changing shape of the industry. The past year is no different, as we seek new ways to support our suppliers and deliver superior service to our diverse customer base.

An example of this includes the MG Direct service where we have gained efficiencies through rationalisation and centralisation of parts of our distribution operations. A lot of the hard work is removed for customers, including inventory management and the growers benefit from getting the best possible value for their produce, eliminating some of the supply chain costs.

There has been some strong and healthy debate regarding MG throughout the year. This is heartening to see as it shows that our growers share the kind of passion we all have for the success of our cooperative.

Feedback from our growers indicates that we need to clarify and better communicate the channels that members can use to participate and offer constructive feedback. We are implementing a strategy to improve the delivery of timely information and ensure that member views and concerns are heard and understood.

An independent Review Committee was commissioned this year and completed the well-publicised review following discussions raised at the 2013 Annual General Meeting. A number of recommendations were delivered to the Board for their consideration with the senior management team.

The Review Committee's comments have been welcomed and each of the recommendations have been, or will be, reviewed by the Board, and the appropriate action will be taken to further improve our business and enhance our relationship with our growers and shareholders. Communication related to the report, recommendations and actions were distributed to our grower shareholders in late May 2014.

There have been questions about MG providing financial backing to a growing operation and some shareholders have asked if we are not competing with ourselves. The reality, however, is that if MG can influence supply in key product lines, we can offer our customers more consistency and reliability for products and negotiate greater value for all the growers in that same market category. We are ultimately improving the MG business and business of our growers and their returns. This was clearly endorsed by the Review Committee. Investment in growing operations involves in-depth planning in relation to the market and decisions take into account the impact on the whole industry.

Our cooperative has and will continue to be focused on maximising returns for our shareholders and growers. Part of this is running a cost-effective and efficient vehicle to market. In an environment that has incredible challenges, it is important to work together to manage the volume of produce in the marketplace to support the best returns.

We strongly believe that reinvesting in the business will ensure the service provided to growers is maintained.

Growers and customers across the country are benefiting from our ongoing investment in our expanded facilities. The most recent project is the expansion of the main trading floor at our Christchurch facility with more space for packing orders and facilitating business. In addition, investment in a new centralised ripening and distribution facility in Christchurch, commissioned in January 2014, will offer improved efficiencies and product quality.

MG's staff have been active within the industry to promote and open new markets for our large network of growers. Everyone has worked tirelessly to support new opportunities and expand trade.

The attitude of our people combined with our results has once again demonstrated the power of our cooperative model (which was recently recognised at the Cooperative Business NZ Awards where MG was acknowledged for its 91 years "serving members"). All staff throughout the company work hard with the growers to move forward in the same direction, which leads to financial success and growth across the business.

The success of your business is at the centre of MG. Every three years we undertake formal research to measure perceptions and attitudes towards the cooperative. We recently undertook a round of focus groups and interviews with growers, suppliers, staff and customers. Whilst it is always pleasing to hear where we are succeeding, the most critical information we gain from this research centres on areas where we are told that we can further improve and add value.

We have listened carefully to our stakeholders and, in particular, you as growers and shareholders. You told us very clearly that you want to work more closely with MG to grow and improve your business.

A key element of this work was the development of our single-minded business proposition – Together. Stronger.

This approach represents a step forward in the way we do business. It is not a shared responsibility, but a shared commitment to being an organisation that truly values working in partnerships.

We are already starting to put our "Together. Stronger." strategy into action through our communications, our brand and our day-to-day work with customers and growers. This includes working with our stakeholders and increasing their understanding of our business strategy and reasons behind key decisions.

An invitation has been extended to work more closely with growers on business plans. This year we introduced a Human Resource support service for growers to provide practical tools in areas such as employee relations, recruitment, health and safety and food safety. A number of other collective benefits have been introduced that reduce business costs, such as telecommunications packages, and we will continue to explore ways to add value for our members on a range of fronts, including packaging supplies and equipment.

Looking ahead, we will be launching initiatives to support our grower shareholders with professional development opportunities for industry related learning experiences and leadership development.

We look back on a year where we showed a commitment towards playing our part in the cooperative model.

### Financial Performance

This year's trading is highlighted on page three of this review. MG has continued to maintain strong gross sales under management which this year exceeded \$538 million – this is down from 2013's \$563 million primarily as a result of the higher exchange rate (as discussed above). Group profit before income tax exceeded \$8.8 million (compared to the prior year's result of \$7.5 million) which reflects the improving performance coming out of LaManna Group Australia and continued sound results coming from the New Zealand operations. Group Profit after tax amounted to \$6.38 million which is up on last year's \$4.02 million and reflects a normalised tax expense this year and the improved pre-tax result alluded to above.

Total assets are now over \$178 million which, although down on 2013's \$184 million (affected by the higher foreign currency exchange rate), continues to show the Group's continued reinvestment in the infrastructure required in New Zealand and Australia.

Group equity has continued to grow and now exceeds \$86 million, an increase of almost \$3 million from 2013. This increase reflects the net effect of, amongst other things, the dividends and share surrenders, the Group net profit after tax of \$6.38 million and the impact of movements in the reserves – namely the foreign currency and hedging reserves.

Group cash flows from operations have continued to be strong and well managed with over \$8.2 million coming in from operating activities. These inflows have, amongst other things, resulted in debt repayments by the Group of over \$7.1 million (term debt and general working capital facilities) and the investment in property, plant and equipment of over \$3.8 million.

As in prior years MG presents, in addition to this Annual Review, a full Annual Report and financial statements. If you would like a copy of the Annual Report it can be found on the MG website ([www.mgmarketing.co.nz](http://www.mgmarketing.co.nz)), or by requesting a copy from the Company Secretary (email: [dpryor@mgmarketing.co.nz](mailto:dpryor@mgmarketing.co.nz) or phone: (03) 343 1794).

## Distributions

Based on the financial performance to 30 June 2014, the MG Board of Directors has resolved to return to its shareholders significant distributions totalling \$1.961 million (2013: \$1.742 million). On 21 August 2014 the Board declared the following distributions in relation to the year ended 30 June 2014:

- Supplier shareholder rebate - a taxable rebate of \$250,000 to be applied by the Company in paying up in full "C" shares of the Company to be issued at \$1.00 each and made in such manner as the Directors determine to those Current Producers that have supplied on a consignment basis during the financial year ended 30 June 2014;

- Bonus issue - a three for one fully imputed taxable bonus issue on the "C" shares issued out of the above rebate. This amounts to \$750,000 worth of "C" shares being issued (you receive three further "C" shares for every one "C" share you receive from the above rebate). As imputation credits have been attached to the bonus issue shares they are mostly tax paid in the hands of the shareholder;

- Final dividend - a fully imputed taxable gross dividend of 6 cents on every "A" share and a 4 cents on every "D" share on issue under the 2013 prospectus (this represents a pro-rata share of 8 months of the full year "D" share minimum dividend rate of 6 cents per annum) (the old "D" shares issued under the 2007 prospectus were repaid on 31 March 2014 and received a final gross dividend of 2.667 cents at that time). Once again imputation credits are attached.

The above distributions will be made only to those shareholders entered on the share register with effect from 30 June 2014 and who continue to hold, at the date of the 2014 Annual Meeting, the shares held at 30 June 2014.

The above rebate, bonus issue and dividends represent \$1.961 million being distributed back to MG's loyal and supportive shareholders.

As has occurred for many years now we are pleased to note the support of the shareholders through their high level of reinvestment of their dividends back into more MG shares ("A" and "D" shares). If you would like to participate in the dividend reinvestment plan please contact our Company Secretary, Mr. Duncan Pryor, at MG's Support Office for further information.

## New Zealand Market

The New Zealand market is the cornerstone of our business and MG has further invested with confidence over the past year to improve our service to our clients and our returns for our shareholders and suppliers.

Factors contributing to this solid domestic result included loyal support from growers, our extensive branch network and excellent service given by our MG team.

Feedback from our growers is that most volumes and sales were consistent with expectations. There have been a number of big success stories this year across our wide group of domestic products, despite several adverse weather issues.

MG believes that the best way to create mutual success is to continue to find ways to work more closely with our growers and a wide range of customers. This year we bolstered our procurement team, which has proven to be an important resource for growing our domestic market.

The key accounts team has also shown their importance to the business through the close partnerships built with customers and their ability to read the market to increase service and sales. Throughout the year they have been working alongside customers to support promotional planning, category planning and remove bottlenecks in the market so the full value can be realised for growers and customers. Further, they have shown that they understand the issues our customers face and help find solutions.

To complement the key accounts team's efforts, the MG in-store merchandising team has been extremely effective, working on the ground floor on displays, point of sale and promotions to support the growth of produce brands, boost product sales and build relationships.

Our domestic business team has worked hard to ensure we have a diverse grower base and we believe that this is a key strength for the future.

A key strategy for MG going forward is to successfully launch and market new products. We continue to ramp up intellectual property (IP) development activity, having made several additions to our IP programme in the last financial year, including berry fruit, summer fruit and green vegetables. The intended result of the programme is to develop products that focus on improving returns, providing unique marketing opportunities for retailers and encouraging increased consumer consumption. A successful example is Butterkin™, which has been hugely popular in the New Zealand market and is now being

introduced in Australia. This is a critical part of our business for the future and investment in time and resources will have long-term benefits for our cooperative.

Having a well-established branch network with locations in Auckland, Hamilton, Palmerston North, Wellington, Nelson, Christchurch, Dunedin and Invercargill provides a key point of difference. This year our growers have again benefited from our extensive business reach. Having multiple outlets increases sales potential and improves returns. We have an ongoing focus on making sure this strong branch operation continues to support the business and our partners.

The contribution of MG Direct to our business has grown significantly in the past year and has played a key role in turning certain categories into standout performers. MG Direct continues to be a great vehicle for transacting growers' product effectively.



New technology and communication tools are also being developed to offer our growers more information and greater transparency around our actions and initiatives.

The industry keeps evolving and we are seeing more consolidation with larger businesses acquiring growing operations. However, there are still a healthy number of family-owned operations – small, medium and large – that remain committed to quality produce and are driven by a passion for the industry.

Protecting the ability of all grower shareholders to sell and market produce competitively is a vital component of our mutual success.

This also applies to our customers where we are focused on making it as easy as possible to do business with us.

### United Flower Growers Ltd (UFG)

UFG, MG's joint venture with United Flower Auctions Ltd (UFA), again demonstrated that it is an organisation that is focused on the needs of the New Zealand Flower Industry.

The sales performance was solid on the back of excellent grower support, in particular from UFA grower shareholders, and a strong focus on marketing New Zealand-grown flowers.

In response to a challenging market, UFG introduced its strategy to better secure supply and maximise returns. Although it took some time to see the full benefits, the trust shown by the growers was rewarded through healthy sales and growth. We are pleased to report the on-going support of these initiatives by UFA shareholder growers.

Further investment was made into new technology with the introduction of an online portal, where buyers can view the auction live via a webcam whilst bidding.

UFG has also embarked on an expansion strategy with the primary targets being Christchurch and Wellington. A temporary facility was set up in Christchurch and this will be moved to a new permanent site in the next financial year. The Wellington arm of UFG, which operates from the MG branch, is also expanding its facilities to cope with sales growth.





### Australian Market (LaManna Group)

The LaManna Group is pleased to report that performance in the latter part of the financial year improved significantly and the business is trending in the right direction. The growth in the last two quarters was on the back of solid demand for bananas and has demonstrated that our strategic approach around consistent supply lines, product diversification and development of exclusive products is starting to pay dividends. This strategy has enabled LaManna to ensure steady operating earnings and will provide confidence in future earnings for our cooperative.

A large increase in general market banana supply significantly decreased sales value, but LaManna managed to counteract this setback in revenue by stronger sales in other products, among which avocados, tropicals, citrus fruits and tomatoes were the standout performers.

The citrus category received a major boost by LaManna significantly increasing its Queensland supply programme with a major supermarket chain, which contributed to a valuable rise in citrus supply base over the past year. This in turn resulted in increased year round supply to key accounts and we see this expanding into the future.

The strides forward in the avocado sector are another example of the excellent work being done to grow the business. Securing consistent supply is assisting with sales programmes and allowing for premium pricing of a high-quality product. Another key to the success in the avocado category is the world-class ripening programme which ensures the consumers can enjoy a premium product while securing good returns for both growers and retailers.

Like our New Zealand operation, the branch network in the key centres across Australia allows LaManna to expand and diversify into other categories, providing outlets for growers in both countries.

We are excited about a number of new developments we have in the pipeline that should reap rewards in the coming years. These include new IP products such as the Group controlled Butterkin™ pumpkin from New Zealand, which is undergoing retail trials and, if successful, will be grown throughout Australia for the domestic and potentially export marketplace. In addition the LaManna Group has secured the growing and marketing rights around the Intense™ tomato variety.

Our Darwin banana farm has started growing pineapples which is the only commercial pineapple farm in the Northern Territory. This will mean our farming operations will be less vulnerable to cyclone risk and other supply shortage issues on the east coast.



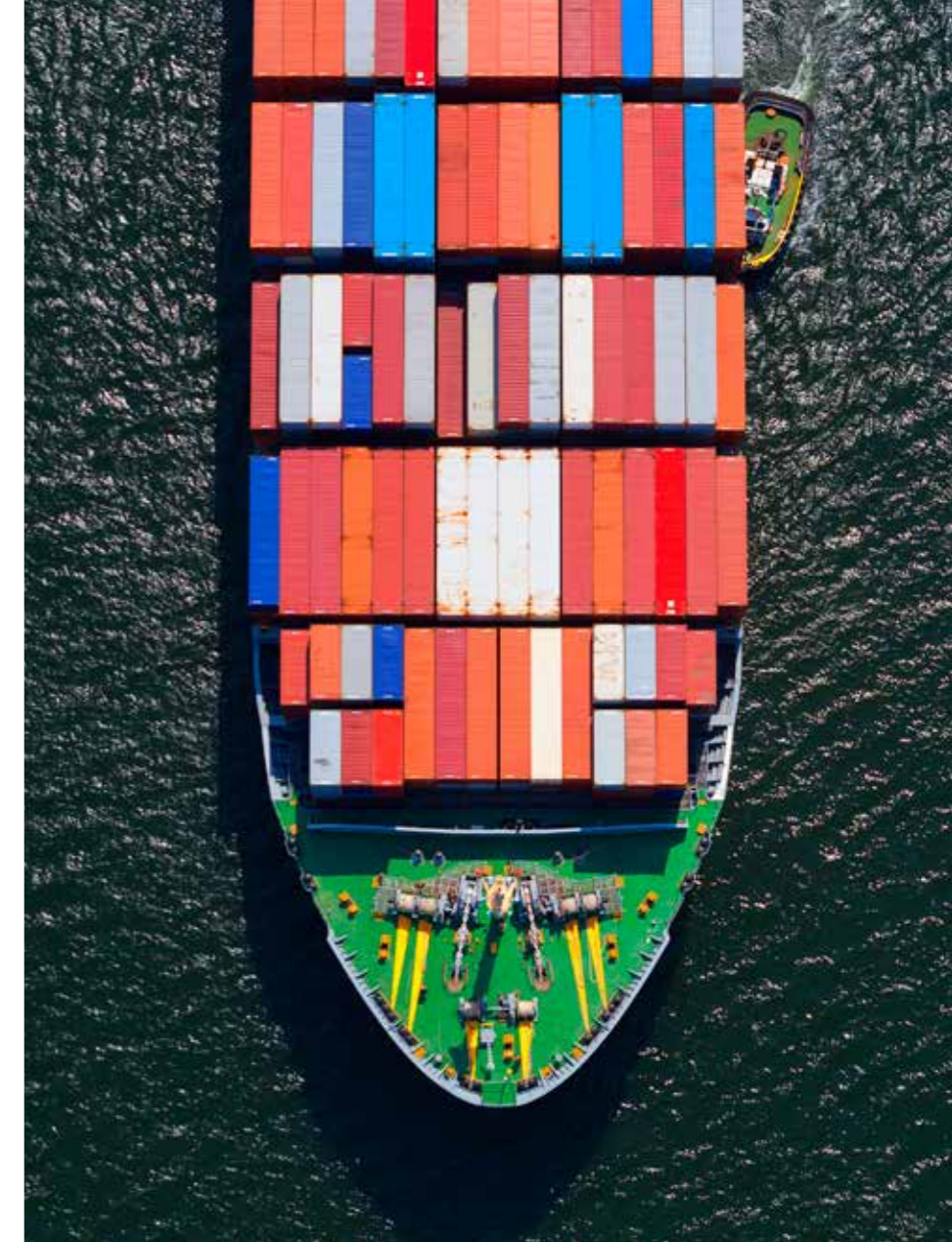
### LaManna Group Board of Directors and Executive Management Attendees

Glen Thompson (Chief Executive Officer)\*; Tom Treacy; Duncan Pryor B.Com, CA (Secretary to the Board)\*; Simon Hardie (Chief Financial Officer)\*; Brian Gargiulo MBE; Philip Holberton; Bruce Irvine B.Com, LLB, CA; Andrew Fenton.

\* Executive Management Attendees







## International Trading

MG's international trading activities continue to form an important ingredient to MG's ongoing success. This activity centres on the importation of out-of-season products, or tropical lines not grown in New Zealand, along with developing export sales opportunities.

On the imports front MG continues to play a leading role and will continue to devote the appropriate resources to ensure we maintain that profile. Ultimately our aim is to maximise sales potential, but we also need to balance that with domestic supply capabilities.

The international team working in New Zealand, Australia and the USA continue to foster supply relationships that will support the high standards required by

the consumer, along with looking for ways to grow demand. New supply sources of tropical fruit products, or out-of-season produce, continue to provide sales growth.

We are fortunate to work with some of the most recognised and respected global produce brands, such as Dole and Sunkist. We take pride in representing these supply partners and bringing their product and innovations to market.

Our USA operations are also expanding opportunities, linking supply with trading partners outside the traditional New Zealand and Australian markets.

Of particular note is the New Zealand banana category which was challenging due to weather related issues and significant market over supply during the last quarter. These supply constraints are

now behind us and the market started to show improved returns towards the end of the financial year.

During the year the MG and Dole joint venture partnership completed a new centralised ripening and distribution facility for the South Island, based in Christchurch. The partnership now has three state-of-the-art facilities that are geared for future growth as well as providing capabilities and expertise for the conditioning of other key produce lines.

MG's export partnership with Te Mata Exports 2012 Ltd (Te Mata) has had another successful year.

The team at Te Mata has effectively increased revenue growth through category diversification along with strong apple supply and healthy supplier returns for the 2013 season.

Whilst Te Mata has built its reputation on apples, the team is using its overseas relationships to expand exports into products like avocados, citrus, summerfruit and some vegetable lines.

The international marketplace is becoming increasingly important and attractive for our growers, creating an alternative to the increasingly competitive and often over supplied domestic market.

The main focus is on building relationships in Asia, India and the Middle East where there is a positive future for New Zealand products. It is also important to maintain exposure to the European and US marketplace in order to capitalise on production changes and exchange rate movements.

Horticulture New Zealand has set an ambitious industry growth goal of \$20 billion sales by 2020. This is a significant target and will not be achieved by Kiwis consuming more produce, so export will hold the key to this growth goal and MG will play a role in this endeavour. Te Mata and MG are carefully assessing opportunities abroad with selected products.



### Annual Meeting of Shareholders

All shareholders are invited to attend the annual meeting of the Company. This year the event will be held at The Napier War Memorial Convention Centre, 48 Marine Parade, Napier on Wednesday 26 November 2014, commencing at 5.30pm. Shareholders are welcome to join MG Directors, management and staff to formally or informally discuss topics of interest.

There will be a dinner following on from the meeting at approximately 7.30pm and all shareholders and their partners are welcome to come along (RSVPs are required for catering purposes – details are included in the invitation distributed to all shareholders with the notice of the annual meeting).



### MG Board of Directors

Bruce Irvine B.Com, LLB, CA; Andrew Fenton; Tom Treacy; John Clarke; Francie Di Leva; Peter Hendry (Chief Executive Officer)\*; Brian Gargiulo; Lynn Crozier; Kerry Wells B.Ag. Com (International Business Manager)\*; Alan Franklin; Duncan Pryor B.Com, CA (Company Secretary & Chief Financial Officer)\*.

\* Executive Management Attendees



### MG Executive Management Team

Duncan Pryor B.Com, CA (Company Secretary and Chief Financial Officer); Brian Buchanan (Internal Audit); Kerry Wells B.Ag. Com (International Business Manager); Peter Hendry (Chief Executive Officer); Jerry Prendergast (Brand Development & National Key Account Manager); Grant Harford BMS (National Operations Manager); Greig Pullar B.Com (Employee Relations Manager); Roger Georgieff (Marketing Manager Domestic); Peter Lange B.A (Imports Manager); Chris Hibbert (Information Systems Manager).

### MG Board of Directors

**Brian D Gargiulo** (MBE), Chairman, Elected director.

Brian brings over 30 years' of Board experience, with a vast knowledge of the MG Marketing business, its partnerships and relationships. Brian was awarded an MBE for services to horticulture in the 1986. He is a lifetime Canterbury greenhouse tomato and raspberry grower.

Current director of Horticulture NZ. Former President of the NZ Vegetable & Potato Growers Federation, Council member of Lincoln University Board, member of Lincoln Ventures & Lincoln Hospitality.

Chair of the MG Executive Committee, member of Remuneration & Nomination Committee and Audit Committee. Director and Chairman of MG subsidiary LaManna Group.

Chartered Fellow of the IOD\*.

**Tom M Treacy**, Appointed special director.

Tom has dedicated most of his professional career to MG Marketing, spending 18 years as CEO until he retired in 2011 and joined as a Board Member in December of that year. During his time as CEO he oversaw a period of tremendous growth and his ongoing involvement at a strategic level is highly valued. Tom is also a director of LaManna Group.

**Francie P Di Leva**, Deputy Chairman, Elected director.

Francie has served on the Board of MG Marketing for 22 years and brings a high level of industry expertise. He has extensive market gardening experience, growing produce in the Nelson region.

Chair of MG Remuneration & Nomination Committee and member of the Executive and Audit Committees.

**Alan G Franklin**, Elected director.

Alan was appointed to the MG Marketing Board in 2010. Alan's family has been growing for five generations in Auckland since 1906.

Member of the IOD\*.

**Andrew G Fenton**, Elected director.

Andrew joined the Board in 2002. He has more than 35 years in the avocado and kiwifruit industry through the Bay of Plenty based Phoenix Partnership. He has extensive commercial and governance experience in businesses and industry groups. Current director of Horticulture NZ, Kiwifruit New Zealand, President of the NZ Fruitgrowers' Federation and Chairman of the NZ Fruitgrowers' Charitable Trust. Previously President of Horticulture NZ and Chairman of Satara Co-operative Group Ltd.

Member of the MG Remuneration & Nomination Committee and director of LaManna Group.

Chartered Fellow of the IOD\*.

**John R Clarke**, Elected director.

John joined the MG Marketing Board in 1998. He is a Director and shareholder in the substantial vegetable growing ventures Woodhaven Gardens Ltd and Kapiti Green Ltd in the Horowhenua. John provides a wealth of knowledge and passion from more than 30 years working inside his family-owned business.

**Bruce R Irvine** B.Com, LLB, CA, Appointed special director.

Bruce joined the MG Marketing Board in 1994. He comes with an extensive business background and previously held the position of Managing Partner of the Christchurch office of Chartered Accountants, Deloitte, between 1995 and 2007. Bruce is also Chairman of Christchurch City Holdings Limited, Chairman of Heartland Bank, and is a highly respected director of several public and private companies.

Chair of MG Audit Committee and director of LaManna Group.

Chartered Fellow of the IOD\*.

**Lynn T Crozier**, Elected director.

Lynn joined the MG Marketing Board in 2012. Today Lynn is a major grower of potatoes, onions and carrots since the 1960's on a family-owned and operated Central Canterbury farm.

Member of the IOD\*.

\* Institute of Directors in New Zealand

### Directorate and Management

Whilst growers are the core of our cooperative, it is important to acknowledge the positive contribution of our stable Board and management team.

The MG Board provides strategic direction that is in the best interest of our Company, shareholders and growers.

Our industry faces significant challenges. The objective of the Board is to support the interests of all grower shareholders and safeguard the long-term future of our cooperative.

The MG executive managers continue to provide outstanding leadership and operational support across the entire group. Our strong and stable team, with incomparable industry experience, positions us well for the future.

In accordance with the Company's constitution, Messrs Brian Gargiulo and Andrew Fenton retire by rotation and being eligible, offer themselves for re-election. One nomination has been validly received for a position as Director, being that of Mr Mark O'Connor. Further information will be included in the notice of meeting.

### MG Staff

The staff of the organisation deserve particular credit for their enthusiasm, support and integrity during the year. The strength of our cooperative is linked to the passion, ability and commitment of our people who live and breathe our cooperative values on a daily basis. It is the way all staff, throughout our business, show pride in our achievements and remain totally committed to delivering the best service.

MG ensures we have the best and most skillful people in the most critical positions. However, of even more importance, is the way the group of individuals work together as a team with a shared passion to deliver great results for our growers and customers. The relationships we develop are not taken for granted and add tremendous value to our growers. We continue to work hard to provide smooth and successful planning and are endeavouring to develop strong leaders of the future.

We are fortunate to have a large number of longstanding staff members who provide the foundation for our business – this remains our fundamental point of difference. However, we are aware that we need to create career paths for current and future staff members. We want to attract the best and smartest people and to achieve this we are working to increase our profile at universities around the country.

To encourage the next generation of skilled employees we are investing in a graduate programme to introduce some of the smartest young minds in the country to all facets of our business. This involves working with tertiary institutions to select and bring in three new graduates annually with a view to retaining the best candidates within MG on a long-term basis.

Our people are the backbone of MG and have the skills to grow profitability, productivity and sustainability of the industry.

Our staff are a key component of our business, so it is fitting that their names appear on the 'Together. Stronger.' pages of this Annual Review. This is to recognise their performance and an expression of thanks for their effort throughout the year.

## Outlook

### Together. Stronger.

We have had the opportunity to meet a large number of our growers throughout the year. This has highlighted the true strength of the cooperative model and has given us tremendous confidence in our way of doing business.

Circumstances may change over the years, but the basic principle that together we are stronger remains the key to our ongoing success.

While our business was again profitable, our plan is to continue to grow and, together with our growers and customers, be stronger in the years ahead.

The market continues to evolve and we need to be able to adapt rapidly and listen to the needs of our growers and our customers.

Part of our ongoing strategy is to position ourselves to take advantage of market opportunities, be part of new markets and invest in product development.

We will remain focused on shaping the business to withstand ongoing challenges in the industry.

We have made important decisions in our 91-year history and will continue to do so to safeguard the future of our cooperative. MG will not overlook good opportunities across Australia and New Zealand to invest in new businesses and look for organic growth in our existing businesses.

International demand for produce is continuing to grow and market

diversification is clearly where strong growth opportunities exist. We see major prospects to expand our business offshore but this requires us to work through complex markets.

MG and its partners will be working hard to identify overseas opportunities, especially in Asia where MG is expecting great results with very specific and strategic product ranges. You can be assured our team is following through on potential opportunities.

MG's sound balance sheet in tandem with its market knowledge and investment in technology will be key assets to support further growth of our domestic customer base and returns for our growers.

Last year's weather related supply challenges for bananas are now behind us and we expect vastly improved sales revenue and performance of this key category in the coming year.

MG will further develop technology to interact with growers to assist with planning. This will help with forecasting and ultimately support good business decisions and long-term sustainability.

We will build on our strong foundations for long-term sustainable growth by investing when and where needed in infrastructure that supports the long-term requirements of our business and those of our growers.

MG's commitment, beyond profit, is to support our grower shareholders to ensure long-term sustainability.

To do this most effectively we need to develop a closer working relationship with

our network of growers to make sure they are getting the best returns and are not drawn to other business models that deliver less long-term value.

Striking the balance between supply and demand is difficult in our business. MG wants to work with growers to improve productivity and efficiency along every step of the supply chain. Taking a collaborative approach to plan production, project sales and assess risk will lead to a better long-term result.


We remain committed to being the best provider of marketing and sales services for our growers. Although challenges across our industry are many and varied, we firmly believe that working together with you, our grower shareholders, is the key to a bright and successful future.

The strength of our cooperative comes from the strength of our growers and shareholders.

We look forward to another year of achievement for our grower shareholders, staff and customers.



Peter Hendry  
CEO  
19 September 2014



Brian Gargiulo, MBE  
Chairman  
19 September 2014



Samuel Adam Sam Addamo Simeona Aiono Maria Alameda Alipa Alapati Roseni Alapati Domenic Aloï Vincent Aloï Pío Ami Liaina Dev Anand Raymond Aramoana Patricia Ashurst Richie Aspinall Adam Attana Charlie Attana Mathew Attana Usoali Avivivi Pokkula Babu Kerry Baird David Baker Rachel Barker Peter Barrett David Barrie Joseph Basile Caroline Bendall Holly Ann Beswick Mike Beveridge Ajesh Bhai Beena Bhana Kelli Billion Tom Blakeborough Andrew Body Robert Bolge Jay Bolstad Carol Bonham Justin Booth Robert Borsato Daniel Borsato Christopher Borsato Belinda Boshammer Kim Boustridge Shaun Bowie Kyle Bradley Michael Breitmeyer Anna Brenmuht Neil Bridgens Trevor Broadbent Gaye Brooker Grant Broughton Brian Buchanan Sandra Bucksey Rahul Buksh Dylan Bulzomi Luke Burgess Tarella Burns Trudy Butler David Byrne Grant Caddigan Ashley Cain Frank Calabrese Richard Cameron Garth Campbell Wayne Campbell Allan Canlas Jeanette Cannistra John Careswell Albert Chalmers Johnson Chang Owen Charleston Jason Chartres Helena Chung John Clarke Samuel Coffey Aaron Condon Rocco Corrone Gavin Cosgriff Mark Cossar Jonathon Cox Robert Craven Grant Creighton Marcello Crisara Leith Crooks Andrew Cross Lynn Crozier Antonina D'agata Marilyn Dale Brian Dale Colin Davis Shane Davis Michael Debono Michael Deleo Frank Demarte Paul Derham Thomas Derham Robert Descatoires Joseph Devlin Francis Di Leva Troy Dica Peter Dilkes Jonathan Dillon Daniel Djuric Leon Dodds David Dohnt Petr Dolejsi Chris Doney Nick Drazic Phillipa Dunn Derrick Dyson Jacob Edwards James Elisara Epati Elisara Soli Maruna Engu David Ericson Adrian Evans Peter Evans Joanne Everingham Jim Evgeniadis Julie Falchetti Enosa Falo Sala Falo Wayne Farrow Antonio Fasano Laurie Femia Andrew Fenton Eric Field Jayden Findlay Kelsi Finnerty Blair Fisher Douglas Fisher Wayne Fletcher Senituli Folaumoeloa Sione Folau-Pole Lindsay Francis Angela Francis George Francis Robert Franco Darcy Francois Alan Franklin Kaleni Fraser David Freeman Cameron Friend Aaron Friend Tony Galliven David Gannon Floyd Gardiner Matthew Gardiner Jessica Gardner Dominic Gargiulo Brian Gargiulo Colin Gass Arahu George George George Roger Georgieff Phil Germinario Warrick Gibson Ivan Gilbert Brent Graham Murray Green Elizabeth Greenwood Danuta Grobelski Adam Grove Dean Hamill Naleen Harakh Simon Hardie Grant Harford Errol Hattersley Kwun Hau Michael Hawkins Alexander Hendry Peter Hendry Tony Heney Maria Henry Chris Hibbert Simon Hickey Ain Higgins Thomas Hill Truce-Anne Hillary Alexander Hirsler Graeme Hirst Van Hoa Tran Mark Hobbs Lopeti Hoeft Philip Holberton Steven Holder Rob Hollier George Homik Clarke Horner Laurie Hosking Kate Hossen Matthew House Martic Hrabanov Carol Hu Colin Hudson Wayne Hume Benjamin Hume Henry Hunt Robert Hunter Pío Hurinui Peter Hurring Kevin Hutt Valentino Iacopetta Stephen Iacopino Michael Ioppolo Bruce Irvine Jenny Irwin Ben Ivatts Russell Ivatts Jeremy James Brian Jarman Bradley Jarman Wayne Jenkins Matthew Jewell Maxwell Johansson Caryl Johnson Abby Jones Norman Jordan John Jordan Manickathan Joseph Manase Kailea John Kalazich Jadyn Katene Kaleki Katoa Lopasita Katoa Uikelotu Katoa Raminder Kaur Kevin Ke Gavin Keidge Nick Kelly Brett Kennedy Tina Kennington Thomas Kershaw Irshad Khan Joshua Kiesanowski Ethan King Jason King Overseer Kiole Dodina Kisona Martin Kolattukudy Christina Kuru Marco Lando Peter Lange Fasi Latu Sandra Laumea

Lawrence Lavery Neti Leatigaga Opetai Leatigaga Eni Leaupepe Kent Lee Hazel Lees Chris Leone Gavin Levy Michael Lia Jian Lin Carol Lissington William Little Daniel Little Peter Lopes Nicholas Lulham Patrique Luma Duc Ma Stuart MacDonald Ryan Macek Vili Maka Jim Maloney Dayal Manu Sam Marson Clare Martin Patrick Marzano Vinuela Masoe Scott Mason Hamish Mason Teokotai Mataiti John Matamua Andrew Matenga Suzanne Mattingly Taueli Mauga Timothy Mawson Aaron Mayne John McArthur Murray McBride Patricia McCallum Margaret McCarrigan Brent McClure Dane McCollum Yvonne McIlwain Lynn McKay Andrew McKenzie Derek McKinnel Matthew Mcrae Venus Mehta Gregory Melbusch Nehemiah Melsom James Meola Dale Metcalf Teei Metuatini Mark Middleton Sam Milanese Jason Miles Anne Miller Ernesto Miranda Amasaia Moala Tony Moebus Shane Moon Daniel Moor Steven Morice Joseph Morling Carlos Morrison Robert Morton Kevin Munroe Judy Murnane Merliza Murphy Allan Murray Frank Musico Vince Musico Con Mylonopoulos Sefulu Nafatali Ritika Nand Mahes Naran Vijay Narayan Tui Nau Erin Neibling Jeffrey Neumann Emma Newton Gregory Ngawhika Amanda Nigro Jason Noble Peter Northern Wayne O'Halloran Graeme Oldham Sean O'Neill Brendan O'Neill Connor O'Neill Mau Ono Tony Ord Roger O'Sullivan Nicholas O'Sullivan John O'Sullivan Richard Ott Tupou Otutaha Sharon Paget Senitu Pakome Han Na Park Josh Parkin Sunil Patel Matamua Peraua Jason Peters Darryl Peterson Anaru Phillips Amy Piper Maria Poblete Rochelle Pogson Annemarie Pokanau Joshua Polon Sapani Pomare Timothy Poorter Adelle Porter Skye Powell-Jones Derek Pregl Jerry Prendergast Goldie Price Duncan Pryor Greig Pullar Shane Quinn Luke Radan Karen Radway Rance Raumati Jade Reeves Sharon Reid Brett Reid Daniel Reid Robert Reiger Howard Reilly Ian Reisima Margaret Relia Greg Rich Wendy Richards Shane Rickit Catherine Ridden Jason Roberts Joel Roberts Lance Robertson Benjamin Ross Frank Ruggiero Natasha Rus Jamiè Russ Michael Russell Nick Sarantis Mili Saravu Brendan Scheiwe Shane Scott Diane Scott Vainga Sefesi Bruce Sheed Malafoni Sialeipata Sam Singh Praneel Singh Andrew Sinnott Indiana Sinnott Mitchell Sklenars Nathan Smart Glenn Smith Mark Smith Glen Smith Alualu Soisoi David Spedding Thomas Steed Raymond Steele Jared Stevens Tony Stone Simone Strathairn Grant Stumbles Giuseppe Surace Wayne Swift Salesi Taholo Peter Tanuto Isi Tapui Angelo Taranto Antonio Taranto Mario Taranto Sateki Taufa John Tavite Cameron Taylor Dharendra Thapa Jim Thomolaris Glenister Thompson Romero Toailoa Alf Toailoa Bernard Toailoa Shaolin Toailoa George Toailoa Matamaru Tongia Bruce Toohill Cyril Torrance Poukei Touhuni Doug Trask Sandy Trask Tom Treacy Joe Trimboli Natasha Trovato Jermaine Tuhi Vae Tuilaepa Kat Tuilaepa Vasasou Tuilaepa Sione Tukuniu Tau Tupou Matthew Turner Craig Tymensen Tamango Uaruta Afano Vaega Joseph Van Der Loo James Van Elswyk Irina Vassilieva Shane Wadsworth Michael Wagner Alan Wake Jonathan Wake Tony Walsh Xian Wang Wayne Watkins Ross Watson Jennifer Watt Wayne Webley Kerry Wells Kelly Wetere Robyn White Hamish White Heshan Wickramanyake Ken Willey Whitney Wilson Albert Wolfgramm Siope Wolfgramm Ken Wong Jared Woodcock Kelvin Woodmass Ethan Woodmass Ivanna Woollams Tony Zannino Yanyuan Zhi Andre Zittersteijn Joseph Zofrea Paul Zofrea



**“The collective  
smarts that this  
cooperative brings  
to the table is  
the promise of a  
sustainable future.”**

**Mike Russell**  
Grower, Hawkes Bay

## Income Statement

For the year ended 30 June 2014

	GROUP	
	2014	2013
	\$'000	\$'000
Revenue – sale of goods	289,264	300,306
Cost of sales	250,440	253,247
<b>Gross profit</b>	<b>38,824</b>	<b>47,059</b>
Other operating income	1,829	1,839
Administrative expenses	8,238	7,782
Other expenses	22,147	31,239
<b>Results from operating activities</b>	<b>10,268</b>	<b>9,877</b>
Finance income	226	339
Finance expense	2,934	3,470
Net finance costs	2,708	3,131
<b>Profit before equity earnings and income tax</b>	<b>7,560</b>	<b>6,746</b>
Share of profit of equity accounted investees	1,277	803
<b>Profit before income tax</b>	<b>8,837</b>	<b>7,549</b>
Income tax expense	2,455	3,526
<b>Profit for the year</b>	<b>6,382</b>	<b>4,023</b>

## Cash Flow Statement

For the year ended 30 June 2014


Net cash from operating activities	8,298	11,265
Net cash (used in) investing activities	(7,178)	(5,556)
Net cash (used in) financing activities	(7,342)	(3,663)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,222)</b>	<b>2,046</b>
Cash and cash equivalents at 1 July	8,977	6,670
Effect of exchange rate fluctuations on cash held	395	261
<b>Cash and cash equivalents at 30 June</b>	<b>3,150</b>	<b>8,977</b>

This annual review is a summary of the full annual report and financial statements. Copies of the full documents can be found on the MG website ([www.mgmarketing.co.nz](http://www.mgmarketing.co.nz)).

## Balance Sheet

As at 30 June 2014

	GROUP	
	2014	2013
	\$'000	\$'000
<b>Equity</b>		
Share capital	16,701	16,267
Reserves	23,108	25,583
Retained earnings	44,651	39,703
<b>Total equity attributable to equity holders of the Parent Company</b>	<b>84,460</b>	<b>81,553</b>
Non-controlling interest	1,569	1,528
<b>Total equity</b>	<b>86,029</b>	<b>83,081</b>
<b>Non-current assets</b>		
Property, plant and equipment	78,904	80,107
Intangible assets	29,843	32,783
Investments in equity accounted investees	8,182	8,463
Trade and other receivables	15,359	10,712
Deferred tax assets	2,497	3,118
<b>Total non-current assets</b>	<b>134,785</b>	<b>135,183</b>
<b>Current assets</b>		
Inventories	6,411	5,520
Trade and other receivables	34,473	33,000
Cash and cash equivalents	3,150	8,977
Non-current assets held for sale	-	1,744
<b>Total current assets</b>	<b>44,034</b>	<b>49,241</b>
<b>Total assets</b>	<b>178,819</b>	<b>184,424</b>
<b>Non-current liabilities</b>		
Loans and borrowings	31,675	33,226
Trade and other payables	699	1,349
Deferred tax liabilities	3,938	4,380
<b>Total non-current liabilities</b>	<b>36,312</b>	<b>38,955</b>
<b>Current liabilities</b>		
Loans and borrowings	7,721	14,658
Trade and other payables	47,776	46,891
Taxation payable	981	839
<b>Total current liabilities</b>	<b>56,478</b>	<b>62,388</b>
<b>Total liabilities</b>	<b>92,790</b>	<b>101,343</b>
<b>Net assets</b>	<b>86,029</b>	<b>83,081</b>



“Circumstances may change over the years but the basic principle that together we are stronger remains the key to our ongoing success.”

Peter Hendry  
CEO, MG Marketing



# New Zealand Branch Register, Bank & Advisers

## Branches

### Auckland Branch & National Banana Ripening

801-803 Great South Rd  
PO Box 12 370, Penrose  
Auckland 1642  
Phone: +64 9 270 7110  
Fax: +64 9 270 7111  
Branch Manager: Kerry Baird  
National Banana Ripening: Graeme Hirst

### Hamilton

24 Kaimiro Street  
Pukete Industrial Estate  
PO Box 675  
Hamilton 3240  
Phone: +64 7 849 2866  
Fax: +64 7 849 2864  
Manager: Brian Dale

### Palmerston North

1 Mihaere Drive  
PO Box 9112, Terrace End  
Palmerston North 4441  
Phone: +64 6 357 8076  
Fax: +64 6 357 5103  
Manager: William Little

### Wellington

34 Jamaica Drive  
Grenada North  
PO Box 51 044  
Wellington 5249  
Phone: +64 4 232 3499  
Fax: +64 4 232 3477  
Manager: Jade Reeves

### Nelson

30 Pascoe Street  
PO Box 170  
Nelson 7040  
Phone: +64 3 548 5859  
Fax: +64 3 546 4264  
Manager: Jamie Russ

### Christchurch

68 Waterloo Road  
Hornby  
Christchurch 8042  
PO Box 16 404  
Christchurch 8441  
Phone: +64 3 349 2070  
Fax: +64 3 349 2069  
Manager: Jeff Neumann

### Dunedin

Cnr Midland & Otaki Streets  
PO Box 2056  
Dunedin 9044  
Phone: +64 3 455 4004  
Fax: +64 3 455 6656  
Manager: Wayne Hume

### Invercargill

162 Mersey Street  
PO Box 209  
Invercargill 9840  
Phone: +64 3 218 2919  
Fax: +64 3 218 2882  
Manager: Lynzy Francis

## Registered Office, Support Office, Marketing, Imports & MG Direct

78 Waterloo Road  
Hornby, Christchurch 8042  
PO Box 8581  
Christchurch 8440  
Phone: +64 3 343 0430  
Fax: +64 3 343 0929



# International Register

## Australia

### LaManna Group LaManna Bananas Pty Ltd, Australia Registered Office & Imports

103-107 Hyde Street  
Footscray, Vic 3011, Australia  
Phone: +61 3 9687 0044  
Fax: +61 3 9689 5253  
Chief Executive: Glen Thompson

### Australian Banana Company Pty Ltd

101-103 Upper Daradgee Road  
Daradgee, QLD 4860, Australia  
Phone: +61 7 4063 1600  
Fax: +61 7 4063 3958  
National Banana Manager:  
Derek Pregel  
National Farming and  
Innovations Manager:  
Robert Borsato

### Brisbane Market

Building C – Brisbane Markets  
P O Box 48  
Rocklea, QLD 4106, Australia  
Phone: +61 7 3278 2844  
Fax: +61 7 3278 2866  
State Manager: Brendan Scheiwe  
Commercial Manager:  
Shane Quinn

### LaManna Exports

401 Sherwood Road  
Rocklea, QLD 4106  
Australia  
Phone: +61 7 3278 2832  
Fax: +61 7 3278 2389  
Manager: Tony Walsh

### Melbourne Market

Stand 13-21 West End,  
542 Footscray Road  
West Melbourne Vic 3003  
Australia  
Phone: +61 3 9687 0044  
Fax: +61 3 9689 5253  
State Manager: Robert Bolge

### Adelaide

C31 Adelaide Produce Markets,  
Burma Road, Pooraka, SA 5095  
Australia  
Phone: +61 8 8349 5022  
Fax: +61 8 8349 5789  
State Manager: John McArthur

### Fresh Choice (W.A.) Pty Ltd

Market City, 280 Bannister Road  
Canning Vale, Perth, WA 6155  
Australia  
Phone: +61 8 9455 2355  
Fax: +61 8 9455 2371  
General Manager: Mark Hobbs

### Sydney Market

Stand 1-4 E Shed,  
Store 135 B Shed  
P O Box 323, Sydney Markets  
NSW 2129, Australia  
Phone: +61 2 9648 1267  
Fax: +61 2 9648 0577  
State Manager: Nick Drazic

## USA

### Market Gardeners (USA) Inc.

5001 E Commercentre Drive  
Bakersfield, California  
CA 93309-1687, USA  
Phone: +1 661 322 4044  
Fax: +1 661 322 4274  
Manager: Doug Trask B.BA

## Bankers

Rabobank New Zealand Branch,  
(Primary facilities provider)

Bank of New Zealand,  
Christchurch, (Transactional  
facilities – New Zealand)

## Share Registrar

Computershare Registry Service  
Ltd, Private Bag 92119, Auckland

## Legal Advisers

Chapman Tripp, Barristers &  
Solicitors  
Christchurch and Wellington

David Stock, Barrister & Solicitor  
Christchurch

## Auditors – Parent Company & Group

KPMG, Chartered Accountants  
Christchurch

## Bankers

Rabobank Australia Branch  
(Primary facilities provider)

Australia and New Zealand  
Banking Group Ltd, Melbourne  
(Transactional facilities –  
Australia)

## Legal Advisers

Arnold Bloch Leibler,  
Melbourne

## Auditors – LaManna Bananas Pty Ltd

Pitcher Partners,  
Chartered Accountants  
Melbourne

