

BARRY ADAMS SAM ADDAMO NAOLEGUTU AH-SAM SIMEONA AIONO ALIPA ALAPATI POASI ALOFAKI VINCENT ALOI DOMENIC ALOI PIO AMI LAIANA GEORGE ANDY DREW ARAMOANA PAT ASHURST MATHEW ATTANA CHARLIE ATTANA ADAM ATTANA USO AVIIVII ALAN BACK RICARDO BAILETTI KERRY BAIRD DAVID BAKER JOHN BAKER FLAVIO BARBIZZI RACHEL BARKER PETER BARRETT DAVID BARRIE BEN BARTLETT JOE BASILE ROD BEECROFT CAROLINE BENDALL ROBYN BETTI BEENA BHANA KELLI BILLION TOM BLAKEBOROUGH ANDREW BODY ROBERT BOLGE GEOFFREY BOLTON CAROL BONHAM JUSTIN BOOTH ROBERT BORSATO CHRIS BORSATO NATHAN BORSATO KIM BOUSTRIDGE SHAUN BOWIE MICHAEL BREITMEYER ANNA BRENMUHL NEIL BRIDGENS GAYE BROOKER GRANT BROUGHTON DOREEN BROWN BRIAN BUCHANAN RAHUL BUKSH TARELLA BURNS ROBBIE BURNS GARY CABLE PHILIP CACHIA GRANT CADDIGAN ASHLEY CAIN FRANK CALABRESE RICHARD CAMERON WAYNE CAMPBELL ROSS CAMPBELL JENNY CANNISTRA JOHN CARESWELL MURRAY CARSE ALBERT CHALMERS OWEN CHARLESTON HELENA CHUNG SAMUEL COFFEY KARL COLQUHOUN JOHN CONWAY COSMO CORRIERI GAVIN COSGRIFF ANDRE COSGROVE MARK COSSAR BARRY CRAIG ROGER CRAIG GRANT CREIGHTON MARCELLO CRISARA ANDREW CROSS LIBBY CUCCURULLO BRIAN DALE MARILYN DALE SHANE DAVIS COLIN DAVIS MICHAEL DEBONO ROBERT DESCATOIRES JONATHAN DILLON LOUISE DIXON LEON DODDS DAVID DOHNT NICK DRAZIC PHILLIPA DUNN DERRICK DYSON PAT ELISARA SOLI ADRIAN EVANS PETER EVANS JOANNE EVERINGHAM VINCENT FALETAU ELISARA FALO NINO FASANO LAURIE FEMIA ERIC FIELD DOUG FISHER JOHN FOLAU-POLE JOHN FORRESTER ZAHN FOSTER LINDSAY FRANCIS GEORGE FRANCIS ROBERT FRANCO DEAN FRASER BRODIE FRASER DAVID FREEMAN CAMERON FRIEND MARITA GABRIEL TONY GALLIVEN DAVID GANNON FLOYD GARDINER DOMINIC GARGIULO COLIN GASS TYSON GEORGE ROGER GEORGIEFF GRAHAM GIBBS WARRICK GIBSON MIKE GIBSON ROWANNE GIBSON IVAN GILBERT DAMIAN GLENGARRY TERRY GLENN BRENT GRAHAM MURRAY GREEN DANUTA GROBELSKI ADAM GROVE DEAN HAMILL NEEL HARAKH SIMON HARDIE GRANT HARFORD ERROL HATTERSLEY YANG HE MALCOLM HENDERSON PETER HENDRY TONY HENEY MARIA HENRY CHRIS HIBBERT TESSA HICKSON IAIN HIGGINS TRUCE-ANNE HILLARY ALEXANDER HIRSLER GRAEME HIRST MARK HOBBS STEVEN HOLDER ROB HOLLIER GEORGE HOMIK NICK HOOPER LAURIE HOSKING MARTIC HRABANOV CRISTIAN HRABANOV BENJAMIN HUME WAYNE HUME PIO HURINUI PETER HURRING MICHAEL HYNES WALLY IACOPETTA STEPHEN IACOPINO LEEARN ILES SEBASTION INGRAM MICHAEL IOPPOLO RUSSELL IVATTS JEREMY JAMES BRIAN JARMAN RAY JELLETT DOMINIC JENKIN MATTHEW JEWELL MAXWELL JOHANSSON MANASE KAILEA JOHN KALAZICH MOU KATOA RAMINDER KAUR ARCHIE KAURI RAY KAUVALU TAMATI KAWHENA KEVIN KE GAVIN KEIDGE TINA KENNINGTON JOSH KIESANOWSKI CATHY KILLICK JASON KING DODINA KISONA TONGA KOLI MILES KUHTZE MARK LA ROBINA KELEMETE LAMSAM MARCO LANDO PETER LANGE FASI LATU LAWRENCE LAVERY GRAEME LAWN JOHN LEATIGAGA ENI LEAUPAPE HAZEL LEES CHRIS LEONE MICHAEL LIA JIAN YU LIN SARAH LINDSAY CAROL LISSINGTON DANIEL LITTLE MICHAEL LITTLE WILLIAM LITTLE DAVID LITTMAN PETER LOPES LOUISE LORENS IAN LUK NICHOLAS LULHAM PATRIQUE LUMA JENNIE LUNN DUC MA STUART MACDONALD RYAN MACEK MARK MACEK JASON MACEK BEN MADSEN VILI MAKI JIM MALONEY DAYAL MANU MARSHY MARSH SAM MARSON ROBERT MARTIN CLARE MARTIN PATRICK MARZANO RICHARD MASI VINUELA MASOE HAMISH MASON SCOTT MASON JOHN MATAMUA SUZANNE MATTINGLY ASOFA MAUMALO TIMOTHY MAWSON YVONNE MC ILWAIN JOHN MCARTHUR MICHAELA MCBRIDE MURRAY MCBRIDE MARGARET MCCARRIGAN DANE MCCOLLUM DEAN MCGRATH LYNN MCKAY ANDREW MCKENZIE DEREK MCKINNEL MATTHEW MCRAE VENUS MEHTA GREGORY MEIBUSCH JAMES MEOLA DALE METCALF MARK MIDDLETON SALVATORE MILANESE JAMIE MILL AMA MOALA TONY MOEBUS ALEX MOEHURORI JUAN MOKOMOKO TROY MOKOMOKO SIO MOLIA SHANE MOON DANIEL MOOR RUFINO MORALES TEOMAN MORGIL STEVE MORICE NOEL MULIPOLA KEVIN MUNROE ALLAN MURRAY MAHES NARAN VIJAY NARAYAN TUI NAU JOE NAYACAKALOU ERIN NEIBLING JEFF NEUMANN PHILLIP NEWPORT JUDITH NEWTON GREG NGAWHIKA THIM NHIM MANDY NIGRO HARRY NISBETT JASON NOBLE PETER NORTHERN GRAEME O'DEA HELEN O'DEA WAYNE O'HALLORAN DARREN OLIVER BRENDEN O'NEILL SEAN O'NEILL TONY ORD SHANE ORMSBY ROGER O'SULLIVAN RICHARD OTT TUPOU OTUTAHA MICHAEL PALMA PETER PAP DEAN PARKIN BHARAT PATEL SUNIL PATEL RACHEL PEARCE JASON PETERS DARRYL PETERSON DWAYNE PITMAN ROCHELLE POGSON BENJAMIN POGSON ANNEMARIE POKANAU DENNIS POLAMALU TIM POORTER ADELLE PORTER SKYE POWELL-JONES DEREK PREGL JERRY PRENDERGAST ISABEL PROSSER DUNCAN PRYOR GREIG PULLAR JARRETH PULLEN SHANE QUINN DES RACKLEY LUKE RADAN KAREN RADWAY GRAHAM RAMADGE FIONA RASSIP DAVID REESE JADE REEVES DANIEL REID JAN REID SHARON REID BRETT REID ROBERT REIGER MARGARET RELIA GREG RICH WENDY RICHARDS SHANE RICKIT GEORGE RIMBAS JASON ROBERTS LANCE ROBERTSON HENRY ROBIN KAREN ROHLOFF BEN ROSS FRANK RUGGIERO GLENN RULE JAMIE RUSS KARL RUSS BARRY RUTLEDGE MILLI SARAVU PETER SAUNDERS BRENDAN SCHEIWE DORINA SCHIRRIPIA TONY SCHIRRIPIA DIANE SCOTT VENI SEFESI VAINGA SEFESI TINO SEUMANUTAFU BRUCE SHEED MIKE SHENNAN LAWRENCE SILLS-OHLSSEN SAM SINGH PRANEEL SINGH ANDREW SINNOTT NATHAN SMART CAMERON SMITH MARK SMITH GLENN SMITH JOHN SMITH ALUALU SOISOI AN SOMALI RICK SOUTH DAVID SPEDDING NICOLE SPENCER BLAKE STEPHENS KEVIN STEVENSON AMANDA STOCKER TONY STONE SIMONE STRATHAIRN GORDON STUART GRANT STUMBLES GIUSEPPE SURACE WHITNEY SWETE WAYNE SWIFT SALESI TAHOLO FAACE TALIAU ISI TAPUI ANGELO TARANTO MARIO TARANTO TONY TARANTO SATEKI TAUFA JOHN TAVITE CAMERON TAYLOR ANNETTE TAYLOR ROYCE TEINAKORE ROBBIE THOMAS JIM THOMOLARIS GLEN THOMPSON WARREN THOMPSON ANDREW THOMPSON RUSSELL TINK PETE TIPPETT ALF TOAIOA BERNARD TOAIOA ROMERO TOAIOA MATA TONGIA CYRIL TORRANCE POUKEI TOUHUNI TIM TOUHUNI VAN HOA TRAN DOUG TRASK SANDY TRASK BERNARD TREACY TOM TREACY JOSEPH TRIMBOLI VINCENT TSOI JERMAINE TUHI KAT TUILAEPÄ VAE TUILAEPÄ VASASOU TUILAEPÄ JENNIFER TUNG TAU TUPOU SIMON TURNER ANTHONY TURNER TAMANGO UARUTA TEVITA UEPI HAYLEY UNDERHILL FANO VAEGA JOSEPH VAN DER LOO MELISSA VAN DOMMELE JUSTIN VAN TWEST KOBUS VAN VUUREN FAIFUA VAOESE IRINA VASSILIEVA TROY VELLA SHANE WADSWORTH ALAN WAKE TONY WALSH XIAN WANG RAYMOND WARNER WAYNE WATKINS ROSS WATSON WAYNE WEBLEY KERRY WELLS STEVE WHIPP ROBYN WHITE BRENN WHITE PRIYANKA WICKRAMASINGHE VISUDDHIKA WICKRAMASINGHE CLAIRE WILLIAMS ANTHONY WILLSDON NICOLE WINTER STEVE WITTON ALBERT WOLFGRAMM KEN WONG JARED WOODCOCK KELVIN WOODMASS SUE WOODS JASON WRIGHT BI ZHU XIE DANNY YOUNG ANDRE ZITTERSTEIJN GAETANO ZOFREA JOSEPH ZOFREA PAUL ZOFREA CAROLINE INKSON GRAEME ANDERTON DANIEL BORSATO



**MARKET GARDENERS LIMITED
ANNUAL REVIEW 2011**



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FINANCIAL HIGHLIGHTS

• Group gross sales under management	<u>\$558.167 million</u>
• Group profit before income tax	<u>\$5.988 million</u>
• Group profit for the year (after income tax)	<u>\$4.116 million</u>
• Group total equity	<u>\$74.975 million</u>
• Group total assets	<u>\$189.564 million</u>

2011	2010
\$'000	\$'000

Shareholder distributions

• Supplier shareholder rebate	250	250
• Bonus issue on supplier shareholder rebate	250	500
• Final gross dividend on "A" shares 4 cents per share (2010 : 8 cents per share)	479	886
• Final gross dividend on "D" shares 8 cents per share (2010 : 8 cents per share)	200	191

Total shareholder distributions in relation to the year ended 30 June

<u>1,179</u>	<u>1,827</u>
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CHAIRMAN'S REVIEW



Brian Gargiulo, MBE - Chairman

Market Gardeners Limited, trading as MG Marketing, is a cooperative Company founded in 1923 to provide mutual support and endeavour for its participating grower-shareholders. As a cooperative business owned by more than 400 growers across New Zealand, the Company undertakes produce sales, marketing and distribution for its members as well as other suppliers in commercial trading with national retail chains and independent fruit and vegetable customers.

It is with pleasure that, on behalf of your Board of Directors, I can report on another satisfactory year of growth in New Zealand produce sales and revenue for Market Gardeners Limited, trading as MG Marketing (MG). In our 88th year of business to 30 June 2011 MG recorded the highest domestic sales volumes in its history, coupled with improved returns on most lines of fresh produce provided by our grower-shareholders and other suppliers.

Whilst our New Zealand operations enjoyed steady growth, the results were less favourable for MG's Australian operations. Cyclone Yasi in February devastated North Queensland crops and severely disrupted our supplies and sales of tropical fruit, especially bananas, in the Australian market. The flooding in Brisbane during January 2011 also caused significant damage and disruption to business. The drop in revenue and profitability caused by these natural disasters detrimentally affected MG's total group sales and profitability to 30 June, but a steady recovery is underway in the second half of the 2011 calendar year. More details about our Australian operations are provided later in this review.

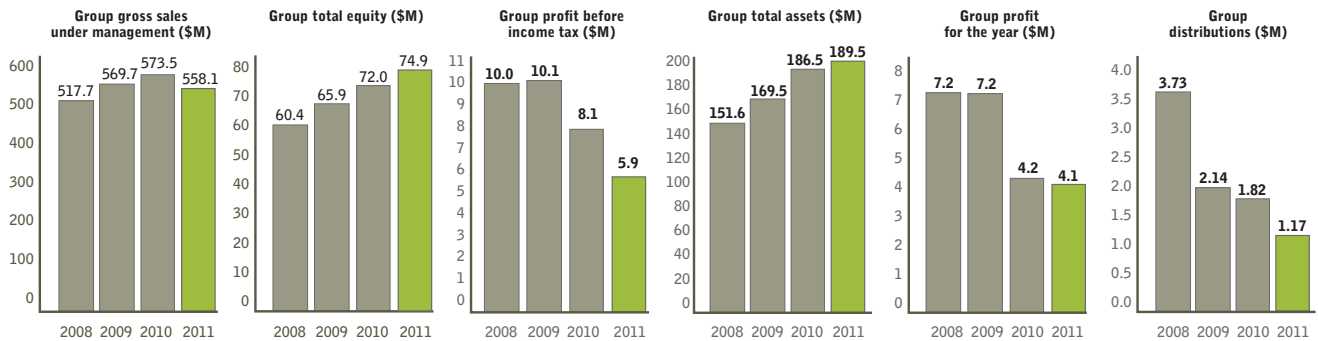
The risk of bad weather impacting on production levels can and does affect our revenue streams in unpredictable ways. This however is the inherent nature of our industry and we often have to take the good with the bad. In New Zealand weather patterns kept some production at lower levels than normal and subsequently pushed values up.

Whilst the year under review presented significant challenges to overcome, it is pleasing to report that MG continues to benefit from a carefully managed investment programme designed to improve our resources in people, facilities and supply capability. Our prime objective is to operate a grower-to-consumer distribution chain based on clear and timely information, a high level of cost efficiency and rapid adaptation to changing market needs. By necessity this is a continuing process, constantly being reviewed and fine-tuned by the Board of Directors and senior management. Its success is not guaranteed though and we will continue to seek new and better ways to add value for our growers' business, as well as for our retail partners.

The Company's long term business strategy is to maintain a three-pronged approach to group earnings – expanding and diversifying our domestic produce sales, developing our Australian grower-supplier operations in key areas, and reinforcing our position as the leading importer of tropical fruit varieties. This approach not only minimises risk factors in our line of business, but ensures a strong and resilient base from which MG can sustain income and profitability for the future. In this respect it is worth emphasising we are a multi-national commercial entity, with both national and offshore operations co-ordinated to deliver the best possible returns to shareholders and suppliers under all conditions.

It should not be overlooked, either, that as a cooperative organisation MG's greatest strength lies squarely with its participating grower-shareholders. As distribution lines come under increasing pressure from competing interests in the marketplace, the commitment and loyalty of our shareholder base is being repeatedly tested. To ensure our business success in this environment, it is vital that we uphold the basic philosophy of a grower-owned business – the more support the cooperative receives from its members, the greater the collective returns will be to everyone involved.





Financial Performance and Distributions

This year’s trading is highlighted on page one of this review and is further discussed in the ensuing Chief Executive’s report. Despite the difficult trading environment described above the MG Group has achieved a healthy level of gross sales under management, now exceeding \$558 million (down from last year’s \$573 million), total assets are now over \$189 million and Group equity has grown to just under \$75 million. As in the past Group cashflows have been reasonable and reflect the continued close management of all areas of the business, in particular debtor collection and bank funding.

In addition to this Annual Review a full annual report and financial statements have been prepared. These documents can be found on the MG website (www.mgmarketing.co.nz), or by requesting a copy from the company secretary (email: dprior@mgmarketing.co.nz or phone: +64 3 3431794).

Based on the financial performance to 30 June 2011, the MG Board of Directors has resolved to return to its shareholders significant distributions totalling \$1.179 million. On 15 September 2011 the Board declared the following distributions in relation to the year ended 30 June 2011:

- 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 2011;
- Bonus issue – a one for one fully imputed taxable bonus issue on the “C” shares issued out of the above rebate. This amounts to \$250,000 worth of “C” shares being issued (you receive one further “C” share 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 4 cents on every “A” share and 8 cents on every “D” share on issue. 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 2011 and continuing to hold, at the date of the 2011 Annual Meeting, the shares held at 30 June 2011. The above rebate, bonus issue and dividends represent \$1.179 million being distributed back to MG’s loyal and supportive shareholders.

Domestic and International

Taken together, our domestic and international operations cover a very wide spread of climates, produce types and trading conditions. This diversity of growing and market environments is a core Company strength, giving us the ability to compensate for weather adversity and supply problems in any particular region or product category. The year in review provided a graphic example of this balance in action and its effects on MG as a whole.

In New Zealand our strong grower representation and an effective branch network enabled MG to improve the value of sales in a number of vegetable and fruit categories during the year. This scenario was some relief to the prevailing over-supply situation that remains a problematic issue for the industry. Your Company will continue to work with the growing community to better align production with consumer demand and respond quickly to market signals. Put simply, it means being well organised and adapting to fluctuating market conditions.

Our ability to gain competitive advantage in these situations is a direct reflection of years of work carried out, and continuing today, between MG staff and our nationwide grower-suppliers. At the retail level our account managers and sales staff provided the right signals for our procurement staff to communicate with growers on crop selection, sales volumes and packaging options. Growers who respond accurately to these market signals are in a position to gain the most in returns over the full course of a year. Underpinning this process is MG’s expertise and knowledge at both ends of the supply-chain, coupled with sufficient nation-wide resources to respond rapidly to shifts in pricing trends and product volumes.

The Company’s long standing import business produced another steady result, confirming our position as the predominant supplier of tropically-grown fruit for local consumers. This component of our operations continues to be a strategically critical element of our total business and highlights the importance of having strong international trade connections with global food companies such as Dole and Sunkist. Our partnerships with offshore operators give MG a solid platform for growth in established high-volume lines such as bananas, pineapples, citrus and grapes, as well as a range of seasonal and year-round produce not grown commercially in New Zealand.

Offshore, our North American base in California, headed by Doug Trask, performed satisfactorily during the year and returned creditable results. The operations run from this office provide opportunities to develop productive import and export links for Northern Hemisphere produce with a number of countries in the Asia-Pacific region. Our policy in this respect is to operate prudently and with minimal exposure to risk, but also with the intention of building profitable trade in and between offshore markets.

CHAIRMAN'S REVIEW (continued)



BERNARD TREACY
B.COM, (V.P.M), M.B.A
Chief Executive Officer



PHILIP HOLBERTON
Director Melbourne
LaManna Independent Director

LaManna Group – Australia – A year in review

Tumultuous would describe the state of Australia's banana market in the second half of the reporting year. MG's subsidiary, LaManna Group, is reliant on locally-grown banana sales for two-thirds of its sales, although this ratio is decreasing as product diversification occurs. After six months of low prices due to over-production, the banana market was tipped on its head by Cyclone Yasi striking the main Queensland growing areas in February 2011. Production fell by 85 percent, sales plummeted and packing houses were closed. Prices skyrocketed for the small quantities that did reach consumers, but worthwhile trading volumes were simply unavailable.

In addition to this crisis, the devastating floods that hit Brisbane in January 2011 caused significant damage to LaManna's stock, equipment and warehouse facilities in this region. The impact effectively disrupted any normality in operating and trading activities for several months. A superb effort by the Company's staff enabled skeleton work to resume within 48 hours and allowed business to carry on in alternative premises. But it has taken many months for the coolstore, ripening and warehouse operations to return to full operating mode. Credit must go to LaManna for being the first Brisbane agent to pay growers for lost stock.

To mitigate against the cyclone risk in Queensland, LaManna has established a banana farming joint venture in the Northern Territory (close to Darwin). In a dire turn of events however, this venture also suffered damage from a rare cyclone which hit the Northern Territory, just a week after Cyclone Yasi. This event caused considerable farm damage and a three-month

delay to the commercial harvesting programme. Despite these setbacks, the Darwin operations have recovered reasonably quickly. Consequently LaManna is on track to recover much of the lost ground throughout most of 2011 and is anticipating a return to optimal earnings for the current financial year.

Elsewhere in Australia, LaManna acquired the Fresh Crop business in the Sydney markets, a selling floor for non-banana produce that complements the existing banana-only market. Expansion of ripening and cool storage facilities were completed at the Adelaide facility and also at Fresh Choice in Perth. These moves enabled the Group to boost produce throughput and sales in two strategically important locations.

Despite the year's severe production and supply difficulties in the banana trade, MG is confident that LaManna's future is sound. Its diversification into other fruit and vegetable categories will spread business risk and reduce exposure to future tropical storms. Whilst bananas will continue to be a revenue mainstay, the LaManna Group's non-banana business has increased from 32 percent to 40 percent of total produce volume. Coupled with this broadening of growing, processing and distributing operations is LaManna's continuing management programme to streamline its operational network within and between the widespread markets serving Australian retailers and buyers. This work is ongoing and is designed to further improve business efficiencies as the LaManna Group expands its presence across Australia. It is in recognition of these positive steps that MG is pleased to have increased its shareholding in the LaManna Group from 92 to 96 percent.

Once again I would like to note my thanks to all LaManna Group staff for their contribution and effort in what has been a very testing year.



MG Board of Directors



JOHN R CLARKE
Director,
Levin



FRANCIE P DI LEVA
Deputy Chairman,
Nelson



ANDREW G FENTON
Director,
Te Puke



ALAN G FRANKLIN
Director,
Auckland



BRIAN D GARGIULO,
MBE
Chairman,
Christchurch



BASIL A GOODMAN
Director,
Cromwell



BRUCE R IRVINE
B COM, LLB, CA
Director,
Christchurch



DUNCAN PRYOR
B COM, CA
Company Secretary & Chief
Financial Officer,
Christchurch



PETER HENDRY
Chief Executive
Officer,
Christchurch

Annual Meeting

MG's shareholders are invited to attend the Annual Meeting of the Company, to be held at the Novotel Auckland Ellerslie, 72 - 112 Greenlane East, Ellerslie, Auckland, on Wednesday 23 November 2011, commencing at 5.30 pm. This is an opportunity for members to meet with Directors of the Board as well as senior management staff and to discuss any topics of interest concerning the Company and its operations. Attendees will be able to participate in the formal meeting and be a part of the social gathering and dinner to be held from the conclusion of the Annual Meeting.

Directorate and Staff

It is appropriate to record a sincere expression of appreciation to my fellow members of MG's Board of Directors, all of whom have fulfilled their governance role with commendable skill and capability. In a year marked by considerable turmoil in climatic conditions and by fiercely competitive pressure in sales and distribution channels, they have represented shareholders' interests to a high degree of competence. The financial results are proof of their dedication to the success of our organisation.

In accordance with the Company's constitution, Messrs Andrew Fenton and Brian Gargiulo retired by rotation and being eligible offered themselves for re-election. As no other valid nominations have been received, their re-election will be announced at the Annual Meeting on 23 November 2011.

It is fitting that I pay tribute to the very positive contribution made to MG by its senior executives during an often unpredictable and testing period. Our new Chief Executive Officer, Peter Hendry, replaced Tom Treacy at the start of the new financial year and has made an impressive start to his role. Peter's extensive background with the Company and involvement in many of its strategic developments in recent years puts him in good stead to continue the mantle of expert team leadership and constructive direction for our domestic and offshore operations.

In Australia our LaManna Group subsidiary continues to be headed by Bernard Treacy as Chief Executive Officer. Bernard and his team's abilities were well and truly put to the test after the February cyclone event decimated the banana growing sector. His local knowledge and industry skills are proving an essential ingredient for rebuilding LaManna's production capability and distribution operations to ensure a speedy recovery to the business.

I would also issue a special note of appreciation to MG's loyal and industrious Company Secretary and Chief Financial Officer, Duncan Pryor, and his finance and administration team. Their often unnoticed, but hugely important contribution to the Company's good health is worthy of recognition by every individual associated with MG and its financial interests.



RETIREMENT OF TOM TREACY

The retirement of Tom Treacy from Market Gardeners Limited at the end of June this year marked the close of a remarkable career for one of the Company's longest serving and most influential Chief Executive Officers. His strong leadership and unfailing dedication to MG's progress in the modern era cannot be over-estimated.



During his tenure at the head of the Company for 23 years, Tom played a crucially important role in transforming MG from a largely supply-driven distribution chain to today's market-driven operation responsive to the needs of retailers and consumers. His dynamic approach to industry changes and direct management style provided inspiration to many of the Company's past and present senior managers and their teams of support staff. He also commanded great respect amongst MG's expanding number of grower-shareholders. Some may not have agreed with Tom's opinions and decisions at all times, but all readily acknowledged his resolute determination to implement policies and create new opportunities for the betterment of the Company as a whole.

There can be no doubt that his influence on MG's growth and development over nearly a quarter of a century has been the defining feature in the Company's current high standing and reputation in both national and international business arenas. On behalf of everyone at MG, I take this opportunity to wish Tom the very best of success and contentment for his well-earned retirement.

Outlook

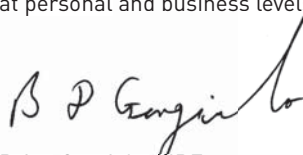
The disruptive weather events in the year under review in both New Zealand and Australian markets graphically demonstrate that we cannot insulate MG from unexpected and potentially damaging episodes. What we can do is be well prepared for such contingencies and be flexible enough to compensate in other areas before resuming full production at the earliest opportunity. The testing times experienced recently showed that MG is more than capable of accomplishing this objective, resulting in a satisfactory full year of sales and returns. But what of the future?

The year ahead will be no less challenging on several fronts. Our position as a significant supplier and distributor of fresh produce to retail sectors has been earned with considerable effort and attention to detail over many years. This position is not automatically assured, however. At any time supply allegiances and arrangements can be threatened with little or no warning. It is therefore imperative that MG continues to create for itself a preferred position in its chosen market places. This means co-ordinating all our growing and supply chain resources to ensure we are the most consumer responsive, competitively priced and highest quality producer of fruit and vegetables on a consistent, year-round basis.

We have the requisite physical resources well established, although continual improvement to our plant, equipment and logistical networks is the necessary way forward. We also have expert capability in terms of our human resources, with teams of seasoned and specialist staff in New Zealand, Australia and USA. Our support office has the necessary management resources to provide strong leadership at every level of MG's operations. In other words, the foundation exists to consolidate our domestic and overseas trading activities to the best of our combined abilities.

One thing we can be sure of is that buyers and consumers of fresh produce will continue to expect top quality at competitive pricing levels. Fruit and vegetable prices are coming under increasing scrutiny across all our markets as shoppers try to make their food dollars go further. Therefore we must operate our grower and distribution supply networks with the utmost efficiency, co-ordinating all our resources to maximise the value of what we produce and minimise the cost of doing so. Nothing less than a total application of our cooperative spirit under MG's banner will achieve this result. Looking ahead, I am confident that it can and will be achieved.

To close, I would like to sincerely thank all MG Shareholders and grower-suppliers for continuing to support the Company with their trade. Our cooperative business model is grower-owned and relies implicitly on your loyalty to make the enterprise a success. I also acknowledge the ongoing support of our many local, national and international customers for maintaining strong business links with MG. To all our staff in New Zealand, USA and Australia, I offer my thanks for a job well done in what was a demanding year for everyone. Your Company is in very good heart, and I wish you all every success at personal and business levels in the year ahead.



Brian Gargiulo, MBE
Chairman, 15 September 2011



CHIEF EXECUTIVE OFFICER'S REPORT



Peter Hendry - Chief Executive Officer

A most encouraging result based on record sales volumes in the New Zealand market was the highlight of the financial year to 30 June 2011 for Market Gardeners Limited, trading as MG Marketing (MG). The lift in our domestic earnings stems directly from targeted investments your Company has made in recent times to enhance grower support services, develop new procurement programmes, improve its distribution efficiency and manage closer links with key customer groups.

It is gratifying to report that these strategic investments on behalf of MG grower-shareholders are paying dividends in terms of improved sales volumes and revenue at the domestic level. For the year in review, MG experienced a number of ups and downs in trading patterns, but this is a result of the unpredictable nature of intensive horticulture production. What is important is that investment decisions being made by your Company are based on long term policies and are producing satisfactory long term results.

This is my first report in the role of Chief Executive Officer, having taken over from Tom Treacy on his retirement at the end of June 2011. It should be acknowledged that MG's investment programme has been largely driven to date through Tom and his management team's clear vision of how the Company must operate to succeed as a wholesaler and distributor of produce. With the support of MG's Board of Directors I am determined to maintain this programme's direction and impetus, always with the core objective of positioning MG's services so as to optimise returns for our grower-shareholders.

In New Zealand and Australia we are up against very strong competitive forces who are also seeking a bigger slice of the fresh produce supply chain between the farm gate and the consumer plate. These include new entrants to the industry, alternative buying and selling methods, and direct approaches by retailers to primary producers. In this environment it is essential for MG to create added value at both ends of the supply line, not just for growers but also for retail customers. MG's investment programme is designed to achieve this through continuously raising our already high standards for produce quality, exclusive variety development, storage technology, packaging and presentation and service delivery.

By adopting such a continual improvement programme, MG is taking a strong position to achieve growth and higher returns on average across our full range of produce. In our markets, price and margins will invariably be squeezed by over-production and seasonal factors. But with the ability to add value to our produce through timely arrival of the best produce available, we can undoubtedly secure customer satisfaction, gain repeat business and optimise grower returns. This is the fundamental principle underpinning MG's investment programme both for now and into the future.

Financial Overview

As is noted above, the result for the year is considered to be encouraging given the economic conditions. The key financial highlights are detailed on page one of this Annual Review and are discussed further in the Chairman's review.

The Group's gross sales under management have remained strong and exceeded \$558 million this year, a reduction on last year's \$573 million. Group profit before income tax exceeded \$5.9 million, a decrease on the prior year and reflects the poor market and weather related conditions experienced in Australia on the LaManna Group result (discussed in the Chairman's review) in contrast to the ongoing sound result coming from the New Zealand operations. This year's income tax expense totalled \$1.8 million which is significantly down on the prior year's \$3.9 million expense (which was inflated by the impact of the Government's decision to remove the depreciation deductibility on buildings with longer lives and resulted in a \$1 million charge to the deferred tax liability, despite there being no actual capital gains tax in New Zealand).

Group equity has continued to strengthen and is now just under \$75 million. Total assets have now grown to exceed \$189 million of which \$84 million reflects the Group's investment in its infrastructure of property, plant and equipment. As in prior years, Group cash flows from operations continue to be well managed and reflect the current economic environment which has required our business units to carefully watch and manage their accounts receivable / debtors.

The Chairman's review details the distributions that have been declared for the year to 30 June 2011 which again are a significant recognition of the performance of the MG Group. It is pleasing to note the continued support of the shareholders through their high level of reinvestment of their dividends back into more MG shares. If you would like to participate in the dividend reinvestment plan please contact our Company Secretary, Mr Duncan Pryor, at Support Office for further information.



CHIEF EXECUTIVE OFFICER'S REPORT (continued)

New Zealand Market

As previously noted, your Company achieved record total sales volumes on the domestic front, as well as improved values on many fruit and vegetable lines due to periodic supply imbalances and produce shortages. It should be noted that our volume increase across the board was not huge, but nevertheless continued the steady growth trend in recent years. Our domestic turnover, for example, has grown 65 percent over the past six years for locally grown produce.

Some categories of produce have more or less followed this growth trend, while others being promoted by MG have increased sales throughput by considerably more over the same period. Targeted crop production and adding value to output are the crucial twin elements for business success. In MG's case both aspects were achieved during the year as a result of maximising our potential to grow saleable produce, adequately servicing growers and competently market what is grown. It is worth examining this process in more detail.

MG has invested heavily in a proactive scheme to work more closely with participating growers at source and with key customers in retail. We have established a team of procurement personnel, product development staff and account managers whose work is co-ordinated through our nine branch operations and encompasses the full length of the produce supply chain. We are continually looking for innovation and improvement in what we grow and how it is supplied to market. MG's people have the expertise and the experience to ensure that we can stay ahead of the competition. With willing support and active participation of shareholder-growers, it is a position we fully intend to maintain.

During the year MG's well-established retail produce brand, Nature's Pick, was freshened up with a new logo. The brand represents a wide range of produce varieties and has performed well for more than a decade, giving growers the opportunity to distinguish their products in the retail sector.



The Company's joint venture flower business, United Flower Growers (UFG), recorded a result below expectation in its first year of operation. The residual effects of recessionary economic conditions reduced demand for flowers and the business is working on strategies to lift sales volume in its nationwide markets.

Our Invercargill branch operation underwent refurbishment during the year. This project has completed MG's progressive upgrading and modernisation of all its storage and distribution facilities in nine locations. These investments enable your Company to uphold extremely high standards for receiving, storing, ripening and distributing fresh produce throughout New Zealand. The earthquakes in Canterbury during the year fortunately had minor effects on our local operations, but did cause personal disruption to staff at both Christchurch branch and Support Office.

Imports

On the imported fruit market MG continues to hold a dominant market share of all the major consumer categories. Our long-standing partnership with Dole continues to form an important component of our total operations and earnings. MG works closely with Dole to ensure New Zealanders are kept well supplied with the best quality tropical fruit lines which are not grown domestically, but which comprise a large part of people's diets and budgetary choices.

During the year a new Ethical Choice brand for Dole bananas was introduced to the market. This recognises the importance consumers place in sustainable production and highlights Dole's world-leading results in providing education, health and financial resources to communities where the fruit is farmed and packed. A further example of Dole's commitment to the local market was their status as the official fruit supplier to the Rugby World Cup in September and October 2011. MG has collaborated with Dole on several successful promotions for this event.

MG also retains strong and productive supply partnerships with other global companies specialising in tropical, sub-tropical and seasonal produce. These trading relationships are vital to our leadership role in the New Zealand market for imported varieties capable of adding value for the Company and providing market choice for consumers. Our USA operation plays a vital role in the success of our import programmes from North America and we continue to explore profitable trading opportunities throughout the Pacific Rim.



www.dolenz.co.nz

Executive Management Team



BRIAN BUCHANAN
Internal Audit



GRANT HARFORD
BMS
National Operations Manager



ROGER GEORGIEFF
Marketing Manager
Domestic



JERRY PRENDERGAST
Brand Development &
National Key Account
Manager



CHRIS HIBBERT
Information Systems
Manager



PETER LANGE
B.A
Imports Manager



DUNCAN PRYOR
B.Com, CA
Company Secretary and
Chief Financial Officer



KERRY WELLS
B.Ag. Com
International Business
Manager

MG Staff

Our staff have continued to perform to exemplary standards during challenging times in the year under review. This was particularly so in Canterbury where employees and managers coped extraordinarily well in the aftermath of earthquake damage to their homes and disruptions to their normal way of life. MG is very well served by members of our dedicated and professional teams working for the best interests of grower-shareholders.

In the domestic market MG has restructured its senior management team. Grant Harford has joined the Company as national operations manager in Auckland, responsible for co-ordinating and supporting our nine branch activities nationwide. Jerry Prendergast is the new national key account manager in charge of MG's dealings with major retail clients. Jerry also retains his existing brand development manager's role. Both appointments reflect the importance MG places on the need to conduct business with the utmost efficiency and expertise at all operational levels of distribution, sales and marketing.

Your Company has also strengthened its grower service resources, with more staff providing grower advice and support in areas such as quality assurance, crop selection, procurement assistance and packaging advances. All our staff, whether in the field or in office support roles, welcome contact with MG grower-suppliers and are keen to help add value to what is produced.

As has been customary in past years, we are pleased to feature the names of all Group staff members on the cover of the 2011 Annual Review, recognising the contribution they make to the business and as a critical asset of the Company.

Conclusion

In closing, it is timely to consider MG's history. The cooperative structure we operate under has served its grower-owners well since starting in 1923. Originally intended to pool growers' produce at auction and present a united front to buyers, the distribution sector has changed enormously in the ensuing 88 years. What has not changed is the fundamental principle behind our cooperative business model. In fact it is more relevant today than at any time in the past.

This principle is to utilise our collective strength to combine and co-ordinate growing, marketing and sales resources. It is of greater importance today because competitive pressures on production and supply systems are stronger and more diverse than ever. Consumers expect more choices and year-round availability at the lowest possible prices. Higher quality standards, new packaging technology and cross-border trading add further to today's commercial realities facing domestic growers.

In such an environment it is vital for growers to achieve two goals. One is the ability to adapt to market forces and work together with a high degree of flexibility. This means being ready to respond to changing market signals. The other is to achieve economies of scale in which operating efficiency reduces overheads and boosts productivity. This means being well organised and collectively managed. In both respects our cooperative structure provides the best framework and the right incentives to attain these objectives. Put simply, unity is our biggest strength and the key to future success.

MG's performance during the year in review amply demonstrates all these factors coming together. Sales volumes and returns improved the most for grower-shareholders prepared to react quickly to market conditions and respond to advice on category selection, production volumes and practical ways to add value to produce. Economies and efficiencies within the cooperative as a whole enabled a satisfactory group surplus to be made, with financial benefits accruing to all members as owners. In addition, the diversity of our growing and sales operations beyond the domestic level provides assurance in not relying too heavily on one primary income source. With its current focus on national and international trading of fresh produce, your Company is well placed to achieve continued growth.

In this, my first report to the cooperative's members, I wish to express my appreciation to all grower-shareholders who have loyally supported MG's operations during an eventful year. Your commitment to our business is an essential ingredient of our commercial success. To our many customers in New Zealand and abroad, thank you for your custom and we look forward to continuing mutually rewarding relationships.

I would also take this opportunity to thank the Board of Directors, as well as MG's team of dedicated executive colleagues and all our hard-working staff members. Together they have contributed to a most positive and stimulating year. Finally I wish you all the best for a very successful and fulfilling year ahead.

Peter Hendry
Chief Executive Officer, 15 September 2011

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Group	
	2011 \$'000	2010 \$'000
Revenue – sale of goods	277,462	302,576
Cost of sales	237,102	258,983
Gross profit	40,360	43,593
Other operating income	1,932	1,640
Administrative expenses	10,019	8,732
Other expenses	24,802	25,251
Results from operating activities	7,471	11,250
Finance income	404	230
Finance expense	4,454	3,960
Net finance costs	4,050	3,730
Profit before equity earnings and income tax	3,421	7,520
Share of profit of equity accounted investees	2,567	632
Profit before income tax	5,988	8,152
Income tax expense	1,872	3,915
Profit for the year	4,116	4,237

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

Net cash from operating activities	3,135	5,724
Net cash (used in) investing activities	(4,594)	(18,051)
Net cash (used in) /from financing activities	(2,745)	12,928
Net (decrease) /increase in cash and cash equivalents	(4,204)	601
Cash and cash equivalents at 1 July	8,587	8,181
Effect of exchange rate fluctuations on cash held	370	(195)
Cash and cash equivalents at 30 June	4,753	8,587

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).

BALANCE SHEET

AS AT 30 JUNE 2011

	Group	
	2011 \$'000	2010 \$'000
EQUITY		
Share capital	15,760	14,811
Reserves	30,943	28,968
Retained earnings	26,851	24,389
Total equity attributable to equity holders of the Parent Company	73,554	68,168
Non-controlling interest	1,421	3,865
Total equity	74,975	72,033
NON-CURRENT ASSETS		
Property, plant and equipment	84,391	85,620
Intangible assets	36,418	33,006
Investments in equity accounted investees	8,395	7,119
Trade and other receivables	11,647	10,780
Deferred tax assets	3,394	2,605
Total non-current assets	144,245	139,130
CURRENT ASSETS		
Inventories	6,158	6,189
Trade and other receivables	33,138	32,672
Cash and cash equivalents	4,753	8,587
Non-current assets held for sale	1,270	-
Total current assets	45,319	47,448
Total assets	189,564	186,578
NON-CURRENT LIABILITIES		
Loans and borrowings	49,990	47,761
Trade and other payables	1,393	1,183
Deferred tax liabilities	4,118	4,210
Total non-current liabilities	55,501	53,154
CURRENT LIABILITIES		
Loans and borrowings	13,251	15,996
Trade and other payables	45,012	44,417
Taxation payable	825	978
Total current liabilities	59,088	61,391
Total liabilities	114,589	114,545
NET ASSETS	74,975	72,033

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).

NEW ZEALAND BRANCH REGISTER, BANK AND ADVISERS

REGISTERED OFFICE, SUPPORT OFFICE, MARKETING & IMPORTS

106 Hansons Lane, P O Box 8581
Upper Riccarton, Christchurch 8440
Phone : 03 343 0430, Fax : 03 343 0929

AUCKLAND REGION

801 Great South Rd, P O Box 12 370
Penrose, Auckland 1642
Phone : 09 270 7110, Fax : 09 270 7111
Manager : Kevin Munroe

NATIONAL BANANA RIPENING

801 Great South Rd, P O Box 12 370
Penrose, Auckland 1642
Phone : 09 270 7110, Fax : 09 270 7111
Manager : Graeme Hirst

HAMILTON

24 Kaimiro Street, P O Box 675
Pukete Industrial Estate, Hamilton 3240
Phone : 07 849 2866, Fax : 07 849 2864
Manager : Brian Dale

PALMERSTON NORTH

1 Mihaere Drive, P O Box 198
Palmerston North 4440
Phone : 06 357 8076, Fax : 06 357 5103
Manager : William Little

WELLINGTON

34 Jamaica Drive, P O Box 51 044,
Grenada North, Wellington 5249
Phone : 04 232 3499, Fax : 04 232 3477
Manager : Kerry Baird

LEGAL ADVISERS

Chapman Tripp, Barristers & Solicitors
Christchurch and Wellington

David Stock, Barrister & Solicitor
Christchurch

NELSON

30 Pascoe Street, P O Box 170
Nelson 7040
Phone : 03 548 5859, Fax : 03 546 4264
Manager : Jamie Russ

GREYMOOUTH

Albert Street, P O Box 410
Greymouth 7840
Phone : 03 768 6814, Fax : 03 768 4465
Manager : Graeme O'Dea

CHRISTCHURCH

68 Waterloo Rd, P O Box 16 404
Christchurch 8441
Phone : 03 349 2070, Fax : 03 349 2069
Manager : Jeff Neumann

DUNEDIN

Cnr Midland & Otaki Streets, P O Box 2056
Dunedin 9044
Phone : 03 455 4004, Fax : 03 455 6656
Manager : Wayne Hume

INVERCARGILL

162 Mersey Street, P O Box 209
Invercargill 9840
Phone : 03 218 2919, Fax : 03 218 2882
Manager : Lynzy Francis

BANKERS

Rabobank New Zealand Branch, (Primary facilities provider)

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

AUDITORS – PARENT COMPANY AND GROUP

KPMG, Chartered Accountants
Christchurch

SHARE REGISTRAR

Computershare Registry Service Ltd
Private Bag 92119, Auckland

INTERNATIONAL REGISTER

LAMANNA GROUP

LAMANNA BANANAS PTY LTD AUSTRALIA REGISTERED OFFICE AND IMPORTS

103-107 Hyde Street
Footscray, Vic 3011, Australia
Phone : +613 9687 0044, Fax : +613 9689 5253
Chief Executive: Bernard Treacy B.Com,(VPM)MBA

AUSTRALIAN BANANA COMPANY PTY LTD

101 - 103 Upper Darradgee Road
Upper Darradgee, QLD 4860, Australia
Phone: +617 4061 6833, Fax : +617 4061 3301
Operations Manager – Australian
Banana Company: Derek Pregl
National Farming and Innovations Manager: Robert Borsato

BRISBANE MARKET

Building C – Brisbane Markets
P O Box 48
Rocklea, QLD 4106, Australia
Phone : +617 3278 2844, Fax : +617 3278 2866
State Manager: Brendan Scheiwe
National Wholesale Markets Manager: Shane Quinn

BRISBANE WAREHOUSE RIPENING

401 Sherwood Road
Rocklea, QLD 4106, Australia
Phone : +617 3278 2832 , Fax : +617 3278 2389
Warehouse Manager: Brendon Scheiwe

LAMANNA EXPORTS

401 Sherwood Road
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Australia
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Manager : Tony Walsh

SYDNEY MARKET

Stand 1-4 E Shed, Store 135 B Shed
P O Box 323, Sydney Markets, NSW 2129, Australia
Phone: +612 9648 1267, Fax : +612 9648 0577
State Manager: Nick Drazic

SYDNEY WAREHOUSE RIPENING

12 Carter Street
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Phone: +612 9648 1267 Fax : +612 9648 0577
Warehouse Manager: Michael DeBono

MELBOURNE WAREHOUSE RIPENING

170-174 Cowper Street
Footscray, VIC 3011, Australia
Phone : +613 9687 0044 Fax : +613 9689 5253
State Manager-Banana Category: Angelo Taranto

MELBOURNE MARKET

Stand 13-21 West End,
542 Footscray Road
West Melbourne Vic 3003, Australia
Phone : +613 9687 0044, Fax : +613 9689 5253
State Manager: Robert Bolge

ADELAIDE

C31 Adelaide Produce Markets, Burma Road
Pooraka, SA 5095, Australia
Phone : +618 8349 5022, Fax : +618 8349 5789
State Manager: John McArthur

FRESH CHOICE (W.A.) PTY LTD

Market City, 280 Bannister Road
Canning Vale, Perth, WA 6155, Australia
Phone : +618 9455 2355, Fax : +618 9455 2371
General Manager: Mark Hobbs

MARKET GARDENERS (USA) Inc.

5001 E Commercentre Drive
Bakersfield, California
CA 93309-1687, USA
Phone: +1661 322 4044, Fax : +1661 322 4274
Manager: Doug Trask B.BA

BANKERS

Australia and New Zealand Banking Group Ltd, Melbourne
(Transactional facilities – Australia)
Rabobank Australia Branch (Primary facilities provider)

LEGAL ADVISERS

Arnold Bloch Leibler, Melbourne

AUDITORS – LAMANNA BANANAS PTY LTD

Pitcher Partners, Chartered Accountants
Melbourne

