

Foodstuffs  
South Island  
Annual Report



2019

**FOODSTUFFS**  
South Island 

## The power of *with*.

Our mission is to  
'Feed the South Island'.  
The power of *with* is the mighty  
guiding light which enables this  
and reminds us our co-operative  
is stronger together.

***With* each other, we create quality outcomes for our  
members, their customers, our suppliers and teams.**

Our shared purpose, sustainable business model, guiding principles and conviction to deeply held values, gives our people and brands a common language for talking about the business. *With* reinforces our shared commitment to the South Island.

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## WHO WE ARE

As the leading retailer of groceries in the South Island, we're proud to support some of New Zealand's favourite household brands.

Our stores are at the forefront of sustainable retailing, responsible sourcing and community support. We're right there, giving our customers choice and we're proud to be 100% New Zealand owned and operated.

WE HAVE  
115+ TRUCKS AND TRAILERS

115+

*Not only are we with the locals  
– we are the locals  
The food we eat is changing... fast!  
So is the way we shop*

To make sure we are always delivering the most relevant shopping experience, we're evolving rapidly, embracing new technology, responding to consumer behaviours and offering the most varied, healthiest and on-trend choices.

91 years

WE'VE BEEN FEEDING THE  
SOUTH ISLAND FOR 91 YEARS

600,000+

WE SERVE 600,000+ CUSTOMERS EACH WEEK

*Every year we travel...*

9 million kms

DELIVERING OVER

52 million

CARTONS OF GOODS

239

WE HAVE 239 RETAIL SITES

17,000

17,000 PEOPLE WORK FOR  
FOODSTUFFS SOUTH ISLAND  
OR FOR OUR STORES.

*Every day we...*

DELIVER

550

TRUCKLOADS OF GROCERIES

*That's over*

143,000

CARTONS OF FOOD ON

20,000

PALLETS TO SERVICE OUR

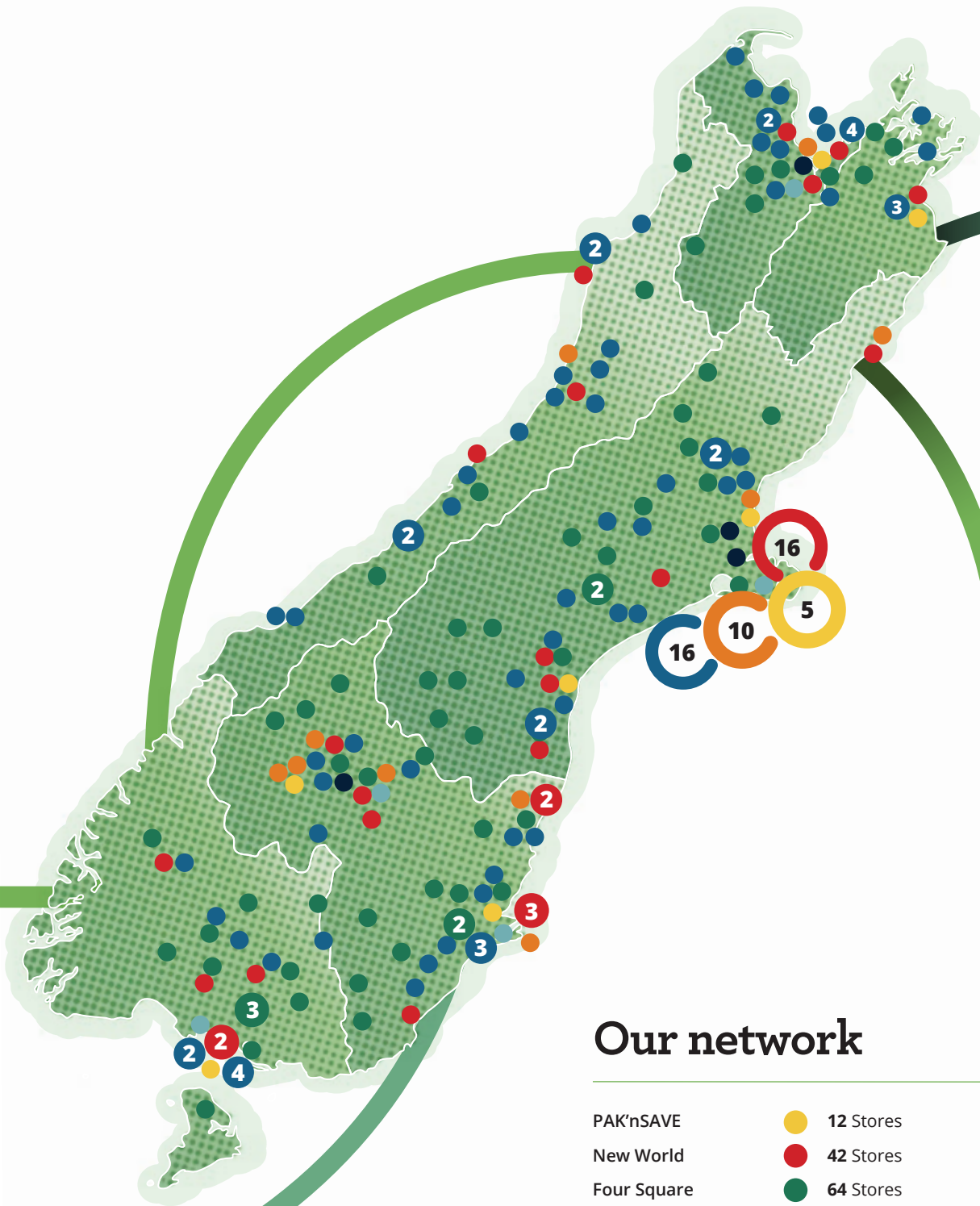
236 STORES

3

WE HAVE 3  
DISTRIBUTION  
CENTRES



NIR MAJHI, TSI TRUCK DRIVER



## Our network

- PAK'nSAVE 12 Stores
- New World 42 Stores
- Four Square 64 Stores
- Raeward Fresh 4 Stores
- On the Spot 91 Stores
- Henry's BWS 21 Stores
- Trents 5 Branches



A woman with short grey hair, wearing a white hairnet and a purple short-sleeved shirt, is smiling and working in a factory or industrial setting. She is leaning over a large, light-colored circular object. In the foreground, a pair of hands is visible, one pointing towards the object. The background is slightly blurred, showing industrial equipment and a yellow container. A green curved line is on the left side, and a green diagonal line is on the right side.

## *With* passion.

They say success follows passion. We know this to be true; as the energy we generate *with* each other is the power behind our continued drive to evolve the shopping experience.





ELIZABETH LOPEZ & JILL DUFFELL, PRODUCTION ASSISTANTS

## CHAIRMAN'S REVIEW

### *With* passion.

Our co-operative leaders serve *with* passion – from the Chairman of the Board to our most junior staff. By working *with* each other, we achieve great things for the South Island.



**RUSSELL MCKENZIE**  
CHAIRMAN

#### **WITH PASSION**

The supermarket industry is dynamic, fast-moving and immensely rewarding. As a co-operative it's the passion and commitment of our 12,000 plus team members who enable us to continue to *Feed the South Island*.

This year, we celebrate 30 consecutive years of growth in the co-operative. This financial year has been tough; it's been a demanding retail environment, but our long-standing commitment has enabled us to continue to move forward despite the challenges. We ended the year with record market share and growth in both sales and member distributions.

In November, we celebrated a major milestone – the opening of phase one of our new chilled and frozen distribution hub in Christchurch. This state-of-the-art facility gives us 100% more chiller space and 50% more freezer capacity. This was immediately followed in December with private label milk distribution being brought into our supply chain, ahead of changing our private label milk supply from Goodman Fielder to Synlait in 2019.

These are key strategic initiatives for the long-term competitiveness of our distribution model and the successful future of the co-operative.

We made some big moves in the area of sustainability this year. The most visible being the removal of single-use plastic bags from all our checkouts, across all our brands. But, rest assured, there is a huge amount we are continuing to do in this space.

#### **WITH OUR CUSTOMERS**

Our retail customers remain at the centre of everything we do and this year we have made some exciting steps in delivering more customised loyalty offers.

When you have shopped in our stores during the year you may have experienced the improvements we have made to self-checkouts, seen the introduction of electronic shelf labels, and our 'Nude Food' initiative or the rapidly growing 'Food to Go' offers. We have added electric vehicle chargers and installed new refrigeration and energy systems into some stores.

We are always happy to see our commitment acknowledged through the awarding of industry accolades. Among the awards this year, PAK'nSAVE ranked second place in the Corporate Reputation Index and New World was recognised as having the most satisfied customers. In the New Zealand Direct Marketing Awards, both New World and PAK'nSAVE took a plethora of awards.



TUI CAMPIN, FORKLIFT  
STOREPERSON & EAN HERMOSA,  
STOREPERSON & TRAINER

## WITH OUR COMMUNITIES

*“Supermarkets are key in communities, especially small rural ones. It’s a hub which stays with the people. There has been many a small town where, 20-years ago, it might’ve had two banks, three pubs, a post office, a large medical facility and a raft of other services. Now, you might only find a supermarket – that’s always stayed constant.”*

With 239 stores spread across the South Island we truly are at the heart of the community and it’s a position we value and respect. Communities support us, and we’re deeply committed to supporting them right back. Via our stores and the Foodstuffs (South Island) Community Trust, we donate over \$1.7 million every year into communities up and down the island.

Enabling our children to make healthier and more informed food choices remains a focus with our Food for Thought programme. This year we have delivered educational programmes to just under 20,000 children in 234 schools.

## FINANCIAL REVIEW

It’s been a solid year in the face of challenging economic conditions and supply chain cost pressures. Sales have lifted to \$3.14B, an increase of \$64M or 2.1%, despite food inflation of just 0.8%. All retail brands saw year-on-year revenue growth, with PAK’nSAVE the strongest performing brand. All stores faced the challenge of the current nationwide trend in consumer austerity, with many shoppers seeking to economise on grocery spend. Product substitution, favouring cheaper or value brands, has highlighted the strength of our private label range, with Foodstuffs market share increasing, despite consumer pressure.

**Gross Profit** grew by 3.6% due to sales growth and the continued increase in goods supplied to Members via Foodstuffs distribution centres.

### **Operating Income and Operating Expenses** increased during the year by \$7.4M and \$15.1M respectively.

The key cause of the 6.4% increase in expenses comes from our supply chain as we continue to grow; but which also provides long-term strategic benefits for the co-operative.

**Operating Profit** (before monthly rebates) increased \$7.9M to \$291.5M, an increase of 2.8%.

The co-operative continues to maintain its very strong financial position with total assets of \$1.3B. All key financial ratios and associated measures remain within the requirements set by our funding partners.

3.2% ↑

**\$288.9M**

Total distributions to members (consisting of rebates, dividends and imputation credits)

Including: **\$209.8M** **\$51M**

Total Monthly Rebates Annual Loyalty Rebates

**Distributions to Members** (consisting of Rebates, Dividends and Imputation Credits) total \$288.9M, an increase of \$8.9M or 3.2%.

**THE 2018/19 MEMBER DISTRIBUTIONS**

In addition to the year-end rebates, there are \$7.8M of dividends on Retained Patronage Shares which will be paid out with \$3.0M imputation credits attached.

The Board has again decided to pay a dividend on the Trading Deposit Shares held by Members.

This dividend will be at the same rate as the Retained Patronage Shares (3.0% fully imputed) and equals \$1.0M with \$0.4M in imputation credits.

**\$5.1M** Produce Rebate

Produce and loyalty rebates will be distributed through the issuance of 56.1M Retained Patronage Shares, with a fully paid up specified value of \$1.00 per share.



IT Leasing Rebate \$0.5M



Banner specific Advertising Rebates \$10.6M

**STORE OPENINGS**

During 2018/19 we opened a Four Square, a Henry's BWS and two On The Spot convenience stores.

- November 2018, Henry's Wakatipu
- December 2018, Four Square Albert Town (Wanaka)
- December 2018, OTS Challenge Leeston
- January 2019, OTS Cranford Street

**INFORMATION TECHNOLOGY – THE LIFEBLOOD OF MODERN RETAIL**

In order to deliver our customers what they demand, we continue to invest significantly into our technology – some is visible in-store but, by far, the most impressive systems sit in the background enabling us to Feed the South Island.

We made significant progress with our customer loyalty programmes, have streamlined the self-checkout process, put more choice in the hands of the customers by enabling them to choose whether to print receipts and introduced smarter technology into stores for managing stock.

Investment in this area remains high as we strive to deliver the best shopping experience possible.

**PROPERTY REVIEW**

We recognise consumers have choice and increasingly high expectations, so we are always striving to meet these retail and lifestyle expectations.

After many years of rebuild and repair post the Canterbury earthquakes, we have now finalised the earthquake insurance claim for PAK'nSAVE Wainoni – this closes all claims for the 2010 and 2011 events.

The highlight this year has been the commissioning of phase one of the new chilled and frozen distribution hub in Christchurch. It's been the most complex development in our long and successful history and secures our ability to grow our range, our volumes and our services to members. All so we can deliver more choice for our customers. Development of phase two of this facility is progressing well and is due to be completed mid-2019.

**ONGOING INVESTMENT**

We also started two major builds – New World Durham Street which opened in May 2019 and New World Three Parks (Wanaka) due to open in the fourth quarter of 2019. Another build currently in progress is Four Square Darfield, due to open in the third quarter of 2019.

We're also committed to reinvestment into our existing supermarket sites and have completed or are undergoing renovations or extensions at the following New World stores: Centre City (Dunedin), Balclutha, Fendalton, Gore, Gardens (Dunedin) and Rolleston.

**OPERATIONAL REVIEW**

**New temperature-controlled distribution centre (DC)**

Affectionately known as Chilly Bin, this has been the most significant project in the history of Foodstuffs South Island. Construction of the 28,500 square metre world-class facility on a fully operational site was a complex task. Stage one opened in November 2018 with all work on the site due for completion in the third quarter of 2019.

We continue to invest into the mainland to ensure our customers get the freshest product possible – in fact, with this additional capacity, we anticipate we can grow our product range ex-DC by 30% in the next two years.

The increased capacity also means more trucks on the road and more staff to manage the workload. A tremendous amount of work has gone into planning and implementing significant changes to enable this transition to be successful.

**HEALTH, WELLBEING AND SAFETY**

With over 1,750 staff in our Foodstuffs sites across the South Island; health, safety and wellbeing is a priority. We provide multiple staff benefits including health insurance and flu vaccinations. Each quarter a wellness education and awareness campaign rolls out - from harassment prevention and mental health awareness to our First Moves programmes which decreased injuries in our DCs last year by 26%.

We have maintained tertiary accreditation for the 8th consecutive year in the ACC Accredited Employer Programme.

Each year our staff take it upon themselves to organise two fundraising and awareness events to support national causes. This year it was the Breast Cancer Foundation and Movember.

**PROFESSIONAL DEVELOPMENT**

Our Members and Foodstuffs teams come from diverse backgrounds and many different nationalities. Our comprehensive learning and development opportunities complement this diversity. The training curriculum encompasses e-learning, interactive classroom programmes, on-the job training and customised market and department training solutions. Staff within our stores and the business can graduate from our Management Academy and progress to a higher level of study through our Leadership Academy. This year over 27,000 formal learning interactions happened – be it online courses, NZQA qualifications, driver development or attending in-depth professional training.



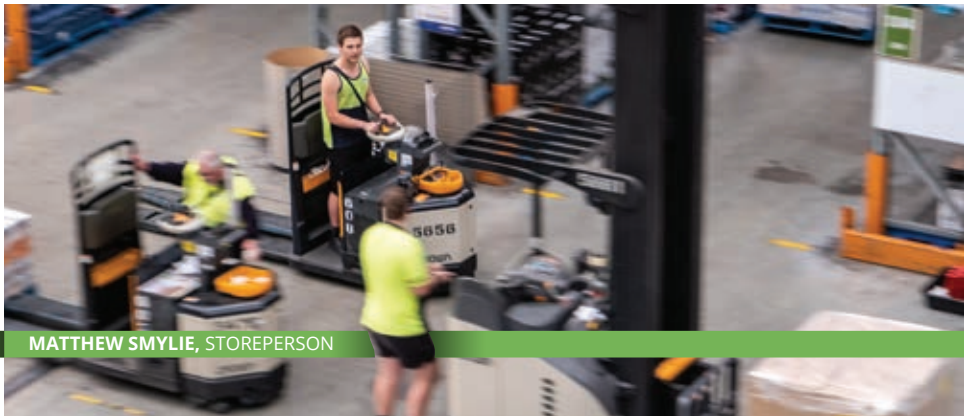
**GOVERNANCE**

We have updated our Franchise Agreements to reflect the changes which had previously been made to the Foodstuffs South Island Constitution.

*Board Rotations*

We welcomed Phillip Blackburn and Glenn Anderson to the Board as part of our standard member rotation. They replaced Roy Bridgman and Kevin Ryan who both retired from the Board. I thank them for their valued contributions over the years.

Mark Sullivan took up the role of Company Secretary after the retirement of Kim DeGarnham.



**IN CLOSING**

I started by talking about the depth of our commitment and passion; and I must finish on the same note. It requires this, plus great perseverance and innovation to stay abreast and focussed in this ever-changing world. Retail comes with long trading hours, necessitated by changes in lifestyle patterns, consumer trends and fast-moving technology. It's with pride I can attest to the ever-present ability of our members and our teams to continually exceed expectations. As a co-operative we always rise to the occasion and this is reflected in the results we achieved this year.

On behalf of the entire team, we thank you for your support and look forward to working closely WITH our entire Foodies community next year.

**RUSSELL MCKENZIE | Chairman** – Foodstuffs South Island Ltd



TUA IONA, PICK MODULE

## *With consideration.*

We're risk takers and leaders, but every action is considered. Our people are bold, skilled and mindful, knowing that throughout our co-operative, everything is purposeful and interconnected.



DONNA ARNOLD, PICK MODULE

## FOODSTUFFS NEW ZEALAND REPORT

Foodstuffs New Zealand has been on an exciting journey over the last 12 months, *with* a change in leadership and structure setting the team up to take on the future.

After seven years, Steve Bayliss, Group General Manager Marketing left the business in July 2018, having built an award-winning crew and having driven remarkable success for Foodstuffs and our iconic brands. Dominic Quin has taken over the reins as Group General Manager Marketing and Customer Experience and quickly implemented a review and recalibration of FSNZ's capability. The intent is to embrace a customer driven strategy – better acknowledging customer needs and expectations and setting up the business and brands to deliver these.

Digital communications and customer-led programmes are starting to roll out alongside refreshed “Enjoy Better” positioning for New World, which dials up the fantastic service and product promise from this beloved brand. PAK'nSAVE is delivering strongly for customers seeking ways to manage their household budgets – consistently beating the competition and showing healthy growth and sustainable margins. A light is also being shone on Four Square – the supermarket which is always there wherever you are.

Significant investment in uncovering customer and shopper insights is paying dividends as the co-operatives are better able to address consumer needs. The Corporate Social Responsibility and External Relations team has been extended, resulting in some exciting and positive conversations and a more targeted approach to corporate responsibility.

Foodstuffs continues to advocate for better visibility of how legislation impacts on the business and the Sustainability team is going from strength to strength, exploring how to reduce our environmental footprint at scale, all while remaining a profitable business employing more than 30,000 New Zealanders.



## NATIONAL MARKETING REPORT

### NEW WORLD HIGHLIGHTS

New World hopped to it with an award-winning campaign in conjunction with the Easter Bunny; surprising and delighting parents and children alike with an Easter egg hunt in store.

Big Night In saw nationwide bundle deals drive home a great value proposition, as Kiwis sought to tighten their belts with rising housing and living costs.

We continued our war on waste and introduced New World Pods; enabling customers to love their leftovers. This continuity programme was resoundingly successful in driving sales and resulted in a pleasing lift in share over the six-week promotional period.

New Zealanders have seen the Enjoy Better proposition come to life in stores as we focused our attention on delivering outstanding fresh products and customer experiences around the country. Our summer and Christmas campaign highlighted our seafood, butchery, bakery and deli solutions. New World held its own at a time where shoppers were looking for extra value.

Ishop New World is gaining traction in the North Island – seeing growth week on week as customers embrace both the smartphone app and a desktop solution.

### NEW WORLD CLUBCARD

One and a half million New Zealanders now use their New World Clubcard – with scan rates increasing and the level of engagement on the rise. The strength of the Clubcard programme nationally has also seen an increase in the number of unique Clubcard customers shopping vs a year ago, and the average value of a Clubcard basket growing faster than a non-Clubcard member basket.

#### Clubcard highlights for the year include:

- A refresh of *Clubcard.co.nz*. Clubcard members can now see their Club Deal savings, New World Dollars balance, Fly Buys balance and relevant offers to them. Further enhancements are scheduled to go live in early 2019 to provide Clubcard members with a more personalised and engaging New World Clubcard experience.
- Points Swap – we saw an 80% increase in customer numbers converting their Fly Buys points for New World Dollars.
- Z Energy transition – on 1 September we switched from Mobil to Z Energy, supported by a strong integrated campaign. We introduced personalised fuel offers which were gratefully received by customers coping with fuel price hikes.



### PAK'nSAVE HIGHLIGHTS

This iconic brand continues to go from strength to strength. It's clear New Zealanders are looking for a value proposition which delivers day after day. Highlights for the year include supporting the Commonwealth Games, Stickman's 10th anniversary of entertaining customers with funny sharp deals, PAK'nSAVE's birthday celebrations and Christmas. We won when it came to providing families with great value feasts – helping them get together without budget pressure.

December 31 saw all PAK'nSAVE stores ban single-use plastic bags at checkout – this means 350 million plastic bags are no longer heading to landfill or waterways.

And, finally, PAK'nSAVE is rolling out Click & Collect in stores throughout the North Island. Members are excited about the impact this is having on their business, as they are able to offer convenience, ease and affordability to their customers.

### PAK'nSAVE STICKY CLUB (FSSI ONLY)

Sticky Club membership and engagement continues to rise with nearly 155,000 customers now onboard. With pressure on household expenditure, fuel discounts are proving extremely popular with customers. Sticky Club helped South Island customers save more than \$4.7M on fuel in 2018.

Sticky Club is now able to communicate one-to-one, reducing our reliance on mass advertising and providing relevant deals based on customer purchases.

## LIQUORLAND LTD

It was another big year for Liquorland and marked the second year of our five-year strategic plan. We are now “match fit” and building strong platforms for growth.

We have almost completed 12 months of customer satisfaction measurement and pleasingly have a satisfaction rating which puts us in the upper quartile performance in New Zealand. We achieved a net promoter score of over 80% with customers calling out service, friendliness and our people as the key aspects of their satisfaction. Our business reporting process is now leading the traditional liquor sector and providing clear data to each of our franchisees. Our digital marketing strategy is now embedded into our marketing and merchandise plans and making a real impact.

Our new digital mailer launched in September. We now receive over 160,000 monthly page views vs. 3,500 per month from the previous format. Our electronic direct mail programme is achieving an open rate more than 7% higher than retail industry average and we grew the email database member numbers. Our Liquorland Toast website continues to be a great advantage for us increasing readership by 137% vs the previous year. We are excited by the potential of our digital footprint and the relevance this gives us versus our competitors. We remain focused in this area.

We also implemented Liquorland’s Finest, our own wine judging programme, led by Jim Harre, to help customers find award winning wines, backed with a money back guarantee.

Liquorland financial performance has been strong. Same store revenue growth is over 6.75% ahead of last year; 55% of that growth is via transaction count increases and the balance via average basket value growth. Store margin is just over 7% ahead of last year. At a category level the growth has been driven by focusing on the premium end of each key category, with the winners being gin, both premium and pink, premium whisky and vodka based premixed drinks, particularly in the “better for me” segment.

We now have 116 stores nationally, up from 110 stores last year with another eight stores to be opened by June 2019. We opened three new greenfield sites this year; one each in Auckland, Wellington and Christchurch.

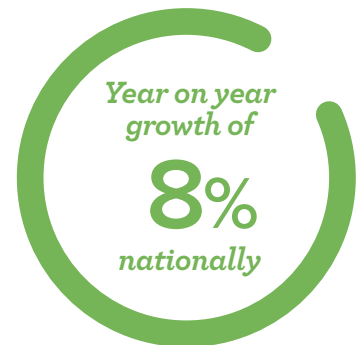


## FOODSTUFFS OWN BRANDS LTD (FOBL)

Four years ago, Foodstuffs established an objective for private label to be a point of competitive advantage and to drive growth through an on-going, relentless focus on product quality and innovation, buying leverage, branding and labelling development. Our range, product costs, brands and labels look very different now as a result.

This financial year has seen the recent positive track record of private label strengthen further with year on year growth of 8% nationally and on target to achieve \$1.1B in sales. Just as pleasing, both co-operatives have also enjoyed a per unit increase in profitability at store. This growth has resulted in some challenges with stock availability and the retail execution of new products – both of these issues are a high priority for FOBL and the individual co-operatives are addressing these areas which will unleash further growth.

The resignation of Rod Gibson, General Manager saw Lisa Oldershaw appointed to lead the business and we look forward to her experience, leadership and passion taking private label to the next level.



**ON TARGET TO ACHIEVE  
\$1.1B IN SALES**

**CJ ORDANEZ, STOREPERSON**

## ADVOCACY

The new government has a focus on reforming employment-related law and adhering to its election promise, an Employment Relations Amendment Bill was passed. Foodstuffs submitted on several aspects and was pleased the resulting Act allows individual employers to opt out of multi-employer agreements on reasonable grounds. Foodstuffs also submitted on, and supported legislation, to give employees affected by domestic violence greater support including leave to deal with its effects. A submission was also made with respect to the Holiday’s Act Review. Foodstuffs recommended a move to an accrual system where holiday leave entitlements would be calculated in hours rather than weeks.

The Tax Working Group issued a discussion document in March 2018. Foodstuffs’ submission supported the continuation of a broad-based low-rate tax framework, which supports innovation, incentivises economic growth, and minimises compliance costs. We recommended productive assets be excluded from any new capital gains tax, and no change to the existing no-exemptions approach to GST.

**OBESITY TASKFORCE**

At the request of the Ministers of Health and Food Safety, members of the food industry formed a Taskforce to consider how the industry could contribute to a reduction in the incidence of obesity. Foodstuffs was represented at both Taskforce and Working Group level.

The Taskforce reported to Ministers in December, recommending a raft of possible measures including further product reformulation, promoting uptake of Health Star Ratings, industry investment in community and education initiatives, responsible marketing practices, and employee health and wellness programmes. Foodstuffs has initiatives in each of these areas but is considering the extension of some programmes.

Other consultations which Foodstuffs contributed submissions to included:

- The Consumers Right to Know (Country of Origin of Food) Bill
- The Local Government (Community Wellbeing) Amendment Bill
- The Sale and Supply of Alcohol (Renewal of Licences) Amendment Bill
- The Fire and Emergency Services Funding Bill
- Ministry of Primary Industries' reviews of: The Dairy Industry Restructuring Act 2001; the Health Star Rating Scheme; and the merits of a National Organic Standard
- The Ministry of Justice's review of alcohol licencing fees
- The Ministry for the Environment's consultation on phasing out single-use plastic bags
- The Productivity Commission's Inquiry into Local Government Funding
- The Environment Select Committee's Inquiry into Food Waste.

In October 2018 the Foodstuffs co-operatives signed a Letter of Agreement with NZ Police to establish a framework for ongoing engagement, and a platform to work together to reduce retail crime. In early 2019 the parties held discussions with a view to establishing district forums to progress this intent.

**SUSTAINABILITY**

During the year we saw the first public accounting of a raft of initiatives throughout the business including the publication of the Sustainability Snapshot 2019. This focused on three key sustainability pillars; people, community and the planet. It outlined where we are now as a national organisation, and where we aim to be by 2023.

From here Foodstuffs New Zealand is developing a comprehensive Corporate Social Responsibility strategy which will better direct the co-operative's ability to harness the good work already being done and that which is planned.

**\$3,000,000** *in contributions*

We've made contributions to Foodstuffs and community programmes and charitable organisations such as the Foodstuffs (South Island) Community Trust, Foodies Foundation, Eat My Lunch, Starship and literally thousands of sports teams, groups and projects throughout New Zealand in excess of \$3,000,000.



**DEAN WADDELL**  
Chairman - Foodstuffs (N.Z.) Ltd

**SUSTAINABILITY HIGHLIGHTS FOR 2018 INCLUDE:**



The successful exit of single-use plastic bags at the checkout across all Foodstuffs banners.

The banning of plastic stemmed cotton buds, plastic applicator tampons and a review of other single-use plastic products.

**100%**

Pledging to 100% of our private label packaging and instore being reusable, recyclable or compostable by 2025.



**70 chargers**

Success in another round of government funding to extend fast charging stations for electric vehicles which will see more than 70 store-based chargers live by the end of 2019.

Procurement of three electric logistics vehicles.

**90%**

Further impressive reductions in waste heading to landfill with many stores registering a landfill diversion rate of over 90%.

**5.6 million**

The donation of more than 5.6 million meals to local foodbanks.



Thousands of team members taking part in training, apprenticeship programmes and leadership development.

Significant improvements in literacy, numeracy and health and safety.



Private label reformulation reducing sugar, sodium and fat alongside the continuing success of the Food for Thought programme.



The successful nationwide launch of an alcohol responsibility campaign - "Always Graze When You Liaise".



***With you.***

In this rapidly changing world, we work hard every day to deliver experiences which continue to delight our customers – all *with* the goal of making shopping easier, more personal and hassle-free.



IAN MACDONALD, SEAFOOD OPERATIONS MANAGER



CURTIS STALLWORTHY, SEAFOOD OPERATIONS RETAIL ADVISOR

## WITH YOU

### NEW WORLD

Across the South Island, New World shoppers and teams continue to Enjoy Better. This marketing campaign moves the conversation away from price and solidly towards value and is all about the extras our New Worlds deliver; the shopping experience, variety and service levels.

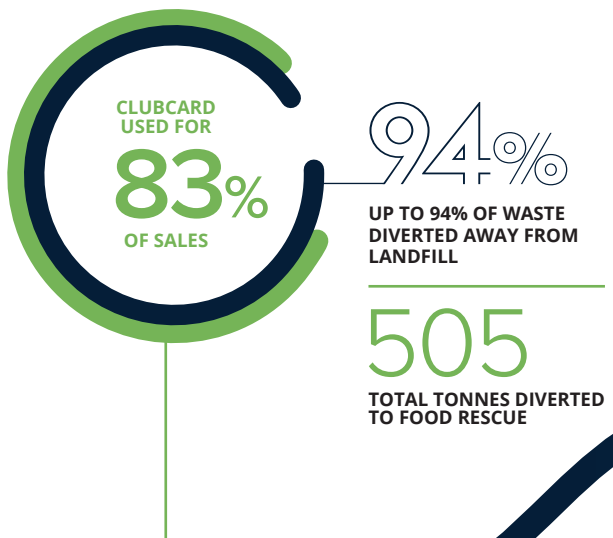
WITH 42 stores in the mainland, we continue to lead the way – we received the Canstar Blue award for the most trusted brand. Our rising success with Clubcard sees the brand go from strength to strength. WITH our suppliers, we again took the number one spot in the Advantage Survey for the fifth year running.

### WITH CELEBRATION

- **Simply Dinner** - because meal solutions are a big focus, in August we launched a dinner solution holding all the meal ingredients needed to cook for four people. At \$20, our customers love it and we sell more than 1,500 each week... your favourite – Butter Chicken.
- **New World Prestons** – while opening at the end of last year, this modern, airy store remains a standout and continues to trade well above expectations.
- **Improved retail experience** – we've introduced optional receipt printing, electronic shelf labels, targeted offers and increased functionality with Clubcard and more (and smarter) self-checkout options.

42 stores 

770,000 TRANSACTIONS PER WEEK



### FOUR SQUARE

It's been at the heart of South Island communities since 1924 and continues to be an iconic brand. Celebrating its 95th birthday this year, Four Square continues to grow its sales. We celebrated the opening of Four Square Albert Town (Wanaka), bringing the total store count to 64. This new store has exceeded all expectations and is popular with both locals and travellers. Construction of Four Square Darfield has also started.

Simply Dinner – the ever-popular complete meal ingredients bag holding a meal for four was launched. Stores have increased their Food to Go and meal solutions offerings, again – a popular move catering to the rising customer demand in this space.

In-store a refresh of the brand standards has seen a move towards simpler, more relevant and modern signage. A major milestone has been moving all stores onto the SAP Mod 2 system, which will provide more detailed and accurate reporting for all stores.

### RAEWARD FRESH

Be it fridge filler or fine ingredients – our four Raeward Fresh stores continue to deliver excellence in fresh fruit, vegetables and meats along with an increasing selection of local artisan and specialty cooking items. The launch of a new public facing website better represents the selection and experience shoppers will experience in-store.

A wholesale website and online ordering was trialled in Richmond, Nelson and its popularity has seen the product availability online increase from 200 to over 600. Across all stores, wholesale growth has been substantial, and the platform is being fine-tuned ready to roll out across the island in 2019.

Kai Baskets were a popular inclusion at Tower Junction (Christchurch) with the flax baskets available for use to hold loose fruit and vegetables within your shopping trolley.

Raeward Fresh Queenstown introduced the popular Ready to Cook and Ready to Heat range, which is prepared in-house by its chefs, providing a great 'Food to Go' offer.

### TRENTS WHOLESALE

Despite the tough trading environment, Trents continues to achieve sales growth and has been focused on increasing its range and delivery service.

The launch of an inbound and outbound Customer Service Team in October was an exciting milestone for the business. Based across two locations – Christchurch and Nelson, the team are available seven days a week on extended hours to take orders and answer all customer queries. The addition of night picking in our Nelson and Invercargill branches has enabled us to offer an improved delivery service in these regions.

This year was the first time Advantage Group included wholesalers in its national sector survey and Trents was ranked number one nationally.

**PAK'nSAVE**

With our policy of having New Zealand's lowest food prices, our customers love us and the recent Canstar Blue ratings brings this beloved brand in at the top for 'Value for money' and 'Deals'.

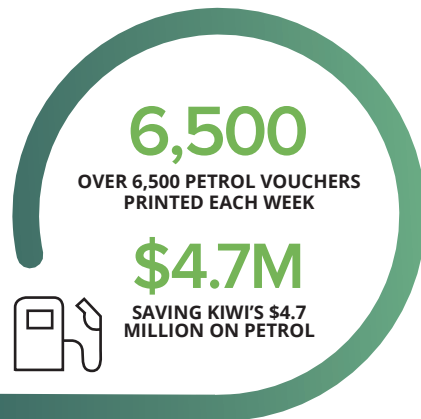
We refurbished our Moorhouse store in Christchurch and we're about to kick off a major refurbishment of PAK'nSAVE in Invercargill.

**WITH CELEBRATION**

- **Sticky Club** -this successful loyalty programme enters its second year and has 150,000+ South Islanders registered (and climbing steadily). A Sticky Club card was used with 38% of our sales.
- **Market share** - collectively our stores reached the largest ever market share in December after a successful Black Friday promotion. The highs continued and we finished the year holding a record market share.
- **Sustainability focus** - we've introduced electronic shelf labels, started to roll-out paperless advertising in store with digital screens and introduced optional receipt printing.


12 stores 

400,000 **TRANSACTIONS PER WEEK**



**6,500**  
OVER 6,500 PETROL VOUCHERS PRINTED EACH WEEK

**\$4.7M**  
SAVING KIWI'S \$4.7 MILLION ON PETROL




**ON THE SPOT**

It's been another successful trading year for our 91 On the Spot convenience stores.

We celebrated the opening of two new stores; one at Caltex Cranford Street (Christchurch) and another at Challenge Leeston (Canterbury). This store has an extensive Food to Go offering which is trading strongly. Other stores are building their offering in this space, with some now achieving 50% of sales through credible and desirable meal and food offerings.

The Pams brand has more prominence in stores this year and is priced competitively. A focus on store signage and the implementation of a stronger and more modern brand standard around store presentation has seen a strengthening of the brand. Point of sale scanning functionality has also been introduced. These convenience markets continue to deliver a valued service in all corners of the island and there's a focus on strengthening the brand into 2019. This includes increased support and training for owners.

**HENRY'S BEER, WINE AND SPIRITS**

Going from strength to strength, this brand continues to experience strong sales growth and improved market share. There are 21 stores across the mainland, providing plenty of opportunity to enjoy and savour a tippie, and with 36,000 transactions per week, plenty are taking advantage.

A standout this year was the opening of Henry's Wakatipu in November. It heralded a new standard of liquor merchandising in New Zealand and sales continue to outstrip all expectations. We also farewelled a store, as the Barbadoes shop (Christchurch) closed its doors due to the sale of the building.

As new products and innovations enter the market, Henry's continues to evolve its range to accommodate the best options. The craft beer range is being updated, the wine list tweaked and the promotional programme has been ramped up, bringing our customers more relevant offers.

This year we have distributed

\$410,895

\$87,750 Education Grants

\$193,840 General Grants

\$129,305 Major Sponsorship





## FOODSTUFFS SOUTH ISLAND COMMUNITY TRUST

### *With care.*

The Foodstuffs (South Island) Community Trust is committed to supporting communities and people by helping them to thrive. We inject hundreds of thousands of dollars every year into schools and education, sports clubs and small community organisations - from the local scout group to hobby and creative endeavours.

Education is a key focus for the Trust and it supports dozens of students in their learning journey, including ongoing support of the First Foundation which helps young people to achieve their dreams, irrespective of socio-economic status.

A significant donation was made to the Canterbury Westland Rescue Helicopter to purchase a ventilator.

The Trust also became a foundation donor to the Christchurch Cathedral Restoration Trust, which will hopefully see the re-establishment of the Visitors Centre at the Cathedral.

The sum of \$250,000 will be paid in five instalments over the next five years. If the centre does not proceed, the money will be returned. Our major funding partnership has remained with the St

John FEDs (Friends of the Emergency Department). Our funding helped 242 FEDs who volunteered 34,019 hours, in eight hospitals across 13 types of services up and down the mainland.

During the year we were bestowed the honour of being awarded the St John Priory Vote of Thanks - the highest level of recognition for contribution to St John endorsed by the Governor General.

#### FOOD FOR THOUGHT

We're passionate about teaching children to make healthier food choices, and this year, across New Zealand we have worked with:

**19,773** Students

**234** Schools

**737** Classes

**1,850** Parents

Since 2007 we've been running the Food for Thought Education Trust which teaches Year 5 and 6 children more about their food, understanding food labels and basic budgeting skills. Delivered in classrooms by qualified nutritionists, followed by an in-store session in a local PAK'nSAVE, New World

or Four Square supermarket. Resources are in English, Te Reo and Samoan.

This year we launched the new, improved website - check it out at [foodforthought.co.nz](http://foodforthought.co.nz).

#### BROWN PAPER BAG APPEAL - CHRISTCHURCH CITY MISSION

Each winter New World stores support the Christchurch City Mission Brown Paper Bag Appeal where 145,000 bags are distributed around the region with an invite to shoppers to fill them and return it to their local New World store. This involvement enables us to put our community connections and logistical expertise to good use.

In 2018, we collected 30,000 food parcels for people in need.

#### FOOD RESCUE

There's always food which can't be sold; we take what is edible and donate it, along with other items, to food rescue organisations to redistribute to Kiwis in need. This year, our stores donated 590 tonnes of food - this equates to 1.7 million meals which was redistributed by Satisfy Food Rescue, City Harvest Canterbury and Kiwi Harvest Dunedin.

On top of this, our Christchurch Distribution Centre supports St Vincent De Paul, The Christchurch City Mission and other food banks with an additional 1.7 plus tonnes of donated food items each month.

## FOODSTUFFS SOUTH ISLAND BOARD OF DIRECTORS

*With each other.*



*Left to Right: Russell McKenzie (Chairman, New World St Martins), Kathy Frampton (New World Northwood), Chris McDonald (PAK'nSAVE Dunedin), Michelle Grundy (Four Square Maniototo, Ranfurly), Phill Blackburn (New World Ilam), Glenn Anderson (New World Stoke), Mary Devine (Independent Director), Marcel Gray (Deputy Chairman, PAK'nSAVE Wainoni), Steve Wakefield (Independent Director), Justin Vaudrey (New World Durham Street), Mark Sullivan (Company Secretary)*



## FOODSTUFFS SOUTH ISLAND EXECUTIVE TEAM



**Steve Anderson**  
Chief Executive  
Officer



**John Mullins**  
General Manager  
Supply Chain



**Roger Davidson**  
General Manager Property  
and Retail Development



**Phil Lemon**  
General Manager  
Merchandise



**Damian Lynch**  
General Manager  
Strategy & People



**Nathan Marsh**  
Chief Financial Officer

**Tim Donaldson**  
General Manager  
Retail



**Phil Wright**  
General Manager  
Information Technology



## FOODSTUFFS SOUTH ISLAND LEADERSHIP TEAMS

### New World Executive Committee

Phillip Blackburn <i>[Chairman]</i>	New World Ilam
Ashley Shore	New World Blenheim
Bradley Patton	New World Elles Road
Glenn Anderson	New World Stoke <i>[Resigned December 2018]</i>
Jack Stafford	New World Mosgiel
Justin Vaudrey	New World South City <i>[Resigned December 2018]</i>
Kyle Burnett	New World Lincoln <i>[From January 2019]</i>
Marc Brokenshire	New World Hokitika <i>[From January 2019]</i>
Nigel Bond	New World Bishopdale
Rodney Flannery	New World Gore

## PAK'nSAVE Executive Committee

Andrew Howard <i>[Chairman]</i>	PAK'nSAVE Richmond
Brad Spence	PAK'nSAVE Moorhouse
Bryan Dobson	PAK'nSAVE Invercargill
Bryan Walker	PAK'nSAVE Northlands
Chris & William McDonald	PAK'nSAVE Dunedin
James Flanagan	PAK'nSAVE Rangiora
Jason Williams	PAK'nSAVE Timaru
John Lee	PAK'nSAVE Hornby
Marcel Gray	PAK'nSAVE Wainoni
Mark Elkington	PAK'nSAVE Blenheim
Michelle King	PAK'nSAVE Queenstown
Steven McDonald	PAK'nSAVE Riccarton

## Four Square Executive Committee

Graeme Neilson <i>[Chairman]</i>	Four Square Ascot
Aaron Challis	Four Square Tuatapere
Brent Prue	Four Square Tokomairiro
Bruce Duncan	Four Square Rosebank <i>[resigned December 2018]</i>
Callum Bruce	Four Square Te Anau <i>[from January 2019]</i>
Cushla Jones	Four Square Franz Josef
Kerry Tull	Four Square Cheviot <i>[from January 2019]</i>
Marty West	Four Square Port Chalmers <i>[resigned December 2018]</i>
Michelle Grundy	Four Square Maniototo
Paul Joyce	Four Square Reefton

## Raeward Fresh Executive Committee

Simon <i>[Chairman]</i> & Jo Turnbull	Raeward Fresh Tower Junction
Gareth & Laura Caldwell	Raeward Fresh Richmond
Justin & Melissa Blackler	Raeward Fresh Harewood
Nathan & Angela Imlach	Raeward Fresh Queenstown

## Henry's Beer Wine & Spirits Executive Committee

Paddy Breen <i>[Chairman]</i>	Henry's BWS Queenstown
Adrian Hills	Henry's BWS Centre City
Anne Kroupa	Henry's BWS Richmond
Brad Spence	Henry's BWS Moorhouse
Carl Wild Keith Miles	Henry's BWS Rolleston, Rangiora, Hornby, Woolston, Bishopdale, Tower Junction, Shirley and Yaldhurst
Craig Smith	Henry's BWS Kaikoura
Gerry Breen	Henry's BWS Wakatipu
Jason Hall	Henry's BWS Timaru
Jason Williams	Henry's BWS Northtown
Jamie White	Henry's BWS Cromwell
Kevin Ryan	Henry's BWS Alexandra
Louis Vieceli	Henry's BWS Avonhead and Parklands
Victoria Boyes	Henry's BWS Greymouth

## FOODSTUFFS SOUTH ISLAND SENIOR EXECUTIVES

Ana Connor	Vendor Relationship Manager
Andrew Law	Master Data Manager
Carl Drew	Transport Manager
Chris Dorward	Manager Members Services
Clayton Young	Property Manager
Danny Halligan	Henry's BWS Group Manager
David MacKenzie	Merchandise Operations Manager
Debbie Behrnes	Training & Development Manager <i>[resigned 2 March 2018]</i>
Debbie Walker	Executive Assistant <i>[from 1 June 2018]</i>
Gareth Weatherston	Dunedin Regional Distribution Centre Manager
Gary Cowens	Operation Services Manager
Glen Forrester	Loss Prevention Manager
Glen Stevenson	Retail Support Manager - Operations
Gordon McCoy	Business Systems Manager
Jamie McColl	Trents Sales Manager
Jason Trewern	Merchandise Manager - Meat & Seafood <i>[from 28 August 2018]</i>
Justin Dykhoff	Merchandise Manager - Produce
Justin Waddell	PAK'nSAVE Group Manager
Kent Mahon	Retail Operations Manager
Kris Lancaster	Supply Chain Development Manager
Lynne McBeath	Employee Systems Development Manager <i>[from 18 September 2018]</i>
Mark Jones	ACC Health and Safety Manager <i>[from 27 August 2018]</i>
Mark Sullivan	Legal Counsel & Company Secretary
Matthew Harrison	SAP Operations Manager
Melinda Baillie	Trents Group Manager
Mike Arlidge	OTS Group Manager
Mike Scofield	Cash'nCarry Operations & Merchandising Manager
Murray Trim	Decision Support Manager
Nathan Hay	Commercial Manager
Nathan Hide	General Manager Murdoch Manufacturing
Nathan Young	Raeward Fresh Group Manager
Nigel Murphy	IT Support Manager
Philip Smith	Project Delivery Manager
Rebecca Parish	Property Development Manager
Ross Martin	New World Group Manager
Sarah Nelson	ACC Health and Safety Manager <i>[resigned 25 May 2018]</i>
Scott Fairweather	Hornby Distribution Centre Manager
Simon Hughes	Group Finance Manager
Stephanie Feldbrugge	Organisational Development & Wellbeing Manager
Steve Alexander	Four Square Group Manager
Steve Medland	Internal Audit Manager
Tony Ziolo	Site Services Manager, Hornby Distribution Centre
Yvonne Botha	Executive Assistant <i>[resigned 31 May 2018]</i>

# *With* commitment.

We're deeply committed to our members, communities and to each other. When this is publicly recognised, we know the power of *with* is working for everyone!

### FOODSTUFFS (SOUTH ISLAND) COMMUNITY TRUST

- **St John Priory Vote** – the highest level of recognition for contribution to St John endorsed by the Governor General.

### NEW WORLD

New Zealand's Most Satisfied Supermarket Customers **Canstar Blue Award** (2nd year running)

- #1 Retailer Foodstuffs South Island - **Advantage Grocery Report**
- *Highly Commended* - **Reader's Digest Trusted Brands**, Supermarkets
- *Gold*, **Reader's Digest Quality Service Award**, Loyalty Card
- **NZ Direct Marketing Awards**. Beer and Cider Awards "Would you rather"
  - *Channel Gold* – Campaign Website
  - *Industry Silver* – Retail and e-commerce
- **NZ Direct Marketing Awards**. Points Swap
  - *Channel Silver* – CRM Multi-Channel
  - *Channel Silver* – Email Marketing
- **NZ Direct Marketing Awards**. New World Direct
  - *Craft Bronze* – Excellence in Data Strategy

### PAK'nSAVE

- **Winner. Reader's Digest Trusted Brands**, Supermarkets.
- **NZ Direct Marketing Awards** for Sticky Club
  - Channel Gold* - CRM Multi Channel
  - Channel Bronze* – Customer Experience
- **Winner. Brand Axis** "Stickman" most creative Brand Campaign in NZ over 5 years
- **Roy Morgan** Supermarket of the Year

### PAMS

- *Silver Medal*. **Devro Great New Zealand Sausage Competition**. Pams Italian Lamb
- **Winner. Reader's Digest Most Trusted Supermarket/Home Brand** (5th consecutive year)

### FOODSTUFFS NEW ZEALAND

- 2018 **EV World Fleet** Champion Award
- **Reader's Digest** – Quality Service Awards, Liquorland
- **Research Association Effectiveness Awards:**
  - *Research Now Supreme Award* - Using Customer Feedback to Drive Continuous Improvement
  - *Gold*, Consumer Services – New World Fresh Collective
  - Perception Sustained Success
  - Infotools Innovation Award



#### PRIVATE LABEL TRANSFORMATION

With over 2,400 products in our private label pantry across the Pams Finest, Pams and Value brands we are committed to reducing sugar and sodium. Health Star Ratings have been applied to 1,301 products. This represents 95% of the eligible range and by the end of 2019, we will have reformulated 100% of our recipes to remove more sugar and sodium.

**All our paper products are sustainably sourced and certified by the Forest Stewardship Council.**

LEONIDA NYGARD & EMIE KING, PRODUCTION ASSISTANTS

BRENDAN TATE, INWARDS GOODS DISPATCH

RAVI ADVILKAR, INWARDS GOODS DISPATCH





# With consideration.

We live on this planet together and as a co-operative we are committed to doing what we can to reduce our footprint and contribute in even more sustainable ways.

Our Foodstuffs New Zealand Report on page 14 details many of our initiatives. Here are some of the other things we have been doing on the mainland in consideration of our environment.



Project Naked has been expanded into 12 stores and has attracted significant international attention. The substantial reduction on plastic use in our produce department has been embraced by shoppers and we will continue rolling this into more stores.



Electric vehicle charging stations are installed in 29 sites across the South Island with more coming. Some stores also have electric bike charging facilities.

Our Waste Minimisation Programme encourages our stores to focus on reducing, recycling and reusing with waste going to landfill as a last resort.

**Our top performing stores are diverting more than 94% of waste away from landfill.**



**TONNES DIVERTED**

11,675

**TOTAL TONNES DIVERTED FROM FSSI STORES**

# Independent Auditor's Report

## To the members of Foodstuffs South Island Limited Report on the summary consolidated financial statements.

### OPINION

In our opinion, the accompanying summary consolidated financial statements of Foodstuffs South Island Limited (the company) and its subsidiaries (the group) on pages 34 to 37:

- i. Has been correctly derived from the audited Group financial statements for the year ended on that date; and
- ii. Is a fair summary of the Group financial statements, in accordance with FRS 43 Summary Financial Statements.

The accompanying summary consolidated financial statements comprises:

- the summary consolidated balance sheet as at 28 February 2019;
- the summary consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), Engagements to Report on Summary Financial Statements. Our firm has also provided other services to the group in relation to tax advisory services, regulatory assurance and trustee reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

### USE OF THIS INDEPENDENT AUDITOR'S REPORT

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than

the shareholders as a body for our audit work, this report, or any of the opinions we have formed.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the summary consolidated financial statements in accordance with FRS 43 Summary Financial Statements; and
- implementing necessary internal control to enable the preparation of a summary consolidated set of financial statements that is correctly derived from the audited consolidated financial statements.

### AUDITOR'S RESPONSIBILITIES FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with (or are a fair summary of) the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), Engagements to Report on Summary Financial Statements.

We expressed an unmodified audit opinion on the consolidated financial statements in our audit report dated 30 April 2019. The summary consolidated financial statements do not contain all the disclosures required for a full set of consolidated financial statements under generally accepted accounting practice in New Zealand. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the group.



KPMG  
Christchurch  
30 April 2019



RON BALL, PICK MODULE STOREPERSON

**FOODSTUFFS**  
South Island Limited

# Financial Statements

# 2019

## Income Statement

FOR THE YEAR ENDED 28 FEBRUARY 2019

	2019	2018
	\$000	\$000
Revenue from sale of goods	3,136,258	3,071,995
Less monthly member rebates	186,501	177,418
Net Revenue	2,949,757	2,894,577
Cost of sales	2,765,278	2,716,592
<b>GROSS PROFIT</b>	<b>184,479</b>	<b>177,985</b>
Other income	170,251	162,816
Operating expenses	249,765	234,685
<b>OPERATING PROFIT</b>	<b>104,965</b>	<b>106,116</b>
Net finance costs	7,510	7,150
Rebates to members	90,197	90,925
Share of profit from associates	3,047	2,895
<b>PROFIT BEFORE TAX</b>	<b>10,305</b>	<b>10,936</b>
Income Tax Expense	2,187	2,102
<b>NET PROFIT FOR THE YEAR AFTER TAX</b>	<b>8,118</b>	<b>8,834</b>
<b>ATTRIBUTABLE TO:</b>		
Shareholders of the parent company	<b>8,118</b>	<b>8,834</b>

## Statement of Comprehensive Income

FOR THE YEAR ENDED 28 FEBRUARY 2019

	2019	2018
	\$000	\$000
Net Profit for the year	8,118	8,834
Other comprehensive income:		
Transfer of deferred tax to reserves	295	( 475)
Movement in investments reserve	934	( 5,913)
Movement in cash flow hedge reserve	( 1,056)	( 1,110)
Movement in other reserves	( 124)	( 830)
Total comprehensive income for the year	8,167	506
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Shareholders of the parent company	<b>8,167</b>	<b>506</b>

## Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 28 FEBRUARY 2019

	2019	2018
	\$000	\$000
At 1 March 2018	383,917	373,208
Total comprehensive income	8,167	506
Dividends paid/payable	( 7,809)	( 7,486)
Total recognised income and expenses	358	( 6,980)
Net share issue	11,424	17,689
<b>AT 28 FEBRUARY 2019</b>	<b>395,699</b>	<b>383,917</b>

These summary financial statements on pages 34 to 37, comprising the Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders Equity, Balance Sheet, and Statement of Cash Flows are those of Foodstuffs South Island Limited and its subsidiaries. They have been prepared in accordance with Financial Reporting Standard No. 43 "Summary Financial Statements" and have been extracted from full financial statements that have been prepared in accordance with New Zealand Standards that comply with International Financial Reporting Standards. The full financial statements for the year ended 28 February 2019, authorised for issue and signed on 30 April 2019 have been audited by KPMG and given an unqualified opinion. The Group is a profit-oriented entity. For a complete understanding of the financial affairs of the Group, the full financial statements are available to qualifying members on request.

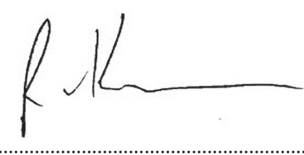
# Balance Sheet

AS AT 28 FEBRUARY 2019

	2019	2018
	\$000	\$000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	833,914	778,225
Intangible assets	34,073	30,066
Investments in associates	16,690	16,316
Investments held at fair value: Investments in listed and related companies	22,344	21,410
<b>Total non-current assets</b>	<b>907,021</b>	<b>846,017</b>
Cash and cash equivalents	3,105	1,022
Trade and other receivables	246,054	234,104
Inventories	123,769	116,834
Property, plant and equipment held for sale	12,872	99
<b>Total current assets</b>	<b>385,800</b>	<b>352,059</b>
<b>TOTAL ASSETS:</b>	<b>1,292,821</b>	<b>1,198,076</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders</b>		
Share capital	260,871	249,447
Other reserves	67,009	66,974
Retained earnings	67,819	67,496
<b>TOTAL EQUITY</b>	<b>395,699</b>	<b>383,917</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	86,224	81,701
Employee entitlements	924	813
Deferred income tax liability	28,279	30,485
Provisions	370	370
<b>Total non-current liabilities</b>	<b>115,797</b>	<b>113,369</b>
<b>Current liabilities</b>		
Trade and other payables	271,679	278,895
Borrowings	398,775	313,777
Employee entitlements	12,752	11,964
Derivative financial instruments	3,157	2,101
Rebates payable	93,897	92,589
Income tax payable	1,065	1,464
<b>Total current liabilities</b>	<b>781,325</b>	<b>700,790</b>
<b>TOTAL LIABILITIES</b>	<b>897,122</b>	<b>814,159</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,292,821</b>	<b>1,198,076</b>

On Behalf of the Board  
30th April 2019

 Director

 Director

# Statement of Cash Flows

FOR THE YEAR ENDED 28 FEBRUARY 2019

	2019	2018
	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Customers	3,290,195	3,192,988
Interest received	144	838
Member trading accounts	( 39,543)	( 20,080)
	<b>3,250,796</b>	<b>3,173,746</b>
<b>Cash was applied to:</b>		
Purchases, wages and expenses	2,989,064	2,891,282
Members rebates	217,860	209,935
Interest paid	10,250	9,792
Income tax paid	4,494	4,433
	<b>3,221,668</b>	<b>3,115,442</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>29,128</b>	<b>58,304</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Advances from other related parties	6,237	8,229
Dividends	1,660	1,660
Insurance proceeds received for replacement Property, Plant, & Equipment	-	4,900
Sale of property plant and equipment	6,226	11,152
	<b>14,123</b>	<b>25,941</b>
<b>Cash was applied to:</b>		
Purchase of intangibles	11,100	8,249
Purchase of property plant and equipment	104,202	92,563
Advances to related parties and associates	374	672
	<b>115,676</b>	<b>101,484</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>( 101,553)</b>	<b>( 75,543)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Increase in trading deposits/shares	4,522	3,745
Increase in bank borrowings	124,541	61,559
	<b>129,063</b>	<b>65,304</b>
<b>Cash was applied to:</b>		
Retained Patronage Shares redeemed	46,112	40,664
Dividends paid on Retained Patronage Shares	7,483	6,847
Dividends paid on Trading Credit Shares	960	947
	<b>54,555</b>	<b>48,458</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>74,508</b>	<b>16,846</b>
Net increase/(decrease) in cash held	2,083	( 393)
Opening cash brought forward	1,022	1,415
<b>Ending Cash carried forward</b>	<b>3,105</b>	<b>1,022</b>
<b>REPRESENTED BY:</b>		
Bank and cash balances	2,816	1,006
Overseas currency accounts	289	16
	<b>3,105</b>	<b>1,022</b>

## *With* passion.

*“The best way to predict the future is to create it.”*

A well-known saying and one repeated by Binod Mishra from our Hornby Ambient Distribution Centre (DC). Binod spent the first 16 years of his life living in a refugee camp in Nepal where he had no access to any formal education. He came to New Zealand in 2008 and has since studied at Hagley Community College and Christchurch Polytechnic. He started with Foodies in 2014 and has always put himself forward to participate in training.

Binod was part of the first Foodies Supply Chain team to participate in the 10-week Skills Highway course to help lift numeracy and literacy skills in the workplace. “This has really helped me and I can now happily speak to anyone in the business. Also, my reading and writing in English gives me the confidence to push myself even harder.”

Due to the incredible efforts and results of this on-the-job training programme, a team was entered in the inaugural Skills Highway Champion Awards. In November Binod was awarded the top honour, crowned the national Champion Learner.

In 2019 he was promoted to Day Shift Floor Supervisor in our Hornby Ambient DC.

Binod is a loyal and influential leader, both at work and in his Bhutanese/Nepalese Community; his character and enthusiasm are positively infectious on the people around him. His drive to keep learning is truly inspiring. Binod’s journey is another Foodies success story and testament to the achievements possible at Foodstuffs through its many options for learning and development opportunities.







**BINOD MISHRA** , AMBIENT FLOOR SUPERVISOR

**BRIDGE GAMBELL**, TRAINING AND DEVELOPMENT SUPERVISOR

## The power of *with*.

Flowing through every part of our business, the power of *with* connects us to each other, to our stores and their customers.

It's the shared foundation which supports us as we propel our co-operative to greater heights, helping us to find smarter ways to 'Feed the South Island'.



ASHVIN VASUTAVAN, PICK MODULE REPACK STOREPERSON

CHRIS BARGENT, TRAINING AND DEVELOPMENT SUPERVISOR

