



250 T of cherries



150 T of nectarines and peaches



42 Ha orchard

Grower Profile.

Leaning Rock Cherries Ltd.

Based in Alexandra, Central Otago, Leaning Rock Cherries Ltd relationship with MG has allowed for a growth in products and customers.

The name Leaning Rock has been taken from a prominent landmark located north of the orchard site. It is also the name of the survey district we are located in.

What started out in 1952 as a small holding that grew plums, apricots, peaches and nectarines as well as reared chickens under the name Bennie & Son Ltd, has evolved into one of the largest exporters of cherries in the South Island. The original family business was established by current manager Pete Bennie's grandparents who purchased a small block of land in Alexandra.

Flooding issues in the late seventies forced the family to relocate to the current 42 hectare site in 1984. It was around this time that Pete became a partner in the company and an orchard was planted that would grow nectarines, cherries, peaches, apples and pears along with outdoor tomatoes and peas for the Christmas markets.

Investment was made to develop the property including new sheds, a cool store, and a cottage that is now used to accommodate seasonal pickers. In 2010 Bennie & Son Ltd, owned and operated by Pete's parents Michael and Margaret

Bennie, was sold to Leaning Rock Cherries Ltd. This allowed Pete to take over as manager and own a share in the company, along with the adjoining organic apple orchard and cherry block.

In recent years the orchard has diversified to larger cherry plantings that focus on producing larger sized fruit which is supported by better packing technology. They have also planted new summer fruit varieties to generate income and work to meet demand in the market and extend work once cherries are finished for the season. Today the orchard export 150 tonne of cherries off-shore while distributing 100 tonne of cherries, 150 tonne of nectarines and peaches to the New Zealand market.

Pete says he places a high value on the advice and guidance the business receives from their co-operative partner.

"We have a great working relationship with Rich (Cameron) and Rog (Georgieff) from MG - they are good blokes and have become a really important part of the business," said Pete.

"We see them every day during the season and several times throughout the year."

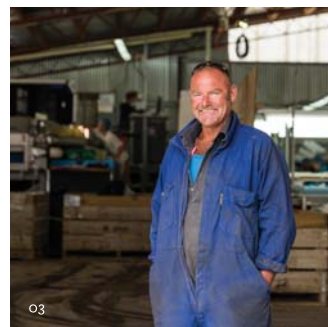
Pete attributes much of their success to the business's commitment to invest in areas of the business that increase efficiencies and maximise value.

"Guided by MG Marketing for more than 10 years, the business has achieved 35%-45% redevelopment," said Pete.

"The investment, which includes new varieties, has been incredibly successful and allowed the business to reinvest in more technology in the packhouse."



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01-04 Leaning Rock Cherries Ltd is a high intensive operation. The partnership with MG has delivered real benefits to the success of the operation.

"We have been able to invest in grading equipment for sizing and defect sorting enabling us to efficiently provide premium quality produce required for exporting."

Pete Bennie
Leaning Rock Cherries

"Concentrating on growing cherries has taken our returns to a new level."

"We have been able to invest in grading equipment for sizing and defect sorting enabling us to efficiently provide premium quality produce required for exporting."

"Our Packhouse and Administration Manager, Casey Turner, does a superb job and allows me to concentrate totally on growing the best fruit possible"

"Our relationship with MG has also led to the reinvestment in new varieties of nectarines and peaches," said Pete.

Leaning Rock look to re-employ experienced staff and have a business philosophy that is underpinned by maintaining a healthy, safe, and friendly working environment.



01

Grower Profile.

Woodhaven Gardens.

Woodhaven Gardens has a strong sense of its own history, but with an even stronger focus on the future.

Fresh taste and an unquestionable passion for producing the “best” produce possible, coupled with a community focus, underpin Woodhaven Gardens Ltd’s reputation. The property is located on the plains of the Horowhenua – a region referred to as the “vegetable bowl for Wellington”. The area is renowned for its fertile soil and temperate climate which allows Woodhaven to grow a large range of vegetables year round, including lettuce, cos, leeks, silverbeet, red peeled onions, spring onions, spinach, radish, beetroot, red, green and Savoy cabbage, celeriac, parsley, fennel, pumpkin and celery. In summer they grow watermelons which is their only non-vegetable crop.

Woodhaven Gardens was set up by John Clarke and his father Eric 35 years ago and is still very much a family owned and operated business today with John’s daughter Emma being involved in the day-to-day running, and son JJ leading special projects.

Much has changed over the three decades they’ve been in the growing business. Hand planting has made way for cell transplanting and summer nights watering crops via a trailer mounted tank have been replaced by fully automated irrigation systems. One of the keys to the farm’s success has been the ability to adapt, and in some cases preempt these changes.

While the Clarks have been quick to adopt changes in horticultural practices, it is their investment in people and an emphasis on building a strong work ethic amongst the team that the family attributes to the business success. Woodhaven Gardens ensures that employees are introduced to modern practices through a four-week buddy-training programme.

The business maintains a strong family feeling among the 150 strong workforce, with a dozen nationalities represented on staff.

“The ethos of the business is around family,” says John. “Some of our staff have been with us a very long time and often a number of members from one family work with us.”

“We do a number of things like run sports days, touch tournaments and cultural shows and also put up a flag of a different country each week – it gives something of a flavour to the farm.”

The large 650 acre market garden is made up of a number of small plots that stretch over a 50km radius. Woodhaven Gardens caters to a broad range of customers throughout New Zealand supplying produce from Invercargill to the upper North Island, including the east coast and can receive shipping orders to over twenty-five different companies on a daily basis. One feature that sets Woodhaven Gardens apart is their careful pre-packaging of the produce, which allows them to gain an edge in their market price and appeal to customers.

“Our radish in a resealable, stand alone, gusseted bag is a great example of our desire to ensure that we have an edge in the market place,” said John Clarke.

Woodhaven Gardens creates their crop plans over a year in advance, which allows them to properly prepare for sudden change. John says the resources are important to our country and our ability to produce fruit, vegetables, wool and meat makes us one of the luckiest countries in the world.

“We’re always trying to improve our environmental footprint and more sustainable production is what we aim for,” said John.

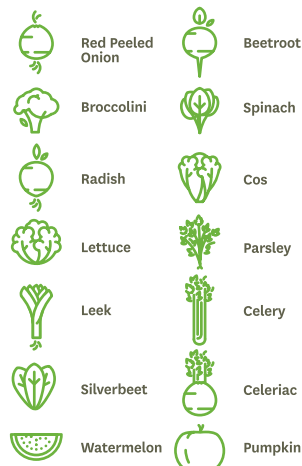
Woodhaven Gardens intend to continue in their promise of “freshness, taste, and uncompromising quality” for many years to come.



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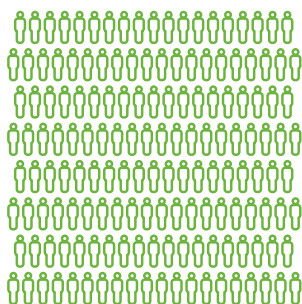
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01-03 Woodhaven gardens is a true example of teamwork both within the family, the community and with MG.
04 John Clarke (far right) with daughter Emma and son JJ and his grandchildren.



04



155 strong workforce.

MG work with Tongan communities to fill gaps in the market.

MG Marketing has developed strong partnerships in Tonga to grow Butterkin, enabling the company to extend the domestic season for its popular, exclusive variety.

01 Cleaning of Butterkin is a highly labour intensive job.

02 Members of Hahake District Work Council admire first pick.

03 Export grade Tongan Butterkin ready for the New Zealand Market.



01



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The co-operative works directly with the Hahake District Work Council who represent 60 different growers from 22 villages in Tonga. The Council is a not-for-profit organisation largely managed by volunteers with a passion for creating prosperity for their local community.

Tonga was attractive because of the pathway that existed with MPI protocols in place. They also have a facility that is food safety HACCP and MPI accredited. MG says they have been welcomed by the Tongan government and local community because of their strong reputation

and the fact that the business hugely benefits the country. Initially MG supplied Butterkin seeds to the local growers who completed a pilot programme using traditional techniques before working closely with the Council and growers to improve proficiencies.

"After the growers carried out their first trial we helped them with a number of agronomic skills like spraying, spacing, care, timing and fertilising," said Michael Breitmeyer, MG Product Development Manager.

"We also provide guidance around testing and work with them on reaching the specific standards we require."

"The programme is now into its third year and because it is so successful we have a much larger programme planned for the future."

"The training will have a wider impact on the horticulture industry in Tonga as people transfer into other employment in the future."

The Council is able to maximise returns for the community by working collaboratively with MG

to meet specific requirements.

"This programme allows us to offer continuity of supply in New Zealand, grows the business for our grower-shareholders and there's also the feel good factor of supporting local community growth in Tonga," said Michael.

MG also has programmes in place in Tonga for butternut squash and watermelon and are looking at protocols for other products such as courgettes to fill gaps in our market.



Butterkin Cheesecake.

Michael Breitmeyer of MG loves cheesecake and has graciously shared his favourite recipe on this classic dessert with the addition of perfect butterkin and wait for it, rum! Rum diddly um tum tum!

Ingredients (for 21cm cake tin):

- ½ medium sized Butterkin, about 300g when seeds and skin removed
- 1 tub (250g) cream cheese
- 70g sugar
- 2 eggs
- 2-3 tablespoons fresh lemon juice
- 2 tablespoons rum

For the base

- 10 whole meal digestive biscuits
- 50 g butter

Method

1. Line a dish or cake tin with baking paper.
2. Put biscuits in a plastic bag and crush with a rolling pin to make them into fine crumbs.
3. Place butter in a heatproof bowl, cover and microwave on high for 30 seconds to melt.
4. Add biscuit crumbs to melted butter, combine well. Spread the biscuit mixture on the bottom of the prepared dish/tin. Press down firmly with back of a spoon to make cake base. Set aside.
5. Prepare Butterkin. Remove seeds and skin, cut into 3cm cubes and place in a heatproof dish. Microwave on high for 5 minutes until soft.
6. In a food processor bowl, put cooked butterkin, cream cheese and sugar. Process until the mixture becomes a smooth paste.
7. Add eggs, lemon juice and rum and whizz until well mixed.
8. Pour Butterkin cheese mixture over the biscuit base and bake in pre-heated oven 180°C for 30-40 minutes until an inserted skewer comes out clean and the top turns golden. Cool and serve at room temperature or chilled.

Standpoint.

Thank you to all those who were able to attend and contribute to the discussions at our AGM held in Christchurch on 25 November 2015.

It was great to see grower-shareholders from across the country come together to hear about MG Marketing's activities in the 2014/15 financial year and learn more about our plans for the year ahead.

The AGM also offered an opportunity for attendees to mix informally and spend time with the staff and board of MG.

It was a good opportunity to reflect on the 2014/15 year that was very good in terms of financial results and growth and also offered a chance to reinforce our clear strategy for sustainable results in the future.

The positive results were on the back of record sales with Group gross sales under management increasing 9.6% from 2014. All our businesses have made a positive contribution, which says a lot about MG's ability to adapt in an industry that continues to become more complex and diversified.

Without doubt, this success is due in large part to the support and continuous confidence of our grower-shareholders.

As we look forward we have a lot to build on, new opportunities to maximise and challenges to face.

We remain focused and committed to the strategic priorities of – resilience, partnerships, value, growth, capability and co-operative behaviour – which continually drive us towards a better future for our growers, customers and our co-operative.

Within our strategy, the way we maintain and build relationships with our growers remains the key ingredient.

We know that it is not possible to achieve our goals without the loyal support of growers and customers.

We are continuing to seek ways to improve our service and increase efficiency. In a market as competitive as ours, technology is a decisive tool in obtaining continuous improvements in efficiency.

Success in any endeavour is invariably a team result. Our achievements in 2014-15 and our

positive outlook can be attributed to the dedication of our hardworking people across the country.

Lastly, I'd like to extend a vote of thanks to you, our growers, for your support and confidence in our plans for the future. We remain mindful of the need to earn your ongoing loyalty by continuing to support sustainable businesses and build value in your business.

“We remain focused and committed to the strategic priorities of – resilience, partnerships, value, growth, capability and co-operative behaviour – which continually drive us towards a better future for our growers, customers and our co-operative.”



Peter Hendry

Peter Hendry
CEO

Creating A Safer Working Environment Is Not Optional.

by HazardCo

We caught up with a large number of our growers at the Grower Shed Meetings in July/August. The session provided an important platform to meet face-to-face with growers and discuss the important topic of Health and Safety and the impact the Health and Safety reform will have on your businesses.

The reform, which comes into effect 4 April 2016, will require you to clearly demonstrate due diligence, and ensure you are doing all that is reasonably practicable to maintain a safe and healthy workplace. Your Health and Safety systems have to be effective in meeting the requirements of the legislation and WorkSafe NZ.

For an easy, cost-effective and practical solution to meet your Health and Safety requirements talk to HazardCo. We take Health and Safety out of the 'too hard basket' and gives you something that actually works.

What HazardCo does is make it simple! HazardCo membership gives you a complete system with practical tools and Health & Safety procedures and plans that help you address your requirements.

YOU'LL GET:

- H&S policy and procedures manual, updated annually
- Training cards and training records
- Hazard boards
- Personal site visit
- Free advice on H&S issues and questions via our 0800 call centre
- 24/7 help with reporting and investigating accidents and incidents



From the Board.

Special Bonus Issue

Whilst MG is often measured by the way we achieve the fairest and best possible returns for growers, we are increasing wealth in the business for our transacting grower-shareholders.

This year the Board has also declared a very significant special bonus issue amounting to \$4.9m that focuses on rewarding current transacting shareholders.

The total special bonus issue, rebate, and dividends represent \$6.8 million being distributed back to MG's loyal and supportive shareholders.

This is the largest distribution in MG's history and over three times larger than total group distributions last year.

In addition to these distributions the Board has also resolved to reclassify 2014 C shares into 2014 B shares and 2010 B shares into A shares.

Election of Directors

In accordance with the Company's Constitution, Alan Franklin and Lynn Crozier retired by rotation, and being eligible, offered themselves for re-election.

As there were no other nominations, a vote was not required to be held and Mr Franklin and Mr Crozier are declared re-elected.

Rebecca Turley announced as MG's Intern Director.



The MG Marketing Board is pleased to announce Rebecca Turley as the recipient of the inaugural Director internship for MG Marketing (Market Gardeners Ltd).

The director internship is part of the Growing You initiative and also forms part of the MG Board's strategy to broaden the knowledge and experience base of our shareholders and their families and give those with an interest in the governance of MG Marketing a taste of what is involved. Whilst the intern is not an actual director, the appointment allows the intern to participate and gain experience in MG's corporate governance.

Rebecca Turley has a strong rural background with experience in a variety of fields including strategic planning, rural valuation and finance. She is currently a Registered Valuer for Property Advisory Ltd, based in Christchurch.

Her parents, Murray and Margaret Turley, have been involved in growing as a family partnership since 1974, and now run farms in Temuka, Rangitata and Chertsey. The family has been supplying graded onions to MG Marketing for more than ten years from the pack-house that they are shareholders in, Southern Packers Limited based in Timaru.

MG Remuneration and Nomination Committee Chairman, Andrew Fenton, said the MG Board was impressed by the large number of quality applications.

“We had an overwhelming response and the high calibre of all candidates made it a difficult decision”, said Fenton.

Mr Fenton welcomed the appointment on behalf of the MG Board saying Rebecca Turley is clearly motivated to further her business and corporate governance experience and already has a knowledge base that will be an asset to MG Marketing.

“MG is pleased to have gained an intern director with a strong passion for the industry and skill that Rebecca possesses,” said Fenton.

“I'm sure Rebecca will be able to contribute valuable insight and offer a fresh perspective to our Board.”

Rebecca said she was looking forward to taking up the director internship position.

“I'm excited to be working with the MG Marketing Board and believe I can not only gain valuable governance experience but also add real value to the company's strategic direction,” said Rebecca.

Rebecca will join the MG Board as an intern for up to 12 months from 1 January 2016.

B P Gargiulo

Brian Gargiulo
Chairman

Online Grower Delivery Advice Creates Efficiencies.

Technology is at the forefront of our future efficiencies and growth. The development of the Grower Delivery Advice (GDA) system allows MG interface with growers online and has modified the way of operating to help offset costs that continue to emerge in the business.

Over 100 growers are now completing consignments using the bespoke online system with a further 80 expected to be active by the end of March 2016. Most growers have access to the internet-based system that is accessed using a unique login and password. The system will also be customised for each grower, including a full range of products they normally supply MG.

Growers can then create and print their own Grower Delivery Advice Form for individual consignments heading to each MG branch.

“The immediacy of the online system improves efficiency, saves time, saves money and also reduces human error,” said MG National Procurement Manager, Roger Georgieff.

“There has been a great response but we'd like to see the rest of the growers using the system and enjoying the benefits it brings.

“We encourage growers that are not yet using the GDA system to talk to the procurement team about getting on board.”

MG also offer an EDI option for growers with software that is compatible with the MG system and will still offer the GDA book for growers that do not have broadband access.