



Annual Report 2016

ATS

ASHBURTON TRADING SOCIETY

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Notice of Annual General Meeting

Notice is hereby given that the 53rd Annual General Meeting of Shareholders of the Ashburton Trading Society Limited will be held at the Hotel Ashburton, Racecourse Road, Ashburton on Monday 14th November 2016.

BUSINESS

1. To approve the Minutes of the 52nd Annual General Meeting held on Monday 16th November 2015;
2. To receive and adopt the Chairman and Group Chief Executive's Review and summary Financial Statements for the year ended 30 June 2016;
3. To elect Directors—Mr P J McKendry and Mrs Jessie Chan-Dorman retire by rotation in accordance with Rule 6(c).
Mr McKendry does not seek re-election. Mrs Chan-Dorman is available for re-election;
4. To appoint the Auditors;
5. To receive the report of the Independent Board Remuneration Sub Committee and to approve their recommendation;
6. To transact any other business that may be properly brought before the meeting.

PROXIES

Under the present rules of the Society there is provision for voting by proxy.



Robert Sharkie

GROUP CHIEF EXECUTIVE / COMPANY SECRETARY

The year at a glance

GROUP
REVENUE
FIGURE OF

\$209,782,000

GROUP
EBITDA
FIGURE OF

\$228,000

A good result delivered in a challenging environment, strong revenue, expenses well controlled, a positive EBITDA and strong cash flows achieved as a result of careful working capital management coupled with no long term debt places the group in a strong position moving forward.



Shareholders

2,701
2015

2,700
2016



Customer Net Promoter Score

Service delivery and the customer experience are our prime focus at ATS and Ruralco. Our members are regularly surveyed and a NPS calculated to gauge the loyalty of our customer relationships.

51
2015

62
2016



Employee Engagement

Do you consider ATS and Ruralco to be a good place to work?

97%



Health & Safety

TOTAL ANNUAL INJURY/
ACCIDENTS PER CALENDAR YEAR

2012

19

2013

14

2014

12

2015

7

2016

6



Gender Diversity

AT BALANCE DATE

Diversity in all its guises is of paramount importance to ATS and Ruralco, our Gender diversity was recently picked up on by the media. Results are outlined below for your information.

Percentage of females in the workplace 2015 vs 2016.

BOARD OF DIRECTORS

28% **42%**
2015 2016

EXECUTIVE TEAM

20% **25%**
2015 2016

PEOPLE MANAGERS

53% **53%**
2015 2016

ALL STAFF

62% **64%**
2015 2016

Chairman & Group CEO Review

The process of continual change, so evident in our modern world, continued to be a driver throughout the ATS business during the 2016 year. Oversupply into global soft commodity markets continued to produce bearish pressures on our dairy and arable members' returns, resulting in decreased farm supply business for the co-operative. On the other hand, our first complete year of full ownership of the Ruralco Card offering resulted in significant benefits being returned to ATS.



PHILIP MCKENDRY
(CHAIRMAN)

The change process continued within the buying group with a new leadership team, and the embedding of a new strategy throughout the business. The most visible change for members will be an increased profile for Ruralco, the national brand by which ATS is recognised beyond Ashburton. Otherwise much of the strategy will continue to occur behind the scenes with its focus on improved efficiency and alignment of the business already producing tangible benefits in the current year.

RESULTS

At balance date the ATS Group has trading divisions of farm supplies, electricity fertiliser, fuel and seed, plus wholly owned investments in Ruralco NZ Ltd, Pro-Active NZ Ltd, and ATS Fuel.

Group turnover for the year was \$210M with a gross profit of \$8.8M for the period. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was \$228K (FY15 turnover = \$119M, GP = \$6.8M, and normalised EBITDA = \$495K).

Group equity at the end of the 2016 financial year was \$14.9M (2015 = \$15.2M).

The FY16 results are acceptable, given the current external environment the co-operative's members are experiencing. However these results need to improve to ensure longer term sustainability.

The outlook for the co-operative is positive. Firstly current trading results are strong, indicating a robustness to the economic activity of our farmers as they continue to focus on the fundamentals of running their farms profitably. Secondly, significant capital savings via more cost effective solutions to the post-earthquakes building challenges facing ATS are being taken advantage of by the Board. Thirdly the ATS offering, a locally based farmer focussed co-operative with both a regional base and a national reach through Ruralco is gaining both recognition and material traction in the marketplace.

Significant restructuring of business practices, operational processes, and head office overheads, combined with a focus on member service and efficiency, has occurred over the past two years. Benefits from this work are having a material impact upon the current year's performance. Also taking into account the co-operative's strong balance sheet (no term debt and positive cash flows), and its robust forward looking strategy, the Board has confidence the business can continue to lower costs for its farmer members into the foreseeable future. Despite competition from a wide variety of other entities, a number of whom are on a national scale, ATS can and will offer its members a disproportionate and beneficial influence upon the farm supplies market in their local region.



ROBERT SHARKIE
(GROUP CEO)



NEW ERA FOR THE CO-OPERATIVE

Neal Shaw, the Group CEO since 2011, resigned late in the FY16 year to pursue his career elsewhere. Neal has been in a senior management role in the business since 1993 and his influence has permeated every aspect of it during a time of considerable growth and change. He has left the business in good heart with a capable leadership team picking up the reins, a strong balance sheet, and with a reputation as the market leading buying group for farmers. We wish Neal all the best for his future career.

Neal Shaw's departure created an opportunity for the Board to reconfigure the co-operative's leadership team. After a brief spell as General Manager ATS, and then as interim CEO, the Board, post balance date, has appointed Robert Sharkie as Group CEO. He has a wealth of experience in the rural sector and offers clear and strong leadership to the business. Oliver O'Neill, Sarah Green and Jono Pavey round out the executive management team.

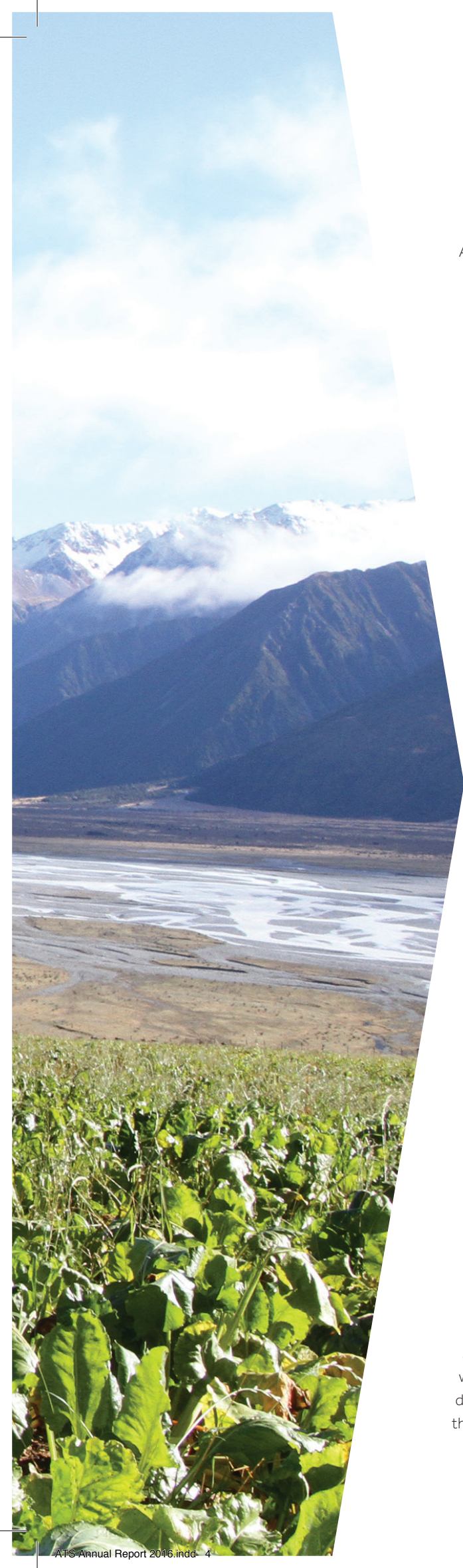
STRATEGY—DEVELOPED, EMBEDDED, BEING EXECUTED

Considerable effort was expended during FY16 in developing a strategy to ensure ATS will continue to prosper as a nimble and efficient regionally based buying group with national reach. ATS does not have the balance sheet, nor the inclination, to grow via a bricks and mortar (i.e. store) roll out. Moreover, such a plan would merely replicate other offerings already in the sector.

Instead, we have concentrated on launching the Ruralco brand, which is developing significant momentum across the country, and returning benefit to its owners, the members of the ATS co-operative, in various ways including greater scale and buying power, an extended supplier network, and an improved quality of suppliers with more competitive discounts to Ruralco Cardholders.

Investments in IT systems and processes over recent years enable the co-operative to effectively support the Ruralco brand. The high level of performance attained in this aspect of the business was recognised by the CEO being invited to present at an international business conference where our world leading use of certain software was recognised. This on-going development and growth of the Ruralco Card during FY16 was complemented by continuous improvements in operational efficiency of the relatively capital intensive farm supplies side of the business.

Beyond Ashburton, Ruralco has become the brand by which farmers recognise our co-operative buying group. With full ownership of Ruralco, the growth strategy implemented for it during FY16 has generated even greater returns for the co-operative's members.



ATS shareholders can be proud their buying group is developing its fully owned Ruralco branded business across the country. They can also expect to see the Ruralco brand grow in profile within the co-operative.

HEALTH AND SAFETY

There can be no doubt, on the part of Board, staff and members, that health and safety aspects of the business have grown substantially over recent years. The Board and management are focussed on ensuring a proactive and open culture of health and safety awareness permeates throughout the whole of the co-op. New legislation which became operative during FY16 highlights the importance of the approach of a business's leadership to health and safety culture. This has meant, for the Board, active oversight of its health and safety matrix, site visits, and on-going health and safety engagement with key staff.

There is a cost to ensuring the continuation of the current industry leading culture (as assessed by ACC), which exists throughout the co-operative. However we are firmly of the opinion the cost of doing health and safety well is no greater than the cost of doing it poorly. Members can expect to see an on-going high level of health and safety expectations when they engage with the co-operative, be it at the stores, when discussing shareholding matters, or implementing a health and safety plan on their own farms.

The co-operative continues to reduce its number of accidents causing injury year on year with a target of zero always being at the forefront of our health and safety.

BUILDINGS

Growth in the business as well as damage from the 2010–12 earthquakes have meant the head office team of the business has operated away from the Burnett Street site for the past few years. Having staff distributed across town has come at some cost to the business, and not just in terms of rent. A number of options to address this issue have been considered during the year including a rebuild on site at Burnett Street. Since balance date ATS has taken ownership of the Gabites building on Burnett Street, and we expect to return all Ashburton based staff to Burnett Street in 2017, albeit some will be across the road. This plan not only offers a fix to short term dislocation issues, but also leaves the business with various options to cost effectively develop its property portfolio over the coming years with benefits for shareholders.

BOARD PERFORMANCE

During the FY16 year, the ATS Board featured in the NZ Institute of Management magazine with its diversity highlighted and also featured prominently at the Annual NZ Coop Awards with Chairman Phil McKendry being awarded the inaugural award of co-operative contribution. The skills and experiences the various directors bring to the Board are a reflection of the wider community that ATS is part of. The diversity of thought and capability of directors is an important factor in ensuring the co-operative sustains itself into the future.

Current director and Board chairman, Philip McKendry is standing down at the ATS AGM in November, and the Board will elect a new chair in December. After six years as chair, Phil is leaving the co-operative with a new leadership team in place and a strategy being implemented to ensure ATS continues to compete as an independent and influential co-operatively owned buying group for the farming families of the most progressive agricultural district in NZ.



P J McKendry
CHAIRMAN



R Sharkie
GROUP CHIEF EXECUTIVE





Ruralco Review

Two-thousand and sixteen was the first full year's trading of Ruralco as a wholly owned subsidiary of ATS. This full ownership of Ruralco produced significant benefits for the co-operative. Not only did it return substantial earnings to ATS, but members also directly benefited by accessing more services and products with greater discounts, as Ruralco grew the extent and quality of its supplier base.

FY16 was a year of consolidation and growth for Ruralco. We have re-assessed and updated our database to better reflect our loyal and growing number of cardholders who are actively using Ruralco's services. This consolidation has enabled us to focus on our cardholders and their needs, and has led to increases in both the number of transactions and the revenue generated.

Operating EBITDA increased substantially compared to the last financial year. This is due to a combination of increased revenue from the fuel business and careful management of expenses. Considering the challenges being faced by members and suppliers alike within the agricultural environment, this is a very pleasing result.

Ruralco has grown throughout the year and there are now over 20,000 active cardholders all over the country and there are clear indications this number is set to increase further. Our strongest base of cardholders remains in Canterbury but we also have good numbers in Otago/Southland, Nelson/Marlborough and the West Coast. More recently we have gained additional accounts from the North Island including active cardholders from the Waikato through to Hawkes Bay.

Ruralco increases our scale and profitability, the ATS farm supplies business is receiving significant benefits from this increased card holder base. The extra turnover generates greater buying power for the farm supplies division of ATS. Furthermore all Ruralco transactions creating a profit margin which is returned to the co-operative's shareholders.

Sales to cardholders outside the traditional Mid Canterbury area have continued to grow month on month over the last year, with the number of transactions completed increasing by over 50%. On top of that the revenue generated from these transactions has increased by over 70%. The momentum is continuing into FY17 with transactions and revenue both increasing on a monthly basis.

The fuel segment of the business has seen impressive growth over the last 12 months with the amount of litres sold increasing by 11% over the corresponding period last financial year. This is a very pleasing result given the tough conditions being experienced in the agricultural industry which has led to a reduction in the overall amount of fuel used in the sector.

As the number of Ruralco accounts grows so does the opportunity for the whole ATS co-operative and the benefit is two-fold. Firstly, all profits from Ruralco go back to the ATS co-operative, making it more robust and resilient. Secondly, the co-operative now has a vehicle to trade with farmers outside of Mid Canterbury while still retaining the earnings locally. In addition to this, Ruralco is often utilised by suppliers to deliver goods directly on-farm so we are not holding a large inventory which significantly lowers our costs and in turn improves cash flow.

Ruralco uses world class technology to run a robust charge card platform and this enables us to run a lean, nimble and smart business. Over the past year we have reduced overheads



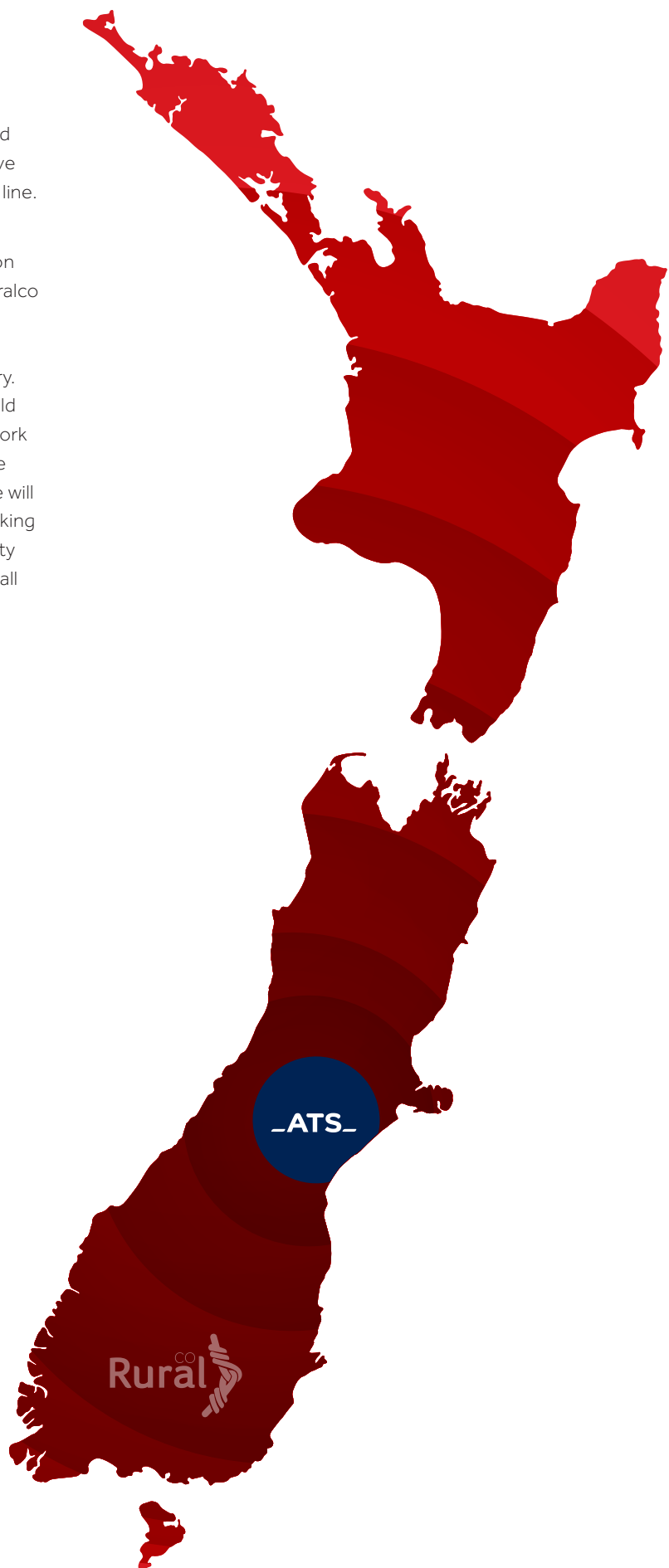
OLLIE O'NEILL
(CFO/GM RURALCO)

significantly as we promote efficiencies within the business and this has made a positive impact on the bottom line.

Over the next 12 months we will focus on continuing to grow Ruralco both within our base of Mid Canterbury and throughout the country. We will continue to build a strong supplier network so our customers have

access to more suppliers both locally and nationally and we will continue to look for efficiencies within our business by working smarter. Continuing these practises will increase profitability and ultimately lead to a stronger co-operative, benefitting all ATS shareholders.

O O'Neill
CFO/GM RURALCO





PHIL MCKENDRY



IAN MACKENZIE



JESSIE CHAN-DORMAN



ALISTER BODY



SUE LINDSAY



MARK SAUNDERS



GABRIELLE THOMPSON

Directors' Review

Your Directors have pleasure in submitting their 53rd Annual Report, together with the Chairman and Chief Executive's Report and Financial Statements for the Society for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Ashburton Trading Society during the period ending 30 June 2016 was to conduct the Shareholders' group buying activity in the areas of Fuel; Fertiliser; Seed; Electricity; Retail; Ruralco, Pro- Active NZ Ltd and ATS Fuel Ltd.

As disclosed by the attached Financial Statements your Directors consider the affairs of the Society to be satisfactory.

ROLE OF THE BOARD

The role of the Board of Directors is to provide the proper governance, direction and control of the Society's activities. Directors have the prime responsibility of setting the strategic direction of the Society.

DIRECTORS

The Board of Directors currently comprises of six directors who have been elected by the shareholders and one independent director whom has been appointed by the board. The Directors in office at 30 June 2016 and their special responsibilities include:

All members of the Board of directors form part of the Health and Safety, and Audit and Risk

Philip McKendry Chairman ATS

Ian Mackenzie Deputy Chairman ATS; Chairman ATS Fuel Ltd

Alister Body

Jessie Chan-Dorman

Sue Lindsay Independent Director

Mark Saunders Chairman Pro-Active NZ Ltd

Gabrielle Thompson Chair Audit and Risk Committee, Chair Health and Safety Committee.

- The Directors' meeting obligations were fulfilled for the year ending 30 June 2016;

Mrs Gabrielle Thompson and Mr Mark Saunders were due to retire by rotation in November 2015 and both Mrs Thompson and Mr Saunders sought, and were successful in, re-election to the board.

DIRECTORS' REMUNERATION

P McKendry	\$46,000
I Mackenzie	\$23,000
A Body	\$19,000
J Chan-Dorman	\$19,000
S Lindsay	\$12,667
A Priest*	\$6,333
M Saunders	\$19,000
G Thompson	\$20,000

TOTAL	\$165,000
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* A Priest—Independent Director to October 30th 2015

DIRECTORS' INSURANCE

Ashburton Trading Society Ltd has a policy of Directors' and Officers' liability insurance, which ensures Directors and Officers will incur no monetary loss as a result of actions undertaken by them provided they operate within the law. This policy includes actions carried out by the Directors in their capacity as Directors of Pro-Active New Zealand Ltd; ATS Fuel Ltd; and Ruralco.

DIRECTORS' BENEFITS

No Director of the Society has, since the end of the previous financial period, received or become entitled to receive a benefit (other than a benefit included in the total emoluments received or due and receivable by Directors shown in this report) other than normal rebates or other benefits received by them as shareholders as a result of trading with the Society in the same manner as all other shareholders.

PROCEDURE TO IDENTIFY AND MANAGE RISK

The Directors acknowledge that they are ultimately responsible for the management of risk to the Society. Risk Management forms part of the Board meetings.

USE OF INFORMATION

There were no notices from Directors of the company requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

AUDITORS

Following a recommendation at the 2015 AGM, PricewaterhouseCoopers were appointed ATS auditors.



P J McKendry
CHAIRMAN

Summary Financial Statements

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	GROUP 30 JUNE 2016 (\$000)	GROUP 30 JUNE 2015 (\$000)	PARENT 30 JUNE 2016 (\$000)	PARENT 30 JUNE 2015 (\$000)
Total Turnover	209,782	119,429	92,060	109,045
Revenue—Sales	174,669	78,145	78,088	89,923
Cost of Sales	(165,851)	(71,332)	(72,273)	(83,097)
Gross Profit	8,818	6,813	5,815	6,826
Interest Income	15	31	8	11
Dividend Received	-	-	200	300
Other Gains / (Losses)	-	(491)	-	(6,613)
Impairment of Associate (expense)/recovery	-	(172)	-	(149)
Other Operating Expenses	(3,276)	(2,014)	(2,224)	(2,380)
Salaries and Wages	(4,846)	(3,953)	(4,043)	(3,866)
Statutory Audit Fees	(64)	(66)	(45)	(38)
Directors' Fees	(152)	(168)	(165)	(166)
Depreciation	(299)	(281)	(266)	(274)
Amortisation of Intangibles	(232)	(97)	(42)	(70)
Rentals and Operating Leases	(267)	(238)	(183)	(215)
Finance Cost—Interest	(84)	(125)	(19)	(117)
Net (Deficit) before Taxation	(387)	(761)	(964)	(6,751)
Provision for Taxation				
Tax Credit/(Expense)	90	1,638	211	1,901
Total Comprehensive (Loss)/ Income for the period, net of Tax	(297)	877	(753)	(4,850)

Copies of the full accounts are available by emailing ats@ats.co.nz or in person from the Ashburton store

SUMMARY STATEMENT OF CHANGES IN EQUITY AND MEMBERS' INTERESTS

For the year ended 30 June 2016

	GROUP 30 JUNE 2016 (\$000)	GROUP 30 JUNE 2015 (\$000)	PARENT 30 JUNE 2016 (\$000)	PARENT 30 JUNE 2015 (\$000)
Balance at Start of the Year	15,200	14,359	12,430	17,316
Total Comprehensive Income for the period, net of Tax	(297)	877	(753)	(4,850)
	14,903	15,236	11,677	12,466
Contributions from Owners:				
Movement in Ordinary Shares Issued	(1)	(9)	(1)	(9)
Movement in Deferred Shares	(12)	(27)	(12)	(27)
Balance at End of the Year	14,890	15,200	11,664	12,430

SUMMARY STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	GROUP 30 JUNE 2016 (\$000)	GROUP 30 JUNE 2015 (\$000)	PARENT 30 JUNE 2016 (\$000)	PARENT 30 JUNE 2015 (\$000)
Current Assets	21,778	22,502	12,051	12,268
Non Current Assets	8,620	8,835	6,105	5,997
Total Assets	30,398	31,337	18,156	18,265
Current Liabilities	14,687	15,316	5,671	5,014
Non Current Liabilities	821	821	821	821
Total Liabilities	15,508	16,137	6,492	5,835
Total Equity and Members' Interests	14,890	15,200	11,664	12,430

SUMMARY STATEMENT OF CONSOLIDATED CASH FLOWS

For the year ended 30 June 2016

	GROUP 30 JUNE 2016 (\$000)	GROUP 30 JUNE 2015 (\$000)	PARENT 30 JUNE 2016 (\$000)	PARENT 30 JUNE 2015 (\$000)
Net Flow from Operating	871	1,771	182	596
Net Flow from Investing Activities	(242)	1,335	(27)	1,689
Net Flow from Financing Activities	(283)	(3,766)	(13)	(3,036)
Net Increase / (Decrease) in Cash Held	346	(660)	142	(751)
Add Opening Cash Brought Forward	1,121	1,781	492	1,243
Ending Cash Carried Forward	1,467	1,121	634	492

REPORTING ENTITY

The Ashburton Trading Society Limited is a Society incorporated in New Zealand under the Industrial and Provident Societies Act 1908. The registered office is 97 Burnett St, Ashburton.

Ashburton Trading Society Limited is a reporting entity under the rules of Ashburton Trading Society Limited.

Ashburton Trading Society Limited (ATS) is a farming co-operative, based in Mid Canterbury, formed in 1963.

ATS facilitates trade between its members and approved suppliers. ATS also has three farm merchandise stores located in Ashburton, Methven and Rakaia.

The group consists of Ashburton Trading Society Limited, Pro-Active NZ Limited, ATS Fuel Limited and Ruralco NZ Limited.

These financial statements were authorised for issue by the Board of Directors on 20 September 2016.

The financial statements have been prepared in accordance with the requirements of the Industrial and Provident Societies Act 1908 and the Financial Reporting Act 1993. The Society and Group are non-exempt entities under the Financial Reporting Act 1993.

NOTES TO SUMMARY FINANCIAL STATEMENTS

The specific disclosures included in this summary financial report have been extracted from the full financial report which was authorised for issue on 20 September 2016. The full financial statements have been prepared in accordance with full NZ GAAP as a profit oriented entity and the Group has made an explicit and unreserved statement of compliance with IFRS's in the full report. The full financial statements have been audited and an unqualified audit opinion has been issued. These summary financial statements comply with FRS 43. Figures are in New Zealand dollars.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report of the Group.

A copy of the full annual accounts for Ashburton Trading Society Limited can be collected from 97 Burnett St, Ashburton during business hours.

The Summary Statements presented are those for Ashburton Trading Society Limited (ATS) and its subsidiaries for the twelve months to 30 June 2016.

REVENUE RECOGNITION

The Group's gross turnover represents the total value generated from the sale of goods and services (excluding GST) by the Group as Agent and as Principal, plus revenue from other sources. The purpose and objective of the Group is to offer members discounts or rebates on goods and services through the collective buying power associated with membership.

The Group continually monitors the nature of its relationships with suppliers in order to ensure that revenue is recognised in accordance with the substance of the transactions and the contractual arrangements. As part of reviewing the contractual arrangements the Directors have determined that certain transactions are undertaken as agent and have therefore recognised the commission revenue on these transactions only. The prior year corresponding revenue has also been restated to ensure consistency of disclosure.

NZ IAS 18 "Revenue" provides guidance on recognition of revenue as either Agent or Principal. An entity is acting as a Principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Features that indicate that an entity is acting as a Principal include:

- The entity has primary responsibility for providing the goods or services to the customer or for fulfilling the order by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- The entity has inventory risk before or after the customer order, during shipping or on return;
- The entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and
- The entity bears the customer's credit risk for the amount receivable from the customer.

An entity is acting as an Agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. One feature indicating that an entity is acting as an Agent is that the amount the entity earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer. For revenue derived as agent, the revenue recognised is the commission earned on those transactions.

With the exception of some goods and services, the Group is exposed to inventory risk, has latitude in establishing prices, either directly or indirectly, and bears customer credit risk. In addition to the considerations of NZ IAS 18 above, the directors believe the nature of ATS as a co-operative and the business objective which is to provide members with discounts not available to other non-members through the collective bargaining undertaken by ATS on behalf of members further supports the revenue recognition as principal for contracts where such terms have been negotiated. On this basis the Directors have recognised those revenues as Principal.



P J McKendry
CHAIRMAN



R I C Mackenzie
DEPUTY CHAIRMAN

DATE: 20 September 2016



Report of the Independent Auditors' on the Summary Financial Statements

to the shareholders of Ashburton Trading Society Limited

The accompanying summary financial statements, on pages 10 to 12 which comprise the summary statement of financial position as at 30 June 2016, the summary statement of comprehensive income, the summary statement of changes in equity and members' interests and the summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Ashburton Trading Society Limited ("the Company") and the Group for the year ended 30 June 2016. The Group comprises the Company and the entities it controlled on 30 June 2016 or from time to time during the financial year.

The summary financial statements do not contain all the disclosures required for full financial statements under New Zealand Equivalents to International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Ashburton Trading Society Limited.

Our audit of the financial statements for the year ended 30 June 2016 was completed on 27 September 2016 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those financial statements from the date of the completion of our audit and those financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

This report is made solely to the Group's shareholders, as a body. Our work has been undertaken so that we might state those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders, as a body, for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the annual report not specifically mentioned in our report.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements* (FRS 43).

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*.

We are independent of the Group. Other than in our capacity as auditors we have no relationship with, or interests in, the Group.

Report of the Independent Auditors' on the Summary Financial Statements

Ashburton Trading Society Limited

Opinion

In our opinion, the summary financial statements on pages 10 to 12 derived from the audited financial statements of Ashburton Trading Society Limited for the year ended 30 June 2016 are consistent, in all material respects, with those audited financial statements, in accordance with FRS-43.

Restriction on Use of our Report

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

Chartered Accountants
10 October 2016

Christchurch

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