



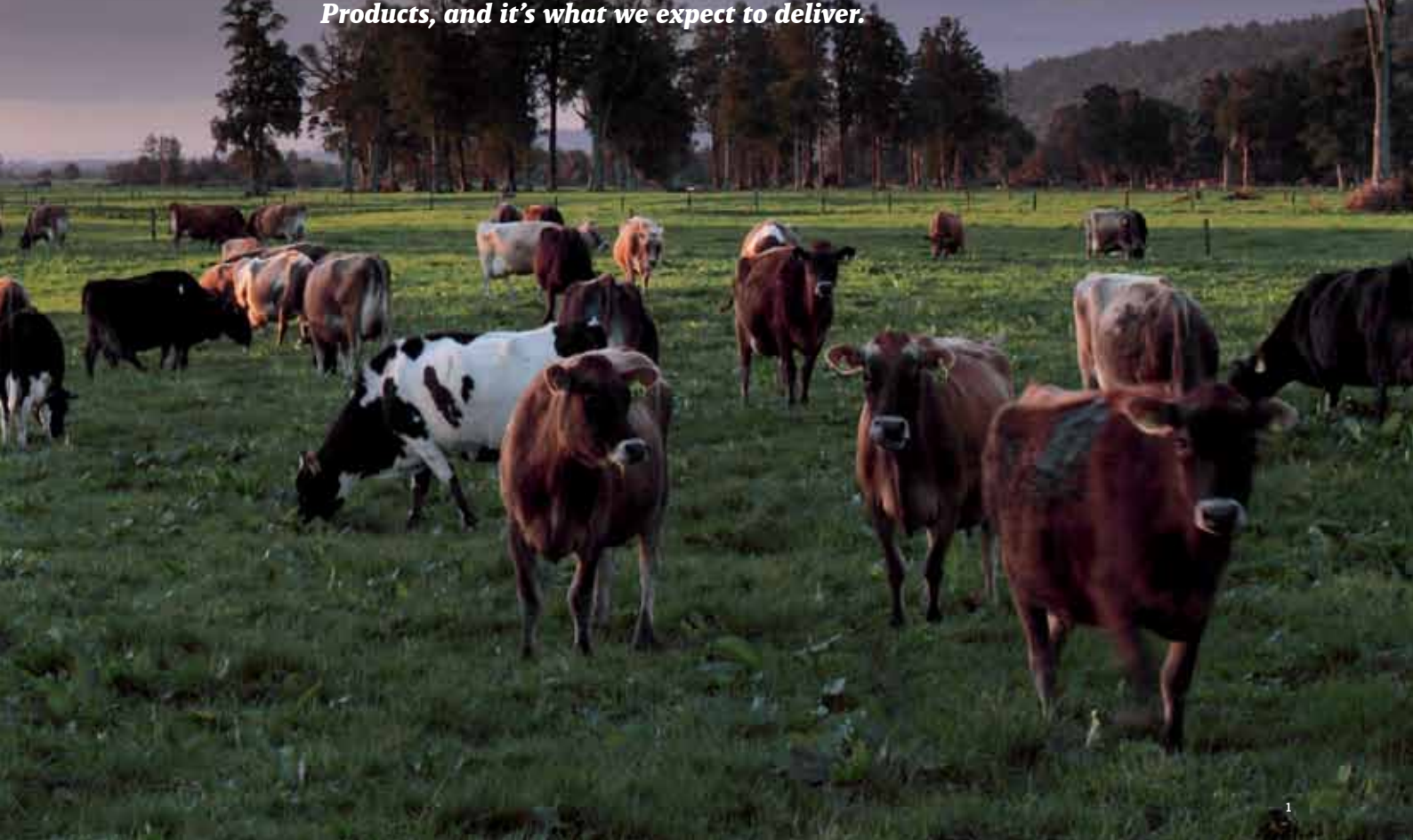
Annual Review 2011

 **Westland Milk Products**
Hokitika · New Zealand



From our land to yours

Our supplying shareholders have all the ingredients needed to produce some of the finest quality milk in the world. Abundant rainfall, nutrient-rich soil, and year-round fresh green pastures on the West Coast, enable us to produce premium quality milk direct from the farm gate. At Westland Milk Products, we are dedicated to delivering a world leading product. At every stage of our milk's journey, from the time it leaves the farm gate, quality control is uncompromising. Upon delivery, our trusted global customers, in more than 50 countries worldwide, experience one of the highest quality milk products available to them in the world. It's what they have come to expect of us at Westland Milk Products, and it's what we expect to deliver.





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Set apart from the rest of New Zealand by the Southern Alps, the West Coast provides us with a unique dairy farming environment. Here, we are blessed with heavy annual rainfall and abundant sunshine, ideal for growing pasture and dairy farming.

OUR LAND

*Sustainable farming.
Westland Milk Products is committed to improving our local and global environment.*

2,300,000
Hectares in West Coast Region

2,000
MM Annual Rainfall at the coastline

1,960
Hrs Annual Sunshine (Hokitika)



OF PLENTY

***ISO 14001
Environmental
management
systems***

***Work closely
with local
and regional
government***

***Promote on farm
best management
practice***

Our Mission is central to the way we act and the way we run our company. Westland Milk Products' Mission is;

UNITY

Our Values

We come from a pioneering background where teamwork was and still is of paramount value

DEDIC

We are dedicated to providing a positive environment for the betterment of all

LOYA

***To be the preferred supplier
of premium quality dairy and
nutritional products, exceeding
our customers' expectations and
maximising sustainable returns
of our shareholders.***

***From the milking of the cows to
our products' ultimate destination
we are respectful and proud of
everyone's contribution***

***Our loyalty and genuine openness
is ingrained in everything we do***

***Land &
Sustainability Facts***

*Voluntary participation in the
Emissions Trading Scheme.*

SEASON IN REVIEW



Strategic review reveals plans to transform Westland Milk Products into a growth oriented, value added, nutritional dairy products manufacturer.

Historic move by Westland Milk Products into Canterbury region with new reverse osmosis plant construction at Rolleston on budget and on time.

Commitments from Canterbury suppliers secured ahead of the 2012 season.

Second highest average payout on record of \$7.80/kg milk solids, before retention of 10 cents, up from \$6.45/kg milk solids recorded in the previous corresponding period.

Total increase in milk processed by 13% to 571 million litres.

Described by farmers as one of the toughest years on record with a remarkably wet spring and dry spell in the summer.

Divestment of the Westland Farm Centre to fellow co-operative CRT.

Significant donations made to the Christchurch Earthquake Recovery appeal and the Pike River disaster.

EasiYo won several high profile awards including the Natural Products New Zealand Exporter of the Year Award, the Supreme Business Excellence and Excellence in Exporting Awards at the Westpac Enterprise North Shore Business Excellence Awards and very recently the Exporter of the Year Award (for companies under \$35 million) at the Air New Zealand Cargo Export Awards Auckland 2011.

An aggressive sales programme leading to 90,000 tonnes of product sold worldwide.

Lean principles led to significant savings in water, power, steam, chemical and fuel usage.

Code of Practice initiated setting best management practices to apply on farm.

Westland Milk Products joins the voluntary Emissions Trading Scheme (ETS) participation programme to familiarise ourselves ahead of the scheme's introduction in 2015.

Land & Sustainability Facts

Lean principles resulting in reduced water, power, chemical and fuel usage across our operations.

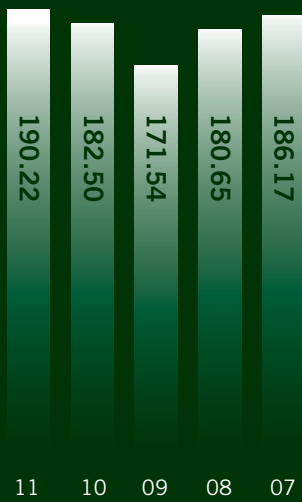
5 year trends

	NZIFRS 2011	NZIFRS 2010	NZIFRS 2009	NZIFRS 2008	NZIFRS 2007
Milk Received From Suppliers [M litres]	515	502	479	478	467
Milk Fat - Own Supplier [M kgs]	27,049	26,246	25,018	24,692	24,292
Protein - Own Supply [M kgs]	19,930	19,517	18,339	18,329	17,885
Milk Solids Received from Suppliers [M kgs]	46,979	45,763	43,358	43,022	42,178
Average Milk Solids per Farm [kgs]	121,080	119,175	113,503	113,516	111,582
Average Milk fat %	5.26	5.23	5.20	5.16	5.19
Average Protein %	3.87	3.89	3.80	3.83	3.82
Protein : Fat Ratio %	73.68	74.00	73.00	72.00	74.00
Finest Milk %	98.66	97.10	96.30	95.90	98.32
Production [Tonne] - Powder	51,920	47,114	42,831	51,279	46,192
Production [Tonne] - Butter	25,529	23,480	22,283	9,467	18,380
Production [Tonne] - Protein	4,380	4,017	3,762	2,502	1,607
Production [Tonne] - AMF	5,720	3,668	3,427	5,622	3,979
Turnover [\$Million]	525	422	364	501	295
Total Assets [\$Million]	351	335	284	326	314
Total Equity [\$Million] (Incl. shares classified as liabilities)	190	182	172	181	186
Payout to Shareholders					
- Fat [cents/kg]	511	443	301	533	306
- Protein [cents/kg]	1,112	962	654	1,158	666
- Operating Surplus [cents/kg]	780	645	411	829	472
- Retentions [cents/kg]	(10)	(30)	47	(30)	0
- Net Average Payout [cents/kg]	770	615	458	799	472
Equity : Assets Ratio [%]	54	54	60	55	59
Current Ratio [%]	130	133	77	116	156
Working Capital to Total Assets Ratio [%]	10	10	(8)	5	13



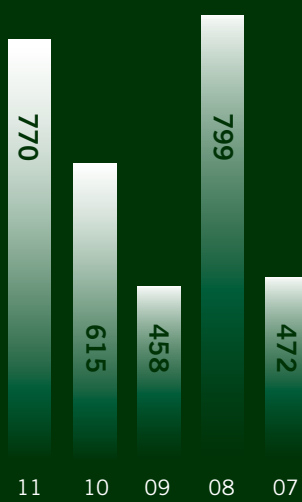
TOTAL EQUITY

Incl. shares classified as liabilities.
(Dollars in Millions)



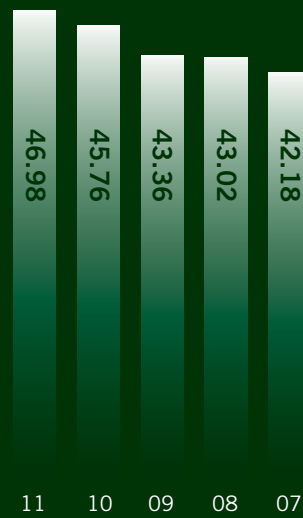
Financial Year

PAYOUT TO SHAREHOLDERS
(Cents per Kilogram)



Financial Year

MILKSOLIDS
(Million Kilograms)



Financial Year

T U N

Chairman's Report Matt O'Regan

2011 has been a significant year marking ten years since Westland Milk Products became an independent milk processor in 2001; a year in which the decision was made to source milk from the Canterbury region; and to expand our processing capability.



**Matt O'Regan - Chairman
Westland Milk Products**



The 2011 season will be remembered for its volatility with the season beginning with a wet spring followed by a 100 year dry spell in some parts of the West Coast. The global stage was equally volatile with the rising exchange rate and commodity prices contributing to payout expectations shifting markedly from \$6.50 - \$6.90/kg milk solids in the beginning of the year to a final average payout of \$7.70/kg milk solids after retention of 10 cents/kg milk solids.

The unpredictable global environment highlighted the importance of a strong balance sheet and it was therefore pleasing to end the year in a strong equity and reduced debt position.

During the year Westland Milk Products focused heavily on maximising value and efficiency in our core business, building on our existing and new relationships with global customers and expanding our milk processing capability. These efficiencies are delivering strong financial results for our suppliers.

Westland Milk Products' long term strategy is to transform the Company into a growth oriented, value added, nutritional dairy products manufacturer with a view to maximising returns to our suppliers.

Increasingly our focus will be to produce nutritional milk products for

the paediatric, aged care and sports sector while continuing to leverage our core business offering of supplying high quality commodity milk product to the world.

The commencement of our strategic plan began to take shape in 2011 with the decision to source additional milk supply in Canterbury and build a reverse osmosis plant at Rolleston. This is a significant step for Westland Milk Products and the Board is extremely proud to be creating a pathway for future growth for Westland Milk Products.

The plan is set in stages with the first phase to establish milk reception facilities in Rolleston, followed by the drafting of a business case to support the expansion of our nutritional production capability at Hokitika.

Throughout the strategic planning process the Board and Management has recognised the special attributes of Westland Milk Products' co-operative dairy company ownership structure. Maintaining the values of a supplier co-operative model will remain front of mind with all decisions made regarding future expansions, joint ventures, acquisitions and capital structures.

Towards the end of this last season we have seen the competition for milk reach the farm gate on the West Coast. We are confident that Westland Milk

Products' pure co-operative model, embodied in its constitution, with its nominal value share, returning profit to suppliers through payments for colostrum and milk supply, will continue to deliver the results demanded by suppliers to ensure Westland Milk Products remains the preferred processor for West Coast dairy farmers. It is a testament to this co-operative model that West Coast farmers have been able to grow Westland Milk Products' milksolids supply by over 60% since independence while the Company has delivered an industry competitive payout.

Westland Milk Products retained 10 cents/kg milk solids to provide capital management stability and fund future growth initiatives. The Board reviews retentions on an annual basis, but it is a widely held view among the Senior Management Team and Board that retentions will continue to be made for the next five years to facilitate the execution of our on-going strategy.

In 2011 Westland Milk Products has taken an active role in environmental practices on farm. Our customers are increasingly aware about environmental sustainability and our animal health practices and as such operating without a formalised environmental code of compliance has become no longer an option. Fortunately our suppliers have always taken sustainability practices seriously

and it is pleasing to be able to document this formally with a standard setting Code of Practice. We look forward to monitoring these standards on a regular basis and to illustrate our sustainable practices to the world.

It goes without saying that in 2011 West Coasters and Cantabrians experienced a number of significant and tragic events and our sympathies go to those personally affected. It has also been a time when we have witnessed the resilience and commitment of people on both sides of the alps to their regions and their employment. On behalf of the Board I would like to thank our valued Westland Milk Products employees, many of whom acted in a truly professional and selfless manner during unprecedented and trying circumstances.

The Board has been equally impressed with the professional approach of the newly embedded Senior Management Team and would like to acknowledge the confidence we have in them delivering the Company's strategic plans. Without this confidence the strategic objective to position Westland Milk Products as an innovative, fast moving and preferred dairy processor in years to come would not be possible.

After ten years of service long standing independent director Sir Graeme

Harrison has stepped down from the Board. Sir Graeme joined the Board after Westland Milk Products became an independent cooperative in 2001 and during his tenure he has imparted significant knowledge and experience. The Board agrees it has been an honour to have Sir Graeme sit on our Board.

Looking ahead, while there may be an easing in commodity prices in the short term, the Board believes that increased demand for protein among the emerging economies will continue. We are fortunate to be part of such an exciting and dynamic industry with significant scope for increasing returns to suppliers. In 2012, the Board will remain focused on ensuring suppliers continue to benefit from Westland Milk Products' business strategy while maintaining the highest standards of transparency and corporate governance.

In conclusion, I thank my fellow Directors for their support and dedication to the Company, and on behalf of the Board and Management, I would like to thank suppliers for their continued support and commitment to Westland Milk Products. We look forward to serving you again in the current year as Westland Milk Products realises the value of its expanded business platform.

LOYA

CEO's Report Rod Quin

Westland Milk Products performed strongly in 2011 recording our second highest payout despite experiencing some of the most challenging climatic and economic conditions on record. Our full year results demonstrate the strength of the business and Westland Milk Products' ability to take advantage of opportunities for future growth.



Rod Quin
Chief Executive Officer
Westland Milk Products



The Result

2011 has been described by many farmers as one of the toughest years yet with a remarkably wet spring and dry spell in the summer presenting difficult farming conditions. International competition, volatile exchange rates and commodity prices continued to make forecasting amongst the global and local events extremely challenging.

It is therefore a credit to our Board and Management Team that Westland Milk Products recorded an average payout of \$7.80/kg milk solids before retention of 10 cents/kg milk solids, a 21 per cent improvement on last year's payout of \$6.45/kg milk solids. Record turnover of \$525 million assisted by record volumes of milk processed and products sold led to the strong payout.

Westland Milk Products processed 571 million litres of milk supply, a 13 per cent increase on the previous year, 10 per cent of which is attributable to milk from external sources. Westland Milk Products' shareholder supplied milk increased 2.5 per cent as a result of a strong autumn period with settled weather and a healthy payout signalled.

Colostrum in 2011 returned an average of 12 cents/kg milk solids to suppliers, a 33 per cent improvement on last year's average of 9 cents/kg milk solids. We are pleased to report that colostrum is supplied by more than 75 per cent of our suppliers and that all suppliers have

the opportunity to participate.

As global commodity prices strengthened throughout the financial year, so too did our payout projections which rose from \$6.50 - \$6.90/kg milk solids at the beginning of the season to the final average payout of \$7.80/kg milk solids. An active hedging programme delivered a favourable average conversion rate of 70c versus an average spot rate of 77c. Our currency hedging programme was successful in smoothing out some of the volatility from the rising NZ dollar against a weakening US greenback.

Increasing efficiencies continued to be a high priority for Westland Milk Products during 2010/11. Lean principles were applied to all facets of the business and resulted in many successful cost saving initiatives including a reduction in water usage by 250 million litres, power and steam by 6.5 per cent, chemical usage by 20 per cent and fuel savings of 4 per cent. The increase in total milk processed resulted in an overall cost saving for suppliers of 9.5 cents/kg of milk solids processed.

Capital

Westland Milk Products continues to actively manage its capital to ensure we are operating efficiently and prudently managing risk. We finished the financial year with a strong balance sheet and favourable equity position of 54 per cent, allowing Westland Milk Products to secure advantageous finance rates heading into the 2012 season.

WESTLAND MILK PRODUCTS

Marketing and Sales

Our proactive sales programme led to 90,000 tonnes of product being sold across all markets. Of that figure, approximately 70 per cent was shipped to the Asia-Pacific region with Russia, the USA and the Middle East also showing promising signs of growth. We continue to take our successful product offerings to key customers around the world and in the process we are recognised as a leader in the provision of highest quality milk products to well-known international consumer brands.

We will continue to work closely with our end-use customers in 2011/12 to ensure mutual value-add activities are secured working with key customer relationships that continue to develop.

Strategic Review

A strategic review, started early in the season, cemented our plan to transform Westland Milk Products from a medium sized, dairy commodity producer into a growth oriented, valued added and nutritional dairy products manufacturer and marketer.

The strategic review formed the catalyst to build a reverse osmosis plant at Rolleston and source additional share backed milk supply from Canterbury dairy farmers. The plant was completed on budget and commissioned on schedule for the 2011/2012 season.

The announcement of our planned move into Canterbury drew a positive reaction from interested dairy parties on the east coast and we are pleased with the number of milk commitments secured to date. We continue to receive supply enquiries and expect this to continue into the new season.

EasiYo

In 2011 our subsidiary and global yogurt business EasiYo contributed 3 cents/kg milk solids to the final supplier payout. Since moving to their new manufacturing facilities last year in Albany, Auckland, EasiYo has more than doubled its production capacity and produces approximately 1 million yogurt sachets per month and now has 75 per cent market share in the home made yogurt market in New Zealand, with 75 per cent of product made exported predominantly to Australia and the UK.

EasiYo's entry into Italy, a new market this year, has been an outstanding success with sales going from zero to \$2 million in under 12 months. This successful exporting opportunity was supported by New Zealand Trade and Enterprise which made a significant funding contribution. The relationship also led to EasiYo being invited by Trade and Enterprise to feature at the Rugby World Cup's "The Cloud" facility on the new Queens Wharf development, Auckland. EasiYo's tasting display stand at The Cloud will

expose the brand to the expected 85,000 Rugby World Cup visitors and the general public of New Zealand.

Testament to this year's success, EasiYo won several awards during the year including the Natural Products New Zealand Exporter of the Year Award, the Supreme Business Excellence and Excellence in Exporting Awards at the Westpac Enterprise North Shore Business Excellence Awards and very recently the Exporter of the Year Award (for companies under \$35 million) at the Air New Zealand Cargo Export Awards Auckland 2011.

Sponsorships

Westland Milk Products has always been a proud supporter of local initiatives but few were more important than this year's donation to the Canterbury Earthquake Recovery appeal and the families of the Pike River Mine disaster.

Our donation to the Federated Farmers-led initiative "Farmy Army" helped remove hundreds of tonnes of liquefaction from suburbs of Christchurch while the contribution to the Pike River Mine fund provided much needed support to families of the tragedy. EasiYo also made a significant contribution to various relief centres in Christchurch following the earthquakes.

CEO's Report Continued...

EasiYo has been a proud supporter of the Canterbury Tactix netball team, which put in a brave effort despite having a number of reduced home games due to the Christchurch earthquakes. The opportunity to link the brand to active lifestyles and the renaissance of at home food preparation was also developed with sponsorship of the Junior Master Chef Australia series.

We are also proud to have contributed to numerous other local charities and causes, making donations to various local schools and libraries, sports organisations and health charities including the Epilepsy Foundation and the Hokitika Cancer Support Group.

Sustainability

This year marked a significant step forward in Westland Milk Products' sustainability practices with the introduction of a new Code of Practice. The Code of Practice requires all Westland Milk Products suppliers to implement appropriate best management practices with regards to the environment, animal welfare and farm presentation.

We are pleased with the level of support for the initiative to date and, after a number of consultative meetings have been able to finalise a formal Code of Practice document. We look forward to implementing the new code in the coming season.

At the beginning of the calendar year, Westland Milk Products signed up to a Government run voluntary Emissions Trading Scheme (ETS) participation programme to familiarise ourselves with the scheme's requirements for when it becomes obligatory in January 2015. As part of this programme we will be asking suppliers what the Emissions Trading Scheme means to them and the impact it may have on their farming activities. Suppliers will be represented at all levels of discussions with MAF and central government.

Sale of the Westland Farm Centre

At last year's annual meeting we announced the sale of the Westland Farm Centre in Hokitika to fellow cooperative Combined Rural Traders (CRT). The decision to sell the Farm Centre was not an easy one, however a review of the business highlighted that it was peripheral to our core offering. By divesting the Farm Centre we were convinced suppliers would have even better support from a larger and dedicated farm supplies group. The divestment enabled Westland Milk Products to concentrate solely on our core operation of sourcing, processing and marketing milk products to our customers.

The Outlook

The outlook for the dairy industry remains positive notwithstanding the on-going presence of volatility in global markets. Our suppliers can take great comfort that the dairy industry recovered quickly following the global financial crisis and that the demand for protein among emerging economies continues to strengthen. We anticipate dairy prices will continue to be volatile but on average settled higher than past long run averages. With a focus on farm input costs this should lead to on-going profitability over the medium and long term for NZ dairy farmers. In 2012 Westland Milk Products will continue to focus on improving operational performance and seek to improve returns to suppliers through expansion as we continue to become even more relevant to our customers.

Acknowledgements

I would like to take this opportunity to personally acknowledge the guidance and support of the Board and our Senior Management Team in 2011. We are fortunate to have talented, dedicated and loyal staff who are committed to achieving Westland Milk Products' shared objectives.

I would also like to thank you, our suppliers, for your support during a milestone year and look forward to serving you again in the 2011/12 season.





From our team to yours

Left to right

Sir Graeme Harrison
Board
Appointed
Director

Raelyn Lourie
Director

Bernard May
General Manager
Operations

Frank Dooley
Director

Noel Robb
Director

Mike Havill
Deputy Chairman

Rod Quin
CEO

Matt O'Regan
Chairman



Leo McIntyre
General Manager
Quality &
Technical Services

Barry Paterson
Director

David Spence
Board
Appointed
Director

Jim Wafelbakker
Director

Kim Wallace
Chief Financial
Officer

Jon Sullivan
Director

Mark Lockington
Company Secretary

Gregg Wafelbakker
General Manager
Sales & Marketing



Case Study
Kerry Straight
Fox Glacier

If there was ever a West Coaster with a pioneering spirit Kerry Straight would be that person. His Fox Glacier farm is the second that he and his partners have converted to dairy on the West Coast.

But it wasn't always this way. Kerry was previously a consultant for Lincoln International, the international development consultancy firm owned by Lincoln University focusing on the management of a wide range of development projects in the Pacific and Asia.

In 2002, his decision to return to his dairy farming roots led him to his first dairy conversion in Whataroa, a project undertaken with his brother Dale and his wife Stacey. Dale and Stacey were previously sharemilking at Fairlie in

South Canterbury so the partnership venture was a new start for both of them and meant a return to their West Coast dairy roots.

Kerry says their first conversion of a 440 hectare former beef farm was a big job, with the farm initially presenting in a pretty run down state with only about 150 hectares of poor pasture and the balance in bush, scrub, swamp or rushes. "We spent about six months knocking it into shape before milking cows."



PROJECT

After successfully converting that farm in a “rush of blood to the head” they bought into their second dairy farm conversion project with John Sullivan at Fox Glacier. Three years on, this 400 hectare property is just finishing its second season and will have 950 cows for the third season. During the conversion process the whole farm was developed and sown in new pasture, raced and fenced. New houses, sheds and a 60 bale rotary shed were built.

Kerry says the rough riverflat country meant countless tonnes of stones had to be removed during pasture development. “Most of the farm would never have seen any cultivation prior to us.”

Kerry is using some of his consulting background to think outside the square with regards to management. He admits converting a farm of this type is all pioneering stuff. “I get my kicks out of seeing marginal land becoming productive. That is certainly what I enjoy seeing happen and if we can make a few dollars out of it then that’s great too.”

Being part of Westland Milk Products has its benefits. “There is a huge difference in being part of a smaller cooperative in terms of the scale and availability of directors. Most suppliers would know two or three of the directors personally and feel they can ring them at anytime. This reflects the close knit culture of the industry on the West Coast.”

DIRECTORS' STATEMENT

The Board of Directors are pleased to present the Summary Financial Statements of Westland Co-operative Dairy Company Limited for the year ended 31 July 2011.

The Board of Directors authorised the issue of these Summary Financial Statements on 27th September 2011.



M J O'Regan
Chairman



M T Havill
Deputy Chairman

SUMMARY CONSOLIDATED INCOME STATEMENT for the year ended 31 July 2011

	Note	GROUP	
		12 mths to 31 July 2011	12 mths to 31 July 2010
		\$000's	\$000's
CONTINUING OPERATIONS			
Revenue		514,979	404,777
Other income		53,221	24,091
Amounts paid to Westland suppliers for milk		(360,880)	(280,561)
Amounts paid to other suppliers		(90,015)	(30,910)
Finance expense		(6,344)	(6,275)
Other expenses		(106,915)	(97,889)
Share of profit (loss) of equity accounted investees		0	(5)
Profit (loss) before income tax from continuing operations		4,046	13,228
Income tax expense		(1,811)	(9,356)
Profit (loss) after income tax from continuing operations		2,235	3,872
DISCONTINUED OPERATIONS			
Profit (loss) before income tax from discontinued operations	2	518	166
Income tax expense (credit)		(562)	570
Profit (loss) after income tax from discontinued operations		1,080	(404)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS		3,315	3,468
Profit attributable to:			
Members of the Group		3,315	3,468

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2011

	GROUP	
	12 mths to July 2011	12 mths to July 2010
	\$000's	\$000's
PROFIT FOR THE YEAR	3,315	3,468
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Movement in cashflow hedges	(1,755)	14,063
Income tax relating to components of other comprehensive income	708	(4,083)
	(1,047)	9,980
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,268	13,448
Total Comprehensive Income for the Year is Attributable to:		
Members of the Group	2,268	13,448

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS
for the year ended 31 July 2011

	Cash Flow Hedge Reserve	Contingency Reserve	Retained Earnings	Attributable to Shareholders of the Parent Company	Non- Controlling Interest	Total	Co-operative Shares Classified as a Liability	Total Including Co-operative Shares
GROUP	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 August 2009	4,751	8,000	87,501	100,252	3,110	103,362	68,178	171,540
Total Comprehensive Income for the Year	9,980	500	2,968	13,448	0	13,448	0	13,448
Share Issues	0	0	0	0	0	0	3,491	3,491
Share Redemptions	0	0	0	0	0	0	(429)	(429)
Purchase of Non-Controlling interest	0	0	(2,442)	(2,442)	(3,110)	(5,552)	0	(5,552)
Balance at 31 July 2010	14,731	8,500	88,027	111,258	0	111,258	71,240	182,498
Total Comprehensive Income for the Year	(1,047)	500	2,815	2,268	0	2,268	0	2,268
Share Issues	0	0	0	0	0	0	5,702	5,702
Share Redemptions	0	0	0	0	0	0	(244)	(244)
Balance at 31 July 2011	13,684	9,000	90,842	113,526	0	113,526	76,698	190,224



SUMMARY CONSOLIDATED BALANCE SHEET
as at year ended 31 July 2011

	GROUP	
	12 mths to 31 July 2011	12 mths to 31 July 2010
MEMBERS' FUNDS		
Co-operative shares classified as a liability	76,698	71,240
Reserves	22,684	23,231
Retained earnings	90,842	88,027
TOTAL MEMBERS' FUNDS BEFORE CO-OPERATIVE SHARES CLASSIFIED AS A LIABILITY	190,224	182,498
Less co-operative shares classified as a liability	(76,698)	(71,240)
TOTAL MEMBERS' FUNDS EXCLUDING CO-OPERATIVE SHARES CLASSIFIED AS A LIABILITY	113,526	111,258
<i>Represented by:</i>		
Current Assets	153,946	134,591
Non-current Assets	197,500	200,731
TOTAL ASSETS	351,446	335,322
Current Liabilities	118,835	101,021
NON-CURRENT LIABILITIES EXCLUDING CO-OPERATIVE SHARES CLASSIFIED AS A LIABILITY	42,387	51,803
TOTAL LIABILITIES EXCLUDING CO-OPERATIVE SHARES CLASSIFIED AS A LIABILITY	161,222	152,824
NET ASSETS EXCLUDING CO-OPERATIVE SHARES CLASSIFIED AS A LIABILITY	190,224	182,498
Co-operative shares classified as a liability	(76,698)	(71,240)
NET ASSETS AFTER CO-OPERATIVE SHARES CLASSIFIED AS A LIABILITY	113,526	111,258

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 July 2011

	GROUP	
	12 mths to 31 July 2011	12 mths to 31 July 2010
	\$000's	\$000's
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	22,155	44,624
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(16,683)	(31,617)
NET CASH FROM (USED IN) / FINANCING ACTIVITIES	1,550	(135)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7,022	12,872
Cash and Cash Equivalents at the Beginning of the Year	12,174	(698)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19,196	12,174
REPRESENTED BY CASH AND BANK BALANCES	19,196	12,174

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 July 2011

1. BASIS OF PREPARATION

The summary financial statements are those of Westland Co-operative Dairy Company Limited and its subsidiaries (the "Group") which is a profit oriented entity. They have been prepared in accordance with New Zealand Financial Reporting Standard No. 43 and have been extracted from the full Financial Statements that have been prepared in accordance with Generally Accepted Accounting Practice (NZGAAP). The full financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit oriented entities and comply with International Financial Reporting Standards.

These summary financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.

The full financial statements, signed on 27th September 2011, have been audited by Deloitte and given an unmodified audit opinion.

These summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements from which they are extracted.

For a complete understanding of the financial affairs of the Group, the full financial statements can be obtained by writing to: *The Secretary, Westland Co-operative Dairy Company Limited, PO Box 96, Hokitika 7842.*

2. MAJOR TRANSACTIONS DURING THE YEAR

Westland Farm Centre

On 23 November 2010, the Board of Directors resolved to enter into a sale agreement to dispose of the Westland Farm Centre business. The disposal was completed on 1 February 2011, on which date the assets and liabilities of Westland Farm Centre passed to the acquirer. Details of the assets and liabilities disposed of are disclosed in this note.



NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 July 2011

2. MAJOR TRANSACTIONS DURING THE YEAR CONTINUED

	GROUP	
	12 mths to 31 July 2011	12 mths to 31 July 2010
	\$000's	\$000's
Profit for the year from discontinued operations		
Revenue	10,158	16,842
Other income	96	273
	<hr/>	<hr/>
	10,254	17,115
Expenses	(10,147)	(16,949)
Gain/(loss) on disposal of operation	411	0
Profit before tax	518	166
Attributable income tax credit / (expense)	562	(570)
	<hr/>	<hr/>
Profit for the year from discontinued operations	1,080	(404)
Book value of net assets sold		
<u>Current assets</u>		
Inventory	754	
	<hr/>	
	754	
<u>Non-current assets</u>		
Property, Plant & Equipment	2,549	
	<hr/>	
	2,549	
<u>Current liabilities</u>		
Other trade payables	183	
Employee entitlements	85	
	<hr/>	
	268	
<u>Non-current liabilities</u>		
Deferred tax	562	
	<hr/>	
	562	
Net Assets	2,473	
Consideration paid in cash and cash equivalents	3,063	
Deferred sales proceeds	383	
	<hr/>	
Gain on disposal	973	
<u>Consisting of</u>		
Gain/(loss) on disposal of operation	411	
Attributable income tax expense	562	
	<hr/>	
	973	

3. CAPITAL COMMITMENTS

Commitments entered into as at balance date are for property plant and equipment.
Capital commitments under these contracts as at 31 July 2011 totalled \$5,480,960 (2010: \$632,293).

4. CONTINGENT LIABILITIES

There are no significant contingent assets or liabilities at 31 July 2011 or 31 July 2010.



**INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS
TO THE MEMBERS OF WESTLAND CO-OPERATIVE DAIRY COMPANY LIMITED**

Report on the Summary Financial Statements

The accompanying summary financial statements of Westland Co-operative Dairy Company Limited and subsidiaries ('the Group') on pages 22 to 26, which comprise the summary consolidated balance sheet as at 31 July 2011, and the summary consolidated income statement, summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' funds and summary consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of the Group for the year ended 31 July 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 7 October 2011. 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.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

This report is made solely to the company's members, as a body, for the purpose of expressing an opinion on the summary financial statements for the year ended 31 July 2011. Our audit has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of a summary of the audited consolidated financial statements, in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: Engagements to Report on Summary Financial Statements. Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in Westland Co-operative Dairy Company Limited or any of its subsidiaries.

Opinion

In our opinion, the summary financial statements derived from the audited consolidated financial statements of Westland Co-operative Dairy Company Limited and subsidiaries for the year ended 31 July 2011 are consistent, in all material respects, with those financial statements, in accordance with FRS-43: Summary Financial Statements.

Chartered Accountants
18 October 2011
Christchurch, New Zealand

This audit report relates to the summary financial statements of Westland Cooperative Dairy Company Limited and group for the year ended 31 July 2011 included on Westland Cooperative Dairy Company Limited's website. The Board of Directors is responsible for the maintenance and integrity of Westland Cooperative Dairy Company Limited's website. We have not been engaged to report on the integrity of Westland Cooperative Dairy Company Limited's website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements and related audit report dated 18 October 2011 to confirm the information included in the audited summary financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements and summary financial statements may differ from legislation in other jurisdictions.





Directory

Registered Office 56 Livingstone Street
Hokitika
New Zealand
Telephone +64 3 756 9800
Fax +64 3 755 8208

Chairman Matt O'Regan

Deputy Chairman Mike Havill

Directors Frank Dooley BCom/CA
Sir Graeme Harrison MA (Hons)
Raelyn Lourie
Barry Paterson BCM, Pg Dip Marketing
Noel Robb BCM
David Spence MCom (Hons)/CA
Jon Sullivan
Jim Wafelbakker

Chief Executive Officer Rod Quin B.Tech (Hons)/Dip.
Business (Operations)

General Manager Operations Bernard May NZ Certificate, Quality
Assurance and Food Science

Chief Financial Officer Kim Wallace BBS - Accountancy

**General Manager
Sales & Marketing** Gregg Wafelbakker B.Tech

**General Manager
Quality & Technical Services** Leo McIntyre Dip. Dairy Technology

Company Secretary Mark Lockington NZCE/BCM/CA

Bankers HSBC, ASB, BNZ

Auditors Deloitte

Solicitors Morrison Daly, Baldwins

Insurance Brokers Willis NZ



From our land to yours

Head Office

PO Box 96
56 Livingstone Street
Hokitika 7842
New Zealand
Telephone +64 3 756 9800
Facsimile +64 3 755 8208

info@westland.co.nz
www.westland.co.nz

Rolleston Office

PO Box 138
Izone Park
41 Westland Place
Rolleston 7643
New Zealand
Telephone +64 3 371 1600
Facsimile +64 3 347 4652