INCOME STATEMENT

For the year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Revenue	5	**871,771**	812,764
Other operating income	6	**18,817**	11,432
Purchases, raw materials and consumables used		**(630,388)**	(577,826)
Employee benefits expenses	7	**(127,840)**	(117,653)
Depreciation and amortisation expenses	7	**(21,296)**	(18,824)
Other expenses		**(77,660)**	(79,652)
Operating profit		**33,404**	30,241
Net financing expenses	8	**(11,951)**	(11,978)
Share of profit from joint ventures	18	**2,865**	3,834
Share of profit from associates	19	**4,733**	2,572
Other income	6	**13,044**	-
Profit before income tax		**42,095**	24,669
Income tax expense	9	**(9,659)**	(5,219)
Profit after income tax		**32,436**	19,450
Attributable to:			
Equity holders of the Parent		**30,478**	18,100
Non-controlling interests		**1,958**	1,350
Profit for the year		**32,436**	19,450
Earnings per share			
Basic and diluted earnings (in cents)	27	**25.1**	15.4

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Profit for the year		**32,436**	19,450
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment, net of tax		**-**	26,559
Deferred tax effect on sale of property, plant and equipment	9	**1,286**	-
		1,286	26,559
Items that may be reclassified subsequently to profit or loss:			
Gain on revaluation of available-for-sale investments	22	**404**	13
Exchange differences on translation of foreign operations		**(3,205)**	2,778
Cash flow hedges:			
Fair value gain, net of tax		**10,550**	1,215
Reclassification of net change in fair value to profit or loss		**(7,108)**	(4,147)
		641	(141)
Other comprehensive income for the year		**1,927**	26,418
Total comprehensive income for the year		**34,363**	45,868
Total comprehensive income for the year is attributable to:			
Equity holders of the Parent		**32,568**	44,386
Non-controlling interests		**1,795**	1,482
		34,363	45,868

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Notes	Share capital $'000	Revaluation and other reserves $'000	Retained earnings $'000	**Total $'000**	Non-controlling interests $'000	**Total equity $'000**
2016							
Balance at 1 January 2016		**170,317**	**85,740**	**62,193**	**318,250**	**2,696**	**320,946**
Profit for the year		**-**	**-**	**30,478**	**30,478**	**1,958**	**32,436**
Other comprehensive income / (expense)							
Deferred tax effect on sale of property, plant and equipment	22	**-**	**1,286**	**-**	**1,286**	**-**	**1,286**
Revaluation of available-for-sale investments	22	**-**	**404**	**-**	**404**	**-**	**404**
Exchange differences on translation of foreign operations	22	**-**	**(3,039)**	**-**	**(3,039)**	**(166)**	**(3,205)**
Movement in cash flow hedge reserve	22	**-**	**3,439**	**-**	**3,439**	**3**	**3,442**
Total other comprehensive income / (expense)		**-**	**2,090**	**-**	**2,090**	**(163)**	**1,927**
Transactions with owners							
Dividends	23	**-**	**-**	**(7,188)**	**(7,188)**	**(550)**	**(7,738)**
Issued share capital	22	**6,040**	**-**	**-**	**6,040**	**-**	**6,040**
Acquisition of non-controlling interest in subsidiary	15	**-**	**-**	**(5,231)**	**(5,231)**	**(1,558)**	**(6,789)**
Total transactions with owners		**6,040**	**-**	**(12,419)**	**(6,379)**	**(2,108)**	**(8,487)**
Transfer from asset revaluation reserve due to asset disposal	22	**-**	**(6,541)**	**6,541**	**-**	**-**	**-**
Balance at 31 December 2016		**176,357**	**81,289**	**86,793**	**344,439**	**2,383**	**346,822**
2015							
Balance at 1 January 2015		165,147	59,473	50,585	275,205	1,761	276,966
Profit for the year		-	-	18,100	18,100	1,350	19,450
Other comprehensive income							
Revaluation of property, plant and equipment, net of tax	22	-	26,559	-	26,559	-	26,559
Revaluation of available-for-sale investments	22	-	13	-	13	-	13
Exchange differences on translation of foreign operations	22	-	2,638	-	2,638	140	2,778
Movement in cash flow hedge reserve	22	-	(2,924)	-	(2,924)	(8)	(2,932)
Total other comprehensive income		**-**	**26,286**	**-**	**26,286**	**132**	**26,418**
Transactions with owners							
Dividends	23	-	-	(7,021)	(7,021)	(158)	(7,179)
Issued share capital	22	5,170	-	-	5,170	-	5,170
Total transactions with owners		**5,170**	**-**	**(7,021)**	**(1,851)**	**(158)**	**(2,009)**
Movement in share option reserve		-	(19)	19	-	-	-
Transactions with non-controlling interests		-	-	510	510	(389)	121
Balance at 31 December 2015		**170,317**	**85,740**	**62,193**	**318,250**	**2,696**	**320,946**

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2016

	Notes	**2016 $'000**	2015 $'000
Current assets			
Cash and cash equivalents		**17,064**	13,654
Trade and other receivables	11	**108,544**	112,783
Taxation receivable		**-**	2,819
Inventories	12	**41,372**	44,214
Derivative financial instruments	13	**6,681**	2,609
Biological assets	14	**22,943**	19,068
Total current assets		**196,604**	195,147
Non-current assets			
Trade and other receivables	11	**8,903**	7,841
Derivative financial instruments	13	**2,826**	3,201
Available-for-sale investments		**928**	530
Property, plant and equipment	16	**393,974**	401,395
Intangible assets	17	**26,335**	25,153
Investments in joint ventures	18	**9,505**	10,786
Investments in associates	19	**11,511**	9,915
Total non-current assets		**453,982**	458,821
Total assets		**650,586**	653,968
Current liabilities			
Trade and other payables	20	**101,147**	107,535
Borrowings	21	**5,503**	7,040
Taxation payable		**679**	-
Derivative financial instruments	13	**1,582**	3,592
Total current liabilities		**108,911**	118,167
Non-current liabilities			
Trade and other payables	20	**3,851**	5,264
Borrowings	21	**144,564**	163,975
Derivative financial instruments	13	**4,825**	3,609
Deferred tax liabilities	9	**41,613**	42,007
Total non-current liabilities		**194,853**	214,855
Total liabilities		**303,764**	333,022
Equity			
Share capital	22	**176,357**	170,317
Revaluation and other reserves	22	**81,289**	85,740
Retained earnings		**86,793**	62,193
Total equity attributable to equity holders of the Parent		**344,439**	318,250
Non-controlling interests		**2,383**	2,696
Total equity		**346,822**	320,946
Total liabilities and equity		**650,586**	653,968

Prof. K.J. Lutz
Director (Chairman)
28 February 2017

C.A. Campbell
Director (Chair of Finance, Risk and Investment Committee)
28 February 2017

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from customers		**889,145**	820,248
Income tax refund		**2,111**	-
Other		**197**	330
Cash was disbursed to:			
Payments to suppliers and employees		**(837,829)**	(787,449)
Interest paid		**(9,041)**	(8,934)
Income taxes paid		**(4,827)**	(3,190)
Net cash inflow from operating activities	10	**39,756**	21,005
Cash flows from investing activities			
Cash was provided from:			
Dividends received from joint ventures and associates		**6,228**	2,315
External loan repayments from suppliers, customers, joint ventures and associates		**414**	92
Proceeds from sale of the Fruit Case Company		**15,391**	-
Proceeds from sale of other property, plant and equipment		**10,032**	1,633
Cash received from business acquisitions		**-**	1,090
Other		**260**	-
Cash was disbursed to:			
Purchase of property, plant and equipment	16	**(31,021)**	(25,996)
Purchase of intangible assets	17	**(3,024)**	(940)
Purchase of business		**-**	(31,160)
Other		**-**	(650)
Net cash (outflow) from investing activities		**(1,720)**	(53,616)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		**-**	39,000
Cash was disbursed to:			
Dividends paid to non-controlling interests	23	**(550)**	(158)
Dividends paid to Parent's shareholders	23	**(1,148)**	(1,851)
Repayment of borrowings		**(20,500)**	-
Deferred consideration on purchase of non-controlling interests		**(2,064)**	(2,064)
Deferred consideration on purchase of business		**(1,500)**	(2,050)
Purchase of non-controlling interest in subsidiary	15	**(4,421)**	-
Bank facility fees and transaction fees	8	**(3,055)**	(2,684)
Other		**(449)**	(557)
Net cash inflow / (outflow) from financing activities		**(33,687)**	29,636
Net increase / (decrease) in cash and cash equivalents		**4,349**	(2,975)
Foreign currency translation adjustment		**(939)**	782
Cash and cash equivalents at the beginning of the year		**13,654**	15,847
Cash and cash equivalents at the end of the year		**17,064**	13,654

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reporting entity and statutory base
T&G Global Limited (the Parent) and its subsidiary companies (the Group), are recognised as New Zealand's leading grower, distributor, marketer and exporter of premium fresh produce in over 60 countries around the world. Key categories for the Group include apples, pears, grapes, citrus (lemons, mandarins and navel oranges), kiwifruit, asparagus, berries and tomatoes.

These consolidated financial statements presented are for the Group which comprises the Parent and its subsidiaries, joint ventures and associates as at 31 December 2016.

The Parent is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Market Conducts Act 2013, and the Financial Reporting Act 2013.

The Parent is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange. The address of its registered office is 1 Clemow Drive, Mount Wellington, Auckland.

BayWa Aktiengesellschaft (the Ultimate Parent) is the ultimate parent of the Group.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other applicable New Zealand Financial Reporting Standards as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS).

These consolidated financial statements are expressed in New Zealand dollars which is the presentation currency. All financial information has been rounded to the nearest thousand ($'000) unless otherwise stated.

Measurement basis
The measurement basis adopted in the preparation of these consolidated financial statements is historical cost except for certain assets and liabilities identified in specific accounting policies which are stated at fair value.

Basis of consolidation
In preparing these consolidated financial statements, subsidiaries are fully consolidated from the date on which the Group gains control until the date on which control ceases. All intercompany transactions, balances, income and expenses between the Group's companies are eliminated. Accounting policies of subsidiaries, joint ventures and associates have been aligned where necessary to ensure consistency with policies adopted by the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is initially remeasured at fair value at the acquisition date through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)
Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest and fair value of the acquirer's previously held interest (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Joint ventures and associates
The Group's share of results of equity accounted joint ventures and associates are included in these consolidated financial statements from the date that joint control or significant influence begins, until the date that joint control or significant influence ceases.

Basis of accounting
Significant accounting policies are set out within the notes to which those policies are applicable and are designated with a symbol. Other significant accounting policies that are pervasive throughout the financial statements are set out below.

There have been no changes made to accounting policies during the year.

Reclassification of comparatives
To ensure consistency with the current period, comparative figures have been reclassified when the presentation of items in the financial statements has been changed. The adjustments were to ensure the consistent classification of financial statement line items. The adjustments made include:

- Net expenses have been reclassified between purchases, raw materials and consumables used ($5.9 million decrease) and other expenses ($5.9 million increase).
- Certain prior year comparative balances within the statement of cash flows and the corresponding reconciliation of profit after income tax to net cash flow from operating activities have been restated to ensure consistency with the current year's presentation.

Foreign currency translation
The assets and liabilities of the Group's companies that do not have New Zealand dollars as their functional currency are translated to New Zealand dollars at foreign exchange rates ruling at balance sheet date. The revenues and expenses of these foreign operations are translated to New Zealand dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to New Zealand dollars at the foreign exchange rate on the dates that the fair value was determined.

Fair value estimation
Where fair value measurement has been applied, a symbol designates the paragraph describing the valuation method used.

The Group uses various valuation methods to determine the fair value of certain assets and liabilities. The inputs to the valuation methods used to measure fair value are categorised into three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

Goods and services tax (GST)
The income statement, statement of comprehensive income and statement of cash flows have been presented with all items exclusive of GST. All items in the balance sheet are stated net of GST, except for receivables and payables, which include GST invoiced.

Critical accounting estimates and judgments
The Group makes estimates and judgments concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and judgments that have a potential risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed within the notes to which those judgments are applicable and are designated with a symbol.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED

New standards, amendments and interpretations have been published that will be mandatory for the Group's accounting periods beginning on or after 1 January 2017. The standards that will have an impact on the Group are discussed below. None of these have been early adopted:

- NZ IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance currently in NZ IAS 39 *Financial Instruments: Recognition and Measurement*. The standard is effective for periods beginning on or after 1 January 2018 with early adoption permitted. The Group is yet to assess the impact of adopting NZ IFRS 9.

- NZ IFRS 15 *Revenue from Contracts with Customers* deals with revenue recognition and provides a five-step model to be applied to all contracts with customers. It also establishes principles of reporting in order to provide more useful disclosures around revenue for users of financial statements. This standard is effective for periods beginning on or after 1 January 2018 with early adoption permitted. The Group is yet to assess the impact of adopting NZ IFRS 15.

- NZ IFRS 16 *Leases* deals with the recognition, measurement, presentation and disclosure of leases and replaces the current guidance in NZ IAS 17 *Leases*. The new standard introduces a single model for lessees which recognises all leases on the balance sheet through an asset representing the rights to use the leased item during the lease term and a liability for the obligation to make lease payments. This removes the distinction between operating and finance leases and aims to provide users of the financial statements relevant information to assess the effect that leases have on the balance sheet, income statement and cash flows of the reporting entity. Lessor accounting remains largely unchanged from NZ IAS 17. This standard is effective for periods beginning 1 January 2019 with early adoption permitted. The Group is yet to assess the impact of adopting NZ IFRS 16.

There are other standards, amendments and interpretations which have been approved but are not yet effective. The Group expects to adopt other standards when they become mandatory. None are expected to materially impact the Group's financial statements, although may result in change in disclosure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the Chief Executive Officer and the Chief Financial Officer for the Group.

The chief operating decision-makers assess the performance of the operating segments based on earnings before net financing expenses, share of profit of joint ventures and associates, other income and income tax expense, referred to as operating profit. Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

No single external customer's revenue accounts for 10% or more of the Group's revenue.

Operating segments
The Group comprises the following main operating segments:

Operating segment	Significant operations
Pipfruit	Growing, packing, cool storing, sales and marketing of pipfruit worldwide.
International Produce	International trading activities other than pipfruit. Major markets are Asia, Australia and the Pacific. Product is sourced from New Zealand, Australia, North America, South America, South Africa and Europe.
New Zealand Produce	Growing, trading and transport activities within New Zealand, as well as crate hireage activities until the sale of the Fruit Case Company (FCC) business unit in June 2016. This incorporates the New Zealand wholesale markets and the tomato, kiwifruit and citrus growing operations.
Processed Foods	Processed foods includes manufacturing in New Zealand, global sales and marketing of processed foods, and trading activities in Australia, New Zealand and North America.
Other	Includes flower auction, properties and corporate costs.

Segment information provided to the chief operating decision-makers for the reportable segments is shown in the following tables:

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	**Total $'000**
2016						
Total segment revenue	**302,746**	**250,734**	**235,219**	**93,555**	**6,123**	**888,377**
Inter-segment revenue	**(1,428)**	**(7,749)**	**(7,429)**	**-**	**-**	**(16,606)**
Revenue from external customers	**301,318**	**242,985**	**227,790**	**93,555**	**6,123**	**871,771**
Purchases, raw materials and consumables used	**(208,077)**	**(216,491)**	**(120,228)**	**(83,162)**	**(2,430)**	**(630,388)**
Depreciation and amortisation expenses	**(9,764)**	**(538)**	**(6,405)**	**(2,757)**	**(1,832)**	**(21,296)**
Net other operating expenses	**(50,981)**	**(23,794)**	**(92,213)**	**(10,652)**	**(9,043)**	**(186,683)**
Segment operating profit / (loss)	**32,496**	**2,162**	**8,944**	**(3,016)**	**(7,182)**	**33,404**
Net financing expenses						**(11,951)**
Share of profit from joint ventures						**2,865**
Share of profit from associates						**4,733**
Other income						**13,044**
Profit before income tax						**42,095**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

	Pipfruit $'000	International Produce[1] $'000	New Zealand Produce[1] $'000	Processed Foods $'000	Other $'000	**Total $'000**
2015						
Total segment revenue	300,987	203,216	227,317	90,057	5,605	827,182
Inter-segment revenue	(1,171)	(5,469)	(7,778)	-	-	(14,418)
Revenue from external customers	299,816	197,747	219,539	90,057	5,605	812,764
Purchases, raw materials and consumables used	(199,514)	(175,353)	(123,767)	(78,046)	(1,146)	(577,826)
Depreciation and amortisation expenses	(8,471)	(373)	(5,580)	(2,653)	(1,747)	(18,824)
Net other operating expenses	(59,838)	(17,186)	(88,591)	(9,285)	(10,973)	(185,873)
Segment operating profit / (loss)	31,993	4,835	1,601	73	(8,261)	30,241
Net financing expenses						(11,978)
Share of profit from joint ventures						3,834
Share of profit from associates						2,572
Profit before income tax						24,669

[1] During 2016, the Group moved diversified horticulture and kiwifruit from 'International Produce' to 'New Zealand Produce'. Segment information for the year ended 31 December 2015 has been restated to reflect the changes in internal reporting of these reportable segments.

The Group is domiciled in New Zealand. The total revenues from external customers in New Zealand and other regions are:

	2016 $'000	2015 $'000
New Zealand	**278,702**	285,736
Australia and Pacific Islands	**141,592**	125,674
Asia	**296,802**	255,077
Americas	**79,005**	62,167
Europe	**75,670**	83,924
Africa	**-**	186
Total	**871,771**	812,764

The total non-current assets other than trade and other receivables, derivative financial instruments and available-for-sale investments located in New Zealand and other countries are:

	2016 $'000	2015 $'000
New Zealand	**408,163**	418,431
Other	**33,162**	28,818
Total	**441,325**	447,249

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. REVENUE

Revenue is measured at the fair value of the consideration received or receivable net of discounts, returns, and Goods and Services Tax (GST).

Revenue comprises commission earnings and amounts received and receivable by the Group for goods and services supplied in the ordinary course of business. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance date. Revenue from royalties is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Principal and agency arrangements
The Group assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction.

When the Group acts in the capacity of the principal, the portion of revenue earned is recognised as gross revenue. When the Group acts in the capacity of the agent, it recognises net commission revenue from the transaction.

The Group holds arrangements in which it acts as the principal and other arrangements in which it acts as the agent. The following factors have been used by the Group in distinguishing whether it acts as the principal or the agent in specific arrangements:

- Rights to the title of the goods and responsibility in respect of the goods sold;
- Credit risk in respect of the supply of the goods;
- Ability to vary the selling prices of the goods; and
- Primary responsibility for providing the goods or services to the customer or for fulfilling the order.

	2016 $'000	2015 $'000
Sale of goods	**775,311**	710,363
Commissions	**30,498**	32,690
Services	**61,821**	65,655
Royalties	**4,141**	4,056
Total	**871,771**	812,764

6. OTHER OPERATING INCOME AND OTHER INCOME

Other operating income
Other operating income consists of the following:

	Notes	2016 $'000	2015 $'000
Gain on revaluation of investment		**-**	343
Gain on sale of investment		**700**	-
Net exchange gains		**8,588**	-
Net gain from changes in fair value of biological assets	14	**7,352**	8,129
Net gain on disposal of property, plant and equipment		**-**	609
Rent		**2,082**	2,161
Reversal of impairment on revaluation of property, plant and equipment		**-**	144
Other		**95**	46
Total		**18,817**	11,432

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. OTHER OPERATING INCOME AND OTHER INCOME (CONTINUED)

Other income
On 30 June 2016, the Group sold net assets relating to its crate business, the Fruit Case Company (FCC), to Pact (NewCo) Limited, a wholly owned subsidiary of Pact Group Holdings Limited for a net gain of $11.9 million.

During the year, the Group also sold commercial and orchard land and land improvements, and buildings, located in Hamilton, New Zealand, and in Hastings, New Zealand.

7. EXPENSES

	Notes	2016 $'000	2015 $'000
Depreciation and amortisation			
Depreciation	16	**19,970**	17,513
Amortisation	17	**1,326**	1,311
Total		**21,296**	18,824
Other expenses includes:			
Directors' fees		**480**	498
Fleet costs		**18,316**	17,713
Impairment of goodwill	17	**-**	777
Impairment of trade receivables through the provision for doubtful debts	11	**3,454**	576
Net exchange losses		**-**	2,759
Net loss on disposal of property, plant and equipment		**159**	-
Professional fees		**8,306**	7,517
Promotion costs		**5,694**	5,612
Rental and property related costs		**19,497**	18,914
Repairs and maintenance		**8,676**	9,069
Research and development		**1,390**	1,032
Travel and accommodation		**4,614**	4,855

Employee benefits

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term employee benefits
Employee entitlements to salaries and wages and annual leave, to be settled within twelve months of the reporting date, represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

During the year, contributions of $2.7 million were made by the Group towards employees' superannuation schemes (2015: $2.3 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. EXPENSES (CONTINUED)

Audit fees

Audit fees of the Group and related services from the Group's auditors consist of the following:

	2016 $'000	2015 $'000
Deloitte		
Audit of the financial statements	**644**	604
Audit related services	**31**	31
Other services	**34**	45
Other auditors		
Audit services provided	**104**	100

Services performed by Deloitte in 2016 comprise the following:

- Audit of statutory financial statements for the Group and individual subsidiary companies, including offshore subsidiaries with local statutory audit requirements where Deloitte is the auditor;
- Audit related services including procedures relating to the interim financial statements, scrutineering services at the annual shareholders' meeting and forensic services; and
- Other services including whistle blower hotline services and administration of the corporate tax payer group.

During the year, subsidiaries of the Group engaged other auditors to perform audit services and the fees paid were as follows:

	2016 $'000	2015 $'000
Ernst & Young for ENZAFruit New Zealand (U.K.) Limited	**16**	17
Moss Adams LLP for ENZAFruit Products Inc.	**40**	30
Hutchinson and Bloodgood LLP for Delica North America, Inc.	**41**	53
BDO for Delica (Shanghai) Fruit Trading Company Limited	**7**	-
Total	**104**	100

8. NET FINANCING EXPENSES

	2016 $'000	2015 $'000
Finance expenses		
Interest expense on borrowings	**(8,817)**	(9,081)
Effective interest on long-term receivables	**(123)**	(176)
Effective interest on deferred consideration	**(155)**	(252)
Interest expense on finance lease liabilities	**(45)**	(69)
Bank facility and line fees	**(3,055)**	(2,684)
Total	**(12,195)**	(12,262)
Finance income		
Interest income	**244**	284
Total	**244**	284
Net financing expenses	**(11,951)**	(11,978)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION

Income tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities based on the current period's taxable income and any adjustments in respect of previous years.

Deferred tax
Deferred tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Income tax is recognised in the income statement apart from when it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

(a) Taxation on profit before income tax

	2016 $'000	2015 $'000
Current tax (expense)	**(11,339)**	(6,786)
Deferred tax credit	**1,680**	1,567
Total	**(9,659)**	(5,219)

(b) Reconciliation of prima facie taxation and tax expense

The taxation expense that would arise at the standard rate of corporation tax in New Zealand is reconciled to the tax expense as follows:

	2016 $'000	2015 $'000
Profit before income tax	**42,095**	24,669
Prima facie taxation at 28% (2015: 28%)	**(11,787)**	(6,907)
(Add) / deduct tax effect of:		
Non-deductible items	**(3,606)**	(1,855)
Non-taxable items	**6,314**	895
Overstatement / (understatement) of prior year's provision	**(766)**	2,372
Imputation credit / foreign tax credits available for future periods	**359**	182
Other	**(173)**	94
Total	**(9,659)**	(5,219)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION (CONTINUED)

(c) Deferred taxation

Balance of temporary differences

	Property, plant and equipment $'000	Intangible assets $'000	Biological assets $'000	Provisions and accruals $'000	Other $'000	Total $'000
2016						
Balance as at 1 January	**(38,410)**	**(940)**	**(5,290)**	**2,619**	**14**	**(42,007)**
Recognised in income statement	**2,299**	**(55)**	**(1,270)**	**632**	**74**	**1,680**
Recognised in equity	**(1,286)**	**-**	**-**	**-**	**-**	**(1,286)**
Balance as at 31 December	**(37,397)**	**(995)**	**(6,560)**	**3,251**	**88**	**(41,613)**
2015						
Balance as at 1 January	(29,736)	741	(3,929)	1,742	143	(31,039)
Recognised in income statement	1,918	(35)	(1,044)	857	(129)	1,567
Recognised in equity	(8,170)	-	-	-	-	(8,170)
Recognised on acquisition	(2,422)	(1,646)	(317)	20	-	(4,365)
Balance as at 31 December	(38,410)	(940)	(5,290)	2,619	14	(42,007)

	2016 $'000	2015 $'000
Expected settlement		
Deferred tax assets and liabilities to be recovered within 12 months	**(3,221)**	(2,657)
Deferred tax assets and liabilities to be recovered after more than 12 months	**(38,392)**	(39,350)
Total	**(41,613)**	(42,007)

(d) Imputation credits

The Group had a negative imputation credit account balance of $2.3 million as at 31 December 2016 (2015: $1.7 million negative balance) and the Group will be making a voluntary payment before 31 March 2017 to ensure the balance is in credit at that time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2016 $'000	2015 $'000
Profit for the year		**32,436**	19,450
Adjusted for non-cash items:			
Amortisation expense	17	**1,326**	1,311
Depreciation expense	16	**19,970**	17,513
Effective interest on deferred consideration	8	**155**	252
(Gain) on revaluation of investment	6	**-**	(343)
Impairment of goodwill	7	**-**	777
Movement in deferred tax	9	**(1,680)**	(1,567)
Movement in provision for receivables impairment	11	**3,454**	576
Share of profit of joint ventures	18	**(2,865)**	(3,834)
Share of profit of associates	19	**(4,733)**	(2,572)
Other movements		**483**	932
Total		**16,110**	13,045
Adjusted for investing and financing activities:			
Bank facility and line fees	8	**3,055**	2,684
(Gain) on sale of investment	6	**(700)**	-
(Gain) on sale of the Fruit Case Company	6	**(11,864)**	-
(Gain) on sale of other property, plant and equipment		**(1,021)**	(609)
Total		**(10,530)**	2,075
Impact of changes in working capital items net of effects of non-cash items and investing and financing activities			
(Increase) / decrease in debtors and prepayments		**497**	(13,265)
(Increase) in biological assets		**(3,875)**	(4,828)
Increase / (decrease) in creditors and provisions		**(1,025)**	8,438
(Increase) / decrease in inventories		**2,645**	(6,053)
Decrease in taxation receivable / increase in taxation payable		**3,498**	2,143
Total		**1,740**	(13,565)
Net cash inflow from operating activities		**39,756**	21,005

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts for uncollectible amounts.

A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

	Notes	2016 $'000	2015 $'000
Current			
Trade receivables		**97,996**	97,272
Less: Provision for doubtful debts		**(4,190)**	(736)
Prepayments		**9,890**	8,745
GST and other taxes		**3,386**	-
Receivables from joint ventures	18	**507**	949
Receivables from associates	19	**534**	6,208
Receivables from Ultimate Parent	28	**181**	-
Receivables from Ultimate Parent's associate	28	**-**	141
Other receivables		**240**	204
Total		**108,544**	112,783
Non-current			
Trade receivables		**6,320**	3,767
Prepayments		**1,689**	3,256
Receivables from associates	19	**252**	431
Other receivables		**642**	387
Total		**8,903**	7,841

	2016 $'000	2015 $'000
Analysis of non-impaired third party receivables		
Not past due	**76,355**	75,048
Past due 1-30 days	**16,430**	19,936
Past due 31-60 days	**4,932**	3,430
Past due 61-90 days	**792**	1,508
Past due over 90 days	**1,617**	381
Total	**100,126**	100,303

	2016 $'000	2015 $'000
Analysis of movements in the provision for doubtful debts		
Balance at 1 January	**736**	160
Additions to provision for doubtful debts	**3,821**	1,188
Reversal of unused provision for doubtful debts	**(241)**	(381)
Receivables written off during the year as uncollectible	**(126)**	(231)
Balance at 31 December	**4,190**	736

The Group has numerous credit terms for various customers. These credit terms vary depending on the services provided and the customer relationship.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

All trade receivables are individually reviewed regularly for impairment as part of normal operating procedures and provided for where appropriate.

The Group makes advances to customers, suppliers, joint ventures and associates. All advances are within the agreed credit periods. The Group's policy requires security to be taken for advances to third parties. This security ranges from charges over property and assets to personal guarantees.

12. INVENTORIES

Inventories are stated at the lower of cost (first in, first out basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

	2016 $'000	2015 $'000
Finished and semi-finished goods	**32,967**	34,122
Raw materials	**1,122**	2,110
Consumables (including packaging)	**7,283**	7,982
Total	**41,372**	44,214

The cost of inventories recognised as an expense and included in 'Purchases, raw materials and consumables used' in the income statement for the year ended 31 December 2016 amounted to $576.0 million (2015: $524.0 million).

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to hedge exchange rate and interest rate risks. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised at fair value. Any resulting gains or losses are recognised in the income statement unless the derivative financial instrument has been designated into a hedge relationship that qualifies for hedge accounting.

Cash flow hedges
Cash flow hedges are currently applied to forecast transactions that are subject to foreign currency fluctuations and future interest cash flow on loans. The Group recognises the effective portion of changes in the fair value of derivative financial instruments that qualify as cash flow hedges in other comprehensive income. These accumulate as a separate component of equity in the cash flow hedge reserve.

Gains or losses relating to the ineffective portion of a cash flow hedge are recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement.

	2016 $'000	2015 $'000
Current assets		
Cash flow hedges		
Forward foreign exchange contracts	**2,911**	2,045
Foreign currency options	**3,741**	564
Fair value through profit or loss		
Forward foreign exchange contracts	**29**	-
Total	**6,681**	2,609

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2016 $'000	2015 $'000
Non-current assets		
Cash flow hedges		
Forward foreign exchange contracts	**1,696**	894
Foreign currency options	**614**	2,307
Interest rate swaps	**516**	-
Total	**2,826**	3,201
Current liabilities		
Cash flow hedges		
Forward foreign exchange contracts	**1,224**	1,646
Foreign currency options	**248**	1,778
Interest rate swaps	**59**	111
Fair value through profit or loss		
Forward foreign exchange contracts	**51**	57
Total	**1,582**	3,592
Non-current liabilities		
Cash flow hedges		
Forward foreign exchange contracts	**738**	4
Foreign currency options	**312**	324
Interest rate swaps	**3,775**	3,281
Total	**4,825**	3,609

14. BIOLOGICAL ASSETS

Biological assets consists of unharvested fruit growing on bearer plants, and are stated at fair value based on their present location and condition less estimated point-of-sale costs. Any gain or loss from changes in the fair value of biological assets is recognised in the income statement.

Point-of-sale costs include all other costs that would be necessary to sell the assets.

	2016 $'000	2015 $'000
Balance at 1 January	**19,068**	14,240
Capitalised costs	**28,715**	36,660
Increase from acquisition of business	**-**	588
Change in fair value less costs to sell	**7,352**	8,129
Decrease due to harvest	**(32,192)**	(40,549)
Balance at 31 December	**22,943**	19,068

The fair value of the Group's apples, blueberries, citrus fruit, kiwifruit and tomatoes is determined by management using a discounted cash flow approach.

Costs are based on current average costs and referenced back to industry standard costs. The costs are variable depending on the location, planting and the variety of the biological asset. A suitable discount rate has been determined in order to calculate the present value of those cash flows. The fair value of biological assets at or before the point of harvest is based on the value of the estimated market price of the estimated volumes produced, net of harvesting and growing costs. Changes in the estimates and assumptions supporting the valuations could have a material impact on the carrying value of biological assets and reported profit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. BIOLOGICAL ASSETS (CONTINUED)

The following significant assumptions and considerations have been taken into account in determining the fair value of the Group's biological assets:

- Forecasts for the following year based on management's view of projected cash flows, including sales and margins, adjusted for inflation, location and variety of crops;
- Discount rates to adjust for risks inherent to the crop, including natural events, disease or any other adverse factors that may impact the quality, yield or price; and
- Any significant changes to management of the crop in the current and following year.

Fair value measurement

Techniques applied by the Group which are used to value biological assets are considered to be **level 3** in the fair value hierarchy. Inputs are not based on observable market data (that is, unobservable inputs). There have been no transfers between levels during the year.

The unobservable inputs used by the Group to fair value its biological assets are detailed below:

	Unobservable inputs	Range of unobservable inputs	
		2016	2015
Apples	Tray carton equivalent (TCE) per hectare per annum	**2,500 to 4,750**	2,500 to 5,000
	Export prices per export tray carton equivalent (TCE)	**$20 to $50**	$20 to $50
	Risk-adjusted discount rate	**25%**	35%
Blueberries	Tonnes per hectare per annum	**10.9**	5.6
	Annual gate price per kilogram (kg) per season	**$9.65 to $19.65**	$9.65 to $19.65
	Risk-adjusted discount rate	**18%**	10%
Citrus	Tonnes per hectare per annum	**23 to 40**	20 to 39
	Annual gate price per tonne per season	**$1,300 to $2,430**	$1,300 to $2,430
	Risk-adjusted discount rate	**14%**	10%
Kiwifruit	Trays per hectare per annum	**8,500 to 15,000**	8,500 to 15,000
	Annual gate price per trays per season	**$4.67 to $7.10**	$4.67 to $7.10
	Risk-adjusted discount rate	**18%**	10%
Tomatoes	Tonnes per hectare per annum	**190 to 1,641**	187 to 1,702
	Annual price per kg per season	**$1.73 to $17.80**	$1.84 to $17.84
	Risk-adjusted discount rate	**25%**	25%

As the yield per hectare and gate price or export price per TCE increases, the fair value of biological assets increases. As the discount rate used increases, the fair value of biological assets decreases.

The following table details the fair values of the Group's biological assets at 31 December:

	2016 $'000	2015 $'000
Apples	**17,822**	13,585
Blueberries	**453**	300
Citrus	**1,962**	1,494
Kiwifruit	**1,335**	994
Tomatoes	**1,065**	2,662
Other [1]	**306**	33
Total	**22,943**	19,068

[1] Included in 'Other' are grapes and strawberries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. BIOLOGICAL ASSETS (CONTINUED)

Risk
Being involved in agricultural activity, the Group is exposed to financial risks arising from adverse climatic or natural events. Financial risk also arises through adverse changes in market prices or volumes harvested, and adverse movements in foreign exchange rates.

Price risk is mitigated by close monitoring of commodity prices and factors that influence those commodity prices. The Group also takes reasonable measures to ensure that harvests are not affected by climatic and natural events, disease, or any other factors that may negatively impact on the quality and yield of crop. Foreign currency risk is mitigated by using derivative instruments such as foreign currency hedging contracts to hedge foreign currency exposure.

Activity on productive owned and leased land
The owned and leased land growing different types of biological assets are detailed in the table below:

	OWNED AND LEASED	
	2016 hectares	2015 hectares
Apples	**721**	686
Blueberries	**11**	11
Citrus	**155**	154
Grapes	**74**	-
Kiwifruit	**42**	55
Tomatoes	**29**	29
Other	**2**	1

The production on owned and leased land by agricultural produce type for the 2015 and 2016 years is presented in the table below:

	PRODUCTION OWNED AND LEASED		
	2016	2015	**Production units**
Apples	2,046,889	1,688,322	TCE
Blueberries	69,454	38,918	kg
Citrus	4,014,432	3,818,403	kg
Grapes	349,320	-	kg
Kiwifruit	416,471	621,251	class 1 trays
Tomatoes	12,493,878	9,847,132	kg
Other	23,880	25,428	kg

15. ACQUISITION OF NON-CONTROLLING INTEREST IN SUBSIDIARY

Delica North America, Inc.
On 14 October 2016, the Group acquired the remaining 25% of the issued shares from non-controlling interests of Delica North America, Inc. for a purchase price of $6.9 million.

The carrying amount of the non-controlling interest on the date of acquisition was $1.6 million. The Group derecognised the non-controlling interest and recorded a decrease in equity attributable to owners of the Group of $5.2 million.

	2016 $'000
Carrying amount of non-controlling interest acquired	**1,558**
Consideration paid to non-controlling interest	**(4,421)**
Deferred consideration (present value)	**(2,368)**
Net effect in equity	**(5,231)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PROPERTY, PLANT AND EQUIPMENT

Commercial land and improvements, orchard land and improvements, and buildings are stated at their fair value less accumulated depreciation and impairment losses. All other items of property, plant and equipment are stated at their cost less accumulated depreciation and impairment losses.

Revaluations
The Group's policy is to revalue commercial land and improvements, orchard land and improvements, and buildings every three years with valuations being performed by independent registered valuers based on the price that would be received to sell the asset in an orderly transaction between market participants under current market conditions. All property valuers used are members of the New Zealand Institute of Valuers, with the exception of the valuer appointed in Belgium who has the appropriate expertise as required in that jurisdiction.

The revaluations are conducted on a systematic basis across the Group so that the asset revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at balance date. Where valuations are not obtained for land and improvements, and buildings, the carrying values of these assets are reassessed for any material change.

Any increase in value that offsets a previous decrease in value of the same asset is charged to the income statement. Any other increase is recognised directly in other comprehensive income and accumulated in the asset revaluation reserve. Any decrease in value that offsets a previous increase in value of the same asset is charged against the revaluation reserve. Any other decrease in value is charged to the income statement.

Depreciation
Depreciation of property, plant and equipment, other than commercial and orchard land which is not depreciated, is calculated on a straight-line basis so as to expense the cost of the assets, or the revalued amounts, to their expected residual values over their useful lives as follows:

- Commercial land improvements — 15 to 50 years
- Orchard land improvements — 15 to 50 years
- Buildings — 15 to 50 years
- Bearer plants — 7 to 40 years
- Glasshouses — 33 years
- Motor vehicles — 5 to 7 years
- Plant and equipment and hire containers — 3 to 15 years

Impairment
Items of property, plant and equipment are assessed for indicators of impairment at each reporting date. Impairment losses are recognised in profit or loss in the period in which they arise.

	Commercial land and improvements $'000	Orchard land and improvements $'000	Buildings $'000	Bearer plants $'000	Glasshouses $'000	Motor vehicles $'000	Plant and equipment and hire containers $'000	Work in progress $'000	**Total $'000**
At 1 January 2015									
Cost or valuation	56,291	58,488	151,976	19,560	19,279	7,368	206,267	11,739	530,968
Accumulated depreciation and impairment	(1,460)	(2)	(24,756)	(779)	(7,136)	(4,813)	(153,723)	-	(192,669)
Net carrying amounts	54,831	58,486	127,220	18,781	12,143	2,555	52,544	11,739	338,299
Year ended 31 December 2015									
Opening net carrying amounts	54,831	58,486	127,220	18,781	12,143	2,555	52,544	11,739	338,299
Additions and transfers	1,371	(2,459)	165	5,357	-	339	16,996	4,227	25,996
Additions through business acquisition	5,572	-	2,529	-	8,566	15	3,376	-	20,058
Depreciation	(546)	(723)	(4,779)	(1,179)	(908)	(479)	(8,899)	-	(17,513)
Transfer from assets held for sale	178	-	30	-	-	-	-	-	208
Disposals	(12)	-	(132)	-	-	(46)	(169)	-	(359)
Revaluations	6,137	-	3,239	-	-	-	-	-	9,376
Depreciation write back on revaluation	1,814	-	23,686	-	-	-	-	-	25,500
Foreign exchange movements	(52)	-	(1)	-	-	11	13	(141)	(170)
Closing net carrying amounts	69,293	55,304	151,957	22,959	19,801	2,395	63,861	15,825	401,395

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Commercial land and improvements $'000	Orchard land and improvements $'000	Buildings $'000	Bearer plants $'000	Glasshouses $'000	Motor vehicles $'000	Plant and equipment and hire containers $'000	Work in progress $'000	**Total $'000**
At 31 December 2015									
Cost or valuation	69,491	55,759	157,153	25,186	27,845	6,351	224,515	15,825	582,125
Accumulated depreciation and impairment	(198)	(455)	(5,196)	(2,227)	(8,044)	(3,956)	(160,654)	-	(180,730)
Net carrying amounts	69,293	55,304	151,957	22,959	19,801	2,395	63,861	15,825	401,395
Year ended 31 December 2016									
Opening net carrying amounts	**69,293**	**55,304**	**151,957**	**22,959**	**19,801**	**2,395**	**63,861**	**15,825**	**401,395**
Additions and transfers	**925**	**478**	**566**	**1,262**	**4**	**530**	**14,847**	**12,409**	**31,021**
Depreciation	**(860)**	**(413)**	**(5,639)**	**(1,361)**	**(1,252)**	**(541)**	**(9,904)**	**-**	**(19,970)**
Impairment through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**(254)**	**-**	**(254)**
Disposals	**(2,658)**	**(528)**	**(5,233)**	**(824)**	**-**	**(14)**	**(8,921)**	**(136)**	**(18,314)**
Foreign exchange movements	**(12)**	**-**	**(18)**	**-**	**-**	**(14)**	**36**	**104**	**96**
Closing net carrying amounts	**66,688**	**54,841**	**141,633**	**22,036**	**18,553**	**2,356**	**59,665**	**28,202**	**393,974**
At 31 December 2016									
Cost or valuation	**67,745**	**55,697**	**152,281**	**25,495**	**27,850**	**6,626**	**207,651**	**28,202**	**571,547**
Accumulated depreciation and impairment	**(1,057)**	**(856)**	**(10,648)**	**(3,459)**	**(9,297)**	**(4,270)**	**(147,986)**	**-**	**(177,573)**
Net carrying amounts	**66,688**	**54,841**	**141,633**	**22,036**	**18,553**	**2,356**	**59,665**	**28,202**	**393,974**

Leased assets

'Glasshouses' and 'Plant and equipment and hire containers' asset classes include the following amounts where the Group is a lessee under a finance lease:

	2016 $'000	2015 $'000
Cost of capitalised finance leases	**3,114**	3,114
Accumulated depreciation	**(2,080)**	(1,569)
Carrying amount	**1,034**	1,545

The Group leases glasshouses and other sundry equipment under non-cancellable finance lease agreements. The lease terms are between three and six years, and ownership of the assets lies with the Group.

Revaluations

The methods and valuation techniques used for assessing the current market value of commercial land and improvements, orchard land and improvements, and buildings by external valuers are disclosed on the following page. Changes in the estimates and assumptions underlying the valuation approaches could have a material effect on the carrying amounts of the properties, with changes in value reflected either in other comprehensive income or through the income statement as appropriate in accordance with the Group's accounting policy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluations (continued)

The following table presents the valuers and valuation techniques of the most recent valuation of the Group's commercial land and improvements, and buildings. The last revaluation was carried out in December 2015.

Property	Valuer
Depreciation replacement cost approach	
657 Main Road, Riwaka, Motueka	Telfer Young
99 Swamp Road, Riwaka, Motueka	Telfer Young
83 Swamp Road, Riwaka, Motueka	Telfer Young
101 Motueka River West Bank Road, Brooklyn, Motueka	Telfer Young
Depreciation replacement cost / discounted cash flow / income capitalisation approach	
2-6 Monahan Road, Mt Wellington, Auckland	Telfer Young
29 Stuart Road, Pukekohe	Telfer Young
20 Mihaere Drive, Roslyn, Palmerston North	Telfer Young
39 Dakota Crescent, Wigram, Christchurch	Telfer Young
220 Fryatt Street, Dunedin Central, Dunedin	Telfer Young
484 Nayland Road, Stoke, Nelson	Telfer Young
490 Nayland Road, Stoke, Nelson	Telfer Young
Depreciation replacement cost / income capitalisation approach	
153 Waipapa Road, Kerikeri	Telfer Young
5125 Roxburgh-Ettrick Road, Ettrick, Roxburgh	Telfer Young
Depreciation replacement cost / market comparison approach	
153 Harrisville Road, Tuakau	Telfer Young
292 Harrisville Road, Buckland, Pukekohe	Telfer Young
Income capitalisation approach	
241 Evenden Road, Twyford, Hastings	Logan Stone
22-32 Whakatu Road, Whakatu, Hastings	Logan Stone
2 Anderson Road, Whakatu, Hastings	Logan Stone
Market comparison approach	
37 Goodall Road, Riwaka, Motueka	Telfer Young
655 Main Road, Riwaka, Motueka	Telfer Young
3800 Sint-Truiden, Belgium	Vangronsveld & Vranken

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluations (continued)
The following table presents the valuers and valuation techniques of the most recent valuation of the Group's orchard land and improvements. The last revaluation was carried out in December 2014.

Property	Valuer
Depreciation replacement cost / market comparison approach	
66 Trotter Road, Twyford, Hastings	Duke & Cooke
Ormond Road, Twyford, Hastings	Duke & Cooke
2 Anderson Road, Whakatu	Duke & Cooke
Raupare Road, Twyford, Hastings	Duke & Cooke
Kerikeri orchards, Kerikeri	Duke & Cooke
Apollo orchards, Heretaunga Plains, Hawke's Bay	Logan Stone

The principal valuation approaches used by the valuers during their valuations of commercial land and improvements, and buildings, in 2015 and the impact of a change in a significant unobservable valuation input are described below.

Principal valuation approach and description of approach	Relationships of unobservable inputs to fair value
Depreciation replacement cost approach This approach involves assessing the replacement cost of building and site improvements, adjusting this cost for depreciation and any obsolescence and the market value of land.	The higher the replacement cost after adjustments, the higher the fair value.
Discounted cash flow approach This approach is based on the future projection of rental income cash flows discounted back to their present value, with inputs which include:	
Discount rates with a range from 8.5% to 13.5%.	The higher the discount rate, the lower the fair value.
Terminal yield rates with a range from 8% to 12.5%.	The higher the terminal yield rate, the lower the fair value.
Investment horizon of 10 years.	The longer the investment horizon, the higher the fair value.
Rental growth estimated at between 0.1% to 12% per annum.	The higher the rental growth rate, the higher the fair value.
Income capitalisation approach This approach capitalises the actual contract and / or potential income at an appropriate market derived rate of return.	
Capitalisation rates applied range from 7.8% to 12.5%.	The higher the capitalisation rate, the lower the fair value.
Market comparison approach This approach analyses comparable sales evidence to a sale price per square metre of floor area and makes adjustment to these rates to reflect differences in the location, size and quality of the buildings, together with an adjustment for any market movement since the sales occurred.	The higher the sale price per square metre after adjustments, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings at historical cost
If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2016 $'000	2015 $'000
Commercial land and improvements		
Cost	**36,201**	36,874
Accumulated depreciation and impairment	**(5,300)**	(4,655)
Net carrying amount	**30,901**	32,219
Orchard land and improvements		
Cost	**71,332**	71,134
Accumulated depreciation and impairment	**(19,484)**	(19,097)
Net carrying amount	**51,848**	52,037
Buildings		
Cost	**138,037**	140,560
Accumulated depreciation and impairment	**(44,762)**	(41,572)
Net carrying amount	**93,275**	98,988

Fair value measurement

Techniques applied by the Group which are used to value certain classes of property, plant and equipment are considered to be **level 3** in the fair value hierarchy. Inputs are not based on observable market data (that is, unobservable inputs). There have been no transfers between levels during the year.

The following values represent fair value at the time of valuation, plus additions and less disposals and accumulated depreciation, since the date of valuations. Management have assessed that these values represent fair value.

	2016 $'000	2015 $'000
Commercial land and improvements	**66,688**	69,293
Orchard land and improvements	**54,841**	55,304
Coolstores	**73,851**	76,578
Packhouses	**2,808**	2,921
Orchard buildings	**4,172**	4,330
Processing plant	**7,660**	8,085
Commercial buildings	**53,142**	60,043
Total	**263,162**	276,554

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. INTANGIBLE ASSETS

Intangible assets, except for goodwill, that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Software, licences and capitalised costs of developing systems are recorded as intangible assets, unless they are directly related to a specific item of hardware and recorded as property, plant and equipment, and are amortised over a period of three to eight years.

Acquired brands are amortised over their anticipated useful lives of 10 to 25 years where they have a finite life.

Goodwill is recorded at cost less any accumulated impairment losses. Goodwill and any other intangible assets with indefinite useful lives are tested for impairment at each reporting date.

	Goodwill $'000	Software $'000	Plant variety rights $'000	Other intangibles $'000	**Total $'000**
At 1 January 2015					
Cost	6,250	18,657	3,749	557	29,213
Accumulated amortisation	-	(13,608)	(3,668)	(398)	(17,674)
Net carrying amounts	6,250	5,049	81	159	11,539
Year ended 31 December 2015					
Opening carrying amounts	6,250	5,049	81	159	11,539
Additions	-	592	11	337	940
Additions through business acquisition	9,695	-	-	5,505	15,200
Amortisation	-	(1,199)	(1)	(111)	(1,311)
Disposals	(200)	-	-	(50)	(250)
Impairment through profit or loss	(777)	-	-	-	(777)
Foreign exchange movements	39	6	-	(233)	(188)
Net carrying amounts	15,007	4,448	91	5,607	25,153
At 31 December 2015					
Cost	15,007	19,274	3,760	6,046	44,087
Accumulated amortisation	-	(14,826)	(3,669)	(439)	(18,934)
Net carrying amounts	15,007	4,448	91	5,607	25,153
Year ended 31 December 2016					
Opening carrying amounts	**15,007**	**4,448**	**91**	**5,607**	**25,153**
Additions	**-**	**2,774**	**166**	**84**	**3,024**
Amortisation	**-**	**(1,093)**	**(1)**	**(232)**	**(1,326)**
Disposals	**-**	**(135)**	**-**	**-**	**(135)**
Foreign exchange movements	**(149)**	**(92)**	**-**	**(140)**	**(381)**
Net carrying amounts	**14,858**	**5,902**	**256**	**5,319**	**26,335**
At 31 December 2016					
Cost	**14,858**	**20,892**	**3,926**	**5,978**	**45,654**
Accumulated amortisation	**-**	**(14,990)**	**(3,670)**	**(659)**	**(19,319)**
Net carrying amounts	**14,858**	**5,902**	**256**	**5,319**	**26,335**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

The discount rate used for the purposes of goodwill impairment testing is based on a calculated weighted average cost of capital adjusted for risks specific to the cash-generating units. The weighted average cost of capital is based on the cost of debt and cost of equity weighted accordingly between the relative percentages of debt and equity. The cost of debt is the actual cost of debt and the cost of equity is calculated using the capital asset pricing model.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as to future profitability of the relevant cash-generating units to which goodwill has been allocated and the choice of a suitable discount rate in order to calculate the present value of those cash flows.

The calculation uses cash flow projections based on budgets approved by management to December 2017, and a discount rate of 10.3% (2015: 10.8%) which approximates the Group's weighted average cost of capital. Cash flows beyond December 2017 have been extrapolated using a steady growth rate of 1.5% (2015: 0.9%).

The calculations support the carrying amount of recorded goodwill. Management believes that any reasonable change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount.

Goodwill held by the Group relates to acquisitions of the Status Produce Group (including cash-generating units of Status Produce Limited and Great Lake Tomatoes Limited) and the Delica Group (including cash-generating units of Delica Limited, Delica Australia Pty Limited, Delica North America, Inc. and T&G Vizzarri Farms Pty Limited).

The Group's goodwill balance comprises of 54% allocated to the Status Produce Group (2015: 53%) and 46% allocated to the Delica Group (2015: 47%).

18. INVESTMENTS IN JOINT VENTURES

Under the equity method, an investment in a joint venture is initially recognised in the balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

Investments in joint ventures are assessed for indicators of impairment at each reporting date.

Set out below are the joint ventures of the Group as at 31 December 2016. The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group.

The Group's investments in joint ventures in 2016 and 2015 are:

Name of entity	Place of business and country of incorporation	Ownership interest (%) 2016	2015	Principal activity
Apollo Foods Limited	New Zealand	**-** (1)	50	Fruit beverage operations
Wawata General Partner Limited	New Zealand	**50**	50	Horticulture operations
Worldwide Fruit Limited	United Kingdom	**50**	50	Fruit marketing

The balance date of Worldwide Fruit Limited is 30 June which is adopted by the joint venture to align its results to its business cycle. The Group's remaining joint venture, Wawata General Partner Limited, has a balance date of 31 December.

For the purposes of applying the equity method of accounting, management accounts of the companies for the period ended 31 December 2016 have been used, adjusted for differences in accounting policies between the Group and the joint ventures.

(1) On 6 September 2016, the Group sold its 50% ownership in Apollo Foods Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information for material joint venture
Set out below is the summarised financial information for Worldwide Fruit Limited, the joint venture considered to be material to the Group during the period.

Worldwide Fruit Limited

	2016 $'000	2015 $'000
Summarised financial information		
Balance sheet		
Current assets	**26,536**	31,678
Current liabilities	**(26,051)**	(30,065)
Non-current assets	**14,302**	17,743
Non-current liabilities	**(4,947)**	(7,236)
Net assets	**9,840**	12,120
Cash and cash equivalents	**2,094**	3,498
Non-current financial liabilities excluding trade and other payables and provisions	**(4,947)**	(7,236)
Income statement		
Revenue	**246,675**	248,839
Depreciation and amortisation expenses	**(1,202)**	(1,452)
Interest expense	**(203)**	(219)
Income tax expense	**(1,009)**	(1,380)
Profit after tax and comprehensive income	**3,936**	4,542
Group's share of carrying amount	**4,920**	6,060
Group's share of profit from continuing operations	**1,968**	2,271
Dividends received from joint venture	**2,460**	414

The Group's share of profit and the carrying amounts of the Group's interest in all joint ventures are presented below:

	2016 $'000	2015 $'000
Group's share of profit and comprehensive income of joint ventures		
Worldwide Fruit Limited	**1,968**	2,271
Other	**897**	1,563
Total	**2,865**	3,834
Carrying amount of the Group's interest in joint ventures		
Worldwide Fruit Limited	**4,920**	6,060
Other	**4,585**	4,726
Total	**9,505**	10,786

Transactions with joint ventures of the Group
The Group has entered into the following transactions with its joint ventures during the year:

	2016 $'000	2015 $'000
Sale of pipfruit exported by the Group	**24,038**	31,572
Purchase of pipfruit from joint ventures	**296**	96
Provision of services by the Group	**1,653**	1,205
Receivables from joint ventures	**507**	949
Dividends from joint ventures received by the Group	**3,159**	698

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. INVESTMENTS IN ASSOCIATES

Under the equity method, an investment in an associate is initially recognised in the balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Investments in associates are assessed for indicators of impairment at each reporting date.

Set out below are the associates of the Group as at 31 December 2016. The associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

The Group's investments in associates in 2016 and 2015 are:

Name of entity	Place of business and country of incorporation	Ownership interest (%) 2016	Ownership interest (%) 2015	Principal activity
Allen Blair Properties Limited	New Zealand	**33**	33	Property investment
David Oppenheimer & Company I, L.L.C [(1)]	United States of America	**15**	15	Produce wholesale distributors
David Oppenheimer Transport Inc. [(1)]	United States of America	**15**	15	Transport
Fresh Vegetable Packers Limited	New Zealand	**-** [(2)]	41	Horticultural operations
McKay Shipping Limited	New Zealand	**25**	25	Transport
Mystery Creek Asparagus Limited [(1)]	New Zealand	**15**	15	Horticultural operations
N.Z. Kumara Distributors Limited	New Zealand	**20**	20	Horticultural operations

Allen Blair Properties Limited and Mystery Creek Asparagus Limited have a balance date of 31 March and N.Z. Kumara Distributors Limited has a balance date of 31 January. These were the reporting dates established when these companies were incorporated and it is impractical for these companies to change their balance dates. The remaining associates of the Group have a balance date of 31 December.

For the purposes of applying the equity method of accounting, management accounts of the companies for the period ended 31 December 2016 have been used, adjusted for differences in accounting policies between the Group and the associates.

[(1)] Although the Group holds less than 20% of the ownership of these entities, a member of the Group's management sits on the Board of Directors of these entities, and transactions between these entities and the Group are significant to their operations. Therefore, the Group is deemed to have significant influence over these entities and accounts for them as associates of the Group.

[(2)] During 2016, Fresh Vegetable Packers Limited ceased trading and on 22 December 2016, the Company was liquidated with a final dividend paid to the Group.

Summarised financial information for material associate
Set out on the following page is the summarised financial information for David Oppenheimer & Company I, L.L.C., the associate considered to be material to the Group for the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. INVESTMENTS IN ASSOCIATES (CONTINUED)

David Oppenheimer & Company I, L.L.C.

	2016 $'000	2015 $'000
Summarised financial information		
Balance sheet		
Current assets	**119,397**	108,072
Current liabilities	**(108,023)**	(100,832)
Non-current assets	**552**	482
Net assets	**11,926**	7,722
Cash and cash equivalents	**7,614**	7,555
Income statement		
Revenue	**834,791**	740,609
Depreciation and amortisation expenses	**(252)**	(147)
Interest expense	**(360)**	(651)
Profit after tax and comprehensive income	**11,020**	7,584
Group's share of carrying amount		
Interest in associate	**1,789**	1,158
Other adjustment	**1,027**	968
Group's share of carrying amount	**2,816**	2,126
Group's share of profit from continuing operations	**1,653**	1,138
Dividend received from associate	**914**	972

The Group's share of profit and the carrying amounts of the Group's interest in all associates are presented below:

	2016 $'000	2015 $'000
Group's share of profit and comprehensive income of associates		
David Oppenheimer & Company I, L.L.C.	**1,653**	1,138
Other	**3,080**	1,434
Total	**4,733**	2,572
Carrying amount of the Group's interest in associates		
David Oppenheimer & Company I, L.L.C.	**2,816**	2,126
Other	**8,695**	7,789
Total	**11,511**	9,915

Transactions with associates of the Group

The Group has entered into the following transactions with its associates during the year:

	2016 $'000	2015 $'000
Sale of pipfruit exported by the Group	**52,301**	41,609
Purchase of pipfruit from associates	**23,730**	30,731
Provision of services to the Group	**153**	422
Receivables from associates - current	**534**	6,208
Receivables from associates - non-current	**252**	431
Payables to associates	**9,754**	12,642
Dividends from associates received by the Group	**3,069**	1,617

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and then subsequently measured at amortised cost.

	Notes	2016 $'000	2015 $'000
Current			
Trade payables		**56,905**	46,353
GST and other taxes		**-**	1,162
Employee entitlements		**11,166**	11,751
Accrued expenses		**19,839**	19,804
Owing to associates	19	**9,754**	12,642
Owing to Ultimate Parent's subsidiary	28	**38**	-
Deferred payments to related parties	28	**3,445**	1,922
Crate return liability		**-**	13,901
Total		**101,147**	107,535
Non-current			
Deferred payments		**2,828**	3,243
Deferred payments to related parties	28	**1,023**	2,021
Total		**3,851**	5,264

21. LOANS AND BORROWINGS

Borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method.

Borrowing costs are recognised in the income statement using the amortised cost method.

	2016 $'000	2015 $'000
Current		
Secured borrowings	**5,000**	6,506
Unsecured borrowings	**150**	6
Finance lease liabilities	**353**	528
Total	**5,503**	7,040
Non-current		
Secured borrowings	**144,000**	163,040
Unsecured borrowings	**-**	181
Finance lease liabilities	**564**	754
Total	**144,564**	163,975

Interest rates

As at 31 December 2016 the weighted average interest rate on the secured borrowings is 3.3% (2015: 3.8%), fixed for periods up to three months.

	2016 $'000	2015 $'000
Secured and unsecured borrowings repayment schedule		
Within one year	**5,150**	6,512
Between one and two years	**-**	163,156
Between two and five years	**144,000**	65
Total	**149,150**	169,733

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. LOANS AND BORROWINGS (CONTINUED)

Security and bank facilities

As at 31 December 2016 the Group had a term debt facility from the Bank of New Zealand, HSBC, Rabobank and Westpac New Zealand amounting to $210.0 million (2015: $190.0 million). The seasonal facility is renewed annually and is not drawn as at 31 December 2016. These facilities are secured by a guarantee from the Ultimate Parent.

The banking facilities for the 2017 year are as follows:

	Amount $'000	Expiry date
Term debt facility	**200,000**	January 2019
Seasonal facility	**90,000**	November 2017
Money market facility	**40,000**	January 2019
Overdraft facility	**3,000**	Uncommitted
Australian dollar overdraft facility - NZD equivalent	**3,214**	Uncommitted

Gross finance lease liabilities – minimum lease payments

	2016 $'000	2015 $'000
Within one year	**381**	576
Between one and five years	**581**	761
	962	1,337
Future finance charges on finance leases	**(45)**	(55)
Present value of finance lease liabilities	**917**	1,282
The present value of finance lease liabilities is as follows:		
Within one year	**353**	528
Between one and five years	**564**	754
Total	**917**	1,282

22. CAPITAL AND RESERVES

Share capital

	2016 shares	2015 shares	2016 $'000	2015 $'000
Balance at 31 December	**122,543,204**	119,803,316	**176,357**	170,317

As at 31 December 2016, the authorised share capital comprised 122,543,204 ordinary shares (2015: 119,803,316 ordinary shares). All shares on issue are fully paid and have no par value.

All ordinary shares rank equally with one vote attached to each fully paid ordinary share. There are no other classes of shares issued.

A dividend was paid on 3 June 2016 (refer to note 23). As part of a dividend reinvestment plan, shareholders could elect to receive fully paid bonus ordinary shares in lieu of some, or all, of their cash dividend. $6.0 million of the dividend payment was reinvested by shareholders (2015: $5.2 million reinvested). No other ordinary shares were issued during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. CAPITAL AND RESERVES (CONTINUED)

Revaluation and other reserves

	2016 $'000	2015 $'000
Asset revaluation reserve		
Balance at 1 January	**88,479**	61,920
Gain on revaluation of property, plant and equipment, gross of tax	**-**	34,729
Deferred tax effect on revaluation of property, plant and equipment	**-**	(8,170)
Transfer to retained earnings due to sale of property, plant and equipment	**(6,541)**	-
Deferred tax effect on sale of property, plant and equipment	**1,286**	-
Balance at 31 December	**83,224**	88,479
Foreign currency translation reserve		
Balance at 1 January	**(1,751)**	(4,389)
Exchange differences on translation of foreign operations, before non-controlling interests	**(3,039)**	2,638
Balance at 31 December	**(4,790)**	(1,751)
Cash flow hedge reserve		
Balance at 1 January	**(1,146)**	1,778
Movements in fair value	**11,861**	129
Reclassification of net change in fair value to income statement	**(7,111)**	(4,139)
Taxation on reserve movements	**(1,311)**	1,086
Balance at 31 December	**2,293**	(1,146)
Available-for-sale investment reserve		
Balance at 1 January	**158**	145
Gain on revaluation of available-for-sale investments	**404**	13
Balance at 31 December	**562**	158
Total	**81,289**	85,740

Asset revaluation reserve

The revaluation reserve relates to commercial land and improvements, orchard land and improvements, and buildings.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations into New Zealand dollars.

Cash flow hedge reserve

The cash flow hedge reserve accounts for the fair value movements of hedging instruments designated as cash flow hedges.

Available-for-sale investment reserve

The available-for-sale investment reserve accounts for the fair value movements of available-for-sale investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. DIVIDENDS

	2016 $'000	2015 $'000
Ordinary shares		
Dividend to shareholders	**7,188**	7,021
Dividends to non-controlling interests in Group subsidiaries	**550**	158
Total	**7,738**	7,179

On 3 June 2016, the Group paid a dividend of $0.06 per share (2015: $0.06 per share) to its shareholders, of which $1.15 million was paid in cash and $6.04 million was settled through new shares issued as part of a dividend reinvestment plan (2015: $1.85 million paid out in cash and $5.17 million settled through new shares as part of a dividend reinvestment plan).

24. COMMITMENTS

Capital commitments
As at 31 December, the Group is committed to the following capital expenditure:

	2016 $'000	2015 $'000
Property, plant and equipment	**5,543**	8,740
Intangible assets	**7**	250
Total	**5,550**	8,990

Operating leases

When the Group is the lessee
The Group leases certain property, plant and equipment. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term.

When the Group is the lessor
Rental revenue (net of any incentives given to lessees) is recognised as revenue on a straight-line basis over the lease term.

Assets leased to third parties under operating leases are included in 'Property, plant and equipment' on the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment.

Operating leases payable
Operating leases held over properties give the Group the right, in most cases, to renew the lease subject to a redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of operating plant and equipment.

The following amounts have been committed to by the Group, but are not recognised in the financial statements:

	2016 $'000	2015 $'000
Within one year	**14,767**	16,027
One to two years	**12,662**	13,885
Two to five years	**24,126**	23,686
Later than five years	**31,632**	29,042
Total	**83,187**	82,640

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. COMMITMENTS (CONTINUED)

Operating leases receivable
The following amounts are minimum committed lease payments receivable from tenants and sub-tenants, but are not recognised in the financial statements:

	2016 $'000	2015 $'000
Within one year	**1,940**	1,413
One to two years	**1,210**	1,261
Two to five years	**2,141**	1,699
Later than five years	**484**	771
Total	**5,775**	5,144

Operating leases receivable amounts are generated from the following properties:

	2016 $'000	2015 $'000
Commercial land and buildings		
Cost or valuation at 31 December	**13,943**	12,150
Accumulated depreciation	**(314)**	(28)
Carrying amounts	**13,629**	12,122
Depreciation charged during the year	**277**	165

All properties, including those leased to third parties, are revalued on a cyclical basis (refer to note 16). This results in accumulated depreciation up to the date of revaluation being reversed and subsequently the asset is depreciated on the revalued amount from the date of revaluation.

The properties leased to third parties are still part occupied by the Group. The proportion leased externally has been estimated based on land area occupied by third party tenants and this estimation method has been applied consistently across all leased properties.

25. CONTINGENCIES

The Group has the following guarantees:

	2016 $'000	2015 $'000
Bonds and sundry facilities	**80**	80
Guarantees of bank facilities for associated companies	**3,236**	3,295
Total	**3,316**	3,375

During 2015, the Group received a statement of claim from a grower regarding materials supplied by the Group. The Group continues to defend this claim.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT

The Group is subject to a number of financial risks which arise as a result of its activities, including importing, exporting and domestic trading. Treasury activities are performed by a central treasury function and the use of derivative financial instruments is governed by the Group's policies approved by the Board. The Group does not engage in speculative transactions.

Market risk

(i) Foreign exchange risk
The Group operates internationally and has exposure to foreign currency risk as a result of transactions denominated in foreign currencies from normal trading activities. Major trading currencies include the Australian dollar, United States dollar, Euro, Japanese yen and British pounds.

At year end, the Group had foreign exchange exposures relating to cash, debtors and creditors.

Foreign exchange risk is identified by detailed cash flow forecasting, in conjunction with the allocation of produce to the various markets.

The Group uses forward foreign exchange contracts and currency options to manage these exposures. As at 31 December 2016, the Group held foreign exchange contracts and currency options with a contract value of $279.2 million (2015: $176.0 million).

Exchange rate sensitivity
Reasonable fluctuations in foreign exchange rates were determined based on a review of the last two years' historical movements. A movement of plus or minus 7% has therefore been applied to the exchange rates to demonstrate the sensitivity to foreign currency risk of the Group.

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date. The impact of a plus or minus 7% foreign exchange movement on all trading currencies against New Zealand dollars, with all other variables held constant, is illustrated below:

	-7%		+7%	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Pre-tax (profit) / loss	**(669)**	(1,006)	**616**	1,107
Equity	**(9,123)**	(902)	**7,683**	519

(ii) Interest risk
The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

Interest rate risk is identified by forecasting cash flow requirements, short-term through to long-term. Short-term seasonal funding is provided by a syndicate of three banks. These funding arrangements are negotiated at the start of each season, on behalf of pipfruit growers who bear the interest cost.

The Group has floating rate borrowings used to fund ongoing activities, which are repriced at the option of the borrower on roll-over dates.

As at 31 December 2016, $149.0 million of interest bearing loans are subject to interest rate repricing in less than six months (2015: $169.7 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(ii) Interest risk (continued)
The table below highlights the weighted average interest rate and the currency profile of interest bearing loans and borrowings:

	2016		2015	
	Weighted average interest rate	**Loans and borrowings $'000**	Weighted average interest rate	Loans and borrowings $'000
Australian dollars	**8%**	**28**	10%	151
New Zealand dollars	**3%**	**149,963**	4%	170,864
United States dollars	**4%**	**76**	-	-
Total		**150,067**		171,015

Interest rate derivatives
The Group's treasury policy allows up to 100% (2015: 100%) of forecasted core debt to be fixed via interest rate derivatives to protect the Group from exposure to fluctuations in interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 83% (2015: 74%) of the principal outstanding. The fixed interest rates average 3.8% (2015: 3.8%). The variable rates are set at the BBR 90 day settlement rate, which at balance date was 2.2% (2015: 2.8%). The contracts require settlement of net interest receivable or payable each 90 days as appropriate, and are settled on a net basis. As at 31 December 2016 the Group held swaps with a contract value of $130.0 million (2015: $120.0 million).

Interest rate sensitivity
At year end all loans are at fixed rates for defined periods of up to six months, after which interest rates will be reset. Additionally, the Group has overnight deposits that are subject to fluctuations of interest rates. If the Group's year end loan and deposit balances had remained the same throughout the year and interest rates moved by 1%, then the impact would be a $1.5 million gain or loss on pre-tax profits (2015: $1.7 million).

A 1% sensitivity has been used as this is what management estimates is a likely interest rate movement for the year.

(iii) Price / commodity risk
The Group does not trade in commodity instruments and therefore is not exposed to commodity price risk.

Credit risk

In the normal course of business, the Group is exposed to counterparty credit risks. The maximum exposure to credit risk at 31 December 2016 is equal to the carrying value for cash and cash equivalents, trade and other receivables and derivative financial instruments. Credit risk is managed by restricting the amount of cash and derivative financial instruments which can be placed with any one institution and these institutions are all New Zealand registered banks with at least a Standard & Poor's rating of A.

Due to the nature and dispersion of the Group's customers and growers, the Group's concentration of credit risk is not considered significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Group manages liquidity risk by continuously monitoring cash flows and forecasts and matching maturity profiles of financial assets and liabilities. The Group also maintains adequate headroom on its loan facilities.

Policies are established to ensure all obligations are met within a timely and cost effective manner.

The following table analyses the Group's financial liabilities into relevant contractual maturity groupings based on the remaining period at the reporting date to the contractual maturity date. For the purpose of this table, it is assumed that year end interest rates applicable to the term loan will apply through to expiry of the term loan facility, even though the Group has the option to repay the loan prior to its expiry date.

The amounts disclosed below are contractual undiscounted cash flows at reporting date:

	Carrying amount $'000	Less than six months $'000	Between six months and one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000	Total $'000
Financial liabilities							
2016							
Borrowings	**149,150**	**7,390**	**2,390**	**4,780**	**144,163**	**-**	**158,723**
Trade and other payables (excluding employee entitlements and taxes)	**93,832**	**89,981**	**-**	**3,385**	**645**	**-**	**94,011**
Derivative financial instruments - cash flow hedges:	**6,356**						
Inflows		**(24,551)**	**(73,681)**	**(66,538)**	**(7,640)**	**(12,365)**	**(184,775)**
Outflows		**25,845**	**75,869**	**69,295**	**10,357**	**12,639**	**194,005**
Derivative financial instruments - fair value through profit or loss:	**51**						
Inflows		**(1,709)**	**-**	**-**	**-**	**-**	**(1,709)**
Outflows		**1,762**	**-**	**-**	**-**	**-**	**1,762**
Finance lease liabilities	**917**	**191**	**190**	**381**	**200**	**-**	**962**
Financial guarantees	**3,316**	**3,316**	**-**	**-**	**-**	**-**	**3,316**
Total	**253,622**	**102,225**	**4,768**	**11,303**	**147,725**	**274**	**266,295**
2015							
Borrowings	169,733	9,618	3,112	163,519	150	-	176,399
Trade and other payables (excluding employee entitlements and taxes)	99,886	94,764	-	5,637	-	-	100,401
Derivative financial instruments - cash flow hedges:	7,144						
Inflows		(15,609)	(25,827)	(13,781)	(9,239)	(1,317)	(65,773)
Outflows		16,875	27,908	15,531	11,315	1,696	73,325
Derivative financial instruments - fair value through profit or loss:	57						
Inflows		(1,418)	-	-	-	-	(1,418)
Outflows		1,475	-	-	-	-	1,475
Finance lease liabilities	1,282	326	250	322	439	-	1,337
Financial guarantees	3,375	3,375	-	-	-	-	3,375
Total	281,477	109,406	5,443	171,228	2,665	379	289,121

For cash flow hedges, the impact on the profit and loss is expected to occur at the same time as the cash flows occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management

The main objective of capital risk management is to ensure the Group operates as a going concern, meeting debts as they fall due, maintaining the best possible capital structure and reducing the cost of capital. Group capital consists of share capital, other reserves and retained earnings. To maintain or alter the capital structure the Group has the ability to review the size of dividends paid to shareholders, return capital or issue new shares, reduce or increase debt, or sell assets.

There are a number of externally imposed bank financial covenants required as part of seasonal and term debt facilities. These covenants are calculated monthly and reported to the banks on a monthly and quarterly basis.

The key covenants are as follows:

Financial covenant	Requirement imposed
Contingent liabilities	Contingent liabilities of the Group shall not at any time exceed 5% of total tangible assets of the Group.
Debt to debt and equity	The debt to debt and equity percentage shall not exceed the specified percentage as at the end of each month. This percentage ranges from 45% to 55%.
Tangible net worth	The tangible net worth of the Group shall not be less than $250 million.
Seasonal facility stock and debtors	Seasonal facility stock and debtors of the Group shall at all times be equal to or exceed the specified percentage as at the end of each month. This percentage ranges from 1.1:1 to 1.25:1.
Total net worth	The total net worth of the Ultimate Parent shall not at any time be less than EUR 750 million.

In addition, the Group also makes the following undertakings:

- At all times, the tangible assets of the Group entities that form part of the guaranteeing group shall not be less than 90% of the total tangible assets of the whole Group.
- At all times, the total earnings before interest and tax (EBIT as defined within the banking agreement) of the Group entities that form part of the guaranteeing group shall not be less than 80% of the total EBIT of the Group.

Seasonality

Due to the seasonal nature of the business the risk profile at year end is not representative of all risks faced during the year. Seasonality causes large fluctuations in the size of borrowings and debtors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instruments by category

The classification of the Group's financial assets and liabilities depends on the purpose for which the assets were acquired or liabilities were incurred. Management determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date.

Financial assets classed as loans and receivables and financial liabilities classed as measured at amortised cost are carried at amortised cost less any impairment. Loans and receivables includes cash and cash equivalents which comprises cash balances and call deposits . Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in current liabilities in the balance sheet and as a financial liability measured at amortised cost, unless there is a right of offset, and included as a component of cash and cash equivalents in the statement of cash flows.

Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value. Realised and unrealised gains arising from changes in fair value are included in the income statement.

Financial assets and financial liabilities classed as derivatives for hedging are recognised at fair value. The Group recognises the effective portion of changes in the fair value of derivative financial instruments that qualify as cash flow hedges in other comprehensive income. Gains or losses relating to the ineffective portion of a cash flow hedge are recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income, except for foreign exchange movements in monetary assets which are recognised in the income statement. When available-for-sale financial assets are sold, the accumulated fair value adjustments are included in the income statement as gains or losses.

Financial assets

	Loans and receivables $'000	Fair value through profit or loss $'000	Derivatives for hedging $'000	Available-for-sale $'000	**Total $'000**
2016					
Cash and cash equivalents	**17,064**	**-**	**-**	**-**	**17,064**
Trade and other receivables (excluding prepayments and taxes)	**102,482**	**-**	**-**	**-**	**102,482**
Available-for-sale financial assets	**-**	**-**	**-**	**928**	**928**
Derivative financial instruments	**-**	**29**	**9,478**	**-**	**9,507**
	119,546	**29**	**9,478**	**928**	**129,981**
2015					
Cash and cash equivalents	13,654	-	-	-	13,654
Trade and other receivables (excluding prepayments and taxes)	108,623	-	-	-	108,623
Available-for-sale financial assets	-	-	-	530	530
Derivative financial instruments	-	-	5,810	-	5,810
	122,277	-	5,810	530	128,617

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instruments by category (continued)

Financial liabilities

	Measured at amortised cost $'000	Fair value through profit or loss $'000	Derivatives for hedging $'000	**Total $'000**
2016				
Borrowings	**149,150**	**-**	**-**	**149,150**
Trade and other payables (excluding employee entitlements and taxes)	**93,832**	**-**	**-**	**93,832**
Finance lease liabilities	**917**	**-**	**-**	**917**
Derivative financial instruments	**-**	**51**	**6,356**	**6,407**
	243,899	**51**	**6,356**	**250,306**
2015				
Borrowings	169,733	-	-	169,733
Trade and other payables (excluding employee entitlements and taxes)	99,886	-	-	99,886
Finance lease liabilities	1,282	-	-	1,282
Derivative financial instruments	-	57	7,144	7,201
	270,901	57	7,144	278,102

Fair value measurement

Techniques applied by the Group which use methods and assumptions to estimate the fair value of financial assets and liabilities are considered to be **level 2** in the fair value hierarchy. Inputs other than quoted prices included within level 1 of the fair value hierarchy are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). There have been no transfers between levels during the year.

For both 2015 and 2016 financial years, the estimated fair values of all the Group's other financial assets and liabilities approximate their carrying values.

27. EARNINGS PER SHARE

The earnings used to calculate basic and diluted earnings per share is net profit after tax attributable to equity holders of the Parent of $30.5 million (2015: $18.1 million).

The weighted average number of shares used to calculate basic and diluted earnings per share is 121,390,355 shares (2015: 117,240,092 shares).

The basic and diluted earnings per share is 25.1 cents (2015: 15.4 cents).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RELATED PARTY TRANSACTIONS

Transactions with joint ventures and associates
The Group has related party transactions with its joint ventures and associates. The details of the transactions are contained in notes 18 and 19 respectively.

Transactions with the Ultimate Parent
The Group has related party transactions with the Ultimate Parent as follows:

	2016 $'000	2015 $'000
Sale of produce by the Group	**-**	30
Provision of services by the Group	**181**	-
Receivable by the Group as at 31 December	**181**	-

Transactions with the Ultimate Parent's subsidiaries and associates
The Group has related party transactions with R.I. Solution GmbH, a wholly-owned subsidiary of the Ultimate Parent, and the transactions with this subsidiary are detailed as follows:

	2016 $'000	2015 $'000
Provision of services to the Group	**(1,047)**	(487)
Payable by the Group as at 31 December	**(38)**	-

The Group also has related party transactions with Obst vom Bodensee Vertriebsgesellschaft m.b.H., an associate of the Ultimate Parent, and the transactions with this associate are detailed as follows:

	2016 $'000	2015 $'000
Sale of produce by the Group	**3,621**	5,142
Provision of services to the Group	**(1,698)**	(1,399)
Receivable by the Group as at 31 December	**-**	141

Deferred payments to related parties
As part of the agreement to purchase the remaining shares in Delica Limited, the Group has a $2.1 million payable to the former directors and management of Delica Limited in the form of deferred consideration (2015: $3.9 million).

As part of the agreement to purchase the remaining shares in Delica North America, Inc., the Group has a $2.4 million payable to the former directors and management of Delica North America, Inc. in the form of deferred consideration. Refer to note 15 for further information.

Total deferred payments due within 12 months is $3.4 million (2015: $1.9 million) and greater than 12 months is $1.0 million (2015: $2.0 million).

Key management personnel compensation

	2016 $'000	2015 $'000
Short-term employee benefits	**3,476**	3,501
Long-term employee benefits	**138**	392
Termination benefits	**-**	220
Directors' remuneration	**480**	498
Total	**4,094**	4,611

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. INVESTMENTS IN SUBSIDIARIES

Significant subsidiaries of the Group are listed below:

Name of entity	Principal activity	Place of business / country of incorporation	2016 %	2015 %
Apollo Apples (2014) Limited	Horticulture operations	New Zealand	**100**	100
Berryfruit New Zealand Limited	Horticulture operations	New Zealand	**100**	100
Delica Limited	Fruit export	New Zealand	**100**	100
Delica Australia Pty Limited	Fruit export	Australia	**100**	100
Delica Domestic Pty Limited	Fruit and produce wholesale distributor	Australia	**80**	80
Delica North America, Inc. (5)	Fruit export	United States of America	**100**	75
Delica (Shanghai) Fruit Trading Company Limited	In-market services and fruit import	China	**100**	100
ENZA Fresh, Inc.	Pipfruit promotion	United States of America	**100**	100
ENZA Investments USA, Inc.	Investment company	United States of America	**100**	100
ENZAFOODS New Zealand Limited	Manufacture of processed fruit and vegetable products	New Zealand	**100**	100
ENZAFRUIT New Zealand (CONTINENT)	Pipfruit marketing	Belgium	**100**	100
ENZAFRUIT New Zealand (U.K.) Limited	Investment company	United Kingdom	**100**	100
ENZAFRUIT New Zealand International Limited	Horticulture operations	New Zealand	**100**	100
ENZAFRUIT Peru S.A.C	Horticulture operations	Peru	**100**	100
ENZAFRUIT Products Inc.	Fruit variety development and propagation	United States of America	**100**	100
Fresh Food Exports 2011 Limited (2)	Fresh produce export	New Zealand	**-**	100
Fruit Distributors Limited	Investment company	New Zealand	**100**	100
Fruitmark NZ Limited	Processed foods broking	New Zealand	**100**	100
Fruitmark Pty Limited	Processed foods broking	Australia	**100**	100
Fruitmark USA Inc.	Processed foods broking	United States of America	**100**	100
Great Lake Tomatoes Limited	Horticulture operations	New Zealand	**100**	100
Rembrandt van Rijen Limited (3)	Horticulture operations	New Zealand	**-**	100
Rianto Limited (3)	Property holdings	New Zealand	**-**	100
Safer Food Technologies Limited	Investment company	New Zealand	**100**	100
Status Produce Limited	Horticulture operations	New Zealand	**100**	100
Status Produce Favona Road Limited	Leased property holding	New Zealand	**100**	100
T&G Fruitmark HK Limited (6)	Processed foods broking	Hong Kong	**100**	100
T&G Japan Limited (4)	Market services	Japan	**100**	-
T&G South East Asia Limited (1)	Fruit import and market services	Thailand	**100**	-
T&G Vizzarri Farms Pty Limited	Fruit and produce wholesale distributor	Australia	**50**	50
Taipa Water Supply Limited	Water supply	New Zealand	**65**	65
Turners & Growers (Fiji) Limited	Fresh produce export	Fiji	**70**	70
Turners & Growers Fresh Limited	Fresh produce wholesale distributor	New Zealand	**100**	100
Turners and Growers Horticulture Limited	Horticulture operations	New Zealand	**100**	100
Turners & Growers New Zealand Limited	Shared services company	New Zealand	**100**	100

The balance date of all subsidiaries is 31 December.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(1) On 31 March 2016, T&G South East Asia was incorporated. The entity is located in Bangkok, Thailand.

(2) On 29 April 2016, Fresh Food Exports 2011 Limited was amalgamated into Delica Limited.

(3) On 2 May 2016, Rembrandt van Rijen Limited and Rianto Limited were amalgamated into Status Produce Limited.

(4) On 12 August 2016, T&G Japan Limited was incorporated. The entity is located in Tokyo, Japan.

(5) On 14 October 2016, the Group acquired the remaining 25% of the issued shares from non-controlling interests of Delica North America Inc. Refer to note 15 for further information.

(6) On 23 December 2016, ENZAFRUIT (Hong Kong) Limited was renamed to T&G Fruitmark HK Limited.

30. EVENTS OCCURING AFTER THE BALANCE DATE

Consolidation of Worldwide Fruit Limited
At 31 December 2016, Worldwide Fruit Limited (Worldwide Fruit) was accounted for as a joint venture by the Group. On 2 January 2017, the shareholders' agreement of Worldwide Fruit was renegotiated. Upon renegotiation, ENZAFRUIT New Zealand (U.K.) Limited (ENZAFRUIT U.K.), a wholly-owned subsidiary of the Group, remained a 50% shareholder of Worldwide Fruit with the remaining 50% owned by Fruition PO Limited.

Due to the terms of the renegotiated shareholders' agreement, the Group considers Worldwide Fruit to be a subsidiary of ENZAFRUIT U.K. from 2 January 2017. The shareholders' agreement specifies that ENZAFRUIT U.K. has the right to approve Worldwide Fruit's annual business plan and annual budget, the right to approve the appointment of the Chief Executive Officer, and the right to appoint three out of six directors.

This satisfies the criteria set out in NZ IFRS 10 *Consolidated Financial Statements* around achieving control over an entity. Consequently, from 2 January 2017 Worldwide Fruit will be accounted for as a subsidiary.

The carrying value of the Group's equity interest in Worldwide Fruit immediately prior to the acquisition was $4.9 million. In the management accounts of Worldwide Fruit at 31 December 2016, the entity held assets of $40.8 million and liabilities of $31.0 million. The Group has not yet performed a fair valuation assessment of Worldwide Fruit's net assets.

If the acquisition had occurred on 1 January 2016, the acquired business would have contributed an additional $246.7 million to revenue and $2.0 million to profits attributable to non-controlling interests for the year ended 31 December 2016.

Final dividend announced
On 28 February 2017, the Board resolved to pay a final dividend to the shareholders of $0.06 per share.

There are no other events post balance date that would cause a material misstatement to the financial information presented in this report.

Deloitte.

Independent Auditor's Report to the Shareholders of T&G Global Limited

Opinion

We have audited the consolidated financial statements of T&G Global Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31 December 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 1 to 45, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor including the provision of audit related services, the provision of whistle blower hotline services, and administration of the corporate tax payer group of which the Group is a member, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined the quantitative materiality for our audit of the Group's financial statements as a whole to be $6.5 million.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Biological asset valuations – refer note 14 The Group's biological assets of $22.9 million represent produce including apples, blueberries, citrus fruit, kiwifruit, tomatoes and grapes, growing on bearer plants (e.g. trees and vines) at balance date. Biological assets are measured at fair value less estimated point-of-sale costs. This is calculated by the Group using discounted cash flow models. The valuation of biological assets is a key audit matter due to the subjective judgements and assumptions in the valuation models, many of which are specific to the location of the asset and therefore unobservable in the market. As disclosed in note 14 of the financial statements these unobservable inputs and assumptions include the forecast production per hectare per annum by weight, prices expected to be received, costs expected to be incurred and a discount rate reflecting the risks inherent in the crops. The discount rate takes into account the risk of unknown adverse events including natural events, the possible impact of diseases and other adverse factors that may impact on the quality, yield or price.	We held discussions with management to understand if there were changes in market or environmental conditions, or other risks inherent in the current crop valuations. Our audit procedures were focused on the higher value biological assets, or where in our professional judgement there is a greater level of uncertainty associated with the cash flow forecasts. We engaged a Deloitte valuation specialist to consider whether the valuation methods applied were reasonable. We compared the forecast production per hectare, forecast prices, and forecast costs to the approved budgets for the relevant fruit growing activities, and assessed the historical accuracy of the Group's forecasts. With input from our Deloitte valuation specialist we assessed the discount rates assumed in the model and understood changes from the prior year. We also performed sensitivity analysis to test the impact that a change in the discount rate has on the valuation of the biological assets. We checked the mechanical accuracy of the discounted cash flow models.

Other information

The directors are responsible for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:
https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

This description forms part of our auditor's report.

Restriction on use

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

Deloitte Limited

Peter Gulliver
Partner for Deloitte Limited
Auckland, New Zealand
28 February 2017