T&G
A BayWa Company

ANNUAL REPORT
DECEMBER 2016

Primed for Growth

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ANNUAL MEETING

Tuesday 20 June 2017

Notice of the meeting will be sent to shareholders separately in due course.

ACKNOWLEDGEMENTS

The Board acknowledges the efforts and contribution of all staff towards a successful year and thanks each member of the team that delivered the improved operational performance.

DIRECTORS' STATEMENT

The Annual Report is dated 28 February 2017 and is signed on behalf of the Board by:

Prof. Klaus Josef Lutz
Chairman

Sir John Anderson
Deputy Chairman

T&G A BayWa Company

Primed for Growth

The word that stands out when describing 2016 for T&G Global is integration.

After several years of acquisitions, we've bedded in new structures and processes and are primed for growth both in New Zealand and worldwide.

We have the people, business structure and brands in place to further support the global communities in which we operate and provide a return for our stakeholders as we move towards our target of NZ$2 billion revenue by 2022.

Please consider the environment before printing.

T&G RESULTS

FINANCIAL YEAR 2016	2015
REVENUE	
$872m	**$813m**
OPERATING PROFIT	
$33.4m	**$30.2m**
PROFIT AFTER INCOME TAX	
$32.4m	**$19.5m**
NET ASSETS	
$347m	**$321m**
NET TANGIBLE ASSETS PER SHARE*	
$2.62	**$2.47**

* Total net assets less total intangible assets, divided by number of ordinary shares.

T&G Global's GM Covered Crops, Anthony Stone

BOARD OF DIRECTORS

Prof. Klaus Josef Lutz
Chairman & Non-independent Director

Director since
April 2012

Board committees
None

Prof. Klaus Josef Lutz has been the Chief Executive Officer of BayWa Aktiengesellschaft (BayWa) since July 2008. He began his career initially as a lawyer but soon assumed managerial positions in a number of different sectors which enabled him to gain extensive experience, above all in the restructuring and development of companies.

He is a member of the supervisory boards of a number of listed and private companies including Euro Pool System International B.V. (chairman), RWA Raiffeisen Ware Austria AG, Unser Lagerhaus Warenhandelsgesellschaft m.b.H. and Giesecke & Devrient GmbH (chairman).

In 2013, Prof. Lutz was appointed as an honorary professor of Managerial Economics of Co-operative Societies at the Technische Universität München.

Sir John Anderson KBE
Deputy Chairman & Independent Director

Director since
April 2012

Board committees
Member of the Finance, Risk and Investment Committee

An accountant by profession, Sir John Anderson built a highly successful career in banking and was knighted in 1994. He helped form the merchant bank Southpac in 1972 and by the time he retired in 2005, he was the CEO of ANZ National Bank.

Sir John Anderson is currently chairman of Steel & Tube Holdings, NPT Limited and NZME Limited. He was the former chairman of the NZ Venture Investment Fund, Television New Zealand and PGG Wrightson.

Christiane Bell
Non-independent Director

Director since
February 2014

Board committees
None

Christiane Bell is the current General Manager Fruit at BayWa and responsible for BayWa's fruit business. Mrs Bell has served as head of fruit, vegetables and baked goods at discounter Penny and as Sales Director Germany / Scandinavia with Dutch company The Greenery.

Mrs Bell is currently director of Obst vom Bodensee Vertriebsgesellschaft m.b.H. and TFC Holland B.V..

Carol Campbell
BCom, CA, ChMinstD
Independent Director

Director since
June 2010

Board committees
Chair of the Finance, Risk and Investment Committee, Member of the Human Resources Committee

Carol Campbell is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. Mrs Campbell is a director of The Business Advisory Group, a chartered accountancy practice, where she advises privately owned businesses. Prior to that, she was a partner at Ernst & Young for over 25 years. Mrs Campbell has extensive financial experience and a sound understanding of efficient board governance.

Mrs Campbell is a director of NZ Post Limited, Kiwibank Limited, Kingfish Limited, Marlin Global Limited, Barramundi Limited, NPT Limited, NZME Limited and a number of other companies, and is chair of Ronald McDonald House Charities in New Zealand.

Rob Campbell
BA (Hons First Class), MPhil (Economics)
Independent Director

Director since
October 2010

Chairman
April 2011 to March 2012

Board committees
Member of the Human Resources Committee

Rob Campbell has over 30 years' experience in investment management and corporate governance. He trained as an economist and has worked in a variety of capital market advisory and governance roles over a long period.

Mr Campbell is currently chairman of Summerset Group Holdings Limited and Tourism Holdings Limited, and a director of Precinct Properties as well as other substantial private companies based in Australia and New Zealand. In addition he is a director of, and advisor to, a number of hedge and private equity funds in a number of countries.

Andreas Helber
Non-independent Director

Director since
April 2012

Board committees
Member of the Finance, Risk and Investment Committee

Andreas Helber has been the Chief Financial Officer of BayWa since 2010 and began his career as a business graduate at KPMG in Munich. In 2000 Mr Helber joined BayWa as Head of Finance. He subsequently took over as manager of Investor Relations and was appointed Executive Manager in 2007 and then into his current role as CFO in 2010.

Mr Helber is a member of the supervisory boards of a number of listed and private companies including R+V Pensionsversicherung AG, RWA Raiffeisen Ware Austria AG, and Unser Lagerhaus Warenhandelsgesellschaft m.b.H..

John Wilson
B.Agr.Sc
Independent Director

Director since
April 2012

Board committees
Chairman of the Human Resources Committee

John Wilson is currently the Chairman of dairy co-operative Fonterra. He is a chartered member of the Institute of Directors in New Zealand and on the Executive Board of the New Zealand China Council.

Mr Wilson lives on his farm near Te Awamutu and jointly owns a dairy farming business based near Geraldine, South Canterbury.

CHAIRMAN'S REPORT

PROF. KLAUS JOSEF LUTZ
Chairman

The Board of Directors presents the Annual Report including the financial statements for T&G Global Limited and its subsidiary companies ("T&G Global") for the year ended 31 December 2016.

On behalf of the Board I am delighted to report another successful year for T&G Global due to its continued focus on the pursuit of its Strategy 2022 and mission statement.

The result is evident in the strong financial performance and the demonstrable improvement in so many aspects of T&G Global's business from its increasing focus on understanding the needs of its growers and customers through to the health and safety of its people.

Resilience through diversity

2016 has reminded us all of the need to be open to the challenge of unexpected change. Globally, both Brexit and the US election may require companies to adapt to a changing political and business environment with potential impact to free trade agreements or possible trade embargoes being particularly relevant to T&G Global. Thankfully one of our strengths is diversity of business which has given T&G Global the resilience to not only survive but also recognise such events as opportunities for further growth.

T&G Global now trades more than 100 different types of fruit and vegetables in over 60 countries. Our 1,500 employees from over 25 nationalities willingly meet the differing needs of our customers all around the world. This diversity, in its many forms, enabled T&G Global to deliver a strong 2016 result. Improvements in New Zealand wholesale markets helped absorb some of the negative impact of hail to pipfruit orchards in New Zealand and a strong performance in one international market has more than offset the impact of a weak season in another. Such a diverse portfolio of businesses has provided T&G Global with the combined strength and commonality of purpose that is vital to a strong "One T&G" culture and a sustainable future.

Sustainable future

To support the communities in which T&G Global operates and to satisfy the demands of our global consumers, it is imperative that T&G Global continues to invest in its operations and its customer relationships to ensure it is not only environmentally but also financially sustainable.

Since BayWa became a shareholder in March 2012, T&G Global has invested over $200 million in capital expenditure and projects which has grown the business and its workforce.

In 2016, T&G Global launched what is believed to be the world's first online ordering platform for wholesale customers. New offices were opened in Thailand and Japan, all of which brings us closer to customers and builds a stronger understanding of differing customer requirements.

T&G Global will continue to invest in significant capital projects, its network and its people to meet its Strategy 2022 targets.

I am also pleased to report that sustainability projects, which included waste reduction and biodiversity projects, have made good progress in 2016. T&G Global is well on its way to its energy reduction targets for 2017.

As we congratulate T&G Global employees around the globe on all they have achieved in 2016 and look towards the future, we are reminded of the importance of continuing to work closely with our growers, partners and customers to ensure we build a sustainable future for everyone.

CEO'S REPORT

ALASTAIR HULBERT
Chief Executive Officer, T&G Global

T&G Global first started trading in 1897. From humble beginnings, we have grown to be New Zealand's largest grower, marketer and exporter of fresh fruit and vegetables. In addition to our New Zealand base we have truly expanded internationally with growing enterprises and sales offices around the world.

We have 1,500 staff in offices across 12 countries providing us with a truly global footprint and in-market resources to support our customers and growers across the globe.

In 2016, T&G Global ranked among the top 10 responsibility leaders in a corporate reputation survey by Colmar Brunton for the first time. We are committed to further building our corporate reputation at an international level.

We are well positioned and primed for growth thanks to a continued focus on accountability, exemplary food safety and biosecurity processes. Our customers' needs are always to the fore when we grow, deliver and market the best quality produce around the world.

As I reflect on our past year, and those since 2012, the amount of change T&G Global has been through has been immense. That change includes a new ownership with our current owners BayWa investing significantly in our business and a new company identity and name followed by a year of stability as we embedded a new purpose, mission, mindset and strategic pillars throughout our business.

In 2015, we stepped up a gear as we went through a period of acquisitions and integration under the theme 'unity and growth'. The past year has been about consolidation and building on our foundation. We have done this with the support of our shareholders, growers, customers and people.

The end result is revenue has risen to $872 million from $813 million last year and our profit after income tax has lifted by $13 million to $32 million.

Our business is stable with a clearly charted course. We are on track to achieve our Strategy 2022 target of NZ$2 billion in sales revenue and are well positioned for continued growth both in New Zealand and our international markets.

We have the people, business structure and brands in place to allow us to further support the global communities in which we operate as well as provide a return for our stakeholders. We are placing an increasing focus on sustainability, fairness and diversity.

T&G Global is also focused on growing our key international markets including the United States where we have had a long association. To support this activity, on 3 March 2017, T&G Global increased its shareholding in David Oppenheimer & Company I., L.L.C. (Oppy) to 39.4% from 15.0%. At the same time Oppy announced it was taking a 50% shareholding in Delica North America, Inc. (T&G Global's North American export business). Our increased share in Oppy recognises the importance of the American market for our JAZZ™ and Envy™ apples and gives T&G Global greater access to additional American customers for our other key categories.

It's an honour to lead a business with such strong credentials and a 120 year long heritage. Thank you to everyone who has contributed to our result and supported T&G Global during the past year including our people, Executive team and our Board of Directors.

I look forward to sharing 2017 and our continued growth with you.

T&G GROUP FINANCIAL SUMMARY

HARALD HAMSTER
Chief Financial Officer

T&G Global is pleased to announce a profit after tax increase of 67% to $32.4 million for the year ended 31 December 2016.

The 2016 financial year was another year of growth for T&G Global with improvements in both operating profit and profit after tax from the 2015 financial year. This result has been achieved through a combination of solid performances from most of T&G Global's divisions and the strategic sale of T&G Global's crate hireage business, the Fruit Case Company (FCC).

Revenue and operating profit growth in 2016

The 2016 financial year saw continued strong pricing for New Zealand apples and a full year of trading from the tomato companies acquired towards the end of 2015. T&G Global also experienced strong growth in table grapes and asparagus out of Australia and North America. New kiwifruit sales in Southeast Asia through a memorandum of understanding with Zespri, and uplifts in business in the New Zealand, Australian and Fijian domestic markets also contributed to the result.

These factors contributed to T&G Global experiencing an increase in revenue of $59.0 million or 7%, a pleasing result given the strong revenue growth already experienced in 2015. The revenue gains were offset by approximately $7.5 million of lost revenue due to the sale of FCC.

T&G Global saw a corresponding increase in purchases, raw materials and consumable costs of $52.6 million or 9%, which offset some of the growth in revenue.

Total other operating costs increased by $10.7 million or 5%. Depreciation and amortisation expenses increased by $2.5 million due to a rise in T&G Global's asset base. This was a result of prior year business acquisitions and a higher depreciation base for the Group's properties caused by property revaluations carried out in the final quarter of 2015.

The Group continued to grow its presence globally with new trading offices in Thailand, Japan and Europe, and this growth contributed to an increase in employee costs. During 2016, employees of T&G Global saw inflationary adjustments in remuneration and received an incentive payment which recognised their contribution towards a good result in 2015. These factors contributed to employee costs increasing by $10.2 million or 9% from 2015.

T&G Global's operating profit for the 2016 financial year of $33.4 million is an increase of $3.2 million or 10% from last year. This increase is due mainly to operational improvements made in the Pipfruit and New Zealand Produce divisions, although this was offset by weaker performances in the International and Processed Foods divisions

The improvements in T&G Global's main operating divisions combined with the one-off gain from the sale of FCC saw profit after income tax improve to $32.4 million, a $13.0 million or 67% increase from 2015.

Steady growth in Pipfruit division

Since 2014, T&G Global has been embarking on a programme to expand its growing operations and the 2016 financial year saw the first impacts from this programme, with increases in volume that will continue over time as young trees mature to full production. The increases in volume of T&G Global's own-grown apples in 2016 more than compensated for the loss in volume of traded product due to adverse weather events in the Nelson region.

In the Northern Hemisphere, T&G Global's partner growers increased their harvested volumes of JAZZ™, Envy™, and Pacific Rose™ for domestic and export sales in North America and Europe, leading to higher royalty income in

2016 as T&G Global owns the plant variety rights (PVR) to these varieties.

Despite the continued pressure in the Continental European and United Kingdom markets from oversupply of apples, JAZZ™ has performed well in terms of volume and pricing, giving growers in these regions comfort to further invest in this variety. Envy™ has also started becoming more popular with new plantings in Italy and Spain which will support growth in this region as demand for Envy™ grows.

Sales into Asia have increased again in 2016 partly due to the newly established offices in Thailand and Japan, as well as further expansion through T&G Global's Chinese operation.

Overall, the division's operational result from last year has been driven by improved continuity of year-round supply and strong in-market pricing. Operating profit in the Pipfruit division increased to $32.5 million during 2016 from $32.0 million in the prior year. The average return to growers of T&G Global's apple varieties JAZZ™ and Envy™ improved this year to $30.3 and $49.0 per box respectively.

With Envy™ once again generating high returns, T&G Global's own orchards and its New Zealand partner growers achieved record earnings per hectare.

International Produce division held back by unexpected costs

2016 was a year of investment, success and growth for many parts of the International Produce division, with external revenue increasing by $45.2 million from 2015. Increased volumes and margins in global trading of table grapes, asparagus and blueberries saw revenue from Australian and North American exports reach new highs.

Further growth in New Zealand exports into Asia and the Pacific Islands as well as the import businesses into Australia and Fiji also contributed to the increase in revenue.

The default of a major customer and additional set-up costs for newly established overseas offices tempered the successes in 2016, resulting in a reduction in operating profit of the division to $2.2 million from $4.8 million in 2015. Despite this, the International Produce division is well positioned to recover in 2017.

New Zealand Produce division business success

In 2014, the New Zealand Produce division reported an operating loss of $0.1 million. Two years on, the division has returned an operating profit of $8.9 million. This improvement is the result of a new customer centric model that has helped regain market share for the wholesale markets, improve results for imports of tropical fruit, and drive T&G Global's Covered Crops business to achieving record profits.

Other highlights in 2016 for New Zealand Produce included positive profit contributions from T&G Global's maturing berryfruit operations, and operational changes at the transport business leading to a return to positive contributions.

The turnaround in New Zealand Produce has been particularly pleasing and through its customer centric focus, commitment to operational improvements, and organic business growth, the division has returned to its traditional role as the backbone of T&G Global.

Challenges at Processed Foods division

Processed Foods had a challenging year in 2016 having to contend with lower prices, competitive markets in Australia, unfavourable NZD to AUD exchange rates, and other market and processing issues. Apples available for processing were also down on prior year resulting in the processing plants operating below capacity. These factors left the division in a loss-making situation in 2016.

Fruitmark also suffered from competitive price pressures in the Australian market resulting in reduced margins. On a more positive note, Fruitmark established an American office in 2015, which should make a positive contribution in 2017.

Solid financial position

Total net assets for T&G Global as at 31 December 2016 have increased by $25.9 million from 31 December 2015 due mostly to a reduction in borrowings during the year. T&G Global's total borrowings decreased by $20.9 million with repayments towards the term debt facility accounting for most of this decrease.

This was offset by a reduction in total assets, mostly through property, plant and equipment which decreased by $7.4 million. This decrease was due to the sale of FCC and other asset disposals, as well as higher depreciation expenses. T&G Global's capital expenditure programme of $34.0 million was fully funded from normal operations.

Share capital has increased by $6.0 million in 2016 because of a dividend reinvestment plan that was concluded earlier in the year.

Due to a stronger net asset position, net tangible assets per share* increased from $2.47 per share to $2.62 per share. Earnings per share** also significantly improved from 15.4 cents per share in 2015 to 25.1 cents per share in 2016.

*Net tangible assets per share is defined as total net assets less intangible assets divided by number of shares issued at balance date.

** Earnings per share is net profit attributable to equity holders of the issuer divided by the weighted average number of shares for the year.

OUR HOUSE OF BRANDS

OUR BRANDS

Our most important assets, along with our people, are our brands linked to our intellectual property, key categories and business identity.

Each has a story to tell and enables us to connect and add value to our trade customers, growers and consumers.

The T&G Global business brand has operated in the produce industry for 120 years and is built on quality heritage and a passion for fresh produce.

Here at T&G Global, we work alongside some of the world's most passionate growers to deliver the highest quality fresh fruit and vegetables. We're flavoursome food lovers, constantly exploring sustainable growing practices for year-round freshness. All so we can provide a healthier lifestyle for people, and the planet we share.

Our consumer brands of JAZZ™, Envy™, Pacific Rose™ and Beekist™, are sold in over 70 countries around the world.

CONSUMER BRAND STORIES

JAZZ™. The Jazz sensation.
Day after day, in some of the world's most beautiful orchards, a unique apple is proudly grown by an enthusiastic group of passionate growers. The result is a natural work of art that's both sun-kissed and carefully nurtured. Because JAZZ™ apples are just apples. Right? Until you bite into it, that is.

For this is an apple that's a true taste sensation. An apple that zigs when others zag. And apple that's zingy, fresh, zesty – an invigorating flavour explosion that once bitten, is never forgotten.

Because the thing about traditional apples, is that they can sometimes be a bit...traditional. But this? This little wonder is an all-year-round, super-wholesome, one-way ticket to natural refreshment nirvana.

It's the ultimate convenience food that feels good, works wonders, and captures all the best bits of nature into a single snack.

jazzapple.com

Envy™. Bite & Believe.
Day after day, whether in blazing sun, pouring rain, biting cold, and blowing wind, our dedicated growers remain passionate about their Envy™ apples.

You see, the more we live the way we do, the more of us search for a little parcel of purity. A perfect piece of nature. A time when life was quieter and maybe a little gentler. And where an ingredients list wasn't 12 lines long.

Envy™ is the antidote.

It's an apple grown for our busy, modern lives. A pure and pristine apple that's a genuine work of orchard-growing genius. And one you can enjoy just about anywhere. With its extraordinary crunch and texture, refreshingly sweet palette and beautiful colours – it's nature's passport to a magical moment of indulgent time. Brought to you from the world's most caring growers.

envyapple.com

Pacific rose™

BEEKIST®
GROWN BY PEOPLE. POLLINATED BY BEES.

Pacific Rose™. Life is Rosy.
Life's full of surprises. But, just occasionally, it's good to know exactly what you're getting. And with a Pacific Rose™ apple, we almost guarantee it.

For starters, it looks naturally beautiful. Its gorgeous natural blush pink colour is both unique, and a fine example of a sun-kissed apple that's grown with genuine care, and all-year-round expertise.

But the real proof is in the eating. With its fragrant aroma, lush texture and satisfying crunch, your first bite reveals a taste and firmness that's as delightfully juicy as it is enduringly comforting. It's a natural apple sorbet; balanced, hydrating and light.

No surprises, then, that it's loved and admired as the perfect pick me up – just the way nature intended.

pacificroseapple.com

Beekist™. Grown by people, pollinated by bees.
Here at Beekist™, our friendly growers are supported by another team of little helpers – in the form of humble, hard-working bumblebees.

You see, it takes something of a small miracle to handcraft the perfect flavoursome tomato. Soft rainwater. Gentle encouragement. Minimal interference. And round-the-clock care.

Our friendly bees fly freely between all our specially selected vine varieties, gently visiting each flower to ensure pollination just the way nature intended.

The result is a taste sensation that everyday foodies with a fascination for flavour love – just hours after they're hand-picked from the vine.

beekist.co.nz

BUSINESS DIVISIONS

Our roots go back to 1897, when Edward Turner Esquire began his New Zealand fruit auction business with two partners.

Today we operate right across the globe, with 1,500 permanent employees and thousands more seasonal staff at harvest times.

But size alone doesn't put us at the forefront of the produce business worldwide. It's our commitment to raising the bar in freshness, in quality, in innovation, in sustainability and in being the best people to deal with for customers, growers and employees alike.

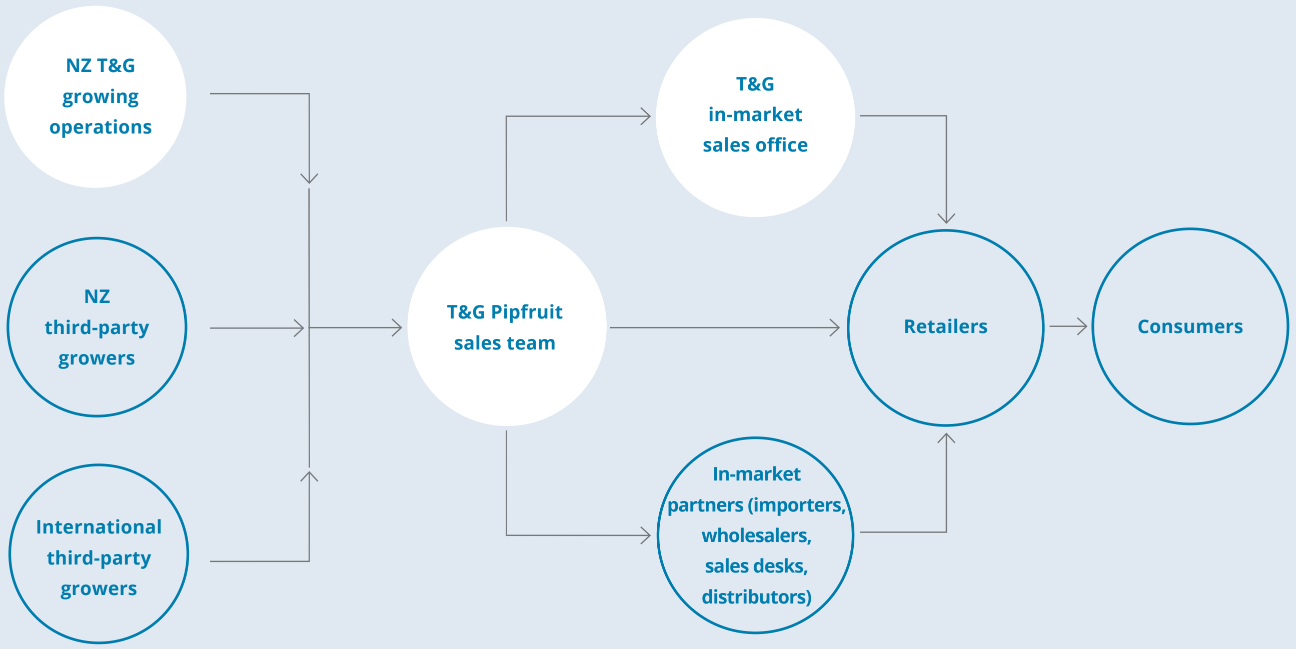
PIPFRUIT

DARREN DRURY
Executive General Manager Pipfruit

T&G Global's Pipfruit division encompasses all the global growing, packing, cool storage, distribution, sales and marketing of apples and pears.

In New Zealand, T&G Global is the largest exporter of apples, responsible for one-third of New Zealand's crop. JAZZ™ and Envy™ apples are grown, marketed and distributed around the world.

PIPFRUIT SUPPLY AND DISTRIBUTION



Global team
In 2016, the Pipfruit division built on the foundations for growth, laid down during the previous year, as it recruited a team of market and sector professionals to lead that growth in both new and established markets. The new senior appointments include Joe Barsi, president in North America for T&G Global, and Frank Alluine, Variety Development Manager in Europe. Both will oversee growth in these markets and strengthen and expand T&G Global's relationship with growers, sales agents and customers.

Expansion in North America
As part of plans to expand the North American apple programme, T&G Global's US subsidiary ENZAFRUIT Products Inc. (EPI) took over management of the programme. EPI opened a new office in Wenatchee, Washington State, in the heart of the major growing regions and close to key grower and distribution partners.

A third domestic sales agent, Columbia Marketing International Inc. (CMI) was also added joining long-time partner the Oppenheimer Group (Oppy) and Rainier Fruit Company (RFC). Oppy will continue to market the majority of T&G Global's North American programme and is set to grow its sales of pipfruit, leveraging its extensive market experience and long-term relationship with T&G Global.

The revamped programme is intended to harness the strengths of all three sales agents including RFC and CMI's knowledge and experience as vertically integrated producers and Oppy's long history as a marketer and distributor. The changes will support T&G Global's efforts to get closer to customers, strengthen relationships and become more connected across the supply and distribution chain.

All that JAZZ™ and then some Envy™
T&G Global continues to expand the global JAZZ™ and Envy™ programmes on the back of continued growth in demand for these hugely popular varieties. In 2016, an additional 660 hectares were planted across the USA, France, New Zealand, Italy, Spain, the United Kingdom and Germany. While new plantings will take time to be established, they will in time contribute to T&G Global's target of delivering 20 million cartons of apples globally by 2020. Further plantings are planned in many of these growing regions in 2017 and 2018.

A brand that's refreshing
T&G Global invested significantly in JAZZ™ in late 2016 with the start of an international refresh of the bi-colour apple brand. Our growers share T&G Global's passion for growing JAZZ™ in regions across the United Kingdom, France, Italy, Switzerland, Austria, North America, Chile, South Africa, Australia and New Zealand. JAZZ™ is now a top five premium apple in the USA thanks largely to its consistent quality but the ambition is to move into the top three globally by 2022 and be the number one preferred choice among our target consumers. The refresh of the JAZZ™ brand is attracting new customers and ensuring JAZZ™ remains relevant as a refreshing eating experience and a spirited, vibrant and fun brand.

Royal Gala performed well across many markets

Strong performance in Vietnam for Envy™

Braeburn and Pink Lady performed well in the UK and EU with returns stronger than previous seasons.

MARKETS

United Kingdom

Worldwide Fruit Limited (WFL) enjoyed strong success in 2016 with significant growth in volumes sold through supermarket giant Aldi. In 2016, WFL sold one million tray carton equivalents of JAZZ™ for the first time, built partly on the successful expansion into European supermarket chains, Aldi and Lidl.

North America

Beyond the expansion initiatives for the US domestic programme, the Pipfruit division continues to diversify its market base outside of North America. Exclusive management of the export programme for US-origin fruit is now handled through T&G Global's US-based export market team. All of these changes underpin a plan to grow our T&G programmes from the current two million plus cartons produced per annum to more than triple this number by 2022.

Europe

Across Europe demand continues to grow for both JAZZ™ and Envy™ varieties - on the supply side from growers, and on the demand side from European customers. In 2016, prices for JAZZ™ apples reached their highest sales price since the variety was introduced in 2001. Strong prices were also recorded for other varieties including Envy™, Pink Lady, Royal Gala, Braeburn, Cox, Fuji, and organic apples. T&G Global's European team had a presence at the two major European fruit trade shows, Fruit Logistica Berlin and Fruit Attraction Madrid, with strong interest in T&G Global's offerings at both events. In France, more than ten retailers have now joined our T&G programmes.

Asia

T&G Global's expansion into Asia has assisted the Pipfruit division to grow its relationships and opportunities across Asia, notably in Thailand and Japan.

$$$

JAZZ™ apples achieved their highest prices in Europe since the variety was introduced in 2001.

JAZZ™ is experiencing good growth in emerging markets such as Thailand and China.

Fuji had a successful season with Taiwan again preferring New Zealand fruit over other southern hemisphere growing regions.

NZ Royal Gala continues to be preferred due to its superb taste, colour intensity and overall eating experience.

Envy™ is performing exceptionally well on orchard and in-market.


Frank Alluine

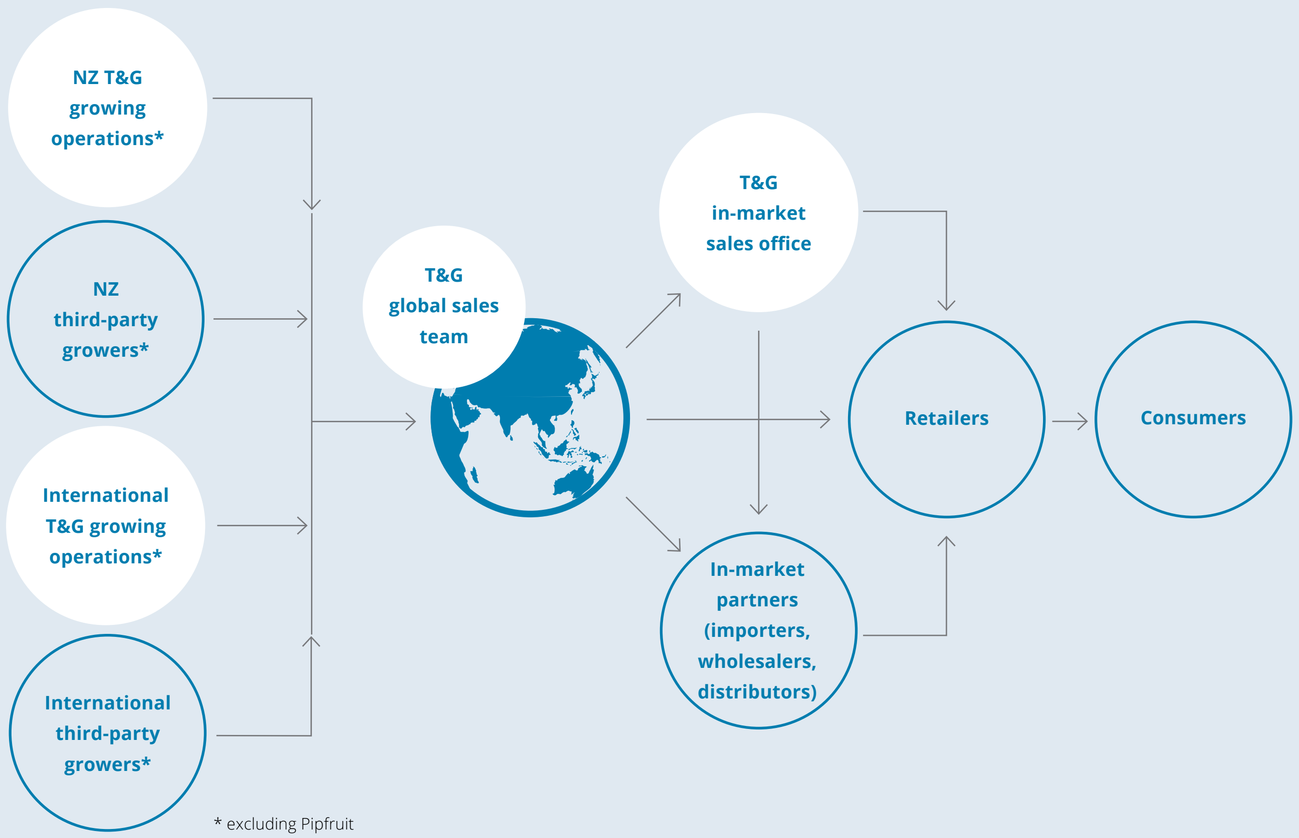

Joe Barsi

INTERNATIONAL PRODUCE

SARAH MCCORMACK
Executive General Manager International

International Produce is responsible for the growing and export operations of diversified products including table grapes, kiwifruit and asparagus. The division is supported by a global network of offices and sales teams that maintain strong connections and relationships with in-market partners, distributors, retailers and consumers. In 2016 the division built on the platforms established in 2015, with a focus on expanding T&G Global's in-market presence in key regions and markets.

INTERNATIONAL PRODUCE SUPPLY AND DISTRIBUTION



* excluding Pipfruit

40% growth **in kiwifruit sales** in Thailand in 2016

200ha of table grapes planted in Peru by late 2017

Asparagus is being supplied from growers in Australia, New Zealand, Peru and Mexico for year-round supply.

The division is also responsible for international produce trading which is the trading of diversified products such as citrus, stonefruit, cherries and berryfruit in regions where T&G Global operates.

Table Grapes

2016 saw the first harvest of T&G Global's Peruvian-grown table grapes. Since acquiring land in Peru's northern region of Piura, T&G Global has planted roughly 100 hectares (ha) in vines for mainly seedless table grapes. The target is to have 200ha planted by the end of 2017. The first grapes harvested were exported to a range of markets including USA, Europe and Brazil.

New Zealand's Minister for Primary Industries Nathan Guy and Trade Minister Todd McClay both made visits to T&G Global's Peru operations in 2016 as the country was the focus of much diplomatic and trade activity in the lead-up to the main APEC meeting held in November. Joining Minister Guy on his visit to Piura was New Zealand Ambassador to Peru and Chile, Jacqui Caine.

T&G Global sells close to two million boxes or approximately 15,000 tonnes of table grapes each year with the largest volume coming from Peru and Australia, followed by USA and Chile. Given the strong demand, and T&G Global's focus on grapes as a key global category, it is looking to secure more volume including sourcing greater quantities from Australia and the USA.

Minister Nathan Guy, Oscar Barton (ENZAFRUIT Peru) and New Zealand ambassador to Peru and Chile, Jacqui Caine

Piura grape team

Kiwifruit

Asia was a major focus of T&G Global's kiwifruit sales efforts in 2016 off the back of the signing of a memorandum of understanding with Zespri and the opening of a new Southeast Asia office in Bangkok. These moves underpin the business' drive to get closer to customers and strengthen T&G Global's in-market presence across the region. These efforts are already reaping rewards with 40% year-on-year growth in kiwifruit sales in Thailand.

Asparagus

T&G Global completed its first full year of operating a new asparagus collaboration in Australia with M & G Vizzarri. Exports continue to grow and more volume was generated for the Australian domestic programme. T&G Vizzarri Farms Pty Limited is expanding its plantings in Victoria and looking at other states for growing opportunities to meet the strong growth in demand for high-quality asparagus. There was some adverse weather during the growing season, however strong demand means that this will be offset by stronger prices in most markets. Asparagus is also being supplied from growers in Australia, New Zealand, Peru and Mexico which helps provide year-round supply. A new category manager was appointed to oversee the asparagus category globally, a sign of the scale and future potential for growth. T&G Global also sent its first shipment of asparagus to its office in China in 2016. This will create further opportunities to sell imported asparagus to Asian markets.

T&G Global's grape operations in Piura, Peru

International Trading

The International Trading division achieved solid, organic growth in 2016 and also began transitioning to a new operating model intended to cement the strategic goals of strengthening relationships and focusing on customer needs.

Having staff in-market helps growers better understand and feel more connected to their export market and consumers' needs and preferences. Our market-led approach underscores the increasing role and value-add of in-market offices to T&G Global's operations and is helping deliver growth.

During 2016 an additional staff member joined the small team in Japan and an office was opened in Vietnam. In Europe, International Produce appointed a new role focusing exclusively on exporting produce out of Europe into Asia. This includes pipfruit from France, Italian-grown kiwifruit, Spanish citrus, stonefruit and persimmons, and Dutch Conference pears.

Pacific Islands

T&G Global's Pacific Islands business is made up of T&G Fiji and T&G Pacific Islands Exports (PIX). Led by Managing Director Bobby Sharma, the Pacific Island business experienced exceptional growth in 2016 as local knowledge combined with supply of quality imported fruit and produce meant T&G Global could better meet customer needs. In Fiji, T&G Global entered into a new exclusive supply arrangement with the country's largest retailer, Morris Hedstrom. At the community level, T&G Global joined forces with Zespri, Tauranga Kiwifruit Logistics, SEMCO and Maersk to provide much needed fruit to school-aged children in the wake of Cyclone Winston. In French-speaking New Caledonia and Tahiti, the appointment of a new manager has helped boost relationships and sales within the region. T&G Global has also seen a significant lift in sales to the sea cruise business.

As at 31 December, 2016, T&G Global has 18 staff based in the Asian market, located in China, Thailand, Japan, Singapore and Vietnam.

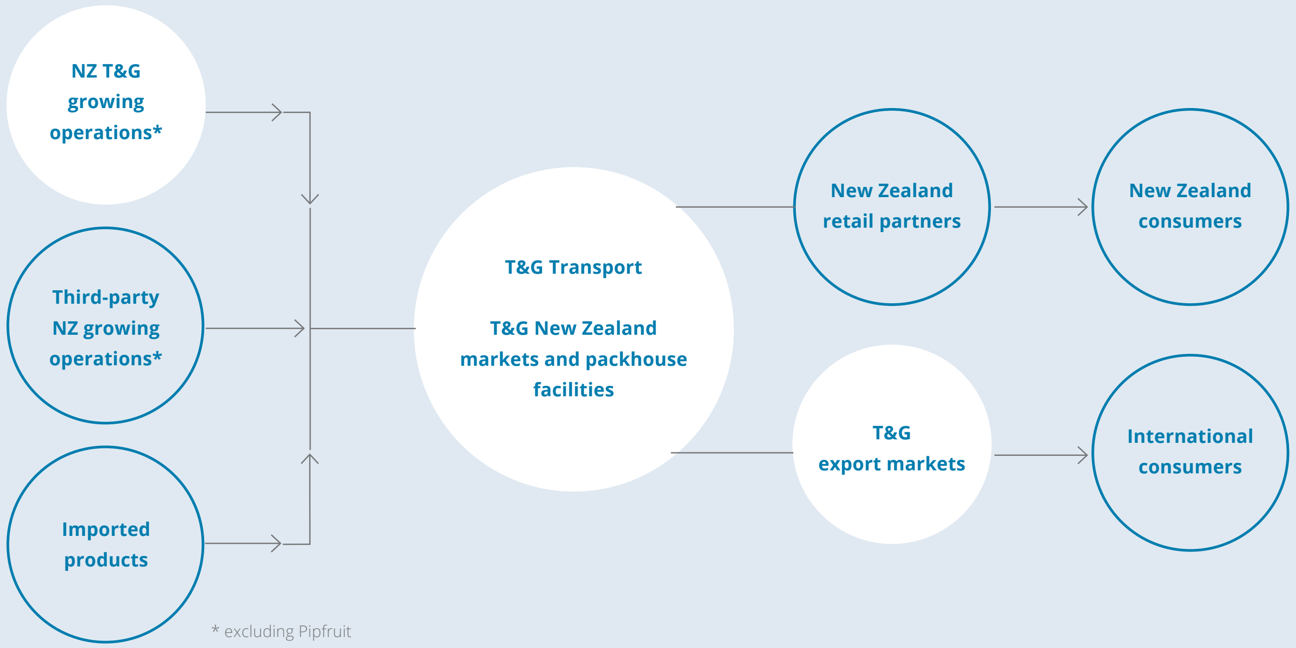
NEW ZEALAND PRODUCE

ANDREW KEANEY
Executive General Manager New Zealand Produce

T&G Global's reputation began in New Zealand where it has marketed produce since 1897. In recent years, T&G Global has evolved from just marketing produce to becoming one of the country's largest vertically integrated growing, packing, shipping and marketing companies.

The New Zealand Produce division is responsible for a range of business teams and customer relationships including growing operations for Covered Crops and Diversified Produce, managing the New Zealand markets, overseeing imports of produce, and transport.

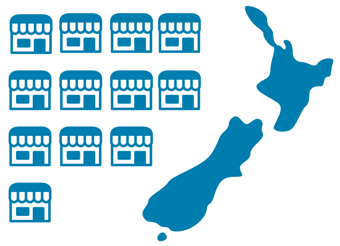
NEW ZEALAND PRODUCE SUPPLY AND DISTRIBUTION



* excluding Pipfruit

NEW ZEALAND MARKETS

New Zealand Markets operates **12 market sites** operating seven days a week across the country.



FirstPick is thought to be the **world's first online** ordering platform for the wholesale produce sector.

FirstPick.co.nz was developed in-house by T&G Global's IT team and enables customers to order fresh fruit and vegetables in real-time from a desktop, tablet or smartphone 24/7.

Key focus areas for the New Zealand Produce team were the introduction of new technology platforms to improve the way we do business and help put customers at the heart of everything we do. The new tools include the FirstPick online ordering system and a new Customer Relationship Management (CRM) platform which have helped progress the strategic goals of becoming more customer-centred and strengthening relationships within the New Zealand domestic market. The New Zealand Produce division has also had a strong focus on health and safety in 2016 with good improvements in systems and results. We have also initiated talent development initiatives to bring on new staff and grow existing team members who will deliver on T&G Global's growth ambitions.

New Zealand Markets

A key success in 2016 was the development and delivery of our new online ordering system, FirstPick. Following the launch in October, customers responded positively with one customer noting: "It saves me so much time having such an easy on-line ordering tool where I have everything I need. I don't have to get up early to go into the markets anymore and can place my order at home knowing I will get what I need."

A new CRM tool will further support efforts to understand customers' needs better and strengthen connections with growers and retail partners' businesses. This tool will enable T&G Global to work more closely with customers and better meet their changing needs across all areas of the business.

In-store, T&G Global has boosted its presence through working more closely with retailers including weekly merchandising visits and direct contact with produce managers across New Zealand. This has provided much closer engagement and better understanding of what the retailers' customers want and how our products and brands are performing at retail. A focus on talent development also saw recruitment of five new sales cadets, and a talent mapping programme to help develop T&G Global's team members and provide a pathway to succession planning.

Covered Crops

Following two significant acquisitions in 2015, the focus in 2016 was on integrating the new tomato operations and a major emphasis on brand development.

T&G Global completed the integration of both of the acquired businesses, Great Lake Tomatoes Limited and Rianto Limited, in February and these operations have contributed significantly to the division's robust performance. T&G Global is a key supplier for supermarket own-brand offerings as well as owning market leading brands such as Beekist™, Classic and Ruby's™. The popular Beekist™ brand was relaunched with a new look in late 2015, which has helped deliver strong sales in 2016. The year also saw the introduction of the new Y.E.L.O.™ medium truss variety to the range. Alongside strong relationships with retail partners and third-party growers, the T&G Global Covered Crops operation grows, packs, distributes and markets produce throughout New Zealand and exports to markets in Australia, North America, the Pacific Islands and Asia.

Diversified Produce

T&G Global's Diversified Produce business encompasses the citrus, kiwifruit and berry categories. In citrus, T&G Global continued to expand its lemon export programmes into established and new markets including China, Japan and Australia, a challenging growing season in mandarins resulted in a reduced crop, and T&G Global's kiwifruit crops continued to recover from PSA. Orchard conversions started in 2015 resulted in a low volume in 2016, with many of the orchards out of production. In addition to its Zespri supply and marketing programmes in Australia and other markets, T&G Global established a successful New Zealand market sales programme with its Enza Gold™ and Enza Red™ varieties and we are looking to expand this further in 2017. T&G Global's blueberry orchards continue to yield more volume each year as plantings mature, with 2016 seeing a significant lift on the previous year and a 50% increase in harvest volumes against forecast. T&G Global also doubled its trial area in hydroponic strawberries and continues to focus on expanding the traditional market windows through new and innovative growing systems and techniques, to extend our growing season and make New Zealand grown strawberries available for longer.

IMPORTS

T&G Imports is the largest supplier into T&G's New Zealand markets.

The top three imported products are

Bananas | Beans | Grapes

TRANSPORT

1,600
40ft containers
imported into New Zealand in 2016 – 15% of T&G Global's shipping footprint.

T&G Global imports
48 different products
annually from
16 different countries

Transport

T&G Global Transport is the leading produce transport service provider in New Zealand servicing over 700 customers from ten depots across the country.

The fleet consists of 55 trucks and 45 trailers including the latest 560hp Scania truck and trailer combination. With fully insulated hard side sliding doors, the trucks are capable of carrying up to 55 tonnes. The new trucks also feature the latest technology for temperature control monitoring and interactive driver performance for safety and fuel efficiency.

For the 2016 year, T&G Global Transport had no significant safety incidents. There has been a focus on driver education and behaviour aided by GPS reporting and a focused eLearning module being completed by all drivers. Paper-based logbooks were replaced by electronic logbooks, helping drivers better monitor their driving hours to ensure they get adequate rest breaks during shifts. In addition to these initiatives, T&G Global Transport is continuing to upgrade its fleet with ten new truck and trailer units in 2017.

Imports and tropical

T&G Global imports a comprehensive range of produce not grown in New Zealand to supplement locally grown produce. A key driver has been reducing cost and complexity in the supply chain. This effort resulted in growth in the banana, citrus, grape and vegetable categories during 2016.

T&G Global is committed to a sustainable and ethical sourcing policy and this includes a range of organic and Fairtrade certified products. In the banana category, the company has forged new relationships in Ecuador with a number of medium-sized growers which are more suited to meet the needs of our business and New Zealand customers. The new supply arrangements have delivered an improvement in market share, quality and profitability as well as customer satisfaction.

Through intensified collaboration with T&G Global's overseas offices, T&G Global's in-market teams have generated significant improvements in the import business. By engaging with supplieres in-market, we have strengthened our relationships, shortened the supply chain, and delivered improved quality of produce by identifying the most appropriate products and suppliers to work with. This will continue to be a focus for development in 2017.

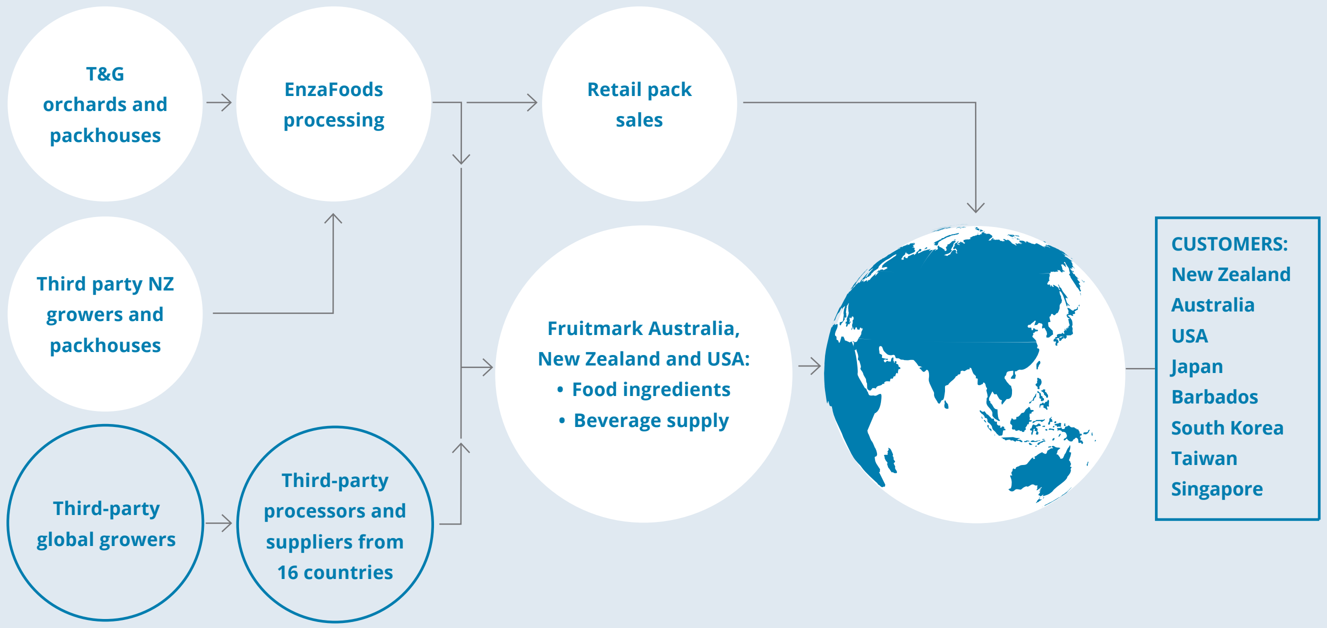
PROCESSED FOODS

COLIN LYFORD
General Manager Processed Foods

T&G Global's Processed Foods division comprises two businesses – Fruitmark and EnzaFoods with a category and customer focus specialising in the industrial and food service sectors.

Fruit juice concentrates, frozen fruits, dried fruits and vegetables, long shelf life apple solids packed in pouches and fresh cut vegetables are sold and traded to large volume customers increasing the total return per hectare that growers can extract from a crop.

PROCESSED FOODS SUPPLY AND DISTRIBUTION



FRUITMARK

PROCESSED FRUIT PRODUCTS SOLD AS A MANUFACTURER'S REPRESENTATIVE INCLUDE:

- Apple, orange and many other fruit juice concentrates to the fruit based beverage industry.
- Dehydrated fruits and vegetables to the breakfast cereal, food manufacturing and food service markets.
- Apple solids to the bakery, food manufacturing and food service markets.
- Frozen fruits to food manufacturing and food service markets.
- Australian fresh cut vegetables to major Australian quick service restaurant chains.

Fruitmark

Fruitmark Pty Limited (Fruitmark) began trading in Australia in 1990 as an agent for EnzaFoods' juice concentrates and apple solid products. Today the business has diversified to become an importer and trader of food ingredients working with both EnzaFoods and third party suppliers globally.

Throughout 2016, the Australian market has been under considerable price pressure. While Fruitmark has increased both turnover and total volume sold compared with 2015, the gross margin contribution of those sales has reduced due to a competitive market. Many of our customers are large industrial companies supplying retail. Due to price pressure working back through the supply chain, discounts on sales have been regularly applied.

The new trading operation that opened in USA in 2015 has progressed well, building both clients and suppliers. In 2017 we will see this business make a profitable contribution to our growth. Overall, Fruitmark's contribution is below that produced in 2015, directly as a result of the margin pressure the Australian market is under. Fruitmark remains a significant trader and supplier in its key categories, having maintained market share, while introducing new products and supply agencies to its offering to existing and new customers.

ENZAFOODS

CURRENTLY EMPLOYS 106 FULL-TIME STAFF IN NEW ZEALAND

LOCATIONS

EnzaFoods has two processing plants located in Hastings and Nelson.

PRODUCTS OFFERED

- EnzaFoods processes apples into apple juice concentrate for beverages, and apple solids for the baking and industrial food segment (sold in 275 kilogram, 1 tonne and 20 tonne format).
- EnzaFoods has packing capability for Small Format Pouches (SFP), and contract-pack food products for a number of large retail suppliers.
- EnzaFoods processes a large volume of other fruit and vegetables to customer specification, producing a range of concentrates, purees, cooked fruit, vegetable solids and aroma for the global market.

EnzaFoods

EnzaFoods New Zealand Limited (EnzaFoods) has been in operation since 1962 and, with an experienced team across two New Zealand locations, is a market-leading, vertically-integrated fruit ingredient and fruit and vegetable juice producer.

In 2016, EnzaFoods achieved the market diversity growth goals it set in establishing sales of its value-added fruit ingredients products into Southeast Asia. However, this growth was overshadowed by multiple market and processing issues throughout the season that resulted in a significant financial loss. A large customer in Australia retracted sales which had a dramatic impact on EnzaFoods' volumes and operating profit. Additionally, processing issues resulted in lower than budgeted yields and increased rework. A new management team has been assembled to address the manufacturing focus required to achieve target operational costs from the facility by 2018. Freshfields FruitHitz, a product manufactured by EnzaFoods, was also a finalist in the 2016 New Zealand Food Awards.

SUSTAINABILITY

JONATHAN GOOD
Chief Technology and Operating Officer

We live by the land. So doing the right thing by it – environmentally and socially – is second nature to us.

It leads to healthier, more natural produce, and it aids the health and development of our growers' communities. To ensure what we do is sustainable and responsible, we've put in place some important policies, measurements and standards to live up to every day.

STRATEGIC FOCUS

At T&G Global, sustainability helps us grow and demonstrate our commitment to our customers, stakeholders and environment. Sustainability has increasingly become a requirement and expectation of customers, employees and stakeholders around the world. At the start of 2016, T&G Global's strategy refresh identified sustainability as an area of strategic focus for the coming years.

BayWa's focus on sustainability
Our majority shareholder, BayWa, is committed to sustainability and contributes immensely to the European renewable energies sector through its renewable energy division with their large-scale wind and solar projects.

T&G Global focus on sustainability
T&G Global's approach to sustainability is based on the globally recognised Global Reporting Initiative (GRI) guidelines. GRI is an independent organisation committed to creating a globally recognised sustainability framework which is extremely robust and universally applicable.

These guidelines can assist a company with developing a strategy that encompasses all aspects which are defined as 'sustainability'. It also requires a company to determine material issues in their operations, so that they only focus on 'what matters, where it matters'.

T&G Global applied these principles by asking our senior leaders to rate how important they felt each aspect was to the business. These aspects were validated with our wider corporate family and key customers.

This identified the seven key environmental areas T&G Global will focus on over the coming years. They include energy, emissions, waste, water, biodiversity, materials, transport and social issues such as health and safety, and diversity.

Over the course of 2016 we started focusing on energy, waste, and biodiversity, by identifying a baseline, an aspiration and a series of initiatives. We will now also be working on emissions and materials.

We aspired not only to drive a step change in the sustainability of our business but to engage our staff and customers and inspire them too.

ENERGY

Our leadership in energy efficiency began when we signed a partnership agreement with the Energy Efficiency Conservation Authority New Zealand (EECA) in January 2016. This agreement signaled our intent to be an industry leader in energy efficiency. It included knowledge transfer, site audits at all our New Zealand locations and a target to reduce energy use by 2 million kWh per annum by January 2018.

We have identified a significant opportunity to improve energy efficiency and drive bottom line improvements. In just the past six months we have completed projects contributing 33% towards this target.

Energy efficiency work has predominantly been around upgrading to energy efficient lighting, compressed air improvements, automatic pump isolations and HVAC improvements.

Work planned for next year includes upgrading refrigeration systems, continued lighting upgrades as well as investigating thermal energy reductions.

WASTE

We have profiled our waste patterns and volumes across T&G Global and have highlighted numerous opportunities for improvement. We have committed to reducing our waste overall, and making sure that the waste we do generate is as sustainable as possible, through a focus on composting and recycling.

How are we reducing?

At our largest site's cafeteria in Mt Wellington, Auckland we have removed all non-recyclable packaging and replaced it with bioplastics and compostable substitutes. This has resulted in a huge drop in waste coming from the cafeteria and created a positive message to our customers and people as it reflects our wider commitment as a business to ensure we are operating as sustainably as possible.

We have also removed landfill bins from our Mt Wellington site during 2016 and we have installed recycling stations on the site's market floor. We have educated our people on how to sustainably dispose of their waste. This has led to an 18-24% drop in our landfill waste from this location, our largest within T&G Global. We plan to roll this approach out to all our sites over the course of 2017.

How are we recycling?

We are looking at our largest waste streams and looking for opportunities where we can be recycling or composting our waste that is going to landfill.

After profiling waste output from each site, we are standardising how each waste stream is being disposed of and wherever possible, finding ways to divert the waste away from landfill or lower value recycling methods.

This process has already begun in our Covered Crops division in New Zealand with the introduction of a focus on recycling across our sites. We are also trialing a technology that separates plastic clips and string from our tomato vine waste so that it can be composted and the plastic can be recycled.

T&G Global signed a partnership agreement with the Energy Efficiency Conservation Authority New Zealand (EECA)

With a target to reduce energy use by
2 million kWh
per annum by January 2018

In 2016 we undertook two riparian planting events in our orchards

800
native NZ plants at our Kapiro Orchard in Kerikeri

900
native NZ plants at our Rosewood Orchard in Hastings

BIODIVERSITY

T&G Global's business depends on healthy soils and waterways to help us deliver the freshest, healthiest produce to the world. In 2016, we undertook two riparian planting events at our Kapiro Orchard in Kerikeri and Rosewood Orchard in Hastings.

Thirty-five staff from our sites in Kerikeri and Auckland planted 800 native plants along a 250 metre stretch of land adjacent to the Kapiro Stream which flows from the Kerikeri irrigation reservoirs through to the Rangitane River and eventually out to sea.

Forty staff from our site in Hastings planted 900 New Zealand plants along a 300 metre stretch of land adjacent to the Thompson Drain Stream which leads into the Karamu Stream which flows into the Clive River and eventually out to sea.

Riparian planting is essential to the health of our waterways. Over time the plants will improve the overall health of the waterway, help minimise erosion by strengthening the stream's banks and minimise nutrient runoff from on-land activities.

Both events were supported by Sustainable Coastlines, a young, multi-award winning New Zealand charity whose mission is to enable people to look after New Zealand coastlines and waterways. T&G Global also worked closely with the Department of Conservation and the Hawke's Bay Regional Council for the Hastings planting day.

OUR COMPANY

2016 MILESTONES

Celebrating 10 Years: 46

Celebrating 20 Years: 7

Celebrating 30 Years: 3

Celebrating 40 Years: 1

PERMANENT EMPLOYEES

1,500

SEASONAL WORKERS

2,500+

This includes people on working holiday visas, students or those interested in the seasonality of the job.

% OF T&G GLOBAL EMPLOYEES BY KEY MARKET

Asia	1%
Australia	3%
Europe	1%
Fiji	4%
New Zealand	88%
America	3%

T&G Global America Export Manager, Jose Luis Alvistur, with T&G Global America Export Sales, Jeanette Zevallos, and T&G Global Regional Manager - Southeast Asia, Victor Anderson.

OUR PEOPLE

LYNN JOHNSON
Chief HR Officer

With clear support from employees and managers, we are well on track to achieving a high level of awareness, understanding and commitment throughout T&G Global for our shared set of values.

Attracting and Retaining Employees

Being able to attract and retain high calibre employees to T&G Global is critically important to us. To help us do that, we continually look at ways to understand why people choose to work for T&G Global and why they stay. This point of difference, or the employee value proposition (EVP), forms part of what attracts or retains people at T&G Global.

This year we started a project to gain these insights. In August we sent surveys to over 350 of our employees from right across the business. In addition, focus groups were held in Auckland and the Hawke's Bay region with a selection of survey respondents, to gain a deeper understanding of the findings.

The survey results show that overall, employees who took part are very satisfied with T&G Global as an employer. Highlights include high satisfaction with leadership as well as approachability of employees' direct managers.

Employees who took part in the survey were very positive about the direction T&G Global is taking. Positive feedback was provided on T&G Global's rebranding, the opportunity to be part of a "continual commitment to change", the variety they experience in their roles, managers being approachable and trusting them to do their job and also feeling encouraged to take personal responsibility.

We are analysing the data gathered as part of this project, to identify the opportunities where T&G Global can enhance our own employment offering. We have identified areas to focus on, which include job opportunities within T&G Global to support career progression and also our overall reward offering.

If we continue to make improvements to our offerings to staff, we have an opportunity to strengthen our competitive position in the labour market.

The renewed focus on our EVP and making continuous improvements to it will enable us to continue to recruit and retain the talent we need to achieve our growth goals.

Mindset

In 2014, a new set of organisation values was launched throughout T&G Global, called the Mindset. This consists of four elements – grounded, resilient, open and willing (GROW), which reflects our collective aspirations as individuals, teams and the future direction of our global business.

In 2016, we continued the process to increase the awareness and understanding of the Mindset and embed it into our everyday work. We ran a company-wide competition where employees and teams were invited to create brief videos to show what the Mindset means to them. This competition was well supported by our teams across New Zealand and in many of our international offices, with over 30 video entries. Feedback received was that teams found it a fun and engaging way to participate in making the Mindset a part of how we do business. Entries were judged by members of the Executive Team and winners and runners up were selected and announced. The large number of entries to this competition was an excellent demonstration of one part of our Mindset, willing, given so many of our employees took part in this initiative.

Following the video competition, a workshop for managers and teams was developed, to further embed the Mindset and ensure that all team members could apply it at work. We started running these workshops with some of our teams in 2016 and will continue to run them in 2017.

With clear support for the Mindset from our employees and managers, we're well on track to achieving a high level of awareness, understanding and commitment throughout T&G Global for our shared set of values.

Upskilling our People

In 2016, a range of initiatives were implemented to assist with the development of our people.

Our Future Gen leadership programme is designed to develop our internal pool of aspiring people leaders. Participants are identified from across the business and brought together on an eight month programme. The programme consists of a range of learning methods including workshops, mentoring, group and individual projects and written assignments detailing participants' experience in applying what they have learnt back in the workplace. Our first Future Gen group graduated in August 2016 and received a National Certificate in Leadership. A second group is now underway.

As a company, it is vitally important we deliver the best products and the best service to our customers. A workshop was held in Rotorua, New Zealand in August 2016 focusing on customer centricity, service and excellence. Ninety-five staff from across New Zealand and many of our international team took part in this workshop and were challenged to consider the experience their

"Being able to attract and retain high calibre employees to T&G Global is critically important to us."

customers have at T&G Global. Following the workshop, participants were asked to take what they had learnt and make one change in their team to improve customer experience.

To support the skills and development of our current people leaders, in 2016 we launched a new programme called *Management Fundamentals*. A series of workshops were held which focus on the key activities people leaders carry out in their role. We recognise that when people are promoted into management roles, they have varying levels of knowledge and skills to carry out some of the main management tasks. Initially, the programme included workshops on topics such as recruitment, onboarding, performance goal setting, performance conversations and remuneration.

In 2017, further workshops will be added to this programme, covering other aspects of management. We will also be investigating the option of creating online learning modules for some of the *Management Fundamentals* topics.

Literacy and numeracy are fundamental skills which our people need to function well in their roles with T&G Global. Around 40% of the New Zealand workforce struggles in this area and in the primary industry it is closer to 50%. To address this, we have received government funding to run a development programme, targeting our employees with low levels of literacy and numeracy. The programme is underway, initially with staff from our Covered Crops business unit. This programme will continue in 2017 and 2018, with further groups planned across both Covered Crops and the wider organisation. The training not only addresses low levels of written and spoken English, but it also covers financial and computer literacy. Our experience of running a similar programme previously has shown that participants find the training valuable both inside and outside work and it enables them to contribute more at work.

PROTECTING OUR PEOPLE

T&G Global has developed a Health and Safety Strategy for 2017 through to the end of 2021. The strategy is based on two strategic themes: people and systems. Six objectives covered governance and leadership, engagement and culture, learning and development, management systems, risk and hazard management, and continuous improvement.

VISION

Everyone home safe from work every day, everywhere.

OUTCOMES

T&G Global has the right health and safety systems and tools in place.

We all have the awareness, attitude, and behaviours to be safe and to look after ourselves and each other.

Our workplace is as safe and healthy as we can make it.

STRATEGIC THEMES

Theme 1	Theme 2
PEOPLE	SYSTEMS

T&G Global Covered Crops worker at Favona Road glasshouse, New Zealand

The health and safety of those that work at T&G Global remains a high priority for us.

Our performance over 2016

- *Recordable injury frequency rate:* Total recordable injury frequency rate (TRIFR) per 100,000[1] hours worked averaged 21 compared with 22 for 2015. While the TRIFR decreased, the number of incidents per 100,000 hours increased from 47 to 58 and the number of ACC claims dropped from 6.3 to 6.1 per 100,000 hours. There was an increased awareness of the need to report both injury and non-injury events no matter how minor.
- *Notifiable injury or illness/serious harm injury:* The change in the health and safety legislation has seen a change in what is reportable to the regulator but comparing notifiable injuries in 2016 with serious harm injuries, the number of notifiable injuries has dropped significantly from 18 in 2015 to eight in 2016.
- *Lost time injuries:* The lost time injury frequency rate (LTIFR) per 100,000 hours worked has remained unchanged at three hours. However, the hours lost as a result of a workplace injury has dropped from 164 per 100,000 hours worked to 124 hours.
- *Non-injury reporting:* This includes near hit or miss, hazard and property damage. The total number of non-injury reports has increased from 31 per 100,000 hours worked in 2015 to 38 in 2016.

Overall, the increased awareness of the need to report both injury and non-injury events has seen an increased level of reporting and the active management of injuries, regardless of how minor. This and other injury reduction initiatives such as the wearing of cut resistant gloves on both hands in our glasshouse operations, have seen a significant reduction in the number of serious injuries and reduced the hours lost to injury.

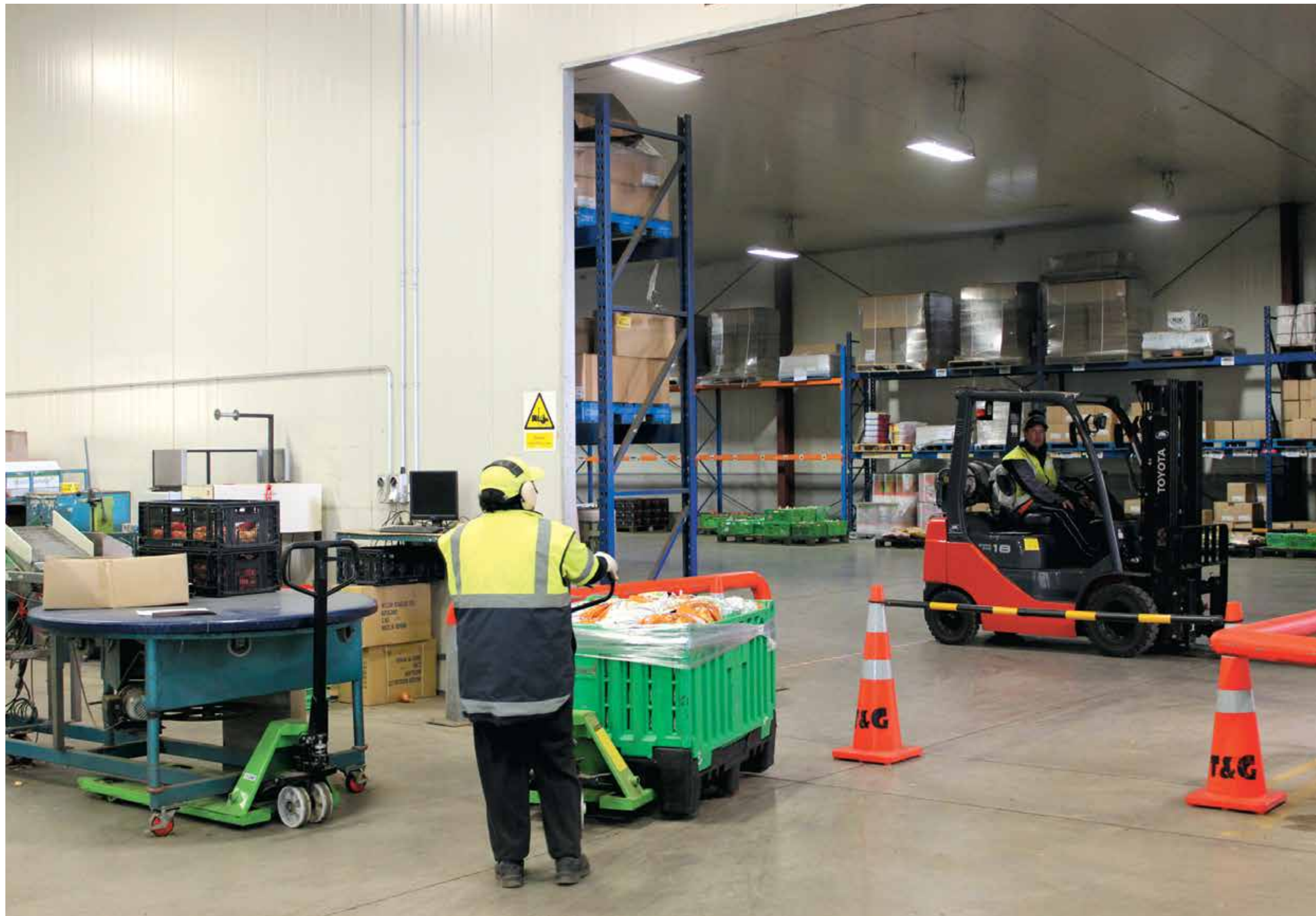
Key initiatives for 2016

- *Project Amazon and the new Mt Wellington sales floor area:* The interaction between people and vehicles remains a significant safety issue for T&G Global. Two initiatives in the market floor area of the Mt Wellington, Auckland site aimed at improving 'work flow' to minimise pinch points and minimise interaction between vehicles and pedestrians. The creation of a new sales area reduced the need for customers to access the warehouse area and significantly reduced the risk of vehicle/pedestrian incidents.
- *Raising forklift safety:* T&G Global operates hundreds of forklifts each day. Growing concern about incidents involving forklifts led to EnzaFoods holding a safety forum for its drivers on its two sites. The forum involved a discussion session and a questionnaire around forklift safety and was very well received by drivers at both sites. The questionnaire and discussion identified common themes for improvements. Following the forum, incidents involving forklifts reduced by over 15% on both sites.
- *The operator rating system:* T&G Global sought to achieve five-star status under the NZ Transport Operator Rating System which rates heavy vehicle fleet operators on their safety performance. The implementation of GPS monitoring and online training modules saw a reduction in speeding events per 100km driven.
- *T&G Global's Health and Safety Management System:* For over 12 years, T&G Global has operated a Health and Safety Management System (HSMS) based on the requirements of Work Safety Management Practices (WSMP). The continuing growth of T&G Global has led to the redevelopment of the HSMS to better align with the changing needs of our business and the desire to operate under a best practice model.

THE KEY INITIATIVES FOR 2017 INCLUDE:

- Ensuring T&G Global has a robust worker engagement programme across our New Zealand sites.
- Developing core health and safety training modules for those that work for T&G Global.
- Ensuring T&G Global has the resources in place to achieve the health and safety outcomes sought.
- Implementing a redeveloped Health and Safety Management System across our New Zealand sites.
- Identifying and implementing a comprehensive health and safety information management system for T&G Global.
- Implementing a full inspection, monitoring, and audit programme across our New Zealand sites.

[1] T&G Global uses 100,000 hours as its reference value. 200,000 and 1 million are also commonly used reference values. The performance data is referenced back to the number of hours worked to enable comparison across years when the number of employees has changed.



OUR COMMUNITY

T&G Global has deep roots across New Zealand and worldwide. We're proud of the role we play in communities. The T&G Global community programme aims to help strengthen the link between healthy eating and nutrition in children, encouraging healthy, mindful eating for generations to come.

Our Community
It's been four years since T&G Global launched the community support programme to strengthen the link between healthy eating and nutrition in New Zealand school-aged children.

Our primary partner during this period has been the Garden to Table Charitable Trust with whom T&G Global signed a partnership agreement in 2013. We are delighted to have continued this relationship in 2016 and assisted Garden to Table in changing the way New Zealand children approach and think about food by enabling children to get their hands dirty and learn how to grow, harvest, prepare and share fresh, seasonal food.

Our partners at Garden to Table also strongly believe that children who understand where good food comes from, know how to prepare it and then share it with friends and family, and are more likely to make better food choices.

T&G Global is delighted to support Flat Bush Primary School (Otara, Auckland), Kerikeri Primary School, Haumoana Primary School (Hawke's Bay), Victory School (Nelson), Ruakaka School in the East Cape and Riccarton Primary School outside of Christchurch, to deliver the Garden to Table concept.

Fruit in Schools
T&G Global is a founding member of United Fresh which manages the Fruit in Schools Initiative and is also responsible for setting up the 5+ A Day Charitable Trust. The trust is focused on raising consumption of fresh fruit and vegetables in all New Zealanders for better health.

Fruit in Schools encourages children to eat fruit and vegetables and adopt healthy lifestyles. The initiative is funded by the Ministry of Health and provides children at eligible primary schools across New Zealand with fresh fruit and vegetables each school day.

Independent research has shown Fruit in Schools is having a positive impact on children and nutrition. The evaluation in 2015 found it was highly valued by principals and aligned with international approaches to improving nutrition and reducing obesity in children.

In 2016, over 20 million servings of fresh fruit and vegetables were distributed to participating schools with children enjoying up to 24 different types of fruit and vegetables including T&G Global's JAZZ™, Pacific Rose™ and Envy™ apples.

Supporting communities
T&G Global is proud to have supported community events with a focus on education, nutrition and exercise throughout 2016.

Produce has been donated to various events promoting healthy food and exercise for New Zealand children. These include the Fulton Swim School and Franklin Primary School triathlon, a fundraising event for Rangitoto Kindergarten, junior sports teams' games and an Auckland Transport Travelwise event that acknowledged students and teachers who promote alternative modes of transport for getting to school.

T&G Global also supports ongoing initiatives such as the New Zealand Stand Children's Services organisations which runs camps and helps children growing up in at-risk environments. The produce that we supply to these camps is used to teach children how to prepare their own meals and provide them with skills and knowledge they can take home with them. T&G Global also supported the Epic Swim in Taupo and the Rewa Rebels, an Auckland childrens' swimming team.

Our people, our passion
T&G Global people are passionate about fresh fruit and vegetables but also leading a healthy lifestyle. Throughout 2016 our people took part in a range of sporting activities both at an individual and team level from Auckland's Round the Bays to international marathons, yoga at work sessions and boot camps. Anecdotal feedback is that those who took part in these activities showed improved collaboration between teams, heightened energy and focus in the office.

Our future
Supporting horticulture and agriculture training that nurtures our industry's future talent, including potential and existing T&G Global employees, is a large focus of our education partnerships in New Zealand.

T&G Global enjoys a long-standing, positive relationship with Massey University and supported the Massey Agricultural Awards and an end of year dinner which recognised advances in agriculture and high achieving students. T&G Global also provides an annual $5,000 undergraduate scholarship at Massey University to assist talented students undertake a full-time, three-year horticultural degree. The aim is to equip them with the necessary skills to support the sustainable development of the New Zealand horticultural industry.

At a regional level we support young grower competitions run by Pipfruit New Zealand and Horticulture New Zealand including the highly coveted Young Horticulturalist of the Year as well as the Hawke's Bay Fruit Growers Association Awards.

JAZZ™ Foundation
T&G Global's UK team continued to support their community through the JAZZ™ Apple Foundation. The aim was simple - to offer monetary support to people, groups and charitable endeavours that nourish and support the next generation of young Brits. Activities supported aligned with the Foundation's goal of encouraging the consumption of an apple a day and a healthy, balanced diet complemented by physical exercise for a healthy body and mind.

Help them Hope
T&G Global's support allowed HOPE to reach new heights with a record number of scholarships provided for youth with disabilities in Peru. The funds from T&G Global were used in aspects of HOPE's work covering general overhead costs and supporting the education fund. This fund provided 51 scholarships in 2016 for youth like Erick Garcia Torres. Erick graduated with an accounting degree and lives with muscular dystrophy. He was the first to graduate from a five-year degree course under the HOPE programme which empowers young people in Peru impacted by a disability to grow through education.

CORPORATE GOVERNANCE

The Board is the governing body of T&G Global Limited ("the Company") and its subsidiary companies ("T&G Global").

Role of the Board
The Board is responsible to shareholders for the performance of the Company, which includes setting the objectives and the strategies for achieving those objectives, identifying significant areas of business risk and implementing policies to deal with those risks, setting the overall policy framework and monitoring the continuing performance of the Company and its management. The Board also ensures that procedures are in place to provide effective internal financial control.

Responsibility for the day-to-day management of T&G Global is delegated by the Board to the Chief Executive Officer (CEO). The Board is committed to act with integrity and expects high standards of behaviour and accountability from all staff members.

Board membership
There are no executive directors. Across the Board there is a broad mix of skills and industry experience relevant to the guidance of the Company's businesses. Sir John Anderson, Mrs C.A. Campbell, Mr R.J. Campbell and Mr J.S. Wilson are independent directors for the purposes of the NZX listing rules.

Conduct of the Board
The Board has adopted a formal code of ethics which sets out the expected standards of professional conduct of its members.

The Board meets at regular intervals and conducts its affairs to ensure matters can be discussed openly, frankly and confidentially. Any potential conflicts of interest relating to directors are identified and disclosed. Affected directors are usually not permitted to vote on any related matter where a conflict exists.

The Board operates a code of conduct that forbids directors and other affected parties to deal in the Company's shares at any time when they are in possession of insider information and during periods which are deemed by the Board to be 'closed' periods. These closed periods customarily include the end of the six and 12 month reporting cycles, and until such time as profit announcements have been publicly disclosed. Closed periods include any additional period when the Board is engaged in matters that are likely to have an impact on the market value of the shares.

Board access to advice
All directors have access to the advice and services of the Secretary to the Board and the Board has established a procedure whereby directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, with the prior approval of the chairman.

Independent professional advice includes professional legal and financial advice, but excludes any advice on the personal interests of a director. The Board regularly invites key managers and executives to attend and present at Board meetings, and interaction with directors is routinely encouraged.

Board committees
The Board has two constituted committees, the Finance, Risk and Investment Committee (FRIC) and the Human Resources Committee (HRC), both of which operate under Board approved charters.

The FRIC meets at least four times per year and is responsible for overseeing compliance with statutory financial regulations and related responsibilities, ensuring that effective systems of accounting and internal control are established and maintained, overseeing internal and external audit, and liaising with T&G Global's independent auditors. This committee is chaired by Mrs C.A. Campbell, and comprises Sir John Anderson and Mr A. Helber. The FRIC members also meet separately with the auditors as required.

The HRC is responsible for reviewing, approving and monitoring T&G Global's Health and Safety Policy, Strategy, Annual Plan and programme of work. This ensures the health and safety of all those that work for or come into contact with T&G Global. Additional responsibilities include ensuring that the remuneration strategy, policies and practices reward fairly and responsibly with a clear link to T&G Global's strategic objectives and corporate and individual performance; and assisting the Board in succession planning for the CEO and senior management positions which identifies and targets individuals for development. This Committee meets at least four times per year and is chaired by Mr J.S. Wilson, and comprises Mr R.J. Campbell and Mrs C.A. Campbell.

The Board has not at this stage established a Nominations Committee owing to a belief that director appointments are of such significance that they should be a direct responsibility of the full Board. This matter is kept under review.

Interests register
The Company and each subsidiary of the Company are required to maintain an interests register in which particulars of certain transactions and matters involving the directors must be recorded. The interests registers for the Company and its subsidiaries are available for inspection at its registered office.

Details of all matters that have been entered in the interests register of a company by individual directors during the year are outlined in the statutory information section of these accounts, and should be read in conjunction with the individual directors' profiles.

T&G Global management structure
T&G Global's organisational structure is focused on its five business divisions being Pipfruit, International Produce, New Zealand Produce, Processed Foods and Other. These operations are managed separately with direct reporting to the CEO and to the Board which exercises overall control.

Risk identification and management
T&G Global has adopted a system of internal control, based on written procedures, policies and guidelines. To reinforce this, an internal audit function exists that reports to the Board through the FRIC.

The Board acknowledges that it is responsible for the overall internal control framework. In discharging this responsibility the Board has in place a number of strategies designed to safeguard T&G Global's assets and interests and to ensure the integrity of reporting.

Procedures are in place to identify areas of significant business risk and to remediate and effectively manage those risks. As required, the Board obtains advice from external advisors.

While the Board acknowledges that it is responsible for the overall control framework of T&G Global, it recognises that no cost effective internal control system will preclude all errors and irregularities.

Directors' and Officers' insurance
The Company has arranged directors' and officers' liability insurance covering directors acting on behalf of the Company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for the Company.

The types of acts that are not covered are dishonest, fraudulent and malicious acts or omissions; wilful breach of statute, regulations or duty to the Company; improper use of information to the detriment of the Company; and breach of professional duty.

STATUTORY INFORMATION

Auditors
Deloitte has continued to act as the principal auditor of T&G Global and has undertaken the audit of the financial statements for the year ended 31 December 2016.

Directors' loans
No director is in receipt of any loans from T&G Global.

Directors' remuneration
The following persons held office as director during the year. Remuneration paid or accrued included incentive payments, vehicles, superannuation and other benefits, where applicable. On top of fees, directors also receive an annual travel allowance of $1,000.

12 months to 31 December 2016

DIRECTORS OF T&G GLOBAL LIMITED	$'000
Prof. K.J. Lutz	43
Sir John Anderson	88
C.U.G. Bell	34
C.A. Campbell	98
R.J. Campbell	88
A. Helber	34
J.S. Wilson	88
M.R. Dossor	7

Directors and Officers composition
At 31 December 2016 the gender composition of T&G Global's directors and officers was as follows:

	MALE	FEMALE
Directors	5	2
Officers	7	2

Employee remuneration
T&G Global paid remuneration including benefits in excess of $100,000 to employees (other than directors) during the 12 months. The salary banding for these employees are disclosed in the following table:

12 months to 31 December 2016

	NUMBER OF EMPLOYEES	
$'000 NZD EQUIVALENT	2016	2015
100-110	**35**	35
110-120	**24**	15
120-130	**20**	17
130-140	**20**	21
140-150	**18**	11
150-160	**10**	5
160-170	**14**	8
170-180	**12**	5
180-190	**7**	7
190-200	**5**	5
200-210	**2**	5
210-220	**5**	1
220-230	**1**	1
230-240	**5**	3
240-250	**1**	2
250-260	**3**	2
270-280	**1**	3
280-290	**2**	1
290-300	**2**	1
300-310	**1**	-
310-320	**1**	-
330-340	**2**	1
340-350	**-**	1
350-360	**1**	2
360-370	**1**	2
370-380	**-**	1
380-390	**1**	-
440-450	**2**	-
460-470	**1**	-
490-500	**1**	1
500-510	**-**	1
520-530	**1**	-
600-610	**-**	1
730-740	**-**	1
850-860	**1**	-
1,020-1,030	**1**	-
Total	**201**	159

The current year total remuneration spread takes into account the impact of exchange rate movements on employees paid in foreign currencies.

Directors' shareholdings
Ordinary shares held by directors and parties associated with directors are disclosed as follows:

	DEC 2016	DEC 2015
Sir John Anderson	**30,000**	30,000

There were no share transactions during the year ended 31 December 2016 in which directors held 'relevant interests'.

Indemnification and insurance of directors and officers
The Company indemnifies all directors named in this report, and current and former executive officers of T&G Global against all liabilities (other than to the Company or members of T&G Global) which arise out of the performance of their normal duties as director or executive officer, unless the liability relates to conduct involving lack of good faith. To manage this risk, T&G Global has indemnity insurance. The total cost of this insurance including directors and officers of offshore companies during the 12 months was $32,000 (2015: $29,120).

Information used by directors
No member of the Board of the Company, or any subsidiary, issued a notice requesting to use information received in their capacity as director which would not otherwise have been available to them.

Interested transactions
No directors disclosed the existence of any transactions with T&G Global during the 12 months in which they held an interest.

NZX waiver from listing rule 5.2.3
During the year, the Company held a waiver from New Zealand Exchange (NZX) listing rule 5.2.3 Spread that was granted in April 2012. NZX listing rule 5.2.3 provides that an issuer's securities will generally not be considered for quotation on the NZX unless those securities are held by at least 500 members of the public holding at least 25% of the number of securities of that class issued, and those requirements are maintained, or the NZX is otherwise satisfied that the issuer will maintain a spread of security holders sufficient to ensure a sufficiently liquid market in the class of securities.

As BayWa Aktiengesellschaft and Wo Yang Limited are not considered members of the public for the purpose of the listing rules, less than 25% of the quoted securities of T&G Global Limited are held by members of the public and therefore the Company does not meet the requirements of listing rule 5.2.3.

The NZX granted the Company a waiver from listing rule 5.2.3 under the following conditions:

a. The waiver, its conditions, and its effect on the Company's shareholders are disclosed in each annual report for the year upon which it was relied; and

b. The Company notifies the NZX if there are any material changes to its spread.

The waiver has the effect of ensuring security holders have a ready market to purchase or sell securities.

Substantial shareholders
The following information is given pursuant to Section 26 of the Security Markets Act 1988.

The following parties are recorded by the Company as at 16 February 2017 as substantial security holders in the Company, and have declared the following relevant interest in voting securities under the Securities Markets Act 1988:

BayWa Aktiengesellschaft	90,671,206
Wo Yang Limited	24,496,386

The total number of voting securities issued by the Company as at 16 February 2017 was 122,543,204.

STATUTORY INFORMATION T&G 2016

20 largest shareholders
as at 16 February 2017

NAME	UNITS	% OF ISSUED CAPITAL
BayWa Aktiengesellschaft	90,671,206	73.99%
Wo Yang Limited	24,496,386	19.99%
Bartel Holdings Limited	1,172,997	0.96%
Tiger Ventures NZ Limited	1,027,632	0.84%
National Nominees New Zealand Limited	326,631	0.27%
R.J. Turner, C.E. Turner, Redoubt Trustees & Evans Pennell Trustees	202,689	0.17%
S.J. Turner, C.M. Turner & D.H. Turner	184,008	0.15%
FNZ Custodians Limited	149,142	0.12%
D.W. Browne, J.F. Browne & M.R. Bangma	124,784	0.10%
H.J. Goodwin	117,986	0.10%
L.R. Hotham	101,482	0.08%
P.J.S. Rowland	93,507	0.08%
Custodial Services Limied	79,725	0.07%
M.C. Goodson, D.D. Perron, Goodson & Perron Independent Trustee Limited	79,339	0.06%
L.M.Marx-Sheather, W.B. Sheather, P.V.Sheather & S.M.Palmer	70,856	0.06%
R.M. Scott	63,494	0.05%
A.E. Waite	63,000	0.05%
J.A. Scotland, J.A. Scotland & Sainsbury Reid Trustee Company Limited	60,000	0.05%
Epic Trustees Limited	55,108	0.04%
E.M. Wood, L.A. Wood & B.L. Wood	54,586	0.04%
Total 20 shareholders	**119,194,558**	**97.27%**

Spread of security holders
as at 16 February 2017

RANGE	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 to 499	57	9.34%	14,171	0.01%
500 - 999	86	14.10%	62,659	0.05%
1,000 - 1,999	123	20.16%	167,600	0.14%
2,000 - 4,999	126	20.66%	399,747	0.33%
5,000 - 9,999	105	17.21%	720,510	0.59%
10,000 - 49,999	92	15.08%	1,929,985	1.57%
50,000 - 99,999	10	1.64%	673,589	0.55%
100,000 - 499,999	7	1.15%	1,206,722	0.98%
500,000 - 999,999	0	0.00%	0	0.00%
1,000,000 and above	4	0.66%	117,368,221	95.78%
Total	**610**	**100.00%**	**122,543,204**	**100.00%**

Domicile of shareholders
as at 16 February 2017

LOCATION	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS
New Zealand	585	95.90%	7,267,601
Australia	12	1.97%	41,686
Hong Kong	3	0.49%	24,506,341
Germany	2	0.34%	90,693,154
United Kingdom	2	0.34%	5,247
Bahrain	1	0.16%	3,000
Japan	1	0.16%	1,000
Malaysia	1	0.16%	11,716
Singapore	1	0.16%	1,000
Switzerland	1	0.16%	9,709
United States of America	1	0.16%	2,750
Total	**610**	**100.00%**	**122,543,204**

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 62 to 106, 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

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.

FIVE YEAR FINANCIAL REVIEW

	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Revenue					
Continuing activities	**871,771**	812,764	727,022	732,221	669,137
Profit					
Pre-tax profit / (loss)	**42,095**	24,669	16,840	23,420	(18,054)
Net profit / (loss) after tax	**32,436**	19,450	10,614	17,238	(13,278)
Funds employed					
Paid up capital	**176,357**	170,317	165,147	165,147	165,147
Retained earnings and reserves	**168,082**	147,933	110,058	102,324	107,951
Non-controlling interests	**2,383**	2,696	1,761	1,200	6,432
Non-current liabilities	**194,853**	214,855	167,951	99,005	98,945
Current liabilities	**108,911**	118,167	106,531	92,140	80,220
	650,586	653,968	551,448	459,816	458,695
Assets					
Property, plant and equipment	**393,974**	401,395	338,299	250,773	253,816
Other non-current assets	**60,008**	57,426	34,937	52,219	48,464
Current assets	**196,604**	195,147	178,212	156,824	156,415
	650,586	653,968	551,448	459,816	458,695

	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Statistics					
Number of ordinary shares on issue	**122,543,204**	119,803,316	117,010,550	117,010,550	117,010,550
Earnings per share - cents	**25.1**	15.4	8.4	13.8	(13.1)
Net tangible assets per security	**$2.62**	$2.47	$2.27	$2.19	$2.28
Percentage of equity holders funds to total assets	**53%**	49%	50%	58%	61%
Ratio of current assets to current liabilities	**1.81**	1.65	1.67	1.70	1.95
Ratio of debt to equity (1)	**0.88**	1.04	0.99	0.71	0.64
Dividends					
Cents per share on paid up capital	**6**	6	5	-	-
Total dividend paid	**$7,188,199**	$7,020,633	$5,850,528	-	-

(1) Debt includes trade payables.

DIRECTORY

DIRECTORS

Prof. K.J. Lutz, Chairman and Non-independent Director

Sir John Anderson KBE, Deputy Chairman and Independent Director

C.U.G. Bell, Non-independent Director

C.A. Campbell, Independent Director

R.J. Campbell, Independent Director

A. Helber, Non-independent Director

J.S. Wilson, Independent Director

AUDITORS

Deloitte

PRINCIPAL BANKERS

Bank of New Zealand	HSBC
Rabobank	Westpac New Zealand

PRINCIPAL SOLICITORS

Russell McVeagh

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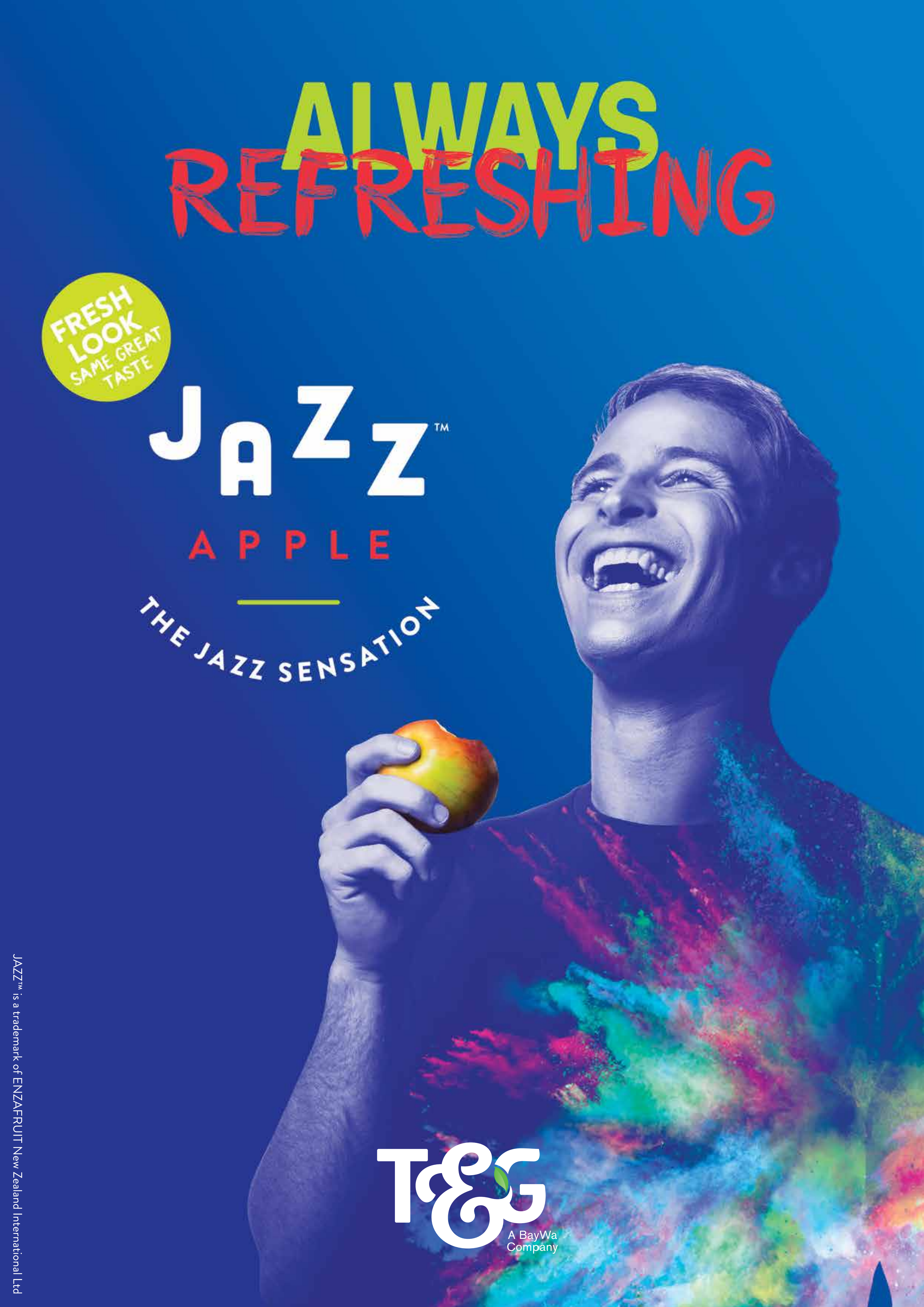
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