T&G
A BayWa Company

Growing a global future

ANNUAL REPORT
DECEMBER 2014

T&G
A BayWa Company

CONTENTS

Annual Meeting

Wednesday 17 June 2015

Notice of the meeting with be mailed to shareholders separately in due course.

Acknowledgments

The Board acknowledges the effort and contribution of all staff to a successful year and thanks each member of the team that helped to deliver the improved operational performance.

Director's Statement

The Annual report is dated 18 March 2015 and is signed on behalf of the Board by:

Prof. Klaus Josef Lutz

Chairman

Sir John Anderson

Deputy Chairman

TURNERS & GROWERS • PASSION FOR FRESHNESS. EVERYDAY. EVERYWHERE • EST 1897

GROWING A GLOBAL FUTURE

For T&G, being global means connecting our customers with premium, fresh produce sourced from our own operations and partner growers from around the world.

Ultimately, our focus is to provide consumers, be they in Shanghai, Auckland or Vancouver, with great tasting and healthy fresh produce.

Through our '**Passion for Freshness, Everyday, Everywhere**,' T&G will continue to grow a global future.

2014 RESULTS

Revenue NZ$	Gross turnover*
$727m	**$996m**
Profit before tax	**Earnings per share**
$24.9m	**13.5c**
Profit after tax	**Net tangible assets per share**
$16.6m	**$2.32**

* Gross turnover represents the gross value (excluding GST) at which produce and services have been sold by T&G as agents, plus revenue from other sources. It does not represent revenue as defined in NZ IAS 18 'Revenue'.


PHIL & KIRSTY GREER, HAWKES BAY, NEW ZEALAND

PIPFRUIT

Revenue NZ$

$268.7m

Operating profit / (loss) before financing expenses

$23.0m

INTERNATIONAL PRODUCE

Revenue NZ$

$171.5m

Operating profit / (loss) before financing expenses

$1.9m

NEW ZEALAND PRODUCE

Revenue NZ$

$156.5m

Operating profit / (loss) before financing expenses

($3.2m)

PROCESSED FOODS

Revenue NZ$

$89.6m

Operating profit / (loss) before financing expenses

($5.5m)

OTHER BUSINESSES

Revenue NZ$

$40.7m

Operating profit / (loss) before financing expenses

$11.2m

2014
QUICK FACTS

Permanent employees	Land owned and leased in NZ
1,300+	**1,551Ha**
Global locations	Storage facilities in NZ (m^2)
32	**253,000**
Containers shipped globally	Cartons of apples* p.a. (global)
16,000	**>10m**

*1 Carton = an 18kg Tray Carton Equivalent.

HAMISH RUSH, NELSON, NEW ZEALAND

EMPLOY

T&G employs approximately 1,300+ permanent employees globally and uses more than 700 seasonal workers during peak harvest periods.

RESEARCH

T&G owns rights to proprietary varieties and invests in significant research with organisations like Plant & Food Research.

GROW

Together with its partner growers, T&G grows fresh produce, including pipfruit, grapes, citrus, kiwifruit, asparagus, berries, summerfruit and tomatoes, in more than 20 countries around the world.

PACK, COOL & STORE

T&G packs, cools and stores fresh produce through an extensive network of facilities around the globe, with 253,000m^2 of storage facilities in NZ alone.

T&G PROCESS

In our NZ plants, T&G has capacity to process 120,000 tonnes of apples, summerfruit and berries into juice concentrate and solids for food service customers in Australasia and North America.

TRANSPORT

T&G transports produce using a fleet of more than 50 T&G trucks in NZ and ships over 16,000 refrigerated containers of product worldwide.

SELL

T&G sells produce through experienced teams of traders and sales specialists who buy and sell on behalf of growers. T&G also has a dedicated team of marketing experts to promote produce to consumers.

SUPPORT

T&G supports young children with the promotion of health and nutrition through the T&G Community Programme.

Chairman's Report

Prof. Klaus Josef Lutz

The Board of Directors presents the Annual Report including the financial statements for Turners & Growers Limited (T&G) and its subsidiary companies for the twelve months ended 31 December 2014.

Consolidated results

On behalf of the Board, I am pleased to report that in the financial year 2014, T&G has surpassed its record profit from the previous year, with a profit before income tax of $24.9m.

Financial year	
2014	**2013**
Revenue	
$727m	**$732m**
Profit before income tax	
$24.9m	**$23.4m**
Profit after income tax (before non-controlling interests)	
$16.6m	**$17.2m**
Net assets	
$283m	**$269m**

Industry trends

Globally, the horticulture industry plays a vital role in supporting the healthier lives of people around the world. Across many categories of produce, new varieties are being developed with different attributes to meet changing consumer demands and provide growers with higher yields to satisfy the increasing global demand for fresh produce. Climate change is also raising social and ecological concerns and driving more sustainable practices.

The rapid growth in the world's population is increasing demand for fresh, year-round, high-quality wholesome foods from sources using reliable, sustainable and safe processes. Consequently, retailers are demanding higher standards; getting closer to source, and taking a more direct interest in the best practice applied by suppliers and growers. Inevitably, these demands will drive further investment and technical innovation throughout the industry.

These trends are very encouraging for T&G. While our roots may be grounded in New Zealand's horticultural industry, our horticultural expertise, proprietary varieties and experienced international network of produce traders provides a strong foundation from which to serve the markets of the world.

This approach is aligned to Baywa AG's internationalisation strategy and its belief that long-term economic success is only possible if it creates added value for our society. T&G is spearheading the growth strategy of Baywa AG's fruit division.

Strategy in action

T&G has responded to these trends by implementing its Corporate Strategy 2020 (see page 12). The Board is pleased that management has successfully completed so many of the strategic projects that were set for 2014. These projects included:

- The acquisition of Apollo Apples, which will significantly increase our NZ exports;
- The Peruvian grape joint venture agreement with our strategic partner Unifrutti, enabling us to become more vertically integrated in grapes;

GLOBALLY, THE HORTICULTURE INDUSTRY PLAYS A VITAL ROLE IN SUPPORTING THE HEALTHIER LIVES OF PEOPLE AROUND THE WORLD.

- The opening of our Shanghai office to support our growing exports to China;
- The launch of our T&G rebrand to unite our people and businesses; and
- The acquisition of both Rianto and Great Lake Tomatoes (pending OIO approval) to expand our glasshouse operations in NZ.

This is the beginning of a strategy that will require sustained effort. T&G will continue to listen to its customers, its markets and partners, and tailor its businesses to meet the evolving needs of the changing consumer landscape.

Expansion opportunities

The quest to provide year-round supply has seen a globalisation of the industry. This has encouraged innovation in storage techniques to extend the local season for certain categories, but it has also driven vertical integration and horizontal consolidation. This presents a number of opportunities for T&G.

The challenge is to focus time and resources on those opportunities that are aligned to T&G's five strategic pillars (see page 12). The Directors believe these guiding principles will deliver long-term benefits for T&G shareholders as well as its growers, partners and consumers.

To meet its strategic objectives, T&G will inevitably consider further acquisitions, commercial partnerships and joint ventures. However, it is important to note that the majority of T&G's investment over the next three years will be committed to its existing businesses. In 2014, T&G invested in the upgrade of our Mt Wellington site, and coolstores in the Hawkes Bay. T&G will be investing in further upgrades of our packhouse and coolstore operations and the planting of new pipfruit trees, kiwifruit, berries and grapes to lift our own and third-party grower volumes to meet future demand.

Global challenges

Serving global requirements is not without its challenges and 2014 has been no exception. At a global level, T&G has adapted to tighter import regulations in China; the cessation of imports from Europe to Russia; and, more recently, congestion at US West Coast ports. At a local level, T&G has responded to the impact of weather events in various territories, an Auckland power outage and various redevelopment improvement projects.

People

It is testament to the resilience and willingness of our people that they have come together as one T&G team to tackle these challenges. T&G staff have lived the new T&G mindsets that hundreds of our staff helped to create this year. This inclusive approach has reignited T&G's culture, which is grounded in its horticultural roots. On behalf of the Board, I would like to thank all the T&G staff for their passion and hard work.

Looking forward

2015 will be a year of consolidation, simplification and further investment in current activities.

Across the group, we continue to encourage innovative thinking ultimately to improve the premium fresh produce offerings that we take to consumers around the world.

We look forward to another exciting year.

Prof. Klaus Josef Lutz
CHAIRMAN

CEO's Report

Alastair Hulbert

Since the adoption of the Corporate Strategy 2020 in December 2013, the Executive team has made significant progress towards implementing the strategic plan.

The formalisation of our key categories; Pipfruit, Grapes, Kiwifruit, Citrus and Covered Crops, has given the business increased focus. As a result of this focus we are building stronger positions with our customers worldwide.

Consequently, 2014 has been a year of substantial strategic activity with T&G's people engaged in many projects, the key ones of which are highlighted below.

China Market Expansion

In August 2014, T&G opened its office in Shanghai, China to move closer to our customers and support their increased need for high quality produce in the complex and diverse Chinese market.

The office will provide marketing and logistical support for customers along with deeper market intelligence for the T&G group and our suppliers. T&G's business in China has grown sharply over the past five years with total revenue for 2014 to China/Hong Kong of NZD$38 million, making it one of our most important markets in Asia. The future growth potential validates the investment in people on the ground.

Peruvian Grape Joint Venture Investment with Unifrutti

In September 2014, T&G announced a joint venture with Unifrutti in Peru to develop and cultivate grapes on a new development in Piura, Peru. T&G has chosen a strong partner in Unifrutti to support the development of its grape category for international markets.

The joint venture allows us to utilise the experience of Unifrutti, access their intellectual property in unique varieties and growing techniques, ultimately to meet the increasing global demand for quality table grapes. While we have been trading grapes internationally through our Delica subsidiary for more than 10 years, this will be T&G's first grape plantings.

T&G Rebrand & Mindset

In September 2014, Turners & Growers rebranded to T&G, representing a fresh direction for all the businesses within the group. The rebrand has allowed us to unite teams under a common identity and purpose focused on achieving the corporate strategic goals. Feedback from our employees and stakeholders has been extremely positive and we are pleased with the way the rebrand rollout is continuing. We anticipate that most of our sites, and people, will be proudly displaying the new T&G logo by June 2015.

Alongside the rebrand we also undertook a values project that would become the foundation of T&G's culture. With the involvement of over 400 employees worldwide, we are proud to say that our new Values, or Mindset as we refer to them, were created by our people, for our people. Both the Board and the Executive team were proud of the level of engagement, and the result is a true testament to a reinvigorated culture.

FOR 2014, THE DEFINING MOMENTS HAVE INVOLVED OUR OWN PEOPLE, WHO HAVE PULLED TOGETHER AROUND THE 'ONE T&G' THEME ON A GLOBAL LEVEL.

Acquisition of Rianto and Great Lake Tomatoes

In December 2014, T&G announced the acquisition of two significant New Zealand-based tomato businesses, Rianto and Great Lake Tomatoes, to strengthen our Covered Crop category and cement our market-leading position in New Zealand.

Contingent on OIO approval, we will hopefully be able to begin the integration process into the T&G Covered Crops team by July 2015 and continue to grow this important produce category.

Acquisition of Apollo Apples

A key reason behind this purchase lies in T&G's strategic objective to double our global apple business to 20 million cartons by 2020. It is planned that 40% of this volume will come from the Southern Hemisphere, New Zealand being the major sourcing territory. The Apollo Apples transaction brings us close to this volume and offers T&G the opportunity to work with experienced and highly respected growers who complement our existing Pipfruit business.

Currently, global demand, particularly for our ENZA apple varieties outweighs supply, so we are pleased that this relationship with Apollo will enable us to meet the increasing demands of our customers looking for high quality product.

Increased planting of Jazz™, Envy™ and Pacific Rose™

T&G has the globally exclusive plant variety rights (PVR) and trade marks for Jazz™ and Envy™ apples. 2014 saw an increase in plantings globally including New Zealand, France, the United States, and Italy. In the same year T&G confirmed future plantings of Envy™ in Spain, France and New Zealand, Jazz™ in Germany and both varieties in the United States. T&G also negotiated to plant Pacific Rose™ with a new commercial testing partner in Japan.

The diverse and superior profiles of these apples within the T&G portfolio appeal to a broad range of consumers globally. This consumer preference helps to stimulate the category and enables our varieties to grow their premium relative to commodity apples.

T&G has been very active in the research and development field with a 2014 R&D strategy centered on a global 365 day counter seasonal approach. Working with breeding programs in both hemispheres enables us to achieve faster results and develop a depth of intellectual property with regards to varieties and techniques. This strategy will drive future growth for T&G in coming years.

Apollo Apples founders Bruce and Ross Beaton with Alastair Hulbert (middle).

CEO's Report

Pukekohe pre-pack team

WE CONTINUE TO GROW INTERNATIONAL DEMAND FOR OUR PREMIUM FRESH PRODUCE OFFERINGS.

Since the commercialisation of Envy™ in 2010 T&G has been building relationships with a number of commercial and private breeders for new variety options to complement the current portfolio. 2014 saw T&G shortlist a number of varieties for commercial testing while considering aspects like disease resistance, exceptional eating experience, high tonnage and complementary operational requirements.

Looking ahead

For 2014, the defining moments have involved our own people who have pulled together around the 'One T&G' theme on a global level. This is just the start of the T&G journey to maximise the opportunities presented by the industry trends mentioned in the Chairman's report, and to forge new pathways while strengthening our existing ones.

Looking ahead we will continue our integration of the Apollo and ENZA apple businesses into T&G Pipfruit, and look forward to welcoming the teams from both Great Lake Tomatoes and Rianto.

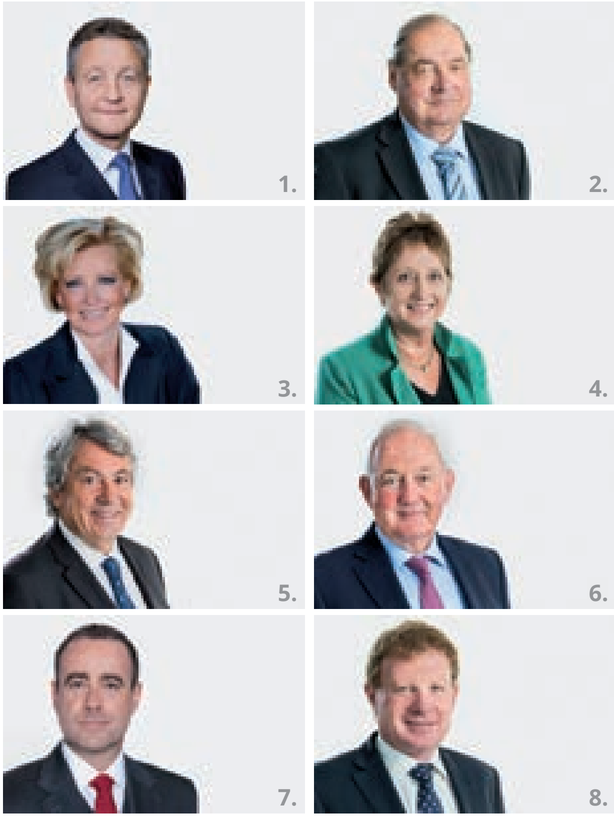
T&G will be investing in its cooling facilities in Otago to support its apple growers in the region. Additional supply from licensed third-party growers wishing to plant T&G varieties will increase production volumes across our key growing regions, including New Zealand.

Despite a challenging international market in 2015 we anticipate steady trading conditions in New Zealand, Europe, the UK and North America, with accelerated growth out of Asia and South America, as consumer spending on quality fresh produce increases.

Personally, I would like to thank the Executive team and all of our staff for their hard work in bringing our strategy to life. There has been a significant amount of work generated to support our strategies and it is very gratifying to see these plans coming to fruition. I would also like to thank the Board of Directors for their guidance, and support for the business, as we strive to grow a global future.

Alastair Hulbert
CEO

Board of Directors



1. Prof. Klaus Josef Lutz
Chairman & Non-independent Director
Director since April 2012

Chief Executive Officer of BayWa Aktiengesellschaft (BayWa), and 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.

2. Sir John Anderson KBE
Deputy Chairman & Independent Director
Director since April 2012
Member of the Finance, Risk and Investment Committee

Chairman of Steel & Tube Holdings Limited and NPT Limited and Director on the Board of Commonwealth Bank of Australia.

3. Christiane Bell
Non-independent Director
Director since February 2014

General Manager Fruit at BayWa, responsible for BayWa's fruit business. Director of Obst vom Bodensee Vertriebsgesellschaft m.b.H.

4. Carol Campbell BCom, CA, ChMinstD
Independent Director
Director since June 2010
Chair of the Finance, Risk and Investment Committee

Director of NZ Post Limited, Kiwibank Limited, Kingfish Limited, Marlin Global Limited, Barramundi Limited, and a number of other companies. Previously a partner of Ernst & Young for 25 years, and currently owner and Director of boutique accounting practice The Business Advisory Group.

5. Rob Campbell BA (Hons First Class), MPhil (Economics)
Independent Director
Director since October 2010
Chairman April 2011 to March 2012
Member of the Human Resources Committee

Chairman of Summerset Group Holdings Limited, Tourism Holdings Limited and a Director of a number of other companies including Precinct Properties Limited.

6. Michael Dossor Dip AG
Non-independent Director
Director since 1991
Managing Director January 2003 to June 2005
Member of the Human Resources Committee

Director of Turners Limited, Bartel Holdings Limited, Fruit Distributors Limited, McKay Shipping Limited, Allan Blair Properties Limited and a number of other companies.

7. Andreas Helber
Non-independent Director
Director since April 2012
Member of the Finance, Risk and Investment Committee

Chief Financial Officer of BayWa, and a member of the supervisory boards of a number of listed and private companies including R+V Pensionsversicherung AG, RWA Raiffeisen Ware Austria AG, Unser Lagerhaus Warenhandelsgesellschaft m.b.H, and Bau-und Land-Entwicklungsgesellschaft Bayern GmbH.

8. John Wilson BAgr Sc
Non-independent Director
Director since April 2012
Chairman of the Human Resources Committee

A dairy farmer and Chairman of Fonterra Co-operative Group Limited.

Our Strategy

T&G
A BayWa Company

Our purpose

Passion for Freshness. Everyday. Everywhere.

Our mission

Consistently delivering the highest quality fresh produce to the world by empowering a customer-centred, collaborative and accountable culture that delivers sustainable growth.

Our mindset

We're GROUNDED

We've grown because we've stayed true to our roots. We've been around since 1897, but our values are even older than that.

We're all about the basics; keeping it real, respecting everyone we come into contact with, and being at one with our community.

We're RESILIENT

Through life's ups and downs, we stay on track.

We get our hands dirty when we need to, bring bucketloads of determination to every task, and we're always up for a challenge.

We're ready to evolve and adapt when needed.

We're open

We're always eager to share our discoveries.

We welcome new ideas, listen and communicate with transparency and an open mind.

We embrace different points of view and love working as part of a team.

We're willing.

We're always looking for ways to learn and try new things. In order to be the best, we can never afford to stand still. That means being responsible, accountable and doing the right thing – even when nobody is watching. It's our job to go above and beyond expectations.

Our strategic pillars

THINK GLOBAL

Know that you're part of a global business within a global industry.

Work with our people around the world.

STRENGTHEN RELATIONSHIPS

Strengthen relationships with growers, suppliers, customers, consumers, communities… and each other

FOCUS ON GROWTH

Strengthen key product categories.

Focus on growth markets. Focus on growing our people.

GROW OUR IP

Commercialise superior varieties.

Build strong brands.

Manage supply and create demand.

SIMPLIFY IT

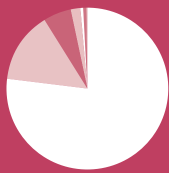
Be innovative, creative and competitive.

Try new things.

Maximise value.

Our People

Length of service

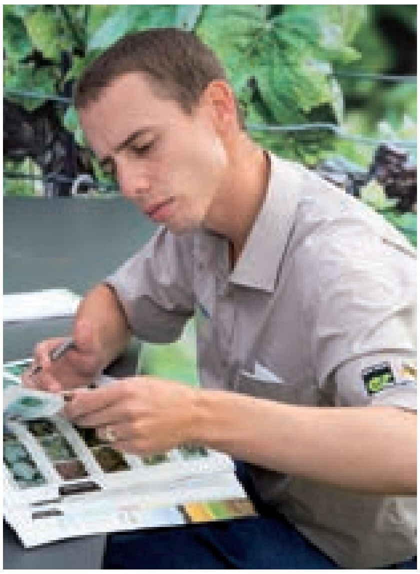


0-5 YEARS	1062
6-10	197
11-15	76
16-20	26
21-26	11
26-30	6
41-45	1
56-60	1

Permanent employees

1,300+

The longest serving T&G employee currently on staff started on 5 December, 1955.



Seasonal workers

700+

During peak times T&G recruits more than 700 seasonal workers during the year.

Locations

T&G employees are based at 18 locations in New Zealand and 14 other locations around the world.

Our People

T&G Academy

The T&G Academy was first proposed in late 2012 with 2013 being the year the foundations of the programme were laid. In January 2014 the T&G Academy was launched with a strong focus on people leadership, along with designing and introducing programmes that covered areas such as Sales, Operations and Horticulture.

In total there were 600 employees through the T&G Academy in 2014, with close to 1100 instances of training (many taking two or more courses through the year).

The T&G Academy took under its umbrella the already well established literacy and numeracy programmes through Saddlers (now Cornerstone), a leading New Zealand tertiary provider of education in workplace communication. With access to government funding, T&G offers employees free literacy and numeracy development as well as other core skills training.

T&G is also developing a relationship with Fruition Horticulture, a leading horticulture consultancy business, allowing T&G to offer workers from the Recognised Seasonal Employer (RSE) scheme opportunities to develop key skills that can open doorways to formal education, as well as providing better work and life skills for when they return home.

In addition to the multitude of Horticulture qualifications available through the partnership with Primary ITO, T&G is looking to introduce new programmes this coming year to develop capability in logistics and sales. This will include the establishment of graduate and cadetship programmes encouraging people to enter the industry.

In the future, developing the next generation of Executives, Orchard Managers and Head Growers will be an on-going priority.

Favona glasshouse workers presented with "Glasshouse Site of the Year" Award.

Pipfruit Recognised Seasonal Employer workers, Hawke's Bay, New Zealand.

Seasonal workers

T&G employ over 700 seasonal workers during the peak times in the year. This can include tourists, students or those interested in the seasonality of the job. The largest group of seasonal workers come from the Recognised Seasonal Employer Scheme (RSE).

The RSE Scheme allows the New Zealand horticulture and viticulture industries to recruit workers from overseas, mostly from the Pacific Islands, to fill seasonal labour shortages. Being an RSE Employer means T&G works closely with the Ministry of Business Innovation and Employment (MBIE) and the Immigration Department to ensure the local labour supply has been fully explored before being approved to recruit through the RSE scheme.

Often it is difficult to find enough local applicants willing to work during the season so the RSE scheme is an extremely important source of labour, providing T&G with a supply of productive and reliable workers.

In 2014 over 500 seasonal positions at T&G were filled by RSE workers from countries including Tonga, Vanuatu, Kiribati and Samoa. These workers carried out crop work in Tuakau (South Auckland), Nelson, Riwaka (top of the South Island) and Kerikeri (Northland region) with all areas reporting increased quality and productivity. As an RSE Employer it is T&G's responsibility to provide accommodation and pastoral care for these workers ensuring they adapt to life in New Zealand and to their employment.

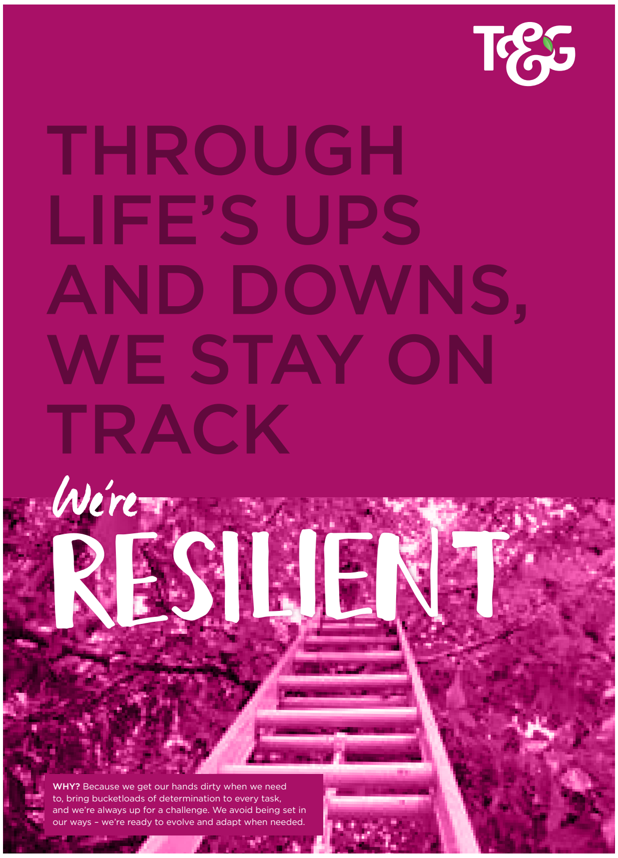
Not only is the scheme vital for T&G to remain competitive, it is also extremely beneficial for the countries the RSE workers come from; providing workers with increased income, knowledge and skills that would otherwise be unobtainable in their home countries. This employment income provides opportunities for improved housing and education for the RSE workers, their families and their communities.

WE'VE GROWN BECAUSE WE'VE STAYED TRUE TO OUR ROOTS.

We're GROUNDED

WHY? We've been around since 1897, but our values are even older than that. We're all about the basics; keeping it real, respecting everyone we come into contact with, and being at one with our community.

Our People



The T&G Mindset

In 2014, T&G recognised the opportunity to redefine the values of the organisation.

The idea was to create something foundational, that had true meaning for our employees, and reflected the new global direction of T&G while staying true to our history and our core business.

What followed was a project that involved hundreds of our people from around the globe attending workshops, creating 'value walls' and submitting their collected ideas and thoughts.

Through this process the T&G Mindset of *Grounded*, *Resilient*, *Open* and *Willing* was born. This forms the acronym G.R.O.W. which reflects our collective aspirations and the future direction of our global business.

We can now say that we have a Mindset, created by our people, which has shared ownership and meaning for us all. As we move forward, we will embed this Mindset into our culture and everything we do.

Health and Safety

Highlights from our New Zealand business

Compared to 2013, in 2014 we had:

- 20% fewer total recordable injuries
- 42% fewer lost-time injuries
- 40% fewer hours lost due to injuries
- 27.5% fewer ACC claims

In 2014, we had 344 injuries at work (any injury regardless of how minor). The majority of these injuries are strains, sprains, bruising and cuts, which reflects the manual nature of much of the work undertaken within T&G business.

Despite the reduction in the number of injuries and our TRIFR (Total Recordable Injury Frequency Rate), we continue to proactively work on preventing accidents and injuries. Implementing measures to manage risks and prevent incidents is our first priority.

2014 Improvements

Lighting upgrade
In early 2013, T&G partnered with Energy NZ, an energy auditing and monitoring company. Over the following months, Energy NZ visited all our sites around the country to look at how we use electricity for our various operations and what can be done to make us more energy efficient.

Lighting was identified as one of the priorities, and in early 2014, a project team was set up to coordinate a national lighting upgrade.

In addition to the energy savings, the increased light levels improved workplace safety and at the same time ensured our produce is presented in the right light wherever it is in our supply chain.

Forklift upgrade
Following a review of both the forklift risk and our forklift fleet, a project was implemented in 2014 to replace current forklifts with new models that have a number of safety features, including software Toyota I_Site.

Toyota I_Site transmits and collects data from forklifts that can help improve operational efficiencies, productivity and safety. The software provides information on driver behaviour, analyses driving speeds and reports on impacts should they occur. The software also restricts who is permitted to drive the forklift units.

The data collected will allow us to see peak times and potential bottlenecks as well as areas for improvement.

We expect the technology to significantly reduce accidents and property damage caused by forklifts at our sites. Delivery of the units to our sites began in December 2014 and should be complete by March 2015.

A T&G warehouse before and after undergoing a lighting upgrade to increase light levels, improve safety and energy efficiency.

Our new forklifts have a number of safety features including Toyota I_Site software which collects data from the forklift which can help improve the operation's cost, productivity and safety.

Our Community

Students gathered for Work Choice Day

T&G is a company with strong historical links and one that has played a role in New Zealand communities for more than 117 years.

T&G employees identified the importance of health and nutrition in the community and developed the T&G Community Programme to provide support and educational opportunities for children.

This focus was also reinforced by statistics from the New Zealand Ministry of Health showing that nearly one in three children in New Zealand is overweight or obese. These are numbers that T&G would like to help change.

Throughout 2014, we have provided support to schools, sporting teams, individuals and communities. We also have strong partnerships with several groups, including:

Fruit in Schools programme

Working with United Fresh, T&G is part of the Fruit in Schools programme, providing produce to approximately 480 schools in 21 regions around New Zealand. Fruit in Schools is a government-funded initiative that focuses on low-decile/high-needs schools by providing fruit to children that may ordinarily miss out.

Feedback from teachers, principals and health practitioners has been positive, with improvements in oral hygiene and general wellbeing. This is a positive step towards increasing healthy eating opportunities for children.

The Garden to Table programme

In 2014, T&G created a partnership with the Garden to Table Trust, supporting its programme roll out in New Zealand schools. The Garden to Table Programme teaches children to grow, harvest, prepare and share fresh, seasonal food. The programme aims to create healthier children who have a love of produce.

T&G provides funds and support to help the primary schools establish their gardens and facilities as well as specialists to work with the children. The first T&G Garden to Table school was Flat Bush Primary in South Auckland. A decile one school, Flat Bush Primary has created a great space where children can enjoy their time in the garden and kitchen, and experience the entire growing process from seed to plate.

At the end of 2014, Kerikeri Primary School also became a T&G Garden to Table school. Kerikeri Primary has worked closely with our local team to create its gardens and is now providing a practical, healthy and fun environment for the children.

2015 will see further Garden to Table schools rolled out in the main areas of our operations.

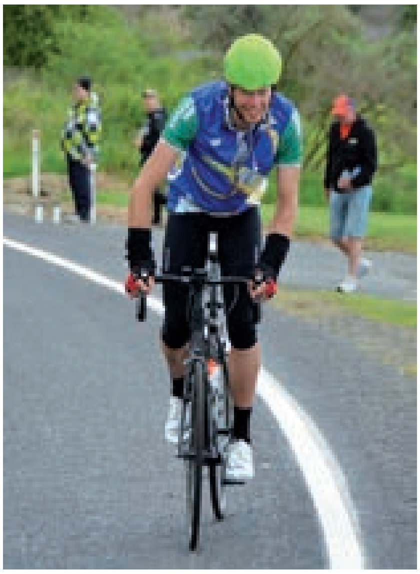
Help them Hope project

T&G is a global business with operations around the world and one of our key focuses is supporting community initiatives that involve children.

One such initiative is the 'Help them Hope' project running in Peru, South America. With the goal to empower disadvantaged youth, children with disabilities receive support with education, career guidance and independent living – opportunities they would not ordinarily have access to.

In addition T&G supplies local teams with football kit for tournaments, giving children in this football-loving country that chance to have fun.

T&G is a company with strong historical links and we have played a role in New Zealand communities for more than 117 years.



T&G BUSINESS DIVISIONS

Turners & Growers Limited (T&G) has grown from its 1897 roots as a small auction business in Auckland, New Zealand, into a company that now markets around 140 products to more than 70 countries.

T&G is a diverse organisation with five key business divisions – Pipfruit, International Produce, New Zealand Produce, Processed Foods and Other Businesses – all focused on delivering premium produce to the world.

	2014	2013	Movement
Revenue	727.0m	732.2m	- 0.7%
Operating expenses*	156.6m	152.8m	+2.5%
Operating profit before financing expenses	27.3m	25.9m	+5.4%
Profit after tax	16.6m	17.2m	- 3.5%
Total equity attributable to equity holders	281.2m	267.5m	+5.1%
Total assets	559.4m	459.8m	+21.7%
Net tangible assets per share	$2.32	$2.19	+5.9%

* Operating expenses includes employee benefit expenses, depreciation and amortisation expenses, and other expenses.

T&G Group Financial Summary

The Turners & Growers Group (T&G) reports a profit after tax of $16.6m for the year ending 31 December 2014.

Whilst T&G's revenue continued to be strong in all segments, overall revenues were slightly down (0.7%) due only to reduced fruit volumes available for the Processed Foods division.

T&G generated substantial other operating income, mainly from the first-time consolidation of the assets acquired from Apollo Apples Limited.

Operating expenses in total were up 2.5% on last year due to expansion of various businesses within the Group. For example, T&G Transport increased its market share and consequently its cost base, T&G Fiji continued to grow, and the Delica China operation was established during 2014. Additionally, overheads increased as the Group's acquisition activities saw the group incur more consultancy costs.

Net finance expenses grew due to a rise in interest rates and increased borrowing to fund investments and an early harvest resulting in a longer season in the Pipfruit division. The company's share of profit from associates and joint ventures increased through improved profitability of its investments in Allen Blair Properties and the Wawata Limited Partnership, a very successful Envy™ growing joint venture with Wakatu Incorporation in Nelson.

T&G's total equity attributable to equity holders increased by $13.7m over the year mainly due to profit for the year offset by the dividend paid to shareholders in May 2014. Total assets have increased by $99.6m, in accordance with T&G's growth strategy. This increase has primarily been in the Pipfruit division, and reflects the acquisition of the assets of Apollo Apples, investment in new orchards and post harvest equipment; additionally there has been an upward revaluation of orchard land and biological assets. These asset acquisitions were funded by operating cash flow and additional bank facilities. Net tangible assets per share have increased to $2.32 at year end, from $2.19 the previous year.

Pipfruit

Wipavee Watcharakorn from Vachamon Thailand, with celebrity and Jazz™ ambassador Lek Teeradetch

The T&G Pipfruit Division is the largest vertically integrated category at T&G. Accounting for 37% of T&G's total revenue, it comprises the growing, packing and coolstorage, distribution and marketing of apples and pears. T&G is the largest New Zealand exporter of apples, representing just under one third of the national crop.

T&G Pipfruit earns its revenue from both New Zealand and offshore operations. The New Zealand business consolidates approximately 6 million cartons (18kg tray carton equivalents) of pipfruit. Seventy percent of the fruit is from third-party growers, with the balance grown by T&G. T&G Pipfruit licenses partners to grow 4 million cartons of apples outside of New Zealand with a focus on the exclusively licensed varieties Jazz™ and Envy™.

T&G has built an enviable position in the market through the consistent supply of high quality ENZA™ apples and pears and the on-going investment in research and development. With a focus on commercialising superior apple varieties and building compelling consumer brands like Jazz™, Envy™ and Pacific Rose™, T&G has strengthened its portfolio and helped to stimulate the apple category globally.

Although New Zealand remains a critical supply origin for high quality pipfruit, T&G has developed strong supply positions in other countries with committed grower partners, in an effort to meet the growing global demand particularly for Jazz™ and Envy™. The global development of the T&G pipfruit portfolio is aligned with the strategic objective to be the leading global supplier of quality apples year round.

T&G currently markets 10 million cartons of apples and by 2020 aims to increase this volume to 20 million cartons. To meet the increasing demand for Jazz™, Envy™ and Pacific Rose™, the global growing network includes New Zealand, Chile, Australia, South Africa, South Korea, France, Italy, Austria, Spain, Switzerland, Germany, the United Kingdom and the United States.

To realise the in-market potential of the pipfruit portfolio, T&G has aligned itself with some of the best fruit marketing partners in the world. In the United Kingdom T&G has a 50% shareholding in Worldwide Fruit, with Fruition PO holding the other 50%. Fruition PO is a group of large committed pipfruit growers who are passionate about growing Jazz™. Worldwide Fruit is a pipfruit specialist with category supply positions across the competitive United Kingdom supermarket sector. Worldwide Fruit has been integral in building a strong position for Jazz™ in this tough market, and in 2014 Jazz™ was voted the tastiest apple at the National Fruit Show. In an environment where commodity apples are selling at heavily discounted rates, the value proposition of Jazz™, namely a consistently great-tasting crunchy apple, is supporting high relative pricing.

In Europe T&G markets through the 100% T&G-owned subsidiary ENZAFruit New Zealand (Continent) NV. This business has long-established relationships with key European supermarket customers. The team has built a very strong customer following for ENZA™ branded apples, with Jazz™ finding particular favour with European consumers. As in the UK, Jazz™ is achieving a significantly higher price in Europe relative to the commodity apple varieties.

In North America, T&G works through The Oppenheimer Group (Oppy), in which T&G owns a 15% shareholding. Oppy specialises in providing retail customers with locally grown and premium imported fresh produce from around the world. To activate programmes across this huge market, Oppy has 12 offices in North America. With Oppy's support, T&G has developed a very strong position in the market with ENZA™ branded apples and pears. Pacific Rose™ and Jazz™ are well established, with Envy™ being the newest apple sensation being offered to this market. Envy™ is naturally large with a deliciously refreshingly sweet taste and crisp texture. With this unique combination of attributes, Envy™ has struck a real chord with North American consumers, selling for very high prices with demand significantly outstripping supply.

T&G also works through its subsidiary company Delica North America Limited to drive sales programmes of North American pipfruit in to Asia. This is primarily focused on the proprietary varieties Jazz™ and Envy™, and provides Asian customers with increased availability of these sought after apples.

Across Asia, the Middle East and Russia, T&G markets Pipfruit through its 100% owned subsidiary Delica Limited. The Delica business model has been focused on identifying, selecting and working with the right partners in the market. To this end, Delica has forged strong partnerships with key importers, wholesalers and retailers across Asia, the Middle East and Russia. Despite the significant diversity in this region, Delica has built meaningful brand positions for both Jazz™ and Envy™ in all of these markets.

2014 Pipfruit Financial Summary

The T&G Pipfruit result was ahead of the 2013 operating profit by $1.8 million.

Overall Pipfruit has been the main contributor to T&G's profitability. The segment's operating profit has increased from $21.2 million in 2013 to $23.0 million in 2014.

The New Zealand pipfruit export volumes for 2014 slightly increased over the previous year by 3%. The anticipated volume growth did not eventuate completely in 2014 largely due to a number of hail events in late December 2013. The T&G marketing team experienced price pressure across most markets, especially in Europe. Traded apple volumes in the European markets have been large due to increased volumes from the Southern Hemisphere and an early, high-volume start to the European harvesting season. Economic sanctions against Russia saw further pressure on prices as more volume had been entering the market. T&G Pipfruit could offset these effects by stable returns from the United Kingdom and more volume towards the USA and Asia so that the division achieved another solid result for its New Zealand programme.

The challenging market conditions resulted in lower grower returns on average compared with 2013, which mainly affected returns for commodity varieties. It was pleasing to see that Jazz™ returns were held close to 2013 levels and there was a notable increase in the Envy™ returns of 13% on last year.

The Northern Hemisphere pipfruit growing and marketing programmes in North America and Europe continued to expand. Volumes produced by our partner growers for the 2014 financial year increased by 20% mainly due to maturing trees. Besides commission earnings, T&G Pipfruit did receive additional fees for new plantings of Jazz™ and Envy™ in both regions, which will contribute to future earnings of the division once these trees start producing. Delica North America continued to grow its pipfruit export programme out of the USA into multiple Asian countries with 12% growth in volume and improved profitability.

Aligned with the strategy set at the beginning of the year, T&G invested substantially in new assets in the Pipfruit division. As well as the acquisition of the assets of Apollo Apples Limited in the Hawke's Bay, management invested in additional orchards, new apple plantings and in coolstore infrastructure in New Zealand. These investments did not have an impact on the Pipfruit division's 2014 profitability but provide the basis for future growth.

PIPFRUIT QUICK FACTS

T&G has more than 750 grower partners that grow over 3,000Ha of Jazz™, Envy™ and Pacific Rose™, together representing over 7.5 million trees globally

30% **T&G represents over 30% of the New Zealand apple export volume**

International Produce

T&G is a truly global business with both growing and trading entities worldwide. The International Produce Division encompasses all of the International Trading business, excluding Pipfruit, with a strategic focus on Grapes and Kiwifruit.

International Trading

The International Trading business has employees located in New Zealand, Australia, North America, South America, South Africa, Fiji, Singapore, Japan and, most recently, China. These offices are primarily export focused with Asia being the biggest destination region. T&G's strength is its global network, providing year-round supply of top quality produce. Key products include asparagus, citrus, grapes, stonefruit, berryfruit and kiwifruit. The Group also has an import business in Australia bringing in produce from many countries, most of which is supplied by other companies within T&G and predominantly sold to Australian retailers.

The Pacific Islands business is made up of T&G Fiji and T&G Pacific Islands Exports (PIX). T&G Fiji is predominantly an import business with branches in Nadi and Suva. The majority of product imported into Fiji is supplied by T&G PIX. Aside from supplying T&G Fiji, T&G PIX also supplies customers throughout the Pacific region.

The International Trading business unit's main profit contribution came from strong trading results in North America in berries, citrus and stonefruit. Furthermore, it benefitted from continued growth in Fiji and steady exports into the Pacific Islands. Supply shortages in New Zealand, Australia and South America in the first half year were offset by a strong finish in the last quarter of 2014.

During 2014, T&G opened an office in Shanghai, China with the purpose of providing in-market support to key customers. The set-up costs for the year were substantial however the benefits are already being realised as new staff have identified opportunities direct to retailers that are not currently buying from T&G. Having an in-market presence in China will result in both an improvement in quality control as well as service to the wholesale and retail customer base. T&G is now strategically well positioned to support the future growth in this important market.

Grapes

One of the truly 'global' categories in which T&G is involved is the trading of table grapes for 12 months of the year from multiple sources, primarily through T&G's international trading offices. Key sourcing regions include Peru, Chile, Australia, South Africa and more recently North America and Mexico. Main markets for the fruit are in Asia, with China/Hong Kong, Thailand, Vietnam, Indonesia and Korea accounting for the majority of sales. T&G is also increasing volumes to Japan, India, the Middle East and emerging markets such as Myanmar, Cambodia and Eastern Russia, while continuing a presence in more mature markets such as Taiwan, Singapore, New Zealand and Malaysia.

T&G trades approximately 1.5 million boxes of table grapes across the group (8.2kg box equivalents) with the largest volumes from Peru and Australia.

In September 2014, T&G announced a joint venture with the Chilean company Unifrutti to cultivate prime agricultural land in Piura, Peru, and to introduce a new growing operation for the grape category. This is a significant step and will enable T&G to become a grower/ packer and exporter of table grapes from this key growing region.

The Peruvian venture will allow both companies to develop new varieties and offer them to a global customer base.

The Grapes business unit experienced a challenging year in 2014. T&G has achieved volume growth of 6% mainly from North and South America despite lower pricing levels in Asia than expected. The business also incurred set-up costs for the newly established grape-growing operation in Northern Peru. Overall the business unit's operating profit met expectations.

Kiwifruit

T&G has had a longstanding connection to the kiwifruit industry in New Zealand. It was a pioneering marketer and exporter of the fruit in the early years of the industry, and in 1959, famously coined the name change of the Chinese gooseberry to the iconic 'kiwifruit' that has now been adopted the world over.

Today, T&G remains very much a part of the kiwifruit landscape. It operates close to 100Ha of orchards in Northland, growing a mix of varieties which are marketed by T&G in certain territories, and Zespri for the remainder.

T&G owns the trademarks for ENZAGold™ and ENZARed™ kiwifruit. These cultivars are grown and licensed by T&G in New Zealand, and licensed by T&G in other countries including Chile, South Korea, France and Italy. More plantings are planned in these countries, along with others.

The Kiwifruit business unit had a difficult start to the year with New Zealand volume down due to the impact of PSA and South American growers having issues with significant frost events. The lack of volume available for sale consequently meant that the T&G Kiwifruit business unit could not reach its operating profit level from last year. Management has decided to increase plantings both in New Zealand, on T&G-owned orchards, and in Chile to further increase volumes of T&G's own varieties ENZAGold™ and ENZARed™, which will come to fruition in future years when the newly planted vines reach maturity. This is part of T&G Kiwifruit's strategy to achieve growth based on owned intellectual property rather than commodity products.

2014 International Produce Financial Summary

The International Produce segment achieved an Operating Profit of $1.9m in 2014, with the Trading and Grapes business units performing ahead of 2013, while Kiwifruit fell behind the 2013 result.

INTERNATIONAL PRODUCE QUICK FACTS

20 — T&G has operations based in more than 20 countries around the world

50 — T&G International trades in over 50 different fresh produce items

T&G ships to and from all continents in the world to connect supply with customers

The joint venture with Unifrutti is the first ever investment in grape growing for T&G

1959 — In 1959 T&G coined the term 'Kiwifruit' to label Chinese gooseberries from New Zealand

Nick Fitzpatrick, GM Grapes

New Zealand Produce

T&G has grown and marketed produce in New Zealand for over 117 years. The New Zealand Produce Division includes Imports, Citrus, Covered Crops and the T&G wholesale market network.

Imports

With New Zealand's climate, there are a number of products that can only be grown here at certain times during the year, or can only be found outside of New Zealand. In order to satisfy retail supply programmes and consumer demand, T&G taps into its global network of offices with in-field product specialists able to facilitate the supply of quality produce to New Zealand, linking T&G global supply partners with T&G New Zealand customers.

A key imported product for T&G is bananas. T&G is the longest standing importer of bananas to the New Zealand market and has been importing Bonita bananas since the 1960s. Interestingly, New Zealand has one of the highest per capita consumption in the world, so a continuous supply of bananas is essential to consumers.

Original banana imports came from the Pacific Islands, but over the years pathways have been developed allowing banana imports from Ecuador, Panama, the Philippines and Mexico. T&G Bananas are shipped to New Zealand on a weekly basis then ripened in state of the art on-site facilities in Auckland, Wellington and Christchurch, providing a strong national footprint.

T&G supplies a range of banana products and brands to major retail partners throughout New Zealand, including Fair Nando Fairtrade, Fair Nando Fairtrade Organic, Organic Bonita™, Chico™, Bonita™, Golden B™ and green cooking bananas.

In 2014 we saw significant volatility in the New Zealand banana market. Supply issues experienced by major competitors early in the year meant T&G's Bonita bananas were in high demand. However, in the latter part of the year the New Zealand banana market was flooded, with excess volume as competitors fought to regain lost market share with new market entrants trying to establish themselves in what is a very small market. For the full year, profitability was at a similar level to 2013.

Citrus

New Zealand has two key citrus growing regions: Gisborne and Kerikeri. T&G is the largest single citrus grower in New Zealand with over 160 hectares in plantings of mandarins, lemons and oranges.

The citrus product brands include Kwan™, Ezypeel™, Sunfirst™, Kerisweet™ and Sweeties™, and the T&G Citrus operation comprises growing, packing, distribution and marketing.

In New Zealand, T&G works with all major retail partners and exports to Australia, Japan, China and other emerging Asian markets. During the off season T&G imports citrus from the United States and Australia to service New Zealand customers when the local supply is out of season.

To develop a stronger supply position in the key growing region of Gisborne, T&G has entered into a strategic partnership with Kaiaponi, the largest citrus grower and packer in the area.

T&G's Citrus business had a mixed result in 2014. The mandarin crop in Kerikeri was down, however the overall volume of mandarins sold during the year was higher than 2013 due to additional supply from partner growers, mainly in the Northland and Gisborne regions. The T&G grown mandarin crop continued to be subject to large biennial bearing swings, meaning the orchard's volume yield alternates significantly each year. Despite orchard practices having been changed to limit the impact, 2014 was still a low-volume year. T&G Citrus are confident that these on orchard practices will improve the biennial bearing issues moving forward, providing a more consistent supply of fruit from year to year.

The major focus for lemon orchards during the year was an increase in quality. A controlled reduction in production and a greater focus on quality and improving packouts, meant that T&G benefited from improved orchard grower return prices in the second half of the year, which helped the Citrus business unit meet expectations.

Covered Crops

T&G Covered Crops encompasses produce grown in glasshouses, namely tomatoes, cucumbers and capsicums. The T&G Covered Crops operation comprises growing, packing, distribution and marketing.

In New Zealand, T&G is the single largest glasshouse grower with 20.4 hectares of owned production and has strong relationships with other growers in order to consolidate and service customers in New Zealand and overseas. T&G is seeking to increase its supply position in New Zealand with the planned acquisitions of Great Lake Tomatoes and Rianto (pending Overseas Investment Office approval).

Tomatoes are the largest covered crop category that T&G grows, supplies and takes to market. Within the tomatoes business, T&G is a key supplier for supermarket own-brand offerings as well as marketing leading brands that include Beekist™, Galaxy™ and JellyBean™. In 2014, T&G was given the prestigious 'Best New Line' award from Countdown for JellyBean™ tomatoes, regarded as the best new product across the entire supermarket.

In New Zealand, T&G works with all major retail partners. Internationally it exports to Asia, North America and Australia.

The Covered Crops business unit experienced a difficult trading year with profit significantly reduced. Due to a large volume of tomatoes on the market in the summer periods, and imports of Australian fruit during winter, prices achieved were lower than previous years. Prices were especially low in February, June, July and November, affecting both the T&G grown crop and product traded from other growers. T&G's own glasshouse operation focused on growing premium specialty tomatoes, which is more labour intensive than standard tomatoes. With large volumes of specialty tomatoes available on the market, and lower than expected crop yields for T&G, this strategy did not come to full fruition.

NZ Markets

T&G has the most extensive network of market sites in the country, with 14 sites strategically located throughout New Zealand, operating seven days a week.

The markets connect the New Zealand grower community with retail partners and facilitate the sales and distribution of product from T&G production operations as well as third-party growers.

The landscape has changed significantly over the past 20 years, moving away from auction sales to individual negotiation. In addition to this, the evolution of technology has enabled T&G to offer a range of online services to its supply partners. These include a self-service tool for growers to manage their deliveries, online access to their financial documentation, and real-time information about their sales prices achieved at any T&G market.

T&G's wholesale markets in New Zealand performed on similar levels to prior year, both in volume and revenues which ensured stable earnings.

NEW ZEALAND PRODUCE QUICK FACTS

42k	**NZ Markets complete approximately 42,000 transactions weekly**
140	**There are approximately 140 product lines sold through NZ Markets**

Processed Foods

The Processed Foods Division is focused on enhancing the value of the total apple crop through food processing and ingredient production of non-exportable fruit.

Focused on the Australasian customer base, T&G Processed Foods comprises two businesses: ENZACOR Pty Limited, trading as Fruitmark, and ENZAFoods Limited.

ENZAFoods employs approximately 120 full-time staff in New Zealand across two processing plants located in Hastings and Nelson. These plans focus on processing apples into apple juice concentrate for beverages and apple solids for the baking and industrial food segment.

In addition, ENZAFoods has packing capability for Small Format Pouches (SFP), and contract-packs food products for a number of large retail suppliers. ENZAFoods also processes a large volume of other fruit and vegetables to customer specification, producing a range of concentrates, purees, cooked fruit and vegetable solids.

Fruitmark began trading in 1992 as an agency for ENZAFoods juice concentrates and apple solids. While Fruitmark still trade approximately 30% of ENZAFoods production, it has since diversified, acting as an importer and trader of food ingredients to the Australian food sector, and now ENZAFoods products represents 19% of Fruitmarks total sales.

Other products include worldwide concentrate suppliers, Austria Juice, Louis Dreyfus, Ocean Spray and Zhonglu. Processed Foods also supply fresh cut vegetables to quick service restaurants, dehydrated fruit and vegetable products and individually quick frozen (IQF) fruits.

2014 Processed Foods Financial Summary

The operating profit of the Processed Foods Division was $6.0 million down on 2013.

The 2014 financial performance of ENZAFoods was dramatically impacted by major effects. The fruit volume available for processing was 25% down on a normal year resulting in a $10m loss in revenue. Gross profit therefore was not only affected by the lower volume sold but also by comparatively high costs of capacity underutilisation.

The rising New Zealand dollar contributed negatively to the overall result through reduced margins in the AJC business in Australia. During 2014, management started to restructure ENZAFoods, with significant changes in the local management, sales and operations teams as a first step towards improving the performance of the business. Following a strategic review of ENZAFoods product portfolio, management decided to terminate the marketing of the 'fast and fruity' product range launched in Australia in 2013 that had not met sales targets. Combined with considerable repair and maintenance costs to prepare the factories for the 2015 season, this resulted in a significant loss for that business.

By comparison, Fruitmark performed profitably, only falling slightly short of the previous year as a result of the downward price pressure on commodity fruit juice in 2014 and a slow market in apple solids into the bakery industry. This particular industry went through a significant period of structural change that resulted in mergers, acquisitions and closures of businesses. Fruitmark's result was also impacted by the depreciating Australian dollar against most major currencies, which reduced volumes sold due to higher asking prices into the Australian industry from imported goods. These negative impacts were countered by growth in dehydrated products and strong margins in traded frozen fruits, which confirms the viability of Fruitmark's diversification strategy.

Overall, Processed Foods incurred an operating loss of $5.5 million in 2014 compared to an operating profit of $0.5 million in 2013.

PROCESSED FOODS QUICK FACTS

6.8m

Fruitmark imports from 46 suppliers across 16 countries, providing 970 customers with

- **6.8 million litres of juice concentrates,**
- **1,700 tonnes of fresh-cut salads, 1,200 tonne of dehydrated fruit and vegetables,**
- **1,300 tonnes of frozen fruit and vegetables, and**
- **2,800T of processed apple solids**

120k

ENZAFoods has the capacity to process up to 120,000 tonnes of apples annually

Other Businesses

Other Businesses include the Fruit Case Company, T&G Transport and Floramax.

Fruit Case Company (FCC)

The Fruit Case Company (FCC) supplies the New Zealand produce industry with crates, pallets and bins, for packaging, storing, transporting, and displaying of fresh produce.

FCC has 11 depots nationwide servicing over 1,000 growers, markets and retailers across New Zealand.

Overall, 2014 was a positive year for the business. Although revenues fell slightly short of 2013, this was offset by lower operating costs, which resulted in an improved operating profit compared to the previous year.

T&G Transport

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

The fleet consists of more than 50 trucks including the latest 560hp Scania truck-and-trailer combination. With fully insulated hard-side sliding doors, the trucks are capable of carrying up to 57 tonnes. The new trucks also feature the latest technology for temperature-control monitoring and also for interactive driver performance for safety and fuel efficiency.

In 2014, T&G Transport began executing a new strategy focused on growth in transport volume and efficiency gains through a leaner operating model. After investing in a new fleet of trucks to consolidate a market-leading position, the business was well positioned for growth, consequently increasing revenues by 12%. Combined with stable margins and lower operating costs, T&G Transport more than doubled profitability from last year.

Floramax

Flowers have been a part of T&G for over 70 years. As New Zealand consumers grow more accustomed to purchasing floral products, the business has evolved in its offering and the technology it employs. Floramax is one of New Zealand's largest specialist flower auction companies.

T&G operates flower auctions in Auckland and Christchurch utilising one of the world's most advanced auction clocks based on the Dutch auction system.

Floramax is primarily a service provider, offering an auction service and marketplace for the sale of highly perishable, quality cut flowers. Its long history and reputation built on transparency, trust and innovation has consolidated its position in the current flower trading market.

Floramax's performance gradually improved throughout 2014. While profitability was marginally down on the previous year the positive trends in revenue and profitability bode well for 2015. Management has recovered from the loss of supply in mid 2013 with improved profitability in the second half of 2014 compared to 2013, aided by strong prices and improving volumes. Following its newly set strategy, T&G closed its loss-making Floramax branch in Wellington in mid-2014 while continuing to serve many of its longstanding Wellington customers from Auckland and Christchurch. The business unit is expected to fully benefit from the reduced costs from 2015 onwards.

2014 Other Businesses Financial Summary

The operating profit of this division was $11.7 million up on 2013. Overall, it recorded an operating profit of $11.2 million in 2014 compared to an operating loss of $0.5 million in 2013.

2014 was the first year of execution of T&G's new strategy approved by the Board in December 2013. The first major milestone was the acquisition of the assets of Apollo Apples Limited. Due to the delay in obtaining approval from the New Zealand Overseas Investment Office (OIO), settlement did not occur until 19 December 2014. A gain of $13.3 million was recorded on acquisition as the purchase price was negotiated on the basis of Apollo's trading profit performance at 31 December 2013, and the trading performance at that time supported a purchase price that was below the fair value of Apollo's assets. This has been recorded as Other Operating Income for the Group. Moreover, T&G has successfully negotiated new acquisitions for the New Zealand Produce division and is also in current negotiations to expand the International trading businesses. As a consequence, corporate overhead costs have increased, mainly in connection with these activities.

OTHER BUSINESSES QUICK FACTS

>50	**T&G have more than 50 transport trucks servicing all major New Zealand routes from Kerikeri in the North and Dunedin in the South**
10m	**T&G issued approx. 10 million crates in 2014 to help service the New Zealand horticulture sector**
20m	**T&G sell approximately 20 million stems of flowers per year**

2014 Corporate Governance

Role of the Board

The Board is the governing body of Turners & Growers Limited (the Company) and all its wholly owned subsidiaries (the Group). It currently has eight members.

The Board is responsible to shareholders for the performance of the Company, including the setting of 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 Turners & Growers is delegated by the Board to the Chief Executive Officer. 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 of Directors there is a broad mix of skills and industry experience relevant to the guidance of the Company's businesses. Mrs C.A. Campbell, Mr R.J. Campbell, Sir John Anderson 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 twelve 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 & Investment Committee (FRIC) and the Human Resources Committee, 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 the Company's independent auditors. This committee is chaired by Mrs C.A. Campbell, and also comprises Sir John Anderson and Mr A. Helber. The FRIC members also meet separately with the auditors as required.

The Human Resources Committee is responsible for ensuring that the Company's remuneration strategy, policies and practices reward fairly and responsibly with a clear link to the Company's strategic objectives and corporate and individual performance, and to assist the Board in succession planning for the CEO and senior management positions which identifies and targets individuals for development. This committee is chaired by Mr J.S. Wilson, and also comprises Mr R.J. Campbell and Mr M.R. Dossor.

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

Each Company in the Group is required to maintain an interests register in which particulars of certain transactions and matters involving the Directors must be recorded.

The interests registers for Turners & Growers Limited 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.

Group management structure

The Group's organisational structure is focused on its five business divisions being Pipfruit, International Produce, New Zealand Produce, Processed Foods and Other Businesses. These operations are managed separately with direct reporting to the Chief Executive Officer and to the Board which exercises overall control.

Risk identification and management

The Group 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 Finance, Risk & Investment Committee. The Board acknowledges 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 the Company'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 the Group, 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, malicious acts, or omissions, wilful breach of statute or regulations or duty to the Company, improper use of information to the detriment of the Company or breach of professional duty.

Alastair Hulbert and Prof. Klaus Josef Lutz celebrating the Jazz™ and Envy™ apple season.

Statutory Information

Auditors
Details of payments to auditors are outlined in note 7 of the accounts.

Directors' loans
No Director is in receipt of any loans from the Group.

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 $1,000 travel allowance.

12 months to 31 December 2014

DIRECTORS OF TURNERS & GROWERS LIMITED	$'000
Prof. K.J. Lutz	38
Sir J.A. Anderson	78
C.A. Campbell	88
R.J. Campbell	78
M.R. Dossor	78
A. Helber	30
Dr J. Krapf (Resigned as Director 11 February 2014)	3
J.S. Wilson	78
C.U.G Bell (Appointed as Director 11 February 2014)	27

Directors and Officers composition
At 31 December 2014 the gender composition of the Groups' Directors and Officers was as follows:

	MALE	FEMALE
Directors	6	2
Officers	11	1

Employees' remuneration
The Group paid remuneration including benefits to 133 employees (other than directors) during the twelve months in excess of $100,000, in the following bands:

12 months to 31 December 2014

	NUMBER OF EMPLOYEES	
$ '000 NZD EQUIVALENT	2014	2013
100-110	**25**	18
110-120	**17**	14
120-130	**17**	11
130-140	**12**	12
140-150	**6**	11
150-160	**10**	6
160-170	**3**	7
170-180	**6**	2
180-190	**7**	3
190-200	**4**	5
200-210	**3**	3
210-220	**2**	1
220-230	**3**	2
230-240	**3**	1
240-250	**1**	–
250-260	**–**	2
270-280	**3**	–
280-290	**1**	3
290-300	**–**	1
310-320	**–**	1
330-340	**1**	–
340-350	**1**	–
360-370	**2**	–
370-380	**–**	2
380-390	**1**	–
400-410	**–**	1
410-420	**1**	–
470-480	**–**	1
490-500	**1**	–
510-520	**–**	1
570-580	**–**	1
600-610	**1**	–
610-620	**–**	1
660-670	**1**	–
720-730	**1**	–
740-750	**–**	1
Total	**133**	111

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 2014	DEC 2013
M.R. Dossor	**141,659**	141,659
Sir John Anderson	**30,000**	30,000

There were no share transactions during the year ended 31 December 2014 in which Directors held 'relevant interests'.

Indemnification and insurance of Directors and Officers

The Parent indemnifies all Directors named in this report, and current and former executive officers of the Group against all liabilities (other than to the Parent or member of the Group) 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, the Group has indemnity insurance. The total cost of this insurance including directors and officers of off-shore companies during the twelve months was $32,000 (2013: $35,000).

Information used by Directors

No member of the Board of Turners & Growers Limited, 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 Turners & Growers Limited during the twelve months in which they held an interest other than those noted below:

1. All transactions conducted by Turners & Growers Fresh Limited with Continental Fruit Limited, a Company in which Mr L.A. Noboa Icaza is a senior executive, are interested transactions. Mr L.A. Noboa is an alternative Director for Mr M.R. Dossor.

Further details are provided in note 32 of the financial statements.

NZX waiver from listing rule 5.2.3

During the year Turners & Growers Limited (TUR) held a waiver from NZX listing rule 5.2.3 Spread that was granted in April 2012. NZX listing rule ("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 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, Bartel Holdings Limited and First NZ Capital Custodians Limited are not considered members of the public for the purpose of the listing rules, less than 25% of the quoted securities of Turners & Growers Limited are held by members of the public and therefore the Company does not meet the requirements of Rule 5.2.3.

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

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

b. TUR notifies 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 13 February 2015 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	85,497,789
Bartel Holdings Limited - (Pacific Fruit Group)	14,351,326
Tiger Ventures NZ Limited - (Scales Corporation)	12,059,917

The total number of voting securities issued by the Company as at 13 February 2015 was 117,010,550.

Statutory Information

Twenty largest shareholders

As at 13 February 2015

NAME	UNITS	% OF ISSUED CAPITAL
BayWa Aktiengesellschaft	85,497,789	73.07%
Bartel Holdings Limited	14,351,326	12.26%
Tiger Ventures NZ Limited	12,059,917	10.31%
H.J. Goodwin	210,486	0.18%
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	0.16%
FNZ Custodians Limited	169,055	0.14%
D.W. Browne, J. F. Browne & M.R. Bangma	152,596	0.13%
M.R. Dossor	141,659	0.12%
ASB Nominees Limited	110,500	0.09%
L.R. Hotham	96,077	0.08%
P.J.S. Rowland	88,527	0.08%
M.C. Goodson, D.D. Perron, Goodson & Perron Independent Trustee Limited	75,113	0.06%
R.A. Dennis	67,260	0.06%
G.J. King	58,591	0.05%
G. Merkulov	58,591	0.05%
Epic Trustees Limited	55,108	0.05%
E.M. Wood, L.A. Wood & B.L. Wood	53,237	0.05%
L.M. Marx-Sheather, W.B. Sheather, P.V. Sheather & S.M. Palmer	52,953	0.05%
R.M. Scott	50,404	0.04%
Total 20 shareholders	**113,735,886**	**97.20%**

Spread of security holders

As at 13 February 2015

RANGE	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 - 499	50	8.38%	12,641	0.01%
500 - 999	89	14.91%	65,131	0.06%
1,000 - 1,999	120	20.10%	164,735	0.14%
2,000 - 4,999	126	21.11%	399,661	0.34%
5,000 - 9,999	100	16.75%	683,137	0.58%
10,000 - 49,999	91	15.24%	1,899,359	1.62%
50,000 - 99,999	11	1.84%	705,861	0.60%
100,000 - 499,999	7	1.17%	1,170,993	1.00%
500,000 - 999,999	–	0.00%	–	0.00%
1,000,000 - above	3	0.50%	111,909,032	95.65%
Total	**597**	**100.00%**	**117,010,550**	**100.00%**

Domicile of shareholders

As at 13 February 2015

LOCATION	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS
New Zealand	575	96.29%	31,409,763
Australia	12	2.01%	37,670
United States of America	1	0.17%	2,750
Italy	1	0.17%	21,948
Singapore	1	0.17%	10,000
Malaysia	1	0.17%	11,716
Bahrain	1	0.17%	2,000
Germany	1	0.17%	85,497,789
United Kingdom	1	0.17%	447
Switzerland	1	0.17%	6,709
Hong Kong	2	0.34%	9,758
Total	**597**	**100.00%**	**117,010,550**

The New Zealand domiciled holdings include Bartel Holdings Limited whose ultimate shareholder is the Noboa Group of Ecuador.

Independent Auditor's Report

Deloitte.

To the Shareholders of
Turners & Growers Limited

Report on the Financial Statements

We have audited the financial statements of Turners & Growers Limited and group on pages 42 to 111, which comprise the consolidated and separate balance sheets of Turners & Growers Limited, as at 31 December 2014, the consolidated and separate income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. 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.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in Turners & Growers Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and group.

Opinion

In our opinion, the financial statements on pages 42 to 111:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Turners & Growers Limited and group as at 31 December 2014, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2014:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by Turners & Growers Limited as far as appears from our examination of those records.

Deloitte

Chartered Accountants
18 March 2015
Auckland, New Zealand

Income Statements

For the year ended 31 December 2014	Notes	GROUP 2014 $'000	GROUP 2013 $'000	PARENT 2014 $'000	PARENT 2013 $'000
Revenue from continuing operations	5	**727,022**	732,221	**–**	2,581
Other operating income	6	**25,868**	11,324	**2,876**	124,743
Purchases, raw materials and consumables used		**(568,994)**	(564,815)	**–**	–
Employee benefits expense		**(94,410)**	(88,643)	**(3)**	(12,996)
Depreciation expense	17	**(12,763)**	(14,754)	**–**	(414)
Amortisation expense	18	**(1,296)**	(1,945)	**–**	(1,487)
Other expenses	7	**(48,114)**	(47,496)	**(6,044)**	(33,590)
Operating profit / (loss) before financing expenses		**27,313**	25,892	**(3,171)**	78,837
Net financing expenses	8	**(7,106)**	(5,775)	**(6,784)**	(4,788)
Share of profit from associates	21	**1,586**	1,215	**–**	–
Share of profit from joint ventures	22	**3,134**	2,088	**–**	–
Profit / (loss) before income tax		**24,927**	23,420	**(9,955)**	74,049
Income tax (expense) / credit	9	**(8,307)**	(6,182)	**3,019**	3,376
Profit / (loss) for the year from continuing operations		**16,620**	17,238	**(6,936)**	77,425
Attributable to:					
Equity holders of the Parent		**15,858**	16,159	**(6,936)**	77,425
Non-controlling interests		**762**	1,079	**–**	–
Profit / (loss) for the year		**16,620**	17,238	**(6,936)**	77,425
Earnings per share					
Basic and diluted earnings (in cents)	29	**13.5**	13.8	**–**	–

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

Statements of Comprehensive Income

		GROUP		PARENT	
For the year ended 31 December 2014	Notes	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Profit / (loss) for the year		**16,620**	17,238	**(6,936)**	77,425
Other comprehensive income / (expense)					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of orchard land and improvements, net of tax	27	**1,660**	539	**–**	–
Release of deferred tax on asset revaluation reserve due to sale of buildings	27	**224**	625	**–**	–
		1,884	1,164	**–**	–
Items that may be reclassified subsequently to profit or loss:					
Gain on revaluation of available-for-sale investments	16	**202**	–	**–**	–
Foreign currency translation reserve transferred to the income statement	27	**–**	140	**–**	–
Exchange differences on translation of foreign operations		**(282)**	(2,323)	**–**	–
Effective portion of changes in fair value of cash flow hedges, net of tax	27	**2,588**	(846)	**(1,400)**	313
Net change in fair value of cash flow hedges reclassified from equity to income statement	27	**(600)**	(88)	**(11)**	18
		1,908	(3,117)	**(1,411)**	331
Other comprehensive income / (expense) for the year		**3,792**	(1,953)	**(1,411)**	331
Total comprehensive income / (expense) for the year		**20,412**	15,285	**(8,347)**	77,756
Total comprehensive income / (expense) for the year is attributable to:					
Equity holders of the Parent		**19,591**	14,316	**(8,347)**	77,756
Non-controlling interests		**821**	969	**–**	–
		20,412	15,285	**(8,347)**	77,756

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

Statements of Changes in Equity

		GROUP						
For the year ended 31 December 2013	Notes	Share Capital $'000	Revaluation Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 January 2013		165,147	69,100	(1,195)	40,046	273,098	6,432	279,530
Comprehensive income / (expense)								
Profit for the year		–	–	–	16,159	16,159	1,079	17,238
Other comprehensive income / (expense)								
Revaluation of orchard land and improvements	27	–	539	–	–	539	–	539
Release of deferred tax on asset revaluation reserve due to sale of buildings	27	–	625	–	–	625	–	625
Foreign currency translation reserve transferred to the income statement	27	–	–	140	–	140	–	140
Currency translation differences	27	–	–	(2,213)	–	(2,213)	(110)	(2,323)
Movement in cash flow hedge reserve	27	–	–	(934)	–	(934)	–	(934)
Total other comprehensive income / (expense)		–	1,164	(3,007)	–	(1,843)	(110)	(1,953)
Total comprehensive income / (expense)		–	1,164	(3,007)	16,159	14,316	969	15,285
Transactions with owners								
Dividends	28	–	–	–	–	–	(572)	(572)
Changes in ownership interests in subsidiaries that do not result in loss of control:								
Acquisition of non-controlling interests' share in subsidiaries	20	–	–	–	(19,943)	(19,943)	(5,772)	(25,715)
Investment from non-controlling interest		–	–	–	–	–	143	143
Total transactions with owners					(19,943)	(19,943)	(6,201)	(26,144)
Movement in share option reserve	27	–	–	(19)	19	–	–	–
Transfer from asset revaluation reserve due to asset disposal	27	–	(9,668)	–	9,668	–	–	–
Balance as at 31 December 2013		165,147	60,596	(4,221)	45,949	267,471	1,200	268,671

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

Statements of Changes in Equity (continued)

		GROUP						
For the year ended 31 December 2014	Notes	Share Capital $'000	Revaluation Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 January 2014		**165,147**	**60,596**	**(4,221)**	**45,949**	**267,471**	**1,200**	**268,671**
Comprehensive income / (expense)								
Profit for the year		**–**	**–**	**–**	**15,858**	**15,858**	**762**	**16,620**
Other comprehensive income / (expense)								
Revaluation of orchard land and improvements	27	**–**	**1,660**	**–**	**–**	**1,660**	**–**	**1,660**
Release of deferred tax on asset revaluation reserve due to sale of buildings	27	**–**	**224**	**–**	**–**	**224**	**–**	**224**
Revaluation of available-for-sale investments	16	**–**	**–**	**–**	**202**	**202**	**–**	**202**
Currency translation differences	27	**–**	**–**	**(341)**	**–**	**(341)**	**59**	**(282)**
Movement in cash flow hedge reserve	27	**–**	**–**	**1,988**	**–**	**1,988**	**–**	**1,988**
Total other comprehensive income		**–**	**1,884**	**1,647**	**202**	**3,733**	**59**	**3,792**
Total comprehensive income		**–**	**1,884**	**1,647**	**16,060**	**19,591**	**821**	**20,412**
Transactions with owners								
Dividends	28	**–**	**–**	**–**	**(5,851)**	**(5,851)**	**(260)**	**(6,111)**
Total transactions with owners		**–**	**–**	**–**	**(5,851)**	**(5,851)**	**(260)**	**(6,111)**
Movement in share option reserve	27	**–**	**–**	**(18)**	**18**	**–**	**–**	**–**
Transfer from asset revaluation reserve due to asset disposal	27	**–**	**(560)**	**–**	**560**	**–**	**–**	**–**
Balance as at 31 December 2014		**165,147**	**61,920**	**(2,592)**	**56,736**	**281,211**	**1,761**	**282,972**

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

Statements of Changes in Equity (continued)

		PARENT			
For the year ended 31 December 2014	Notes	Share Capital $'000	Other Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 January 2013		165,147	56	(51,043)	114,160
Comprehensive income					
Profit for the year		–	–	77,425	77,425
Other comprehensive income					
Movement in cash flow hedge reserve	27	–	331	–	331
Total other comprehensive income		–	331	–	331
Total comprehensive income		–	331	77,425	77,756
Movement in share option reserve	27	–	(19)	19	–
Balance at 31 December 2013		165,147	368	26,401	191,916
Balance at 1 January 2014		165,147	368	26,401	191,916
Comprehensive expense					
Loss for the year		–	–	(6,936)	(6,936)
Other comprehensive expense					
Movement in cash flow hedge reserve	27	–	(1,411)	–	(1,411)
Total other comprehensive expense		–	(1,411)	–	(1,411)
Total comprehensive expense		–	(1,411)	(6,936)	(8,347)
Transactions with owners					
Dividends	28	–	–	(5,851)	(5,851)
Total transactions with owners		–	–	(5,851)	(5,851)
Movement in share option reserve	27	–	(18)	18	–
Balance at 31 December 2014		165,147	(1,061)	13,632	177,718

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

Balance Sheets

		GROUP		PARENT	
As at 31 December 2014	Notes	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current assets					
Cash and cash equivalents		**15,847**	21,619	**3,031**	6,226
Trade and other receivables	11	**100,326**	86,165	**118,898**	77,683
Inventories	12	**38,289**	42,170	**–**	–
Taxation receivable		**4,962**	3,485	**8,872**	7,050
Biological assets	15	**1,368**	1,267	**–**	–
Derivative financial instruments	13	**3,586**	874	**–**	331
Non-current assets classified as held for sale	14	**824**	1,244	**–**	–
Total current assets		**165,202**	156,824	**130,801**	91,290
Non-current assets					
Trade and other receivables	11	**4,275**	1,980	**6,213**	583
Available-for-sale investments	16	**540**	325	**7**	7
Biological assets	15	**40,653**	21,633	**–**	–
Property, plant and equipment	17	**317,949**	250,773	**–**	–
Intangible assets	18	**11,539**	12,346	**–**	–
Investments in subsidiaries	19	**–**	–	**263,699**	263,027
Investments in associates	21	**8,352**	7,822	**89**	89
Investments in joint ventures	22	**9,960**	8,081	**–**	–
Derivative financial instruments	13	**927**	32	**–**	–
Deferred tax assets	24	**–**	–	**1,488**	–
Total non-current assets		**394,195**	302,992	**271,496**	263,706
Total assets		**559,397**	459,816	**402,297**	354,996
Current liabilities					
Trade and other payables	25	**99,935**	90,718	**88,636**	87,309
Interest bearing loans and borrowings	26	**6,079**	789	**5,500**	–
Derivative financial instruments	13	**1,983**	633	**1,500**	–
Total current liabilities		**107,997**	92,140	**95,636**	87,309
Non-current liabilities					
Trade and other payables	25	**8,880**	6,407	**3,943**	5,771
Interest bearing loans and borrowings	26	**126,428**	71,864	**125,000**	70,000
Deferred tax liabilities	24	**33,120**	20,530	**–**	–
Derivative financial instruments	13	**–**	204	**–**	–
Total non-current liabilities		**168,428**	99,005	**128,943**	75,771
Total liabilities		**276,425**	191,145	**224,579**	163,080
Net assets		**282,972**	268,671	**177,718**	191,916
Equity					
Share capital	27	**165,147**	165,147	**165,147**	165,147
Revaluation and other reserves	27	**59,328**	56,375	**(1,061)**	368
Retained earnings		**56,736**	45,949	**13,632**	26,401
Total equity attributable to equity holders of the Parent		**281,211**	267,471	**177,718**	191,916
Non-controlling interests		**1,761**	1,200	**–**	–
Total equity		**282,972**	268,671	**177,718**	191,916
Net tangible assets per share		**$2.32**	$2.19	**$1.52**	$1.64

Prof. K.J. Lutz, Director (Chairman)
18 March 2015

C.A. Campbell, Director (Chair of Finance, Risk and Investment Committee)
18 March 2015

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

Statements of Cash Flows

		GROUP		PARENT	
For the year ended 31 December 2014	Notes	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Cash flows from operating activities					
Cash was provided from:					
Cash receipts from customers		**967,858**	994,458	**168**	1,244
Dividends received	6	**64**	24	**3**	3
Interest received		**654**	377	**214**	145
Income tax refund		**–**	–	**–**	17
Cash was disbursed to:					
Payments to suppliers and employees		**(945,608)**	(960,873)	**(2,930)**	(27,269)
Interest paid		**(7,497)**	(5,859)	**(5,760)**	(4,436)
Income taxes paid		**(3,195)**	(3,083)	**–**	–
Net cash generated by / (used in) operating activities	35	**12,276**	25,044	**(8,305)**	(30,296)
Cash flows from investing activities					
Cash was provided from:					
Dividends received from associates and joint ventures		**2,269**	1,755	**–**	–
Dividends received from subsidiaries		**–**	–	**900**	7,737
External loan repayments from suppliers, customers, associates and joint ventures		**260**	1,012	**–**	117
Proceeds from sale of property, plant and equipment		**2,496**	20,183	**–**	44
Advances from subsidiaries		**–**	–	**49,505**	107,313
Proceeds from sale of joint venture		**–**	3,666	**–**	–
Cash acquired with business	23	**61**	–	**–**	–
Cash was disbursed to:					
Purchase of property, plant and equipment and biological assets		**(25,339)**	(14,000)	**–**	(533)
Purchase of intangible assets		**(1,022)**	(1,680)	**–**	(451)
Purchase of available-for-sale investments		**(5)**	(23)	**–**	–
Purchase of non-controlling interests' share in subsidiaries	20	**–**	(17,842)	**–**	(16,985)
Deferred consideration on purchase of non-controlling interests		**(2,265)**	–	**–**	–
Purchase of business	23	**(49,493)**	–	**(49,493)**	–
Advances to subsidiaries		**–**	–	**(50,451)**	(54,913)
Purchase of investment in joint venture		**–**	(225)	**–**	–
External loans to suppliers and customers		**(33)**	–	**–**	–
Net cash (used in) / generated by investing activities		**(73,071)**	(7,154)	**(49,539)**	42,329
Cash flows from financing activities					
Cash was provided from:					
Proceeds from bank term loans		**82,441**	30,300	**82,300**	30,300
Cash was disbursed to:					
Dividends paid to non-controlling interests	28	**(124)**	(572)	**–**	–
Dividends to parent shareholders	28	**(5,851)**	–	**(5,851)**	–
Bank commercial bill facility and term loan repayments		**(22,040)**	(41,256)	**(21,800)**	(40,300)
Net cash generated by / (used in) financing activities		**54,426**	(11,528)	**54,649**	(10,000)
Net (decrease) / increase in cash and cash equivalents		**(6,369)**	6,362	**(3,195)**	2,033
Foreign currency translation adjustment		**597**	(737)	**–**	–
Cash and cash equivalents at the beginning of the financial year		**21,619**	15,994	**6,226**	4,193
Cash and cash equivalents at end of year		**15,847**	21,619	**3,031**	6,226

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

Notes to the Financial Statements

1. GENERAL INFORMATION

Turners & Growers Limited (the Company) and Subsidiary Companies (the Group) grow, market and distribute selected horticultural products both domestically and internationally. Turners & Growers Limited 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 Mount Wellington Markets Complex, 1 Clemow Drive, Auckland.

These financial statements have been approved for issue by the Board of Directors on 18 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation
During the year the presentation of the income statement was changed from a function of expenses format to a nature of expenses format. This change was made to more closely align the presentation of the Group's income statement with that of its parent BayWa Aktiengesellschaft.

The significant NZ IFRS accounting policies are set out below and have been applied consistently to all periods presented in these consolidated financial statements. There have been no changes to accounting policies apart from the application of new standards adopted by the Group during the year as disclosed on page 60.

The reporting currency used in the preparation of these consolidated financial statements is New Zealand dollars, rounded to the nearest thousand.

Entities reporting
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2014 and the results of all subsidiaries, associates and joint ventures for the year then ended. The financial statements of the Parent are for the Company as a separate legal entity. The Parent and Group are designated as profit oriented entities for financial reporting purposes.

Statutory base
The Company is a registered company under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993. The Company is also subject to the Financial Markets Conduct Act 2013, and financial statements in future reporting periods will be prepared in accordance with that Act.

Measurement basis
The accounting principles recognised as appropriate for the measurement and reporting of profit and loss and financial position on a historical cost basis have been applied, with the exception of the following assets and liabilities stated at their fair value: commercial land and improvements and buildings, orchard land and improvements, derivative financial instruments, non-current assets held for sale, financial instruments classified as available-for-sale and biological assets.

These consolidated financial statements have been prepared on the basis of NZ IFRS standards currently on issue and effective at the annual reporting date, 31 December 2014.

Restatement of comparatives
To ensure consistency with the current period, comparative figures have been restated where appropriate. The adjustments were to ensure the correct classification of financial statement line items. The adjustments made include:

Group

- Other operating income: Prior year rental income of $1.5 million has been reclassified from 'Revenue from continuing operations' to 'Other operating income' to correctly reflect the nature of the income.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Fair value measurements: Prior year orchard land which was previously classified as Level 2 has been reclassified to Level 3 measurement as the lowest level of inputs for the assets are not based on observable market data.
- Derivative financial instruments: Prior year assets of $906,000 and liabilities of $837,000 were reclassified from 'Trade and other receivables' and 'Trade and other payables' on the balance sheet to 'Derivative financial instruments' to disclose them separately from other receivables and payables.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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 their fair values 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 net 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 remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with NZ IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interests and the 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.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. The carrying amount of the Group's interest and the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiaries. The difference between fair value of any consideration paid or received and the amount by which the non-controlling interest is adjusted is recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

In the Parent financial statements investments in subsidiaries, associates and joint ventures are recorded at cost less impairment.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates and joint ventures
Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group applies NZ IFRS 11 to all joint arrangements. Under NZ IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined that they are joint ventures.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or 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 associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with NZ IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Amalgamation transactions
Under a business combination where entities under common control are amalgamated, the carrying values of the assets and liabilities of the entities are combined, with any gain or loss on amalgamation recognised in equity.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). The consolidated financial statements are presented in New Zealand dollars (the presentation currency), which is the functional currency of the Parent.

Foreign operations

The assets and liabilities of all of the Group companies (none of which has a currency of a hyperinflationary economy) that have a functional currency that differs from the presentation currency, including goodwill and fair value adjustments arising on consolidation, are translated to New Zealand dollars at foreign exchange rates ruling at the balance 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.

Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at 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 foreign exchange rates ruling at the dates the fair value was determined.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Office and the Chief Financial Officer for the Group.

Property, plant and equipment

Initial recording

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except where certain assets have been revalued (commercial land and improvements, orchard land and improvements and buildings). The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets plus the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Revaluations

Commercial land and improvements, orchard land and improvements, and buildings are valued 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. 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. Any increase in value that offsets a previous decrease in value of the same asset is charged to the income statement. Any other increase in value is recognised directly in other comprehensive income and accumulated in the asset revaluation reserve. Any decrease

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and improvements	15 - 50 years
Orchard land and improvements	15 - 50 years
Buildings	15 - 50 years
Plant and equipment	3 - 12 years
Motor vehicles	5 - 7 years
Hire containers	3 - 15 years
Glasshouses	33 years

The residual value and useful lives of the assets, if not insignificant, are reassessed annually.

Leased assets
The Group is the lessee
The Group leases certain plant, equipment, commercial and orchard land and buildings. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the income statement in the periods of expected benefit.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

The Group is the lessor
Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

Intangible assets
Goodwill
Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred and the amount of any non-controlling interests and the fair value of acquired previously held interests (if any) over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is recorded at cost less any accumulated impairment losses.

Patents, trademarks, brands and licences
Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance date.

Acquired patents, trademarks, brands and licenses are amortised over their anticipated useful lives of 10-25 years where they have a finite life.

Software assets, 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 period of 3-8 years.

Plant variety rights (PVR), and the related PVR sublicenses are recognised at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of acquiring the PVR over their useful lives, estimated at 10-25 years.

Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Other development expenditure is recognised in the income statement as an expense as incurred.

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.

Biological assets
Biological assets are stated at fair value based on the assets' present location and condition less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all other costs that would be necessary to sell the assets.

The fair value of biological crops (tomatoes, apples, citrus, kiwifruit, blueberries and strawberries) at or before the point of harvest is based on the value of the estimated market price of the volumes produced, net of harvesting costs. The fair value of trees and vines is based on the present value of expected net cash flows over the life of the asset discounted at a current market determined rate.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables 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.

Evidence of impairment may include indication that the debtors or group of debtors is experiencing significant financial difficulty, default in repayments, the probability that they will enter bankruptcy or receivership or liquidation and observable data indicating a measurable decrease in the estimated future cash flows. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within 'Other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Other expenses' in the income statement.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents
Cash and cash equivalents comprise 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 unless there is a right of offset and included as a component of cash and cash equivalents in the statement of cash flows.

Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that have a finite life and are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or group of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level with the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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 flows expected from the goodwill assets. 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.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

Recoverable amount
The recoverable amount of assets is the greater of their net selling price and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of a receivable is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

Interest bearing borrowings
Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs, except where otherwise stated, are recognised in the income statement in the period in which they are incurred.

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

Long-term employee benefits
The Group's net obligation in respect of long service leave and annual leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted.

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.

Share based compensation
For the 2005 financial year the Group introduced an equity settled, share based compensation plan for the Chief Executive Officer. In 2006 this was extended to senior management. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance date the Group will revise the amount of options expected to become exercisable. The impact of the revision of original estimates, if any, will be recognised in the income statement, with a corresponding adjustment to equity.

If options lapse or are forfeited after they have vested, the amount recorded in the share option reserve is transferred to retained earnings.

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Directors and notified to the Company's shareholders.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

Investments and other financial assets
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held-for-trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held-for-trading or are expected to be realised within twelve months of the balance date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance date which are classified as non-current assets. Loans and receivables are included in 'Trade and other receivables' in the balance sheet.

Available-for-sale financial assets
Available-for-sale financial assets are included as investments in the balance sheet. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance date.

Purchases and sales of investments are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method less any impairment. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in the income statement. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Financial guarantees
Financial guarantee contract liabilities are measured initially at fair value and, if not designated at fair value through profit or loss, are subsequently measured at the higher of the amount of the obligation under the contract as determined in accordance with NZ IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derivatives and hedging activities
The Group is party to the following financial derivatives:
- Forward foreign exchange rate contracts
- Interest rate swaps
- Foreign currency options

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purposes of hedge accounting, hedges are classified as:

1. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
2. hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cashflow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the profit and loss component of the statement of comprehensive income (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss component of the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss component of the statement of comprehensive income.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques as set out in note 33 (e). The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less the impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

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

Goods sold and services rendered
Revenue comprises commission earnings and amounts received and receivable by the Group for goods and services supplied in the ordinary course of business. Revenue is stated net of GST collected from customers. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Royalty income
Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Rental income
Rental income is recognised in the income statement on a straight line basis net of incentives over the term of the lease.

Interest income
Interest income is recognised in the income statement as it accrues, using the effective interest rate method.

Dividend income
Dividend income is recognised on the date when the Group's right to receive payment is established.

Net financing expenses
Net financing expenses comprise interest payable on borrowings (except those capitalised as directly attributable to the acquisition, construction or production of qualifying assets) calculated using the effective interest rate method, effective interest on long-term receivables, the interest element on finance lease liabilities, and interest receivable on funds invested.

Income tax
Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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, with the exception of receivables and payables, which include GST invoiced.

Non-current assets held for sale
Non-current assets and disposal groups are classified as 'held for sale' if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as 'held for sale'. In addition the asset must be actively marketed for sale at a reasonable price in relation to its current fair value.

Immediately before classification as 'held for sale', the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable NZ IFRS. Then, on initial classification as 'held for sale', non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on initial classification as 'held for sale' are included in the income statement to the extent that there is no corresponding revaluation reserve for that particular asset. The same applies to gains and losses on subsequent remeasurement.

Standards, amendments, and interpretations effective in 2014
There are no standards or interpretations that are effective for the first time this year that have had a material impact on the Group. The following standards and amendments have been adopted by the Group in the current year:

- **NZ IFRIC 21, 'Levies'**. NZ IFRIC 21 sets out the accounting for an obligation to pay a levy if that liability is within the scope of NZ IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies and the impact on the Group is not material.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted
New standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and the External Reporting Board in New Zealand (XRB) have been published that will be mandatory for the Group's accounting periods beginning on or after 1 January 2015. None of these standards have been early adopted by the Group. The relevant new standards, amendments and interpretations include:

- **NZ IFRS 9 'Financial Instruments'**. This addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in July 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through the income statement. The basis of classification depends on an entity's business model and the contractual cash flow characteristics of the financial asset.

  Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value through other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

  Under NZ IFRS 9 greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

  In relation to the impairment of financial assets, NZ IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under NZ IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

  The standard is effective for accounting periods beginning on or after 1 January 2018 with early adoption permitted. The Group is yet to assess the full impact of adopting NZ IFRS 9.

- **NZ IFRS 15, 'Revenue from Contracts with Customers'**. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard provides a single comprehensive principles-based five step model to be applied to all contracts with customers. The standard replaces NZ IAS 18 'Revenue' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 although early adoption is permitted. The Group is yet to assess the impact of adopting NZ IFRS 15.

Notes to the Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Amendments to NZ IAS 16 'Property, Plant and Equipment' and NZ IAS 41 Agriculture'**. The amendments bring bearer plants, which are used solely to grow produce, into the scope of NZ IAS '16 Property, Plant, and Equipment' and out of the scope of NZ IAS 41 'Agriculture', so that they are accounted for in the same way as property, plant and equipment. The amendments also clarify that produce growing on bearer plants continue to be accounted for under NZ IAS 41. The amendments allow the use of fair value as deemed cost on transition. The amendments apply to annual periods beginning on or after 1 January 2016 with early adoption permitted. The Group is yet to assess the impact of adopting these amendments.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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 below.

Goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy. 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 business units to which goodwill has been allocated and also to choose a suitable discount rate in order to calculate the present value of those cash flows (refer to note 18). The Directors believe the carrying amount of goodwill is supportable.

Valuation of orchard land and improvements
The Group's policy is to revalue orchard land and improvements each year with valuations being performed by independent valuers.

The methods used for assessing the current market value of orchard land and improvements are similar to those used for assessing the fair value of commercial land and improvements and buildings. The valuers used and the valuation techniques are disclosed in note 17.

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.

Valuation of biological assets
The Group's policy is to revalue biological assets each year with changes in fair value being recognised in the income statement. Fair value is determined by management using a discounted cash flow approach, the most common method of valuation used by the industry.

The discounted cash flow approach involves estimates as to future market pricing and expected levels of production, with an assessment made about the long-term future returns for each variety.

Costs are based on current average costs and, where applicable, referenced back to industry standard costs. The costs are variable depending on the biological asset's location, planting, age and the varieties being assessed. A suitable discount rate has been determined in order to calculate the present value of those cash flows. The fair value of biological crops (tomatoes, apples, citrus, kiwifruit, blueberries, and strawberries) at or before the point of harvest is based on the value of the estimated market price of the volumes produced, net of harvesting costs (refer to note 15).

As at 31 December 2014, the Group has recorded in the income statement an increase in the fair value of biological assets of $7.8 million (2013: increase of $6.2 million). 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)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Crate return liability

The Group balance sheet includes a liability of $12.7 million (2013: $12.5 million) for FruitCase Company crate deposits from growers. The liability is adjusted annually for the write back of never-to-be-returned crates with the amount of the write back being determined through a rate derived from the fifteen year useful life of a crate. This write off rate represents the Directors' best estimate based on information available at balance date and is reviewed regularly. If the useful life of crates changed by +/- one year, there would be a $402,000 decrease and $1.8 million increase respectively in the write back of never-to-be-returned crates.

Impairment of investment in subsidiaries in the Parent

In the prior year the reorganisation of the Group structure led to certain subsidiaries of the Parent being impaired, with the impaired subsidiaries being written down to their carrying value. In the current year there was a write back of prior year impairment of $544,000 (2013: expense of $23.5 million) in the income statement of the Parent with no impact to the Group's results.

4. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business. The Group has not reported segment assets and liabilities because this information is not regularly supplied to the chief operating decision-makers.

The chief operating decision-makers assess the performance of the operating segments based on earnings before interest, tax and the share of profit / (loss) of associates and joint ventures, referred to as operating profit before financing expenses.

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

On 1 January 2014, the Group changed the structure of its internal organisation resulting in a change to the composition of its reportable segments. Segment information for the prior period has been restated to reflect the change in the reportable segments.

The Group comprises the following main operating segments:

- Pipfruit: Includes growing, packing, cool storing, sales and marketing of pipfruit worldwide.
- International Produce: Includes 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 and trading activities within New Zealand. This incorporates the New Zealand wholesale markets and the tomato and citrus growing operations.
- Processed Foods: Processed food manufacture and sales in New Zealand and trading activities in Australia.
- Other: Includes transport, crate hireage, flower auction, properties and corporate costs.

The segment information provided to the chief operating decision-makers for the reportable segments is shown in the following table on page 63.

Notes to the Financial Statements (continued)

4. SEGMENT INFORMATION (CONTINUED)

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
Year Ended 31 December 2014						
Total segment revenue	**269,068**	**171,529**	**157,337**	**89,553**	**49,939**	**737,426**
Inter-segment revenue	**(379)**	**–**	**(820)**	**–**	**(9,205)**	**(10,404)**
Revenue from external customers	**268,689**	**171,529**	**156,517**	**89,553**	**40,734**	**727,022**
Depreciation	**4,466**	**269**	**1,803**	**2,574**	**3,651**	**12,763**
Amortisation	**53**	**67**	**15**	**63**	**1,263**	**1,461**
Impairment	**–**	**33**	**2**	**–**	**–**	**35**
Gain on acquisition of Apollo business	**–**	**–**	**–**	**–**	**13,316**	**13,316**
Operating profit / (loss) before financing expenses	**22,964**	**1,860**	**(3,246)**	**(5,504)**	**11,239**	**27,313**
Year Ended 31 December 2013						
Total segment revenue	269,231	169,809	155,281	99,617	48,381	742,319
Inter-segment revenue	(453)	–	(928)	–	(8,717)	(10,098)
Revenue from external customers	268,778	169,809	154,353	99,617	39,664	732,221
Depreciation	4,815	614	2,619	2,614	4,092	14,754
Amortisation	37	12	5	58	1,833	1,945
Impairment	24	255	255	–	–	534
Operating profit / (loss) before financing expenses	21,156	4,653	70	523	(510)	25,892

A reconciliation of operating profit before financing expenses to profit before income tax is provided as follows:

	GROUP	
	2014 $'000	2013 $'000
Operating profit before financing expenses for all segments	**27,313**	25,892
Net financing expenses	**(7,106)**	(5,775)
Share of profit from associates	**1,586**	1,215
Share of profit from joint ventures	**3,134**	2,088
Profit before income tax	**24,927**	23,420

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

	GROUP	
Revenue from external customers	**2014 $'000**	2013 $'000
New Zealand	**258,859**	274,032
Australia	**87,315**	91,261
Oceania other	**19,818**	17,633
Asia	**202,163**	188,506
Americas	**47,765**	54,710
Europe	**110,977**	106,059
Africa	**125**	20
Total	**727,022**	732,221

Notes to the Financial Statements (continued)

4. SEGMENT INFORMATION (CONTINUED)

The total non-current assets other than financial instruments and deferred tax assets located in New Zealand and other countries are:

	GROUP	
	2014 $'000	2013 $'000
New Zealand	**370,956**	289,385
Australia	**3,426**	3,517
Other countries	**14,071**	7,753
Total	**388,453**	300,655

5. TOTAL REVENUE AND GROSS TURNOVER

	GROUP		PARENT	
Revenue	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Sales of goods - as principal	**632,269**	643,467	**–**	–
Commissions	**32,981**	26,821	**–**	–
Services	**57,918**	57,935	**–**	162
Royalties	**3,854**	3,998	**–**	–
Rental income from investment property	**–**	–	**–**	2,419
Total	**727,022**	732,221	**–**	2,581

Revenue from sales, commissions, services and royalties, as stated above, is determined in accordance with NZ IAS 18 'Revenue'.

	GROUP		PARENT	
Gross turnover	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Sales of goods - as principal	**632,269**	643,467	**–**	–
Sale of goods - as agent	**302,002**	299,260	**–**	–
Services	**57,918**	57,935	**–**	162
Royalties	**3,854**	3,998	**–**	–
Rental income from investment property	**–**	–	**–**	2,419
Total	**996,043**	1,004,660	**–**	2,581

The Group's gross turnover represents the gross value (excluding GST) at which produce and services have been sold by the Group as agents, plus revenue from other sources. It does not represent revenue as defined in NZ IAS 18 'Revenue'. The Group has decided to disclose gross turnover as it gives shareholders and interested parties a better appreciation of the size of Turners & Growers' operations.

Notes to the Financial Statements (continued)

6. OTHER OPERATING INCOME

		GROUP		PARENT	
	Notes	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Net gain on disposal of property, plant and equipment		**–**	1,204	**–**	–
Net exchange gains		**3,072**	471	**118**	8
Gain on disposal of joint venture		**–**	1,638	**–**	–
Net fair value gain on derivative instruments		**–**	106	**–**	–
Net gain from changes in fair value of biological assets	15	**7,794**	6,164	**–**	–
Management fee received from subsidiaries	32	**–**	–	**337**	21,955
Reversal of unused provision for receivables impairment	11	**82**	140	**658**	63,359
Other dividend income		**64**	24	**3**	3
Dividends from / distributions of subsidiaries	32	**–**	–	**1,216**	39,418
Rental income		**1,540**	1,476	**–**	–
Gain on acquisition of business	23	**13,316**	–	**–**	–
Reversal of impairment in subsidiaries	19	**–**	–	**544**	–
Other		**–**	101	**–**	–
Total		**25,868**	11,324	**2,876**	124,743

7. OTHER EXPENSES

		GROUP		PARENT	
	Notes	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Net loss on revaluation of derivative financial instruments		**155**	–	**–**	–
Directors fees		**498**	497	**498**	497
Entertainment and travel		**4,948**	4,576	**8**	1,059
Impairment of fruit inventory on leased vines and trees	12	**200**	479	**–**	–
Impairment of investment in subsidiaries	19	**–**	–	**–**	23,452
Provision for receivables impairment	11	**25**	177	**5,313**	658
Net loss on disposal of property, plant and equipment		**219**	–	**–**	650
Net loss on revaluation of non-biological orchard assets		**3,446**	907	**–**	–
Professional fees		**6,633**	6,681	**213**	3,297
Rental and property		**14,882**	16,284	**–**	743
Repairs and maintenance		**6,659**	6,689	**–**	154
Other expenses		**10,449**	11,206	**12**	3,080
Total		**48,114**	47,496	**6,044**	33,590

During the year contributions of $1.8 million were made by the Group towards employees' superannuation schemes (2013: $1.4 million).

Notes to the Financial Statements (continued)

7. OTHER EXPENSES (CONTINUED)

	GROUP		PARENT	
Auditors' fees	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Deloitte				
Audit of the financial statements	**552**	506	**–**	95
Taxation services	**81**	123	**–**	105
Other auditors				
Audit services	**80**	73	**–**	–

Audit and tax services performed by Deloitte in 2014 comprise the following types of services:

- Audit of statutory financial statements for the Group, Parent and individual subsidiary companies, including offshore subsidiaries with local statutory audit requirements where Deloitte is the auditor.
- Providing advice on the Group's transfer pricing policies.

During the year, subsidiaries of the Group also engaged other auditors to perform audit services:

- Ernst & Young provided services to ENZAFruit New Zealand (UK) Limited, 2014 fee: $16,000 (2013: $16,000)
- Moss Adams LLP provided services to ENZAFruit Products Inc, 2014 fee: $27,000 (2013: $33,000)
- Hutchinson and Bloodgood LLP provide services to Delica North America, 2014 fee: $37,000 (2013: $nil).

8. NET FINANCING EXPENSES

		GROUP		PARENT	
	Notes	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Financial expenses					
Interest expense on bank borrowings		**(7,257)**	(5,873)	**(5,630)**	(4,536)
Effective interest on long term receivables		**(14)**	(92)	**–**	–
Effective interest on deferred consideration		**(326)**	(218)	**(326)**	(218)
Interest expense on finance lease liabilities		**(92)**	(59)	**–**	–
Interest expense on intercompany borrowings	32	**–**	–	**(3,307)**	(2,864)
		(7,689)	(6,242)	**(9,263)**	(7,618)
Financial income					
Interest income		**583**	403	**468**	150
Interest income on intercompany balances	32	**–**	–	**2,011**	2,616
Net fair value gain on interest rate swap		**–**	64	**–**	64
		583	467	**2,479**	2,830
Net financing expenses		**(7,106)**	(5,775)	**(6,784)**	(4,788)

Notes to the Financial Statements (continued)

9. INCOME TAX EXPENSE

	Notes	GROUP 2014 $'000	GROUP 2013 $'000	PARENT 2014 $'000	PARENT 2013 $'000
(a) Taxation on profit before tax					
Current tax		**(3,125)**	(3,453)	**1,531**	747
Deferred tax	24	**(5,182)**	(2,729)	**1,488**	2,629
Total income tax (expense) / credit		**(8,307)**	(6,182)	**3,019**	3,376
(b) Reconciliation of effective tax rate					
Profit / (loss) before income tax		**24,927**	23,420	**(9,955)**	74,049
Income tax at 28%		**(6,980)**	(6,558)	**2,787**	(20,734)
Sale of non-depreciable buildings		**–**	1,344	**–**	–
Non-deductible items		**(1,776)**	(223)	**–**	(287)
Non-taxable items					
- provision for subsidiaries receivables impairment		**–**	–	**–**	17,556
- impairment of investment in subsidiaries		**–**	–	**151**	(6,567)
- intragroup dividends		**–**	–	**–**	10,707
- other		**5,231**	108	**330**	–
Revaluation of property, plant and equipment		**(1,001)**	(221)	**–**	–
Under statement of prior year's provision		**(3,096)**	(609)	**(230)**	(348)
Deferred tax released on sale of assets to subsidiaries		**–**	–	**–**	2,629
Imputation credits / foreign tax credits		**–**	440	**–**	329
Other		**(685)**	(463)	**(19)**	91
Income tax (expense) / credit		**(8,307)**	(6,182)	**3,019**	3,376

10. IMPUTATION CREDITS

	GROUP 2014 $'000	GROUP 2013 $'000	PARENT 2014 $'000	PARENT 2013 $'000
Imputation credits available for use in subsequent reporting periods	**1,035**	3,080	**507**	965

Notes to the Financial Statements (continued)

11. TRADE AND OTHER RECEIVABLES

		GROUP		PARENT	
	Notes	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current					
Trade receivables (net of provision for receivables impairment)		**88,120**	80,664	**–**	–
Short-term loans		**389**	249	**–**	–
Prepayments		**7,918**	2,604	**259**	241
GST and other taxes		**1,115**	689	**35**	12
Related party receivables	32	**119**	–	**–**	–
Owing by subsidiaries (net of provision for receivables impairment)	32	**–**	–	**118,539**	77,364
Owing by associates	32	**1,941**	1,551	**65**	66
Owing by joint ventures	32	**724**	408	**–**	–
Total		**100,326**	86,165	**118,898**	77,683
Non-current					
Trade receivables		**1,606**	577	**–**	–
Prepayments		**2,188**	637	**–**	–
Other receivables		**229**	514	**–**	–
Owing by associates	32	**252**	252	**–**	–
Owing by subsidiaries (net of provision for receivables impairment)	32	**–**	–	**6,213**	583
Total		**4,275**	1,980	**6,213**	583

Analysis of movements in provision for irrecoverable trade and other receivables:

	GROUP		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Balance at 1 January	**252**	2,304	**658**	63,359
Reversal of unused provision for receivables impairment	**(82)**	(140)	**(658)**	(63,359)
Provision for receivables impairment	**25**	177	**5,313**	658
Receivables written off during the year as uncollectible	**(35)**	(2,089)	**–**	–
Balance at 31 December	**160**	252	**5,313**	658

As at 31 December 2014, the Parent has provided $5.3 million (2013: $658,000) for receivables from subsidiaries deemed to be unrecoverable.

12. INVENTORIES

	GROUP		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Raw materials and consumables	**10,351**	8,747	**–**	–
Finished goods and goods for sale	**27,938**	33,423	**–**	–
Total	**38,289**	42,170	**–**	–

The cost of inventories recognised as an expense and included in 'Purchases, raw materials and consumables used' amounted to $471.0 million (2013: $486.0 million). During the year, the Group wrote down inventories by $200,000 for an impairment of fruit inventory on the Group's leased vines and trees (2013: $479,000). The Group also further wrote off inventory of $199,000 (2013: $41,000) during the year.

Notes to the Financial Statements (continued)

13. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Current assets				
Forward foreign exchange contracts - cash flow hedges	**2,996**	281	**–**	1
Forward foreign exchange contracts - held-for-trading	**131**	230	**–**	–
Foreign currency options - cash flow hedges	**459**	33	**–**	–
Interest rate swaps - cash flow hedges	**–**	330	**–**	330
Total	**3,586**	874	**–**	331
Non-current assets				
Forward foreign exchange contracts - cash flow hedges	**742**	32	**–**	–
Foreign currency options - cash flow hedges	**185**	–	**–**	–
Total	**927**	32	**–**	–
Current liabilities				
Forward foreign exchange contracts - cash flow hedges	**119**	456	**9**	–
Forward foreign exchange contracts - held-for-trading	**30**	6	**–**	–
Foreign currency options - cash flow hedges	**343**	171	**–**	–
Interest rate swaps - cash flow hedges	**1,491**	–	**1,491**	–
Total	**1,983**	633	**1,500**	–
Non-current liabilities				
Forward foreign exchange contracts - cash flow hedges	**–**	159	**–**	–
Foreign currency options - cash flow hedges	**–**	45	**–**	–
Total	**–**	204	**–**	–

Instruments used by the Group

Forward foreign exchange contracts
In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase AUD, USD, EUR, CAD and JPY currencies for the payment of produce imports. The Group has also entered into forward exchange contracts to sell AUD, USD, EUR, GBP and JPY currencies which it will receive for its export sales.

Foreign currency options
The Group will occasionally enter into foreign currency options to protect against exchange rate movements. These options will usually be to purchase AUD and USD currencies for the payment of produce imports, and to sell EUR, GBP, and USD currencies which it will receive for its export sales.

Interest rate swaps
The Group has entered into interest rate swaps to protect against the effect of interest rate movements on the interest expense associated with a portion of its long-term borrowings. The Group has contracted to pay a fixed rate of interest in return for receiving payments based on a variable rate of interest.

Notes to the Financial Statements (continued)

14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Commercial land and improvements	**379**	–	**–**	–
Orchard land and improvements	**–**	821	**–**	–
Buildings	**445**	423	**–**	–
Total	**824**	1,244	**–**	–

The Group's non-current assets held for sale were revalued to their fair value less costs to sell. This is a non-recurring fair value which has been measured in accordance with the Group's measurement techniques for commercial land and improvements, orchard land and improvements, and buildings (refer note 17).

210 Raupare Road, Twyford
In July 2014, the Group's management committed to sell the commercial land and building at 210 Raupare Road, Twyford currently owned by ENZAFruit New Zealand International Limited. No impairment loss was recognised on reclassification of the commercial land and building as held for sale at 31 December 2014.

15. BIOLOGICAL ASSETS

		GROUP		PARENT	
	Notes	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Current					
Balance at 1 January		**1,267**	1,111	**–**	–
Capitalised costs		**27,229**	27,088	**–**	–
Increase due to purchases		**78**	–	**–**	–
Change in fair value less costs to sell	6	**(4)**	(251)	**–**	–
Decreases due to harvest		**(27,202)**	(26,681)	**–**	–
Balance at 31 December		**1,368**	1,267	**–**	–
Non-current					
Balance at 1 January		**21,633**	16,847	**–**	–
Increase due to purchases		**258**	892	**–**	–
Capitalised costs		**20,227**	13,909	**–**	–
Increase from acquisition of business		**12,599**	–	**–**	–
Transfer to property, plant and equipment		**(74)**	(803)	**–**	–
Change in fair value less costs to sell - crop	6	**1,596**	2,957	**–**	–
Decrease due to harvest		**(21,307)**	(15,605)	**–**	–
Change in fair value less costs to sell - trees and vines	6	**6,202**	3,458	**–**	–
Decrease due to disposals		**(481)**	(22)	**–**	–
Balance at 31 December		**40,653**	21,633	**–**	–

Notes to the Financial Statements (continued)

15. BIOLOGICAL ASSETS (CONTINUED)

At 31 December the biological assets were as follows:

	HECTARES PLANTED OWNED		HECTARES PLANTED LEASED		PRODUCTION OWNED		PRODUCTION LEASED	
	2014	2013	2014	2013	2014	2013	2014	2013
Tomatoes	**16**	16	**4**	4	**6,789,519**	8,120,320	**1,918,746**	1,216,393
Apples	**242**	234	**20**	20	**497,452**	556,495	**38,233**	24,159
Lemons	**48**	78	**5**	5	**1,333,035**	1,528,815	**95,450**	85,417
Navels	**–**	–	**20**	20	**–**	–	**601,702**	758,358
Mandarins	**54**	54	**27**	16	**676,214**	1,488,742	**594,325**	301,980
Kiwifruit	**63**	63	**24**	31	**429,378**	479,003	**239,509**	372,206
Blueberries	**11**	11	**–**	–	**26,059**	5	**–**	–
Strawberries	**1**	–	**–**	–	**20,251**	–	**–**	–
Apples - Apollo acquisition	**120**	–	**448**	–	**–**	–	**–**	–

The Group completed the acquisition of the assets of Apollo Apples Limited on 19 December 2014. Included in that acquisition was 448 hectares of leased land (producing 965,609 tces) and 120 hectares of owned land (producing 225,548 tces).

Production units:
- Tomatoes: kgs
- Apples: export tce (tray carton equivalent)
- Citrus (lemons, navels and mandarins): kgs for export, tag 1 and tag 2 grades
- Kiwifruit: class 1 trays
- Blueberries: kgs
- Strawberries: kgs

The Group's biological assets are stated at valuations completed by either independent valuers or management, with reference to current valuations prepared for management and are adjusted to reflect the location, plantings, age and varieties of biological assets and productive capacities of the orchards.

Biological asset valuations, excluding the crop currently on the trees and vines, undertaken by independent registered valuers were:
- Duke & Cooke Ltd - Nelson orchards, ENZA Hastings apple orchards, Wawata Motueka apple orchards, and Kerikeri kiwifruit, navel, mandarin, lemon, blueberry, and strawberry orchards
- Logan Stone - Apollo apple orchards

All external valuers are members of the New Zealand Institute of Valuers.

Biological asset valuations undertaken by management include the valuation of current assets and crop currently on the trees and vines, being Status Produce Limited, Turners & Growers Horticulture Limited, Berryfruit New Zealand Limited and ENZAFRUIT New Zealand International Limited.

Biological crop on leased land has only been valued up to the end of the lease term. Biological crop on leased vines have not been included in valuations of the Group's crop. Costs related to development of such crops are included as inventory.

Biological assets are categorised as bearer biological assets and are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all other costs that would be necessary to sell the assets. In the majority of cases biological assets have been valued on an income approach (discounted cash flows) with reference back to underlying market based valuations for land and buildings, to ensure the total combined carrying value of biological assets and fixed assets are at fair value. The independent valuer uses valuation techniques which are inherently subjective and involve estimation.

Notes to the Financial Statements (continued)

15. BIOLOGICAL ASSETS (CONTINUED)

The following valuation assumptions have been adopted in determining the fair value of the Group's biological assets:

a. Discount rates ranging between 10-25% have been used in discounting the present value of expected cash flows;

b. Notional land rental costs have been included for freehold land;

c. Orchards have been valued on a going concern basis;

d. Inflation has been allowed on costs at rates of between 1-2%;

e. Costs are based on current average costs and, where applicable, referenced back to industry standard costs. The costs are variable depending on the biological asset's location, planting, age and the varieties being assessed;

f. Revenue is based on current pricing and expected levels of production, with an assessment made about the long-term future returns for each variety. Revenue is variable depending on the variety of the biological asset and represents the valuers and management's best judgement. The impact of changes in foreign exchange rates have been included in the forecast crop returns. The underlying price assumptions are as follows:

Price range (before inflation)	2014	2013	
Tomatoes	$1-$8	$1-$9	kg
Apples	$20-$36	$22-$33	export tce (tray carton equivalent)
Citrus	$1	$1-$3	kg
Kiwifruit	$4-$8	$5-$12	tray
Blueberries	$17-$20	$5-$19	kg
Strawberries	$6	–	kg

g. Management have made assessments as to when the newly developed plantings will reach full production. Newly developed plantings are managed as part of the total plantings and therefore are not separately disclosed. The total average yield is dependent upon the variety of biological asset growth, as well as the underlying age and health of the biological assets;

h. 75% of Gold kiwifruit orchards owned by Turners & Growers in Kerikeri have been identified as having PSA-V. The majority of plants identified with PSA-V have either been removed or destroyed. The PSA-V infection in the remaining plants is under control and after harvesting, the plants will be converted to a more resistant variety. The ENZA Gold variety is more tolerant of PSA-V and there is insignificant infection on these plants, with less than half having been identified with PSA-V symptoms. In these plants however there are no secondary symptoms and no progression of the disease. The ENZA Red variety is also PSA-V positive and is characterised by being more vulnerable in exposed areas. In sheltered areas however, the Red variety appears to be more tolerant with good management. The Green (Hayward) variety is still PSA-V free. Allowances for orchards contracting PSA-V have been built into the kiwifruit net present value models used for the valuations;

i. A recent change in the lemon orchards to a full pruning programme and removing the poorer performing trees has resulted in an increase in lemon production and improvement in fruit quality. The gross margin returns from this crop are however still low and the net present value calculation shows that the derived value does not support the underlying land value and essential non-orchard improvements. Consequently there is no added value to the land from lemons with the valuations reflecting this.

The fair value of biological crops (tomatoes, apples, citrus, kiwifruit, strawberries and blueberries) at or before the point of harvest is based on the value of the estimated market price of the volumes produced, net of harvesting costs.

The primary financial risk which the Group is exposed to in respect of agricultural activity occurs due to the length of time between the cash outflow on the purchase, planting and maintenance of trees and vines and the cost of harvesting the fruit and receiving the cash from the sale of the fruit to third parties. This risk includes exposure to adverse movements in

Notes to the Financial Statements (continued)

15. BIOLOGICAL ASSETS (CONTINUED)

foreign exchange rates arising from sales to parties located overseas.

The following table analyses the biological assets carried at fair value by valuation method as at 31 December. The different levels have been defined as follows:

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).

All the fair value measurements of biological assets at 31 December are level 3 measurements.

Fair value measurements	2014 $'000	2013 $'000
Tomatoes	**1,366**	1,267
Apples	**16,174**	14,065
Apples - Apollo acquisition	**12,599**	–
Citrus	**3,145**	2,221
Kiwifruit	**5,432**	4,792
Blueberries	**3,303**	555
Strawberries	**2**	–
Total	**42,021**	22,900

There were no transfers between levels during the year.

The following unobservable inputs were used to measure the Group's biological assets:

Description	Fair value at 31 December 2014 $'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Tomatoes	1,366	Estimated market price of volumes produced	Annual tomato yield - kgs per season and fruit type	45,000 kgs -1,576,000 kgs	The higher the yield, the higher the fair value
			Annual gate price per kg per season and fruit type	$1.03 - $7.58	The higher the gate price, the higher the fair value
Apples (including Apollo)	28,773	Discounted cash flow - Income approach	Apple yield - tonnes per hectare per annum	60 - 100 tonnes per hectare per annum	The higher the yield, the higher the fair value
			Export prices per TCE	$20.00 - $36.00	The higher the export price, the higher the fair value
			Discount rate	18% - 23%	The higher the discount rate, the lower the fair value
Citrus	3,145	Discounted cash flow - Income approach	Citrus yield per annum	600 - 1,500 tonnes per annum	The higher the yield, the higher the fair value
			Orchard gate price per tonne	$1,050 - $2,000 per tonne	The higher the gate price, the higher the fair value
			Discount rate	14%	The higher the discount rate, the lower the fair value

Notes to the Financial Statements (continued)

15. BIOLOGICAL ASSETS (CONTINUED)

Description	Fair value at 31 December 2014 $'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Kiwifruit	5,432	Discounted cash flow - Income approach	Kiwifruit yield - trays per hectare	8,000 - 13,500 trays per annum	The higher the yield, the higher the fair value
			Kiwifruit orchard gate price	$7.50 - $12.80 per tray	The higher the gate price, the higher the fair value
			Discount rate	18% - 25%	The higher the discount rate, the lower the fair value
Blueberries	3,303	Discounted cash flow - Income approach	Blueberry yield - kgs per hectare	12,000 - 24,450 kgs per hectare per annum	The higher the yield, the higher the fair value
			FOB rate per kg	$17.00 -$20.00 per kg	The higher the FOB rate price, the higher the fair value
			Discount rate	18%	The higher the discount rate, the lower the fair value
Strawberries	2	Estimated market price of volumes produced	Strawberry yield - kgs per hectare	24,450 kgs per hectare per annum	The higher the yield, the higher the fair value
			FOB rate per kg	$6.00 per kg	The higher the FOB rate price, the higher the fair value
			Discount rate	10%	The higher the discount rate, the lower the fair value

16. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Balance at 1 January	**325**	201	**7**	7
Shares issued	**13**	23	**–**	–
Fair value adjustment	**202**	101	**–**	–
Balance at 31 December	**540**	325	**7**	7

All available-for-sale investments are investments in companies whose shares are not listed but are publicly traded. The fair value is based on publicly available market data which indicates the price at which shares recently traded.

17. PROPERTY, PLANT AND EQUIPMENT

Group	Commercial land and improvements $'000	Orchard land and improvements $'000	Buildings $'000	Glasshouses $'000	Motor vehicles $'000	Hire containers $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
At 1 January 2013									
Cost or valuation	48,341	50,699	120,474	21,595	9,816	19,419	163,540	3,804	437,688
Accumulated depreciation and impairment	(1,624)	(3,233)	(16,726)	(8,192)	(7,265)	(15,778)	(131,054)	–	(183,872)
Carrying amounts	46,717	47,466	103,748	13,403	2,551	3,641	32,486	3,804	253,816

Notes to the Financial Statements (continued)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Commercial land and improvements $'000	Orchard land and improvements $'000	Buildings $'000	Glasshouses $'000	Motor vehicles $'000	Hire containers $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Movements in the year ended 31 December 2013									
Opening carrying amounts	46,717	47,466	103,748	13,403	2,551	3,641	32,486	3,804	253,816
Acquisitions	60	171	733	1,811	370	582	8,278	2,736	14,741
Reclassification from biological assets	–	732	–	–	–	–	174	(103)	803
Reclassification to assets held for sale	–	(821)	(416)	–	–	–	(7)	–	(1,244)
Reclassifications	5	116	387	(136)	(2)	(6)	(17)	(347)	–
Disposals	(2)	(10)	(374)	(1,405)	(60)	(31)	(308)	–	(2,190)
Revaluations	(1)	(5,365)	151	–	–	–	2	–	(5,213)
Depreciation write back on revaluation	–	4,755	85	–	–	–	1	–	4,841
Movement in foreign exchange	7	–	7	–	(31)	–	(10)	–	(27)
Depreciation charge	(379)	(401)	(3,562)	(733)	(730)	(1,242)	(7,707)	–	(14,754)
	46,407	46,643	100,759	12,940	2,098	2,944	32,892	6,090	250,773
At 31 December 2013									
Cost or valuation	47,484	46,941	122,692	19,250	9,997	19,470	167,523	6,090	439,447
Accumulated depreciation and impairment	(1,077)	(298)	(21,933)	(6,310)	(7,899)	(16,526)	(134,631)	–	(188,674)
Carrying amounts	46,407	46,643	100,759	12,940	2,098	2,944	32,892	6,090	250,773
Movements in the year ended 31 December 2014									
Opening carrying amounts	**46,407**	**46,643**	**100,759**	**12,940**	**2,098**	**2,944**	**32,892**	**6,090**	**250,773**
Acquisitions	**2,193**	**10**	**479**	**30**	**202**	**683**	**2,304**	**17,286**	**23,187**
Acquisition of business (note 23)	**6,600**	**12,565**	**29,081**	**–**	**1,397**	**–**	**9,361**	**710**	**59,714**
Reclassification to assets held for sale	**(379)**	**–**	**(445)**	**–**	**–**	**–**	**–**	**–**	**(824)**
Reclassification from assets held for sale	**–**	**607**	**–**	**–**	**–**	**–**	**–**	**–**	**607**
Reclassifications	**389**	**899**	**1,411**	**–**	**–**	**975**	**10,376**	**(14,009)**	**41**
Disposals	**–**	**–**	**(475)**	**–**	**(481)**	**(17)**	**(113)**	**–**	**(1,086)**
Revaluations	**–**	**(2,190)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,190)**
Depreciation write-back on revaluation	**–**	**405**	**–**	**–**	**–**	**–**	**–**	**–**	**405**
Movement in foreign exchange	**4**	**–**	**(20)**	**–**	**3**	**–**	**5**	**93**	**85**
Depreciation charge	**(383)**	**(453)**	**(3,570)**	**(827)**	**(664)**	**(328)**	**(6,538)**	**–**	**(12,763)**
	54,831	**58,486**	**127,220**	**12,143**	**2,555**	**4,257**	**48,287**	**10,170**	**317,949**
At 31 December 2014									
Cost or valuation	**56,291**	**58,488**	**151,976**	**19,279**	**7,368**	**20,541**	**185,726**	**10,170**	**509,839**
Accumulated depreciation and impairment	**(1,460)**	**(2)**	**(24,756)**	**(7,136)**	**(4,813)**	**(16,284)**	**(137,439)**	**–**	**(191,890)**
Carrying amounts	**54,831**	**58,486**	**127,220**	**12,143**	**2,555**	**4,257**	**48,287**	**10,170**	**317,949**

Notes to the Financial Statements (continued)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Parent	Commercial land and improvements $'000	Buildings $'000	Motor vehicles $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
At 1 January 2013						
Cost	92	968	8	8,920	19	10,007
Accumulated depreciation and impairment	(91)	(575)	(4)	(7,689)	–	(8,359)
Carrying amounts	1	393	4	1,231	19	1,648
Movements in the year ended 31 December 2013						
Opening carrying amounts	1	393	4	1,231	19	1,648
Acquisitions	–	–	–	404	77	481
Depreciation charge	–	–	(1)	(413)	–	(414)
Disposals	(1)	(393)	(3)	(1,222)	(96)	(1,715)
	–	–	–	–	–	–
At 31 December 2013						
Cost	–	–	–	–	–	–
Accumulated depreciation and impairment	–	–	–	–	–	–
Carrying amounts	–	–	–	–	–	–

During the year ended 31 December 2014 the Parent held no property, plant and equipment.

Notes to the Financial Statements (continued)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Amounts where the Group is a lessee under finance lease 'Glasshouses' and 'Plant and equipment' includes the following amounts where the Group is a lessee under a finance lease:

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Cost-capitalised finance lease	**3,114**	3,114	**–**	–
Accumulated depreciation	**(988)**	(407)	**–**	–
Carrying amounts	**2,126**	2,707	**–**	–

The Group leases glasshouses and other sundry equipment under non-cancellable finance lease agreements. The lease terms are between 3 and 6 years, and ownership of the assets lies within the Group.

Valuations of commercial land improvements, orchard land and improvements, and buildings
An independent valuation of the Group's commercial land and buildings was not carried out during the year ended 31 December 2014 as the Group carries out its revaluations once every three years. As at 31 December 2014, the Group received advice from an independent valuer that there were no indications of impairment for its commercial land and buildings. An independent valuation of the Group's orchard land and improvements was performed by valuers to determine the fair value of the orchard land and improvements as at 31 December 2014. In 2012, the following classes of assets were valued by independent valuers: commercial land and improvements, and buildings. The following table analyses property, plant and equipment carried at fair value. The different levels have been defined as follows:

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).

Fair value measurements	Level 1 $'000	Level 2 $'000	Level 3 $'000
As at 31 December 2014			
Commercial land	–	–	**50,227**
Commercial improvements	–	–	**4,604**
Orchard land	–	–	**49,157**
Orchard improvements	–	–	**9,329**
Buildings	–	–	**127,220**
Total	–	–	**240,537**
As at 31 December 2013			
Commercial land	–	–	41,506
Commercial improvements	–	–	4,901
Orchard land	–	–	40,270
Orchard improvements	–	–	6,373
Buildings	–	–	100,759
Total	–	–	193,809

There were no transfers between levels during the year. These values represent fair value at the time of valuation, plus additions and less disposals, since the date of valuations. Management have assessed that these values represent fair value.

Notes to the Financial Statements (continued)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation information

The majority of commercial land and improvements and buildings were revalued in 2012. Where valuations were not obtained for land and improvement and buildings, the carrying values of these assets were reassessed for any material change. Properties recorded at fair value were revalued in accordance with valuation reports of independent registered valuers.

All valuers used are members of the New Zealand Institute of Valuers.

Property valuation summary

The table below presents the fair value of assets used in the most recent valuation and excludes any asset additions subsequent to the valuation date.

Property	Valuer	Valuation date	Principal valuation approach	2014 $'000	2013 $'000
220 Fryatt St, Dunedin	CB Richard Ellis	Dec 2012	Direct capitalisation approach / discounted cash flow	**8,700**	8,700
2-8 Monahan Road, Mt Wellington	CB Richard Ellis	Nov 2012	Direct capitalisation approach / discounted cash flow	**28,775**	28,775
2 Anderson Road, Whakatu (Commercial)	CB Richard Ellis	Dec 2012	Direct capitalisation approach / discounted cash flow	**26,000**	26,000
39 Dakota Crescent, Christchurch	Telfer Young (Canterbury)	Oct 2011	Direct capitalisation approach	**8,380**	8,380
29 Stuart Road, Pukekohe	CB Richard Ellis	Dec 2012	Direct capitalisation approach / discounted cash flow	**6,510**	6,510
Ettrick, State Highway 8, Millers Flat, Otago	CB Richard Ellis	Dec 2012	Direct capitalisation approach / discounted cash flow	**2,675**	2,675
20 Mihaere Drive, Palmerston North	CB Richard Ellis	Dec 2012	Direct capitalisation approach / discounted cash flow	**6,750**	6,750
24 Kaimiro Street, Hamilton	CB Richard Ellis	Dec 2012	Direct capitalisation approach / discounted cash flow	**7,035**	7,035
484 Nayland Road, Stoke	Bayleys	Dec 2012	Direct capitalisation approach	**36,200**	36,200
153 Harrisville Road, Tuakau	Telfer Young (Waikato)	Oct 2011	Market comparison approach	**2,850**	2,850
292 Harrisville Road, Tuakau	Telfer Young (Waikato)	Oct 2011	Market comparison approach	**1,570**	1,570
Trotter Road, Hastings	Duke & Cooke	Dec 2014	Sales comparison approach / depreciated replacement cost approach	**2,274**	1,868
Evenden Road, Hastings	Duke & Cooke	Dec 2014	Sales comparison approach / depreciated replacement cost approach	**4,098**	3,356

Notes to the Financial Statements (continued)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PROPERTY VALUATION SUMMARY (CONTINUED)

Property	Valuer	Valuation date	Principal valuation approach	FAIR VALUE 2014 $'000	2013 $'000
657 Main Road, Motueka	Duke & Cooke	Dec 2014	Sales comparison approach / depreciated replacement cost approach	**14,443**	15,101
Ormond Road, Twyford	Duke & Cooke	Dec 2014	Sales comparison approach / depreciated replacement cost approach	**114**	120
2 Anderson Road, Whakatu (Orchard)	Duke & Cooke	Dec 2014	Sales comparison approach / depreciated replacement cost approach	**999**	941
Raupare Road, Twyford	Duke & Cooke	Dec 2014	Sales comparison approach / depreciated replacement cost approach	**650**	–
Kerikeri orchards	Duke & Cooke	Dec 2014	Sales comparison approach / depreciated replacement cost approach	**23,589**	25,967
Kerikeri packhouse	Property Solutions	Dec 2012	Depreciated replacement cost approach	**5,810**	5,810
3800 Sint-Truiden, Belgium	Vangronsveld & Vranken	Mar 2012	Market comparison ap- proach	**1,919**	1,919
22-32 Whakatu Road, Hastings	Logan Stone	Dec 2014	Sales comparison approach / discounted cash flow	**35,681**	–
Apollo orchards	Logan Stone	Dec 2014	Sales comparison approach / discounted cashflow	**12,565**	–

Discounted cash flow

This approach is based on the future projection of rental income cash flows discounted back to their present value.

Discount rates applied range from 9.0% to 23.0% (2013: 9.0% to 14.0%).

Terminal yield rates applied range from 7.8% to 13.5% (2013: 7.8% to 13.5%).

Investment horizon is 11 years (2013: 11 years).

Rental growth estimated at between 1.5% to 3.8% per annum (2013: between 1.5% to 3.8%).

Notes to the Financial Statements (continued)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Direct 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 7.3% to 12.5% (2013: 7.3% to 12.5%).

Sales / 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.

Depreciated 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.

Carrying amounts that would have been recognised if land and buildings were stated at cost
If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Commercial land and improvements				
Cost	**29,553**	20,750	**–**	–
Accumulated depreciation and impairment	**(4,109)**	(4,077)	**–**	–
Carrying amount	**25,444**	16,673	**–**	–
Orchard land and improvements				
Cost	**77,688**	63,951	**–**	–
Accumulated depreciation and impairment	**(18,377)**	(17,925)	**–**	–
Carrying amount	**59,311**	46,026	**–**	–
Buildings				
Cost	**137,866**	107,815	**–**	–
Accumulated depreciation and impairment	**(36,793)**	(33,222)	**–**	–
Carrying amount	**101,073**	74,593	**–**	–

Notes to the Financial Statements (continued)

18. INTANGIBLE ASSETS

Group	Note	Goodwill $'000	Software $'000	Plant variety rights $'000	Other intangibles $'000	Total $'000
At 1 January 2013						
Cost		6,657	16,584	3,717	635	33,989
Accumulated amortisation		–	(10,330)	(3,668)	(635)	(21,029)
Carrying amounts		6,657	6,254	49	–	12,960
Movements in the year ended 31 December 2013						
Opening carrying amounts		6,657	6,254	49	–	12,960
Acquisitions		–	1,648	24	8	1,680
Disposals		–	(1)	–	–	(1)
Effect of movement in foreign exchange		(331)	(17)	–	–	(348)
Amortisation charge		–	(1,945)	–	–	(1,945)
		6,326	5,939	73	8	12,346
At 31 December 2013						
Cost		6,326	18,220	3,741	643	28,930
Accumulated amortisation and impairment		–	(12,281)	(3,668)	(635)	(16,584)
Carrying amounts		6,326	5,939	73	8	12,346
Movements in the year ended 31 December 2014						
Opening carrying amounts		**6,326**	**5,939**	**73**	**8**	**12,346**
Acquisitions		**–**	**982**	**8**	**–**	**990**
Acquisition of business	23	**–**	**66**	**–**	**–**	**66**
Reclassifications		**–**	**32**	**–**	**–**	**32**
Disposals		**–**	**(513)**	**–**	**–**	**(513)**
Effect of movement in foreign exchange		**(76)**	**(10)**	**–**	**–**	**(86)**
Amortisation charge		**–**	**(1,447)**	**–**	**(14)**	**(1,461)**
Reversal of impairment		**–**	**–**	**–**	**165**	**165**
		6,250	**5,049**	**81**	**159**	**11,539**
At 31 December 2014						
Cost		**6,250**	**18,657**	**3,749**	**557**	**29,213**
Accumulated amortisation and impairment		**–**	**(13,608)**	**(3,668)**	**(398)**	**(17,674)**
Carrying amounts		**6,250**	**5,049**	**81**	**159**	**11,539**

Notes to the Financial Statements (continued)

18. INTANGIBLE ASSETS (CONTINUED)

Parent	Software $'000	Total $'000
At 1 January 2013		
Cost	13,805	13,805
Accumulated amortisation	(8,414)	(8,414)
Carrying amounts	5,391	5,391
Movements in the year ended 31 December 2013		
Opening carrying amounts	5,391	5,391
Acquisitions	451	451
Disposals	(4,355)	(4,355)
Amortisation charge	(1,487)	(1,487)
	–	–
At 31 December 2013		
Cost	–	–
Accumulated amortisation	–	–
Carrying amounts	–	–

During the year ended 31 December 2014, the Parent held no intangible assets.

Impairment tests for goodwill

Goodwill relates to the acquisition of Status Produce and the Delica Group (including Delica Australia, Delica North America and Fresh Food Exports 2011). Accordingly these entities are the cash-generating units to which the total amount of goodwill is allocated (Status 19%, Delica Group 81%). The recoverable amounts are based on value-in-use calculations. The calculation uses cash flow projections based on budgets approved by management to December 2015, and a discount rate of 10.8% (2013: 10.8%) which approximates the Group's weighted average cost of capital. Cash flows beyond December 2015 have been extrapolated using a steady growth rate of 2% (2013: 2%). The calculation supports the carrying amount of the recorded goodwill. Management believes that any reasonable change in the key assumptions used in the calculation would not cause the carrying amount to exceed its recoverable amount.

Plant variety rights (PVR)

In September 2009 the Group purchased the sublicences to Hong Yang kiwifruit which cover a number of territories globally, specifically excluding the UK and China. The purchase of the PVR sublicences gives the Group the exclusive right to propagate and distribute Hong Yang kiwifruit in those territories.

In August 2006 the Group purchased rights to ENZAGold kiwifruit. The purchase of the PVR sublicences gives the Group the exclusive right to propagate and distribute this kiwifruit globally.

During the year the Group reversed an impairment loss of $165,000 it had previously taken on certain PVRs.

Notes to the Financial Statements (continued)

19. INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

Name of entity	Principal activity	Place of business / country of incorporation	2014 %	2013 %
Apollo Apples (2014) Limited	Horticulture operations	New Zealand	**100**	–
Berryfruit New Zealand Limited	Horticulture operations	New Zealand	**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 distributors	Australia	**100**	100
Delica North America Limited	Fruit export	United States of America	**75**	75
Delica (SH) Fruit Trading Co Ltd	In-market services and fruit import	China	**100**	–
EFL Holdings Limited	Non-trading	New Zealand	**100**	100
ENZA Fresh, Inc.	Pipfruit promotion	United States of America	**100**	100
ENZA Investments USA, Inc.	Property holdings	United States of America	**100**	100
ENZA Limited**	Pipfruit export	New Zealand	**–**	100
ENZASunrising (Holdings) Limited	Non-trading	Hong Kong	**51**	51
ENZACOR Pty Limited	Fruit by-product broking	Australia	**100**	100
ENZAFOODS New Zealand Limited	Apple juice concentrate production	New Zealand	**100**	100
ENZAFRUIT (Hong Kong) Limited	Non-trading	Hong Kong	**100**	100
ENZAFRUIT Marketing Limited**	Pipfruit marketing	New Zealand	**–**	100
ENZAFRUIT New Zealand (Continent) NV	Pipfruit marketing	Belgium	**100**	100
ENZAFRUIT New Zealand (UK) 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
ENZAPak Limited**	Non-trading	New Zealand	**100**	100
Fresh Food Exports 2011 Limited	Fruit export	New Zealand	**75**	75
Fruit Distributors Limited	Investment company	New Zealand	**100**	100
Fruitmark NZ Limited***	Fruit by-product broking	New Zealand	**100**	100
Frutesa	Non-trading	Cayman Islands	**100**	100
Frutesa Chile Limitada	Non-trading	Chile	**100**	100
Horticultural Access Solutions Limited	Investment company	Australia	**47**	47
Horticultural Corporation of New Zealand Limited	Non-trading	New Zealand	**100**	100
Invercargill Markets Limited	Non-trading	New Zealand	**100**	100
Kerifresh Growers Trust 2014 ****	Non-trading	New Zealand	**58**	–
Kerifresh Growers Trust 2013 ****	Non-trading	New Zealand	**69**	69
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
Taipa Water Supply Limited	Water supply	New Zealand	**65**	65
Turners & Growers Fiji Limited	Fruit export	Fiji	**70**	70
Turners & Growers Fresh Limited	Fruit and produce wholesale distributors	New Zealand	**100**	100
Turners & Growers Horticulture Limited	Horticulture operations	New Zealand	**100**	100
Turners & Growers New Zealand Limited	Shared services company	New Zealand	**100**	100

Notes to the Financial Statements (continued)

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

* In the prior year, the Group purchased the remaining non-controlling interests in these entities. Refer note 20.

** On 1 January 2014 ENZAFRUIT Marketing Limited was amalgamated with ENZAFRUIT New Zealand International Limited. On 1 December 2014 ENZA Limited was amalgamated with ENZAFRUIT New Zealand International Limited.

On 22 December 2014, ENZAPak Limited was renamed ENZA Limited.

All the above amalgamations were carried out by way of short form amalgamation under section 222 of the Companies Act 1993. Upon amalgamation the amalgamated company succeeds to all the property, rights, powers, privileges, liabilities, and obligations of each of the amalgamating companies.

*** This company was previously known as ENZAFOODS International Limited.

**** The Kerifresh Growers Trusts have been accounted for as subsidiaries as the Group has the majority of voting rights in the Trusts and hence control in substance.

Interests in subsidiaries

	PARENT	
	2014 $'000	2013 $'000
Share in subsidiaries	**263,699**	263,027

The balance date of all subsidiaries is 31 December.

The Parent's investment in subsidiaries comprises shares at cost less impairment. Details of any impairment are provided in note 3.

The cash-generating units (CGU) for which the impairment losses relate to are identified as follows:

Cash-generating unit	Operating segment	Impairment loss / (reversal) 2014 $'000	Impairment loss 2013 $'000
Turners & Growers New Zealand Limited	Other	**–**	100
ENZA Limited	Exports	**(2,475)**	2,475
Turners & Growers Horticulture Limited	Growing operations	**1,931**	20,877
Total		**(544)**	23,452

The impairment on ENZA Limited has been reversed during the year as this company was amalgamated into ENZAFruit New Zealand International Limited on 1 December 2014.

None of the Group's non-wholly owned subsidiaries have material non-controlling interests.

Notes to the Financial Statements (continued)

20. ACQUISITION OF NON-CONTROLLING INTERESTS IN SUBSIDIARIES

	GROUP		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Carrying amount of non-controlling interests acquired	–	5,772	–	5,141
Consideration paid to non-controlling interests	–	(17,842)	–	(16,985)
Repayment of loans by Delica Limited directors	–	(582)	–	(582)
Deferred consideration (present value)	–	(7,291)	–	(7,291)
Net effect in equity	–	(19,943)	–	(19,717)

Delica Limited
In the prior year, the Group acquired the remaining 30% of the issued shares of Delica Limited for a purchase price of $25.8 million. The carrying amount of the non-controlling interests in Delica Limited on the date of acquisition was $5.1 million. The Group derecognised non-controlling interests of $5.1 million and recorded a decrease in equity attributable to owners of the Group of $19.7 million.

Delica Domestic Pty Limited
In the prior year, the Group acquired the remaining 25% of the issued shares of Delica Domestic Pty Limited for a purchase price of $32,000. The carrying amount of the non-controlling interests in Delica Domestic Pty Limited on the date of acquisition was $23,000. The Group derecognised non-controlling interests of $23,000 and recorded a decrease in equity attributable to owners of the Group of $8,000.

Delica Australia Pty Limited
In the prior year, the Group acquired the remaining 15% of the issued shares of Delica Australia Pty Limited for a purchase price of $825,000. The carrying amount of the non-controlling interest on the date of acquisition was $608,000. The Group derecognised non-controlling interests of $608,000 and recorded a decrease in equity attributable to owners of the Group of $218,000.

21. INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2014. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

The Group's investments in associates in 2014 and 2013 are:

Name of entity	Place of business / country of incorporation	% of ownership interest	Principal activity	Measurement method
Allen Blair Properties Limited	New Zealand	33	Property investment	Equity
David Oppenheimer & Company I, L.L.C	United States of America	15	Produce wholesale distributors	Equity
David Oppenheimer Transport Inc.	United States of America	15	Transport	Equity
Fresh Vegetable Packers Limited	New Zealand	41	Horticultural operations	Equity
McKay Shipping Limited	New Zealand	25	Transport	Equity
Mystery Creek Asparagus Limited	New Zealand	15	Horticultural operations	Equity

Allen Blair Properties Limited and Mystery Creek Asparagus Limited have a balance date of 31 March. This was the reporting date established when these companies were incorporated and it is impractical for these companies to change their balance date. For the purposes of equity accounting, management accounts for the period ended 30 November 2014 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2014.

Notes to the Financial Statements (continued)

21. INVESTMENTS IN ASSOCIATES (CONTINUED)

Fresh Vegetable Packers Limited has a balance date of 30 June. This was the reporting date established when the company was incorporated and it is impractical for the company to change its balance date. For the purposes of equity accounting, management accounts for the period ended 30 November 2014 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2014.

The remaining associates of the Group have a balance date of 31 December.

Summarised financial information for associates

Set out below is the summarised financial information for the associates that the Directors consider to be material to the Group.

	David Oppenheimer & Company I, L.L.C.	
	2014 $'000	2013 $'000
Summarised balance sheet		
Total current assets	**95,299**	91,920
Total current liabilities	**(90,028)**	(86,499)
Total non-current assets	**434**	463
Net assets	**5,705**	5,884
Summarised income statement		
Revenue	**617,096**	584,079
Depreciation and amortisation	**(115)**	(126)
Interest expense	**(434)**	(383)
Profit and comprehensive income	**4,611**	5,760
Dividends received from associate	**(576)**	(459)
The Group's share of profit from continuing operations	**692**	864
Net assets of the associate	**5,705**	5,884
Interest in associate	**856**	883
Other adjustments	**798**	580
Carrying amount of ownership interest	**1,654**	1,463

The information above reflects the amounts presented in the financial statements of the associates (and not Turners & Growers' share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of the summarised information to the carrying amount of the Group's interest in associates recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Aggregate information of the Group's associates		
The Group's share of profit from continuing operations of not individually material associates	**894**	351
The Group's share of profit from continuing operations of individually material associates	**692**	864
The total Group's share of profit from continuing operations from associates	**1,586**	1,215
Aggregate carrying amount of the Group's interest in not individually material associates	**6,698**	6,359
Aggregate carrying amount of the Group's interest in material associates	**1,654**	1,463
Total carrying amount of the Group's interest in associates	**8,352**	7,822

Notes to the Financial Statements (continued)

22. INVESTMENTS IN JOINT VENTURES

Set out below are the joint ventures of the Group as at 31 December 2014. The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

The Group's investments in joint ventures in 2014 and 2013 are:

Name of entity	Place of business / country of incorporation	% of ownership interest	Principal activity	Measurement method
Apollo Foods Limited	New Zealand	50 %	Processed apple food business	Equity
Delica Pty Limited	Australia	50 %	Produce export	Equity
Premier Fruit New Zealand Limited	New Zealand	– % (2013: 50%)	Horticulture operations	Equity
Wawata General Partner Limited	New Zealand	50 %	Horticulture operations	Equity
Worldwide Fruit Limited	United Kingdom	50 %	Fruit marketing	Equity

The balance date of Worldwide Fruit Limited is 30 June. For the purposes of applying the equity method of accounting, the financial statements of Worldwide Fruit Limited for the period ended 30 November 2014 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2014.

The balance date of the remaining joint ventures is 31 December.

During the year, the Group sold its 50% share in Premier Fruit New Zealand Limited for a loss of $32,000. On 19 December 2014 the Group purchased 50% of the shares in Apollo Foods Limited as part of the acquisition of the Apollo business.

Summarised financial information for joint ventures

Set out below is the summarised financial information for the joint venture the Directors consider to be material to the Group.

	Worldwide Fruit Limited	
	2014 $'000	2013 $'000
Summarised balance sheet		
Cash and cash equivalents	**1,332**	–
Total current assets (excluding cash and cash equivalents)	**22,243**	26,487
Current financial liabilities (excluding trade and other payables and provisions)	**–**	(441)
Total current liabilities	**(25,225)**	(26,303)
Total non-current assets	**16,953**	12,862
Non-current financial liabilities (excluding trade and other payables and provisions)	**(7,395)**	(6,319)
Total non-current liabilities	**(7,395)**	(6,319)
Net assets	**7,908**	6,727
Summarised income statement		
Revenue	**227,841**	225,815
Depreciation and amortisation	**(1,208)**	(930)
Interest expense	**(183)**	(653)
Income tax expense	**(935)**	(788)
Profit and comprehensive income	**3,240**	3,341
Dividends received from joint venture	**984**	384
The Group's share of profit from continuing operations	**1,620**	1,670
Net assets of the joint venture	**7,908**	6,727
Carrying amount of ownership interest	**3,954**	3,364

Notes to the Financial Statements (continued)

22. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The information above reflects the amounts presented in the financial statements of the joint venture (and not Turners & Growers' share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures recognised in the consolidated financial statements:

	2014 $'000	2013 $'000
Aggregate information of the Group's joint ventures		
The Group's share of profit from continuing operations of not individually material joint ventures	**1,514**	418
The Group's share of profit from continuing operations of individually material joint ventures	**1,620**	1,670
The total Group's share of profit from continuing operations from joint ventures	**3,134**	2,088
Aggregate carrying amount of the Group's interest in not individually material joint ventures	**6,006**	4,717
Aggregate carrying amount of the Group's interest in material joint ventures	**3,954**	3,364
Total carrying amount of the Group's interest in joint ventures	**9,960**	8,081

23. BUSINESS COMBINATIONS

Apollo Apples Limited

On 19 December 2014 the Group acquired all of the assets of Apollo Apples Limited (Apollo). Apollo is a large vertically integrated apple operator which grows, packs and exports approximately 1.4 million cartons of apples per annum worldwide.

As a result of this acquisition, the Group is expected to be able to increase its export volumes to Asia and other key territories and increase its sales channels for all grades of apples. The additional volumes achieved through this acquisition will also help the Group in its strategic plan to grow its apple business worldwide.

The acquisition resulted in a net gain of $13.3 million. The gain has been recognised in the profit for the year through 'Other operating income' in the income statement. A gain on acquisition has been recorded as the purchase price was negotiated on the basis of Apollo's trading profit performance at 31 December 2013, and the trading performance at that time supported a purchase price that was below the fair value of Apollo's assets. During 2014 Apollo's performance exceeded forecast and it is the view of Management that Apollo's performance and expected future performance supports the asset values as recorded at the time of completion. This view is supported by the annual revaluation of Apollo's orchard biological and non-biological assets that has seen the carrying value of Apollo's assets increase relative to the carrying value of its assets at 31 December 2013.

The initial accounting for the acquisition for Apollo's assets has only been provisionally determined at the end of the reporting period. At the date of finalisation of these consolidated financial statements, some of the necessary calculations had not been finalised and they have therefore only been provisionally determined based on the Directors' best estimate of the likely values.

Notes to the Financial Statements (continued)

23. BUSINESS COMBINATIONS (CONTINUED)

Below is a preliminary analysis of the assets and liabilities acquired as at 31 December 2014:

Analysis of assets and liabilities acquired	2014 $'000
Current assets	
Cash and cash equivalents	61
Trade and other receivables	990
Inventories	392
Prepayments	1,309
GST receivable	120
Forward foreign exchange contracts	38
Non-current assets	
Property, plant and equipment	59,714
Biological assets	12,599
Intangible assets	66
Current liabilities	
Trade and other payables	(4,595)
Non-current liabilities	
Deferred tax liabilities	(5,834)
Total identifiable net assets	64,860
Gain on acquisition	(13,316)
Cost of acquisition	51,544

The acquired business contributed no revenues or any profit or loss to the Group for the period from 19 December 2014 to 31 December 2014. If the acquisition had occurred on 1 January 2014 the acquired business would have contributed an additional $50.5 million of revenue and $4.6 million to profit before income tax.

Acquisition related costs of $603,000 have been excluded from the consideration transferred and recognised in 'Other expenses' in the income statement for the year ended 31 December 2014.

The gross value of trade and other receivables is $990,000 which also represents the fair value of trade and other receivables. At acquisition date, it is estimated that all amounts are collectible.

Cost of acquisition

The cost of acquisition of Apollo Apples Limited was made up as follows:

	$'000
Paid in cash	49,493
Receivable from vendor	(2,236)
Contingent consideration	4,287
Total	51,544

The fair value of the contingent consideration included in the cost of acquisition also includes interest at 6.1% as specified in the sale and purchase agreements. The contingent consideration includes three contingent payments at a maximum nominal amount of $3.0 million and nine additional contingent payments at a maximum nominal amount of $1.5 million. As at 31 December 2014 the directors have considered that conditions exist that will see the Group pay nominal contingent payments of $4.4 million which includes an interest element of $635,000. The amounts payable have been discounted to their present value at 31 December 2014 of $4.3 million using a discount rate of 11.5%. This is a level 3 fair value measurement.

Notes to the Financial Statements (continued)

23. BUSINESS COMBINATIONS (CONTINUED)

The contingent consideration is subject to factors such as business integration, bins harvested, and TCEs exported between 1 January 2015 and 31 December 2017.

24. DEFERRED TAXATION

Balance of temporary differences	Assets / (liabilities) 2014 $'000	Assets / (liabilities) 2013 $'000
Group		
Property, plant and equipment	**(25,457)**	(15,342)
Intangible assets	**741**	781
Biological assets	**(6,360)**	(6,192)
Provisions and accruals	**1,742**	2,293
Prepayments	**–**	(2,154)
Cash flow hedges	**–**	(55)
Tax losses	**13**	14
Other items	**130**	125
Total	**(33,120)**	(20,530)
Parent		
Provisions and accruals	**1,488**	–
Total	**1,488**	–

Balance of temporary differences	Balance 1 January 2013 $'000	Foreign exchange impact $'000	Recognised in income statement $'000	Recognised in equity $'000	Balance 31 December 2013 $'000
Group					
Property, plant and equipment	(21,367)	–	5,456	569	(15,342)
Intangible assets	817	–	(36)	–	781
Biological assets	(393)	–	(5,799)	–	(6,192)
Provisions and accruals	2,183	(52)	162	–	2,293
Prepayments	–	–	(2,154)	–	(2,154)
Cash flow hedges	4	–	–	(59)	(55)
Tax losses	8	–	6	–	14
Other items	489	–	(364)	–	125
Total	(18,259)	(52)	(2,729)	510	(20,530)

Notes to the Financial Statements (continued)

24. DEFERRED TAXATION (CONTINUED)

Balance of temporary differences	Balance 1 January 2014 $'000	Foreign exchange impact $'000	Recognised in income statement $'000	Recognised in equity $'000	Recognised on acquisition $'000	Balance 31 December 2014 $'000
Group						
Property, plant and equipment	**(15,342)**	**–**	**(5,220)**	**(646)**	**(4,249)**	**(25,457)**
Intangible assets	**781**	**–**	**(40)**	**–**	**–**	**741**
Biological assets	**(6,192)**	**–**	**(224)**	**–**	**56**	**(6,360)**
Provisions and accruals	**2,293**	**(332)**	**(219)**	**–**	**–**	**1,742**
Prepayments	**(2,154)**	**–**	**(133)**	**–**	**(1,642)**	**(3,929)**
Cash flow hedges	**(55)**	**–**	**650**	**(595)**	**–**	**–**
Tax losses	**14**	**–**	**(1)**	**–**	**–**	**13**
Other items	**125**	**–**	**5**	**–**	**–**	**130**
Total	**(20,530)**	**(332)**	**(5,182)**	**(1,241)**	**(5,835)**	**(33,120)**

Balance of temporary differences	Balance 1 January 2013 $'000	Recognised in income statement $'000	Balance 31 December 2013 $'000
Parent			
Property, plant and equipment	(414)	414	–
Investment property	(2,376)	2,376	–
Provisions and accruals	161	(161)	–
Total	(2,629)	2,629	–

Balance of temporary differences	Balance 1 January 2014 $'000	Recognised in income statement $'000	Balance 31 December 2014 $'000
Parent			
Provisions and accruals	**–**	**1,488**	**1,488**
Total	**–**	**1,488**	**1,488**

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Expected settlement				
Deferred tax assets and liabilities to be recovered within twelve months	**(2,187)**	83	**–**	–
Deferred tax assets and liabilities to be recovered after more than twelve months	**(30,933)**	(20,613)	**1,488**	–
Total	**(33,120)**	(20,530)	**1,488**	–

Notes to the Financial Statements (continued)

25. TRADE AND OTHER PAYABLES

	Notes	GROUP 2014 $'000	GROUP 2013 $'000	PARENT 2014 $'000	PARENT 2013 $'000
Current					
Trade payables		**48,192**	43,123	**31**	44
Employee entitlements		**9,948**	9,624	**27**	27
GST and other taxes		**135**	238	**–**	–
Accrued expenses		**14,627**	14,848	**756**	745
Related party payables	32	**132**	–	**–**	–
Owing to subsidiaries	32	**–**	–	**85,994**	84,755
Owing to associates	32	**11,929**	8,615	**–**	–
Owing to joint ventures	32	**450**	22	**–**	–
Crate return liability		**12,694**	12,510	**–**	–
Deferred payments to related parties	32	**1,828**	1,738	**1,828**	1,738
Total		**99,935**	90,718	**88,636**	87,309
Non-current					
Deferred payments		**4,937**	636	**–**	–
Deferred payments to related parties	32	**3,943**	5,771	**3,943**	5,771
Total		**8,880**	6,407	**3,943**	5,771

26. INTEREST BEARING LOANS AND BORROWINGS

	GROUP 2014 $'000	GROUP 2013 $'000	PARENT 2014 $'000	PARENT 2013 $'000
Current				
Finance lease liabilities	**579**	548	**–**	–
Money market borrowings	**5,500**	241	**5,500**	–
Total	**6,079**	789	**5,500**	–
Non-current				
Finance lease liabilities	**1,260**	1,838	**–**	–
Secured bank loans and debentures	**125,018**	70,026	**125,000**	70,000
Unsecured loans	**150**	–	**–**	–
Total	**126,428**	71,864	**125,000**	70,000

Notes to the Financial Statements (continued)

26. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Gross finance lease liabilities - minimum lease payments

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Gross finance lease liabilities – minimum lease payments:				
No later than 1 year	**655**	651	**–**	–
Later than 1 year and no later than 5 years	**1,355**	1,840	**–**	–
Later than 5 years	**–**	146	**–**	–
	2,010	2,637	**–**	–
Future finance charges on finance leases	**(171)**	(251)	**–**	–
Present value of finance lease liabilities	**1,839**	2,386	**–**	–
The present value of finance lease liabilities is as follows:				
No later than 1 year	**579**	548	**–**	–
Later than 1 year and no later than 5 years	**1,260**	1,694	**–**	–
Later than 5 years	**–**	144	**–**	–
Total	**1,839**	2,386	**–**	–

Security

As at 31 December 2014 the Group had a term debt facility from the Bank of New Zealand, Rabobank and HSBC amounting to $150.0 million (2013: $82.0 million facility from BNZ and Rabobank). The facility is secured by a guarantee from BayWa Aktiengesellschaft.

Bank facilities

The banking facilities for 2015 are as follows:

Facility type	Amount $ million	Expiry date
Term debt facility	150.0	27 February 2017
Seasonal facility	80.0	30 November 2015
Money market facility	30.0	27 February 2017
Overdraft facility	3.0	Uncommitted
Overdraft facility (AUD)	1.6	Uncommitted
Overdraft facility (AUD)	1.0	Uncommitted
Overdraft facility (AUD)	0.5	Uncommitted

The term debt facility is provided by BNZ, Rabobank, and HSBC. The money market and seasonal facilities are provided by BNZ and Rabobank. The seasonal facility of $80.0 million is renewed annually and the facility for 2015 was approved on 2 February 2015. These facilities are secured by a guarantee from BayWa Aktiengesellschaft.

Interest rates

As at 31 December 2014 the weighted average interest rate on the $125.0 million non-current borrowings is 4.7% (2013: 3.8%), fixed for periods up to three months.

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Terms and principal repayment schedule				
Less than one year	**5,500**	–	**5,500**	–
Later than one, not later than two years	**168**	9	**–**	–
Later than two, not later than five years	**125,000**	70,017	**125,000**	70,000
Total	**130,668**	70,026	**130,500**	70,000

Notes to the Financial Statements (continued)

27. CAPITAL AND RESERVES

Share capital	2014 Shares '000	2013 Shares '000	2014 $'000	2013 $'000
Balance at 31 December	**117,011**	117,011	**165,147**	165,147

As at 31 December 2014, the authorised share capital comprised 117,010,550 ordinary shares (2013: 117,010,550). 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.

	GROUP		PARENT	
Reserves	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Asset revaluation reserve				
Balance at 1 January	**60,596**	69,100	**–**	–
Orchard land release and improvements revaluations, net of tax	**1,660**	539	**–**	–
Deferred tax released due to sale of buildings	**224**	625	**–**	–
Transfer to retained earnings due to asset disposal	**(560)**	(9,668)	**–**	–
Balance at 31 December	**61,920**	60,596	**–**	–
Other reserves				
Foreign currency translation reserve				
Balance at 1 January	**(4,048)**	(1,975)	**–**	–
Exchange difference on translation of foreign operations, before non-controlling interests	**(341)**	(2,213)	**–**	–
Foreign currency translation reserve transferred to the income statement	**–**	140	**–**	–
Balance at 31 December	**(4,389)**	(4,048)	**–**	–
Cash flow hedge reserve				
Balance at 1 January	**(210)**	724	**331**	–
Effective portion of changes in fair value of cash flow hedges, net of tax	**2,588**	(846)	**(1,400)**	313
Net change in fair value of cash flow hedges reclassified from equity to income statement	**(600)**	(88)	**(11)**	18
Balance at 31 December	**1,778**	(210)	**(1,080)**	331
Share option reserve				
Balance at 1 January	**37**	56	**37**	56
Options forfeited	**(18)**	(19)	**(18)**	(19)
Balance at 31 December	**19**	37	**19**	37
Total revaluation and other reserves	**59,328**	56,375	**(1,061)**	368

Notes to the Financial Statements (continued)

27. CAPITAL AND RESERVES (CONTINUED)

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 Group currency.

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

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

Share option reserve
The share option reserve accounts for all unexercised options from the Group's share option scheme introduced in 2006. The scheme was discontinued in prior years and the remaining options will expire in the 2015 financial year.

28. DIVIDENDS

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Ordinary shares				
Dividend to shareholders	**5,851**	–	**5,851**	–
Dividends to non-controlling interests in Group subsidiaries	**260**	572	**–**	–
Total	**6,111**	572	**5,851**	–

On 29 May 2014 the Group paid a dividend of $0.05 per share to its shareholders resulting in a total cash dividend of $5.9 million (2013: $nil). There was no further declaration of dividends for the year ended 31 December 2014.

During the year, dividends of $124,000 (2013: $572,000) were paid to non-controlling interests by Group subsidiaries. A further $136,000 was declared but not paid as at 31 December 2014.

29. EARNINGS PER SHARE

	GROUP	
	2014 $'000	2013 $'000
Net profit for the year attributable to equity holders of the Parent	**15,858**	16,159
Basic and diluted earnings per share		
Opening number of ordinary shares	**117,010,550**	117,010,550
Weighted average number of ordinary shares	**117,010,550**	117,010,550
Basic and diluted earnings per share (in cents)	**13.5**	13.8
Diluted earnings per share		
Opening number of options	**111,111**	166,667
Options forfeited	**(55,556)**	(55,556)
Weighted average number of options	**109,285**	164,841

The options do not have a dilutive effect as the average market price of ordinary shares did not exceed the exercise price of the options as at 31 December 2014 or 2013.

Notes to the Financial Statements (continued)

30. COMMITMENTS

Capital commitments

As at 31 December, the Group is committed to the following capital expenditure on property, plant and equipment, biological assets and intangible assets.

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Property, plant and equipment	**6,953**	5,803	**–**	–
Biological assets	**5,634**	2,645	**–**	–
Intangible assets	**370**	692	**–**	–
Total	**12,957**	9,140	**–**	–

The Group's share of the capital commitments made jointly with other joint venturers relating to its joint venture, Wawata General Partner Limited is $44,000 (2013: $200,000) relating to biological assets.

Operating leases payable

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

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Within one year	**13,612**	12,399	**1,258**	1,797
One to two years	**10,193**	10,392	**709**	980
Two to five years	**20,856**	21,268	**367**	419
Over five years	**27,620**	24,209	**–**	–
Total	**72,281**	68,268	**2,334**	3,196

The Group and Parent lease premises, plant and equipment under operating leases. Operating leases held over properties give the Group and Parent 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. Transactions undertaken with subsidiary companies were completed on an arm's length basis.

Operating leases receivable

The following amounts are minimum committed lease payments receivable from tenants / sub-tenants, but are not recognised in the financial statements.

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Within one year	**1,215**	1,400	**–**	–
One to two years	**663**	943	**–**	–
Two to five years	**1,446**	1,653	**–**	–
Over five years	**1,123**	1,591	**–**	–
Total	**4,447**	5,587	**–**	–

Notes to the Financial Statements (continued)

30. COMMITMENTS (CONTINUED)

Operating leases receivable amounts are generated from the following properties:

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Commercial land and buildings				
Cost or valuation at 31 December	**6,450**	6,463	**–**	–
Accumulated depreciation	**(719)**	(584)	**–**	–
Carrying amounts	**5,731**	5,879	**–**	–
Depreciation charged during the year	**161**	155	**–**	–

All properties, including those leased to third parties, are revalued on a cyclical basis (refer note 17). 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.

31. CONTINGENCIES

The Group and Parent have the following guarantees:

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Bonds and sundry facilities	**80**	80	**80**	80
Guarantees of bank facilities for associated companies	**2,870**	2,739	**–**	–
Guarantees of bank facilities for subsidiary companies	**–**	–	**4,969**	5,159
Total	**2,950**	2,819	**5,049**	5,239

The Parent provides guarantees on certain lease contracts for subsidiaries in the Group.

32. RELATED PARTY TRANSACTIONS

Identity of related parties

The Parent and Group have related party relationships with its subsidiaries (refer note 19), associates and joint ventures (refer note 21 and 22) and with its Directors and Executive Officers. The Parent and Group also have related party relationships with its ultimate parent BayWa Aktiengesellschaft (BayWa) and with BayWa's subsidiaries and associated companies.

Shareholding

BayWa Aktiengesellschaft (BayWa), the major shareholder and ultimate parent company of Turners & Growers Limited, owns 73.07% (2013: 73.07%) of the ordinary shares of the Parent. The Noboa Group indirectly owns 12.26% (2013: 12.26%) and Scales Corporation owns 10.31% (2013: 10.31%) of the ordinary shares of the Parent. The balance is owned by the public.

Notes to the Financial Statements (continued)

32. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors and Executive Officers

	2014 $'000	2013 $'000
Delica Directors / Management*		
- Balance owed by the Group at 31 December	**5,771**	7,509
Director of Fresh Food Exports 2011 Ltd (Mr. A.J. Greensmith)		
- Sales value of produce sold to the Group through a company associated with Mr. A.J. Greensmith	**1,398**	1,512
- Purchases of services from and commissions paid to the Group through a company associated with Mr. A.J. Greensmith	**143**	53
- Balance owing by the Group at 31 December	**184**	44
Alternate Director (Mr L.A. Noboa Icaza)**		
- Sale of produce to the Group	**15,756**	15,375

* As part of the agreement to purchase the remaining shares in Delica Limited, the Group has a $5.8 million payable to the former directors and management of Delica Limited in the form of deferred consideration.

** The Noboa Group indirectly owns approximately 12.26% (2013: 12.26%) of the ordinary shares of the Parent. The Group purchases imported bananas, mangoes, and pineapples supplied by the Noboa Group of Ecuador of which Mr L.A. Noboa Icaza is an associated person.

Key management personnel compensation

	GROUP		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Short-term employee benefits	**2,366**	2,484	**–**	2,170
Long-term employee benefits	**–**	109	**–**	–
Directors fees	**498**	497	**498**	497
Termination benefits	**–**	450	**–**	450
Total	**2,864**	3,540	**498**	3,117

Associates and joint ventures

The Group has entered into transactions with its associates and joint ventures during the year (refer note 21 and 22).

	GROUP		PARENT	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Associates				
Sale of pipfruit exported by the Group	**46,635**	44,175	**–**	–
Purchase of pipfruit from associates	**23,127**	19,434	**–**	–
Provision of services by the Group	**7**	6	**–**	–
Provision of services to the Group	**513**	24	**–**	–
Balance owing to the Group at 31 December	**2,193**	1,803	**65**	66
Balance owed by the Group at 31 December	**11,929**	8,615	**–**	–
Joint ventures				
Sale of pipfruit exported by the Group	**22,295**	21,334	**–**	–
Purchase of pipfruit from joint ventures	**52**	1,401	**–**	–
Provision of services by the Group	**1,080**	274	**–**	–
Balance owing to the Group at 31 December	**724**	408	**–**	–
Balance owed by the Group at 31 December	**450**	22	**–**	–

Notes to the Financial Statements (continued)

32. RELATED PARTY TRANSACTIONS (CONTINUED)

The Parent lends to its associate and joint venture companies. Interest is calculated daily and is referenced to the lender's cost of funds. The advances are unsecured and repayable on demand.

Associates of BayWa AG

The Group has entered into transactions with BayWa AG's associates during the year.

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Sale of pipfruit exported by the Group	**5,138**	6,855	**–**	–
Provision of services to the Group	**1,540**	1,278	**–**	–
Balance owing to the Group at 31 December	**119**	–	**–**	–
Balance owing by the Group at 31 December	**132**	–	**–**	–

Ultimate parent - BayWa AG

The Group had no transactions with BayWa AG during the year (2013: $74,000). There were no transactions with BayWa AG in the Parent during the year (2013: $nil).

Subsidiaries

During the year, the Parent has entered into transactions with its subsidiaries (refer note 19 for a listing of subsidiaries).

	PARENT	
	2014 $'000	2013 $'000
Revenue from subsidiaries		
Interest income on intercompany balances	**2,011**	2,616
Rental income from investment property	**–**	2,419
Management fees	**337**	21,955
Dividends from subsidiaries	**1,216**	39,418
Costs from subsidiaries		
Interest expense on intercompany borrowings	**3,307**	2,864
Rental expense	**–**	259
Balance owing to Parent at 31 December (net of provision for receivables impairment)	**124,752**	77,947
Balance owed by Parent at 31 December	**85,994**	84,755

The net receivable of $38.8 million (2013: payable of $6.8 million) relate to advances due to and from subsidiaries.

The Parent lends to and borrows from its subsidiary companies. Interest is calculated daily and is referenced to the lender's cost of funds. The advances are unsecured and repayable on demand. The Parent has impaired $5.3 million of receivables from subsidiary companies during the year (2013: $658,000). The Parent has also written back $544,000 of impairment on its investment in subsidiaries during the year (refer note 3).

Notes to the Financial Statements (continued)

33. 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 financial derivatives is governed by Group policies approved by the Board of Directors. The Group does not engage in speculative transactions.

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement, are disclosed in the Summary of Significant Accounting Policies (refer note 2).

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 US Dollar, Australian Dollar, Japanese Yen, Euro and British Pound.

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 exchange contracts and currency options to manage these exposures.

The notional principal or contract amounts and fair value of foreign exchange instruments outstanding at balance date are as follows:

	CONTRACT VALUE		FAIR VALUE	
Group	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Sale commitments forward foreign exchange contracts	**76,155**	62,588	**2,949**	(302)
Purchase commitments forward foreign exchange contracts	**15,523**	9,394	**771**	224
Sale commitments foreign currency options	**26,782**	24,104	**301**	(183)
Total			**4,021**	(261)

	CONTRACT VALUE		FAIR VALUE	
Parent	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Purchase commitments forward foreign exchange contracts	**703**	399	**(9)**	1
Total			**(9)**	1

The table above measures the fair value of forward exchange contracts and currency options as at 31 December 2014 and 31 December 2013. The options were valued using the Black-Scholes model for option pricing. Key assumptions used in valuing the foreign currency options using the Black-Scholes model were as follows:

- valuation date 31 December 2014
- volatility for the underlying forward price 8.54% to 13.58%
- risk free interest rate 3.91% to 4.28%
- time to expiry 0.66 to 1.84 years

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exchange rate sensitivity
At year end the Group has foreign currency exposures relating to cash and external / intercompany debtors and creditors. The Parent has foreign currency exposures relating to cash and intercompany debtors and creditors.

The impact of a +/- 7% movement in foreign exchange rates across all currencies on the year end balances is presented below:

	GROUP				PARENT			
	-7%		+7%		-7%		+7%	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Pre-tax profit / (loss)	**(448)**	(353)	**379**	297	**228**	295	**(198)**	(258)
Equity	**(620)**	(512)	**532**	438	**164**	212	**(142)**	(186)

The rationale for a 7% sensitivity is, in the Group's opinion, that the long-term exchange rates in one year can reasonably be expected to move within a range of +/- 7%.

(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 two 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 term floating rate borrowings used to fund ongoing activities, which are repriced at the option of the borrower on roll-over dates.

The Parent lends to and borrows from its subsidiary companies. Interest is calculated daily and is referenced to the Reserve Bank of New Zealand's overnight cash rate.

The following table identifies the periods in which the Group's borrowings are subject to interest rate repricing.

	2014		2013	
	Interest bearing $'000	**Non-interest bearing $'000**	Interest bearing $'000	Non-interest bearing $'000
Less than six months	**130,809**	**–**	70,026	–
Between six months and one year	**291**	**–**	2,627	–
Between one and two years	**676**	**–**	–	–
Between two and five years	**731**	**–**	–	–
Total	**132,507**	**–**	72,653	–

The table below highlights the weighted average interest rate and the currency profile of interest bearing loans and borrowings.

	2014		2013	
	Weighted average interest rate	**Loans and borrowings $'000**	Weighted average interest rate	Loans and borrowings $'000
Australian dollars	**9.62 %**	**17**	9.62 %	267
New Zealand dollars	**4.69 %**	**132,490**	3.84 %	72,386

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate derivatives

The Group's Treasury Policy allows up to 80% (2013: 80%) of 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 60.00% (2013: 42.85%) of the principal outstanding. The fixed interest rates average 4.10% (2013: 2.78%). The variable rates are set at the BBR 90 day settlement rate, which at balance date was 3.74% (2013: 2.89%). The contracts require settlement of net interest receivable or payable each 90 days as appropriate, and are settled on a net basis.

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 1.5% then the impact would be a $2.0 million gain or loss on pre-tax profits (2013: $1.0 million).

A 1.5% 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

The Group considers its maximum exposure to credit risk to be as follows:

	GROUP		PARENT	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Cash and cash equivalents	**15,847**	21,619	**3,031**	6,226
Derivative financial instruments	**4,513**	906	**–**	331
Trade receivables (net of bad debt provision)	**89,726**	81,241	**–**	–
Loans and other receivables	**618**	1,400	**–**	–
Owing by associates and joint ventures	**2,917**	2,211	**65**	66
Owing by subsidiaries (net of bad debt provision)	**–**	–	**124,752**	77,947
Related party receivables	**119**	–	**–**	–
GST and other taxes	**1,115**	689	**35**	12
Total	**114,855**	108,066	**127,883**	84,582
Trade receivables analysis				
Amounts due up to 1 month beyond maximum trade credit period	**18,204**	9,487	**–**	–
Amounts due between 1 and 2 months beyond maximum trade credit period	**2,684**	1,309	**–**	–
Amounts due between 2 and 3 months beyond maximum trade credit period	**360**	148	**–**	–
Amounts due between 3 and 6 months beyond maximum trade credit period	**758**	403	**–**	–
Amounts due more than 6 months beyond maximum trade credit period	**46**	353	**–**	–
Total amounts due beyond maximum trade credit period (gross)	**22,052**	11,700	**–**	–
Impairment provision - trade receivables	**(163)**	(252)	**–**	–
Total amounts due beyond maximum trade credit period (net)	**21,889**	11,448	**–**	–
Trade receivables within maximum credit period	**67,837**	69,793	**–**	–
Total trade receivables	**89,726**	81,241	**–**	–

The Group has numerous credit terms for various customers. These credit terms vary from weekly, fortnightly, monthly and greater depending on the service provided and the customer relationship.

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

All trade receivables are individually reviewed regularly for impairment as part of normal operating procedures and provided for where appropriate (refer note 11 for an analysis of the impairment provision). Trade receivables that are less than three months past due are not considered impaired. Overdue amounts that have not been provided for relate to customers that have a credit history of more than twelve months and have no recent history of default.

Loan analysis

Group loans relate to external loans to suppliers, customers, associates, and joint ventures. All loans are within the agreed credit periods.

Board policy requires security to be taken for loans to third parties. This security ranges from charges over property and assets to personal guarantees.

Other receivables

All balances are part of normal business practice. No balances are impaired in the Group. During the year ended 31 December 2014, the provision for receivables impairment in the Parent relating to amounts owing from subsidiaries was $5.3 million (2013: $658,000).

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 table below 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 Turners & Growers has the option to repay the loan prior to its expiry date.

The amounts disclosed below are contractual undiscounted cash flows.

	Less than 6 months $'000	Between 6 months and one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Group 2014					
Bank overdrafts and interest bearing loans and borrowings	8,432	2,932	5,863	126,954	
Trade and other payables	77,812	–	2,394	2,303	–
Balance owing to associates and joint ventures	12,379	–	–	–	–
Balance owing to related parties	132	–	–	–	–
Derivative financial instruments - cash flow hedges					
– inflows	27,861	56,929	46,906	5,155	–
– outflows	(27,385)	(54,755)	(46,456)	(6,500)	–
Financial guarantees	2,950	–	–	–	–
Finance lease liabilities	325	325	575	760	–
Total	102,506	5,431	9,282	128,672	–

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Less than 6 months $'000	Between 6 months and one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Group 2013					
Bank overdrafts and interest bearing loans and borrowings	2,902	1,330	2,660	73,109	–
Trade and other payables	74,521	–	2,164	4,128	569
Balance owing to associates and joint ventures	8,637	–	–	–	–
Derivative financial instruments - held-for-trading					–
- inflows	7,525	–	–	–	–
- outflows	(7,301)	–	–	–	–
Derivative financial instruments - cash flow hedges					
- inflows	7,453	46,943	38,674	–	–
- outflows	(7,351)	(47,396)	(38,630)	–	–
Financial guarantees	2,819	–	–	–	–
Finance lease liabilities	325	325	651	1,189	146
Total	89,530	1,202	5,519	78,426	715

	Less than 6 months $'000	Between 6 months and one year $'000	Between one and two years $'000	Between two and five years $'000
Parent 2014				
Bank overdrafts and interest bearing loans and borrowings	**8,432**	**2,932**	**5,863**	**126,954**
Trade and other payables	**2,851**	**–**	**2,064**	**2,064**
Balance owing to subsidiaries	**85,994**	**–**	**–**	**–**
Derivative financial instruments - cash flow hedges				
- inflows	**1,785**	**1,430**	**2,354**	**5,155**
- outflows	**(1,943)**	**(1,664)**	**(2,865)**	**(6,500)**
Financial guarantees	**5,049**	**–**	**–**	**–**
Total	**102,168**	**2,698**	**7,416**	**127,673**
Parent 2013				
Bank overdrafts and interest bearing loans and borrowings	1,330	1,330	2,660	73,083
Trade and other payables	4,591	–	2,064	4,128
Balance owing to subsidiaries	84,755	–	–	–
Derivative financial instruments - cash flow hedges				
- inflows	404	468	737	–
- outflows	(406)	(480)	(544)	–
Financial guarantees	5,239	–	–	–
Total	95,913	1,318	4,917	77,211

As at 31 December 2014 no event has occurred to trigger financial guarantees in place. The Group also believes it is unlikely for such an event to occur in the future.

For cash flow hedges, the impact on the profit and loss is expected to occur at the same time as the cash flows occur. Refer note 26 for details on bank overdrafts and interest bearing loans and borrowings.

Notes to the Financial Statements (continued)

33. 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 quarterly.

The key covenants are as follows:

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
Tangible net worth shall not be less than $250 million.

Seasonal facility stock and debtors
Seasonal facility stock and debtors shall at all times be equal to or exceed 1.1:1.

Total net worth
The total net worth of BayWa shall not at any time be less than EUR 850 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 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 Consolidated Group.

During the year there was a 'Payments to Growers' covenant in relation to the seasonal facility, requiring that payments to growers remain below specified percentages of the value of fruit sold. It was identified after the facility was repaid that there had been a breach of this covenant during the year. The banks subsequently consented to a waiver of the effects of the breach. This covenant does not apply to the new 2015 seasonal facility.

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value

The estimated fair values of the Group's financial assets and liabilities are presented below:

Group	2014 Carrying value $'000	2014 Fair value '000	2013 Carrying value '000	2013 Fair value '000
Assets				
Cash and cash equivalents	**15,847**	**15,847**	21,619	21,619
Available-for-sale investments	**540**	**540**	325	325
Trade and other receivables	**91,459**	**91,459**	83,330	83,330
Balance owing by associates and joint ventures	**2,917**	**2,917**	2,211	2,211
Related party receivables	**119**	**119**	–	–
Derivative financial instruments - held-for-trading	**131**	**131**	230	230
Derivative financial instruments - cash flow hedges	**4,382**	**4,382**	676	676
Liabilities				
Interest bearing loans and borrowings	**130,668**	**130,668**	70,267	70,267
Trade and other payables	**86,356**	**86,356**	78,864	78,864
Balance owing to associates and joint ventures	**12,379**	**12,379**	8,637	8,637
Balance owing to related parties	**132**	**132**	–	–
Derivative financial instruments - held-for-trading	**30**	**30**	6	6
Derivative financial instruments - cash flow hedges	**1,953**	**1,953**	831	831
Finance lease liabilities	**1,839**	**1,839**	2,386	2,386

Parent	2014 Carrying value $'000	2014 Fair value '000	2013 Carrying value '000	2013 Fair value '000
Assets				
Cash and cash equivalents	**3,031**	**3,031**	6,226	6,226
Available-for-sale investments	**7**	**7**	7	7
Trade and other receivables	**35**	**35**	12	12
Balance owing by subsidiaries	**124,752**	**124,752**	77,947	77,947
Balance owing by associates	**65**	**65**	66	66
Derivative financial instruments - cash flow hedges	**–**	**–**	331	331
Liabilities				
Interest bearing loans and borrowings	**130,500**	**130,500**	70,000	70,000
Trade and other payables	**787**	**787**	8,298	8,298
Balance owing to subsidiaries	**85,994**	**85,994**	84,755	84,755
Derivative financial instruments - cash flow hedges	**1,500**	**1,500**	–	–

The following methods and assumptions were used to estimate the fair values for each class of financial instrument:

Debtors, creditors, accruals and bank overdraft
The carrying value of these items is equivalent to their fair value.

Investments
All available-for-sale investments are investments in companies whose shares are not listed but are publicly traded. The fair value is based on publicly available market data, which indicates the price at which shares recently traded (refer to note 16).

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Non-current liabilities
The fair value of the Group's term liabilities is estimated based on current market rates available to the Group for debt of similar maturity.

Foreign exchange contracts, collar options, interest rate swaps
The fair value of these instruments is estimated based on the observable market price of these instruments.

Fair value measurement hierarchy
The following table presents the Group and Parent's financial assets and financial liabilities that are measured at fair value at 31 December 2014 and 2013.

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 assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices);
Level 3: Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs).

Fair value
The estimated fair values of the Group's financial assets and liabilities are presented below:

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2014				
Assets				
Financial assets at fair value through profit or loss	**–**	**131**	**–**	**131**
Foreign currency options – cash flow hedges	**–**	**644**	**–**	**644**
Derivative financial instruments – cash flow hedges	**–**	**3,738**	**–**	**3,738**
Available-for-sale investments				
– Equity securities	**–**	**540**	**–**	**540**
Total assets	**–**	**5,053**	**–**	**5,053**
Liabilities				
Financial liabilities at fair value through profit or loss	**–**	**30**	**–**	**30**
Foreign currency options - cash flow hedges	**–**	**343**	**–**	**343**
Derivative financial instruments - cash flow hedges	**–**	**1,610**	**–**	**1,610**
Total liabilities	**–**	**1,983**	**–**	**1,983**
At 31 December 2013				
Assets				
Financial assets at fair value through profit or loss	–	230	–	230
Foreign currency options – cash flow hedges	–	33	–	33
Derivative financial instruments – cash flow hedges	–	643	–	643
Available-for-sale investments				
– Equity securities	–	325	–	325
Total assets	–	1,231	–	1,231
Liabilities				
Financial liabilities at fair value through profit or loss	–	6	–	6
Foreign currency options - cash flow hedges	–	216	–	216
Derivative financial instruments - cash flow hedges	–	615	–	615
Total liabilities	–	837	–	837

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value (continued)

Parent	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2014				
Assets				
Available-for-sale investments				
– Equity securities	**–**	**7**	**–**	**7**
Total assets	**–**	**7**	**–**	**7**
At 31 December 2013				
Assets				
Derivative financial instruments - cash flow hedges	–	1	–	1
Interest rate swap - cash flow hedges	–	330	–	330
Available-for-sale investments				
– Equity securities	–	7	–	7
Total assets	–	338	–	338

Derivatives

Management have deemed derivatives held by the Group to be level 2. All derivatives held are over-the-counter derivatives and the fair value is determined by using observable market data. All significant inputs required to fair value the instruments are observable, therefore the instruments are included in level 2.

Equity securities

Equity securities are shares held in non-listed companies but whose shares are publicly traded. The fair value of these shares is based on publicly available market data, which indicates prices at which shares have recently traded. These instruments are therefore included in level 2.

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instruments by category

Group	Loans and receivables $'000	Assets at fair value through profit or loss $'000	Derivatives used for hedging $'000	Available for sale $'000	Total $'000
At 31 December 2014					
Cash and cash equivalents	**15,847**	**–**	**–**	**–**	**15,847**
Available-for-sale financial assets	**–**	**–**	**–**	**540**	**540**
Trade and other receivables	**91,459**	**–**	**–**	**–**	**91,459**
Balance owing by associates and joint ventures	**2,917**	**–**	**–**	**–**	**2,917**
Related party receivables	**119**	**–**	**–**	**–**	**119**
Derivative financial instruments	**–**	**131**	**4,382**	**–**	**4,513**
Total	**110,342**	**131**	**4,382**	**540**	**115,395**
At 31 December 2013					
Cash and cash equivalents	21,619	–	–	–	21,619
Available-for-sale financial assets	–	–	–	325	325
Trade and other receivables	83,330	–	–	–	83,330
Balance owing by associates and joint ventures	2,211	–	–	–	2,211
Derivative financial instruments	–	230	676	–	906
Total	107,160	230	676	325	108,391

Parent	Loans and receivables $'000	Assets at fair value through profit or loss $'000	Derivatives used for hedging $'000	Available for sale $'000	Total $'000
At 31 December 2014					
Cash and cash equivalents	**3,031**	**–**	**–**	**–**	**3,031**
Available-for-sale financial assets	**–**	**–**	**–**	**7**	**7**
Trade and other receivables	**35**	**–**	**–**	**–**	**35**
Balance owing by subsidiaries	**124,752**	**–**	**–**	**–**	**124,752**
Balance owing by associates and joint ventures	**65**	**–**	**–**	**–**	**65**
Total	**127,883**	**–**	**–**	**7**	**127,890**
At 31 December 2013					
Cash and cash equivalents	6,226	–	–	–	6,226
Available-for-sale financial assets	–	–	–	7	7
Trade and other receivables	12	–	–	–	12
Balance owing by subsidiaries	77,947	–	–	–	77,947
Balance owing by associates and joint ventures	66	–	–	–	66
Derivative financial instruments	–	–	331	–	331
Total	84,251	–	331	7	84,589

Notes to the Financial Statements (continued)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liabilities

Group	Other financial liabilities $'000	Liabilities at fair value through profit or loss $'000	Derivatives used for hedging $'000	Total $'000
At 31 December 2014				
Borrowings	**130,668**	**–**	**–**	**130,668**
Trade and other payables	**86,356**	**–**	**–**	**86,356**
Balance owing to associates and joint ventures	**12,511**	**–**	**–**	**12,511**
Finance lease liabilities	**1,839**	**–**	**–**	**1,839**
Derivative financial instruments	**–**	**30**	**1,953**	**1,983**
Total	**231,374**	**30**	**1,953**	**233,357**
At 31 December 2013				
Borrowings	70,267	–	–	70,267
Trade and other payables	78,864	–	–	78,864
Balance owing to associates and joint ventures	8,637	–	–	8,637
Finance lease liabilities	–	6	831	837
Derivative financial instruments	2,386	–	–	2,386
Total	160,154	6	831	160,991

Parent	Other financial liabilities $'000	Liabilities at fair value through profit or loss $'000	Derivatives used for hedging $'000	Total $'000
At 31 December 2014				
Borrowings	**130,500**	**–**	**–**	**130,500**
Trade and other payables	**787**	**–**	**–**	**787**
Derivative financial instruments	**–**	**–**	**1,500**	**1,500**
Balance owing to subsidiaries	**85,994**	**–**	**–**	**85,994**
Total	**217,281**	**–**	**1,500**	**218,781**
At 31 December 2013				
Borrowings	70,000	–	–	70,000
Trade and other payables	8,298	–	–	8,298
Balance owing to subsidiaries	84,755	–	–	84,755
Total	163,053	–	–	163,053

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)

34. EVENTS OCCURRING AFTER THE BALANCE DATE

On 10th December 2014, the Group announced the acquisition of two tomato growers, Great Lake Tomatoes Limited and Rianto Limited both pending consent from the Overseas Investment Office (OIO). Consent for the acquisitions is still pending although this is expected to be obtained from the OIO post balance date.

On 11th September 2014, the Group announced that it would enter a grape joint venture with Unifrutti Chile involving the development and cultivation of land in Peru. At 31 December the joint venture had not been launched but this is expected to occur post balance date.

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

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

		GROUP		PARENT	
For the year ended 31 December	Notes	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Profit / (loss) for the year		**16,620**	17,238	**(6,936)**	77,425
Adjusted for:					
Depreciation expense	17	**12,763**	14,754	**–**	414
Amortisation of intangibles	18	**1,461**	1,945	**–**	1,487
Reversal of impairment on intangible assets	18	**(165)**	–	**–**	–
Fair value gain on derivatives		**155**	(170)	**–**	(64)
Fair value (gain) / loss on biological assets		**(7,794)**	(6,164)	**–**	–
Effective interest on long-term receivables		**84**	92	**–**	–
Effective interest on deferred consideration		**326**	218	**326**	218
Movement in provision for receivables impairment		**(32)**	37	**4,655**	(62,701)
(Profit) / loss on the sale of property, plant and equipment		**219**	(1,204)	**–**	651
(Profit) / loss on sale of joint venture		**32**	(1,638)	**–**	–
Loss on the revaluation of property, plant and equipment		**3,446**	907	**–**	–
Fair value (gain) / loss on available-for-sale investments		**–**	(101)	**–**	–
Impairment of investments in subsidiaries		**–**	–	**(542)**	23,452
Impairment of inventory		**199**	41	**–**	–
Impairment of non-current assets held for sale		**–**	55	**–**	–
Impairment of fruit inventory on leased trees and vines		**200**	479	**–**	–
Share of profit of associates and joint ventures		**(4,720)**	(3,303)	**–**	–
Impairment of investment in associates and joint ventures		**–**	1	**–**	–
Gain on acquisition of business		**(13,316)**	–	**–**	–
Movement in deferred tax through income statement		**5,182**	2,729	**(1,488)**	(2,629)
Dividends from / distributions of subsidiaries		**–**	–	**(1,216)**	(39,418)
		(1,960)	8,678	**1,735**	(78,590)
Impact of changes in working capital items					
(Increase) / decrease in debtors and prepayments*		**(13,711)**	(11,265)	**(3,358)**	(26,835)
Increase / (decrease) in creditors and provisions*		**8,277**	10,738	**(1,404)**	(4,949)
Decrease / (increase) in inventories		**3,117**	(717)	**–**	–
Decrease / (increase) in taxation receivable		**(67)**	372	**1,658**	2,653
		(2,384)	(872)	**(3,104)**	(29,131)
Net cash inflow / (outflow) from operating activities		**12,276**	25,044	**(8,305)**	(30,296)

* Excludes investing activities

Five Year Financial Review

	Dec 14 12 Months $'000 NZIFRS	Dec 13 12 Months $'000 NZIFRS	Dec 12 12 Months $'000 NZIFRS	Dec 11 12 Months $'000 NZIFRS	Dec 10 12 Months $'000 NZIFRS
Revenue					
Continuing activities	**727,022**	732,221	669,137	645,114	599,227
Profit					
Pre-tax profit / (loss)	**24,927**	23,420	(18,054)	(10,765)	17,084
Net profit / (loss)	**16,620**	17,238	(13,278)	(18,881)	6,326
Funds employed					
Paid up capital	**165,147**	165,147	165,147	165,147	160,678
Retained earnings and reserves	**116,064**	102,324	107,951	115,665	135,772
Non-controlling interests	**1,761**	1,200	6,432	5,051	4,379
Non-current liabilities	**168,428**	99,005	98,945	106,617	67,496
Current liabilities	**107,997**	92,140	80,220	90,337	79,188
	559,397	459,816	458,695	482,817	447,513
Assets					
Property, plant and equipment	**317,949**	250,773	253,816	275,517	256,069
Other non-current assets	**76,246**	52,219	48,464	67,955	54,988
Current assets	**165,202**	156,824	156,415	139,345	136,456
	559,397	459,816	458,695	482,817	447,513
Statistics					
Number of ordinary shares on issue - '000	**117,011**	117,011	117,011	117,011	112,971
Earnings per share - cents	**14**	14	(13)	(17)	4
Net tangible assets per security	**$2.32**	$2.19	$2.28	$2.29	$2.50
Percentage of shareholders' funds to total assets	**51%**	58%	61%	59%	66%
Ratio of current assets to current liabilities	**1.53**	1.70	1.95	1.62	1.72
Ratio of debt to equity*	**0.98**	0.71	0.64	0.69	0.49
Dividends (paid and proposed)					
Cents per share on paid up capital	**5**	–	–	6**	10**
Total amount	**5,851**	–	–	5,127	420

*Debt includes trade payables

**On electing shares only

DIRECTORY

DIRECTORS

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

Sir John Anderson KBE,
Deputy Chairman and Independent Director

C. Bell, Non-independent Director

C.A. Campbell, Independent Director

R.J. Campbell, Independent Director

M.R. Dossor, Non-independent Director

A. Helber, Non-independent Director

J.S. Wilson, Independent Director

AUDITORS

Deloitte

PRINCIPAL BANKERS

Bank of New Zealand

Rabobank

HSBC

PRINCIPAL SOLICITORS

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