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CHAIRMAN'S AND CHIEF EXECUTIVE'S ANNUAL REPORT

OVERVIEW

While 2011 has brought huge Psa challenges, Growers delivered a record volume of kiwifruit to be packed and exported. EastPack packed 21.3m Class I export trays in 2011 through its three packing facilities. The Company continues to achieve excellent productivity gains through its **"Growing Excellence"** Lean manufacturing programme. This resulted in the Company delivering a record operating surplus before tax of $17.7m, up $5.4m on last year.

Significant cost reductions and productivity gains achieved by EastPack have enabled us to reduce packing charges for the future. This is not a one year wonder. We see it as sustainable - unless our volumes drop majorly or uncontrollable costs of packaging materials increase significantly.

Our vision of **"World Class Orchard to Market"** is very clear. We exist to do our part in maximising our Growers' returns by being an organisation strongly focused on quality and with a philosophy of "we can do better" in all aspects of what we do by a focus on continuous improvement driven throughout our organisation. At EastPack we call this programme **"Growing Excellence"**.

By delivering high OGR and good fruit quality to consumers we will outperform many other post harvest facilities and this will, in the medium term, ensure that we have the volumes of fruit to sustain highly efficient use of our modern packing and coolstore infrastructure. We are witnessing a large disparity in the OGR being delivered between the best and the worst performing post harvest facilities. EastPack's high, relative to industry, OGR delivers significant economic benefits to Growers, particularly our Green Growers.

This focus is on all aspects of helping our Growers to achieve improved economic results for their business. It covers supporting them to grow a high yield of high value fruit, very careful picking and low packing prices by delivering a low reject rate, carefully handled product to our packhouses that can be efficiently packed and achieve good coolstore outcomes.

For 2011, EastPack's Green pool average OGR for its Green Growers is going to be in excess of $4.24 per submitted tray against Zespri's announced average of $3.72 per tray. This extra 52c per tray is a major factor in helping our Green Growers remain profitable. They also benefit from a higher average yield per hectare than industry averages and we are committed to show our Growers how to further improve these yields and profitability. We have introduced a programme of structured orchard visits to all our Growers throughout the season to drive this initiative in a practical helpful way.

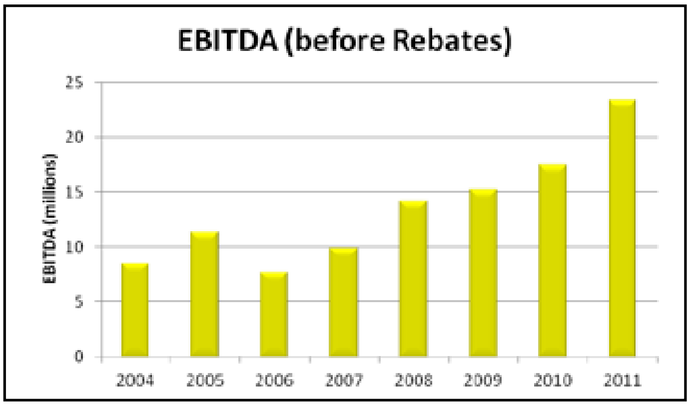
The Psa challenge faced by our Growers and the industry is huge. For EastPack, the achievement of the excellent profit result this year has enabled us to declare a rebate of 30c per tray to Growers, maintain investor share dividends at 15c per share gross and reduce Company debt to $11m at 31st December 2011. This debt, which equates to 52c per tray, is low by industry standards and puts EastPack, with its modern facilities, in a good position to "weather" the downturn expected in industry volumes for 2013. For 2012, we currently expect volumes to maintain good utilisation and profitability. We will be increasing our focus on quality to minimise waste and maximise our payment to Growers.

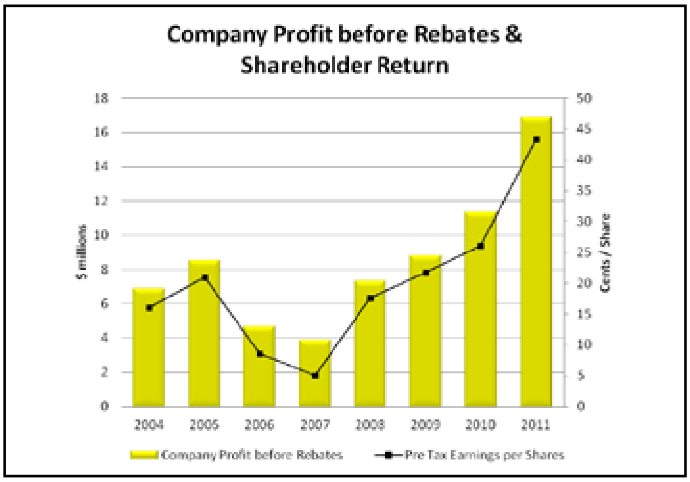
Unlike some other packhouses, we are focused on maximising financial returns to our Growers, supporting our Growers every step of the way and investing for future returns.

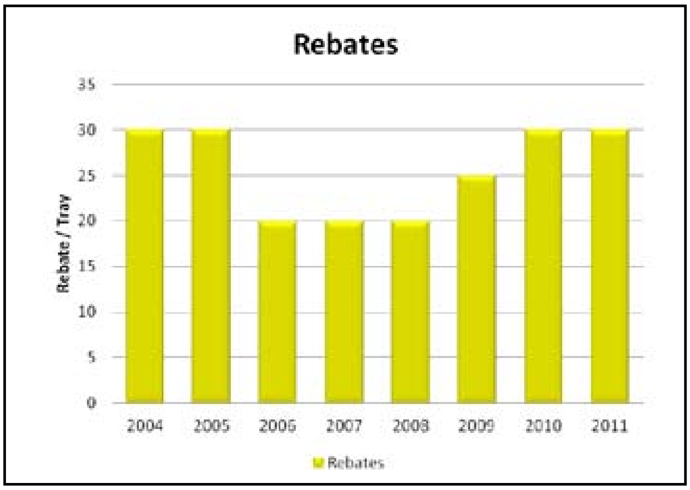
We have confidence that Zespri is working hard to maximise Grower returns by improving their marketing and organisational performance. Growers can best assist this by ensuring that, as Growers and as EastPack, we deliver absolutely the best quality fruit for sale and consumption, and focus on the things we have control of to maximise the outcomes from these. This is our policy.

As an industry we are lucky to have the “Zespri” advantage. This industry structure continues to be our key to survival and success in a world fruit scene that primarily disregards what the Grower gets. Zespri, and our current industry structure, achieves a discipline and product delivery to the market that is primarily aimed at maximising returns to New Zealand kiwifruit Growers. Some critics don’t seem to understand that there are market conditions, exchange rate conditions and major seasonal supply fluctuations that have significant impact on returns that Growers receive. These are not under Zespri’s control.

In the current year, Zespri has managed to achieve a credible Grower return despite extremely adverse exchange rate conditions, a record crop volume of lower dry matter fruit and a very depressed European fruit market where nearly 50% of our kiwifruit is sold. These are not easy times and inevitably when things are difficult the pressure on everyone increases. We need to preserve our advantages and focus on what we can influence. EastPack strongly supports Zespri and the industry model; at the same time we will push for improvement to the supply chain to improve Grower returns.







We are confident that significant increases in Green Growers’ yields and profitability can be achieved by helping all our Growers follow practices of our best performing Growers. Many of them are achieving excellent profitability at current OGR levels. EastPack client services Grower advisors are well equipped to help with this and our structured orchard visit programme is the tool to improve consistency, quality and good results.

We can expect that under the recent recovery path developed for the industry volumes of kiwifruit will achieve a significant recovery in 2014 and major growth after that. While there remain risks around that, we can expect EastPack to have low capital expenditure requirements for the next three years. We are in a strong position as a Company to meet the challenge and are ready for growth when it comes.

Financial

It is pleasing to report that EastPack has continued to lift its financial performance for 2011. This is a significant and further improvement on a very good 2010 result. The operating surplus (EBIT) of $17.7m is 44% up on the $12.3m operating surplus achieved in 2010.

The record throughput of 21.3m export trays of kiwifruit was packed and coolstored through our three facilities. Low reject rates for the fruit delivered to our packhouses materially assisted in this excellent result. Quality was not compromised but we have areas of focus for further improvement. Fruit loss has continued to track lower and would have been very good if we had not had some issues with flood-affected Edgecumbe fruit. Our CA stores deliver significant operational and facility/ staff efficiencies and these are key to EastPack's excellent financial performance.

The Company's "Growing Excellence" programme has continued to deliver operational cost reductions. We congratulate all EastPack staff in exceeding the 20% wages and loss savings target set three years ago. These results confirm that the Board's focus on this area and the "Growing Excellence" programme being followed is the right path and has enabled us to reduce the Company's packing charges in 2012 and future years. A rebate of 30c per tray was declared in 2011 returning $6.2m to Growers.

Dividends of 15c gross per investor share have been declared. Without the threat to volumes going forward and the need to take a prudent financial approach through to 2014 we would have been able to return more to our Investor Shareholders by way of dividends. Directors have decided that in current circumstances we will retain the additional profit and reduce the Company's debt. This has helped achieve a reduction in Bank Debt from $17.7m in December 2010 to $11m in December 2011.

Your Directors have also decided to minimise all capital expenditure for the coming year except a small amount for equipment to increase bin sterilisation measures and Health and Safety. This should mean we can achieve further debt reduction in 2012. The Company has had to write down the value of its property, plant and investments by $10.5m. This reflects current reduced valuations of these assets. This is not a cash cost but has an impact on our asset to debt ratios in our Statement of Financial Position. Our equity ratio including transactor share capital stands at 60% at 31 December 2011. A summary of our key financial statistics is shown below:

Key Financial Statistics	2011 $	2010 $	Annual % Change
Earnings before Interest, Tax & Rebate	17,737,000	12,349,000	44%
Rebates Paid	6,246,000	4,941,000	26%
Net Profit before Tax	10,638,000	6,384,000	67%
After tax Profit	8,257,000	1,320,000	526%
Earnings per Investor Share	0.34	0.05	525%
Company Liabilities (excludes Transactor Share Capital)	27,952,000	34,124,000	18%
Number of Transactor Shares Issued	14,700,000	12,807,000	15%
Number of Investor Shares	24,503,000	24,503,000	0%
Equity Ratio (includes Transactor Share Capital)	0.60	0.55	8%

The Company has decided to suspend transactor share calls for 2012. For new or non- fully shared Growers this will help cashflows. Future policy will be determined by our capital requirements for expansion.

Psa – Pseudomonas Syringae Actinidae

The effect of Psa has been far worse than our worst expectations. Unfortunately the strategy of eliminating the spread of Psa did not eventuate. In one year, it has spread through the Bay of Plenty and to South Auckland. It has become apparent the Hort 16A Gold is unlikely to be able to survive the disease. It is imperative and urgent that affected Growers have an alternative to recover their income and asset position. Fortunately, the Gold 3 and G14 new varieties are showing some resistance to Psa. While there remain risks and challenges, the industry is now well advanced on developing a framework which should give Hort 16A Growers a future and offer diversification opportunities for Green Growers.

EastPack embarked on research projects with Seeka to urgently pursue possible cures for Psa. It is becoming apparent that there is unlikely to be a cure and that we will have to live with Psa and learn to manage Psa through a combination of tolerant varieties and management options that are emerging from the industry-wide research effort.

It is vital that EastPack and the industry support KVH, Zespri and other research bodies, and also develop a business case for assistance from Government and banks to support Growers through a recovery path. Fragmentation and splinter groups could undermine Government and banks' confidence in the industry. These plans cannot be finalised until the industry consultation on the proposed licencing release options are finalised but work is well under way on this approach.

Grafting to a new variety is not without risks. Zespri has spent a lot of time and money researching the commercial suitability of its current new variety options G9, G3 and G14. While no new licence (other than tidy up areas) for G9 are being issued this year, G3 is seen a viable Hort 16a option. Grafting other less proven gold options is very risky. Psa tolerance is one prerequisite but taste, storage qualities, growing economics and volume to support an orderly marketing plan are more important. We need to be wary of commercial opportunists promoting their own varieties. They need to be prepared to submit their varieties to large scale field trials before there are wide scale plantings of these varieties as they may not have the necessary traits to have a commercial future with large volume. Our industry needs to retain the confidence of a range of stakeholders and we do this best under the current industry structure.

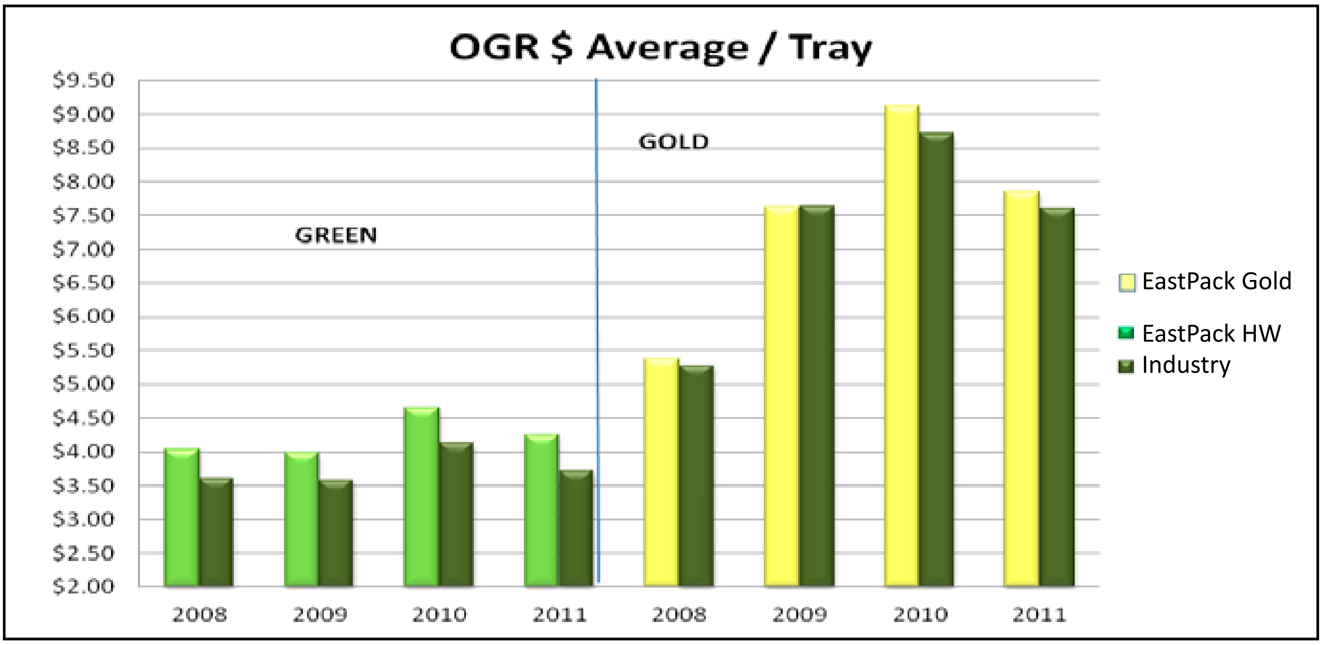
Mergers and Acquisitions

EastPack Directors have continued to consider merger and acquisition options. Our focus is to continue doing what we are doing but do it better. As long as we achieve this, EastPack will continue to grow. We do not want to compromise this pursuit of excellence. Our strategy is one of growth and this needs to include acquisition and merger options for those who want to share the benefits of EastPack's performance.

Directorship

Murray McBride and Adrian Gault retire by rotation in 2012. Both are offering themselves for re-election at the Annual General Meeting and there have been no other nominations. Our Directors have continued to maintain strong representation for you across all industry forums. As your Chairman, I am pleased your Company has very capable Grower and commercial Directors. No one person has all the answers but

OGR – Orchard Gate Return



I believe strongly in the collective wisdom of our current Directors who have a wide range of skills and experience. The results we are achieving for you as Growers and the Company are the result of strong governance and good management with the right focus on providing what we Growers, the Company's customers, want from our Company. The Company will strive for more positive influence in ensuring that Growers' efforts are aligned with the Company's policies to maximise efficiency of its operation and quality fruit to the market with minimum wastage.

We strongly believe that the EastPack model, with high CA capacity, is delivering good outcomes financially. Further improvements offer exciting prospects going forward. We are striving at the same time to build and retain the best people to drive an evolving and progressive Company, adequately capitalised and well equipped.

Our Staff

By far the majority of the success of our very pleasing 2011 year can be credited to our EastPack team. To achieve a 21% reduction in labour cost and waste in three years, one year ahead of plan is an extremely credible performance and our thanks go to all EastPack staff, both permanent and seasonal. **Our vision of "World Class Orchard to Market" has been driven by our Growing Excellence programme**. This Growing Excellence programme is ongoing and is now ingrained as part of EastPack's culture and philosophy. Having a dedicated team of people who are keen to learn and improve is extremely gratifying and the results over the past three years speak for themselves.

Our Growing Excellence programme was extended out into the orchards by our Grower Service representatives during 2011. Words such as "Structured Orchard Visits" were introduced for each Grower/Shareholder. This programme will help ensure that EastPack Growers will have up-to-date technical advice and individual orchard plans where both Growers and EastPack have identified lifts in orchard performance. Improving on orchard performance, be it yields, size, dry matter and storage characteristics, is a classic win–win situation for both EastPack and Growers.

The Health and Safety of our staff is paramount, and systems and processes have been further developed and refined during 2011 to ensure that EastPack has an active Health and Safety programme to minimise the risks for any harm or injury to the staff and visitors.

ACKNOWLEDGEMENTS

As Chairman, I wish to thank my fellow Directors for their support and input throughout the year. I would also like to acknowledge the important contribution made by the Advisors to the EastPack Entity Trust. Their candid feedback reflects Growers' views on a wide range of issues and enabled EastPack to communicate its strategy and direction. Thank you to our Growers for your continued support, professionalism, innovation and participation in attending meetings and field days.

The challenges of 2012 will be a major for many of us. EastPack is in good shape to deliver its promise of "Growing Excellence".

R B Sharp
Chairman

Tony Hawken
CEO

STATEMENT OF CORPORATE GOVERNANCE

Financial Statements

It is the directors' responsibility to ensure preparation of financial statements that give a true and fair view of the financial position of the company as at the end of the financial year and the results of operations and cash flows for the year. The external auditors are responsible for expressing an independent opinion on the financial statements.

The financial statements set out in this report have been prepared by management in accordance with generally accepted accounting practice. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable judgements and estimates.

After reviewing internal management financial reports and budgets the directors believe that the company will continue to be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Board of Directors

The company's constitution requires a minimum number of 6 shareholder directors, of those shareholder directors, not less than 4 shall hold Transactor Shares, and not less than 2 shall hold Investor Shares. At any given time not less than one director must reside in the Whakatane District, not less than one director must reside in the Opotiki District and not less than one director must reside in the Western Bay of Plenty or Hawkes Bay Districts. The maximum number of directors is nine.

At least one third of Directors shall retire from office each year at the annual general meeting, but shall be eligible for re-election. The retiring Directors must be those Directors who have been longest serving since they were last elected.

In addition to the shareholder directors, the Board may appoint not more than 2 persons, to be directors of the Company for such period as the Board shall think fit. An Appointed Director shall not be taken into account in determining the number of directors who are to retire by rotation at any annual meeting and he or she shall cease to hold office as a director at the expiration of the period for which he or she was appointed.

The Board currently comprises six shareholder directors, and two appointed directors.

The Directors have a wide range of skills and expertise that they use to the benefit of the company.

The primary responsibilities of the Board include:

- to establish the vision of the company
- to establish long-term goals and strategies of the company
- to approve annual financial reports
- to approve annual budgets
- to approve corporate policies
- to ensure the company has good internal controls and keeps adequate records
- to ensure legislative compliance
- to monitor the performance of executive management
- to appoint the CEO and fix terms of employment
- to ensure appropriate communication to stakeholders

Board procedures are governed by the Constitution and the Boards Operating Manual which includes a Board Charter and Code of Ethics.

Conflicts of Interest and Related Parties

Directors disclose any general and specific interests that could be in conflict with their obligations to the company, The Company maintains a register of disclosed interest and transactions with related parties and balances outstanding relating to the year ending 31 December 2011 are disclosed in Note 31 of the Notes to the Financial Statements.

Risk Management

Management of risk is a key focus of the Board. A risk management system is in place which is used to identify and manage all business risk. The risk profile is reviewed annually

The Board monitors the operational and financial aspects of the company and considers recommendations from external auditors and advisors on the risks that the company faces. The Board ensures that recommendations made are assessed and appropriate action is taken where necessary to ensure risks are managed appropriately.

Internal Controls

It is management's responsibility to ensure adequate accounting records are maintained.

Directors are responsible for the company's system of internal financial controls. Internal financial controls have been implemented to minimize the possibility of material misstatement. They can provide only reasonable assurance and not absolute assurance against material misstatements or loss. No major breakdowns of internal controls were identified during the year.

Committees

The Board operates an Audit Committee and a Directors remuneration Committee.

Audit Committee

The Audit Committee meets with the Company's Auditor to discuss the quality of the audit and ensure the adequacy of the company's administrative, operating and accounting controls. It reviews the annual and financial reports before they are submitted to the full Board for approval.

Directors Remuneration Committee

The Committee comprises the Chairman of the Board, and three Grower Shareholders appointed at the shareholders Annual General Meeting.

Attendance at meetings

The Board meetings formally on a monthly basis and follows guidelines that ensure all Directors have available the necessary information to participate in an informed discussion on all agenda items. Separate Strategic Planning Meetings are held annually in conjunction with the Senior Management Team. Directors meeting attendances are disclosed in the Statutory Information section of this report.

Directors Remuneration

Directors' remuneration during the year is disclosed in the Statutory Information section of this report.

Executives' Remuneration

Executives' remuneration greater than $100,000 per annum received in their capacity as employees during the year is disclosed in the Statutory Information section of this report.

Entries in the Interests Register

In addition to the interests and related party transactions disclosures in Note 31 of the Notes to the Financial Statements, there were no interests disclosed to the Board during the year.

EASTPACK LIMITED
STATUTORY INFORMATION

As required by Section 211 of the Companies Act 1993 we disclose the following information:

The Group's principle activities during the year were:

- Packing and coolstorage of kiwifruit
- Orchard management

Directors' Interests:

R M Hudson, A A Gault, M McBride and R B Sharp own orchards for which the Company provides services on normal commercial terms.

G S Eynon and M J Montgomery own a kiwifruit contracting business that provides labour and contracting services to EastPack Kiwifruit Operations Ltd under normal commercial terms. G S Eynon and M J Montgomery own an orchard that is leased to EastPack Kiwifruit Operations Ltd on normal commercial terms.

R M Hudson is a partner of a business that provides contracting services to EastPack Kiwifruit Operations Ltd on normal commercial terms.

G S Eynon & M J Montgomery are Trustees of a Trust that leases EPC coolstores to EastPack Ltd on normal commercial terms.

G S Eynon & M J Montgomery are Directors of a Company that has plans to develop a new kiwifruit post harvest facility at Lemon Road, Paengaroa.

R B Sharp is a Director of Zespri, a major customer of EastPack Ltd. R B Sharp is also a Director of Robert Monk Transport Ltd which provides transport services to EastPack Ltd on normal commercial terms. R B Sharp has no financial interest in Robert Monk Transport Ltd.

Use of Company Information:

The Board received no notices during the year from directors requesting the use of company information received in their capacity as directors which would not have been otherwise available to them.

Share Dealing:

Directors acquiring shares or any interest in shares in the company during the year are as follows:

	Shares Acquired During the year		Shares Sold During the year	
	Transactor	Investor	Transactor	Investor
R B Sharp	74,024	-	11,240	-
M S Ashby	-	-	-	-
G S Eynon	-	-	-	-
A A Gault	14,090	-	-	-
R M Hudson	13,446	-	-	-
M G Kidd	-	-	-	-
M R McBride	76,442	-	-	-
M J Montgomery	-	-	-	-

All Transactor shares were issued at $1 per share.

EASTPACK LIMITED
STATUTORY INFORMATION

Remuneration & Other Benefits:
The following persons held office as Director during the year and received the following remuneration:

	2011 Remuneration	2011 Other	2010 Remuneration	2010 Other
R B Sharp	57,500	-	52,000	-
M S Ashby	33,750	-	31,250	-
G S Eynon	34,334	-	35,000	-
A A Gault	28,333	-	27,750	-
R M Hudson	28,333	-	27,750	-
M G Kidd	39,584	-	36,250	12,900
M R McBride	28,333	-	27,750	-
M J Montgomery	28,333	3,000	27,750	3,000
	$ 278,500	$ 3,000	$ 265,500	$ 15,900

Remuneration of Employees
The number of employees, who are not directors, whose remuneration and benefits exceeded $100,000 in the financial year were:

	Group	Parent
100,000 - 110,000	3	3
110,000 - 120,000	-	-
120,000 - 130,000	-	-
130,000 - 140,000	3	3
140,000 - 150,000	1	1
150,000 - 160,000	-	-
160,000 - 170,000	1	1
170,000 - 180,000	-	-
180,000 - 190,000	1	1
190,000 - 200,000	1	1
200,000 - 210,000	1	-
210,000 - 220,000	-	-
220,000 - 230,000	-	-
230,000 - 240,000	-	-
240,000 - 20,000	-	-
250,000 - 260,000	-	-
260,000 - 270,000	1	1
	12	11

Donations
No donations were made by the company during the year.

For and on behalf of the Board:

Chairman 5 March 2012

Director 5 March 2012

EASTPACK LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	GROUP		PARENT	
		2011	2010	2011	2010
		$	$	$	$
Revenue	(4)	80,985,200	65,215,161	75,990,163	61,964,709
Share of profit in associates	(28)	221,901	789,130	-	-
Packaging materials		15,911,349	12,662,095	15,911,349	12,662,095
Employee benefits		26,978,801	22,874,017	26,136,329	22,376,161
Directors compensation		309,500	309,400	281,500	281,400
Other expenses		13,670,902	11,943,495	9,519,926	8,699,879
Rental and operating lease expenses		954,392	731,394	946,243	722,159
		57,824,944	48,520,401	52,795,347	44,741,694
Earnings before interest, tax, depreciation, fair value adjustments and rebates (EBITDA)		**23,382,157**	**17,483,890**	**23,194,816**	**17,223,015**
Depreciation		5,045,578	5,134,538	5,041,651	5,128,354
Fair value adjustment - on equity investments		599,683	-	599,683	-
		5,645,261	5,134,538	5,641,334	5,128,354
Earnings before interest, tax, and rebates (EBIT)		**17,736,896**	**12,349,352**	**17,553,482**	**12,094,661**
Interest expense		852,834	1,023,915	852,389	1,023,740
Rebates paid		6,246,408	4,941,106	6,246,408	4,941,106
		7,099,242	5,965,021	7,098,797	5,964,846
Net profit before taxation		**10,637,654**	**6,384,331**	**10,454,685**	**6,129,815**
Less taxation	(6)	2,380,323	5,064,141	2,386,224	4,865,399
Net profit after taxation		**8,257,331**	**1,320,190**	**8,068,461**	**1,264,416**
Earnings per share					
Basic earnings per share	(7)	$0.34	$0.05		
Diluted earnings per share	(7)	$0.34	$0.05		

EASTPACK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	GROUP 2011 $	GROUP 2010 $	PARENT 2011 $	PARENT 2010 $
Net profit after taxation		**8,257,331**	**1,320,190**	**8,068,461**	**1,264,416**
Other comprehensive income					
Gain/(loss) on revaluation of property plant and equipment (net of tax)	(9)	(8,068,750)	-	(8,068,750)	-
Gain/(loss) on fair value of equity investments	(9)	(68,153)	(22,863)	(68,153)	(22,863)
Other comprehensive income for the year		**(8,136,903)**	**(22,863)**	**(8,136,903)**	**(22,863)**
Total comprehensive income for the year		**120,428**	**1,297,327**	**(68,442)**	**1,241,553**
Comprehensive income attributable to:					
Owners of the company		108,327	1,297,201		
Non controlling interests		12,101	126		
Total comprehensive income for the year		**120,428**	**1,297,327**		

EASTPACK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Share capital	Asset revaluation reserve	Available for sale reserve	Retained earnings	Non controlling interests	Total
		$	$	$	$	$	$
GROUP							
Opening balance 1 January 2010		9,617,088	13,664,895	91,016	6,876,323	23,717	**30,273,039**
Net profit after taxation	(10)	-	-	-	1,320,064	126	**1,320,190**
Other comprehensive income:							
Fair value of equity investments	(9)	-	-	(22,863)	-	-	**(22,863)**
Non controlling interest equity on acquisition	(11)	-	-	-	-	(12,800)	**(12,800)**
Dividends paid	(12)	-	-	-	(2,400,967)	-	**(2,400,967)**
Closing balance 31 December 2010		**9,617,088**	**13,664,895**	**68,153**	**5,795,420**	**11,042**	**29,156,598**
Net profit after taxation	(10)	-	-	-	8,245,230	12,101	**8,257,331**
Other comprehensive income:							
Fair value of equity investments	(9)	-	-	(68,153)	-	-	**(68,153)**
Revaluation of property, plant and equipment (net of tax)	(9)	-	(8,068,750)	-	-	-	**(8,068,750)**
Dividends paid	(12)	-	-	-	(2,646,258)	-	**(2,646,258)**
Closing balance 31 December 2011		**9,617,088**	**5,596,145**	**-**	**11,394,392**	**23,143**	**26,630,768**
PARENT							
Opening balance 1 January 2010		9,617,088	13,664,895	91,016	5,652,583	-	**29,025,582**
Net profit after taxation	(10)	-	-	-	1,264,416	-	**1,264,416**
Other comprehensive income:							
Fair value of equity investments	(9)	-	-	(22,863)	-	-	**(22,863)**
Dividends paid	(12)	-	-	-	(2,400,967)	-	**(2,400,967)**
Closing balance 31 December 2010		**9,617,088**	**13,664,895**	**68,153**	**4,516,032**	**-**	**27,866,168**
Net profit after taxation	(10)	-	-	-	8,068,461	-	**8,068,461**
Other comprehensive income							
Fair value of equity investments	(9)	-	-	(68,153)	-	-	**(68,153)**
Revaluation of property, plant and equipment (net of tax)	(9)	-	(8,068,750)	-	-	-	**(8,068,750)**
Dividends paid	(12)	-	-	-	(2,646,258)	-	**(2,646,258)**
Closing balance 31 December 2011		**9,617,088**	**5,596,145**	**-**	**9,938,235**	**-**	**25,151,468**

EASTPACK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	GROUP		PARENT	
		2011	2010	2011	2010
		$	$	$	$
EQUITY					
Share capital	(8)	9,617,088	9,617,088	9,617,088	9,617,088
Reserves	(9)	5,596,145	13,733,048	5,596,145	13,733,048
Retained earnings	(10)	11,394,392	5,795,420	9,938,235	4,516,032
Total equity attributable to equity holders of the Company		26,607,625	29,145,556	25,151,468	27,866,168
Non controlling interest	(11)	23,143	11,042	-	-
Total equity		26,630,768	29,156,598	25,151,468	27,866,168
NON CURRENT LIABILITIES					
Deferred taxation	(6)	3,278,052	6,602,540	3,103,454	6,188,714
Income in advance	(19)	-	132,230	-	132,230
Transactor shares	(18)	14,699,770	12,807,308	14,699,770	12,807,308
Borrowings	(20)	9,000,000	10,196,647	9,000,000	10,196,647
		26,977,822	29,738,725	26,803,224	29,324,899
CURRENT LIABILITIES					
Borrowings	(20)	2,000,000	7,550,000	2,000,000	7,550,000
Trade and other payables	(13)	9,410,855	6,795,844	6,796,086	5,848,946
GST payable	(13)	704,924	456,830	713,629	454,643
Employee entitlements	(14)	468,411	541,480	400,730	541,480
Provision for dividend	(15)	1,266,423	1,266,423	1,266,423	1,266,423
Provision for taxation	(6)	1,594,254	332,277	1,363,431	336,993
Income in advance	(19)	229,167	250,000	229,167	250,000
		15,674,034	17,192,854	12,769,466	16,248,485
TOTAL FUNDS EMPLOYED		**69,282,624**	**76,088,177**	**64,724,158**	**73,439,552**
NON CURRENT ASSETS					
Property, plant and equipment	(26)	57,820,592	67,409,464	57,806,149	67,390,068
Investments in subsidiaries	(27)	-	-	29,799	29,799
Investments in associates	(28)	1,118,858	1,259,608	712,078	712,078
Investments	(29)	882,916	879,498	772,027	761,599
Unpaid Transactor shares	(25)	97,786	78,866	97,786	78,866
		59,920,152	69,627,436	59,417,839	68,972,410
CURRENT ASSETS					
Cash and cash equivalents	(21)	1,217,105	871,386	885,368	352,521
Trade and other receivables	(22)	5,511,703	3,005,145	2,583,422	1,402,130
Intercompany advances	(31)	-	-	687,834	1,477,834
Leased orchards	(23)	1,412,642	1,347,030	-	-
Inventory	(24)	1,221,022	1,227,720	1,149,695	1,225,197
Unpaid Transactor shares	(25)	-	9,460	-	9,460
		9,362,472	6,460,741	5,306,319	4,467,142
TOTAL ASSETS		**69,282,624**	**76,088,177**	**64,724,158**	**73,439,552**

For and on behalf of the Board:

Chairman 5 March 2012

Director 5 March 2012

WORLD CLASS
EastPack Ltd
ORCHARD to MARKET

The accompanying notes form part of the financial statements

EASTPACK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	GROUP 2011 $	GROUP 2010 $	PARENT 2011 $	PARENT 2010 $
CASHFLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		79,033,494	66,716,326	74,782,603	62,026,498
Interest received		162,154	70,892	186,400	39,078
Dividends received		34,913	97,435	396,944	1,070,167
GST received/(paid)		184,683	(30,343)	189,758	13,286
		79,415,244	66,854,310	75,555,705	63,149,029
Cash was applied to:					
Payments to suppliers and employees		62,773,359	51,624,625	59,143,065	47,085,535
Interest paid		852,389	1,023,915	852,389	1,023,740
Taxation paid		2,066,490	4,843,445	2,068,705	4,851,610
		65,692,238	57,491,985	62,064,159	52,960,885
NET CASH FLOWS FROM OPERATING ACTIVITIES	(30)	13,723,006	9,362,325	13,491,546	10,188,144
CASHFLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Associate dividends		362,651	973,261	-	-
Proceeds from investments		36,734	-	18,734	-
Advances from subsidiaries		-	-	790,000	-
Proceeds from property, plant and equipment		15,870	70,530	11,870	51,200
		415,255	1,043,791	820,604	51,200
Cash was applied to:					
Purchase of investments		707,988	-	696,998	-
Advances to subsidiaries		-	-	-	50,000
Purchase of property, plant and equipment		5,574,649	5,621,727	5,572,401	5,618,452
		6,282,637	5,621,727	6,269,399	5,668,452
NET CASH FLOWS FROM INVESTING ACTIVITIES		(5,867,382)	(4,577,936)	(5,448,795)	(5,617,252)
CASHFLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Issue of Transactor shares		1,892,462	1,629,268	1,892,462	1,693,268
Unpaid capital receipts		(9,460)	9,460	(9,460)	9,460
		1,883,002	1,638,728	1,883,002	1,702,728
Cash was applied to:					
Dividends paid		2,646,259	2,269,087	2,646,259	2,269,087
Repayment of borrowings		6,746,647	3,923,353	6,746,647	3,923,353
		9,392,906	6,192,440	9,392,906	6,192,440
NET CASH FLOWS FROM FINANCING ACTIVITIES		(7,509,904)	(4,553,712)	(7,509,904)	(4,489,712)
Net increase in cash and cash equivalents		345,720	230,677	532,847	81,180
Opening cash and cash equivalents		871,386	640,709	352,521	271,341
Closing cash and cash equivalents	(21)	1,217,105	871,386	885,368	352,521

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

EastPack Ltd (the "Company") is a co-operative company domiciled and incorporated in New Zealand, registered under the Co-operative Companies Act 1996. The Company is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of the Company has been prepared in accordance with the Financial Reporting Act 1993.

The financial statements for the "Parent" are for the Company as a separate legal entity. The consolidated financial statements for the "Group" are for the economic entity comprising the Company and its subsidiaries per note 27.

The Company and Group are designated as profit oriented entities for financial reporting purposes. The principal activities of the Group and Company are operating a packhouse, coolstorage, providing orchard management and a transport agent.

The financial statements were approved by the Board of Directors on 5 March 2012. Once issued, the Directors do not have the power to amend these financial statements.

(a) Basis of preparation of the financial report

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Compliance with IFRS
These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. They also comply with International Financial Reporting Standards (IFRS).

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

Historical Cost Convention
The financial report has been prepared under the historical cost convention, with the exception of some liabilities which are measured at fair value, and revaluations to fair value for certain classes of assets as described in the accounting policies.

Functional and Presentation Currency
These financial statements are presented in New Zealand dollars ($), which is the Company and Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Accounting for Goods and Services Tax
All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated with GST included. The net amount of GST recoverable from, or payable to, Inland Revenue, is included as part of receivables or payables in the statement of financial position.

(b) Consolidation

Investments in subsidiaries and associates by the Company are carried at cost in the Company's financial statements.

Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another 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.

(b) Consolidation (continued)

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, 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.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Associate companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Associate companies (continued)

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Goods and Services Tax, returns, and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Sales and charges
Revenue from the sale of goods is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest revenue
Interest income is recognised on a time-proportion basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend revenue
Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Rent revenue
Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(d) Inventories

Inventories are measured at the lower of cost and 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. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(e) Leased Orchards

Prepaid leased orchard expenses are carried forward in the Statement of Financial Position as an asset and recognised at the same time as the income to which they relate, i.e. against the crop proceeds from the following year.

(f) Property, Plant and Equipment

All items of Property, Plant and Equipment are initially measured at cost. The cost of an item of property, plant and equipment includes its purchase/construction price, costs directly attributable to bringing it to the location and condition necessary for it to operate as intended and the initial estimate of dismantling and removing the item and restoring the site on which it is located. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Where an item of property, plant and equipment is self-constructed, its construction cost includes the cost of materials and direct labour and an appropriate proportion of production overheads.

After initial recognition, all items of property, plant and equipment, except land, land improvements, buildings, are measured at cost less accumulated depreciation and impairment losses.

Land, land improvements, buildings are measured at revalued amounts less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken by an independent registered valuer with sufficient frequency to ensure that the carrying value of the item does not differ materially from its fair value. Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the profit or loss. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the asset and the net amount is restated to the revalued amount of the asset. At each balance date the carrying value of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the profit or loss as an expense as incurred. Where material 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. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (i.e. if the asset is impaired). An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit or loss. Upon disposal or derecognition or a revalued asset, any revaluation reserve relating to the particular asset is transferred to retained earnings.

(f) Property, Plant and Equipment (continued)

Depreciation
Land is not depreciated. Capital works in progress are not depreciated until completed and available for use. Depreciation on other assets is calculated using the straight-line and diminishing value methods to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Depreciation is charged in the profit or loss. The residual value and useful lives of all assets are reviewed and adjusted if appropriate at each reporting date.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation basis	
Land Improvements	4%	Diminishing value
Buildings	2.0 - 48 %	Straight line
Plant and Motor Vehicles	2.0 - 60 %	Diminishing value
Furniture and Fittings	9.5 - 60 %	Diminishing value

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Leases as a Lessee
Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables.

The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term and is assessed for indicators of impairment in the same manner as other non-financial assets.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Leases as a lessor
Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment and are assessed for indicators of impairment in the same manner as other non-financial assets. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(h) Intangibles

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(i) Income Tax

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(j) Foreign Currency

Transactions and Balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges.

(k) Employee Benefits

Liabilities for employee entitlements are carried at the present value of the estimated future cash flows.

Wages, salaries, statutory days in lieu, annual leave, and sick leave
Liabilities for wages and salaries, including non-monetary benefits, statutory days in lieu, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Profit sharing and bonus plan
The Group recognises bonuses and profit sharing payments when it is contractually obliged to make such payments, or when there is a past practice that has created a constructive obligation to make such payments.

Superannuation plans
The Group pays contributions to superannuation plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(m) Finance Costs

Finance expenses comprise interest expense on borrowings (except when capitalised to a qualifying asset), unwinding of the discount on provisions, foreign currency losses, and impairment losses recognised on financial assets (except for trade receivables and intercompany advances).

Finance costs are expensed using the effective interest method.

(n) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that takes six months or longer to prepare for its intended use or sale. Other borrowing costs are expensed when incurred.

Where the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs capitalised are the actual borrowing costs incurred on that borrowing, less any investment income on the temporary investment of those borrowings.

Where the Group borrows funds generally and uses them to fund a qualifying asset, the amount of borrowing costs capitalised is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of funding a qualifying asset.

(o) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets not yet available for use are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(p) Financial Instruments

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments 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.

(p) Financial Instruments (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 12 months of the reporting date.

The Group has no financial assets classified as financial assets at fair value through the profit or loss.

Held-to-maturity investments
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

The Group has no financial assets classified as held to maturity investments.

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 12 months after the reporting date which are classified as non-current assets.

The Group's loans and receivables comprise receivables, intercompany advances and cash and cash equivalents.

Available-for-sale
Available for sale financial assets are non derivatives, principally equity securities, that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

The Group's available for sale assets comprise of investments.

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 for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Investments in equity instruments that do have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost. 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 and held to maturity investments are carried at amortised cost using the effective interest method. 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 profit or loss 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 profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment securities. 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.

(p) Financial Instruments (continued)

The Group assesses at each reporting 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 any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

Financial liabilities
Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities. Non-interest bearing loans and payables are payable on demand and are therefore recognised at their face value at inception.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the profit or loss over the period of the borrowing using the effective interest method.

Hedge accounting
The Group may use derivative financial instruments (interest rate swaps) to hedge its risks associated with interest rate fluctuations.

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. The Group designates certain derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or (2) hedges of highly probable forecast transactions (cash flow hedges).

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 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 profit or loss, 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 equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. Amounts accumulated in equity are recycled in the profit or loss in the periods when the hedged item will affect profit or loss (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 or loss. 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 or loss.

(p) Financial Instruments (continued)

Certain derivative instruments do not qualify for hedge accounting or hedge accounting has not been adopted. Changes in the fair value of these derivative instruments are recognised immediately in the profit or loss.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement purposes. The fair value of forward exchange contracts is determined using forward exchange market rates for contracts with similar maturity profiles at the reporting date. The fair value of interest rate swaps is determined by reference to market values for similar contracts.

(q) Transactor Shares

Transactor share capital is classified as a liability as they are redeemable at the option of the shareholder. Rebates payable to Transactor shareholders are recognised in the profit or loss on an accruals basis.

(r) Dividend distribution

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

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

(s) Comparative information
When the presentation or classification of items is changed, comparative amounts are reclassified unless the reclassification is impracticable.

(t) Change in Accounting Policy

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts and disclosures reported in these financial statements. Details of other standards and interpretations issued but not adopted are reported in note 3.

NZ IAS 24 Related Party Disclosures: NZ IAS 24 replaces the 2004 version of the standard. The revised NZ IAS 24 clarifies the definition of a related party and requires the disclosure of commitments involving related parties.

There is no significant effect on the financial statements as a result of applying the updates above. There have been no other changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

Critical accounting estimates and assumptions

In the application of NZ IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Income taxes
Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Valuation of property plant and equipment
Land and buildings are measured at fair value as determined by an independent valuer. The independent valuer users valuation techniques which are inherently subjective and involve estimation. Further explanation is provided in Note 26.

Fair value of derivatives and other financial instruments
Management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Further explanation is provided in Note 9.

NOTE 3: NEW STANDARDS

Standards, interpretations and amendments to published standards that are not yet effective:

Certain new standards, amendments and interpretations issued by the IASB and the New Zealand Equivalents to those standards have been published that are mandatory for the Group, but which the Group has not early adopted.

Not yet adopted:

NZ IFRS 9 Financial Instruments is applicable for annual periods beginning on or after 1 January 2013. Earlier adoption is permitted. NZ IFRS 9 is part of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces amended requirements for classifying and measuring financial assets and liabilities.

FRS 44 - Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards ("the Harmonisation Amendments"). Effective for annual reporting periods commencing on or after 1 July 2011. Earlier adoption is permitted. The Harmonisation Amendments resulted in:

- Changes to, and deletions of, some of the New Zealand specific requirements in NZ IFRS;
- Some New Zealand specific requirements in NZ IFRS being relocated to FRS-44; and
- Some additional requirements being added to NZ IFRS (most significantly allowing operating cash flows to be presented using the indirect method and allowing investment properties to be carried at cost).

NZ IFRS 10 Consolidated Financial Statements, NZ IAS 27 Separate Financial Statement and NZ IAS 28 Investments in Associates and Joint Ventures. NZ IFRS 10 replaces *NZ IAS 27 Consolidated and Separate Financial Statements and NZ SIC-12 Consolidation – Special Purpose entities.* It has been issued concurrently with: *NZ IFRS 11 Joint Arrangements, NZ IFRS 12 Disclosure of Interests in Other Entities, NZ IAS 27 (revised 2011)* – this includes amendments for the issue of *NZ IFRS 10*, but retains the current guidance for separate financial statements. *NZ IAS 28 (revised 2011)* – this has been amended for conforming changes based on the issue of *NZ IFRS 10* and *NZ IFRS 11.*

Each of these standards is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted, as long as all five standards are adopted together (although disclosure requirements from *NZ IFRS 12* can be incorporated into the financial statements without *NZ IFRS 12* being early adopted).

The objective of *NZ IFRS 10* is to establish control as the single basis for consolidation for all entities, regardless of the nature of the investee. The definition of control includes three elements – power over an investee, exposure or rights to variable returns of the investee ,and the ability to use power over the investee to affect the investor's returns.

The Group has not early adopted any NZ IFRS's.

4. REVENUE

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Sales	79,027,486	63,556,431	73,669,753	59,367,076
Dividends received	34,913	97,435	396,944	1,070,167
Rent revenue	191,960	99,212	191,960	99,212
Interest revenue	185,735	72,907	186,400	39,078
Other revenue	1,545,106	1,389,176	1,545,106	1,389,176
	80,985,200	65,215,161	75,990,163	61,964,709

5. AUDITORS' REMUNERATION

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Amounts paid or due and payable to the auditors for:				
Auditing the financial statements	52,500	43,500	42,500	40,500
Other audit related services	5,500	7,500	5,500	7,500
Other services:				
Due diligence	-	115,606	-	115,606
Tax compliance work and advice	27,058	23,033	19,058	19,593
	85,058	189,639	67,058	183,199
Subsidiary auditor fees paid or payable to KPMG for:				
Auditing the financial statements	-	5,700	-	-
Tax compliance work and advice	-	4,178	-	-
	-	9,878	-	-
	85,058	199,517	67,058	183,199

There are no auditor fees paid or payable to KMPG for auditing the financial statements, tax compliance, or any other work in the 2011 financial year. During the 2011 financial year this work was completed by Staples Rodway and is disclosed in "auditing the financial statements".

6. INCOME TAX

	GROUP		PARENT	
	2011	2010	2011	2010
Income tax expense:	$	$	$	$
Current tax expense	3,328,471	2,015,902	3,095,148	1,821,561
Deferred tax (income)/expense	(948,148)	3,048,239	(708,924)	3,043,838
	2,380,323	5,064,141	2,386,224	4,865,399

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

	GROUP		PARENT	
	2011	2010	2011	2010
Prima facie income tax payable on profit before	$	$	$	$
income tax at 28% (2010: 30%)	2,978,543	1,915,299	2,927,312	1,838,945
Tax effect of				
- Non deductible expenses	321,879	396,387	220,336	341,337
- Non assessable income	(126,881)	(75,000)	(64,748)	(75,000)
- Imputation credits received	(158,778)	(456,496)	(158,778)	(456,338)
- Adjustments of prior years	(634,440)	43,022	(537,898)	(54,033)
- Effect of change in tax legislation	-	3,240,929	-	3,270,488
Income tax expense	2,380,323	5,064,141	2,386,224	4,865,399

6. INCOME TAX (CONTINUED)

The Taxation (Budget Measures) Act 2010 was enacted on 27 May 2010, which lowered the company tax rate from 30% to 28% for income derived in the 2011 and future income years. This change has therefore affected the current year tax expense.

There are no unrecognised tax losses or temporary differences carried forward (2010: Nil).

Deferred tax assets and liabilities

GROUP	Property, Plant and Equipment	Stock Obsolescence	Employee Entitlements	Leased Orchards	Fair Value Adjustment	Total
	$	$	$	$	$	$
1 January 2010	(3,388,872)	98,380	115,757	(409,423)	29,858	(3,554,300)
Charge/(credit) to income	(3,092,031)	1,975	74,967	(3,292)	(29,858)	(3,048,239)
31 December 2010	(6,480,903)	100,355	190,724	(412,715)	-	(6,602,540)
Charge/(credit) to income	770,330	9,187	(50,536)	219,167	-	948,148
Charge/(credit) to equity	2,376,341	-	-	-	-	2,376,341
31 December 2011	(3,334,232)	109,542	140,188	(193,548)	-	(3,278,052)

PARENT	Property, Plant and Equipment	Stock Obsolescence	Employee Entitlements	Leased Orchards	Fair Value Adjustment	Total
	$	$	$	$	$	$
1 January 2010	(3,388,872)	98,380	115,757	-	29,858	(3,144,877)
Charge/(credit) to income	(3,092,031)	1,975	76,076	-	(29,858)	(3,043,838)
31 December 2010	(6,480,903)	100,355	191,833	-	-	(6,188,714)
Charge/(credit) to income	770,330	9,187	(70,593)	-	-	708,924
Charge/(credit) to equity	2,376,341	-	-	-	-	2,376,341
31 December 2011	(3,334,232)	109,542	121,240	-	-	(3,103,454)

Provision for Taxation

	GROUP 2011	GROUP 2010	PARENT 2011	PARENT 2010
	$	$	$	$
Balance as at 1 January	(332,277)	(114,513)	(336,993)	(323,204)
Income tax expense	(2,380,323)	(5,064,141)	(2,386,224)	(4,865,399)
Income tax expense attributable to deferred tax	(948,148)	3,048,239	(708,924)	3,043,838
Income tax payments during year	2,066,494	1,798,138	2,068,710	1,807,772
Balance as at 31 December	(1,594,254)	(332,277)	(1,363,431)	(336,993)

6. INCOME TAX (CONTINUED)

Imputation Credit Account

	PARENT 2011 $	PARENT 2010 $
Balance as at 1 January	3,661,887	2,493,644
Income tax payments during year	2,049,946	1,775,000
Imputation credits on dividends received	170,119	456,338
Imputation credits on dividends paid	(1,133,026)	(1,099,102)
Resident withholding tax paid	18,759	36,007
Balance as at 31 December	4,767,685	3,661,887

At balance date the imputation credits available to the shareholders of the parent company:

	2011	2010
Through direct holding in parent company	4,767,685	3,661,887
Through direct interests in subsidiaries	72,587	72,069
	4,840,272	3,733,956

7. EARNINGS PER SHARE

	GROUP AND PARENT 2011 $	GROUP AND PARENT 2010 $
Profit attributable to ordinary shareholders	8,257,331	1,320,190
Profitable attributable to parent interest on dilution	8,257,331	1,320,190
Weighted average number of ordinary shares issued	24,503,122	24,503,122
Basic earnings per share	$0.34	$0.05
Diluted earnings per share	$0.34	$0.05

Earnings per ordinary share is based on the weighted average number of ordinary shares on issue during the year, and on the operating surplus after tax attributable to shareholders.

8. SHARE CAPITAL

	2011 No of shares	2010 No of shares	GROUP AND PARENT 2011 $	GROUP AND PARENT 2010 $
Balance as at 1 January	24,503,122	24,503,122	9,617,088	9,617,088
Transfers from shareholders	(2,267,824)	(3,265,414)	(1,564,799)	(2,259,802)
Transfers to shareholders	2,267,824	3,265,414	1,564,799	2,259,802
Balance as at 31 December	24,503,122	24,503,122	9,617,088	9,617,088

The authorised share capital of the Company includes 24,503,122 (2010: 24,503,122) Investor shares. 97,786 $1.00 (2010: 88,326 $1.00) shares are not paid up. For further details refer to note 25. The shareholding in the Company is divided into two classes Transactor and Investor Shares. Transactor shares are classified as term liabilities, see further detail in note 18.

Investor Shares

Investor shares are issued under the Companies Act 1993 and are tradable. Investor shares carry 40% of the voting power of all shares on issue, and carry the right to participate in any annual dividends declared by the directors of the Company. Investor shares can participate in any surplus assets upon liquidation after the holders of Transactor shares have been paid out. There have been no changes to the terms and rights of the shares during the year.

9. RESERVES

Available for sale reserve	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Balance at 1 January	68,153	91,016	68,153	91,016
Movement during the year	(68,153)	(22,863)	(68,153)	(22,863)
Balance at 31 December	-	68,153	-	68,153

The available for sale reserve relates to fair value adjustments to listed securities classified as available for sale investments.

Asset revaluation reserve	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Balance at 1 January	13,664,895	13,664,895	13,664,895	13,664,895
Movement during the year	(10,445,091)	-	(10,445,091)	-
Deferred tax on revaluation	2,376,341	-	2,376,341	-
Balance at 31 December	5,596,145	13,664,895	5,596,145	13,664,895
Total reserves	5,596,145	13,733,048	5,596,145	13,733,048

The movement during the year reflects the revaluation movement of property, plant and equipment. For more details refer to note 26.

10. RETAINED EARNINGS

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Balance at 1 January	5,795,420	6,876,323	4,516,032	5,652,583
Net profit after taxation	8,245,230	1,320,064	8,068,461	1,264,416
Distribution to owners	(2,646,258)	(2,400,967)	(2,646,258)	(2,400,967)
Balance as at 31 December	11,394,392	5,795,420	9,938,235	4,516,032

11. NON CONTROLLING INTEREST

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Balance as at 1 January	11,042	23,717	-	-
Interests acquired during year	-	7,200	-	-
Interests disposed during year	-	(20,000)	-	-
Net surplus attributable to non controlling interest holders	12,101	126	-	-
Balance as at 31 December	23,143	11,042	-	-

12. DISTRIBUTIONS TO OWNERS

	GROUP 2011 $	GROUP 2010 $	PARENT 2011 $	PARENT 2010 $
Dividends				
Dividends paid:				
Investor shares - dividend paid	1,379,835	1,134,544	1,379,835	1,134,544
Investor shares - dividend payable	1,266,423	1,266,423	1,266,423	1,266,423
Total dividends	2,646,258	2,400,967	2,646,258	2,400,967

Dividends paid on investor shares amounted to 7.8 cents per share (2010: 7.0 cents per share). Dividends payable amounted to 7.5 cents per share (2010: 7.0 cents per share).

13. TRADE AND OTHER PAYABLES

	GROUP 2011 $	GROUP 2010 $	PARENT 2011 $	PARENT 2010 $
Trade payables	3,191,193	1,705,876	756,341	888,117
Sundry payables	1,555,082	1,218,822	1,375,165	1,095,858
Related party payables	4,612,236	3,871,146	4,612,236	3,864,971
Associate payables	52,344	-	52,344	-
	9,410,855	6,795,844	6,796,086	5,848,946
GST payable	704,924	456,830	713,629	454,643

14. EMPLOYEE ENTITLEMENTS

	GROUP 2011 $	GROUP 2010 $	PARENT 2011 $	PARENT 2010 $
Balance at 1 January	541,480	289,793	541,480	279,243
Additional provision	521,203	880,811	453,522	891,361
Amount utilised	(594,272)	(629,124)	(594,272)	(629,124)
Balance at 31 December	468,411	541,480	400,730	541,480
This is represented by:				
Current liability	468,411	541,480	400,730	541,480
Non-current liability	-	-	-	-
	468,411	541,480	400,730	541,480

All employee entitlements are short-term employee benefits.

15. PROVISION FOR DIVIDEND

		GROUP 2011 $	GROUP 2010 $	PARENT 2011 $	PARENT 2010 $
Balance at 1 January		1,266,423	1,134,544	1,266,423	1,134,544
Dividend paid during the year		(1,266,423)	(1,134,544)	(1,266,423)	(1,134,544)
Additional provision		1,266,423	1,266,423	1,266,423	1,266,423
Balance at 31 December	(12)	1,266,423	1,266,423	1,266,423	1,266,423

A dividend of 7.5 cents per investor share was declared on 20 December 2011 (2010: A dividend of 7.5 cents per investor share was declared on 21 December 2010).

16. FINANCIAL INSTRUMENTS

Credit Risk

To the extent that the EastPack Group has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the group to credit risk principally consist of bank balance and accounts receivable.

The group manages its exposure to credit risk to minimise losses from bad debts. The group performs credit evaluations on all customers requiring credit and generally does not require collateral. The group monitors the credit quality of major financial institutions that are counter parties to its financial instruments, and does not anticipate non-performance by the counter parties.

Maximum exposures to credit risk at balance date are:

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Cash and cash equivalents	1,217,105	871,386	885,368	352,521
Receivables	5,263,169	2,749,019	2,334,888	1,146,004
Intercompany advances	-	-	687,834	1,477,834
Uncalled capital	97,786	88,326	97,786	88,326

The above maximum exposures are net of any recognised impairment losses on these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

At reporting date 100% of the group's cash and cash equivalents was with one bank. The group does not have any other concentrations of credit risk.

Status of receivables

The status of receivables at the reporting date is as follows:

Group	2011		2010	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not yet due	4,118,884	-	2,383,921	-
Overdue 0 -31 days	218,310	-	318,979	-
Overdue 31 - 92 days	150,404	-	13,504	-
Overdue 93 - 184 days	873,357	-	120,941	-
Overdue more than 184 days	-	-	-	-
Total trade receivables	5,360,955	-	2,837,345	-

Parent	2011		2010	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not yet due	2,860,833	-	2,541,652	-
Overdue 0 -31 days	17,507	-	134,312	-
Overdue 31 - 92 days	8,203	-	2,036	-
Overdue 93 - 184 days	233,965	-	34,164	-
Overdue more than 184 days	-	-	-	-
Total trade receivables	3,120,508	-	2,712,164	-

EastPack Ltd provide for specific balances where recovery of the amount is unlikely. There was no specific provision at reporting date (2010: $Nil). Impairment for receivables is also assessed collectively at reporting date. There was no collective provision at reporting date (2010: $Nil). EastPack Ltd generally have the ability to withhold either rebates or dividends from balances owing to growers and transacting shareholders. Management actively manage other debtor balances and recovery of amounts.

16. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk represents the EastPack Group's ability to meet its financial obligations on time. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The following sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis.

Group — 2011

	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Borrowings	11,000,000	12,920,988	271,200	2,271,200	466,002	9,912,586	-
Accounts payable	9,410,855	9,410,855	9,410,855	-	-	-	-
Provision for dividend	1,266,423	1,266,423	1,266,423	-	-	-	-
	21,677,278	23,598,266	10,948,478	2,271,200	466,002	9,912,586	-

Group — 2010

	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Borrowings	17,746,647	18,911,141	457,225	7,948,133	10,505,783	-	-
Accounts payable	6,795,844	6,795,844	6,795,844	-	-	-	-
Provision for dividend	1,266,423	1,266,423	1,266,423	-	-	-	-
	25,808,914	26,973,408	8,519,492	7,948,133	10,505,783	-	-

Parent — 2011

	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Borrowings	11,000,000	12,920,988	271,200	2,271,200	466,002	9,912,586	-
Accounts payable	6,796,086	6,796,086	6,796,086	-	-	-	-
Provision for dividend	1,266,423	1,266,423	1,266,423	-	-	-	-
	19,062,509	20,983,497	8,333,709	2,271,200	466,002	9,912,586	-

Parent — 2010

	Statement of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	$	$	$	$	$	$	$
Borrowings	17,746,647	18,911,141	457,225	7,948,133	10,505,783	-	-
Accounts payable	5,848,946	5,848,946	5,848,946	-	-	-	-
Provision for dividend	1,266,423	1,266,423	1,266,423	-	-	-	-
	24,862,016	26,026,510	7,572,594	7,948,133	10,505,783	-	-

16. FINANCIAL INSTRUMENTS (CONTINUED)

Currency Risk

The EastPack Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies. The group has few transactions in foreign currencies, as they generally arise from the purchase of property, plant and equipment. The group's normal trading activities are conducted in New Zealand dollars. The group uses foreign currency forward exchange contracts to manage these exposures.

At reporting date the group's risk of exchange rate movements in receivables and payables was $nil. There were no forward contracts in place for forecast purchases (2010: $Nil).

Interest Rate risk

The group has exposure to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. The group manages its cost of borrowing by placing limits on the proportion of borrowings at floating rate, and the proportion of fixed rate borrowing that is repriced in any year.

Interest rate risk - repricing analysis:

The following table identifies the periods in which financial instruments that are subject to interest rate risk reprice.

Group			**2011**				
	Effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	%	**$**	**$**	**$**	**$**	**$**	**$**
Borrowings	4.93%	11,000,000	5,000,000	2,000,000	2,000,000	2,000,000	-

Group			**2010**				
	Effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	%	**$**	**$**	**$**	**$**	**$**	**$**
Borrowings	5.15%	17,746,647	17,746,647	-	-	-	-

Parent			**2011**				
	Effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	%	**$**	**$**	**$**	**$**	**$**	**$**
Borrowings	4.93%	11,000,000	5,000,000	2,000,000	2,000,000	2,000,000	-

Parent			**2010**				
	Effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
	%	**$**	**$**	**$**	**$**	**$**	**$**
Borrowings	5.15%	17,746,647	17,746,647	-	-	-	-

Interest rate risk - sensitivity analysis:

EastPack Ltd are exposed to interest rate risk relating to borrowings. A 1% change in rates would affect pre tax profit and equity of both the parent and the group by +/- $110,000 (2010: +/- $177,466). There are no other interest bearing financial instruments subject to interest rate risk.

16. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The estimated fair values of financial instruments in the Statement of Financial Position are their carrying value with the exceptions as noted below. Fair value has been estimated using discounted cash flows.

Shares in Unlisted Companies and Financial Guarantees

It is not practicable to estimate the fair value of shares in unlisted companies and financial guarantees with an acceptable level of reliability. The financial guarantee is provided to a related party, therefore are not at arm's length and therefore not comparable with any market-based arrangements.

Financial instruments by classification
Group

	Available for Sale	Loans and Receivables	Liabilities at Amortised Cost	Total Carrying Value
	$	$	$	$
31 December 2011				
Liabilities as per statement of financial position				
Loans and borrowings	-	-	11,000,000	11,000,000
Transactor shares	-	-	14,699,770	14,699,770
Trade and other payables	-	-	9,410,855	9,410,855
Total	-	-	35,110,625	35,110,625
Assets as per statement of financial position				
Cash and cash equivalents	-	1,217,105	-	1,217,105
Trade and other receivables	-	5,263,169	-	5,263,169
Unpaid capital	-	97,786	-	97,786
Investments	882,916	-	-	882,916
Total	882,916	6,578,060	-	7,460,976

Financial instruments by classification
Group

	Available for Sale	Loans and Receivables	Liabilities at Amortised Cost	Total Carrying Value
	$	$	$	$
31 December 2010				
Liabilities as per statement of financial position				
Loans and borrowings	-	-	17,746,647	17,746,647
Transactor shares	-	-	12,807,308	12,807,308
Trade and other payables	-	-	6,795,844	6,795,844
Total	-	-	37,349,799	37,349,799
Assets as per statement of financial position				
Cash and cash equivalents	-	871,386	-	871,386
Trade and other receivables	-	2,749,019	-	2,749,019
Unpaid capital	-	88,326	-	88,326
Investments	879,498	-	-	879,498
Total	879,498	3,708,731	-	4,588,229

16. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by classification
Parent

	Available for Sale	Loans and Receivables	Liabilities at Amortised Cost	Total Carrying Value
	$	$	$	$
31 December 2011				
Liabilities as per statement of financial position				
Loans and borrowings	-	-	11,000,000	11,000,000
Transactor shares	-	-	14,699,770	14,699,770
Trade and other payables	-	-	6,796,086	6,796,086
Total	-	-	32,495,856	32,495,856
Assets as per statement of financial position				
Cash and cash equivalents	-	885,368	-	885,368
Trade and other receivables	-	2,334,888	-	2,334,888
Unpaid capital	-	97,786	-	97,786
Investments	772,027	-	-	772,027
Total	772,027	3,318,042	-	4,090,069
31 December 2010				
Liabilities as per statement of financial position				
Loans and borrowings	-	-	17,746,647	17,746,647
Transactor shares	-	-	12,807,308	12,807,308
Trade and other payables	-	-	5,848,946	5,848,946
Total	-	-	36,402,901	36,402,901
Assets as per statement of financial position				
Cash and cash equivalents	-	352,521	-	352,521
Accounts receivable	-	1,146,004	-	1,146,004
Unpaid capital	-	88,326	-	88,326
Investments	761,599	-	-	761,599
Total	761,599	1,586,851	-	2,348,450

17. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to growers, shareholders and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and maximise returns. Capital in relation to capital management also includes Transactor shares. In order to maintain or adjust the capital structure, the Group may adjust distributions to beneficiaries, amount of dividends paid to shareholders, return capital to shareholders, issue new shares, amend capital spending plans or sell assets to reduce debt.

The Shareholders have appointed the Directors to manage the co-operative in order to maximise returns. The Directors, consistent with others in the Kiwifruit industry, monitor and manage capital based on trays supplied and returns to growers and investors.

There have been no material changes to the Group's capital during the year.

18. TRANSACTOR SHARES

	GROUP AND PARENT		GROUP AND PARENT	
	2011	2010	2011	2010
	No. of Shares	No. of Shares	$	$
Balance at 1 January	12,807,308	11,114,040	12,807,308	11,114,040
Transactor shares issued during the year	2,086,391	1,965,573	2,086,391	1,965,573
Sales during the year	(193,929)	(272,305)	(193,929)	(272,305)
Balance at 31 December	14,699,770	12,807,308	14,699,770	12,807,308

The company has 14,699,770 (2010: 12,807,308) Transactor shares on issue. The Transactor shares are classified as a liability rather than equity under NZ IFRS due to their redemption rights. Transactor Shares are issued by the company to growers of kiwifruit or other approved produce. They are not freely tradable, and carry 60% of the voting power of all shares on issue. Transactor shareholders have the right to participate in any annual rebate declared by the directors of the company. They carry first right of redemption on liquidation of the company at $1.00 each. Carrying value of Transactor shares is equivalent to fair value, due to the fixed redemption value and market returns paid by way of rebate.

19. INCOME IN ADVANCE

	GROUP AND PARENT	
	2011	2010
	$	$
Balance at 1 January	382,230	632,230
Recognised in profit or loss during the period	(153,063)	(250,000)
Balance at 31 December	229,167	382,230
Current Portion	229,167	250,000
Term Portion	-	132,230
Total	229,167	382,230

This represents income received in advance, which is earned over the life of the relevant service contract.

20. BORROWINGS

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Non current portion	9,000,000	10,196,647	9,000,000	10,196,647
Current portion	2,000,000	7,550,000	2,000,000	7,550,000
	11,000,000	17,746,647	11,000,000	17,746,647

The current portion represents term loans which have a maturity date of less than twelve months from balance date. EastPack Ltd's total facility with the Bank of New Zealand limit is $33 million (2010 National Bank of New Zealand $32.4 million). The current interest rates on the secured bank loans range from 3.82% to 5.65% (2010: 5.15% to 5.16%). Borrowings are interest only.

Security - Parent and Group

The Bank of New Zealand holds a perfected security interest in all present and acquired property of EastPack Ltd. A registered first mortgage over all land and buildings. Perfected security interest in all present and acquired property of EastPack Kiwifruit Operations Ltd.

21. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Bank balances	1,217,105	871,386	885,368	352,521

22. TRADE AND OTHER RECEIVABLES

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Trade receivables	2,621,355	1,319,465	250,381	212,185
Sundry receivables	2,351,912	1,410,351	1,386,795	914,616
Prepayments	248,534	256,126	248,534	256,126
Related party receivables	1,452	7,863	409,262	7,863
Associate receivables	288,450	11,340	288,450	11,340
	5,511,703	3,005,145	2,583,422	1,402,130

23. LEASED ORCHARDS

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Balance at 1 January	1,347,030	1,368,448	-	-
Costs capitalised	1,412,642	1,347,030	-	-
Utilisation in current season	(1,347,030)	(1,368,448)	-	-
Balance at 31 December	1,412,642	1,347,030	-	-

Costs are capitalised as expensed are incurred preparing the orchards for the next season. The costs are recognised against revenue in the financial year to which they relate. No costs are incurred for a period of more than one season.

24. INVENTORY

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Packaging	1,221,022	1,227,720	1,149,695	1,225,197

Inventory is subject to retention of title clauses.

25. UNPAID TRANSACTOR SHARES

	GROUP AND PARENT 2011	2010
	$	$
97,786 shares @$1.00 (2010: 88,326 shares $1.00)	97,786	88,326
Current asset	-	9,460
Non current asset	97,786	78,866
	97,786	88,326
Opening balance	88,326	97,786
Shares sold	-	-
Ex dividend	-	(9,460)
Rebate withheld	9,460	-
Closing balance	97,786	88,326

Where the company has issued shares and payment has not been made in full, there is a deferred settlement over a set period of time. Payment for calls on shares is then deducted from rebates and dividends payable to those shareholders.

The current portion of unpaid capital is based on each shareholder's estimated number of trays for the 2013 season.

26. PROPERTY, PLANT AND EQUIPMENT

	GROUP Cost/ Valuation	GROUP Accumulated Depreciation	GROUP 2011 Book Value	PARENT Cost/ Valuation	PARENT Accumulated Depreciation	PARENT 2011 Book Value
	$	$	$	$	$	$
Buildings	47,182,749	11,588,352	35,594,397	47,182,749	11,588,352	35,594,397
Land and improvements	9,014,513	378,962	8,635,551	9,014,513	378,962	8,635,551
Plant and Equipment	33,697,309	20,533,539	13,163,770	33,641,890	20,489,674	13,152,216
Furniture and Fittings	653,673	226,799	426,874	646,288	222,303	423,985
	90,548,244	32,727,652	57,820,592	90,485,440	32,679,291	57,806,149

	GROUP Cost/ Valuation	GROUP Accumulated Depreciation	GROUP 2010 Book Value	PARENT Cost/ Valuation	PARENT Accumulated Depreciation	PARENT 2010 Book Value
	$	$	$	$	$	$
Buildings	49,547,943	9,471,499	40,076,444	49,547,943	9,471,499	40,076,444
Land and improvements	12,609,449	293,112	12,316,337	12,609,449	293,112	12,316,337
Plant and Equipment	32,380,778	17,739,242	14,641,536	32,322,530	17,697,175	14,625,355
Furniture and Fittings	524,795	149,648	375,147	517,909	145,977	371,932
	95,062,965	27,653,501	67,409,464	94,997,831	27,607,763	67,390,068

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation

Land, buildings, and plant and equipment were revalued to their estimated market value in accordance with valuation reports of independent registered valuers dated 9 December 2011. The valuation was completed by an independent registered valuer, S Harris (SPINZ), of the firm Property Solutions (BOP) Ltd on 9 December 2011. The effective date of the valuation was 31 December 2011.

Valuation approach

In conducting the valuations, the valuer considered 4 different approaches. The approaches considered were as follows:

Replacement cost approach - adds the value of the land to the value of the buildings and other improvements based on the current buildings cost with an allowance for physical depreciation (2%). Specific consideration is given to the "optimised depreciated replacement cost" methodology.
Investment approach - assumes a hypothetical lease of the property with a current market rental being established and capitalising an appropriate rate of return (11 - 13%) that would be expected by a prudent investor.
Sales comparison - considers sales of other comparable type properties.
Capitalised EBITDA - assess the earnings before interest, tax and depreciation of each of the facilities and capitalise at an assessed market rate to derive going concern value including plant and machinery.

If land,buildings and plant and equipment had been carried at cost less depreciation, the carrying amounts would have been:

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Land	7,211,384	6,956,066	7,211,384	6,956,066
Buildings	33,148,173	31,010,585	33,148,173	29,887,137
Plant and equipment	12,351,528	13,384,618	12,337,085	13,365,224

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

Group

	Buildings	Furniture and Fittings	Plant and equipment	Land	Total
	$	$	$	$	$
2011					
Balance at 1 January 2011	40,076,445	375,147	14,641,536	12,316,337	67,409,465
Additions	3,804,925	128,877	1,674,374	341,170	5,949,346
Disposals	-	-	(11,719)	-	(11,719)
Revaluations	(6,170,120)	(1,949)	(372,748)	(3,936,105)	(10,480,922)
Depreciation expense	(2,116,853)	(75,201)	(2,767,673)	(85,851)	(5,045,579)
Carrying amount at 31 December 2011	35,594,397	426,874	13,163,770	8,635,551	57,820,592
2010					
Balance at 1 January 2010	39,259,152	167,673	15,724,132	11,771,321	66,922,278
Additions	2,767,275	257,174	2,002,605	619,782	5,646,836
Disposals	-	-	(25,111)	-	(25,111)
Depreciation expense	(1,949,982)	(49,700)	(3,060,090)	(74,766)	(5,134,538)
Carrying amount at 31 December 2010	40,076,445	375,147	14,641,536	12,316,337	67,409,464

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Parent	Buildings	Furniture and Fittings	Plant and equipment	Land	Total
	$	$	$	$	$
2011					
Balance at 1 January 2011	40,076,444	371,932	14,625,355	12,316,337	67,390,068
Additions	3,804,926	128,379	1,672,625	341,170	5,947,100
Disposals	-	-	(8,446)	-	(8,446)
Revaluations	(6,170,120)	(1,949)	(372,748)	(3,936,105)	(10,480,922)
Depreciation expense	(2,116,853)	(74,377)	(2,764,570)	(85,851)	(5,041,651)
Carrying amount at 31 December 2011	35,594,397	423,985	13,152,216	8,635,551	57,806,149
2010					
Balance at 1 January 2010	39,259,152	163,638	15,705,861	11,771,321	66,899,972
Additions	2,767,274	257,174	1,999,331	619,782	5,643,561
Disposals	-	-	(25,111)	-	(25,111)
Depreciation expense	(1,949,982)	(48,880)	(3,054,726)	(74,766)	(5,128,354)
Carrying amount at 31 December 2010	40,076,444	371,932	14,625,355	12,316,337	67,390,068

Jointly controlled assets
Included in furniture and fittings is $69,504 representing the net book value of the assets acquired as part of a joint venture. See further detail in note 28.

27. INVESTMENTS IN SUBSIDIARIES

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Southlink Supply Ltd	-	-	28,800	28,800
EastPack Kiwifruit Operations Ltd	-	-	999	999
	-	-	29,799	29,799

Subsidiaries:	Percentage Held 2011	Percentage Held 2010	Balance date	Incorporated in
Southlink Supply Ltd	80 %	80 %	31 December	New Zealand
EastPack Kiwifruit Operations Ltd	100 %	100 %	31 December	New Zealand
Zest BOP Ltd (*Non trading*)	100 %	100 %	31 December	New Zealand

Southlink Supply Ltd provide administration services and industry representation in respect of produce supplied.
EastPack Kiwifruit Operations Ltd is involved in the management of leased orchards.

28. INVESTMENTS IN ASSOCIATES

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Results of associates				
Share of profit before income tax	447,301	675,644	-	-
Income tax	(136,500)	(202,693)	-	-
Share of operating surplus	310,801	472,951	-	-
Other recognised surplus	(88,900)	33,490	-	-
Gain on dilution of investment	-	282,689	-	-
Share of total recognised revenues and expenses	221,901	789,130	-	-
Interests in associates				
Shares at cost	712,078	712,078	712,078	712,078
Share of surplus	547,530	731,657	-	-
Balance at the beginning of year	1,259,608	1,443,735	712,078	712,078
New investments	-	-	-	-
Gain on dilution of investment	-	282,689	-	-
Share of total recognised revenues and expenses	221,901	506,441	-	-
Dividends	(362,651)	(973,258)	-	-
Balance at end of year	1,118,858	1,259,608	712,078	712,078
Included in the carrying amount is:				
Goodwill	502,924	502,924	-	-

Details of Associates

2011	Assets	Liabilities	Revenue	Profit/ (loss)	% Held	Carrying Amount
Kiwifruit Vine Protection Ltd	-	-	-	-	50	-
Southern Produce Ltd	6,754,340	4,173,623	28,021,817	1,036,004	30	1,118,858

2010	Assets	Liabilities	Revenue	Profit/ (loss)	% Held	Carrying Amount
Southern Produce Ltd	6,003,786	3,126,212	18,879,928	1,351,288	30	1,259,608

Associates	Principal Activities	Balance Date
Kiwifruit Vine Protection Ltd	Non trading	31 March
Southern Produce Ltd	Marketer of fresh produce	31 March

All associates are incorporated in New Zealand. There are no significant restrictions on the ability of any associate to pay dividends, repay loans or otherwise transfer funds to the investor company.

During the 2010 financial year Southern Produce Ltd issued 6,000 new shares which increased the total shares on issue to 15,000 at reporting date. The issue of these 6,000 new shares has reduced EastPack Ltd's percentage shareholding in Southern Produce Ltd from 50% to 30%. EastPack Ltd's investment in Southern Produce Ltd continues to be recognised as an associate. The 6,000 new shares were issued for a consideration of $2,000,000. There was no cash consideration paid to EastPack Ltd in respect of the decrease in its proportionate shareholding. The carrying value of EastPack Ltd's investment in Southern Produce Ltd at the time of the issue of the new shares was $793,277, with the dilution of EastPack Ltd’s interest in Southern Produce Ltd giving rise to a gain of $282,689.

Investment in jointly controlled assets
On 24 April 2011, EastPack Ltd entered into a joint operation agreement with the Seeka Kiwifruit Industries Ltd to increase the capacity for testing services for PSA and Task Force Green a joint project to find better long term protectants than the current spraying regime recommendations. As part of this agreement, EastPack Ltd paid $38,060 for its 50% share of the original cost of the testing equipment which was to be used by the joint operation. EastPack Ltd recognised net profit from the testing services for PSA of $100,553 and a net loss from Task Force Green of $396,188 for the period ended 31 December 2011.

29. INVESTMENTS

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Unlisted securities	642,963	664,335	532,074	546,436
Listed securities	239,953	215,163	239,953	215,163
	882,916	879,498	772,027	761,599

The fair value of the listed securities are based on the closing share price at balance date. All unlisted securities are currently held at cost less impairment as it reasonably represents current fair value. The carrying amount of all unlisted securities has been reviewed at balance date.

30. RECONCILIATION OF NET SURPLUS WITH CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP		PARENT	
	2011	2010	2011	2010
	$	$	$	$
Operating profit after taxation	8,257,331	1,320,190	8,068,461	1,264,416
Add / (less) non-cash items				
Depreciation	5,045,578	5,134,538	5,041,651	5,128,354
Loss on sale of property, plant and equipment	(4,152)	2,343	(3,424)	2,343
Fair value adjustment - on equity investments	599,683	-	599,683	-
Share of income from associates	(221,901)	(789,130)	-	-
Movement in deferred tax	(3,324,488)	3,047,126	(3,085,260)	3,043,836
Income in advance	(153,063)	(250,000)	(153,063)	(250,000)
Deduct items credited directly to equity				
Movement in deferred tax	2,376,340	-	2,376,340	-
	4,317,997	7,144,877	4,775,927	7,924,533
Movement in Working Capital				
Increase/(decrease) in accounts payable	4,172,085	(459,134)	1,681,380	(433,852)
Increase/(decrease) in employee entitlements	(80,579)	259,152	(140,750)	261,523
(Increase)/decrease in accounts receivable	(4,395,684)	(290,577)	(2,254,397)	43,400
(Increase)/decrease in GST	248,094	141,303	258,986	139,400
(Increase)/decrease in leased orchards	(65,613)	21,419	-	-
(Increase)/decrease in inventory	7,395	1,007,331	75,501	974,935
Increase/(decrease) in income tax payable	1,261,980	217,764	1,026,438	13,789
	1,147,678	897,258	647,158	999,195
Net cash flow from operating activities	13,723,006	9,362,325	13,491,546	10,188,144

31. TRANSACTIONS WITH RELATED PARTIES

Key Management Personnel

Key management includes all personnel whom have the authority and responsibility for planning, directing and controlling the activities of the Group. This includes senior management and directors.

	Short-term benefits	Post-employment benefits	Other long-term benefits	Termination benefits
	$	$	$	$
2011	1,668,386	-	-	-
2010	1,624,330	-	-	-

On termination key management personnel are entitled to receive dividends on shares held for a period of two years.

The grower directors have packed their kiwifruit with the company at the standard rates charged to shareholders. Grower directors received the following rebates and dividends:

	Rebates		Dividends	
	2011	2010	2011	2010
	$	$	$	$
R B Sharp	213,636	153,809	192,686	165,686
G S Eynon	61,967	39,748	131,642	117,600
G S Eynon and M J Montgomery	61,697	39,748	131,642	117,600
A A Gault	47,810	36,608	44,681	37,582
R M Hudson	34,599	25,181	25,190	22,503
M R McBride	152,894	45,449	-	36,735

R B Sharp, G S Eynon and M J Montgomery own orchards for which the company provides services on normal commercial terms.

	2011	2010
The following payments were made by directors to EastPack for services:	$	$
M R McBride	19,434	15,069
R M Hudson	6,762	2,549
A A Gault	3,775	3,420
R B Sharp	18,787	20,492
G Eynon and M J Montgomery	15,532	19,479

	2011	2010
The following balances were outstanding at 31 December:	$	$
M R McBride	-	-
R M Hudson	-	-
A A Gault	-	276
R B Sharp	-	2,585
G S Eynon and M J Montgomery	-	-

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

G S Eynon and M J Montgomery own a kiwifruit contracting business that provides labour to EastPack Kiwifruit Operations Ltd under normal commercial terms.

	2011	2010
Payments for services were as follows:	$	$
G S Eynon and M J Montgomery	480,536	346,574

The balance outstanding at 31 December 2011 $Nil (2010: $Nil)

G S Eynon and M J Montgomery own an orchard, Pine Valley Joint Venture.

	2011	2010
Payments for services were as follows:	$	$
Pine Valley Joint Venture	1,026,113	1,191,930

The balance outstanding in relation to the payments for services above as at 31 December 2011 $Nil (2010: $Nil).

On 21 December 2009 EastPack Ltd advanced $500,000 to Pine Valley Joint Venture. The loan is non-interest bearing in consideration for the first right of refusal to lease the Pine Valley Joint Venture site from 31st July 2012 or earlier if the parties agree. The advance is secured over the investor and Transactor shares held by G S Eynon and M J Montgomery.

R B Sharp acts as a director for Robert Monk Transport Ltd, a company that supplies transportation services to EastPack Ltd on normal commercial terms. R B Sharp does not hold any financial interest in Robert Monk Transport Ltd

	2011	2010
Payments for services were as follows:	$	$
Robert Monk Transport Ltd,	626,490	660,344

The balance outstanding at 31 December 2011 $Nil (2010: $Nil)

R B Sharp is also a Director of Zespri Ltd. Zespri Ltd is the major customer of EastPack Ltd.

No related party debts have been written off or forgiven during the year (2010: $Nil).

The following directors acquired shares in the company during the year. All Transactor shares were issued at $1 per share.

	Transactor Shares		Investor Shares	
	2011	2010	2011	2010
	$	$	$	$
R B Sharp	74,024	55,454	-	92,098
G S Eynon	-	4,730	-	-
A A Gault	14,090	10,259	-	33,324
R M Hudson	13,446	11,920	-	-
M R McBride	76,442	22,724	-	-
M J Montgomery	-	4,730	-	-

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Subsidiaries

All amounts owing to/from subsidiaries and included in intercompany advances in the Statement of Financial Position.

	2011 $	2010 $
Total amounts owing to EastPack Ltd from subsidiaries:	1,114,822	1,484,298

During the year EastPack Ltd entered into the following transactions with its subsidiaries on normal commercial terms:

	2011 $	2010 $
Sale of kiwifruit packing services to EastPack Kiwifruit Operations Ltd	1,552,874	795,211
Sale of monitoring services to EastPack Kiwifruit Operations Ltd	11,445	103,823
Sale of maturity testing services to EastPack Kiwifruit Operations Ltd	65,730	-

During the year Subsidiaries entered into the following transactions with EastPack Ltd on normal commercial terms:

	2011 $	2010 $
EastPack Kiwifruit Operations Ltd lease payment to EastPack Ltd	51,256	31,784
Southlink Ltd to complete logistics services for EastPack Ltd	965,454	849,039

Guarantees

All obligations unlimited interlocking company guarantee between EastPack Ltd and EastPack Kiwifruit Operations Ltd.

No related party debts have been written off or forgiven during the year (2010: $Nil).

Associates

	2011 $	2010 $
EastPack Ltd also received revenue from Southern Produce Ltd	3,030,202	2,884,093
EastPack Ltd made payments to Southern Produce Ltd	514,305	68,763

All transactions are on normal commercial terms. All amounts owing from associate companies are detailed in Note 22: Accounts Receivable.

No related party debts have been written off or forgiven during the year (2010: $Nil).

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Other

EastPack Kiwifruit Operations Ltd a subsidiary of EastPack Ltd holds a 10% ownership in Te Matai Kiwi Partnership. EastPack Kiwifruit Operations Ltd provides orchard management services and charges Te Matai Kiwi Partnership on normal commercial terms.

Guarantees

Guarantee for the amount of $150,000, plus interest and costs in terms of the BNZ's standard guarantee form from EastPack Ltd.

EastPack Entity Trust operates a kiwifruit pool trust for the benefit of growers. EastPack Ltd is a trustee of the Trust, and supplies coolstorage, packing and transport services to the trust on behalf of the growers.

	2011	**2010**
	$	**$**
EastPack Ltd received payments for services from EastPack Entity Trust	75,524,651	59,367,078
EastPack Ltd made payments for Class II fruit to EastPack Entity Trust	4,082,268	3,987,802

	2011	**2010**
	$	**$**
Total amounts owing to EastPack Entity Trust from EastPack Ltd	4,501,843	3,733,545

This is disclosed as a related party payable in Note 13. All transactions with EastPack Entity Trust are on normal commercial terms.

Guarantees

All obligations unlimited guarantee from EastPack Ltd

No related party debts have been written off or forgiven during the year (2010: $Nil).

32. CONTINGENT LIABILITIES

	GROUP		**PARENT**	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Guarantee of bank overdraft facilities for EastPack Entity Trust to a limit of:	Unlimited	Unlimited	Unlimited	Unlimited
At balance date the amount of the bank overdraft so guaranteed was:	Nil	Nil	Nil	Nil

33. COMMITMENTS

	GROUP AND PARENT	
	2011	**2010**
	$	**$**
Estimated capital expenditure contracted for at balance date but not provided for:	10,000	1,851,192
Operating lease commitments		
Lease commitments under non-cancellable operating leases		
Less than one year	235,000	255,625
Between one and five years	501,667	736,667
Greater than five years	-	-
Total operating lease commitments	736,667	992,292

All operating lease commitments relate to coolstore facilities. The leases vary in term from one to three years. There are no rights of renewal on expiry.

34. SEGMENT INFORMATION

Industry segments

The information set out below is that as presented to the chief operating decision maker. The EastPack Group operates predominately in two industries - packhouse/coolstore, orchard management, and in one geographical area - New Zealand. The orchard management operation is not significant to the total trading of the Group.

	Coolstore/Packhouse	
	2011	2010
Sales to customers outside Group	79,027,486	63,556,431
Unallocated revenue	1,957,714	1,658,730
Total revenue	80,985,200	65,215,161
Unallocated expenses and taxation	67,904,192	59,549,563
Group operating surplus (before equity accounting)	8,257,331	1,320,190
Share of associate income/(deficit)	221,901	789,130
After charging:		
Depreciation	5,045,578	5,134,538
Investments in associates	1,118,858	1,259,608
Total segment assets	68,163,766	74,828,569
Unallocated assets		
Total assets	**69,282,624**	**76,088,177**
Total segment liabilities	42,651,856	46,931,579
Unallocated liabilities	-	-
Total liabilities	**42,651,856**	**46,931,579**

Intersegmental sales are at market prices and are payable on normal commercial terms and conditions.

35. SIGNIFICANT EVENTS AFTER BALANCE DATE

The board of directors has proposed subject to audit a payment of a final dividend of 7.5 cents per investor share to be paid on or before 31 March 2012. (2010: approval of a final dividend of 7.5 cents per investor share to be paid on 31 March 2011).

EASTPACK LIMITED

AS AT 31 DECEMBER 2011

TOP 20 SHAREHOLDERS

Shareholder	Investor Shares held	Transactor Shares held
Pine Valley Joint Venture	1,680,000	305,061
Trinity Lands Ltd	1,619,486	452,502
South East Hort Ltd	1,483,736	138,497
Wotton Estate	948,942	342,683
Cape Fruit Co. Ltd	874,954	240,604
Tirohanga Fruit Co Ltd	709,852	178,919
Flowers, R J Ltd	632,186	108,362
Blennerhassett D & K	580,108	170,408
Franklin, C A	567,194	220,124
Windmall Trust	561,286	112,076
West, R J & K	422,080	216,858
Airflow Holdings Ltd	400,000	-
Wedge Co Ltd	392,598	146,120
Allen Orchards Ltd	324,212	132,019
Hyland, DR & JA	320,258	76,218
Kopuatawhiti Trust	310,850	137,722
Fitzroy Orchard Partnership	307,106	112,260
Hi Top Farms Ltd	301,908	120,039
Reekie, Ken	291,434	162,823
Steele Family Trust	273,034	154,348

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