EastPack

WORLD CLASS ORCHARD TO MARKET

EASTPACK ANNUAL REPORT 2012

For the year ended
31 December 2012

EASTPACK LIMITED DIRECTORY

Date of Incorporation:	30 October, 1980
Status:	Co-operative under Co-operatives Companies Act 1996
Registered Office:	East Bank Road, Edgecumbe
Directors:	R B Sharp (Chairman) M S Ashby G S Eynon A A Gault R M Hudson M G Kidd M McBride M J Montgomery H J Pieters (Appointed 14 March 2013) M C Maltby (Appointed 14 March 2013)
Chief Executive Officer:	A J Hawken
Company Administrator:	D M Smit
Bankers:	BNZ
Auditors:	Staples Rodway Hamilton
Solicitors:	Sharp Tudhope Tauranga

EastPack
WORLD CLASS ORCHARD TO MARKET

CONTENTS

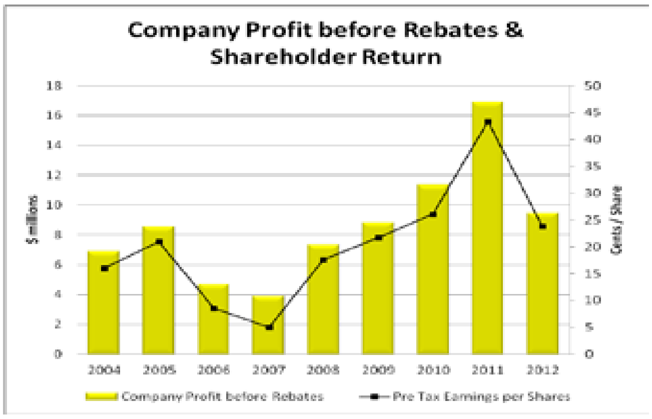
Financial Report

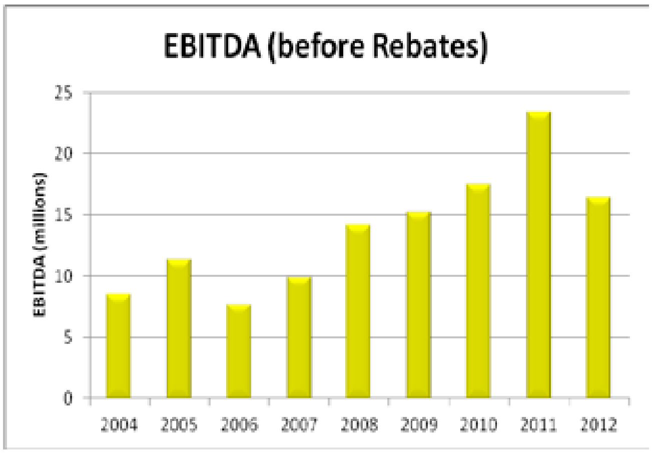
Chairman's and CEO's Annual Report

EastPack's merger with Satara is a major focus currently. The merger, which will see EastPack become the largest Post Harvest supplier, follows the end of another very successful, albeit challenging financial year for us. This Annual Report covers EastPack Limited as a standalone entity only, as the period covered by the Annual Report precedes the merger date.

We are pleased to have been able to achieve our strategic objective of delivering both lower packing costs to our Growers (reduced by approximately 25¢ per tray), which lifted Growers' OGR by the same amount and still deliver an excellent profit result for the 2012 financial year. Our marketing programme to more aggressively pursue new crop volume for the 2012 season saw 2.3m trays of new volume to replace some of the 3.5m GOLD trays lost due to Psa.

To adjust our costs for lower volumes, our focus was on reducing packing costs and waste, under our "Growing Excellence" programme. We also instigated a marketing strategy to attract new volume to EastPack in order to ensure we maintained our valuable staffing and operating efficiency - which give us a competitive advantage, as opposed to the alternative of retrenchment and redundancies.





Financial Performance

EastPack Key Financial Statistics (pre-Merger)	2012 $	2012 $	2011-12 Annual % Change
Revenues	67,516,000	80,985,000	-17%
Earnings before Interest, Tax & Rebate	10,148,000	17,736,000	-43%
Rebates Paid	3,612,000	6,246,000	-42%
Net Profit before Tax	5,844,000	10,637,000	-45%
After tax Profit	3,896,000	8,257,000	-53%
Earnings per Investor Share	0.16	0.34	-53%
Debt (term and current)	4,500,000	11,000,000	+59%
Number of Transactor Shares Issued	14,291,000	14,699,770	-3%
Number of Investor Shares	24,503,122	24,503,122	0%
Equity Ratio (includes Transactor Share Capital)	0.66	0.60	+10%

Pre-merger, EastPack packed 18.91 million export trays in 2012 compared to 21.10 million in 2011. This drop in volume, combined with lower packing prices, reduced overall revenue to $67.5 million from $81 million in 2011. Net Profit (before tax and loss on revaluation of fixed assets) was $7.5 million against $10.6 million in 2011.

Given the reduction in volume, and the reduced packing prices to Growers, this was an extremely pleasing result and was achieved through further operational improvements in EastPack's business under our "Growing Excellence" programme.

We are very pleased with the pay back we are continuing to see from our investment in our "Growing Excellence" programme. As well as operational improvements, it includes a strategy which invests in staff development, training and leadership programmes. These have received increased emphasis.

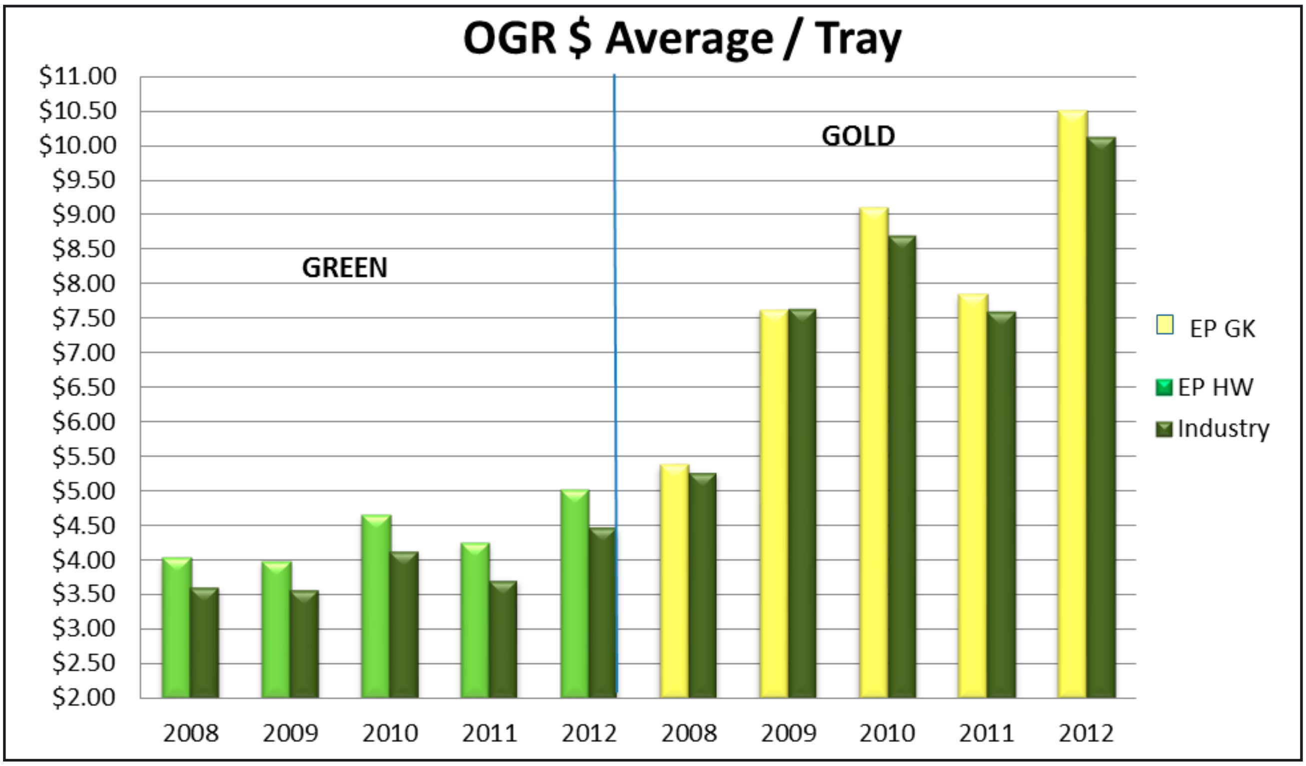
Another pleasing aspect for the Company's 2012 performance has been the continued lowering of fruit loss and the volume of fruit needing to be repacked. This, combined with improved offshore fruit quality, has lead to EastPack being able to deliver industry leading OGR's to our fruit pools. As at 1 March 2013, our GREEN conventional OGR to Growers averaged $5.02 per tray, GOLD averaged $10.45 per tray and GREEN ORGANIC averaged $7.22 per tray for the 2012 season.

It is pleasing to report that EastPack is the first Post Harvest Company to report a GREEN OGR above $5.00 per tray for the 2012 season.

Given our excellent profitability, we have been able to declare a dividend of 15c gross per Investor share and at the same time Company bank term debt has reduced from $11m as at 31 December 2011 to $4.5m as at 31 December 2012. Rebates paid to our suppliers were 20c per tray but no share capital was withheld from those rebates. With the reduced volumes of fruit, capital investment in property, plant and equipment was only $2.1 million for 2012, compared to $5.6 million in 2011.

EastPack's fruit loss performance has continued to improve. This remains an area of focussed effort to ensure that this improvement continues. GREEN fruit loss was 2.72% compared to the industry average of 2.52%. GOLD fruit loss was 1.28% compared to the industry average of 1.04%.

We have a high percentage of CA stored fruit, so we accept that we are unlikely to achieve industry leading fruit loss. However, we can do better and as long as we are at or near the best, the improved operational returns we get from packing out of CA direct to market order means that this aspect of our



business is one of our key competitive advantages. We expect to continue to develop high standard CA stores in the merged Company's sites.

If there was a negative aspect to EastPack's 2012 operation it was the Opotiki Site Manager leaving at the beginning of the 2012 packing season. This loss of key personnel, combined with a compressed harvest maturity and a shortage of picking contractors, caused some loss of goodwill with our Grower base in this region. Despite this, the operating results for the Opotiki site were maintained at a very good level and the Company is making every effort to ensure there is first class Grower service delivery to all of our clients.

EastPack Merger with Satara

Shareholders are aware that EastPack has merged with Satara. This merger was a sensible and pragmatic business decision in the current Psa environment, and we will ensure shareholders from both companies will benefit from the merger in the short and long term.

We welcome Satara shareholders and staff to the merged Company. Our hope is that you will quickly feel that this is your Company and that Growers will receive and appreciate improved OGR's and the positivity that comes with a successful company that has a clear direction for the future. At our AGM this year we will have a wider shareholder base, but rest assured we all want the same outcomes that make our business more profitable.

Our merger with Satara is a tremendous opportunity to create a Grower owned merged company that is profitable and efficient amidst the current industry low volume crisis. We believe it is the best pathway to ensuring that we can deliver sustainable low packing prices and good profitability in the current very competitive industry environment.

This will be achieved through the mothballing of the Washer Road and Griffin Road packing operations, with additional volume being packed at Quarry Road, Collins Lane and at Marshall Road in Katikati. It is a challenge to integrate the enlarged Company's facilities and we know that the full benefits of the merger will not be achieved in Year One. The big focus for the 2013 season will be on improving quality systems and operating efficiency on the former Satara operating sites. There will be capital expenditure required to ensure these sites can deliver quality and efficiency results in line with what we have come to expect from our own.

Industry

EastPack continues to strongly support ZESPRI and the marketing through the Single Point of Entry (SPE). We work proactively with ZESPRI to ensure their operation, like ours, has a continuous improvement culture. We see the merged Company as a significant and positive step to improving pool outcomes with our Company's focus on quality throughout the supply chain. We support increased supplier responsibility in the market place as a way to reduce offshore quality costs and we promote improved relationships with distributors as a significant avenue to improve sophistication in ZESPRI's marketing, with the objective of reducing unnecessary waste from quality issues offshore. This can work better with fewer and larger suppliers as long as they can achieve and maintain consistent high quality standards.

Our industry remains in a high degree of uncertainty. Growers and Post Harvest operators do not know how Growers will come through the current Psa challenge. At EastPack we have planned to be strong in a low volume environment and to strive to maintain our efficiency and delivery of maximum dollars to our Growers. This is our part in giving you the best chance. Increased resource has been put into Grower Services and Technical Support. We want to assist you to maximise your yields on orchard and to achieve a recovery from grafting to alternative varieties. The merged Company will be in a very strong position to have top class facilities in place for a rapid volume recovery should it happen. Our shareholders will benefit from improved profitability should this outcome arise through the re-establishment of an efficient high volume site at Washer Road at relatively low cost.

We have tremendous respect and appreciation for EastPack's staff and management. They have accepted change and the demands put on them to improve outcomes. The Company has supported them with training. On behalf of the Board we would like to thank each and every one of them for their effort and achievements. No less is expected going forward; we are in very competitive and challenging times. However, we have growing confidence in our business model and together we can continue to strive to reach our vision of being "World Class, Orchard to Market". We also thank the Board of Directors for their valuable contribution to the on-going successful governance of EastPack. It is a team effort.

R B Sharp Chairman	Tony Hawken CEO

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 was increased from nine to ten at the Special General Meeting on 22nd February 2013 to accommodate additional directors as a result of the merger with Satara.

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 eight 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 Board's 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 interests. Transactions with related parties and balances outstanding relating to the year ending 31 December 2012 are disclosed in Note 30 of the Notes to the Financial Statements.

Risk Management

The management of risk is a key focus for 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 minimise 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. The Committee 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. The Committee reviews and recommends the level of Directors' Remuneration to be approved by shareholders at the Annual General Meeting.

Attendance at Meetings

The Board meets 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 30 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:

M McBride, R M Hudson, A A Gault, R B Sharp, G S Eynon & M J Montgomery own orchards for which the Company provides services on normal commercial terms.

R M Hudson, M McBride, G S Eynon & M J Montgomery own kiwifruit contracting businesses that provides labour and contracting services to EastPack Kiwifruit Operations Ltd under 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 was a Director of Zespri, a major customer of EastPack Ltd until March 2012. 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	4	-	-	-
M S Ashby	-	-	-	-
G S Eynon	-	-	-	-
A A Gault	-	-	-	-
R M Hudson	-	-	-	-
M G Kidd	-	-	-	-
M R McBride	-	-	-	-
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:

	2012		2011	
	Remuneration	**Other**	**Remuneration**	**Other**
R B Sharp	60,000	-	57,500	-
M S Ashby	39,167	-	33,750	-
G S Eynon	36,000	-	34,334	-
A A Gault	30,000	-	28,333	-
R M Hudson	30,000	-	28,333	-
M G Kidd	40,000	-	39,584	12,900
M R McBride	30,000	-	28,333	-
M J Montgomery	30,000	3,000	28,333	3,000
	$ 295,167	$ 3,000	$ 278,500	$ 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	7	7
110,000 - 120,000	-	-
120,000 - 130,000	1	1
130,000 - 140,000	-	-
140,000 - 150,000	1	1
150,000 - 160,000	-	-
160,000 - 170,000	-	-
170,000 - 180,000	-	-
180,000 - 190,000	2	2
190,000 - 200,000	-	-
200,000 - 210,000	-	-
210,000 - 220,000	-	-
220,000 - 230,000	1	-
330,000 - 340,000	1	1
	13	12

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

EASTPACK LIMITED
STATUTORY INFORMATION

Co-operative status

In the opinion of each director, the Company is a co-operative company within the meaning of that term given by the Co-operative Companies Act 1996 and for the following reasons:

(a) The Company continues to carry on, as its principal activity, a co-operative activity as set out in section 3 of the Co-operative Companies Act 1996;

(b) The constitution of the Company states its principal activities as being co-operative activities; and

(c) Not less than 60% of the voting rights of the Company were be held by transacting shareholders as defined in section 4 of the Co-operative Companies Act 1996.

For and on behalf of the Board:

Chairman 26 March 2013

EASTPACK LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Revenue	(6)	67,516	80,985	63,013	75,990
Share of profit in associates	(27)	207	222	-	-
Packaging materials		13,470	15,911	13,470	15,911
Employee benefits expense		23,030	26,979	22,102	26,136
Directors compensation		326	309	298	281
Other expenses		13,660	13,672	10,044	9,522
Rental and operating lease expenses		764	954	754	946
		51,250	57,825	46,668	52,796
Earnings before interest, tax, depreciation, fair value adjustments and rebates		**16,473**	**23,382**	**16,345**	**23,194**
Depreciation		4,483	5,046	4,479	5,042
Loss on revaluation	(25)	1,642	-	1,642	-
Impairment of available for sale financial assets	(28)	200	600	200	600
		6,325	5,646	6,321	5,642
Earnings before interest, tax, and rebates		**10,148**	**17,736**	**10,024**	**17,552**
Interest expense		692	853	690	852
Rebates paid		3,612	6,246	3,612	6,246
		4,304	7,099	4,302	7,098
Net profit before taxation		**5,844**	**10,637**	**5,722**	**10,454**
Less taxation	(8)	1,948	2,380	1,912	2,386
Net profit after taxation		**3,896**	**8,257**	**3,810**	**8,068**
Net profit attributable to:					
Owners of the company		3,901	8,245	3,810	8,068
Non controlling interests		(5)	12	-	-
Net profit after taxation		**3,896**	**8,257**	**3,810**	**8,068**
Earnings per share					
Basic earnings per share	(9)	$0.16	$0.34	$0.16	$0.33
Diluted earnings per share	(9)	$0.16	$0.34	$0.16	$0.33

EASTPACK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Net profit after taxation		**3,896**	**8,257**	**3,810**	**8,068**
Other comprehensive income					
(Loss) on revaluation of property, plant and equipment, net of tax	(11)	(427)	(8,069)	(427)	(8,069)
Gain/(loss) on fair value of available for sale financial assets	(11)	147	(68)	147	(68)
Other comprehensive income for the year		**(280)**	**(8,137)**	**(280)**	**(8,137)**
Total comprehensive income for the year		**3,616**	**120**	**3,530**	**(69)**
Comprehensive income attributable to:					
Owners of the company		3,621	108	3,530	(69)
Non controlling interests		(5)	12	-	-
Total comprehensive income for the year		**3,616**	**120**	**3,530**	**(69)**

EastPack
WORLD CLASS ORCHARD TO MARKET

The accompanying notes form part of the financial statements

EASTPACK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Share capital ($000's)	Asset revaluation reserve ($000's)	Available for sale reserve ($000's)	Retained earnings ($000's)	Non controlling interests ($000's)	Total ($000's)
GROUP							
Opening balance 1 January 2011		9,617	13,665	68	5,795	11	**29,156**
Net profit after taxation		-	-	-	8,245	12	**8,257**
Other comprehensive income:							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	(68)	-	-	(68)
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	(8,069)	-	-	-	**(8,069)**
Dividends paid	(12)	-	-	-	(2,646)	-	**(2,646)**
Closing balance 31 December 2011		**9,617**	**5,596**	**-**	**11,394**	**23**	**26,630**
Net profit after taxation		-	-	-	3,901	(5)	**3,896**
Other comprehensive income:							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	147	-	-	147
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	(427)	-	-	-	**(427)**
Dividends paid	(12)	-	-	-	(2,592)	-	**(2,592)**
Closing balance 31 December 2012		**9,617**	**5,169**	**147**	**12,703**	**18**	**27,654**
PARENT							
Opening balance 1 January 2011		9,617	13,665	68	4,516	-	**27,866**
Net profit after taxation		-	-	-	8,068	-	**8,068**
Other comprehensive income:							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	(68)	-	-	(68)
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	(8,069)	-	-	-	**(8,069)**
Dividends paid	(12)	-	-	-	(2,646)	-	**(2,646)**
Closing balance 31 December 2011		**9,617**	**5,596**	**-**	**9,938**	**-**	**25,151**
Net profit after taxation		-	-	-	3,810	-	**3,810**
Other comprehensive income							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	147	-	-	147
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	(427)	-	-	-	**(427)**
Dividends paid	(12)	-	-	-	(2,592)	-	**(2,592)**
Closing balance 31 December 2012		**9,617**	**5,169**	**147**	**11,156**	**-**	**26,089**

EASTPACK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	GROUP		PARENT	
		2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
EQUITY					
Share capital	(10)	9,617	9,617	9,617	9,617
Reserves	(11)	5,316	5,596	5,316	5,596
Retained earnings		12,703	11,394	11,156	9,938
Non controlling interest		18	23	-	-
		27,654	26,630	26,089	25,151
NON CURRENT LIABILITIES					
Deferred taxation	(8)	3,304	3,278	3,065	3,103
Transactor share capital	(16)	14,292	14,700	14,292	14,700
Refunds due to resigned shareholders	(17)	288	-	288	-
Borrowings	(19)	4,000	9,000	4,000	9,000
		21,884	26,978	21,645	26,803
CURRENT LIABILITIES					
Borrowings	(19)	500	2,000	500	2,000
Trade and other payables	(13)	10,671	9,411	9,022	6,796
GST payable	(13)	500	705	507	714
Employee entitlements	(14)	486	469	413	402
Provision for dividend	(15)	1,286	1,266	1,286	1,266
Provision for taxation	(8)	960	1,594	948	1,363
Income in advance	(18)	-	229	-	229
		14,403	15,674	12,676	12,770
TOTAL FUNDS EMPLOYED		63,941	69,282	60,410	64,724
NON CURRENT ASSETS					
Property, plant and equipment	(25)	53,391	57,820	53,376	57,806
Investments in subsidiaries	(26)	-	-	30	30
Investments in associates	(27)	1,135	1,119	712	712
Investments	(28)	956	883	720	772
Unpaid transactor shares	(24)	98	98	98	98
		55,580	59,920	54,936	59,418
CURRENT ASSETS					
Cash and cash equivalents	(20)	716	1,217	502	885
Trade and other receivables	(21)	5,302	5,511	3,185	2,583
Intercompany advances	(30)	-	-	776	688
Leased orchards	(22)	1,323	1,413	-	-
Inventories	(23)	1,020	1,221	1,011	1,150
		8,361	9,362	5,474	5,306
TOTAL ASSETS		63,941	69,282	60,410	64,724

For and on behalf of the Board:

Chairman 26 March 2013

Director 26 March 2013

EASTPACK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	GROUP		PARENT	
		2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
CASHFLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		68,722	79,034	64,098	74,785
Interest received		96	162	110	186
Dividends received		88	35	279	397
GST received/(paid)		(198)	185	(124)	190
		68,708	79,416	64,363	75,558
Cash was applied to:					
Payments to suppliers and employees		54,780	62,773	50,361	59,143
Interest paid		692	853	690	852
Taxation paid		2,631	2,066	2,440	2,070
		58,103	65,692	53,491	62,065
NET CASH FLOWS FROM OPERATING ACTIVITIES	(29)	10,605	13,724	10,872	13,493
CASHFLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Associate dividends		191	363	-	-
Proceeds from investments		33	36	-	18
Proceeds from property, plant and equipment		41	16	41	12
		265	415	41	30
Cash was applied to:					
Purchase of investments		158	708	-	697
Advances to subsidiaries		-	-	88	-
Purchase of property, plant and equipment		2,099	5,575	2,094	5,573
		2,257	6,283	2,182	6,270
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,992)	(5,868)	(2,141)	(6,240)
CASHFLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Advances from subsidiaries		-	-	-	790
Issue of transactor shares		-	1,893	-	1,893
Repayment of unpaid transactor shares		-	(10)	-	(10)
		-	1,883	-	2,673
Cash was applied to:					
Dividends paid		2,614	2,646	2,614	2,646
Repayment of borrowings		6,500	6,747	6,500	6,747
		9,114	9,393	9,114	9,393
NET CASH FLOWS FROM FINANCING ACTIVITIES		(9,114)	(7,510)	(9,114)	(6,720)
Net (decrease)/increase in cash and cash equivalents		(501)	346	(383)	533
Opening cash and cash equivalents		1,217	871	885	352
Closing cash and cash equivalents	(20)	716	1,217	502	885

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 26.

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 26 March 2013. 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 Basis
The financial statements has been prepared on a historical cost basis, 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's functional currency and the Group's presentation currency and the amounts are rounded the nearest thousand dollars ($000) unless otherwise stated.

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 inclusive of GST. The net amount of GST recoverable from, or payable to, Inland Revenue, is included 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 in the Group financial statements.

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 and plant are measured at cost less accumulated depreciation and impairment losses.

Land, land improvements, buildings and plant 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, buildings and plant 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.

(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.

(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.

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.

(p) Financial Instruments (continued)

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.

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.

(p) Financial Instruments (continued)

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.

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. Non-interest bearing loans and payables are payable on demand and are therefore recognised at their face value at inception.

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.

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.

(q) Transactor Shares

Transactor share capital is classified as a liability as they are redeemable at the option of the shareholder and the Group has five years to make the repayment (see note 16). When Transactor share capital is redeemed it becomes a Refund Due to Resigned Shareholders until repayment is made (see note 17). Rebates payable to Transactor shareholders are recognised in the Income Statement on an accruals basis. Resigned Transactor shares are repurchased into treasury stock and repaid over periods as determined by the board.

(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) 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.

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).

FRS-44: New Zealand Additional Disclosures. Effective for annual reporting periods commencing on or after 1 July 2011. Earlier adoption is permitted. Provides New Zealand specific disclosures. Some of the existing disclosures relocated here as a result of the Harmonisation Amendments have been slightly modified.

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.

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 information is provided in Note 25.

Investment in Unlisted Companies
Management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Further information is provided in Note 28.

Refunds Due to Resigned Shareholders
During the financial year any redemption requests give rise to a reclassification of Transactor Share Capital into Refunds Due to Resigned Shareholders. The fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date. Further information is provided in Note 17.

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 2015. 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.

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.*

NZ IFRS 13 Fair Value Measurement. NZ IFRS 13 is applicable for annual periods beginning on or after 1 January 2013. Earlier application is permitted. It defines fair value and provides a single source of fair value measurement and disclosure requirements for use across all NZ IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by another NZ IFRS.

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.

The group expects to adopt the above standards and interpretations in the period in which they become mandatory, and do not anticipate that these changes will have any material impact on the financial statements of the Group in the period of initial application.

4. FINANCIAL INSTRUMENTS

Credit Risk

To the extent that the 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 cash and cash equivalents, receivables/advances and unpaid transactor shares.

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	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Cash and cash equivalents	716	1,217	502	885
Receivables	5,045	5,262	2,933	2,334
Intercompany advances	-	-	776	688
Unpaid transactor shares	98	98	98	98

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

Concentrations of Credit Risk

At reporting date the majority of the Group's cash and cash equivalents were with the Bank of New Zealand. The Group does not have any other significant concentration of credit risk as receivables are spread over a large number of customers however a significant majority of these receivables are owed by third parties from within the Kiwifruit industry.

Status of receivables

Group	2012		2011	
	Gross ($000's)	Impairment ($000's)	Gross ($000's)	Impairment ($000's)
Not yet due	4,084	30	4,119	-
Overdue 0 -31 days	304	-	218	-
Overdue 31 - 92 days	135	-	150	-
Overdue 93 - 184 days	919	269	873	-
Overdue more than 184 days	-	-	-	-
Total trade receivables	5,442	299	5,360	-

Parent	2012		2011	
	Gross ($000's)	Impairment ($000's)	Gross ($000's)	Impairment ($000's)
Not yet due	3,690	30	2,861	-
Overdue 0 -31 days	53	-	17	-
Overdue 31 - 92 days	15	-	8	-
Overdue 93 - 184 days	119	40	234	-
Overdue more than 184 days	-	-	-	-
Total trade receivables	3,877	70	3,120	-

The Group provides for specific receivables where recovery of the amount is unlikely. The Group raised a specific provision for doubtful debts at reporting date for $299,109 (2011: $Nil). Impairment for receivables is also assessed collectively at reporting date. There was no collective provision at reporting date (2011: $Nil). The Group generally has the ability to withhold either rebates or dividends from receivables owing from growers and transacting shareholders. Management actively manage other receivables and recovery of amounts.

4. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations in relation to financial liabilities as they fall due. 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, see note 19 for the Group's borrowing facilities.

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

Group — **2012**

	Statement of financial position **($000's)**	Contractual cash flows **($000's)**	6 months or less **($000's)**	6-12 months **($000's)**	1-2 years **($000's)**	2-5years **($000's)**	More than 5 years **($000's)**
Borrowings	4,500	5,297	614	111	221	4,351	-
Trade and other payables	10,671	10,671	10,671	-	-	-	-
Refunds due to resigned shareholders	288	288	-	-	-	288	-
Provision for dividend	1,286	1,286	1,286	-	-	-	-
	16,745	17,542	12,571	111	221	4,639	-

Group — **2011**

	Statement of financial position **($000's)**	Contractual cash flows **($000's)**	6 months or less **($000's)**	6-12 months **($000's)**	1-2 years **($000's)**	2-5years **($000's)**	More than 5 years **($000's)**
Borrowings	11,000	12,921	271	2,271	466	9,913	-
Trade and other payables	9,411	9,411	9,411	-	-	-	-
Provision for dividend	1,266	1,266	1,266	-	-	-	-
	21,677	23,598	10,948	2,271	466	9,913	-

Parent — **2012**

	Statement of financial position **($000's)**	Contractual cash flows **($000's)**	6 months or less **($000's)**	6-12 months **($000's)**	1-2 years **($000's)**	2-5years **($000's)**	More than 5 years **($000's)**
Borrowings	4,500	5,297	614	111	221	4,351	-
Trade and other payables	9,022	9,022	9,022	-	-	-	-
Refund due to resigned shareholders	288	288	-	-	-	288	-
Provision for dividend	1,286	1,286	1,286	-	-	-	-
	15,096	15,893	10,922	111	221	4,639	-

Parent — **2011**

	Statement of financial position **($000's)**	Contractual cash flows **($000's)**	6 months or less **($000's)**	6-12 months **($000's)**	1-2 years **($000's)**	2-5years **($000's)**	More than 5 years **($000's)**
Borrowings	11,000	12,921	271	2,271	466	9,913	-
Trade and other payables	6,796	6,796	6,796	-	-	-	-
Provision for dividend	1,266	1,266	1,266	-	-	-	-
	19,062	20,983	8,333	2,271	466	9,913	-

4. FINANCIAL INSTRUMENTS (CONTINUED)

Currency Risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies. The Group's normal trading activities are conducted in New Zealand dollars. The Group has few transactions in foreign currencies.

At reporting date the group's risk of exchange rate movements in receivables and payables was $Nil (2011: $Nil).

Interest Rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 - sensitivity analysis
The Group is exposed to interest rate risk relating to borrowings. An increase/decrease of 1% in interest rates would affect pre tax profit and equity of the Group by +/- $45,000 (2011: +/- $110,000) if the increase/decrease was apparent for the full year. There are no other interest bearing financial instruments subject to interest rate risk.

Fair values
Financial instruments are presented at their carrying value which approximates fair value with the exception of Shares held in Listed Companies. The fair value of these shares are based on the closing share price in an active market at reporting date.

5. 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 shareholders, 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 and the Group has no externally imposed capital requirements.

6. REVENUE

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Sales	64,860	79,027	60,181	73,670
Dividends received	89	35	279	397
Rent revenue	243	192	243	192
Interest revenue	113	186	110	186
Other revenue	2,211	1,545	2,200	1,545
	67,516	80,985	63,013	75,990

7. AUDITORS' REMUNERATION

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Amounts paid or due and payable to the auditors for:				
Auditing the financial statements	53	53	43	43
Other audit related services	7	5	7	5
Other services:				
Due diligence	27	-	27	-
Tax compliance work and advice	20	27	15	19
	107	85	92	67
	107	85	92	67

8. INCOME TAX

	GROUP		PARENT	
	2012	2011	2012	2011
Income tax expense:	($000's)	($000's)	($000's)	($000's)
Current tax expense	1,997	3,328	2,025	3,096
Deferred tax (income)/expense	(49)	(948)	(113)	(710)
	1,948	2,380	1,912	2,386

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

	GROUP		PARENT	
	2012	2011	2012	2011
Prima facie income tax payable on profit before	($000's)	($000's)	($000's)	($000's)
Income tax at 28% (2011: 28%)	1,636	2,978	1,602	2,927
Tax effect of				
- Non deductible expenses	588	322	527	220
- Non assessable income	(166)	(127)	(108)	(65)
- Imputation credits received	(109)	(159)	(109)	(158)
- Adjustments of prior years	(1)	(634)	-	(538)
Income tax expense	1,948	2,380	1,912	2,386

8. 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 prior year tax expense.

There are no unrecognised tax losses or temporary differences carried forward (2011: Nil).

Deferred taxation

GROUP

	Property, Plant and Equipment ($000's)	Stock Obsolescence ($000's)	Employee Entitlements ($000's)	Leased Orchards ($000's)	Accounts Receivable ($000's)	Total ($000's)
1 January 2011	(6,481)	100	191	(412)	-	(6,602)
Charge/(credit) to income	770	9	(50)	219	-	948
Charge/(credit) to equity	2,376	-	-	-	-	2,376
31 December 2011	(3,335)	109	141	(193)	-	(3,278)
Charge/(credit) to income	148	(38)	(22)	(123)	84	49
Charge/(credit) to equity	(75)	-	-	-	-	(75)
31 December 2012	(3,262)	71	119	(316)	84	(3,304)

PARENT

	Property, Plant and Equipment ($000's)	Stock Obsolescence ($000's)	Employee Entitlements ($000's)	Leased Orchards ($000's)	Fair Value Adjustment ($000's)	Total ($000's)
1 January 2011	(6,481)	100	192	-	-	(6,189)
Charge/(credit) to income	771	9	(70)	-	-	710
Charge/(credit) to equity	2,376	-	-	-	-	2,376
31 December 2011	(3,334)	109	122	-	-	(3,103)
Charge/(credit) to income	148	(38)	(16)	-	19	113
Charge/(credit) to equity	(75)	-	-	-	-	(75)
31 December 2012	(3,261)	71	106	-	19	(3,065)

Provision for Taxation

	GROUP		**PARENT**	
	2012 ($000's)	**2011 ($000's)**	**2012 ($000's)**	**2011 ($000's)**
Balance as at 1 January	(1,594)	(332)	(1,363)	(337)
Income tax expense	(1,948)	(2,380)	(1,912)	(2,386)
Income tax expense attributable to deferred tax	(49)	(948)	(113)	(710)
Income tax payments during year	2,631	2,066	2,440	2,070
Balance as at 31 December	(960)	(1,594)	(948)	(1,363)

8. INCOME TAX (CONTINUED)

Imputation Credit Account	PARENT	
	2012 ($000's)	2011 ($000's)
Balance as at 1 January	4,768	3,662
Income tax payments during year	2,423	2,050
Imputation credits on dividends received	110	170
Imputation credits on dividends paid	(1,103)	(1,133)
Resident withholding tax paid	18	19
Balance as at 31 December	6,216	4,768

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

Through direct holding in parent company	6,216	4,768
Through direct interests in subsidiaries	-	72
	6,216	4,840

9. EARNINGS PER SHARE

	GROUP AND PARENT	
	2012 ($000's)	2011 ($000's)
Profit attributable to ordinary shareholders	3,896	8,257
Profitable attributable to parent interest on dilution	3,896	8,257
Weighted average number of ordinary shares issued	24,503,122	24,503,122
Basic earnings per share	$0.16	$0.34
Diluted earnings per share	$0.16	$0.34

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. The weighted average number of ordinary shares on issue is used for both the basic earnings per share and the diluted earnings per share.

10. SHARE CAPITAL

			GROUP AND PARENT	
	2012 No of shares	2011 No of shares	2012 ($000's)	2011 ($000's)
Share capital	24,503,122	24,503,122	9,617	9,617

The share capital of the Company includes 24,503,122 investor shares (2011: 24,503,122). The volume of shares traded during the reporting period was 577,788 (2011: 2,267,824).

The shareholding in the Company is divided into two classes transactor and investor shares. Transactor shares are classified as term liabilities, for further details refer to note 16 and 24.

Investor Shares

Investor shares are issued under the Companies Act 1993 and are tradable. All investor shares rank equally and 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.

11. RESERVES

Available for sale reserve	**GROUP**		**PARENT**	
	2012 ($000's)	**2011 ($000's)**	**2012 ($000's)**	**2011 ($000's)**
Balance at 1 January	-	68	-	68
Movement during the year	147	(68)	147	(68)
Balance at 31 December	147	-	147	-

The available for sale reserve relates to fair value adjustments to investments classified as available for sale financial assets. For further details refer to note 28.

Asset revaluation reserve	**GROUP**		**PARENT**	
	2012 ($000's)	**2011 ($000's)**	**2012 ($000's)**	**2011 ($000's)**
Balance at 1 January	5,596	13,665	5,596	13,665
Movement during the year	(352)	(10,445)	(352)	(10,445)
Deferred tax on revaluation	(75)	2,376	(75)	2,376
Balance at 31 December	5,169	5,596	5,169	5,596
Total reserves	5,316	5,596	5,316	5,596

The asset revaluation reserve relates to the revaluation of property, plant and equipment. For further details refer to note 25.

12. DISTRIBUTIONS TO OWNERS

	GROUP		**PARENT**	
	2012 ($000's)	**2011 ($000's)**	**2012 ($000's)**	**2011 ($000's)**
Investor shares - dividend paid	1,306	1,380	1,306	1,380
Investor shares - dividend payable	1,286	1,266	1,286	1,266
Total dividends	2,592	2,646	2,592	2,646

Dividends paid on investor shares amounted to 5.4 cents per share (2011: 5.7 cents per share). Dividends payable amounted to 5.3 cents per share (2011: 5.3 cents per share).

13. TRADE AND OTHER PAYABLES

	GROUP		**PARENT**	
	2012 ($000's)	**2011 ($000's)**	**2012 ($000's)**	**2011 ($000's)**
Trade payables	2,855	3,191	1,365	756
Sundry payables	686	1,555	523	1,375
Related party payables	7,123	4,613	7,127	4,613
Associate payables	7	52	7	52
	10,671	9,411	9,022	6,796
GST payable	500	705	507	714

14. EMPLOYEE ENTITLEMENTS

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Balance at 1 January	469	541	402	542
Additional provision	490	522	451	454
Amount utilised	(473)	(594)	(440)	(594)
Balance at 31 December	486	469	413	402
This is represented by:				
Current liability	486	469	413	402
Non-current liability	-	-	-	-
	486	469	413	402

All employee entitlements are short-term employee benefits.

15. PROVISION FOR DIVIDEND

		GROUP		PARENT	
		2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Balance at 1 January		1,266	1,266	1,266	1,266
Dividend paid during the year		(1,266)	(1,266)	(1,266)	(1,266)
Additional provision		1,286	1,266	1,286	1,266
Balance at 31 December	(12)	1,286	1,266	1,286	1,266

A dividend of 5.3 cents per investor share was declared on 20 December 2012 (2011: A dividend of 5.3 cents per investor share was declared on 21 December 2011).

16. TRANSACTOR SHARE CAPITAL

	GROUP AND PARENT		GROUP AND PARENT	
	2012 No. of Shares	2011 No. of Shares	2012 ($000's)	2011 ($000's)
Balance at 1 January	14,699,770	12,807,308	14,700	12,807
Shares issued during the year	-	2,086,391	-	2,087
Shares sold during the year	(408,163)	(193,929)	(408)	(194)
Balance at 31 December	14,291,607	14,699,770	14,292	14,700

The Company has 14,291,607 transactor shares on issue (2011: 14,699,770). Transactor Shares are issued by the Company to growers of kiwifruit or other approved produce. Transactor shares rank equally, 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 approximates fair value, due to the fixed redemption value and market returns paid by way of rebate.

17. REFUNDS DUE TO RESIGNED SHAREHOLDERS

	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Balance at 1 January	-	-	-	-
Movement during the year	288	-	288	-
Balance at 31 December	288	-	288	-

Refunds due to transactor shareholders who have resigned from the Company are unsecured and repayable by the Company over a five year period after resignation is accepted by the Board. Fair value is estimated as the present value of the future cash flows using a discount rate of 5% (2011: Nil).

18. INCOME IN ADVANCE

	GROUP AND PARENT 2012 ($000's)	GROUP AND PARENT 2011 ($000's)
Balance at 1 January	229	382
Recognised in profit or loss during the period	(229)	(153)
Balance at 31 December	-	229
Current portion	-	229
Term portion	-	-
Total	-	229

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

19. BORROWINGS

	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Non current portion	4,000	9,000	4,000	9,000
Current portion	500	2,000	500	2,000
	4,500	11,000	4,500	11,000

The current portion represents borrowings which have a maturity date of less than twelve months from reporting date. The Group's total facility with the Bank of New Zealand is $33m (2011: $33m). The current interest rates on the secured borrowings range from 3.82% to 5.65% (2011: 3.82% to 5.65%).

Security - Parent and Group

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

20. CASH AND CASH EQUIVALENTS

	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Bank accounts	716	1,217	502	885

The current interest rate on the bank accounts is 3% (2011: 3%).

21. TRADE AND OTHER RECEIVABLES

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Trade receivables	2,344	2,622	535	250
Sundry receivables	2,644	2,352	2,069	1,387
Prepayments	257	249	252	249
Related party receivables	-	-	272	409
Associate receivables	57	288	57	288
	5,302	5,511	3,185	2,583

22. LEASED ORCHARDS

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Balance at 1 January	1,413	1,347	-	-
Costs capitalised	1,323	1,413	-	-
Utilisation in current season	(1,413)	(1,347)	-	-
Balance at 31 December	1,323	1,413	-	-

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.

23. INVENTORIES

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Packaging	1,020	1,221	1,011	1,150

Inventory is subject to retention of title clauses.

24. UNPAID TRANSACTOR SHARES

	GROUP AND PARENT	
	2012 ($000's)	2011 ($000's)
97,786 shares valued at $1.00 (2011: 97,786 shares valued at $1.00)	98	98
Current asset	-	-
Non current asset	98	98
	98	98
Opening balance	98	88
Rebate withheld	-	10
Closing balance	98	98

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 transactor shares is then deducted from rebates and dividends payable to those shareholders.

The current portion of unpaid transactor shares is based on the expected share call for the 2013 season. The expected share call for the 2013 season is Nil, (2011: Nil).

25. PROPERTY, PLANT AND EQUIPMENT

	GROUP			PARENT		
	Cost/ Valuation ($000's)	Accumulated Depreciation ($000's)	2012 Book Value ($000's)	Cost/ Valuation ($000's)	Accumulated Depreciation ($000's)	2012 Book Value ($000's)
Buildings	42,746	11,999	30,747	42,746	11,999	30,747
Land and Improvements	10,585	1,058	9,527	10,585	1,058	9,527
Plant and Equipment	35,507	22,836	12,671	35,447	22,789	12,658
Furniture and Fittings	781	335	446	774	330	444
	89,619	36,228	53,391	89,552	36,176	53,376

	GROUP			PARENT		
	Cost/ Valuation ($000's)	Accumulated Depreciation ($000's)	2011 Book Value ($000's)	Cost/ Valuation ($000's)	Accumulated Depreciation ($000's)	2011 Book Value ($000's)
Buildings	47,183	11,588	35,595	47,183	11,588	35,595
Land and Improvements	9,014	379	8,635	9,014	379	8,635
Plant and Equipment	33,697	20,534	13,163	33,642	20,490	13,152
Furniture and Fittings	654	227	427	646	222	424
	90,548	32,728	57,820	90,485	32,679	57,806

Valuation
Land and buildings are revalued to their estimated market value on a rolling three year cycle unless there is evidence that indicates the carrying value of the land and buildings may differ significantly from the fair value. With the discovery of PSA the directors made the decision to revalue all land and buildings as at 31 December 2011. 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.

The directors have reviewed the carrying value of property, plant and equipment as at 31 December 2012. The directors obtained a summary valuation update by an independent registered valuer, S Harris (SPINZ), of the firm Property Solutions (BOP) Ltd on 13 February 2013. The effective date of this summary valuation update was 31 December 2012. As a result of this summary valuation update the directors have utilised the valuations from this report to revalue property, plant and equipment. As at 31 December 2012 the following revaluation has been recognised in the income statement and through the revaluation reserve as shown below.

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.

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Revaluation through income statement	(1,642)	-	(1,642)	-
Revaluation through the revaluation reserve	(352)	(10,445)	(352)	(10,445)
	(1,994)	(10,445)	(1,994)	(10,445)

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

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Land	8,600	7,211	8,600	7,221
Buildings	29,665	33,148	29,665	33,148
Plant and equipment	11,738	12,352	11,723	12,337

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 ($000's)	Furniture and Fittings ($000's)	Plant and equipment ($000's)	Land ($000's)	Total ($000's)
2012					
Balance at 1 January 2012	35,595	427	13,163	8,635	57,820
Reclassification	(1,225)	73	(73)	1,225	-
Additions	10	28	1,227	834	2,099
Disposals	-	-	(51)	-	(51)
Revaluations	(1,818)	-	804	(980)	(1,994)
Depreciation expense	(1,815)	(82)	(2,399)	(187)	(4,483)
Carrying amount at 31 December 2012	30,747	446	12,671	9,527	53,391
2011					
Balance at 1 January 2011	40,076	375	14,641	12,316	67,408
Additions	3,806	129	1,674	341	5,950
Disposals	-	-	(12)	-	(12)
Revaluations	(6,170)	(2)	(373)	(3,936)	(10,481)
Depreciation expense	(2,117)	(75)	(2,767)	(86)	(5,045)
Carrying amount at 31 December 2011	35,595	427	13,163	8,635	57,820

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Parent	Buildings	Furniture and Fittings	Plant and equipment	Land	Total
	($000's)	($000's)	($000's)	($000's)	($000's)
2012					
Balance at 1 January 2012	35,595	424	13,152	8,635	57,806
Reclassification	(1,225)	73	(73)	1,225	-
Additions	10	28	1,222	834	2,094
Disposals	-	-	(51)	-	(51)
Revaluations	(1,818)	-	804	(980)	(1,994)
Depreciation expense	(1,815)	(81)	(2,396)	(187)	(4,479)
Carrying amount at 31 December 2012	30,747	444	12,658	9,527	53,376
2011					
Balance at 1 January 2011	40,076	372	14,625	12,316	67,389
Additions	3,806	128	1,673	341	5,948
Disposals	-	-	(8)	-	(8)
Revaluations	(6,170)	(2)	(373)	(3,936)	(10,481)
Depreciation expense	(2,117)	(74)	(2,765)	(86)	(5,042)
Carrying amount at 31 December 2011	35,595	424	13,152	8,635	57,806

26. INVESTMENTS IN SUBSIDIARIES

	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Southlink Supply Ltd	-	-	29	29
EastPack Kiwifruit Operations Ltd	-	-	1	1
	-	-	30	30

Subsidiaries:	Percentage Held 2012	Percentage Held 2011	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.

27. INVESTMENTS IN ASSOCIATES

	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Results of associates				
Share of profit before income tax	272	447	-	-
Income tax	(82)	(136)	-	-
Share of operating surplus	190	311	-	-
Other recognised surplus	17	(89)	-	-
Share of total recognised revenues and expenses	207	222	-	-
Interests in associates				
Shares at cost	712	712	712	712
Share of surplus	407	548	-	-
Balance at the beginning of year	1,119	1,260	712	712
Share of total recognised revenues and expenses	207	222	-	-
Dividends	(191)	(363)	-	-
Balance at end of year	1,135	1,119	712	712
Included in the carrying amount is:				
Goodwill	503	503	-	-

Details of Associates

2012	Assets	Liabilities	Revenue	Profit/ (loss)	% Held	Carrying Amount
Kiwifruit Vine Protection Ltd	-	-	-	-	50	-
Southern Produce Ltd	6,923	4,303	22,939	633	30	1,135

2011	Assets	Liabilities	Revenue	Profit/ (loss)	% Held	Carrying Amount
Kiwifruit Vine Protection Ltd	-	-	-	-	50	-
Southern Produce Ltd	6,754	4,174	28,022	1,036	30	1,119

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.

28. INVESTMENTS

	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Shares in Unlisted Companies	672	643	436	532
Shares in Listed Companies	284	240	284	240
	956	883	720	772

Shares in Unlisted Companies
The fair value of shares in unlisted companies are carried at cost less impairment as fair value. Fair value can not be reliably measured as there is no active market.

Shares in Listed Companies
The fair value of shares in listed companies are based on the closing share price at reporting date.

Investments Reconciliation

	GROUP 2012 ($000's)	GROUP 2011 ($000's)	PARENT 2012 ($000's)	PARENT 2011 ($000's)
Shares in Unlisted Companies				
Opening balance	643	664	532	546
Additions	158	401	-	390
Disposals	(33)	(18)	-	-
Impairment	(200)	(404)	(200)	(404)
Revaluation	104	-	104	-
Closing balance	672	643	436	532
Shares in Listed Companies				
Opening balance	240	215	240	215
Additions	-	307	-	307
Disposals	-	(18)	-	(18)
Impairment	-	(196)	-	(196)
Revaluation	44	(68)	44	(68)
Closing balance	284	240	284	240
Total Investments	956	883	720	772

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

	GROUP		PARENT	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
Operating profit after taxation	3,896	8,257	3,810	8,068
Add / (less) non-cash items				
Depreciation	4,483	5,046	4,479	5,042
Loss on sale of property, plant and equipment	10	(4)	10	(4)
Loss on revaluation of property, plant and equipment	1,562	-	1,562	-
Impairment charge on equity investments	200	600	200	600
Share of income from associates	(207)	(222)	-	-
Movement in deferred tax	26	(3,325)	(38)	(3,085)
Income in advance	(229)	(153)	(229)	(153)
Deduct items credited directly to equity				
Movement in deferred tax	(75)	2,376	(75)	2,376
	5,770	4,318	5,909	4,776
Movement in Working Capital				
Increase/(decrease) in accounts payable	982	4,173	2,227	1,683
Increase/(decrease) in employee entitlements	17	(80)	11	(141)
(Increase)/decrease in accounts receivable	488	(4,396)	(602)	(2,254)
(Increase)/decrease in GST	(205)	248	(207)	259
(Increase)/decrease in leased orchards	90	(65)	-	-
(Increase)/decrease in inventory	201	7	139	76
Increase/(decrease) in income tax payable	(634)	1,262	(415)	1,026
	939	1,149	1,153	649
Net cash flow from operating activities	10,605	13,724	10,872	13,493

30. 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 ($000's)	Post-employment benefits ($000's)	Other long-term benefits ($000's)	Termination benefits ($000's)
2012	2,101	-	-	-
2011	1,977	-	-	-

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

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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	
	2012 ($000's)	2011 ($000's)	2012 ($000's)	2011 ($000's)
R B Sharp	171	214	152	193
G S Eynon	18	62	88	132
M J Montgomery	18	62	88	132
A A Gault	35	48	18	45
R M Hudson	12	35	17	25
M R McBride	-	153	-	-

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

The following payments were made by directors to EastPack for services:	2012 ($000's)	2011 ($000's)
M R McBride	1	19
R M Hudson	2	7
A A Gault	-	4
R B Sharp	22	19
G Eynon and M J Montgomery	6	16

The balance outstanding at 31 December 2012 $Nil (2011: $Nil)
G S Eynon, M J Montgomery own a kiwifruit contracting business that provides labour to EastPack Kiwifruit Operations Ltd under normal commercial terms.

Payments for services were as follows:	2012 ($000's)	2011 ($000's)
G S Eynon and M J Montgomery	281	481

The balance outstanding at 31 December 2012 $Nil (2011: $Nil)

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

Payments for services were as follows:	2012 ($000's)	2011 ($000's)
Pine Valley Joint Venture	445	1,026

The balance outstanding in relation to the payments for services above as at 31 December 2012 $Nil (2011: $Nil).

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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. 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

	2012	2011
Payments for services were as follows:	($000's)	($000's)
Robert Monk Transport Ltd,	662	626

The balance outstanding at 31 December 2012 $1,494 (2011: $Nil)

R B Sharp was also a Director of Zespri Ltd until March 2012. Zespri Ltd is the major customer of EastPack Ltd.

No related party debts have been written off or forgiven during the year (2011: $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	
	2012	2011	2012	2011
	($000's)	($000's)	($000's)	($000's)
R B Sharp	-	74	-	-
G S Eynon	-	-	-	-
A A Gault	-	14	-	-
R M Hudson	-	13	-	-
M R McBride	-	76	-	-
M J Montgomery	-	-	-	-

Subsidiaries

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

	2012	2011
	($000's)	($000's)
Total amounts owing to EastPack Ltd from subsidiaries:	839	1,115

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

	2012	2011
	($000's)	($000's)
Sale of kiwifruit packing services to EastPack Kiwifruit Operations Ltd	606	1,553
Sale of monitoring services to EastPack Kiwifruit Operations Ltd	6	11
Sale of maturity testing services to EastPack Kiwifruit Operations Ltd	62	66

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

	2012	2011
	($000's)	($000's)
EastPack Kiwifruit Operations Ltd lease payment to EastPack Ltd	68	51
Southlink Ltd to complete logistics services for EastPack Ltd	1,020	965

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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 (2011: $Nil).

Associates

	2012 ($000's)	2011 ($000's)
EastPack Ltd also received revenue from Southern Produce Ltd	2,897	3,030
EastPack Ltd made payments to Southern Produce Ltd	354	514

All transactions are on normal commercial terms. All amounts owing from associate companies are detailed in Note 21: Accounts Receivable.

No related party debts have been written off or forgiven during the year (2011: $Nil).

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.

	2012 ($000's)	2011 ($000's)
EastPack Ltd received payments for services from EastPack Entity Trust	68,320	75,525
EastPack Ltd made payments for Class II fruit to EastPack Entity Trust	5,467	4,082

	2012 ($000's)	2011 ($000's)
Total amounts owing to EastPack Entity Trust from EastPack Ltd	7,122	4,502

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 (2011: $Nil).

31. CONTINGENT LIABILITIES

Eastpack are currently in litigation with a former supply grower in relation to the alleged illegal removal and destruction of juvenile kiwifruit plants. The plaintiff is seeking compensation of $625k. The board believe that there is no substance to the claim and have agreed to aggressively defend the claim. Expected legal costs to defend the claim have been accrued.

32. COMMITMENTS

	GROUP AND PARENT 2012 ($000's)	2011 ($000's)
Estimated capital expenditure contracted for at balance date but not provided for:	341	10
Operating lease commitments		
Lease commitments under non-cancellable operating leases		
Less than one year	241	235
Between one and five years	340	502
Greater than five years	-	-
Total operating lease commitments	581	737

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.

33. PSEUDOMONAS SYRINGAE PV ACTINIDIAE ('PSA')

In November 2010 a bacterial disease of kiwifruit vines, Pseudomonas syringae pv actinidiae ("Psa") was discovered in New Zealand. Two strains of the disease have been identified. One particular strain, termed Psa-V, is particularly virulent and has the capability to destroy kiwifruit vines in the right environmental conditions. Since 2010 the disease has spread throughout the Bay of Plenty and to South Auckland, Waikato, Northland and Hawkes Bay. The Hort 16a Gold variety is extremely susceptible to Psa-V and it has become apparent that this variety is unlikely to survive the disease.

It must be noted that no variety is resistant to Psa-V. The more tolerant varieties such as Green Hayward and Gold G3 have also shown unwelcome symptoms of the disease, though these varieties are also showing evidence of "growing through" the disease, with healthy canes appearing past previously detected infections.

Impact on EastPack

In 2011 EastPack packed the largest volume of Hort 16a Gold in the industry, with 8.6 million trays. As such, EastPack is extremely vulnerable to the effects of Psa-V. In 2012 the Hort 16a Gold volume packed by EastPack fell to 5.5 million trays. While there were 2.1 million net new grower trays introduced to EastPack in 2012, total Class 1 volumes packed fell from 21.3 million in 2011 to 18.9 million in 2012. Current estimates for 2013 are for a further decrease in volumes, due both to Psa-V and to conversions to new varieties. However, these are expected to be offset by tray volumes from new growers to EastPack, which stood at over 1.1 million by December 2012.

With a decrease in supply of kiwifruit, the post harvest industry faces an oversupply of capacity. This has seen reductions in the prices being offered to growers for post harvest services. EastPack has not been immune. In fact EastPack lead the way with our"20/20" offer to reduce post harvest prices for 2012. The decrease in pricing coupled with the fall in volumes and change in varietal mix has had the impact of decreasing the Company's revenues in 2012 by $15.5 million. This has partially been offset by further operational efficiencies and lower overheads.

33. PSEUDOMONAS SYRINGAE PV ACTINIDIAE ('PSA') (CONTINUED)

Outlook

Until Psa-V can be reasonably controlled the future of the industry remains uncertain and there continues to be the potential for significant impact on the Company's future earnings and asset values. However, at this time, no reliable estimate of the future financial impact, if any, from Psa-V can be made, suffice to say that areas which may be impacted in the future by Psa-V are:

- a reduction in profitability through further crop volume reductions and/or further pricing reductions.
- a further reduction in property values due to reduced throughput or decreased industry rental capital rates.
- an impairment to Leased Orchards work in progress carrying value - susceptible if the leased crops do not survive to harvest and the orchard owner cannot cover the growing costs;

The Directors' view is that there remains significant uncertainty as to any future impact of Psa-V on the Company. However, the Company's excellent operational performance and strong balance sheet means EastPack is among the healthiest of the post harvest operators to weather this storm. With spare capacity in the industry it is expected that there will be some form of rationalisation in the post harvest sector and the Company's strong financial position puts it in good stead to take advantage of any opportunities that may arise.

34. 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 2013. (2011: approval of a final dividend of 7.5 cents per investor share to be paid on 31 March 2012).

On 14 March 2013, the shareholders of EastPack and Satara Co-operative Group Limited (‘Satara’) approved the Merger Implementation Plan (the ‘MIP’) dated 4 February 2013.
As such, on 14 March 2013 EastPack Satara Limited, a wholly owned subsidiary of EastPack, acquired 100% of control of Satara (as described in the MIP). As Satara is a hybrid co-operative company with a similar shareholding structure to that of EastPack, the purchase consideration was made up of 5.2 million EastPack investor shares, 6.0 million Eastpack transactor shares, and $6.3 million to be paid in cash on 27th March 2013. The accounting for the business combination has not been completed at the time of authorising the financial statements.

COMPANY DETAILS

Edgecumbe

Head Office Phone: 07 304 8226

678 East Bank Road Fax: 07 304 8262

PO Box 45 Freephone: 0800 722 554

Edgecumbe Email: admin@eastpack.co.nz

Te Puke

40 Te Puke Quarry Road Phone: 07 573 9309

Te Puke Fax: 07 573 9310

Email: tepuke@eastpack.co.nz

Opotiki

Stoney Creek Road Phone: 07 315 5226

Opotiki Fax: 07 315 5224

Email: opotiki@eastpack.co.nz

COMPANY DETAILS *(Continued)*

TOP 20 SHAREHOLDERS AS AT 31 DECEMBER 2012

Shareholder	Investor Shares held	Transactor Shares held
Pine Valley Joint Venture	1,680,000	305,061
Trinity Lands Ltd	1,619,486	302,738
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	167,679
Flowers, R J Ltd	632,186	108,362
Blennerhassett D & K	580,108	170,408
Franklin, C A	567,194	220,124
Windmill Trust	561,286	112,076
West, R J & K	422,080	216,858
Kiwimac Limited	400,000	252,468
Wedge Co Ltd	392,598	157,360
Allen Orchards Ltd	324,212	132,019
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
Prowse Orchards Ltd	187,386	212,772

staplesrodway
CHARTERED ACCOUNTANTS

TO THE SHAREHOLDERS OF EASTPACK LIMITED

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of EastPack Limited ('the Company') and its Subsidiaries (together 'the Group') on pages 11 to 49, which comprise the Statements of Financial Position of the Company and Group as at 31 December 2012, Income Statements, Statements of Changes in Equity and Statements of Cash Flows of the Company and Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Our firm has provided other services to the Company and Group in relation to taxation and other accounting services. We have no other relationship with, or interests in, the Company or Group.

Opinion

In our opinion, the consolidated financial statements on pages 11 to 49:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Company and Group as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2012:

- We have obtained all the information and explanations that we have required; and
- In our opinion proper accounting records have been kept by the Company and Group as far as appears from our examination of those records.

Staples Rodway

STAPLES RODWAY HAMILTON
HAMILTON
26 March 2013


CN 12
CN 12
EASTPACK
CN 12
CN 12
EASTPACK
CN 12
EASTPACK
CN
CN 12
EASTPACK
CN 12

www.eastpack.co.nz