

EASTPACK ANNUAL REPORT 2008



For the year ended 31 December 2008

EASTPACK LIMITED DIRECTORY

Date of Incorporation:	30 October, 1980	
Status:	Co-operative under Co-operatives Companies Act 1996	
Registered Office:	Eastbank Road, Edgecumbe	
Directors:	Ray Sharp Kim Woolsey Mike Ashby Grant Eynon Mark Hudson Maurice Kidd Michael Montgomery Greg Somerville	Chairman Deputy Chairman
Executive Team:	Tony Hawken John Hindmarsh Donna Smit Nigel Martin Janette Montgomery Shelley Thompson Richard Boyd Chris Kearns Kerry McCree Mark Hofert Graeme Munro Matt Hill	Chief Executive Chief Financial Officer Company Administrator Operations Manager Site Manager, Te Puke Production Manager, Te Puke Capital Projects Manager, Te Puke Site Manager, Edgecumbe Site Manager, Opotiki Human Resources Manager Quality Manager Business Development and EKO Manager
Bankers:	National Bank of N.Z. Limited	
Auditors:	Staples Rodway Hamilton	
Solicitors:	Sharp Tudhope Tauranga	

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The Annual General Meeting of EastPack Ltd will be held at 7:30pm on Monday 27 April 2009 at the Edgecumbe Memorial Hall.

All shareholders are welcome to attend.



PERFORMANCE SUMMARY

For the Year ended 31 December 2008

	2008	2007
Financial		
Operating revenue	\$56.2m	\$46.8m
EBITDA	\$11.2m	\$6.7m
Rebates	\$3.0m	\$2.6m
Net profit before tax	\$4.3m	\$1.2m
Net profit after tax	\$3.2m	\$1.2m
Gross Dividend	13cps	6cps

Financial position at year end

Total equity	\$26.6m	\$25.2m
Plus transactor shares	\$9.8m	\$9.2m
Equity plus transactor shares	\$36.4m	\$34.4m
Total assets	\$71.1m	\$66.9m
Capital expenditure	\$8.8m	\$11.2m
Equity ratio	37%	38%
Ratio including transactor shares	51%	51%

Shareholder statistics

Earnings per investor share (after Tax)	13cps	5cps
Rebate per transactor tray	20cps	20cps

Operations

Trays submitted			
	GREEN	9,962,000	8,681,000
	GOLD	5,787,000	4,869,000
	TOTAL TRAYS	15,749,000	13,550,000
OGR per tray			
	GREEN	\$4.02	\$3.54
	GOLD	\$5.38	\$4.74



2008 PERFORMANCE REVIEW

We are pleased to report a much improved financial result for the year ended 31 December 2008 with significant growth in earnings and profitability and gains in operational efficiencies as a result of ongoing investment in upgrading infrastructure, processes and capabilities at our three sites.

Net profit before rebate and tax was \$7.3 million, up from \$3.8 million the prior year. Rebates of 20 cents per tray supplied, amounting to a total of \$3.0 million, were returned to shareholders. This left a net profit before tax of \$4.3 million, up \$3.1 million on 2007. Net profit after tax amounted to \$3.2 million, a more acceptable level of profitability than the prior year NPAT of \$1.2 million.

The increase in profitability was generated by 19% growth in year on year operating revenues to \$56.2 million, based on a total of 15.7 million trays submitted, 2 million more trays than the previous year, and a lift in EBITDA to \$11.2 million from \$6.7 million

Dividend Up

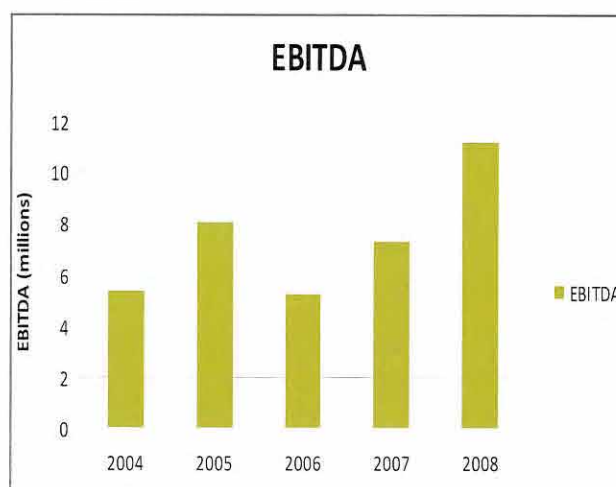
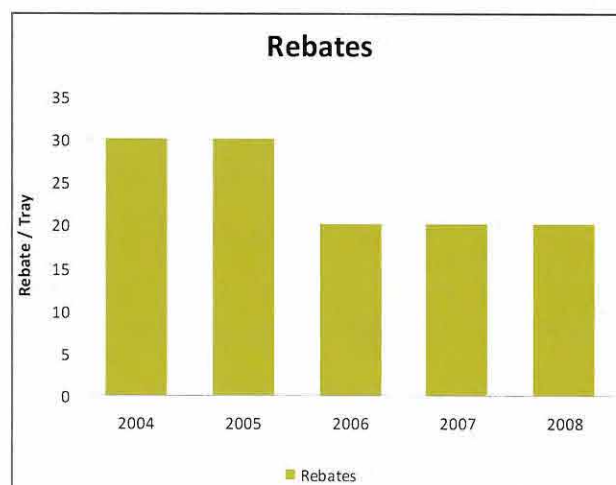
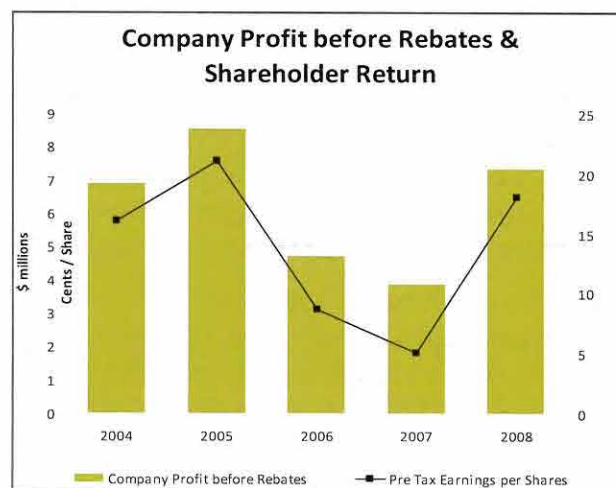
Directors have recommended a final dividend of seven cents per investor share to be paid on 31 March 2009 in addition to the six cents per share interim dividend paid in January. This brings the gross dividend to shareholders for the year to 13 cents per share. The \$1.2 million balance of profit will be retained to help fund capital improvements.

In line with our strategy to improve quality, efficiencies and capabilities to lift profitability to shareholders - and continue to deliver upper quartile orchard gate returns to grower suppliers - we have continued to invest in essential infrastructure.

Capital Investment

We believe this is the right decision to ensure that EastPack is a sustainable, profitable business into the future. We know that these are nervous times not only because of the global market situation and deteriorating investment climate but also the cost of doing business has risen. EastPack has to compete for supply. A point of difference is to continually build on our reputation for improving out- turns and reducing fruit loss by consistently delivering quality GREEN and GOLD Kiwifruit efficiently to meet the marketer's specifications.

In 2008 our capital expenditure totalled approximately \$8.8 million, with \$5.0



million allocated to upgrade the Opotiki facility to increase its capacity, install a new grader and provide additional controlled atmosphere coolstorage. We also invested in the new, automated fruit location system (RFID) and the installation of automated palletisation and strapping technology at the Te Puke site.

This capital expenditure was funded by \$5.0 million from depreciation reserves and share capital with the balance from increased borrowings.

Shareholder Equity

At year end, the company had assets of \$71.1 million. Shareholder equity, including transactor shares, stood at \$36.4 million or 51% of total assets. Transactor share capital increased by \$660,000 as a result of the calls on additional transactor shares.

We are well aware that the relatively low returns over the last two years have not been conducive to our seeking to raise additional capital from investor shareholders. We have renewed our focus on increasing returns on investment so that the prospect of raising further share capital is improved.

The 2008 profit result should go some way to provide investor shareholders with confidence in the robustness of the business and its future prospects. While we are pleased to be able to deliver this credible financial result, the company remains firmly focused on strengthening the platform for progress by further improving profitability and, of course, providing satisfactory returns to grower suppliers.

Subsidiaries' Performance

EastPack Kiwifruit Operations Ltd (EKO) - 100%

EKO achieved a positive financial result in 2008. It now manages 1.3 million trays and leases 514,000 trays.

Southern Produce Ltd - 50%

While profit was slightly down on the record 2007 levels due to a downturn in the Class II market Australia, this has still proved to be a sound investment. Opportunities to expand Southern Produce's profitability are being explored.

SouthLink Ltd - 50%

In 2008 we joined forces with Apata and Aerocool to become the industry's biggest onshore logistics provider in a successful joint venture. Apata has since withdrawn from SouthLink and part of Aerocool has been sold to another post harvest operator. This means in 2009 EastPack will supply 75% of SouthLink's volumes. It is pleasing to note that integration between post harvest operations and ZESPRI is being enhanced as are communications across the SouthLink supply chain.

Jet Stick Ltd - 19.9%

Jet Stick continued to experience financial difficulties in 2008. The majority of the assets and liabilities have been transferred to a new joint venture partner reducing EastPack's exposure to further losses. All of EastPack's assets in Jet Stick have been written off.

Operational Performance

EastPack's Orchard Gate Return to growers was ahead of industry average and up on last season at \$4.02 per tray for GREEN on 9.9 million trays submitted and \$5.38 for GOLD, based on 5.8 million trays submitted.

Trays submitted	GREEN	GOLD	TOTAL
Edgecumbe	2,730,000	401,000	3,131,000
Opotiki	2,530,000	1,004,000	3,535,000
Te Puke	4,702,000	4,382,000	9,083,000
TOTAL	9,961,000	5,787,000	15,749,000

EastPack's three facilities handled almost 16 million trays of kiwifruit in 2008, up 16% on 2007. This represented about 13% of total GREEN export volumes and 25% of GOLD exports to make

EastPack the second largest kiwifruit post harvest operator in New Zealand.

We achieved new operating efficiencies through plant optimisation, quality control and adoption of LEAN manufacturing systems and processes in the year under review.

We employed 200 temporary workers from the Pacific Islands under the newly introduced Recognised Seasonal Employers scheme which enabled us to run the Te Puke and Opotiki facilities around the clock, seven days a week, when necessary.

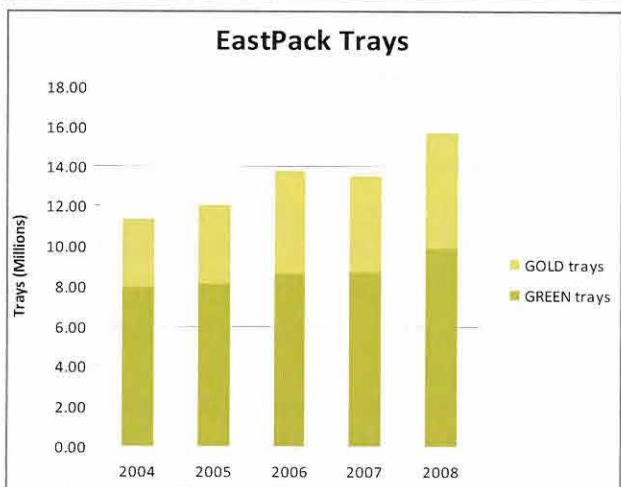
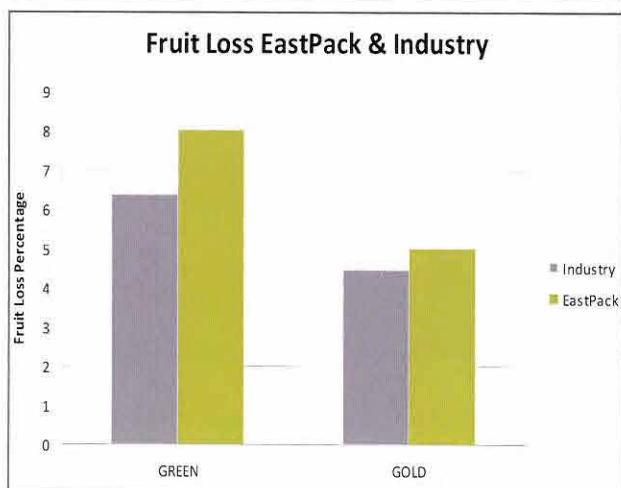
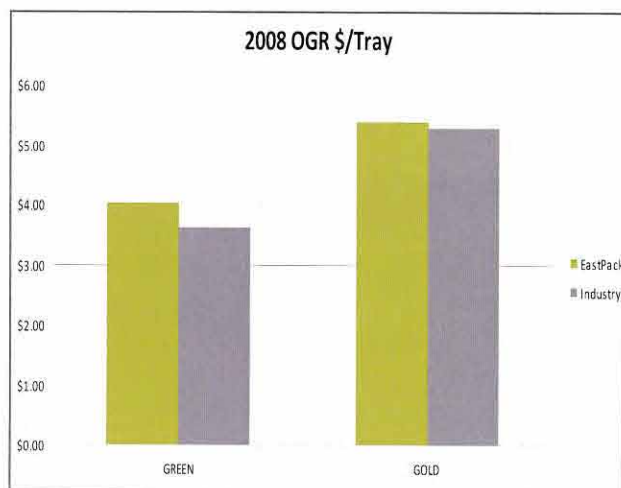
Fruit Loss

However, our fruit loss performance was mixed.

EastPack's GOLD fruit loss was lower than previous years and the introduction of the single pool enabled EastPack to maximise grower storage incentives. There was a marked reduction in the incidence of puncture marks on GOLD in 2008. GOLD grading table reject levels in the Te Puke area were much lower than previous years which contributed to packing efficiencies at our Te Puke site. But, due to climatic conditions, GOLD packing reject levels in the Eastern Bay of Plenty were the highest experienced to date.

GREEN fruit loss was disappointing in 2008. While some of the fruit loss was insured, fruit loss in CA and conventional stores was at unacceptably high levels.

As a consequence, Directors commissioned two independent reports on our coolstores. The results of these confirm the appropriateness of our decision to increase our investment in



additional conventional coolstorage at Te Puke and Opotiki which will ensure we have adequate capacity to coolstore the fruit we have processed in line with best practice.

Infrastructure Improvements

The new 450,000 tray coolstore at Te Puke provides improved cooling capability so that packed fruit can be brought to desired temperatures more quickly prior to transfer to long term storage. Increased airflow fans are also being installed in other coolstores. We successfully trialled an automated stacking and strapping system using two robots and in 2009 and intend to further automate the packing process.

The bin tip, in-feed and grader improvements at Edgecumbe will ensure that that site is well equipped to handle GOLD and should lead to productivity improvements.

The Opotiki facility upgrade has delivered improved out-turns and performance which has also brought about a necessary recovery in shareholder confidence. This has been particularly pleasing. Further improvements are planned including building an additional conventional coolstore in 2009 to match capacity to throughput.

	2008 - \$8.8 million	2009 - \$7.5 million
Te Puke	<ul style="list-style-type: none"> RFID in all conventional coolstores Piloting automated stacking and strapping 	<ul style="list-style-type: none"> New 450,000 t/e rapid cooling conventional coolstores Further development of automated stacking and strapping
Opotiki	<ul style="list-style-type: none"> 444,000 t//e 4-room CA coolstore 6 lane, 34 drop Compac sizer RFID in all conventional coolstores Expanding administration area 	<ul style="list-style-type: none"> New 4-room, 500,000 t/e conventional coolstore
Edgecumbe	<ul style="list-style-type: none"> RFID in all conventional coolstores 	<ul style="list-style-type: none"> Installation of complete new in-feed system with new soft bin dump and 12 grading tables Expanding the curing area

Human Capital

A reduction in fruit loss is key to lifting shareholder profitability and grower Orchard Gate Returns.

An important part of achieving this objective has been the introduction of LEAN manufacturing practices in 2008. The principles of LEAN manufacturing are to train staff in ways of improving efficiencies and reducing waste. This programme, which will extend across all sites in 2009, is a continuous, long term process and an important plank in EastPack's long term viability.

This is a multi-facet approach which aligns with our strategy of delivering quality out-turns, cost effective and efficient fruit handling and storage, improved profitability and practical supplier support to achieve better production and returns.

We have continued to recruit further capability during the year to focus on quality assurance, coolstorage and inventory management. We are also providing ongoing development programmes, training and upskilling for management and have introduced a trainee programme to the business. We want to build a quality culture, ensure we have the competencies required to improve performance and have continuity through good succession planning.

Board of Directors

In 2008 we appointed Maurice Kidd as an additional, independent, commercial director. Maurice is a professional director with a successful track record in building businesses. He has first hand kiwifruit industry knowledge and experience and adds significant, high level, financial expertise to our Board of Directors.

It is with deep regret that during the course of the year two of our long standing Directors died. Mike Clarke and Cor Overdevest were strong and valuable contributors to EastPack's success and they will be sorely missed. Our sympathy is extended to their families along with our sincere thanks to those who contributed so much to this company.

The Board co-opted Greg Sommerville to fill the gap left at the Board table after Cor Overdevest's death. Greg will stand for election at the 2009 Annual Shareholders Meeting in April.

Kim Woolsey has indicated his intention to resign as a director after 12 years on the Board. We thank Kim for his valuable contribution. His experience and ability will be hard to replace.

Acknowledgements

Thanks also to all Board Members whose wide range of relevant skills provides this company with an excellent governance platform.

The Board extends its appreciation to the management and staff at EastPack. The team has shown its willingness to adapt to change and strive for improvement. We see a motivated and skilled organisational culture developing which is so vital for our company to succeed.

Strategy and Outlook

EastPack's strategy over the past few years has been to get our own house in order and set the business up for a sustainable future while delivering the best possible returns to suppliers and shareholders. This is our ongoing and continuous focus.

The high rate of capital spend reflects our policy of ensuring that the company has modern facilities that support efficient delivery of quality and are adequate to meet the production targets we have set in 2009 of between 16.5-17.0 million trays, a modest increase over 2008.

However, this is secondary to our desire to see improved coolstorage outcomes, improved production efficiency and improved grower services for our suppliers.

2009 will be a difficult marketing season given the size of the crop and the current state of the global economy and consumer confidence.

While EastPack is insulated from some of the negative impacts of the recession, our priority is on reducing costs, increasing quality across those processes within the supply and delivery chain we can control and helping growers meet product specifications as far as possible.

We will continue to work with industry colleagues and ZESPRI for the good of the New Zealand kiwifruit industry.

The challenges are significant but we think EastPack is well placed for the future and we are on track to continue to grow through improving our operational performance, generating good returns on investment to our shareholders and delivering high OGR to our growers.



Ray Sharp, Chairman



Tony Hawken, CEO

STATEMENT OF CORPORATE GOVERNANCE

Financial Statements

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

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

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

Board of Directors

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

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

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

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

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

The primary responsibilities of the Board include:

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

Board procedures are governed by the Constitution.

Conflicts of Interest and Related Parties

All Directors must disclose any general and specific interests that could be in conflict with their obligations to the company. Transactions with related parties and balances outstanding relating to the year ending 31 December 2008 are disclosed in Note 31 of the Notes to the Financial Statements.

Risk Management

The Board is responsible for the company's system of internal controls. 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 held. Directors are responsible for the company's system of internal financial controls.

Internal financial controls have been implemented to minimize the possibility of material misstatement. They can provide only reasonable assurance and not absolute assurance against material misstatements or loss.

No major breakdowns of internal controls were identified during the year.

Committees

The Board operates an Audit Committee.

Audit Committee

Review of the annual and financial reports are carried out by the Board.

Attendance at meetings

Directors meeting attendances are disclosed in the Statutory Information section of this report.

Directors Remuneration

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

Executives' Remuneration

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

Entries in the Interests Register

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

Directors' Share Dealings

Shares acquired by directors' during the year are disclosed in the Statutory Information section of this report.

SHAREHOLDER	TRANSACTOR SHARES	INVESTOR SHARES
M J Montgomery	210,577	840,000
G S Eynon	210,577	840,000
R M Hudson	40,357	160,736
A K Woolsey	221,999	871,772
R B Sharp	327,056	1,137,422
K M Clarke	9,376	50,002
C G Overdevest	158,006	611,288

Directors' Shareholding

Directors disclosed the following relevant interests in shares in the company at 31 December 2008.

EASTPACK LIMITED
STATUTORY INFORMATION

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

The Group's principle activities during the year were:

- Packing and coolstorage of kiwifruit
- Orchard management

Directors' Interests:

R M Hudson, A K Woolsey, and R B Sharp own orchards for which the Company provides services on normal commercial terms. K M Clarke owned orchards for which the Company provided services on normal commercial terms and owned 2.59% in Jet Stick Limited.

G S Eynon and M J Montgomery own a kiwifruit contracting business that provides labour under normal commercial terms. G S Eynon and M J Montgomery own an orchard that transacts with the Company on normal commercial terms.

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

M J Montgomery is a Director of a company that provides contracting services to EastPack Ltd and picking services to EastPack Kiwifruit Operations Ltd on normal commercial terms. Is a Trustee of a Trust that leases property (EPC coolstores) to EastPack Ltd on normal commercial terms. Is a Trustee of a Trust that leases an orchard to EastPack Kiwifruit Operations Ltd on normal commercial terms.

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
K M Clarke	-	-	-	-
G S Eynon	273	-	67,973	-
R M Hudson	7,724	-	-	-
C G Overdevest	6,427	-	-	-
A K Woolsey	-	-	-	-
M J Montgomery	273	-	67,973	-
R B Sharp	37,914	20,000	-	-
M S Ashby	-	-	-	-
M G Kidd	-	-	-	-

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:

	2008			2007	
	Remuneration	Other Benefits	Meetings Attended	Remuneration	Other Benefits
D T Atkinson	-	-	-	7,500	-
K M Clarke	6,000	-	2	12,500	-
G S Eynon	15,000	-	9	15,500	-
R M Hudson	12,000	-	11	12,500	-
M J Montgomery	13,500	-	11	14,000	-
C G Overdevest	9,000	-	4	12,500	-
E M Sharp	-	-	-	3,000	-
A K Woolsey	14,000	-	8	14,500	-
M S Ashby	20,000	-	11	11,667	-
G W Sommerville	3,000	-	2	-	-
M G Kidd	8,750	-	3	-	-
R B Sharp	30,000	-	11	23,000	-
	<u>131,250</u>	<u>-</u>		<u>126,667</u>	<u>-</u>

C G Overdevest and K M Clarke ceased to be directors as at 28 August 2008 and 25 March 2008 respectively. M G Kidd and G W Sommerville were appointed 29 September 2008 and 14 November 2008 respectively.

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	5	5
120,000 - 130,000	1	1
130,000 - 140,000	2	2
150,000 - 160,000	2	2
220,000 - 230,000	1	1
240,000 - 250,000	1	1

Donations

No donations were made by the company during the year.

For and on behalf of the Board:



Chairman

23 March 2009



Director

23 March 2009

EASTPACK LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	GROUP		PARENT	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	(4)	<u>56,244,276</u>	<u>46,836,679</u>	<u>53,972,476</u>	<u>45,098,555</u>
Packaging materials		11,635,811	9,808,936	11,635,811	9,808,936
Employee benefits		21,328,684	20,305,281	20,950,571	19,955,983
Depreciation		4,635,019	3,492,023	4,633,594	3,487,490
Amortisation		1,200	-	1,200	-
Directors compensation		131,250	126,667	131,250	126,667
Other expenses		8,803,862	6,612,881	6,467,081	5,086,081
Rental and operating lease expenses		794,635	867,337	801,982	831,574
Finance costs		<u>2,262,508</u>	<u>2,004,075</u>	<u>2,262,508</u>	<u>2,003,815</u>
		49,592,969	43,217,200	46,883,997	41,300,546
Operating surplus before rebates		6,651,307	3,619,479	7,088,479	3,798,009
Less rebates paid		3,015,716	2,649,313	3,015,716	2,649,313
Share of surplus/(deficit) in associates	(27)	<u>684,868</u>	<u>247,172</u>	<u>-</u>	<u>-</u>
Operating surplus before taxation		4,320,459	1,217,338	4,072,763	1,148,696
Less taxation	(6)	1,130,368	9,514	1,255,942	(231,061)
Operating surplus after taxation		<u>3,190,091</u>	<u>1,207,824</u>	<u>2,816,821</u>	<u>1,379,757</u>
Earnings per share					
Basic earnings per share	(7)	0.13 cents	0.05 cents		
Diluted earnings per share	(7)	0.13 cents	0.05 cents		

EASTPACK LIMITED
STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	GROUP		PARENT	
		2008 \$	2007 \$	2008 \$	2007 \$
Net surplus for the year		3,190,091	1,207,824	2,816,821	1,379,757
Movement in fair value reserve	(9)	<u>54,965</u>	<u>(49,511)</u>	<u>54,965</u>	<u>(49,511)</u>
Total recognised revenues & expenses for the year		3,245,056	1,158,313	2,871,786	1,330,246

EASTPACK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	GROUP		PARENT	
		2008	2007	2008	2007
		\$	\$	\$	\$
<u>EQUITY</u>					
Share capital	(8)	9,617,088	9,617,088	9,617,088	9,617,088
Reserves	(9)	11,713,582	11,658,617	11,713,582	11,658,617
Retained earnings	(10)	5,286,086	3,993,788	4,124,600	3,205,572
		<u>26,616,756</u>	<u>25,269,493</u>	<u>25,455,270</u>	<u>24,481,277</u>
<u>NON CURRENT LIABILITIES</u>					
Deferred taxation	(6)	2,868,074	3,082,089	2,682,388	2,841,514
Income in advance	(17)	632,230	979,167	632,230	979,167
Transactor shares	(16)	9,828,800	9,169,590	9,828,800	9,169,590
Borrowings	(18)	18,200,000	24,200,000	18,200,000	24,200,000
		<u>31,529,104</u>	<u>37,430,846</u>	<u>31,343,418</u>	<u>37,190,271</u>
<u>CURRENT LIABILITIES</u>					
Borrowings - current portion	(18)	4,000,000	-	4,000,000	-
Accounts payable	(12)	6,900,671	3,711,115	6,656,747	3,555,703
GST payable	(12)	194,985	101,286	166,366	129,581
Employee entitlements	(13)	263,669	179,887	263,669	179,887
Provision for dividend	(14)	912,895	-	912,895	-
Provision for taxation	(6)	330,581	-	325,966	-
Derivatives	(19)	90,228	-	90,228	-
Income in advance	(17)	250,000	250,000	250,000	250,000
		<u>12,943,029</u>	<u>4,242,288</u>	<u>12,665,871</u>	<u>4,115,171</u>
TOTAL FUNDS EMPLOYED		<u>71,088,889</u>	<u>66,942,627</u>	<u>69,464,559</u>	<u>65,786,719</u>
<u>NON CURRENT ASSETS</u>					
Property, plant and equipment	(25)	61,345,772	58,245,877	61,333,006	58,236,262
Investments in subsidiaries	(26)	-	-	999	999
Investments in associates	(27)	1,523,351	1,343,530	785,410	762,078
Investments	(28)	955,066	1,016,424	785,044	849,079
Intangible assets	(29)	10,800	12,000	10,800	12,000
Unpaid capital - term	(24)	176,377	335,629	176,377	335,629
		<u>64,011,366</u>	<u>60,953,460</u>	<u>63,091,636</u>	<u>60,196,047</u>
<u>CURRENT ASSETS</u>					
Cash and cash equivalents	(20)	1,998,096	174,099	1,939,521	(76,831)
Accounts receivable	(21)	2,087,985	2,374,160	639,973	1,355,580
Intercompany advances	(31)	-	-	1,452,834	1,562,333
Leased orchards	(22)	618,952	729,016	-	-
Inventory	(23)	2,344,990	1,681,155	2,313,095	1,641,161
Provision for taxation	(6)	-	999,933	-	1,077,625
Unpaid capital - current	(24)	27,500	30,804	27,500	30,804
		<u>7,077,523</u>	<u>5,989,167</u>	<u>6,372,923</u>	<u>5,590,672</u>
TOTAL ASSETS		<u>71,088,889</u>	<u>66,942,627</u>	<u>69,464,559</u>	<u>65,786,719</u>

For and on behalf of the Board:



Chairman

23 March 2009



Director

23 March 2009

EASTPACK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

Notes	GROUP		PARENT	
	2008 \$	2007 \$	2008 \$	2007 \$
<u>CASHFLOWS FROM OPERATING ACTIVITIES</u>				
Cash was provided from:				
Receipts from customers	56,953,164	43,736,017	54,769,379	41,631,156
Interest received	129,747	38,567	63,955	26,979
Dividends received	115,502	237,151	264,743	236,490
Taxation refunds	145,251	-	147,642	-
Net GST received	193,420	-	192,721	-
	<u>57,537,084</u>	<u>44,011,735</u>	<u>55,438,440</u>	<u>41,894,625</u>
Cash was disbursed to:				
Payments to suppliers & employees	43,709,371	41,070,191	41,006,745	38,629,878
Payment of interest	2,370,503	1,940,571	2,370,503	1,940,571
Net GST Paid	-	491,100	-	470,509
Taxation paid	-	637,137	-	635,690
	<u>46,079,874</u>	<u>44,138,999</u>	<u>43,377,248</u>	<u>41,676,648</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES (30)	<u>11,457,210</u>	<u>(127,264)</u>	<u>12,061,192</u>	<u>217,977</u>
<u>CASHFLOWS FROM INVESTING ACTIVITIES</u>				
Cash was provided from:				
Associate dividends/rebates	<u>528,380</u>	<u>38,927</u>	<u>-</u>	<u>-</u>
	528,380	38,927	-	-
Cash was disbursed to:				
Purchase of shares	2,679	394,527	-	381,841
Purchase of associates	-	-	-	61,073
Purchase of fixed assets	<u>7,995,782</u>	<u>11,672,845</u>	<u>7,991,205</u>	<u>11,665,987</u>
	7,998,461	12,067,372	7,991,205	12,108,901
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(7,470,081)</u>	<u>(12,028,445)</u>	<u>(7,991,205)</u>	<u>(12,108,901)</u>
<u>CASHFLOWS FROM FINANCING ACTIVITIES</u>				
Cash was provided from:				
Issue of shares	659,210	726,527	659,210	726,527
Unpaid capital receipts	162,556	50,149	162,556	50,149
Term loan	-	12,390,000	-	12,390,000
Advances from subsidiaries	<u>-</u>	<u>-</u>	<u>109,497</u>	<u>-</u>
	821,766	13,166,676	931,263	13,166,676
Cash was disbursed to:				
Advances to subsidiaries	-	-	-	319,420
Payment of dividends	984,898	1,014,000	984,898	1,014,000
Reduction of term loans	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
	2,984,898	1,014,000	2,984,898	1,333,420
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(2,163,132)</u>	<u>12,152,676</u>	<u>(2,053,635)</u>	<u>11,833,256</u>
NET CASH SURPLUS (DEFICIT)	1,823,997	(3,033)	2,016,352	(57,668)
Add opening cash balance	<u>174,099</u>	<u>177,132</u>	<u>(76,831)</u>	<u>(19,163)</u>
Closing cash and cash equivalents (20)	<u>1,998,096</u>	<u>174,099</u>	<u>1,939,521</u>	<u>(76,831)</u>

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

EastPack Limited (the "Company") is a Hybrid 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 and providing orchard management.

The financial statements were approved by the Board of Directors on 23rd March 2009.

(a) Basis of preparation of the financial report

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

Compliance with IFRS

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

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

Historical Cost Convention

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

Functional and Presentation Currency

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

Accounting for Goods and Services Tax

All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated with GST included. The net amount of GST recoverable from, or payable to, Inland Revenue, is included as part of receivables or payables in the balance sheet.

(b) Consolidation

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

Subsidiaries

Subsidiaries are all entities (including special purpose entities) that the Group has the power to govern the financial and operating policies of. This power is accompanied by the Group having shareholding of more than one half of the voting rights of the entity. 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 de-consolidated from the date that control ceases.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(b) Consolidation (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Except for non-current assets that are classified as held for sale (which are measured at fair value less costs to sell), identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated, but are considered an impairment indicator of the asset transferred.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

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 income statement, 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 income statement, 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.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(c) Revenue

Sales and charges

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

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 Balance Sheet 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. The asset is released as the prepaid expense is incurred.

(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.

Land and improvements, and buildings are measured at independent valuation less, where applicable, any accumulated depreciation. All assets, excluding land and improvements, and buildings, are depreciated over their useful lives to the company.

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 income statement as an expense as incurred.

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).

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(f) Property, Plant and Equipment (continued)

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 income statement. Upon disposal or derecognition of a revalued asset, any revaluation reserve relating to the particular asset is transferred to retained earnings.

Property

Land and improvements, and buildings are measured at fair value less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken every five years by an independent registered valuer. 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.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in shareholders' equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Plant and equipment

Plant and equipment is measured as cost less accumulated depreciation and impairment losses.

Plant and equipment includes: plant and motor vehicles, furniture and fittings and buildings.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives to the entity commencing from the time the asset is held ready for use. The residual value and useful lives of all assets are reviewed and adjusted if appropriate at each balance sheet date. Land is not depreciated. Capital works in progress are not depreciated until commissioned. Depreciation is charged to the income statement.

The depreciation rates used for each class of assets are:

<u>Class of fixed asset</u>	<u>Depreciation basis</u>	
Land Improvements	4%	Diminishing value
Buildings	2.5 - 15 %	Straight line
Plant and Motor Vehicles	7.5 - 60 %	Diminishing value
Furniture and Fittings	9 - 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.

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduced the liability.

Leases as a Lessee

Operating Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(g) Leases (continued)

Leases as a lessor

Operating Leases

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment 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 on consolidation represents the excess of the cost of an acquisition over the fair value of the company's share of net identifiable assets of the acquired entities 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.

Patents, trademarks and licences

Intangible assets with finite lives are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Patents, trademarks and licences are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less accumulated amortisation and any impairment losses. They are amortised over their estimated useful lives which range from 10 to 15 years.

Other Intangibles

Other intangible assets are initially recorded at the purchase price. Other intangible assets with finite lives are amortised on a straight line basis over the period of 20 years. Intangible assets with finite lives are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

(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 balance sheet 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.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(i) Income Tax (continued)

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 balances attributable to amounts recognised directly in equity are also recognised directly in equity. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(j) Foreign Currency

Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet 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 income statement, except when deferred in equity as qualifying cash flow hedges.

(k) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions are made by the entity to an employee superannuation fund are recognised in the balance sheet as a liability, after deducting any contributions already paid and in the income statement as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. Once the Group has made payment, the group has no further obligations in respect of that payment.

(l) Cash and Cash Equivalents

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

(m) Finance Costs

Finance costs include interest relating to borrowings and ancillary costs incurred in connection with arrangement of borrowings.

Finance costs are expensed using the effective interest method.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(n) 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 income statement.

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

(o) Comparative Figures

Where required by NZ GAAP comparative figures have been adjusted to conform with changes in presentation for the current financial period.

(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 balance sheet date.

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.

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 balance sheet date which are classified as non-current assets.

The Group's loans and receivables comprise receivables and cash and cash equivalents.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(p) Financial Instruments (continued)

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 balance sheet date.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs 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 income statement.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables 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 income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in equity, except for foreign exchange movements on monetary assets, which are recognised in the income statement. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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

Financial liabilities are recognised initially at fair value, net of transaction costs incurred, that they are subsequently stated at amortised cost and that any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(p) Financial Instruments (continued)

Hedge accounting

The Group uses derivative financial instruments (forward exchange contracts and interest rate swaps) to hedge its risks associated with foreign currency and 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 income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Fair value estimation

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 income statement. Amounts accumulated in equity are recycled in the income statement 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 income statement. 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 income statement.

Fair value estimation

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 income statement.

Fair value estimation

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

(q) Transactor Shares

Transactor share capital is classified as a liability since it is redeemable at the option of the shareholder. Rebates payable to Transactor shareholders are recognised in the income statement on an accruals basis.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(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

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

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

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

Income taxes

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

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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's accounting periods beginning on or after 1 July 2008 or later periods but which the Group has not early adopted.

Not yet adopted:

Amendments to NZ IAS 1: Presentation of Financial Statements (NZ IAS 1) which are mandatory for reporting periods beginning on or after 1 January 2009 – The revised IAS 1 requires an entity to present all owner changes in equity, separately from non-owner changes in equity, in a statement of changes in equity. All non owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The impact on the financial statements has not yet been determined.

NZ IAS 23 (Amendment) 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of that asset. The option of immediately expensing those borrowing costs will be removed. The impact on the financial statements has not yet been determined.

Improvements to New Zealand equivalents to IFRS. Part 1 covers amendments resulting in accounting changes for presentation, recognition or measurement purposes for the following relevant standards: NZ IFRS 5 - Plan to sell the controlling interest in a subsidiary; NZ IAS 16 - Recoverable amount; NZ IAS 16 - Sale of assets held for rental; NZ IAS 23 - Components of borrowing costs; NZ IAS 27 - Measurement of subsidiary held for sale in separate financial statements; NZ IAS 36 - Disclosure of estimates used to determine recoverable amount; NZ IAS 40 - Property under construction or development for future use as investment property. Part 2 of the improvements sets out amendments to various standards which affect terminology or editorial changes only, with no or minimal effect on accounting. The amended standards become mandatory for the Group's 2010 financial statements. The impact on the financial statements has not yet been determined.

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

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

4. REVENUE

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales and charges	55,085,061	45,792,816	52,656,673	43,964,046
Dividends received	115,502	136,490	264,743	236,490
Rent revenue	17,449	16,384	17,449	16,384
Interest revenue	50,865	48,886	50,865	26,979
Other revenue	975,399	842,103	982,746	854,656
	<u>56,244,276</u>	<u>46,836,679</u>	<u>53,972,476</u>	<u>45,098,555</u>

5. AUDITORS' REMUNERATION

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Amounts paid or due and payable to the auditors for:				
Auditing the financial statements	40,000	35,250	35,000	30,250
Other audit related services	5,500	22,270	5,500	22,270
Other services:				
Tax compliance work and advice	15,000	14,809	12,000	11,809
	<u>60,500</u>	<u>72,329</u>	<u>52,500</u>	<u>64,329</u>

6. INCOME TAX

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Income tax expense:				
Current tax	1,344,383	186,297	1,415,067	185,197
Deferred tax	(214,015)	176,783	(159,125)	(416,258)
	<u>1,130,368</u>	<u>9,514</u>	<u>1,255,942</u>	<u>(231,061)</u>

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

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Prima facie income tax payable on profit before income tax at 30% (2007: 33%)	1,296,138	401,722	1,221,829	379,070
Add:				
Tax effect of				
- non deductible expenses	106,337	26,373	106,337	26,923
- non assessable income	(75,000)	(86,130)	(75,000)	(86,130)
- share of net profits of associates	-	(81,567)	-	-
- share of associate dividends	(46,946)	33,000	-	-
- imputation credits received	(129,721)	-	(129,721)	-
- adjustments of prior years	(20,440)	-	132,497	-
- unrecognised group tax loss	-	-	-	(267,040)
- adjustment to deferred tax arising from change in tax rate	-	(283,884)	-	(283,884)
Income tax expense attributable to profit	<u>1,130,368</u>	<u>9,514</u>	<u>1,255,942</u>	<u>(231,061)</u>

The Taxation (Kiwisaver and Company Tax Rate Amendments) Act 2007 was enacted on 21 May 2007, which lowered the company tax rate from 33% to 30% for income derived in the 2009 and future years. The change in tax rate has affected the tax expense in the current income year. Deferred tax was adjusted in the prior income year. There are no unrecognised income tax losses to carry forward (2007: \$Nil).

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

6. INCOME TAX (CONTINUED)

Deferred tax assets and liabilities

	GROUP					
	Property, Plant and Equipment	Stock Obsolescence	Employee Entitlements	Leased Orchards	Fair Value Adjustment	Total
	\$	\$	\$	\$	\$	\$
1 January 2007	(3,457,972)	110,369	92,409	-	-	(3,255,194)
Charge/(credit) to income	<u>406,937</u>	<u>(10,371)</u>	<u>(4,756)</u>	<u>(218,705)</u>	<u>-</u>	<u>173,105</u>
31 December 2007	(3,051,035)	99,998	87,653	(218,705)	-	(3,082,089)
Charge/(credit) to income	<u>138,905</u>	<u>24,907</u>	<u>(18,515)</u>	<u>33,018</u>	<u>35,700</u>	<u>214,015</u>
31 December 2008	<u>(2,912,130)</u>	<u>124,905</u>	<u>69,138</u>	<u>(185,687)</u>	<u>35,700</u>	<u>(2,868,074)</u>

	PARENT					
	Property, Plant and Equipment	Stock Obsolescence	Employee Entitlements	Leased Orchards	Fair Value Adjustment	Total
	\$	\$	\$	\$	\$	\$
1 January 2007	(3,457,972)	110,369	92,409	-	-	(3,255,194)
Charge/(credit) to income	<u>428,807</u>	<u>(10,371)</u>	<u>(4,756)</u>	<u>-</u>	<u>-</u>	<u>413,680</u>
31 December 2007	(3,029,165)	99,998	87,653	-	-	(2,841,514)
Charge/(credit) to income	<u>117,034</u>	<u>24,907</u>	<u>(18,515)</u>	<u>-</u>	<u>35,700</u>	<u>159,126</u>
31 December 2008	<u>(2,912,131)</u>	<u>124,905</u>	<u>69,138</u>	<u>-</u>	<u>35,700</u>	<u>(2,682,388)</u>

Provision for Taxation

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Opening balance	999,933	543,762	1,077,625	624,560
Current year tax expense	(1,130,368)	(9,514)	(1,255,942)	231,061
Tax expense attributable to deferred tax	(214,015)	(175,683)	(159,126)	(416,258)
Tax payments	13,494	632,805	11,477	630,083
Imputation credits received	<u>375</u>	<u>8,563</u>	<u>-</u>	<u>8,179</u>
Closing tax refund / (payable)	<u>(330,581)</u>	<u>999,933</u>	<u>(325,966)</u>	<u>1,077,625</u>

Imputation Credit Account

	PARENT	
	2008	2007
Balance as at 1 January 2008	3,273,741	2,852,669
Income tax payments (refunds) during year	-	776,434
Imputation credits on dividends received	129,721	58,231
Imputation credits on dividends paid	(485,099)	(451,419)
Prior period adjustment	(717,122)	-
Resident withholding tax paid	<u>11,150</u>	<u>37,826</u>
Balance as at 31 December 2008	<u>2,212,391</u>	<u>3,273,741</u>

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

Through direct holding in parent company	2,212,391	3,273,741
Through direct interests in subsidiaries	<u>67,900</u>	<u>67,525</u>
	<u>2,280,291</u>	<u>3,341,266</u>



EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

7. EARNINGS PER SHARE

	GROUP AND PARENT	
	2008	2007
	\$	\$
Profit attributable to ordinary shareholders	3,190,091	1,207,824
Profitable attributable to parent interest on dilution	3,190,091	1,207,824
Weighted average number of ordinary shares issued	24,503,122	24,503,122
Basic earnings per share	0.13 cents	0.05 cents
Diluted earnings per share	0.13 cents	0.05 cents

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

8. SHARE CAPITAL

	GROUP AND PARENT	
	2008	2007
	No of shares	No of shares
Share capital at 1 January 2008	24,503,122	24,503,122
Investor shares issued during the year	-	-
Sale/transfers of treasury stock	-	-
Transfers from shareholders	(828,028)	-
Transfers to shareholders	828,028	-
Treasury stock	-	-
Share capital at 31 December 2008	<u>24,503,122</u>	<u>24,503,122</u>

The capital of the company includes 24,503,122 (2007: 24,503,122) "A" investor shares. 366,433 \$1.00 shares are not paid up. The shareholding in the company is divided into two classes Transactor and Investor Shares. Transactor shares are classified as term liabilities, see further detail in note 16.

Investor Shares

Investor shares are issued under the Companies Act 1993 and are tradable. Investor shares carry 40% of the voting power of all shares on issue, and carry the right to participate in any annual dividends declared by the directors of the company. Investor shares can participate in any surplus assets upon liquidation after the holders of Transactor shares have been paid out.

9. RESERVES

Fair Value Reserve

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at 1 January 2008	-	49,511	-	49,511
Movement during the year	<u>54,965</u>	<u>(49,511)</u>	<u>54,965</u>	<u>(49,511)</u>
Balance at 31 December 2008	<u>54,965</u>	<u>-</u>	<u>54,965</u>	<u>-</u>

Fair value reserve relates to fair value adjustments of investments in listed companies.

Asset Revaluation Reserve

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at 1 January 2008	11,658,617	15,085,796	11,658,617	15,085,796
Movement during the year	-	-	-	-
Deferred tax on revaluation	<u>-</u>	<u>(3,427,179)</u>	<u>-</u>	<u>(3,427,179)</u>
Balance at 31 December 2008	<u>11,658,617</u>	<u>11,658,617</u>	<u>11,658,617</u>	<u>11,658,617</u>
Total Reserves	<u>11,713,582</u>	<u>11,658,617</u>	<u>11,713,582</u>	<u>11,658,617</u>

Reflects increment in fixed asset valuation on land and buildings performed in 2006. For more details refer to note 25.



EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

10. RETAINED EARNINGS

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Retained earnings at 1 January 2008	3,993,788	3,799,964	3,205,572	2,839,815
Net surplus attributable to shareholders	3,190,091	1,207,824	2,816,821	1,379,757
Distribution to owners	<u>(1,897,793)</u>	<u>(1,014,000)</u>	<u>(1,897,793)</u>	<u>(1,014,000)</u>
Balance as at 31 December 2008	<u>5,286,086</u>	<u>3,993,788</u>	<u>4,124,600</u>	<u>3,205,572</u>

11. DISTRIBUTIONS TO OWNERS

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Dividends				
Dividends paid:				
Investor shares - dividend paid	984,898	1,014,000	984,898	1,014,000
Investor shares - dividend payable	<u>912,895</u>	<u>-</u>	<u>912,895</u>	<u>-</u>
Total dividends	<u>1,897,793</u>	<u>1,014,000</u>	<u>1,897,793</u>	<u>1,014,000</u>

Dividends paid on investor shares amounted to \$0.06 cents per share (2007: 0.06 cents per share). Dividends payable amounted to \$0.06 cents per share (2007: \$Nil).

12. ACCOUNTS PAYABLE

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade creditors	2,771,922	1,864,227	2,787,593	1,803,400
Sundry creditors and accruals	2,543,607	1,028,658	2,284,012	934,073
Associate payables	78,898	-	78,898	-
Related party payables	<u>1,506,244</u>	<u>818,230</u>	<u>1,506,244</u>	<u>818,230</u>
	<u>6,900,671</u>	<u>3,711,115</u>	<u>6,656,747</u>	<u>3,555,703</u>

Included in sundry accruals above is \$110,000 relating to EastPack Limited's exposure to a bank facility guarantee of its equity accounted associate Jet Stick Limited.

GST payable	<u>194,985</u>	<u>101,286</u>	<u>166,366</u>	<u>129,581</u>
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13. EMPLOYEE ENTITLEMENTS

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at 1 January 2008	179,887	159,046	179,887	159,046
Additional provision	371,503	1,159,704	371,503	1,159,704
Amount utilised	<u>(287,721)</u>	<u>(1,138,863)</u>	<u>(287,721)</u>	<u>(1,138,863)</u>
Balance at 31 December 2008	<u>263,669</u>	<u>179,887</u>	<u>263,669</u>	<u>179,887</u>
 This is represented by:				
Current liability	<u>263,669</u>	<u>179,887</u>	<u>263,669</u>	<u>179,887</u>
Balance at end of year	<u>263,669</u>	<u>179,887</u>	<u>263,669</u>	<u>179,887</u>

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

14. PROVISION FOR DIVIDEND

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at 1 January 2008	-	-	-	-
Additional provision	912,895	-	912,895	-
Balance at 31 December 2008	912,895	-	912,895	-

A dividend of \$0.06 per investor share was declared on 17 December 2008.

15. FINANCIAL INSTRUMENTS

Credit Risk

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

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	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash and cash equivalents	1,998,096	174,099	1,939,521	(76,831)
Accounts receivable	2,087,985	2,374,160	639,973	1,355,580
Intercompany advances	-	-	1,452,834	1,562,333
Leased orchards	618,952	729,016	-	-
Uncalled capital	203,877	366,433	203,877	366,433
Financial guarantees	Unlimited	Unlimited	Unlimited	Unlimited

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

Concentrations of Credit Risk

The group's largest customer accounts for 95% (2007: 95%) of total sales and 7% (2007: 74%) of trade receivables at balance date. 100% of the group's balance date cash was with one bank. The group does not have any other concentrations of credit risk.

Status of trade receivables

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

Group	2008		2007	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not yet due	714,848	-	805,784	-
Overdue 0 - 31 days	204,170	-	54,087	-
Overdue 31 - 92 days	22,633	-	81,109	-
Overdue 93 - 184 days	207,425	-	298,381	-
Overdue more than 184 days	-	-	-	-
Total trade receivables	1,149,076	-	1,239,361	-

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

15. FINANCIAL INSTRUMENTS (CONTINUED)

Parent	2008		2007	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not yet due	104,137	-	(15,141)	-
Overdue 0 - 31 days	13,327	-	13,107	-
Overdue 31 - 92 days	1,092	-	63,952	-
Overdue 93 - 184 days	87,815	-	285,722	-
Overdue more than 184 days	-	-	-	-
Total trade receivables	206,371	-	347,640	-

There is considered to be no impairment of trade receivables at the reporting date, accordingly no impairment allowance has been recorded (2007: \$Nil). EastPack generally have the ability to withhold either rebates or dividends from balances owing to growers and transacting shareholders. Non-recovery of those balances is low. Management actively manage other debtor balances and do not believe any balances are impaired.

Liquidity Risk

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

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

Group	Balance Sheet \$	Contractual cash flows \$	6 months or less \$	2008			
				6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
National Bank	18,200,000	18,200,000	4,000,000	-	-	-	18,200,000
Accounts payable	6,900,671	6,900,671	6,900,671	-	-	-	-
GST payable	194,985	194,985	194,985	-	-	-	-
Employee entitlements	263,669	263,669	263,669	-	-	-	-
Provision for dividend	912,895	912,895	912,895	-	-	-	-
	26,472,220	26,472,220	12,272,220	-	-	-	18,200,000

Group	Balance Sheet \$	Contractual cash flows \$	6 months or less \$	2007			
				6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
National Bank	24,200,000	24,200,000	-	-	-	-	24,200,000
Accounts payable	3,711,115	3,711,115	3,711,115	-	-	-	-
GST payable	101,286	101,286	101,286	-	-	-	-
Employee entitlements	179,887	179,887	179,887	-	-	-	-
Provision for dividend	-	-	-	-	-	-	-
	28,192,288	28,192,288	3,992,288	-	-	-	24,200,000

Parent	Balance Sheet \$	Contractual cash flows \$	6 months or less \$	2008			
				6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
National Bank	22,200,000	22,200,000	4,000,000	-	-	-	18,200,000
Accounts payable	6,656,747	6,656,747	6,656,747	-	-	-	-
GST payable	166,366	166,366	166,366	-	-	-	-
Employee entitlements	263,669	263,669	263,669	-	-	-	-
Provision for dividend	912,895	912,895	912,895	-	-	-	-
	30,199,677	30,199,677	11,999,677	-	-	-	18,200,000

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

15. FINANCIAL INSTRUMENTS (CONTINUED)

Parent	Balance Sheet	Contractual cash flows	6 months or less	2007			
				6-12 months	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
National Bank	24,200,000	24,200,000	-	-	-	-	24,200,000
Accounts payable	3,555,703	3,555,703	3,555,703	-	-	-	-
GST payable	129,581	129,581	129,581	-	-	-	-
Employee entitlements	179,887	179,887	179,887	-	-	-	-
Provision for dividend	-	-	-	-	-	-	-
	28,065,171	28,065,171	3,865,171	-	-	-	24,200,000

Currency Risk

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

At balance date the group's risk of exchange rate movements in receivables and payables was nil. There were no forward contracts in place for forecast purchases (2007: AUD 385,418).

Interest Rate risk

The group has exposure to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. The group manages its cost of borrowing by placing limits on the proportion of borrowings at floating rate, and the proportion of fixed rate borrowing that is repriced in any year. The group uses interest rate swaps to manage its interest rate risk. At balance date the principal amounts of interest rate contracts outstanding was \$5,000,000 (2007: \$10,000,000).

Interest rate risk - repricing analysis:

The following table identifies the periods in which financial instruments that are subject to interest rate risk reprice. All interest rates are maturing in March 2009.

Group	Effective interest rate	Total	6 months or less	2008			
				6-12 months	1-2 years	2-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$
National Bank	6.39	22,200,000	22,200,000	-	-	-	-

Group	Effective interest rate	Total	6 months or less	2007			
				6-12 months	1-2 years	2-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$
National Bank	9.64	24,200,000	24,200,000	-	-	-	-

Parent	Effective interest rate	Total	6 months or less	2008			
				6-12 months	1-2 years	2-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$
National Bank	6.39	22,200,000	22,200,000	-	-	-	-

Parent	Effective interest rate	Total	6 months or less	2007			
				6-12 months	1-2 years	2-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$
National Bank	9.64	24,200,000	24,200,000	-	-	-	-

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

15. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk - sensitivity analysis:

EastPack are exposed to interest rate risk relating to National Bank borrowings. A 1% change in rates would affect after tax profit and equity by +/- \$222,000.

Market Risk

The company has a leased orchard asset representing prepaid orchard expenses which are carried forward to match against revenue anticipated for the 2009 season. This asset represents a risk to the extent that revenue from the 2009 crop does not exceed costs incurred at 31 December 2008. The leased orchard asset is \$618,952 (2007: \$729,016).

Fair values

The estimated fair values of financial instruments in the Balance Sheet are their carrying value, with the following exceptions:

Shares in Unlisted Companies and Financial Guarantees

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

Financial instruments by classification

Group

	Assets at FV Through P&L \$	Assets at Amortised Cost \$	Loans and Receivables \$	Liabilities at FV \$	Liabilities at Amortised Cost \$	Total Carrying Value \$
31 March 2007						
<i>Liabilities as per balance sheet</i>						
Loans and borrowings	-	-	-	-	24,200,000	24,200,000
Transactor Shares	-	-	-	-	9,169,590	9,169,590
Trade and other payables	-	-	-	-	3,711,115	3,711,115
Total	-	-	-	-	37,080,705	37,080,705
<i>Assets as per balance sheet</i>						
Cash and cash equivalents	-	-	174,099	-	-	174,099
Trade and other receivables	-	-	2,374,160	-	-	2,374,160
Leased orchards	-	-	729,016	-	-	-
Unpaid capital	-	-	366,433	-	-	-
Investments	849,079	167,345	-	-	-	1,016,424
Total	849,079	167,345	3,643,708	-	-	3,564,683
31 March 2008						
<i>Liabilities as per balance sheet</i>						
Loans and borrowings	-	-	-	-	22,200,000	22,200,000
Transactor Shares	-	-	-	-	9,828,800	9,828,800
Trade and other payables	-	-	-	-	6,900,671	6,900,671
Income in advance	-	-	-	-	-	-
Derivatives	-	-	-	90,228	-	-
Total	-	-	-	90,228	38,929,471	38,929,471
<i>Assets as per balance sheet</i>						
Cash and cash equivalents	-	-	1,998,096	-	-	1,998,096
Trade and other receivables	-	-	2,087,985	-	-	2,087,985
Leased orchards	-	-	618,952	-	-	-
Unpaid capital	-	-	203,877	-	-	-
Investments	785,044	170,022	-	-	-	955,066
Total	785,044	170,022	4,086,081	-	-	5,041,147

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

15. FINANCIAL INSTRUMENTS (CONTINUED)

Parent

	Assets at FV Through P&L	Assets at Amortised Cost	Loans and Receivables	Liabilities at FV	Liabilities at Amortised Cost	Total Carrying Value
	\$	\$	\$	\$	\$	\$
31 March 2007						
<i>Liabilities as per balance sheet</i>						
Loans and borrowings	-	-	-	-	24,200,000	24,200,000
Transactor shares	-	-	-	-	9,169,590	9,169,590
Trade and other payables	-	-	-	-	3,555,703	3,555,703
Total	-	-	-	-	36,925,293	36,925,293
<i>Assets as per balance sheet</i>						
Cash and cash equivalents	-	-	(76,831)	-	-	-
Trade and other receivables	-	-	1,355,580	-	-	-
Unpaid capital	-	-	366,433	-	-	-
Investments	849,079	-	-	-	-	-
Total	849,079	-	849,079	-	-	-

31 March 2008

<i>Liabilities as per balance sheet</i>						
Loans and borrowings	-	-	-	-	22,200,000	22,200,000
Transactor shares	-	-	-	-	9,828,800	9,828,800
Trade and other payables	-	-	-	-	6,656,747	6,656,747
Total	-	-	-	-	38,685,547	38,685,547
<i>Assets as per balance sheet</i>						
Cash and cash equivalents	-	-	1,939,521	-	-	1,939,521
Accounts receivable	-	-	639,973	-	-	639,973
Unpaid capital	-	-	203,877	-	-	203,877
Investments	785,044	-	-	-	-	-
Total	785,044	-	2,783,371	-	-	843,850

Capital Risk Management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to growers, shareholders and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and maximise returns. Capital in relation to capital management also includes transactor shares.

In order to maintain or adjust the capital structure, the Group may adjust distributions to beneficiaries, amount of dividends paid to shareholders, return capital to shareholders, issue new shares, amend capital spending plans or sell assets to reduce debt.

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

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

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

16. TRANSACTOR SHARES

GROUP AND PARENT

	No. of Shares	No. of Shares	2008 \$	2007 \$
Transactor shares at 1 January 2008	9,169,590	8,443,063	9,169,590	8,443,063
Transactor shares issued during the year	1,206,584	1,044,891	1,206,584	1,044,891
Sales during the year	(547,374)	(318,364)	(547,374)	(318,364)
Transactor shares at 31 December 2008	<u>9,828,800</u>	<u>9,169,590</u>	<u>9,828,800</u>	<u>9,169,590</u>

The company has 9,828,800 (2007: 9,169,590) "A" ordinary Transactor shares on issue. The Transactor shares are classified as a liability rather than equity under NZ IFRS due to their redemption rights. Transactor Shares are issued by the company to growers of kiwifruit or other approved produce. They are not freely tradable, and carry 60% of the voting power of all shares on issue. Transactor shareholders have the right to participate in any annual rebate declared by the directors of the company. They carry first right of redemption on liquidation of the company at \$1.00 each. Carrying value of transactor shares is equivalent to fair value, due to the fixed redemption value.

17. INCOME IN ADVANCE

GROUP AND PARENT

	2008 \$	2007 \$
Balance at 1 January 2008	1,229,167	1,479,167
Expired during the period	(250,000)	(250,000)
Fair value adjustment	(96,937)	-
Balance at 31 December 2008	<u>882,230</u>	<u>1,229,167</u>
Current Portion	250,000	250,000
Term Portion	<u>632,230</u>	<u>979,167</u>
Total	<u>882,230</u>	<u>1,229,167</u>

This represents income received in advance, which is recorded over the life of the relevant service contract. The term portion has been reduced to reflect the net present value of future receivables.

18. BORROWINGS

GROUP

PARENT

	2008 \$	2007 \$	2008 \$	2007 \$
Bank loans (secured)	18,200,000	24,200,000	18,200,000	24,200,000
Current Portion	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>
	<u>22,200,000</u>	<u>24,200,000</u>	<u>22,200,000</u>	<u>24,200,000</u>

Security - Parent and Group

Loans are secured by a debenture over the companies assets, specific security agreement over all grader equipment and mortgage over all land and buildings.

The current interest rates on the secured bank loans range from 6.38% to 6.57% (2007: 9.67% to 9.88%). Borrowings are interest only.

19. DERIVATIVES

GROUP

PARENT

	2008 \$	2007 \$	2008 \$	2007 \$
Interest rate swap	<u>90,228</u>	<u>-</u>	<u>90,228</u>	<u>-</u>

Interest rate swap is on bank term debt of \$5,000,000 principal. Swap rate is 8.34% and matures in June 2009. The derivative value reflects the balance date mark-to-market valuation to contracted maturity date.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

20. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
National Bank	1,914,359	173,303	1,855,784	(77,627)
Other Accounts	83,737	796	83,737	796
	<u>1,998,096</u>	<u>174,099</u>	<u>1,939,521</u>	<u>(76,831)</u>

21. ACCOUNTS RECEIVABLE

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade receivables	1,149,076	1,428,184	206,371	832,692
Sundry receivables	676,033	792,238	170,726	369,150
Advances to directors	-	94,231	-	94,231
Related parties advance	8,757	6,232	8,757	6,232
Associate receivables	<u>254,119</u>	<u>53,275</u>	<u>254,119</u>	<u>53,275</u>
	<u>2,087,985</u>	<u>2,374,160</u>	<u>639,973</u>	<u>1,355,580</u>

22. LEASED ORCHARDS

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at 1 January 2008	729,016	436,885	-	-
Costs capitalised	618,952	729,016	-	-
Utilisation in current season	<u>(729,016)</u>	<u>(436,885)</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2008	<u>618,952</u>	<u>729,016</u>	<u>-</u>	<u>-</u>

23. INVENTORY

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Packaging	<u>2,344,990</u>	<u>1,681,155</u>	<u>2,313,095</u>	<u>1,641,161</u>

Inventory is subject to retention of title clauses.

24. UNPAID CAPITAL

	GROUP AND PARENT	
	2008	2007
	\$	\$
203,877 shares @\$1.00	<u>203,877</u>	<u>366,433</u>
Current Asset	27,500	30,804
Non Current Asset	<u>176,377</u>	<u>335,629</u>
	<u>203,877</u>	<u>366,433</u>
Opening balance	366,433	416,582
Shares sold	(135,945)	-
Ex dividend	(2,604)	(50,149)
Rebate withheld	<u>(24,007)</u>	<u>-</u>
Closing balance	<u>203,877</u>	<u>366,433</u>

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

The current portion of unpaid capital is based on each shareholder's estimated number of trays for the 2009 season.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

25. PROPERTY, PLANT AND EQUIPMENT

	GROUP			PARENT		
	Cost/ Valuation	Accumulated Depreciation	2008 Book Value	Cost/ Valuation	Accumulated Depreciation	2008 Book Value
	\$	\$	\$	\$	\$	\$
Buildings	40,878,247	5,756,705	35,121,542	40,878,246	5,756,705	35,121,542
Furniture & Fittings	266,767	148,615	118,152	266,767	148,615	118,152
Plant & Motor Vehicles	28,451,654	13,429,862	15,021,792	28,420,416	13,411,390	15,009,026
Land & Improvements (at valuation)	11,250,700	166,414	11,084,286	11,250,700	166,414	11,084,286
	<u>80,847,368</u>	<u>19,501,596</u>	<u>61,345,772</u>	<u>80,816,129</u>	<u>19,483,124</u>	<u>61,333,006</u>

	GROUP			PARENT		
	Cost	Accumulated Depreciation	2007 Book Value	Cost	Accumulated Depreciation	2007 Book Value
	\$	\$	\$	\$	\$	\$
Buildings (at valuation)	37,992,781	4,244,932	33,747,849	37,992,781	4,244,933	33,747,849
Furniture & Fittings	238,755	128,604	110,151	238,755	128,604	110,151
Plant & Motor Vehicles	24,809,195	11,281,872	13,527,323	24,782,533	11,264,825	13,517,708
Land & Improvements (at valuation)	10,971,631	111,077	10,860,554	10,971,631	111,077	10,860,554
	<u>74,012,362</u>	<u>15,766,485</u>	<u>58,245,877</u>	<u>73,985,700</u>	<u>15,749,439</u>	<u>58,236,262</u>

Valuation

Land and buildings are valued in accordance with valuation reports of independent registered valuer's dated 18 December 2006. Land and Buildings are valued on the basis of Replacement cost less depreciation, Investment approach, Sales comparison. The valuation was completed by an independent registered valuer, S Harris (SPINZ), of the firm: Property Solutions (BOP) Ltd on 18 December 2006. The effective date of the valuation was 31 December 2006.

Security

Certain property, plant and equipment has been pledged as security over term loans. A specific security agreement exists over all grader equipment and mortgage over all land and buildings.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

(a) **Movements in Carrying Amounts**

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

Group

	Buildings	Furniture & Fittings	Plant and Motor Vehicles	Land	Total
	\$	\$	\$	\$	\$
2008					
Balance at 1 January 2008	33,747,849	110,151	13,527,323	10,860,554	58,245,877
Additions	2,885,465	28,012	4,809,696	279,069	8,002,242
Disposals	-	-	(267,328)	-	(267,328)
Depreciation expense	(1,511,772)	(20,011)	(3,047,899)	(55,337)	(4,635,019)
Carrying amount at 31 December 2008	<u>35,121,542</u>	<u>118,152</u>	<u>15,021,792</u>	<u>11,084,286</u>	<u>61,345,772</u>
2007					
Balance at 1 January 2007	28,730,000	107,158	11,086,897	10,141,000	50,065,055
Additions	6,340,093	33,233	4,971,991	752,181	12,097,498
Disposals	-	(11,257)	(413,396)	-	(424,653)
Depreciation expense	(1,322,244)	(18,983)	(2,118,169)	(32,627)	(3,492,023)
Carrying amount at 31 December 2007	<u>33,747,849</u>	<u>110,151</u>	<u>13,527,323</u>	<u>10,860,554</u>	<u>58,245,877</u>

	Buildings	Furniture & Fittings	Plant & Motor Vehicles	Land	Total
	\$	\$	\$	\$	\$
2008					
Balance at 1 January 2008	33,747,849	110,151	13,517,708	10,860,554	58,236,262
Additions	2,885,465	28,012	4,805,116	279,069	7,997,662
Disposals	-	-	(267,328)	-	(267,328)
Depreciation expense	(1,511,772)	(20,011)	(3,046,470)	(55,337)	(4,633,590)
Carrying amount at 31 December 2008	<u>35,121,542</u>	<u>118,152</u>	<u>15,009,026</u>	<u>11,084,286</u>	<u>61,333,006</u>
2007					
Balance at 1 January 2007	28,730,000	107,158	11,079,610	10,141,000	50,057,768
Additions	6,335,560	33,233	4,969,663	752,181	12,090,637
Disposals	-	(11,257)	(413,396)	-	(424,653)
Depreciation expense	(1,317,711)	(18,983)	(2,118,169)	(32,627)	(3,487,490)
Carrying amount at 31 December 2007	<u>33,747,849</u>	<u>110,151</u>	<u>13,517,708</u>	<u>10,860,554</u>	<u>58,236,262</u>

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

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Land & Improvements	6,383,880	6,160,148	6,383,880	6,160,148
Buildings	25,516,347	23,752,541	25,516,347	23,752,541



EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

26. INVESTMENTS IN SUBSIDIARIES

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
EastPack Kiwifruit Operations Ltd	-	-	999	999

<u>Subsidiaries:</u>	<u>Percentage Held</u>		<u>Balance date</u>	<u>Incorporated in</u>
	2008	2007		
EastPack Kiwifruit Operations Ltd	100 %	100 %	31 December	New Zealand

EastPack Kiwifruit Operations Ltd is a direct subsidiary of the Company. EastPack Kiwifruit Operations Ltd is involved in the lease management of orchards.

27. INVESTMENTS IN ASSOCIATES

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Results of associates				
Share of operating surpluses / (deficits) before tax	833,806	428,740	-	-
Taxation	(148,938)	(181,568)	-	-
Share of operating surpluses / (deficits)	684,868	247,172	-	-
Other recognised surpluses / (deficits)	-	-	-	-
Share of total recognised revenues and expenses	684,868	247,172	-	-
Interest in associates				
Shares at cost	762,078	701,005	762,078	701,005
Share of surpluses	581,453	434,280	-	-
Balance at the beginning of year	1,343,531	1,135,285	762,078	701,005
New investments	50,000	61,073	50,000	61,073
Impairment adjustment	(26,668)	-	(26,668)	-
Share of total recognised revenues and expenses	684,868	247,172	-	-
Dividends/rebates	(528,380)	(100,000)	-	-
Balance at end of year	1,523,351	1,343,530	785,410	762,078
Included in the carrying amount is:				
Goodwill	502,924	502,924	-	-

Details of Associates

2008	Assets	Liabilities	Revenue	Profit/(loss)	% Held	Carrying Amount
Southlink Ltd	5,840	-	152,635	5,840	25	23,333
Southlink Supply Ltd	1,166,752	579,157	4,335,615	496,960	50	76,288
Jetstick Ltd	-	-	-	-	20	-
Southern Produce Limited	4,211,164	2,015,893	10,949,348	781,452	50	1,423,730
2007	Assets	Liabilities	Revenue	Profit/(loss)	% Held	Carrying Amount
Southlink Ltd	948,757	212,742	3,947,828	564,215	25	23,333
Jetstick Ltd	310,843	479,056	508,952	(291,886)	20	26,678
Southern Produce Limited	2,910,288	1,221,393	12,101,063	1,036,657	50	1,293,520

<u>Associates</u>	<u>Principal Activities</u>	<u>Balance Date</u>
Southlink Ltd	Transporting agent	28 February
Southlink Supply Limited	Transporting agent	28 February
Jetstick Ltd	Manufacture of labeling systems	31 December
Southern Produce Limited	Marketer of fresh produce	31 March



EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

27. INVESTMENTS IN ASSOCIATES (CONTINUED)

All associates are incorporated in New Zealand. The shares in all associates are unlisted, so it is not practicable to estimate the fair value of shares in associates with an acceptable level of reliability. There are no significant restrictions on the ability of any associate to pay dividends, repay loans or otherwise transfer funds to the investor company. Southlink Limited ceased trading in February 2008. Southlink Supply Limited was incorporated in January 2008 and commenced trading March 2008. Southlink Supply Limited conducts the same business as Southlink Limited. EastPack contributed 50% of Southlink Supply Limited equity by cash payment. In February 2009 Southlink Limited repaid EastPack equity.

Southlink Supply Limited is treated as an associate by virtue of the shareholders agreement which requires a majority vote of directors for all major transactions. Eastpack is only entitled to 50% and therefore does not control a majority.

No current financial information was available at the time of this report, regarding losses not recognised for Jetstick Limited (2007: \$119,758). The group has no obligation in respect to those losses.

28. INVESTMENTS

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Shares in unlisted companies	683,673	878,006	513,651	843,241
Shares in listed companies	271,393	5,838	271,393	5,838
Other investments	-	132,580	-	-
	<u>955,066</u>	<u>1,016,424</u>	<u>785,044</u>	<u>849,079</u>

Investments in unlisted companies are stated at cost because fair value cannot be reliably measured. In all cases the shareholdings are stable, so there are no trades for which a value has been struck. All unlisted shares are held for the long term. Investments in listed companies are stated at fair value.

29. INTANGIBLE ASSETS

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trademarks				
Carrying amount at 1 January	12,000	12,000	12,000	12,000
Accumulated impairment losses	(1,200)	-	(1,200)	-
Carrying amount at 31 December	<u>10,800</u>	<u>12,000</u>	<u>10,800</u>	<u>12,000</u>

Trademarks represent amounts paid externally for trademark license on internally generated brands. The licenses are for a finite period. Trademarks are amortised over managements expectation of their useful life being 10 years. Management assess at each balance date the carrying value and the expected future values embodied in the trademarks, for impairment.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

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

	GROUP		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net surplus after taxation	3,190,091	1,207,824	2,816,821	1,379,757
<u>Add (deduct) non-cash items</u>				
Depreciation	4,635,019	3,492,023	4,633,594	3,487,490
Loss on sale of property, plant and equipment	260,868	-	260,868	-
Fair value adjustments	88,960	-	88,960	-
Amortisation	1,200	-	1,200	-
Equity accounted earnings - Associates	(684,868)	(247,172)	-	-
Movement in deferred tax	(214,015)	3,079,510	(159,126)	2,838,933
Income in advance expired	(250,000)	(250,000)	(250,000)	(250,000)
<u>Deduct items credited directly to equity</u>				
Movement in deferred tax	-	(3,255,195)	-	(3,255,195)
Movement in income tax payable	-	240,880	-	240,880
	<u>3,837,164</u>	<u>3,060,046</u>	<u>4,575,496</u>	<u>3,062,108</u>
<u>Movement in Working Capital</u>				
Increase/(decrease) in accounts payable	3,189,556	(4,554,767)	3,101,044	(4,400,685)
Increase/(decrease) in employee entitlements	83,782	20,841	83,782	20,841
(Increase)/decrease in accounts receivable	286,175	(265,372)	715,607	(597,144)
(Increase)/decrease in GST	93,699	(318,780)	36,785	(268,833)
(Increase)/decrease in leased orchards	110,064	(292,131)	-	-
(Increase)/decrease in inventory	(663,835)	1,709,560	(671,934)	1,713,305
Increase/(decrease) in income tax payable	<u>1,330,514</u>	<u>(694,485)</u>	<u>1,403,591</u>	<u>(691,372)</u>
	<u>4,429,955</u>	<u>(4,395,134)</u>	<u>4,668,875</u>	<u>(4,223,888)</u>
Net cash inflow/(outflow) from operating activities	<u>11,457,210</u>	<u>(127,264)</u>	<u>12,061,192</u>	<u>217,977</u>

31. TRANSACTIONS WITH RELATED PARTIES

Key Management Personnel

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

	Short-term benefits	Post-employment benefits	Other long-term benefits	Termination benefits
	\$	\$	\$	\$
2008	1,040,622	-	-	-
2007	719,667	-	-	-

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

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

31. 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:

	2008	2007	2008	2007
	Rebates		Dividends	
	\$	\$	\$	\$
K M Clarke	9,536	8,486	10,044	9,994
G S Eynon and M Montgomery	67,650	51,328	100,800	100,299
R M Hudson	15,904	10,265	9,644	9,596
C G Overdeest	24,809	26,295	33,677	33,509
A K Woolsey	44,195	42,783	52,306	52,049
R B Sharp	104,378	75,822	67,045	66,712
D T Atkinson	-	-	24,000	23,881

K M Clarke, R M Hudson, A K Woolsey, R B Sharp and M J Montgomery own orchards for which the Company provides services on normal commercial terms. Payments for services were as follows:

K M Clarke \$Nil (2007: \$86,814). Balance outstanding at 31 December 2008 \$Nil (2007: \$11,328).
R M Hudson \$1,219 (2007: \$46,374). Balance outstanding at 31 December 2008 \$Nil (2007: \$Nil).
A K Woolsey \$Nil (2007: \$113). Balance outstanding at 31 December 2008 \$Nil (2007: \$Nil).
R B Sharp \$36,688 (2007: \$287). Balance outstanding at 31 December 2008 \$11,014 (2007: \$1,671).
M J Montgomery \$37,862 (2007: \$Nil). Balance outstanding at 31 December 2008 \$25,377 (2007: \$Nil).

G S Eynon and M J Montgomery own a kiwifruit contracting business that provides labour under normal commercial terms. Payments made during the year were \$247,949 for contracting (2007: \$156,785 contracting and \$82,248 consulting fees). G S Eynon and M J Montgomery own an orchard Pine Valley Middle Earth Joint Venture. Payments made to the Joint Venture were \$444,698 (2007: \$Nil). EastPack Ltd has an advance of \$6,232 owing from Pine Valley, an orchard owned by G S Eynon and M J Montgomery (2007: \$81,232).

M Hudson owns a kiwifruit contracting business that provides labour under normal commercial terms. Payments made during the year were \$25,677 for contracting. (2007: \$Nil).

R Sharp acts as a director for Robert Monk Limited, a company that supplies services to Eastpack on normal commercial terms. Payments made during the year were \$659,876 (2007: \$433,804).

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

	2008	2007	2008	2007
	Transactor Shares		Investor Shares	
	\$	\$	\$	\$
K M Clarke	-	1,060	-	-
G S Eynon	273	24,541	-	-
R M Hudson	7,724	5,133	-	-
C G Overdeest	6,427	6,858	-	-
A K Woolsey	-	16,381	-	-
M J Montgomery	273	24,451	-	-
R B Sharp	37,914	31,996	12,000	-

Subsidiaries

During the year EastPack Ltd entered into the following transactions with its subsidiaries:

- Sale of kiwifruit packing services to EastPack Kiwifruit Operations Ltd \$852,467 (2007: \$366,586)
- Sale of Kiwigreen Monitoring services to EastPack Kiwifruit Operations Ltd \$6,691 (2007: \$2,311)
- EastPack Kiwifruit Operations Ltd paid EastPack Ltd \$7,347 (2007: \$12,533) for the lease of the Quarry Road Orchards.

All amounts owing to/from subsidiaries and included in Intercompany Advances in the Balance Sheet. Total amounts owing to Eastpack Limited from subsidiaries: \$1,452,834 (2007: \$1,562,333).

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Associates

During the year EastPack Ltd contracted Southlink to complete its Logistics services (for which EastPack Ltd owns a 25% share). EastPack Ltd paid \$1,917,761 for these services in the year ended 31 December 2007 (2007: \$1,502,637).

EastPack Ltd received \$379,401 load rate incentives from Southlink \$19,019 (2007: \$393,632). EastPack Ltd received \$378,380 load rate incentives from Southlink Supply Limited (2007: \$0). The company purchased labeling machines to the value of \$20,250 from Jet Stick Ltd, an associate company in which they have a 20% shareholding (2007: \$59,900), in addition, EastPack also guaranteed the bank facility of Jet Stick Ltd. The total of the guarantee is \$74,000, EastPack total exposure is \$110,000. EastPack Ltd also received revenue of \$2,791,705 (2007: \$2,406,843) from Southern Produce Limited, and paid expenses of \$147,824 (2007: \$149,423) to Southern Produce Ltd, an associate company in which they have a 50% shareholding.

All amounts owing from associate companies are detailed in Note 21: Accounts Receivable.

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. As at 31 December 2008 the balance owing to the group was \$25,452 (2007: \$29,640).

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. EastPack Ltd received payments for services of \$55,875,733 (2007: \$45,014,388). EastPack Ltd paid the Trust \$3,421,676 (2007: \$2,715,499) for Class II. In addition, EastPack Ltd provides an unlimited guarantee to the National Bank of New Zealand, on behalf of the Trust, for its overdraft facility. At balance date \$1,506,244 (2007: \$818,230) was owing to EastPack Entity Trust. This is disclosed as a Related Party Payable in Note 12.

No related party debts have been written off or forgiven during the year (2007: \$Nil).

32. CONTINGENT LIABILITIES

	GROUP		PARENT	
	2008 \$	2007 \$	2008 \$	2007 \$
Guarantee of bank overdraft facilities for EastPack Entity Trust to a limit of:	Unlimited	Unlimited	Unlimited	Unlimited
At balance date the amount of the bank overdraft so guaranteed was:	Nil	Nil	Nil	Nil

Zespri pays growers a loyalty payment for supplying Zespri fruit for a contracted term. Zespri has advertised this rate at 15 cents (2007: 4 cents) per tray equivalent loaded. As a bonus to growers, EastPack pays the growers by tray equivalents submitted (packed). The difference between loaded and submitted is fruit loss. EastPack has accounted for this payment in the current financial statements. Zespri, in the last financial year, increased the loyalty payment after EastPack had printed their annual report. EastPack therefore incurred an additional cost in the year ended 31 December 2008 for a prior year transaction. If Zespri again decided to increase the loyalty payment EastPack would have a liability that is not recorded in these financial statements. EastPack do not know if Zespri intend increasing the loyalty payment for the 2008 year nor what the possible increase would be.

EASTPACK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

33. COMMITMENTS

GROUP AND PARENT

	2008	2007
	\$	\$
Estimated capital expenditure contracted for at balance date but not provided for:	7,411,383	3,902,068
<u>Operating lease commitments</u>		
Lease commitments under non-cancellable operating leases		
Less than one year	12,000	24,000
Between one and five years	-	12,000
Greater than five years	-	-
Total operating lease commitments	<u>12,000</u>	<u>36,000</u>

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

34. SEGMENT INFORMATION

Industry segments

The EastPack Group operates predominately in two industries - packhouse/coolstore, orchard management, and in one geographical area - New Zealand.

	Coolstore /Packhouse		Orchard		Elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sales to customers outside Group	51,812	43,603	3,273	2,191	-	-	55,085	45,794
Intersegment sales	852	369	-	-	(852)	(369)	-	-
Unallocated revenue	<u>1,158</u>	<u>1,026</u>	<u>1</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>1,159</u>	<u>1,043</u>
Total revenue	<u>53,822</u>	<u>44,998</u>	<u>3,274</u>	<u>2,208</u>	<u>(852)</u>	<u>(369)</u>	<u>56,244</u>	<u>46,837</u>
Unallocated expenses and taxation	-	-	-	-	-	-	53,054	45,630
Group operating surplus (before equity accounting)	-	-	-	-	-	-	2,505	960
Share of associate income/ (deficit)	-	-	-	-	-	-	685	247
After charging:								
Depreciation	4,634	3,487	1	5	-	-	4,635	3,492
Investments in associates	-	-	-	-	-	-	1,523	1,344
Total segment assets	-	-	-	-	-	-	71,089	66,942
Unallocated assets	-	-	-	-	-	-	-	-
segment assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets							<u>71,089</u>	<u>66,942</u>
Non-current assets acquired	7,531	12,066	162	167	-	-	7,693	12,233
Total segment liabilities	44,009	41,305	463	367	-	-	44,472	41,672
Unallocated liabilities	-	-	-	-	-	-	-	-
Total liabilities							<u>44,472</u>	<u>41,672</u>

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

35. SIGNIFICANT EVENTS AFTER BALANCE DATE

The board of directors approved the payment of a final dividend of 7 cents per investor share to be paid on 31 March 2009. (2007: approval of a final dividend of 6 cents per investor share to be paid on 31 March 2008).





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AUDIT REPORT TO THE SHAREHOLDERS OF EASTPACK LIMITED

We have audited the financial statements on pages 13 to 46. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 December 2008. This information is stated in accordance with the accounting policies set out on pages 17 to 27.

Board of Directors Responsibilities

The Board of Directors is responsible for the preparation of the financial statements which give a true and fair view of the financial position of the company and group as at 31 December 2008 and of the results of their operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgments made by the Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has provided other services to the company and its subsidiaries in relation to taxation and general accounting services. The firm has no other relationship with, or interest in, the company or its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company and group as far as appears from our examination of those records; and
- the financial statements on pages 13 to 46:
 - 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 EastPack Limited and its subsidiaries as at 31 December 2008 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 23 March 2009 and our unqualified opinion is expressed as at that date.



STAPLES RODWAY
HAMILTON

