

# RIGHT, HERE'S THE NUMBERS

*Apata*<sup>TM</sup>  
TOGETHER WE'RE BETTER





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APATA GROUP LIMITED  
BOARD OF DIRECTORS

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From left to Right: Tom Wilson, Mark Mayston (Deputy Chairman), Stuart Weston (Managing Director), Graham Cathie (Chairman), Alan Birley, John Anderson and John Holwerda.

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# THE YEAR IN REVIEW

THE FIRST FULL FINANCIAL YEAR SINCE THE AMALGAMATION OF AEROCOOL LIMITED AND APATA LIMITED TO FORM APATA GROUP LIMITED DELIVERED A RETURN TO PROFITABILITY AS THE RECOVERY PATHWAY FROM PSA CONTINUED TO GATHER MOMENTUM.

As importantly as company profitability, Apata Group Limited has delivered industry leading Hayward OGR's and above average OGR returns for other varieties of kiwifruit and avocados for our grower suppliers.

## ANNUAL REPORT

On behalf of the Apata Group Limited Board of Directors we present our Annual Report for the financial year ended 31 December 2014.

The financial results reflected in these accounts are for the nine month period 1st April 2014 to 31 December 2014. The comparative numbers presented are for Aerocool Limited for the period 1 April 2013 to 30 November 2013 plus Apata Group Limited (Aerocool Limited + Apata Limited) from 1 December 2013 to 31 March 2014. The reason for the apparent mismatch between the current year and the prior year comparatives are the accounting standards that are applied and the legal form and timing (30th November 2013) of the amalgamation.

The Group has changed its balance date to 31st December to better suit our business cycle, specifically the end of the kiwifruit season and to allow us to report results to shareholders before the commencement of the new season.

## DECEMBER 2014 FINANCIAL RESULT

The Directors are pleased to report a return to profitability as indicated in last year's annual report. The profit for the nine months before tax of \$2.9M is due to increased kiwifruit volumes as the industry rebounds from Psa and the delivery of a million dollars of annualised amalgamation synergies. The synergies are mainly in procurement, insurance, transport, operational efficiencies and removal of duplication.

Whilst it is unlikely we will return to pre Psa packing charges, packing prices must inevitably rise in coming seasons if post harvest is to have sufficient funds available to reinvest in cool stores and other capital items as well as provide dividends to our shareholders.

For the nine months ended 31 December 2014 the group net profit after tax was \$2.21M on revenues of \$40.35M. This compares with a net loss after tax of \$1.76M on revenues of \$16.77M in the previous reporting period. Shareholders are reminded the previous

period results are not like for like due to the amalgamation part way through the year.

Apata Group Limited had carry forward tax losses of \$1.86M which have been fully utilised by this result and we have residual tax to pay of \$0.30M, a pleasing turnaround and a good sign of business health that we have tax to pay.

## EXTERNAL DEBT AND USE OF FUNDS

Our external debt reduced from \$11.7M TO \$10.5M during the period and debt levels remain comfortable with current trading forecasts. The Group re financed with ANZ Bank NZ Limited in February 2015, the new facility including a \$5M drawdown to complete a million tray cool store complex at Turntable Road. External debt will rise in the next couple of years as we build to accommodate the impending SunGold volumes.

We continue to have an extremely good relationship with the bank as evidenced by their February 2015 3 year commitment of both term and seasonal funding and future capital for expansion will be available when required.

The business is operating within all banking covenants and has a minimum of \$1.25M of debt scheduled for repayment in December 2015.

Cash on hand of \$1.9M at balance date has increased by \$0.8M on the last period after the retiring of \$1.3M of debt and \$0.9M of asset reinvestment.

## DIVIDENDS AND REBATES

No dividends or rebates were paid during the period however as volumes and margins recover the Board's priority is to get back to the payment of dividends as soon as possible, but will balance this with the need to maintain debt at comfortable levels. The Group has budgeted to pay a dividend with respect to the 31st December 2015 financial year but will review this as actual results are finalised in early 2016.

The Group retained earnings increased \$2.2M during the period to \$7.9M and shareholder equity increased \$1.8M to \$23,760,069 as at 31 December 2014.

## SHARE VALUE

Prior to the amalgamation in November 2013 the Board had the shares of both companies independently assessed and the result was a share value with an upper range value for either share of 35c/share. The Board had the shares independently assessed again in April 2014 and the result was an upper share value of 70c/share. The shares were assessed again immediately before the share buy back in September 2014 which resulted in an estimated valuation of \$1/share. The increasing share value is the result of synergy savings being delivered, increasing volumes and profitability of the Apata Group business and the general increase in confidence within the kiwifruit industry. It is reasonable to assume if trading conditions improve, as they are forecast to do in coming years, the share price will continue to increase over that period.

## SHARE BUY BACK

The Board embarked on a share buy back in October 2014 primarily to make shares available for an employee share scheme but also to give shareholders, predominantly dry, the opportunity to exit their shareholding at a fair value. The Board assessed fair value to be \$1 per share and the offer to re purchase shares was oversubscribed at just under 1.1M shares. The Company ended up buying back all of these shares which resulted in 72 shareholders, predominantly non supplying, selling their holdings and ceasing to be shareholders and several others selling down. The oversubscribed shares (just over 250k) were offered to existing shareholders for purchase and we are pleased to report that those shares were acquired quickly, a good vote of confidence by our existing shareholders.

## INVESTMENT IN OPERATIONAL AREAS

Minimal investment had been required at either facility in 2012 and 2013, as the worst effects of Psa were felt as both Aerocool and Apata had state of the art facilities which they had continued to develop pre Psa. Just under \$1M was invested in new additions or upgrades in the nine month period and this amount will increase significantly in coming years as the business continues its recovery pathway. In addition to asset replacement or replenishment, new facilities need to be built to cater for the projected volumes and over the summer of 2014/15 we are building a new cool store complex at Turntable Road costing \$5m which will house approximately a million tray equivalents of kiwifruit when full.

Further expansion is possible on both our sites in coming summers as each has land yet to be fully utilised. The Board will invest in future significant asset development when we have to, not before, and are cognisant of the need to balance capital required for future expansion with the need to return to the payment of dividends to the owners of the business.

## ASSOCIATES

### PRIMOR PRODUCE LIMITED

Apata Limited bought a 33% shareholding in the Auckland based produce marketing company Primor Produce Limited in 2011.

Avocados are a dominant but by no means exclusive part of Primor, who also import and export citrus, stone fruit, dates, kiwifruit and vegetables.

The gross dividend received from Primor amounted to \$611,111 or 38% return on funds invested. The net dividend of \$440,000 shows a 27% return on capital invested. These returns compare favourably relative to the Group's current cost of funds of around 5.2%.



# KIWIFRUIT

THE 2013/14 GROWING SEASON WAS A GOOD ONE WITH FAVOURABLE CONDITIONS OVER SPRING AND SUMMER FOR BOTH GROWING AND PSA MANAGEMENT.

There were further Psa related signs of bud drop in Hayward but a pre flowering girdle seems to mitigate that issue in many cases. Those in Psa prone areas (low lying, cold and wet) continue to struggle with pollination and canopy management in general. The resulting Hayward crop delivered record yield per hectare across the industry.

With SunGold Zespri has introduced a minimum taste threshold which will see crop not exported if it falls below that threshold. Summer girdling assists in dry matter in SunGold close to harvest however growers need to balance crop load on the canopies vs taste. Gold variety volumes across the industry increased from 12m in 2013 to 19m in 2014 as further Hort16A was removed and further SunGold came into production. Zespri announced during the year the other gold variety commercialised in 2010, Charm, will be phased out after the 2015 harvest due to shrivel issues in the market not being able to be adequately resolved.

The 2014 Harvest was the first undertaken as a merged group, and was handled very well, albeit some challenging Te Puke Hayward lines were encountered in late April / May from hail and high winds. The focus on a combined harvest galvanised the team, and the results were excellent.

The Apata Group supply, comprising of Apata Group Limited and Western Orchards packed 8.0M Class I export trays in 2014 which was up 0.6M trays on the prior year.

Supply numbers are expected to recover quickly in coming years, assuming Psa does not have a material impact on the projected

forward industry volumes. The Apata Group supply estimate in February 2015 for 2015 harvest numbers have increased to 10M trays as a further indication of this recovery.

## FRUIT LOSS

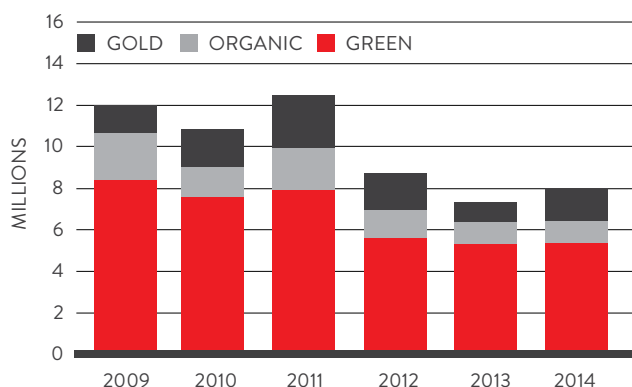
On shore and off shore fruit loss performance was nothing short of outstanding in a year where the industry on the whole performed well.

On shore fruit loss across the Hayward variety was 0.69% vs the industry average of 1.66% and for the gold varieties fruit loss was 2.22% vs the industry 1.62%. The groups GA fruit loss relative to industry was unfavourably affected by the number of first year crops in our pool vs the industry and our Gold fruit loss in general was affected by being over represented in the Charm variety, which has a higher fruit loss than the other gold varieties.

Off shore fruit loss as measured by intercheck and supplier accountability is rightly becoming just as important as on shore fruit loss and with supplier accountability being extended beyond Hayward to Europe to multiple varieties into multiple markets the risk/reward around late season fruit has never been greater. We support the industry moves to extend supplier accountability as late season fruit loss and supply claims have historically cost the grower pools significantly.

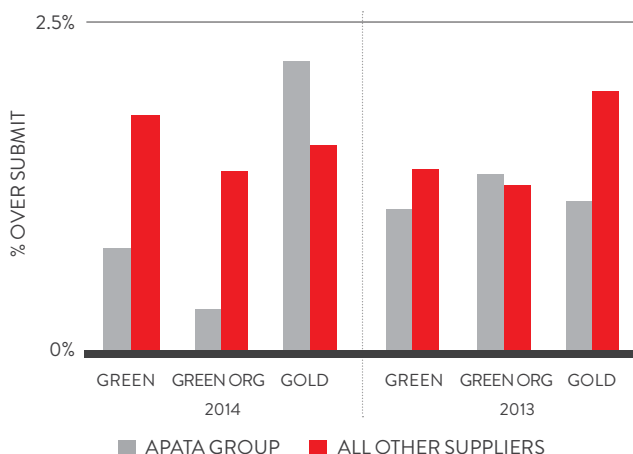
Apata Group offshore earnings from Intercheck and Supplier Accountability in 2014 were twice the industry at an average of 14.6 cents per tray across the Hayward trays whereas the industry finished with a premium of half this amount or 7.3 cents per tray.

APATA GROUP SUPPLY: CLASS 1 KIWIFRUIT TRAYS PACKED



THE APATA SUPPLY GROUP COMPRISES APATA (THE GROUP) AND ONE AFFILIATE POST-HARVEST SERVICE PROVIDER

APATA GROUP FRUIT LOSS VS INDUSTRY



2014 like 2013 was a stellar storage season and was one of the best experienced in recent years as evidenced by low fruit loss across the industry and good offshore outturn result. After two great storage years in a row no one can guarantee a similar result, but whatever the storage characteristics of the 2015 fruit harvested, the Apata Group Board is committed to remaining in the top quartile of industry performers. We remind growers, unlike OGR's, fruit loss results are absolutes and cannot be manipulated, so are a good guide to the operational performance of a post harvest entity.

## POOL RETURNS

The Apata pools reflect competitive post-harvest service costs and industry leading fruit loss such that the OGR's in each major pool is better than or on industry average. The Hayward conventional pool is \$6.23 vs industry at \$5.97, a 4% advantage for Apata growers. Our Hayward organic pool is \$7.67 vs industry \$7.14, a 7% premium for Apata growers and our Gold pool at \$9.67 is just behind industry average.

The Hayward and Hayward organic pool returns in conjunction with good yields and high Class I pack-outs have lead to record OGR's per hectare for our green growers some further respite from the last few years battling Psa.

**APATA GROUP ORCHARD GATE RETURN VS INDUSTRY**  
PER TRAY SUBMITTED



## PSA

It was November 2010 when a virulent strain of *Pseudo Syringae* pv. *Actinidiae* (Psa-V) was first identified in Te Puke, New Zealand. Since then it has rapidly become one of the largest and most costly threats that the New Zealand kiwifruit industry has faced.

By the middle of the 2012, Zespri had made the decision to release more SunGold which gave growers with severely infected Hort16A orchards the opportunity to continue on their orchards with a more Psa-V tolerant cultivar other than Hayward.

The level of this can be seen in the figures, as of mid 2014 there was approximately 5,000 hectares of SunGold license issued. With several hundred hectares of Hort16A still in production and still able to be swapped out to SunGold until 2016 and all of the Charm license due to be converted to SunGold, these numbers will grow further. Charm will be discontinued by Zespri as a commercial variety after the 2015 harvest. Zespri's latest modelling uses 13,500 trays per hectare for SunGold so it still remains a very real possibility that we see 60M+ trays of Gold kiwifruit Zespri are forecasting in coming years.

SunGold continues to display more resilience to Psa than Hort16A and continues to show good signs on orchard and in market that it is a viable long term replacement for gold growers. Low dry matter SunGold is now probably a higher risk to growers than Psa is with this variety, as the market won't take the bitter taste that comes with the low dry matter SunGold. Growers have been put on notice by Zespri with minimum taste standards now in place which means growers need to carefully balance crop loads with taste on their orchards.

Bud drop over spring continues to be an issue particularly in the Hayward variety but this tends to be regionalised rather than widespread and a pre flowering girdle seems to be having a positive impact in mitigating this issue.

Orchard management plays a big role in controlling Psa-V, with more importance being given to processes such as how canopies are managed, spray programs taking into account upcoming weather patterns and the timing of activities, as these often show a difference in the level of Psa-V impact on orchards in similar conditions.

There are still challenges ahead in spite of the extremely upbeat attitude of the industry at present. We have had several excellent growing seasons, particularly as it pertains to managing Psa, and whilst there is now no doubt orchard management practices can have an impact on the control of Psa, it is possible future yields may still be materially affected. As an industry the collaborative approach to combatting Psa has to date has been effective so we must continue to back ourselves to mitigate the risk Psa poses.



# AVOCADOS

THE 2014/2015 EXPORT AVOCADO SEASON DELIVERED GOOD FRUIT NUMBERS AND EXCELLENT FRUIT QUALITY FOR FIRST PICKS AND VARIABLE FRUIT QUALITY FOR SECOND PICKS.

Apata Group packed 833,206 export trays during the six month export season. Apata Group represented 30% market share of avocados in the Bay of Plenty for the season, in line with the previous season.

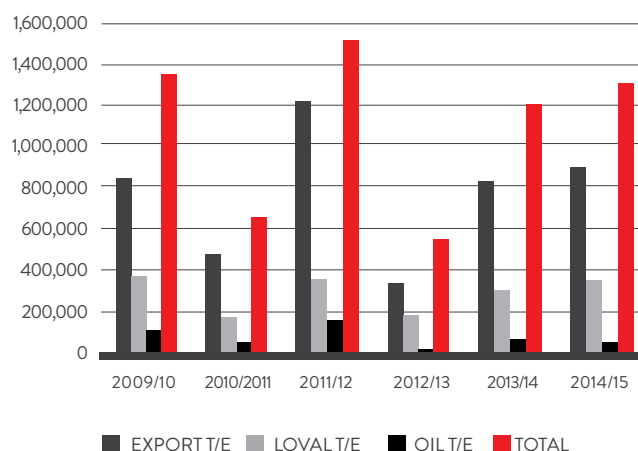
Apata growers at both sites packed exclusively for Avoco, the new partnership between Primor Produce and Team Avocado. This new venture brought together the marketing skills, customers, relationships and talent of both companies to service all markets to provide higher orchard gate returns for our growers.

The merging of Aerocool and Apata commercial terms for the just completed season proved challenging and we would like to thank growers at both sites for accepting that each of the old commercial models needed to be blended to create a new, sustainable model for Apata Group Limited. At this stage the Mends Lane Te Puke site continues to serve the Team Avocado growers, the Turntable Road site servicing Primor growers. We see a continued evolution of this model, led by growers, and in the meantime will respect and maintain the old allegiances to marketers and processing sites.

The OGR for growers in the 2014/2015 season have not been finalised at the time of writing, but with a much larger industry crop, will be below last year's returns, which were the highest seen in several years. The local market returns are also to be finalised shortly and like export will be down on last year. We have little doubt the creation of Avoco has served Avocado growers well in such a large season and growers will have additional money in their pockets they wouldn't have had if Avoco had not been operating so effectively.

Volumes next season will be down but it is too early to say by how much. Solving the challenge of biennial bearing in the Bay of Plenty will solve many of the industry challenges and Government funded research continues with that goal in mind.

APATA GROUP AVOCADO SUPPLY



# OUTLOOK AND BEYOND

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## 2015 KIWIFRUIT HARVEST

At the time of writing (March 2015) the 2015 kiwifruit season is upon us. Apata supply groups crop estimate of around 10M trays is a 2M increase on last year and we are all cognisant of the need to handle all fruit with industry best practice. We are currently building new cool stores and we will be running night shifts in all 3 sheds for the first time since 2011. We are up for the challenge and ready to go.

## TEAM KIWI LIMITED

In 2014 we registered Team Kiwi Limited which is a collaboration of like-minded post-harvest facilities joining as a supply group for Class 2 Green Conventional and Organic Kiwifruit into Australia. The Australian kiwifruit market has long been characterised by ill-disciplined supply and pricing behaviour and variable quality, and returns are reflective of that.

The formation of Team Kiwi has seen amalgamation of New Zealand supply down to 5 key suppliers (including Zespri), which improved performance into this market. In addition Team Kiwi has landed in the enviable position in serving as key suppliers to both major Australian Supermarket chains, with over 90% of available supply committed to those programs at the exclusion of the more volatile wholesale markets. The first season has been a huge success both in terms of grower returns and quality of product provided to market and continued concerted focus on quality and supply consistency will cement this program for successive seasons.

## CROPGRO

We continue to expand our orchard services through our successful Orchard division CropGro, offering management and lease options for growers both existing and new, with circa 200 hectares (2014: 170 hectares) currently under our control. We see this division as vital in securing supply for the coming seasons but also to have more direct input into yield and fruit quality.

We're seeing a trend toward syndicated orchard ownership in larger orchards and we sought expressions of interest in participation from our stakeholders during the year. We continue to search for the right opportunity for these stakeholders and anticipate offering proposals to them when they are identified.

## PLANNING FOR SUNGOLD VOLUMES

The forecast growth in SunGold volumes from 2M trays 2013 to 11M trays in 2014, jumping to 29M 2015 and tracking up over 60M trays by 2019 continues to dominate planning in the Post-Harvest sector and Zespri. Considerable challenges lie ahead with capacity planning, logistics and marketing.

Apata, like many other post-harvest facilities, is building cool stores at present to handle the 2015 crop, but we are investigating further cool storage options at both Mends Lane and Turntable Road for 2016 and beyond and its likely we will need to build again in the summer of 2015/16. We prefer to build on our existing sites due to lack of available alternatives to lease (both cost and quality of store) and most importantly we believe fruit quality is optimised by keeping the fruit in our care on one of our sites.

Our new cool stores will be high quality and flexible stores so that different temperature regime, and packaging formats can be accommodated.

In addition we are blessed with significant Controlled Atmosphere capability at both our sites and we are planning to put some SunGold in CA this season. Labelling out of CA will be a challenge but one we must learn to deal with in coming seasons.

As we predicted 18 months ago we are now facing a highly competitive labour market. Given we are a labour intensive industry and labour is our single largest expense item we are facing an increased demand for picking and packing labour. We will continue to have a heavy reliance on backpackers and programmed importation of overseas workers from Thailand, Malaysia and the Pacific Islands and the kiwifruit industry is also exposed to the risk of Government policy changes impacting this labour supply.

Likewise competition for management expertise has picked up and will become more acute with the sharp rise in scale and complexity. The Board thanks shareholders for supporting the share buyback and introduction of a management share scheme which we see as paramount to locking in key management personnel for the coming seasons. Profitability will follow the increasing volumes and we are focussed on making sure all our staff are fairly rewarded for the efforts they put in our workplace and most importantly they enjoy coming to work.

Workplace health and safety is ramping up later this year with the expected introduction of new health and safety legislation. Rest assured whilst we want our staff to enjoy coming to work and be fairly rewarded we want them to do so safely and return home to their loved ones in the same physical and mental state as they arrived at work.



## GREENFIELDS ORCHARD DEVELOPMENTS

Zespri's medium term planning is for approximately 70M trays of Hayward Conventional kiwifruit well down on the over 80M trays that required crop managing in 2011.

Two emerging issues could mean medium term planning needs to focus on more than just SunGold volumes.

Firstly, the last 3 seasons have seen average Hayward yields across the industry rise from around 7,500 trays per hectare to 9000 trays per hectare. Growing conditions have been excellent the last few seasons and play a part but there is little doubt the average yield is on the rise.

Secondly, with sustained OGR's above \$5 a tray and management of Psa being possible Greenfield orchard development are happening. Around the Apata Group we know of 60 hectares of new plantings that have occurred or are about to happen. This pattern is likely to be repeated across other post-harvest such that the Hayward numbers could reach 80 million again in coming seasons.

Considering the dire environment we were operating in only a matter of a couple of seasons ago, the issues outlined above are good problems to have. Further growth will generate more volume, improved utilisation of assets and people, better margins and return the business to a sustainable level of profit which can satisfy the needs of all our stakeholders (shareholders, growers, staff, financiers, suppliers alike).

We will not take our eye off the ball and will be ready for the challenge by having the right people, plant and processes in place in advance of it being required and as such further investment in all these areas will be required.

## FURTHER MERGER AND ACQUISITIONS

Our first priority is getting our own house in order and ensuring our 2 sites are fully equipped to handle the upcoming volumes but given the success of the Aerocool/Apata merger we're confident that further merger/acquisition would be beneficial to our shareholders, and we'll continue to search for opportunities in this regard. We will only pursue opportunities that will clearly add value to our existing business and are not intent on merger for the sake of merger.

## KIWIFRUIT INDUSTRY STRATEGY PROJECT

For the past 18 months a wide ranging review of the kiwifruit industry operation and structure has been undertaken. The review was split into various work streams which received hundreds of feedback from growers. The review has now provided recommendations for growers to vote on covering industry structure, Zespri shareholding, Zespri funding and so on.

The voting closes on the 20th March and it is paramount growers vote as the industry needs a strong mandate to take to Government to support a viable long term basis for operation. We encourage all growers to vote and make their voice heard.

## ACKNOWLEDGEMENTS

We would like to thank everyone involved for the successful year completed and in particular acknowledge and thank our growers and shareholders for their support through the amalgamation and the first 12 months of trading since. We look forward to continuing this success and addressing the issues in front of us which will lead to a more prosperous future where we can drive shareholder and grower value in a rapidly expanding industry environment.



## THANK YOU FOR YOUR SUPPORT.

A handwritten signature in black ink, appearing to read 'Graham Cathie'.

**GRAHAM CATHIE**  
Chairman

A handwritten signature in black ink, appearing to read 'Stuart Weston'.

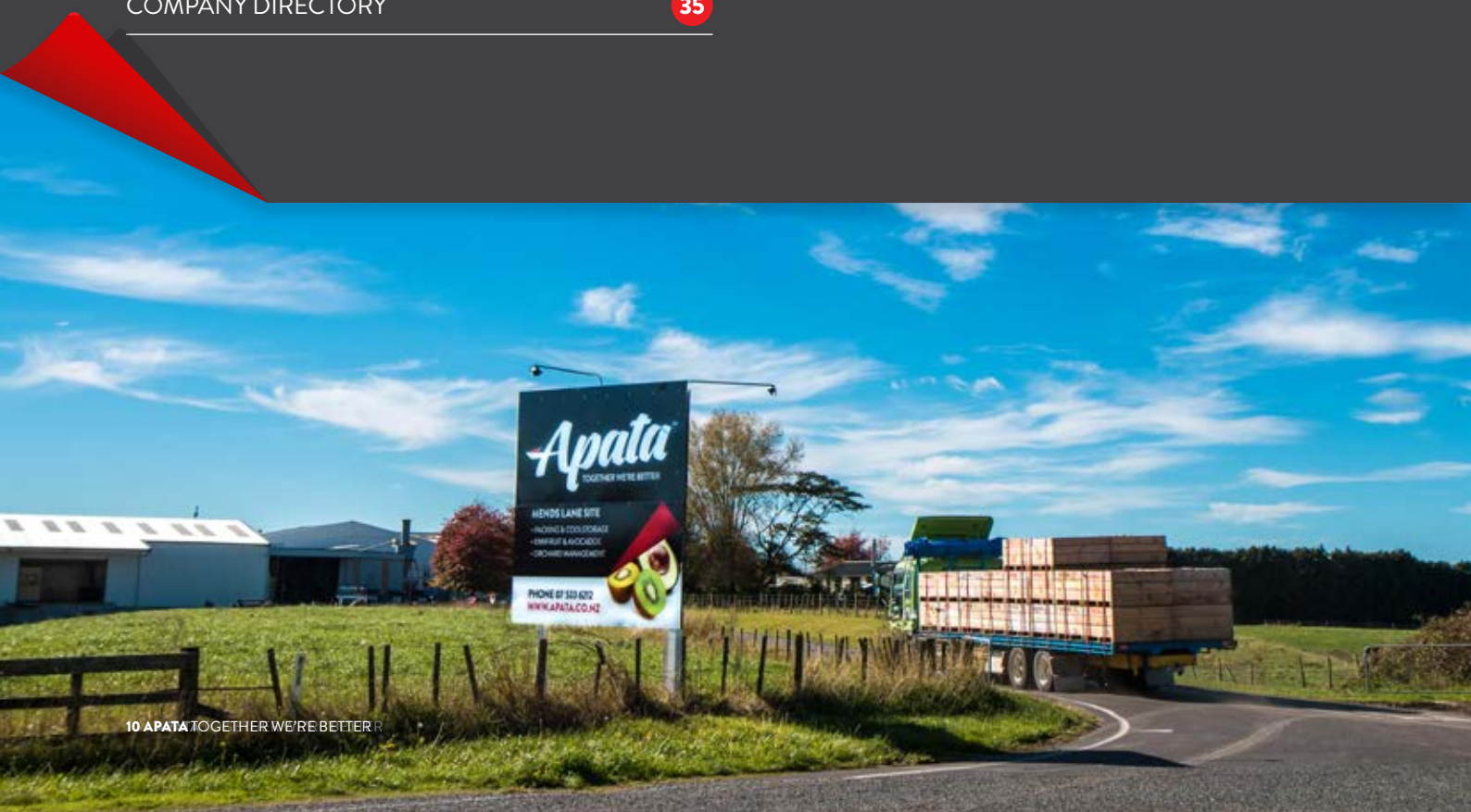
**STUART WESTON**  
Managing Director

# CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

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# STATUTORY INFORMATION

FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

## 1. DIRECTORS AND REMUNERATION

The Group's remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and the amount of each major element of emoluments of each Director of the Company are:

IN NEW ZEALAND DOLLARS	FEES	OTHER BENEFITS	TOTAL
C G CATHIE	30,000	1,000	31,000
J D ANDERSON	15,000	-	15,000
A BIRLEY	15,000	-	15,000
T H WILSON	15,000	-	15,000
J L HOLWERDA	15,000	-	15,000
M N MAYSTON	15,000	5,000	20,000
S B WESTON	-	-	-

THE ABOVE PERSONS WERE HOLDING OFFICE AS DIRECTORS OF THE COMPANY AS AT 31 DECEMBER 2014.

M N Mayston and C G Cathie receive director fees for services as a director of Primor Produce Ltd. These have been disclosed above as Other Benefits. S B Weston is an employee and a Director and is not remunerated separately for services as a Director.

## 2. ENTRIES RECORDED IN THE INTERESTS REGISTER

The following entries were recorded in the interest register of the Group during the period:

### DIRECTORS' INTERESTS IN TRANSACTIONS

During the period the Group undertook transactions with the Directors as set out in Note 24 to the financial statements disclosing related party transactions.

### USE OF COMPANY INFORMATION

During the period the board received no notices from Directors requesting authority to use group information, which would not otherwise have been available to them.

### SHARE DEALINGS OF DIRECTORS

John Anderson sold 40,000 shares during the nine months ended 31 December 2014. Last year, twelve months ended 31 March 2014, 115,000.

Prohort Limited, of which John Holwerda is a shareholder and Director, sold 58,485 shares during the nine months ended 31 December 2014. March 2014: nil.

Bruntwood Investment Trust, of which Mark Mayston is a Beneficiary, purchased 51,850 shares during the nine months ended 31 December 2014. March 2014: nil.

### DIRECTORS' SHAREHOLDINGS

Directors held the following shares at 31 December 2014:

JOHN ANDERSON	2,278,462	
JOHN ANDERSON	22,885	SHARES HELD BY THE AEROCOOL TRUST OF WHICH JOHN ANDERSON IS A TRUSTEE AND BENEFICIARY
ALAN BIRLEY	570,334	
ALAN BIRLEY	533,296	SHARES HELD BY ALAN BIRLEY TRUST OF WHICH ALAN BIRLEY IS A TRUSTEE AND BENEFICIARY
ALAN BIRLEY	536,949	SHARES HELD BY PAT BIRLEY TRUST OF WHICH ALAN BIRLEY IS A TRUSTEE AND BENEFICIARY
GRAHAM CATHIE	95,109	SHARES HELD BY KIWIFRUIT MANAGEMENT SERVICES LIMITED OF WHICH GRAHAM CATHIE IS A SHAREHOLDER AND DIRECTOR
MARK MAYSTON	791,135	SHARES HELD BY BRUNTWOOD INVESTMENT TRUST OF WHICH MARK MAYSTON IS A BENEFICIARY
STUART WESTON	20,000	SHARES HELD BY WESTON INVESTMENT TRUST OF WHICH STUART WESTON IS A TRUSTEE AND BENEFICIARY

### LOANS TO DIRECTORS

There were no loans to Directors issued during the nine months ended 31 December 2014 nor any loans outstanding by Directors at 31 December 2014.

### DIRECTORS' INDEMNITY AND INSURANCE

The Group has insured all its Directors against liabilities to other parties (except the Group or a related party of the Group) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.



## STATUTORY INFORMATION CONTINUED

### 3. EMPLOYEES' REMUNERATION

During the period the following number of employees received remuneration and benefits of at least \$100,000

NUMBER OF EMPLOYEES	DEC 2014	MAR 2014
100,000 – 109,999	0	1
110,000 – 119,999	0	0
120,000 – 129,999	0	1
130,000 – 139,999	1	0
200,000 – 209,999	1	0

### 4. AUDIT FEES

During the period audit fees were paid as disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

### 5. DONATIONS

Donations of \$5,000 were made during the period.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Apata Group Limited, the financial statements and notes, on pages 13 to 33:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Group as at 31 December 2014 and the results of its operations and cash flows for the nine months ended on that date.
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of Apata Group Limited for the nine months ended 31 December 2014.

For and on behalf of the Board of Directors:



**C G CATHIE**  
Director  
5 March 2015



**A BIRLEY**  
Director  
5 March 2015

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	DEC 2014	MAR 2014	DEC 2014	MAR 2014
ASSETS					
PROPERTY, PLANT AND EQUIPMENT	8	30,506,028	31,026,205	30,506,028	31,026,205
INTANGIBLE ASSETS		40,686	40,686	40,686	40,686
DEFERRED TAX ASSETS	11	-	320,392	-	320,392
DEVELOPMENT LEASE RECEIVABLE		531,039	397,547	531,039	397,547
INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE	10(a)	1,617,165	1,616,561	1,620,000	1,620,000
OTHER INVESTMENTS	10	100,992	131,222	101,092	131,322
TOTAL NON-CURRENT ASSETS		32,795,910	33,532,613	32,798,845	33,536,152
INVENTORIES	12	1,451,235	2,292,564	1,451,235	2,292,564
BIOLOGICAL ASSETS	9	221,439	500,390	221,439	500,390
CURRENT TAX ASSET		-	23,169	-	24,272
TRADE AND OTHER RECEIVABLES	13	5,010,437	3,651,990	5,135,891	3,598, 502
CASH AND CASH EQUIVALENTS	14	1,912,208	1,080,898	756,523	938,338
TOTAL CURRENT ASSETS		8,595,320	7,549,011	7,565,088	7,354,065
TOTAL ASSETS		41,391,230	41,081,624	40,363,932	40,890,217
EQUITY					
SHARE CAPITAL	15	15,147,472	16,017,519	5,147,472	16,017,519
RESERVES	15	671,547	247,320	647,067	222,840
RETAINED EARNINGS	15	7,941,050	5,727,503	7,949,452	5,736,509
TOTAL EQUITY		23,760,069	21,992,343	23,743,991	21,976,869
LIABILITIES					
LOANS AND BORROWINGS	16, 19	9,209,000	10,459,000	9,209,000	10,459,000
DEFERRED TAX LIABILITIES	11	107,462	-	107,462	-
TOTAL NON-CURRENT LIABILITIES		9,316,462	10,459,000	9,316,462	10,459,000
LOANS AND BORROWINGS	16, 19	1,250,000	1,250,000	1,250,000	1,250,000
EMPLOYEE BENEFITS PAYABLE	17	278,515	188,487	278,515	188,487
CURRENT TAX LIABILITY		142,675	-	147,025	-
TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES	18	6,643,507	7,191,794	5,627,939	7,015,861
TOTAL CURRENT LIABILITIES		8,314,698	8,630,281	7,303,479	8,454,348
TOTAL LIABILITIES		17,631,160	19,089,281	16,619,941	18,913,348
TOTAL EQUITY AND LIABILITIES		41,391,230	41,081,624	40,363,932	40,890,217

THE NOTES ON PAGES 17 TO 33 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	DEC 2014	MAR 2014	DEC 2014	MAR 2014
CONTINUING OPERATIONS					
REVENUE	5	40,351,207	16,770,552	40,045,103	16,865,344
WAGES AND SALARIES		11,055,985	5,604,588	11,055,985	5,604,588
DIRECTORS' FEES		111,000	127,667	111,000	127,667
PACKAGING MATERIALS		7,310,988	3,813,056	7,310,988	3,813,056
GROWER PAYMENTS - CLASS 2 AND LOCAL MARKET		4,972,594	-	4,972,594	-
DEPRECIATION	8	1,643,104	1,335,494	1,643,104	1,335,494
FINANCE COSTS	6	573,766	337,244	573,766	337,244
OPERATING LEASE EXPENSES		884,429	480,307	884,429	480,307
AUDITORS' REMUNERATION - AUDIT		18,954	25,727	18,954	25,727
AUDITORS' REMUNERATION - PROSPECTUS		-	4,500	-	-
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		140,654	-	140,654	-
OTHER EXPENSES		11,142,278	7,009,643	10,396,175	6,988,935
		37,853,752	18,738,227	37,107,649	18,713,018
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEs, NET OF TAX	10(a)	440,605	92,081	-	-
PROFIT/(LOSS) BEFORE INCOME TAX		2,938,059	(1,875,593)	2,937,455	(1,847,674)
INCOME TAX EXPENSE / (BENEFIT)	7	724,512	(113,261)	724,512	(113,261)
PROFIT/(LOSS) FOR THE PERIOD		2,213,547	(1,762,332)	2,212,942	(1,734,414)
OTHER COMPREHENSIVE INCOME					
GAIN/(LOSS) ON REVALUATION OF LAND	8	229,906	131,000	229,906	131,000
NET CHANGE IN FAIR VALUE OF CASHFLOW HEDGE		(16,928)	(25,255)	(16,928)	(25,255)
GAIN/(LOSS) ON REVALUATION OF ASSOCIATE		-	24,480	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		212,978	130,225	212,978	105,745
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15	2,426,525	(1,632,108)	2,425,920	(1,628,668)

THE NOTES ON PAGES 17 TO 33 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.



# STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

IN NEW ZEALAND DOLLARS	NOTE	SHARE CAPITAL	SHARE BASED PAYMENTS RESERVE	REVALUATION RESERVE	HEDGING RESERVE	ASSOCIATE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>GROUP FOR THE 9 MONTHS ENDED 31 DECEMBER 2014</b>								
<b>OPENING BALANCE 1 APRIL 2013</b>		4,607,000	-	117,095	-	-	7,470,923	12,195,018
PROFIT/(LOSS) FOR THE PERIOD		-	-	-	-	-	(1,762,332)	(1,762,332)
OTHER COMPREHENSIVE INCOME		-	-	131,000	(25,255)	24,480	-	130,225
TRANSACTION WITH OWNERS SHARE CAPITAL ON AMALGAMATION	15	11,410,519	-	-	-	-	18,913	11,429,432
<b>CLOSING BALANCE AT 31 MARCH 2014</b>		<b>16,017,519</b>	<b>-</b>	<b>248,095</b>	<b>(25,255)</b>	<b>24,480</b>	<b>5,727,503</b>	<b>21,992,343</b>
PROFIT/(LOSS) FOR THE PERIOD		-	-	-	-	-	2,213,547	2,213,547
OTHER COMPREHENSIVE INCOME		-	-	229,906	(16,928)	-	-	212,978
TRANSACTION WITH OWNERS TRANSFER TO EMPLOYEE SHARE SCHEME		(870,047)	-	-	-	-	-	(870,047)
EMPLOYEE SHARE SCHEME		-	211,249	-	-	-	-	211,249
<b>CLOSING BALANCE AT 31 DECEMBER 2014</b>		<b>15,147,472</b>	<b>211,249</b>	<b>478,001</b>	<b>(42,183)</b>	<b>24,480</b>	<b>7,941,051</b>	<b>23,760,069</b>
<b>COMPANY FOR THE 9 MONTHS ENDED 31 DECEMBER 2014</b>								
<b>OPENING BALANCE 1 APRIL 2013</b>		4,607,000	-	117,095	-	-	7,470,923	12,195,018
PROFIT/(LOSS) FOR THE PERIOD		-	-	-	-	-	(1,734,414)	(1,734,414)
OTHER COMPREHENSIVE INCOME		-	-	131,000	(25,255)	-	-	105,745
TRANSACTION WITH OWNERS SHARE CAPITAL ON AMALGAMATION	15	11,410,519	-	-	-	-	-	11,410,519
<b>CLOSING BALANCE AT 31 MARCH 2014</b>		<b>16,017,519</b>	<b>-</b>	<b>248,095</b>	<b>(25,255)</b>	<b>-</b>	<b>5,736,510</b>	<b>21,976,869</b>
PROFIT/(LOSS) FOR THE PERIOD		-	-	-	-	-	2,212,942	2,212,942
OTHER COMPREHENSIVE INCOME		-	-	229,906	(16,928)	-	-	212,978
TRANSACTION WITH OWNERS TRANSFER TO EMPLOYEE SHARE SCHEME		(870,047)	-	-	-	-	-	(870,047)
EMPLOYEE SHARE SCHEME		-	211,249	-	-	-	-	211,249
<b>CLOSING BALANCE AT 31 DECEMBER 2014</b>		<b>15,147,472</b>	<b>211,249</b>	<b>478,001</b>	<b>(42,183)</b>	<b>-</b>	<b>7,949,452</b>	<b>23,743,991</b>

THE NOTES ON PAGES 17 TO 33 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

## STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	DEC 2014	MAR 2014	DEC 2014	MAR 2014
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM CUSTOMERS		40,310,689	18,770,135	38,969,405	18,764,500
CASH PAID TO SUPPLIERS AND EMPLOYEES		(36,241,015)	(18,356,347)	(35,905,194)	(17,905,276)
INTEREST PAID		(555,473)	(292,723)	(555,473)	(292,723)
INCOME TAX RECEIVED (PAID)		(125,019)	(9,446)	(125,360)	(8,267)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	23	3,389,183	111,618	2,383,378	558,234
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST RECEIVED		29,086	23,100	21,766	20,092
DIVIDENDS RECEIVED		446,977	122,033	446,977	122,033
PROCEEDS FROM SALE OF PROPERTY, PLANT & EQUIPMENT		8,435	-	8,435	-
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		(920,619)	(499,979)	(920,619)	(499,979)
ACQUISITION OF OTHER INVESTMENTS		(1,704)	(26,039)	(1,704)	(26,039)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		(437,825)	(380,885)	(445,145)	(383,893)
CASH FLOWS FROM FINANCING ACTIVITIES					
REPAYMENT OF LOANS		(1,250,000)	(1,167,045)	(1,250,000)	(1,167,045)
RE-PURCHASE OF SHARE CAPITAL		(870,047)	-	(870,047)	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(2,120,047)	(1,167,045)	(2,120,047)	(1,167,045)
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		831,310	(1,436,311)	(181,815)	(992,704)
CASH FROM AMALGAMATION		-	1,720,678	-	1,134,510
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,080,898	796,531	938,338	796,531
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14	1,912,208	1,080,898	756,523	938,338

THE NOTES ON PAGES 17 TO 33 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

Apata Group Limited (the "Company") is a company domiciled and incorporated in New Zealand, registered under the Companies Act 1993. The Company is an issuer in terms of the Financial Reporting Act 1993.

The financial statements presented are those of Apata Group Limited and its wholly owned subsidiaries, Apata Suppliers Limited, Apata Group ESI Trustee Limited and Aerocool Growers Equity Trustee Company Limited (collectively "the Group") as at and for the nine months ended 31 December 2014.

The December 2014 values are for nine months of the Company and Group. The financial reporting period was changed because the Board considered it to be a better fit to the business cycle. This also aligns the balance date with other major businesses in the kiwifruit post harvest sector.

The two periods presented are not comparable because of the change in reporting period during December 2014 and the fact the March 2014 values comprise 8 months of Aerocool Limited, renamed Apata Group Limited, and 4 months of the amalgamated entity and the Group.

The Group is primarily involved in the packing and coolstorage of kiwifruit and avocados.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), and with International Financial Reporting Standards ("IFRS"). The financial statements have also been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993. The Group is profit oriented. The financial statements have been prepared on a going concern basis as the Group continues to recover from the financial impact of *Pseudomonas syringae* pv *actinidiae* (Psa). Following the outbreak of Psa in 2010, it is now generally accepted that Psa can be managed on orchard by using established best practice procedures and as evidenced by increasing kiwifruit volumes. Whilst Psa remains a risk to the industry confidence in managing it long term is higher than in previous years and the Group will continue to apply best practice in its operations and will support growers in doing the same.

The financial statements were approved by the Board of Directors on 5 March 2015.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- non-derivative financial instruments at fair value through profit or loss are measured at fair value
- biological assets are measured at fair value, approximated by cost
- land is measured at fair value
- The methods used to measure fair values are discussed further in note 4.

### (c) Functional and presentation currency

These financial statements are presented in New Zealand

dollars (\$), which is the Group's functional currency. All financial information has been rounded to the nearest dollar.

### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8 – valuation of property
- Note 9 – valuation of biological assets
- Note 19 – valuation of financial instruments

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (ii) Associates

Associates are entities over which the Group has significant influence but not control, generally evidenced by a holding of 20% to 50% of the voting rights or in combination with other forms of influence, such as representation on the Board of Directors. Investments in associates are accounted for in the Parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses are recognised in the Statement of Profit or Loss, and its share of post acquisition movements in reserves are recognised in Other Comprehensive Income. The cumulative post acquisition movements are adjusted against the carrying value of the investment. Dividends received from associates in the consolidated financial statements 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 secured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

#### (iii) Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the entity.

#### (iv) Business combinations

The acquisition method of accounting is used to account for all



business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired.

Cost is measured as the fair value of the assets given and shares issued at the date of exchange. Acquisition costs such as professional advisor fees are not included in the costs of acquisition but are recognised as an expense in the period in which they are incurred. Where equity instruments are issued in an acquisition, these are measured at the fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration at acquisition date over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

**(b) Property, plant and equipment**

**(i) Recognition and measurement**

Except for land, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is measured at fair value on an annual basis. Movements in fair value are recognised directly in equity to the extent that the reserve balance is positive. Any negative balance in the revaluation reserve is transferred to the Statement of Profit or Loss and Other Comprehensive Income.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**(ii) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

**(iii) Depreciation**

Depreciation is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a diminishing value or straight-line basis over the estimated useful life for buildings and on diminishing value over the estimated useful lives for all other items. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

- buildings, 4 to 50 years
- vehicles and plant, 1 to 40 years
- office equipment, 3 to 8 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

**(c) Biological assets**

Biological assets relate to the rights to kiwifruit grown under orchard lease arrangements and are measured at fair value. Any change in fair value is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Due to the stage of growth at reporting date, the Group has determined that cost approximates fair value. Costs include labour, materials and other direct costs allocated to the asset.

**(d) Leased property development costs**

The Group has entered into a long term lease agreement of an orchard. As part of the lease agreement the Group is to develop

the orchard. Development costs incurred by the Group will be recognised as a long term receivable and will be recovered from crop proceeds over time.

**(e) Leased assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership would be classified as finance leases. Upon initial recognition the leased asset would be measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset would be accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's Statement of Financial Position.

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of items transferred from biological assets is their fair value less point-of-sale costs at the date of transfer.

**(g) Financial instruments**

**(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Accounting for finance income and expense is discussed in note 3(l).

Instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the Statement of Profit or Loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Subsequent to initial recognition, other non-derivative financial instruments are measured at a mortised cost using the effective interest method, less any impairment losses.

#### Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

#### Loans and borrowings

Loans and borrowings are classified as other non-derivative financial instruments.

#### Trade and other payables

Trade and other payables are stated at cost.

#### **(ii) Derivative financial instruments**

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

#### **(iii) Cash flow hedges**

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in Other Comprehensive Income and presented in equity in the hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the Statement of Profit or Loss and Other Comprehensive Income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

#### **(iv) Share capital**

##### Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

#### **(h) Impairment**

The carrying amounts of the Group's assets that are not recognised at fair value through profit or loss are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### **(i) Impairment of equity instruments**

Equity instruments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. For this purpose prolonged is regarded as any period longer than nine months and significant as more than 20 percent of the original purchase price of the equity instrument.

Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the Statement of Profit or Loss and Other Comprehensive Income.

#### **(ii) Impairment of debt instruments and receivables**

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

Receivables that are not individually significant and debt instruments for which, based on the individual assessment, it was determined that no objective evidence of impairment existed, are collectively assessed for impairment.

#### **(iii) Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods would be assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss would be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss would be reversed only to the extent that the asset's carrying amount did not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **(i) Employee benefits**

Employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **(i) Employee share scheme**

The Group operates a share based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, as determined by the directors.

The Group operates an Employee Share Scheme (ESS) under which shares are held by a trustee company which is a subsidiary of the Company. Certain employees have an option to subscribe to shares held by the trustee company and this benefit is recognised as a share based payment and recorded as an expense over the vesting period.

The total amount expensed is recognised over the period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance date, the Group revises its estimates of the number of options that are expected to vest based on the market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Profit or Loss and Other Comprehensive Income.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options vest.

The scheme is a trust administered by a company established in 2014 and directors of the trustee company (Apata Group ESI Trustee Limited) also hold office as directors of Apata Group Limited.

Shares may be issued at the Directors' discretion at a price set by the Directors, except that the ESS cannot be issued with further shares if that issue would result in the ESS having an interest of more than 9% of the issued capital of the Company.

The ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Company will review the scheme and decide upon any further allocation of shares to employees and the fair value of those shares. All shares allocated are fully paid up.

The Trustees of the ESS are not appointed for any term and may be removed by the Company at any time.

The shares held by the ESS carry the same voting rights as other issued ordinary shares, however the Trust Deed prohibits the Trustees from exercising any votes on the shares. Further, the employees participating in the ESS are unable to exercise voting rights while monies are owed on the shares.

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(k) Revenue**

**(i) Services**

Revenue from services rendered is recognised in the accounting period in which the services are rendered.

**(ii) Commissions**

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

**(iii) Goods sold**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

**(l) Lease payments**

Payments made under operating leases are recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases would be apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense would be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**(m) Finance income and expenses**

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in the statement of profit or loss and other comprehensive income. All borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

**(n) Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(o) Intangible assets**

Goodwill represents the excess purchase consideration over fair value of the net tangible assets acquired at time of acquisition of the business. Goodwill is tested annually for impairment.

Goodwill is assessed as having an indefinite useful life because the business continues to trade as expected, the Group continues to use the brand and there are plans to grow the business.

**(p) New standards adopted and interpretations not yet adopted**

**(i) Application of new and revised New Zealand International Financial Reporting Standards**

There were no new standards effective for the period ended 31 December 2014 that had a material impact on the financial reporting.

**(ii) Standards and interpretations issued, not yet effective**

Standards, amendments, and interpretations issued but not yet effective which are relevant to the Company are:

• *NZ IFRS 9 Financial Instruments (effective for years beginning from 1 January 2018)* – NZ IFRS 9 is to replace IAS 39. The new standard is being issued in phases, with early adoption available as each phase is issued. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and financial liabilities have been issued. The latest in the series of chapters issued introduced amendments to Hedge Accounting, which supersedes the general hedging requirements in NZ IAS 39. Management has yet to assess the impact the standard is likely to have on the Group.

• *NZ IFRS 15 – Revenue from Contracts with Customers (effective date from 1 January 2017)* – The new standard establishes principles for reporting about the nature, amount, timing and uncertainty of revenue arising from an entity's contracts with customers. It prescribes when an entity will recognise revenue, how much revenue to recognise, and what disclosures to make about revenue. Management has yet to assess the impact the standard is likely to have on the Group. However, based on the short-period of the average revenue contract entered into by the Group, the new standard is not expected to have a significant impact on the timing of current revenue recognition.

**4 DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(a) Property, plant and equipment**

The fair value of property, plant and equipment recognised as a



result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings for disclosure purposes is based on the Director's valuation.

**(b) Biological assets**

Kiwifruit on vine is valued at fair value at reporting date in accordance with NZ IAS 41 Agriculture. Because there is no active market for kiwifruit while attached to the vine, and based on current and forecasted market returns for harvested fruit, the fair value of the fruit is not significantly greater than the costs incurred to grow the crop.

**(c) Investments in equity securities**

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid price at the reporting date, if available, or otherwise by reference to other market information.

**(d) Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**(e) Derivatives**

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

**(f) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**5 REVENUE**

	GROUP		COMPANY	
	DEC 2014	MAR 2014	DEC 2014	MAR 2014
SERVICES	30,709,966	12,171,514	29,971,183	12,149,314
SALES	9,514,587	4,072,622	9,514,587	4,072,622
COMMISSION	90,590	501,284	90,590	501,284
INTEREST & DIVIDEND	36,063	25,133	468,743	142,125
<b>TOTAL REVENUES</b>	<b>40,351,207</b>	<b>16,770,552</b>	<b>40,045,103</b>	<b>16,865,344</b>

**6 FINANCE INCOME AND EXPENSE**

	GROUP		COMPANY	
	DEC 2014	MAR 2014	DEC 2014	MAR 2014
INTEREST INCOME ON BANK DEPOSITS	29,086	23,100	21,766	20,092
SHARES AND DIVIDEND INCOME	6,977	2,033	446,977	122,033
<b>FINANCE INCOME</b>	<b>36,063</b>	<b>25,133</b>	<b>468,743</b>	<b>142,125</b>
INTEREST EXPENSE ON FINANCIAL LIABILITIES	573,766	337,244	573,766	337,244
<b>FINANCE EXPENSE</b>	<b>573,766</b>	<b>337,244</b>	<b>573,766</b>	<b>337,244</b>
<b>NET FINANCE COSTS</b>	<b>537,703</b>	<b>312,111</b>	<b>105,023</b>	<b>195,119</b>

**7 INCOME TAX EXPENSE IN THE INCOME STATEMENT**

	GROUP		COMPANY	
	DEC 2014	MAR 2014	DEC 2014	MAR 2014
<b>CURRENT TAX EXPENSE</b>				
CURRENT PERIOD	296,657	-	296,657	-
	<b>296,657</b>	-	296,657	-
<b>DEFERRED TAX EXPENSE</b>				
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	(93,681)	(5,225)	(93,681)	(5,225)
LOSSES CARRIED FORWARD TAX BENEFIT	521,536	(521,536)	521,536	(521,536)
LOSSES CARRIED FORWARD USED TO 30 NOVEMBER	-	351,230	-	351,230
LOSSES CARRIED FORWARD FOREGONE	-	62,271	-	62,271
	<b>427,855</b>	<b>(113,261)</b>	<b>427,855</b>	<b>(113,261)</b>
<b>TOTAL INCOME TAX EXPENSE / (BENEFIT)</b>				
	<b>724,512</b>	<b>(113,261)</b>	<b>724,512</b>	<b>(113,261)</b>
<b>RECONCILIATION OF EFFECTIVE TAX RATE</b>				
PROFIT BEFORE INCOME TAX	2,938,059	(1,875,593)	2,937,455	(1,847,674)
IMPUTATION CREDITS ON DIVIDENDS RECEIVED	1,999	794	173,110	47,461
<b>TAXABLE INCOME</b>	<b>2,940,058</b>	<b>(1,874,799)</b>	<b>3,110,565</b>	<b>(1,800,214)</b>
INCOME TAX USING THE GROUP'S DOMESTIC TAX RATE 28% (MARCH 2014 28%)	823,216	(524,944)	870,958	(504,060)
NON-DEDUCTIBLE EXPENSES	8,077	24,759	8,077	24,759
IMPUTATION CREDITS RECEIVED	(1,999)	(794)	(173,110)	(47,461)
SHARE OF ASSOCIATES AFTER TAX INCOME	(123,369)	(25,783)	-	-
PRIOR PERIOD ADJUSTMENT	18,587	-	18,587	-
DEFERRED TAX ADJUSTMENT ON AMALGAMATION	-	413,501	-	413,501
	<b>724,512</b>	<b>(113,261)</b>	<b>724,512</b>	<b>(113,261)</b>
<b>IMPUTATION CREDITS</b>				
IMPUTATION CREDITS AT THE BEGINNING OF THE YEAR	55,881	422,390	55,881	422,390
TAX PAYMENTS, NET OF REFUNDS	125,360	8,475	125,360	8,475
IMPUTATION CREDITS ATTACHED TO DIVIDENDS RECEIVED	173,110	47,461	173,110	47,461
IMPUTATION CREDITS FORFEITED ON AMALGAMATION	-	(422,444)	-	(422,444)
<b>IMPUTATION CREDITS AT THE END OF THE YEAR</b>	<b>354,352</b>	<b>55,881</b>	<b>354,352</b>	<b>55,881</b>

**8 PROPERTY, PLANT AND EQUIPMENT (COMPANY & GROUP)**

	LAND	BUILDINGS	VEHICLES & PLANT	OFFICE EQUIPMENT	TOTAL
<b>COMPANY AND GROUP</b>					
<b>COST</b>					
BALANCE AT 1 APRIL 2014	3,664,220	22,167,498	12,341,607	620,910	38,794,234
ADDITIONS	5,762	572,362	382,990	90,080	1,051,195
DISPOSALS	(5,092)	-	(228,865)	(3,300)	(237,256)
RECLASSIFICATION	(31,797)	63,690	(267,092)	235,199	-
INCREASE FROM REVALUATIONS	229,906	-	-	-	229,906
<b>BALANCE AT 31 DECEMBER 2014</b>	<b>3,863,000</b>	<b>22,803,549</b>	<b>12,228,640</b>	<b>942,889</b>	<b>39,838,078</b>
BALANCE AT 1 APRIL 2013	1,044,000	12,441,732	6,642,596	228,392	20,356,719
ACQUISITIONS ON AMALGAMATION	2,480,000	9,601,633	5,134,774	346,909	17,563,315
ADDITIONS	9,220	124,133	564,236	45,609	743,198
DISPOSALS	-	-	-	-	-
INCREASE FROM REVALUATIONS	131,000	-	-	-	131,000
<b>BALANCE AT 31 MARCH 2014</b>	<b>3,664,220</b>	<b>22,167,498</b>	<b>12,341,607</b>	<b>620,910</b>	<b>38,794,233</b>
<b>DEPRECIATION AND IMPAIRMENT LOSSES</b>					
BALANCE AT 1 APRIL 2014	423	3,081,516	4,447,472	238,617	7,768,029
DEPRECIATION FOR THE PERIOD	-	639,665	841,565	161,873	1,643,104
DISPOSALS	(51)	-	(77,361)	(1,670)	(79,082)
RECLASSIFICATION	(372)	43,340	(213,210)	170,242	-
<b>BALANCE AT 31 DECEMBER 2014</b>	<b>-</b>	<b>3,764,522</b>	<b>4,998,466</b>	<b>569,062</b>	<b>9,332,050</b>
BALANCE AT 1 APRIL 2013	-	2,482,943	3,800,911	148,679	6,432,535
DEPRECIATION FOR THE PERIOD	423	598,573	646,561	89,937	1,335,494
DISPOSALS	-	-	-	-	-
<b>BALANCE AT 31 MARCH 2014</b>	<b>423</b>	<b>3,081,516</b>	<b>4,447,472</b>	<b>238,617</b>	<b>7,768,029</b>
<b>CARRYING AMOUNTS</b>					
AT 31 DECEMBER 2014	3,863,000	19,039,028	7,230,174	373,827	30,506,028
AT 31 MARCH 2014	3,663,798	19,085,981	7,894,135	382,293	31,026,205

**Security**

At 31 December 2014 land and buildings with a carrying amount of \$22,902,028 (March 2014: \$22,749,779) are subject to a registered debenture to secure bank loans (see note 16 & 19).

**Revaluation**

The land values were assessed by Property Solutions Limited at 31 December 2014 (independent valuers, ANZIV), using a market value of \$29.43 per square metre or \$1,283,000 for the Te Puke facility (March 2014: \$26.91 per square metre or \$1,175,000) and a market value of \$27.98 per square metre or \$2,580,000 for the Apata facility (March 2014: \$26.89 per square metre or \$2,480,000).

**Fully Depreciated Assets**

Assets with a cost of nil (March 2014: nil) are fully depreciated.

**Fair Values**

For property, plant and equipment that are carried at cost less accumulated depreciation and impairment losses, the Directors have determined that the fair value is not significantly different from the carrying amounts above.

**9 CONSUMABLE BIOLOGICAL ASSETS (COMPANY AND GROUP)**

	COMPANY AND GROUP	
	DEC 2014	MAR 2014
OPENING BALANCE	500,390	362,975
ACQUISITIONS ON AMALGAMATION	-	31,157
INCREASE DUE TO EXPENDITURE ON THE VINES	221,439	469,233
HARVESTED KIWIFRUIT TRANSFERRED TO INVENTORIES	(500,390)	(362,975)
<b>CLOSING BALANCE</b>	<b>221,439</b>	<b>500,390</b>

At 31 December 2014 biological assets consists of kiwifruit on leased vines. Leased orchards are expected to produce an estimated 115,000 tray equivalents for the 2015 season crop (2014 season: 212,000 tray equivalents). These will be harvested between April and June 2015. All biological assets are subject to a general security arrangement referred to in note 16.

The Group is exposed to a number of risks related to the kiwifruit on vines:

**Supply and demand risk**

The Group is exposed to risks arising from fluctuations in the price and volume of kiwifruit produced and sale price obtained. Where possible the Group manages this risk by aligning its crop management practices to maximise returns. The price is determined by global markets.

**Climate and other risks**

The Group's kiwifruit on vine is exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and preventative measures on the vines. The Group also insures itself against natural disasters.

**10 INVESTMENTS**

	GROUP		COMPANY	
	DEC 2014	MAR 2014	DEC 2014	MAR 2014
<b>AVAILABLE FOR SALE INVESTMENTS</b>				
MG MARKETING LIMITED	58,273	56,569	58,273	56,569
UPNZ LIMITED	27,625	27,625	27,625	27,625
APATA GROUP LTD	-	24,734	-	24,734
BALANCE AGRI-NUTRIENTS LIMITED	12,981	12,981	12,981	12,981
SOUTHLINK LIMITED	-	7,200	-	7,200
FARMLANDS	2,113	2,113	2,113	2,113
<b>TOTAL AVAILABLE FOR SALE INVESTMENTS</b>	<b>100,992</b>	<b>131,222</b>	<b>100,992</b>	<b>131,222</b>

**INVESTMENTS IN SUBSIDIARIES (AT COST AND ELEMINTED ON CONSOLIDATION)**

APATA SUPPLIERS LIMITED	-	-	100	100
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**INVESTMENTS IN ASSOCIATES**

PRIMOR PRODUCE LIMITED	1,617,165	1,616,561	1,620,000	1,620,000
<b>TOTAL INVESTMENTS</b>	<b>1,718,157</b>	<b>1,747,783</b>	<b>1,721,092</b>	<b>1,751,322</b>

Investments in associates are accounted for in the Parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.



## 10 INVESTMENTS CONTINUED

### (A) INVESTMENTS IN ASSOCIATES

		SHARE OF ISSUED CAPITAL AND VOTING RIGHTS	
THE GROUP'S ASSOCIATES ARE:	BUSINESS ACTIVITY	DEC 2014	MAR 2014
PRIMOR PRODUCE LIMITED	FRUIT MARKETING	33%	33%

Primor Produce Limited is incorporated in New Zealand and has a 30th June balance date. The Group does not have significant influence over the management of the associate, but does have Board representation. There are no restrictions on the ability of Primor to distribute funds.

	GROUP		COMPANY	
	DEC 2014	MAR 2014	DEC 2014	MAR 2014
<b>RESULTS OF ASSOCIATE COMPANIES</b>				
SHARE OF PROFIT BEFORE INCOME TAX	611,951	127,890	-	-
INCOME TAX	(171,346)	(35,809)	-	-
<b>NET PROFIT</b>	<b>440,605</b>	<b>92,081</b>	<b>-</b>	<b>-</b>

### MOVEMENT IN CARRYING VALUE OF ASSOCIATES

CARRYING VALUE AT BEGINNING OF PERIOD	1,616,561	-	1,620,000	-
TRANSFER OF SHAREHOLDING ON AMALGAMATION	-	1,620,000	-	1,620,000
NET EARNINGS	440,605	92,081	-	-
DIVIDENDS RECEIVED	(440,000)	(120,000)	-	-
REVALUATION TO FAIR VALUE	-	24,480	-	-
<b>BALANCE AT END OF PERIOD</b>	<b>1,617,165</b>	<b>1,616,561</b>	<b>1,620,000</b>	<b>1,620,000</b>

### ASSOCIATES SUMMARY FINANCIAL INFORMATION

OWNERSHIP			ASSETS 31 DECEMBER	LIABILITIES 31 DECEMBER	NET ASSETS 31 DECEMBER	INCOME	EXPENSES	PROFIT (NET OF TAX)	GROUP SHARE NET ASSETS 31 DECEMBER	GROUP SHARE OF PROFIT (NET OF TAX)
<b>DEC 2014</b>										
PRIMOR PRODUCE LIMITED	33%	TOTAL	5,556,274	704,777	4,851,496	27,465,675	26,143,861	1,321,814	1,617,165	440,605
		CURRENT	4,674,773	327,046	-	-	-	-	-	-

OWNERSHIP			ASSETS 31 MARCH	LIABILITIES 31 MARCH	NET ASSETS 31 MARCH	INCOME SINCE AMALGAMATION	EXPENSES SINCE AMALGAMATION	PROFIT (NET OF TAX) SINCE AMALGAMATION	GROUP SHARE NET ASSETS 31 MARCH	GROUP SHARE OF PROFIT (NET OF TAX)
<b>MAR 2014</b>										
PRIMOR PRODUCE LIMITED	33%	TOTAL	7,900,693	3,051,011	4,849,682	11,898,439	11,622,196	276,243	1,616,561	92,081
		CURRENT	7,451,374	3,051,011	-	-	-	-	-	-

## 11 DEFERRED TAX ASSETS AND LIABILITIES (COMPANY AND GROUP)

### RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX ASSETS AND LIABILITIES ARE ATTRIBUTABLE TO THE FOLLOWING:

	ASSETS		LIABILITIES		NET	
	DEC 2014	MAR 2014	DEC 2014	MAR 2014	DEC 2014	MAR 2014
PROPERTY, PLANT AND EQUIPMENT	(100,830)	(108,035)	-	-	(100,830)	(108,035)
BIOLOGICAL ASSETS	-	-	62,003	140,109	(62,003)	(140,109)
OTHER ITEMS	55,370	47,000	-	-	55,370	47,000
LOSSES CARRIED FORWARD TAX BENEFIT	-	-	-	(521,536)	-	521,536
<b>TAX ASSETS/(LIABILITIES)</b>	<b>(45,459)</b>	<b>(61,034)</b>	<b>62,003</b>	<b>(381,427)</b>	<b>(107,462)</b>	<b>320,392</b>
<b>SET OFF OF TAX</b>	<b>45,459</b>	<b>107,561</b>	<b>45,459</b>	<b>107,561</b>	<b>-</b>	<b>-</b>
<b>NET TAX ASSETS/(LIABILITIES)</b>	<b>-</b>	<b>46,526</b>	<b>107,462</b>	<b>(273,866)</b>	<b>(107,462)</b>	<b>320,392</b>

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN EQUITY	BALANCE
	1 APRIL 2014			31 DECEMBER 2014
<b>DEC 2014</b>				
PROPERTY, PLANT AND EQUIPMENT	(108,035)	7,205	-	(100,830)
BIOLOGICAL ASSETS	(140,109)	78,106	-	(62,003)
OTHER ITEMS	47,000	8,370	-	55,370
TAX LOSSES CARRIED FORWARD	521,536	(521,536)	-	-
	<b>320,392</b>	<b>(427,855)</b>	<b>-</b>	<b>(107,462)</b>
	<b>1 APRIL 2013</b>			<b>31 MARCH 2014</b>
<b>MAR 2014</b>				
PROPERTY, PLANT AND EQUIPMENT	(126,826)	18,791	-	(108,035)
BIOLOGICAL ASSETS	(101,633)	(38,476)	-	(140,109)
OTHER ITEMS	19,265	27,735	-	47,000
TAX LOSSES CARRIED FORWARD	413,501	108,035	-	521,536
	<b>204,307</b>	<b>116,086</b>	<b>-</b>	<b>320,392</b>

## 12 INVENTORIES (COMPANY AND GROUP)

	COMPANY AND GROUP	
	DEC 2014	MAR 2014
PACKAGING MATERIALS	1,451,235	2,292,564

In 2014 raw materials, consumables and changes in inventory recognised as cost of sales amounted to \$7,310,988 (March 2014: \$3,813,056). In 2014 the write- down of inventories to net realisable value amounted to nil (March 2014: nil). No inventories are subject to retention of title clauses (March 2014: nil). All inventories are subject to a general security arrangement referred to in note 16.

**13 TRADE AND OTHER RECEIVABLES**

	NOTE	GROUP		COMPANY	
		DEC 2014	MAR 2014	DEC 2014	MAR 2014
TRADE RECEIVABLES DUE FROM RELATED PARTIES	24	691,784	16,086	691,784	16,086
OTHER TRADE RECEIVABLES		1,130,760	839,177	1,118,758	803,544
OTHER RECEIVABLES		3,187,893	2,796,727	3,325,348	2,778,872
		<b>5,010,437</b>	<b>3,651,990</b>	<b>5,135,891</b>	<b>3,598,502</b>

All trade and other receivables are subject to a general security arrangement referred to in note 16.

**14 CASH AND CASH EQUIVALENTS**

		GROUP		COMPANY	
		DEC 2014	MAR 2014	DEC 2014	MAR 2014
BANK BALANCES	1,836,120	336,576	680,435	194,015	
CALL DEPOSITS	76,088	744,322	76,088	744,322	
<b>CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS</b>	<b>1,912,208</b>	<b>1,080,898</b>	<b>756,523</b>	<b>938,338</b>	

The average effective interest rate on call deposits in 2014 was 2.0 percent (March 2014: 2.65 percent). All cash and cash equivalents are subject to a general security arrangement referred to in note 16. In addition, all balances are subject to set off against loans.

**15 CAPITAL AND RESERVES****RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES**

	SHARE CAPITAL	TREASURY SHARE CAPITAL	SHARE BASED PAYMENTS RESERVE	REVALUATION RESERVE	HEDGING RESERVE	ASSOCIATES RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>GROUP</b>								
BALANCE AT 1 APRIL 2014	16,017,519	-	-	248,095	(25,255)	24,480	5,727,503	21,992,343
TOTAL COMPREHENSIVE INCOME	-	-	-	229,906	(16,928)	-	2,213,547	2,426,525
SHARE BUY-BACK	-	(870,047)	-	-	-	-	-	(870,047)
EMPLOYEE SHARE SCHEME	-	-	211,249	-	-	-	-	211,249
<b>BALANCE AT 31 DECEMBER 2014</b>	<b>16,017,519</b>	<b>(870,047)</b>	<b>211,249</b>	<b>478,001</b>	<b>(42,183)</b>	<b>24,480</b>	<b>7,941,050</b>	<b>23,760,069</b>
BALANCE AT 1 APRIL 2013	4,607,000	-	-	117,095	-	-	7,470,923	12,195,018
TOTAL COMPREHENSIVE INCOME	-	-	-	131,000	(25,255)	24,480	(1,762,332)	(1,632,108)
AMALGAMATION	11,410,519	-	-	-	-	-	18,913	11,429,432
<b>BALANCE AT 31 MARCH 2014</b>	<b>16,017,519</b>	<b>-</b>	<b>-</b>	<b>248,095</b>	<b>(25,255)</b>	<b>24,480</b>	<b>5,727,503</b>	<b>21,992,343</b>
<b>COMPANY</b>								
BALANCE AT 1 APRIL 2014	16,017,519	-	-	248,095	(25,255)	-	5,736,509	21,976,869
TOTAL COMPREHENSIVE INCOME	-	-	-	229,906	(16,928)	-	2,212,942	2,425,920
SHARE BUY-BACK	-	(870,047)	-	-	-	-	-	(870,047)
EMPLOYEE SHARE SCHEME	-	-	211,249	-	-	-	-	211,249
<b>BALANCE AT 31 DECEMBER 2014</b>	<b>16,017,519</b>	<b>(870,047)</b>	<b>211,249</b>	<b>478,001</b>	<b>(42,183)</b>	<b>-</b>	<b>7,949,452</b>	<b>23,743,991</b>
BALANCE AT 1 APRIL 2013	4,607,000	-	-	117,095	-	-	7,470,923	12,195,018
TOTAL COMPREHENSIVE INCOME	-	-	-	131,000	(25,255)	-	(1,734,414)	(1,628,668)
AMALGAMATION	11,410,519	-	-	-	-	-	-	11,410,519
<b>BALANCE AT 31 MARCH 2014</b>	<b>16,017,519</b>	<b>-</b>	<b>-</b>	<b>248,095</b>	<b>(25,255)</b>	<b>-</b>	<b>5,736,509</b>	<b>21,976,869</b>

**AUTHORISED AND ISSUED SHARE CAPITAL**

	COMPANY AND GROUP	
	DEC 2014	MAR 2014
ORDINARY SHARES	10,679,863	11,736,113
TREASURY SHARES	1,056,250	-
	<b>11,736,113</b>	<b>11,736,113</b>

On 30 November 2013 Aerocool Limited and Apata Limited amalgamated. The companies amalgamated to achieve cost savings, economies of scale, efficiencies, to be better equipped to respond to changes in the industry and provide returns to shareholders. Aerocool Limited continued as the surviving legal entity and changed its name to Apata Group Limited. Apata Group Limited issued shares to Apata Limited shareholders on a one for one basis, resulting in 6,036,113 shares being issued.

All authorised shares have been issued and all issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time, rank equally with regard to the Group's residual assets and are entitled to one vote per share at meetings of the Company. Treasury shares relate to the employee share scheme and are held in trust by Apata Group ESI Trustee Limited.

The shares have no par value.

**Revaluation reserve**

The revaluation reserve relates to the revaluation of land. Apata Group Limited is restricted in distributing this unrealised reserve.

**Share based payments reserve**

The Group operates an employee share scheme under which shares are held by a trustee company which is a subsidiary of the Company. Certain employees have an option to subscribe to shares held by the trustee company and this benefit is recognised as a share based payment and recorded as an expense over the vesting period.

At 31 December 2014 the number of shares in which options have been granted to employees and remain outstanding under the scheme was 844,996, representing 7.2% of the issued shares of the Company.

Options are granted periodically to employees, subject to availability and board discretion and no consideration is payable on the grant of an option. The vesting period is between one and four years from grant date. Options granted under the scheme carry no dividend or voting rights and are granted at fair value as determined by the directors of the Company.

The scheme came into operation in December 2014. The first grant date was 31 December 2014 with the first vesting date being in February 2015.

**DIVIDENDS (COMPANY AND GROUP)**

THE FOLLOWING DIVIDENDS WERE DECLARED AND PAID BY THE GROUP FOR THE NINE MONTHS ENDED 31 DECEMBER 2014:

	COMPANY AND GROUP	
	DEC 2014	MAR 2014
NIL PER QUALIFYING ORDINARY SHARE (MARCH 2014: NIL)	-	-

No dividends were proposed by the Directors between 31 December 2014 and the date of issue of these financial statements (March 2014: nil).

**16 LOANS AND BORROWINGS**

THIS NOTE PROVIDES INFORMATION ABOUT THE CONTRACTUAL TERMS OF THE GROUP'S LOANS AND BORROWINGS. FOR MORE INFORMATION ABOUT THE GROUP'S EXPOSURE TO INTEREST RATE RISK, SEE NOTE 19.

	COMPANY AND GROUP	
	DEC 2014	MAR 2014
<b>NON-CURRENT LIABILITIES</b>		
SECURED BANK LOANS	9,209,000	10,459,000
<b>CURRENT LIABILITIES</b>		
SECURED BANK LOAN	1,250,000	1,250,000

The Group's borrowings consist of two loans, one for \$4,000,000 which matures in June 2016 and one for \$6,459,000 which matures in December 2016. The current portion represents payments due within twelve months from reporting date. The interest rate at 31 December 2014 on the secured borrowings is 6.09% (March 2014: 5.39%)

**TERMS AND DEBT REPAYMENT SCHEDULE**

TERMS AND CONDITIONS OF OUTSTANDING LOANS WERE AS FOLLOWS

	FACE VALUE DEC 2014	CARRYING AMOUNT DEC 2014	FACE VALUE MAR 2014	CARRYING AMOUNT MAR 2014
SECURED BANK LOANS	10,459,000	10,459,000	11,709,000	11,709,000
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>10,459,000</b>	<b>10,459,000</b>	<b>11,709,000</b>	<b>11,709,000</b>

The bank loans are secured over land and buildings with a carrying amount of \$22,902,028 (March 2014: \$22,749,779). The bank has a first ranking general security arrangement over all present and acquired property.



## 17 EMPLOYEE BENEFITS PAYABLE

	COMPANY AND GROUP	
	DEC 2014	MAR 2014
ANNUAL LEAVE	278,515	188,487
<b>TOTAL EMPLOYEE BENEFITS PAYABLE</b>	<b>278,515</b>	<b>188,487</b>

## 18 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	DEC 2014	MAR 2014	DEC 2014	MAR 2014
OTHER TRADE PAYABLES	1,185,262	3,713,817	1,173,474	3,708,212
NON-TRADE PAYABLES AND ACCRUED EXPENSES	5,458,246	3,477,978	4,454,465	3,307,650
	<b>6,643,507</b>	<b>7,191,794</b>	<b>5,627,939</b>	<b>7,015,861</b>

## 19 FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and liquidity risks arises in the normal course of the Group's business.

### Credit risk

In order to determine which customers are classified as having payment difficulties, the Group applies a mix of duration and frequency of default. The Group does not require collateral in respect to trade and other receivables. The Group's exposure to credit risk is mainly influenced by its customer base. The majority of revenue is generated from transactions with growers. However, payment for packing, packaging and coolstorage is received directly by the Group via third parties as a deduction from returns to growers.

### Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. 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.

### Interest rate risk

The Group is exposed to interest rate risk primarily through its cash balances, bank overdrafts and borrowings. The Group enters into derivative arrangements in the ordinary course of business to manage these interest rate risks. The corporate services manager, managing director and Board of Directors are responsible for overseeing the management of interest rate risk, derivative activities, monitoring and reporting.

### Quantitative disclosures

#### Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure. There are considered to be no impairment of financial assets at the reporting date, and therefore no impairment allowance has been recorded (March 2014: nil). Within trade receivables there is \$116,001 of past due receivables between 30 and 120 days (March 2014: \$395,191).

#### Liquidity risk

The Groups contractual cashflows for financial assets and liabilities excluding secured bank loans fall within 12 months. The following table sets out the contractual cash flows for secured bank loans as at the reporting date.

	STATEMENT OF FINANCIAL POSITION	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
<b>DEC 2014 (GROUP)</b>							
SECURED BANK LOANS	10,459,000	11,578,327	318,477	1,568,477	9,691,374	-	-
TRADE AND OTHER PAYABLES	6,643,507	6,643,507	6,643,507	-	-	-	-
<b>TOTAL NON-DERIVATIVE LIABILITIES</b>	<b>17,102,507</b>	<b>18,221,834</b>	<b>6,961,984</b>	<b>1,568,477</b>	<b>9,691,374</b>	<b>-</b>	<b>-</b>
<b>MAR 2014 (GROUP)</b>							
SECURED BANK LOANS	11,709,000	13,112,144	315,758	1,548,914	1,797,296	9,450,177	-
TRADE AND OTHER PAYABLES	7,191,794	7,191,794	7,191,794	-	-	-	-
<b>TOTAL NON-DERIVATIVE LIABILITIES</b>	<b>18,900,794</b>	<b>20,303,939</b>	<b>7,507,552</b>	<b>1,548,914</b>	<b>1,797,296</b>	<b>9,450,177</b>	<b>-</b>

## 19 FINANCIAL INSTRUMENTS CONTINUED

### Interest rate risk – repricing analysis

The Group has an interest rate swap in place for \$4,000,000 (2014: \$4,000,000) which matures on 26 September 2016 and has an interest rate of 6.85%.

### Capital management

The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any externally imposed capital requirements.

The Group's policies in respect to capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

### Sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit.

At 31 December 2014 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately \$65,000 (March 2014: \$77,000)

CLASSIFICATION AND FAIR VALUES (GROUP)							
	NOTE	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	LOANS & RECEIVABLES	OTHER AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
<b>DEC 2014</b>							
<b>ASSETS</b>							
INVESTMENTS	10	1,617,165	100,992	-	-	1,718,157	1,718,157
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,617,165</b>	<b>100,992</b>	<b>-</b>	<b>-</b>	<b>1,718,157</b>	<b>1,718,157</b>
TRADE AND OTHER RECEIVABLES	13	-	-	5,010,437	-	5,010,437	5,010,437
CASH AND CASH EQUIVALENTS	14	-	-	-	1,912,208	1,912,208	1,912,208
<b>TOTAL CURRENT ASSETS</b>		<b>-</b>	<b>-</b>	<b>5,010,437</b>	<b>1,912,208</b>	<b>6,922,646</b>	<b>6,922,646</b>
<b>TOTAL ASSETS</b>		<b>1,617,165</b>	<b>100,992</b>	<b>5,010,437</b>	<b>1,912,208</b>	<b>8,640,803</b>	<b>8,640,803</b>
<b>LIABILITIES</b>							
LOANS AND BORROWINGS	16	-	-	-	10,459,000	10,459,000	10,459,000
DERIVATIVES	18	42,183	-	-	-	42,183	42,183
TRADE AND OTHER PAYABLES	18	-	-	-	6,601,325	6,601,325	6,601,325
<b>TOTAL CURRENT LIABILITIES</b>		<b>42,183</b>	<b>-</b>	<b>-</b>	<b>17,060,325</b>	<b>17,102,507</b>	<b>17,102,507</b>
<b>TOTAL LIABILITIES</b>		<b>42,183</b>	<b>-</b>	<b>-</b>	<b>17,060,325</b>	<b>17,102,507</b>	<b>17,102,507</b>
<b>MAR 2014</b>							
<b>ASSETS</b>							
INVESTMENTS	10	1,616,561	131,222	-	-	1,747,783	1,747,783
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,616,561</b>	<b>131,222</b>	<b>-</b>	<b>-</b>	<b>1,747,783</b>	<b>1,747,783</b>
TRADE AND OTHER RECEIVABLES	13	-	-	3,651,990	-	3,651,990	3,651,990
CASH AND CASH EQUIVALENTS	14	-	-	-	1,080,898	1,080,898	1,080,898
<b>TOTAL CURRENT ASSETS</b>		<b>-</b>	<b>-</b>	<b>3,651,990</b>	<b>1,080,898</b>	<b>4,732,888</b>	<b>4,732,888</b>
<b>TOTAL ASSETS</b>		<b>1,616,561</b>	<b>131,222</b>	<b>3,651,990</b>	<b>1,080,898</b>	<b>6,480,671</b>	<b>6,480,671</b>
<b>LIABILITIES</b>							
LOANS AND BORROWINGS	16	-	-	-	11,709,000	11,709,000	11,709,000
DERIVATIVES	18	25,255	-	-	-	25,255	25,255
TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES	18	-	-	-	7,166,540	7,166,540	7,166,540
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,255</b>	<b>-</b>	<b>-</b>	<b>18,875,540</b>	<b>18,900,794</b>	<b>18,900,794</b>
<b>TOTAL LIABILITIES</b>		<b>25,255</b>	<b>-</b>	<b>-</b>	<b>18,875,540</b>	<b>18,900,794</b>	<b>18,900,794</b>

**19 FINANCIAL INSTRUMENTS CONTINUED****Estimation of fair values**

The methods used in determining the fair values of financial instruments are discussed in note 4.

**Fair Value Hierarchy**

The table below analyses, by valuation method, those financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>DEC 2014 (GROUP)</b>				
FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	-	100,992	-	100,992
FINANCIAL ASSETS IN ASSOCIATES	-	1,617,165	-	1,617,165
DERIVATIVE FINANCIAL LIABILITIES	-	(42,183)	-	(42,183)
	-	<b>1,675,975</b>	-	<b>1,675,975</b>
<b>MAR 2014 (GROUP)</b>				
FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	-	131,222	-	131,222
FINANCIAL ASSETS IN ASSOCIATES	-	1,616,561	-	1,616,561
DERIVATIVE FINANCIAL LIABILITIES	-	(25,255)	-	(25,255)
	-	<b>1,722,528</b>	-	<b>1,722,528</b>

**20 OPERATING LEASES****LEASES AS LESSEE**

NON-CANCELLABLE OPERATING LEASE RENTALS ARE PAYABLE AS FOLLOWS:

	COMPANY AND GROUP	
	DEC 2014	MARCH 2014
LESS THAN ONE YEAR	463,288	610,542
BETWEEN ONE AND FIVE YEARS	1,116,937	1,073,021
MORE THAN FIVE YEARS	588,892	235,758
	<b>2,169,117</b>	<b>1,919,321</b>

The Group leases orchards to grow kiwifruit. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. The leases require that returns are shared with the owners once certain profit levels are attained. In addition, the Group has entered into leases whereby the Group is committed to pay up to \$0.50 per Class 1 tray based on fruit packed at Apata Group Limited. The amount of the liability can only be quantified once the fruit has been packed, or when the amount of profits from the orchard have been determined. Material leases include the site lease at Tetley Road, from Tetley Coolstores Nominees Limited. During the period ended 31 December 2014, payments amounting to \$170,766 (March 2014: \$75,896) were made to Tetley Coolstores Nominees Limited.

**21 CAPITAL COMMITMENTS**

During the period ended 31 December 2014 the Group entered into Capital contracts of which \$4,114,755 (March 2014: nil) has yet to be completed by period-end. The majority of the capital contracts relate to a new coolstore complex being built at the Turntable Road site. The new complex will have a static capacity of approximately 950,000 trays.

**22 CONTINGENCIES**

There are no contingencies at December 2014 (March 2014: nil).

## 23 RECONCILIATION OF THE PROFIT FOR THE PERIOD WITH THE NET CASH FROM OPERATING ACTIVITIES

	NOTE	GROUP		COMPANY	
		DEC 2014	MAR 2014	DEC 2014	MAR 2014
PROFIT FOR THE PERIOD	PAGE 14	2,213,547	(1,762,332)	2,212,942	(1,734,414)
ADJUST FOR:					
DEPRECIATION	8	1,643,104	1,335,494	1,643,104	1,335,494
NET FINANCE COSTS	6	537,703	312,111	105,023	195,119
LOSS (GAIN) ON SALE OF PROPERTY, PLANT AND EQUIPMENT		140,654	-	140,654	-
LOSS (GAIN) ON DISPOSAL OF INVESTMENT		7,200	-	7,200	-
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES	10	(440,605)	(92,081)	-	-
INCOME TAX EXPENSE	7	724,512	(113,261)	724,512	(113,261)
CHANGE IN INVENTORIES	12	841,329	(913,839)	841,329	(913,839)
CHANGE IN CURRENT BIOLOGICAL ASSETS DUE TO ACQUISITIONS & SALES	9	278,951	(106,258)	278,951	(106,258)
CHANGE IN TRADE AND OTHER RECEIVABLES	13	(1,506,009)	(500,987)	(1,520,135)	(481,023)
CHANGE IN PREPAYMENTS		(116,927)	111,102	(116,927)	111,102
CHANGE IN TRADE AND OTHER PAYABLES	18	(536,769)	2,219,768	(1,535,426)	2,642,231
CHANGE IN TRADE AND OTHER PAYABLES RELATING TO FINANCING ACTIVITIES		(18,293)	(44,521)	(18,293)	(44,521)
CHANGE IN EMPLOYEE BENEFITS	17	90,028	(31,407)	90,028	(31,407)
SHARE BASED PAYMENT RECEIVABLE		211,249	-	211,249	-
INTEREST PAID		(555,473)	(292,723)	(555,473)	(292,723)
INCOME TAX RECEIVED/(PAID)		(125,019)	(9,446)	(125,360)	(8,267)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>PAGE 16</b>	<b>3,389,183</b>	<b>111,618</b>	<b>2,383,378</b>	<b>558,234</b>

## 24 RELATED PARTIES

### Transactions with key management personnel

Key management personnel are defined as all Directors and senior executives that set strategic direction and manage the Group. The Group undertakes transactions with these persons in the normal course of business on normal commercial terms. Included in expenses is an amount of \$727,041 (March 2014: \$587,040) for salaries, benefits and Directors fees.

### Loans to directors

There were no loans to Directors issued during the period ended 31 December 2014 nor any loans outstanding by Directors at 31 December 2014 (March 2014: nil).

### Other transactions with directors and key management personnel

Directors of the Group control 41.3 percent of the voting shares of the Group at 31 December 2014 (March 2014: 41.7 percent).

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to directors and key management personnel and entities over which they have control or significant influence were as follows:

		TRANSACTION VALUE FOR PERIOD ENDED		BALANCE OUTSTANDING AS AT	
	NOTE	DEC 2014	MAR 2014	DEC 2014	MAR 2014
DIRECTORS					
J D ANDERSON - DIRECTOR OF AEROCOOL HORTICULTURE LIMITED					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(I)	1,842,261	1,691,871	-	-
A BIRLEY - TRUSTEE OF BIRLEY FAMILY TRUST					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(II)	1,213,050	1,062,268	30,923	4,725
J HOLWERDA - DIRECTOR OF PROHORT LIMITED					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(III)	286,010	4,774	-	11,361



## APATA GROUP LIMITED ANNUAL REPORT DECEMBER 2014

### 24 RELATED PARTIES CONTINUED

24 RELATED PARTIES CONTINUED

		TRANSACTION VALUE FOR PERIOD ENDED		BALANCE OUTSTANDING AS AT	
	NOTE	DEC 2014	MAR 2014	DEC 2014	MAR 2014
M MAYSTON - DIRECTOR OF BRUNTWOOD FARMS LIMITED					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(IV)	767,228	-	452	-
G CATHIE - DIRECTOR OF KIWIFRUIT MANAGEMENT SERVICES LIMITED					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(V)	459,175	-	-	-
G CATHIE - DIRECTOR OF OMNISCIENT HOLDINGS LIMITED					
COOLSTORE LEASE	(VI)	66,375	29,500	-	-
T H WILSON - DIRECTOR OF TIME CAPITAL LIMITED	(VII)	-	37,500	-	-
PURCHASE OF KIWIFRUIT BINS	(VIII)	5,000	-	-	-
ASSOCIATES					
PRIMOR PRODUCE LIMITED	(IX)	3,234,910	2,487,218	660,409	720
SUBSIDIARIES					
APATA SUPPLIERS LTD	(X)	610,124	-	171,593	-
AEROCOOL GROWERS EQUITY TRUSTEE COMPANY LTD	(XI)	-	-	-	-

- (i) During the period the Group provided packing, coolstorage and orchard services to Aerocool Horticulture Limited, of which John Anderson, Director of Apata Group Limited, is a director, at standard commercial terms and conditions.
- (ii) During the period the Group provided packing, coolstorage and orchard services to Birleys Family Trust, of which Alan Birley, Director of Apata Group Limited, is a trustee, at standard commercial packing, coolstoring and orchard services terms and conditions.
- (iii) During the period the Group provided packing, coolstorage and orchard services to Pro Hort Limited, of which John Holwerda, Director of Apata Group Limited, is a director, at standard commercial packing, coolstoring and orchard services terms and conditions.
- (iv) During the period the Group provided packing, coolstorage and orchard services to Bruntwood Farms Limited, of which Mark Mayston, Director of Apata Group Limited, is a director, at standard commercial packing, coolstoring and orchard services terms and conditions.
- (v) During the period the Group provided packing, coolstorage and orchard services to Kiwifruit Management Services Limited, of which Graham Cathie, Director of Apata Group Limited, is a director, at standard commercial packing, coolstoring and orchard services terms and conditions.
- (vi) The Group leases a coolstore from Omniscent Holdings Ltd of which Graham Cathie, Director of Apata Group Limited, is a director, at standard commercial terms and conditions.
- (vii) The Group used the services of Time Capital Ltd, of which Tom Wilson is a director, for advice, at standard commercial terms and conditions.
- (viii) During the period the Group purchased kiwifruit bins from Bruntwood Farms Limited, of which Mark Mayston is a Director, for a cost of \$5,000.
- (ix) During the period the Group provided packing and coolstorage services to Primor Produce Ltd, of which the group owns 33%, at standard commercial terms and conditions.
- (x) During the period the Group provided administration services to Apata Suppliers Limited, a wholly owned subsidiary of Apata Group Limited, at standard commercial terms and conditions.
- (xi) The Aerocool Growers Equity Trustee Company Ltd is a non trading entity and therefore there are no transactions between this subsidiary and the Group.

From time to time Directors and key management personnel of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

#### Apata Suppliers Entity Limited

Apata Suppliers Entity Limited (ASEL) is a separate legal entity with directors elected by Apata Group growers and appointed by the Group and other independent coolstore facilities. This entity does not form part of the Group. During the nine months to 31 December 2014, the Group received \$23,860,521 (31 March 2014: nil) from ASEL in respect of post-harvest services and fruit proceeds, the amount outstanding as at 31 December 2014 is nil (31 March 2014: nil). Payments were made to ASEL of nil (31 March 2014: nil) in respect of post-harvest services, the amount outstanding at 31 December 2014: nil (31 March 2014: nil).

### 25 SUBSEQUENT EVENT

#### Refinance of business

In February 2015 the Company refinanced the business. The funding has remained with ANZ and is on more favourable terms than those at 31 December 2014.

The new funding includes additional finance of \$5.04M for the building of the new coolstore complex at the Turntable Road site.

## INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Apata Group Limited

### Report on the Financial Statements

We have audited the financial statements of Apata Group Limited (the "Company") and Group on pages 13 to 33, which comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the 9 month period then ended, and a summary of significant accounting policies and other explanatory information. The Group comprises the Company and the entities it controlled at 31 December 2014 or from time to time during the financial period.

### Directors' Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, Apata Group Limited or any of its subsidiaries or associates.

### Opinion

In our opinion, the financial statements on pages 13 to 33:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Company and the Group as at 31 December 2014, and the financial performance and cash flows for the period then ended.

### Report on Other Legal and Regulatory Requirements

In accordance with sections 16 (1) (d) and 16 (1) (e) of the Financial Reporting Act 1993, we report that:

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

*Ingham Mora*

INGHAM MORA  
Tauranga  
5 March 2015

# COMPANY DETAILS

## COMPANY NAME

Apata Group Limited – formerly Aerocool Limited

## COMPANY NUMBER

1107843

## DATE OF INCORPORATION

02 February 2001

## NATURE OF BUSINESS

Packhouse and coolstore operators

## DIRECTORS APATA GROUP LIMITED AS AT 30 NOVEMBER 2013

John David Anderson  
Alan Birley  
Colin Graham Cathie  
John Lambertus Holwerda  
Mark Nolan Mayston  
Stuart Barry Weston  
Thomas Haines Wilson

## EXECUTIVE

Stuart Weston, Managing Director  
Eugene Crosby, CFO and Company Secretary  
Neale Cameron, Grower Services Manager  
Dr Sonia Whiteman, GM Orchards  
Damian Young, GM Operations

## AUDITORS

Ingham Mora, Tauranga

## SOLICITORS

Buddle Findlay, Auckland and Sharp Tudhope, Tauranga.

## REGISTERED OFFICE

9 Turntable Hill Road, RD 4, Katikati.

## NUMBER OF SHARES

11,736,113

## DISTRIBUTION OF SHAREHOLDING – AS AT 5 MARCH 2015

SHARE RANGE	NO OF SHAREHOLDERS	SHARES HELD	% OF SHAREHOLDING	% OF SHARES	AVERAGE HOLDING
UP TO 1,999 SHARES	11	16359	0%	4%	1487
2,000 TO 9,999	162	830849	7%	59%	5129
10,000 TO 24,999	51	767566	7%	19%	15050
25,000 TO 99,999	31	1626734	14%	11%	52475
100,000 PLUS	18	8494605	72%	7%	471923
<b>TOTALS</b>	<b>273</b>	<b>11736113</b>	<b>100%</b>	<b>100%</b>	<b>42989</b>





**Apata**™ TOGETHER WE'RE BETTER

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**APATA TE PUKE**  
15 MENDS LANE, RD6, TE PUKE 3186  
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