APATA GROUP LIMITED ANNUAL REPORT 2014

Apata TOGETHER WE'RE BETTER

CONTENTS

APATA GROUP LIMITED BOARD OF DIRECTORS

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

THE YEAR IN REVIEW

THE SIGNIFICANT AMALGAMATION OF TWO LONG STANDING POST-HARVEST BUSINESSES PUNCTUATED A YEAR IN WHICH THE RECOVERY PATHWAY FROM PSA GATHERS MOMENTUM ACROSS THE INDUSTRY.

The successful amalgamation of Aerocool Limited and Apata Limited into Apata Group Limited has been achieved whilst delivering above average OGRs for avocados and all varieties of kiwifruit.

Given the success of the amalgamation the Board have confidence future mergers and acquisitions can be as successful and will continue to seek opportunities to do so.

ANNUAL REPORT

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

The financial results reflected in these accounts are the result of Apata Limited amalgamating with Aerocool Limited on 30th November 2013. The legal form, timing of the amalgamation and financial reporting standards applicable has led to an unusual set of circumstances for the reader.

The 2013 numbers presented are for Aerocool Limited only (1 April 2012 to 31 March 2013) whilst the 2014 numbers are for Aerocool Limited (April 2013 to 30 November 2013) plus Apata Group Limited (Aerocool Limited + Apata Limited) from 1 December 2013 to 31 March 2014. The loss reported is a result of the timing of the amalgamation on 30th November. As all kiwifruit income had been booked into the respective entities prior to 30th November, the amalgamated business traded from December to March with limited avocado income matched against the overheads of the combined business. The board stresses the loss is merely a timing issue and that if 12 months trading for both entities had been recorded, reports would have shown a profit. The upcoming financial year will see the business report a profit, all things being equal.

2014 FINANCIAL RESULT

As well as the timing of the amalgamation, Psa continues to have an impact on the group's financial result in two ways; Firstly, volumes are significantly lower than the peak volumes of 2011 and secondly margins are significantly lower than pre-Psa levels. It would appear volume will increase over the next year or two. However, adequate investment in coolstorage as well as capital to handle the increased volume will require improvement in profit margin which we foresee as an inevitable rise in packing prices.

For the year ended 31 March 2014 the group net loss after tax and changes in fair value of cash flow hedges was $1.63M on revenues of $16.77M. This compares with a net loss of $1.28M on revenues of $11.75M in the previous reporting period.

AMALGAMATION SYNERGIES

The Board advised shareholders of a projected $650K permanent cost synergies that would result from the amalgamation. We are now pleased to report over $1M of permanent cost synergies which will benefit the business' bottom line in forthcoming years. The major synergies are in procurement, transport and operations.

EXTERNAL DEBT AND USE OF FUNDS

We continue to have an excellent relationship with our external financier, ANZ Bank NZ Limited, as evidenced by their 3 year commitment to both term and seasonal funding of the amalgamation in November 2013. Debt levels continue to be comfortable with current trading forecasts and future capital for expansion to be made available as required.

The business is operating within all banking covenants and outside of the $1.25M scheduled for repayment in December 2014 the balance of the term debt of $10.46M does not mature until late 2016.

Cash on hand of $1.1M at balance date has increased on last year after retiring $1.2M of debt and $500K of asset reinvestment.

DIVIDENDS AND REBATES

No dividends or rebates were paid during the 2014 year. When volumes and margins recover the Board's priority is to get back to the payment of dividends as soon as possible. Debt reduction is the near term priority.

The Group retained earnings reduced by $1.76M as a result of the reported loss, however shareholder equity has improved significantly by virtue of the amalgamation to $22,058,156 as at 31 March 2014 (2013: $12,195,018), an increase of $9,863,138.

SHARE VALUE

Prior to amalgamation, an independent assessment of Aerocool Limited and Apata Limited gave a share value for each company an upper range of 35c/share. Post amalgamation, Apata Group Limited was again independently assessed (April 2014) with an upper range share value of 70c/share. This increase is a reflection of synergy savings and increased confidence in the kiwifruit industry. The forecasted improvement in trading conditions should also aid the share price further.

INVESTMENT IN OPERATIONAL AREAS

State of the art facilities at both Aerocool and Apata as well as their continued development pre-Psa have resulted in minimal investment in 2014. Industry forecasts of increasing volumes will require capital for further coolstores. Both sites have sufficient land available to absorb some of the expansion needed. Further asset development will be investigated by the Board at such time as is relevant. However the Board are cognisant of the need to balance capital required for future expansion with the need to return to the payment of dividends to owners of the business.

ASSOCIATES

PRIMOR PRODUCE LIMITED

Apata Group Limited and Primor Produce Limited have had an exclusive supply arrangement for export avocados for over 20 years. Apata Group's 33% shareholding agreement in June 2011 cemented this relationship.

Auckland based Primor Produce Limited imports and exports fresh fruit and vegetables for sale domestically and overseas. Avocados are a significant but not dominant product within their product portfolio. For many years we have promoted our export avocado business as an Apata Group/Primor Partnership.

Primor and Team Avocado jointly export approximately 65% of New Zealand's avocados. Following the challenging 2011/12 season during which many growers were failed by exporters, Primor and Team Avocado formed Avoco. This joint venture has completed its first season with great success as evidenced by grower returns for the 2013/14 season.

Avoco will market fruit collectively worldwide (including to both major Australian supermarket chains). Co-operation between the two biggest exporters rather than competition will inevitably benefit growers.

Avoco are marketing to new markets such as Asia as well as Australia to minimise risk to growers. Apata Group wholeheartedly supports this initiative and encourages all growers to do likewise.

This duel partnership between packers (Aerocool/Apata) and exporter (Team Avocado/Primor) has consistently delivered top OGRs to our grower suppliers and in particular during the 2013/14 season.

The gross dividend received from Primor amounted to $166,667, 10% return on funds invested. The net dividend of $111,667 shows a 7% return on capital invested. These returns compare favourably relative to the Group's cost of funds at the time of around 5.4%.

KIWIFRUIT

THE 2012/13 GROWING SEASON WAS MARKED BY A ONE IN FORTY YEAR DROUGHT WHICH LED TO A REDUCTION IN YIELD AND SIZE PROFILE ALTHOUGH A VINTAGE YEAR FOR TASTE AND DRY MATTER.

There were further Psa related signs of bud drop in Hayward which affected certain parts of the Bay of Plenty and in particular the Eastern Bay, influencing overall crop numbers from these areas.

A trade off between taste and crop load on the canopies of SunGold has become apparent.

Signals from the markets are clear that unlike Hort16A, low dry matter SunGold tastes bitter and is rendered unsuitable for sale. SunGold growers will adapt to these indications as crops come into full production in subsequent years.

The Apata Group supply, comprising of Aerocool Limited, Apata Limited and Western Orchards, packed 7.4 million Class 1 export trays in 2013 which was down by 1.4 million trays on 2012, the majority of which decline can be attributed to the effect of Psa on Gold volumes. Shareholders should note that the trays packed by Apata Limited are reflected in the Apata Limited final accounts to 30th November and not the Apata Group Limited accounts to 31st March 2014. They are included above for comparative purpose only.

Supply numbers are expected to recover quickly in coming years, assuming Psa does not have a material impact on the projected industry volumes. The Apata Group supply numbers in 2014 had improved to 8.1 million trays reflecting early steps in recovery.

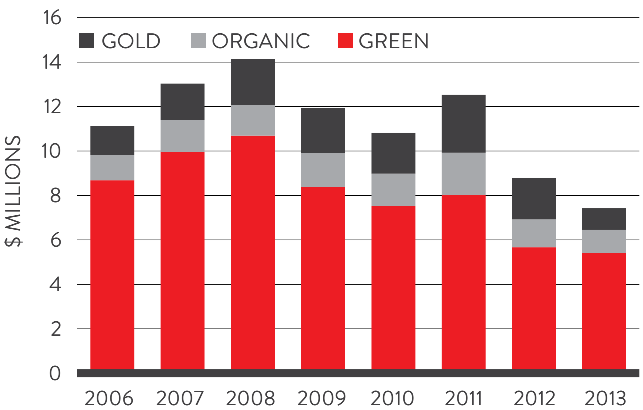
FRUIT LOSS

Fruit loss figures for the year were outstanding. Zespri acknowledged Apata as an industry leader in the handling of new varieties, particularly for shrivel in Charm where our protocols were observed and followed across the industry.

Fruit loss across the Gold varieties was 1.06% versus the industry average of 1.92% and for the Green varieties fruit loss was 1.14% versus the industry 1.37%.

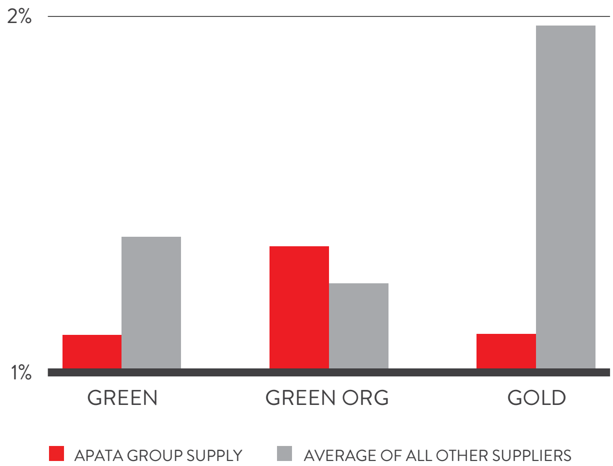
The storage season was excellent, as illustrated by low fruit loss across the industry. Although a similar season has not been predicted this year, the Board is committed to remaining in the top quartile of industry performers. Unlike OGRs, fruit loss results are absolute and cannot be manipulated so serve as a good guide to post-harvest operational performance.

APATA GROUP SUPPLY: CLASS 1 KIWIFRUIT TRAYS PACKED



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

APATA GROUP 2013 FRUIT LOSS



POOL RETURNS

The fruit loss results, when coupled with extremely competitive post-harvest costs, have lead to Apata Group pool returns being higher than the industry average. Our Gold pool return of $13.24 is 3% higher than industry of $12.91, our Green pool of $5.57 is 7% higher than industry of $5.23 and our Organic pool at $7.08 is 1c above industry. These returns coupled with good yields and high Class 1 pack-outs have lead to record OGRs per hectare for our Gold and Green growers which has offered some respite from the last few years of Psa battles.

PSA

November 2010 saw the identification of a virulent strain of Pseudo Syringae pv. Actinidiae (Psa-V) in Te Puke, New Zealand. Since then it has rapidly become one of the largest and most costly threats faced by the New Zealand kiwifruit industry.

By the middle of 2012, Zespri had made the decision to release more SunGold (G3) which gave growers with severely infected Hort16A orchards the opportunity to continue growing with a more Psa-V tolerant cultivar other than Hayward.

As of July 2014, approximately 4,329 hectares of SunGold licences and approximately 200 hectares of Charm were issued. The several hundred hectares of Hort16A still in production are able to swap to SunGold giving further potential for growth. Even with conservative estimates of 12,500 trays of fruit per hectare, Zespri's forecast of well over 60 million trays of Gold kiwifruit represent a real opportunity for growth in the coming years.

Bud drop during spring time continues to present issues, particularly in the Hayward variety. Spray programs and other initiatives help to control the problem which is mainly localised as opposed to industry-wide.

Orchard management plays a big role in controlling Psa-V, with more importance being given to processes such canopy management and the timing of various activities, as these have been proven to show a difference in the level of Psa-V impact.

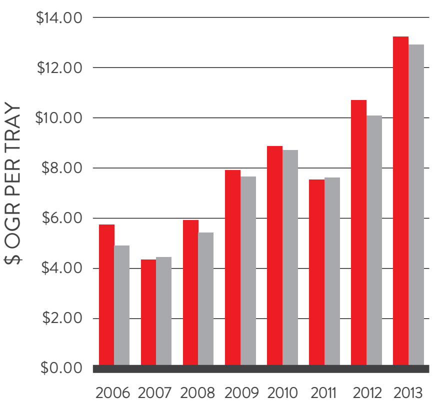
There is a positive attitude within the industry looking forward. However despite 2 excellent growing seasons and increased understanding of the management of Psa, future yields may still be affected. The tremendous scale of learning since 2010 and the management systems subsequently put in place bode well for any potential future threat.

NEW VARIETIES

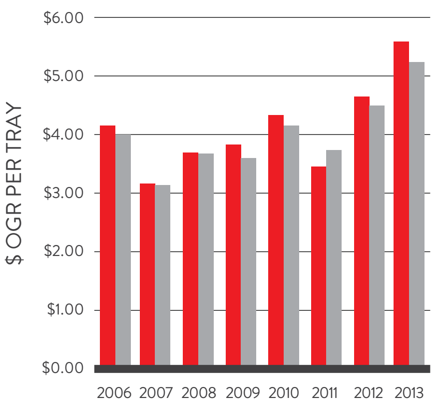
SunGold is proving more resilient to Psa than Hort16A. We are learning more about on orchard practices to combat Psa and SunGold is showing good signs as a viable long term replacement for Gold growers. Market reaction to SunGold has also been extremely encouraging, but growers have been informed by Zespri that low dry matter SunGold cannot be sold. Growing high dry matter SunGold represents a significant annual challenge for growers.

Our new variety numbers continue to increase. Apata Group packed 435k trays in 2013 with these numbers swelling to well over a million trays in 2014. A real focus was placed on the packing and storage of new varieties and Apata Group reported an exceptional storage result across all new varieties, details of which are included in the fruit loss and OGRs outlined above.

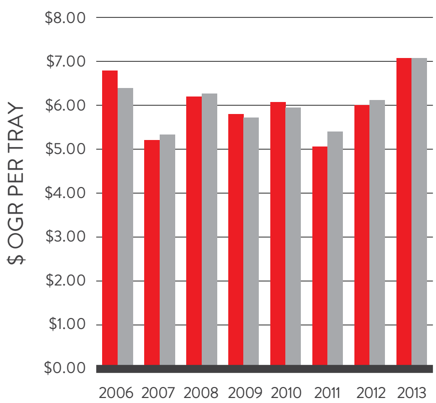
GOLD ORCHARD GATE RETURN
PER TRAY SUBMITTED



GREEN ORCHARD GATE RETURN
PER TRAY SUBMITTED



GREEN ORGANIC ORCHARD GATE RETURN
PER TRAY SUBMITTED



APATA GROUP   INDUSTRY

AVOCADOS

THE 2013/2014 EXPORT AVOCADO SEASON DELIVERED GOOD FRUIT NUMBERS AND EXCELLENT FRUIT QUALITY.

The industry average export pack-out was 66% with Apata Group pack-outs at 72%. Apata Group packed 773,327 export trays during the six month export season and represented a 36% market share of export avocados in the Bay of Plenty for the season.

Apata Group 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 which in turn provides higher Orchard Gate Returns for our growers.

The formation of Apata Group has worked well alongside Avoco. The Mends Lane Te Puke site continues to serve Team Avocado Growers and the Turntable Road Katikati site continues to service Primor growers. This model of cooperation evolves at a timely pace and is greatly aided by respecting traditional allegiances with marketers and processing sites.

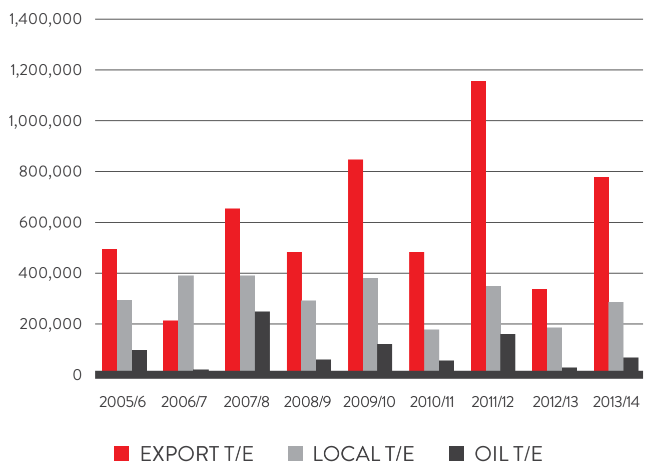
The OGR for growers in the 2013-2014 season was excellent and the highest seen in several years reflecting the success of Avoco and a very good Australian market for New Zealand avocados. Export returns over the season on a weighted average basis were around $25/tray.

Local market returns relative to export were also strong for most of the season helping growers achieve an excellent overall OGR.

$5million of government funding has been allocated to the avocado industry which will greatly advance research into some the industry's greatest challenges, one of which is moderating the issue of biennial bearing.

Next season's volumes are predicted to be very high across all areas of the Bay of Plenty, Whangarei and Northland placing pressure on the marketers, in particular across Australia. Avoco is exceptionally well placed to succeed in the Asian and US markets with increased volume to market. These newer markets are expected to deliver high returns.

APATA GROUP AVOCADO VOLUME HISTORY OVER 9 YEARS



OUTLOOK AND BEYOND

2014 KIWIFRUIT HARVEST

The 2014 harvest was the first undertaken as a merged group and was extremely successful despite facing additional challenges in late April, early May to the Te Puke Hayward lines following hail and high winds.

TEAM KIWI LIMITED

We have recently registered Team Kiwi Limited, 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 as well as variable quality. Returns reflect this disequilibrium. 2014 has seen amalgamation of New Zealand supply down to 5 key suppliers (including Zespri), which we expect to improve the performance of this market. Whilst the overall market is expected to benefit, Team Kiwi is in the enviable position of serving as key suppliers to both major Australian supermarket chains, with virtually all available supply committed to those programs at the exclusion of the more volatile wholesale markets.

CROPGRO

We are expanding our orchard services through our successful orchard division CropGro, offering management and lease options for growers both existing and new, with about 170 hectares currently under our control. The strategic intent is to secure supply in successive seasons, and have a more direct hand in driving yield and fruit quality. The Orchard Gate Returns generated for current clients is compelling, and we anticipate, with the age and stage of the grower demographic, an increase in demand.
Further, we are seeing a trend toward syndicated orchard ownership in larger orchards, and we anticipate offering the same opportunities to our clients soon.

PLANNING FOR SUNGOLD VOLUMES

Dominating the interest of the kiwifruit industry is the substantial growth forecasted for SunGold. From 11 million trays in 2014, jumping to 30 million 2015, and over 60 million trays by 2019, the post-harvest sector in conjunction with Zespri is giving serious consideration to the upcoming capacity, logistics and marketing challenges that lie ahead.

Little is known about SunGold's capacity to be harvested earlier to alleviate the 'peak' harvest demand, or how fruit labelling will be achieved on fruit being packed out of Controlled Atmosphere storage. This along with other issues have been identified and resolution is required over the next 2 to 3 years.

Plant – the most pressing issue is further development of coolstores to cater for the burgeoning SunGold volumes, requiring high quality and adjustable storage affording flexibility for different temperature regimes and packaging formats.

People – as a highly labour intensive industry, payroll is the single largest expense item and element to manage. Demand for picking and packing labour will intensify, with a current heavy reliance on backpackers and programmed importation of overseas workers from Thailand, Malaysia and Pacific Islands. The reliance on this workforce exposes the kiwifruit industry to risk of changes in governmental employment policy. Alternatives to current employment policy within the industry will need investigation into initiatives such as spreading the workload using controlled atmospheric storage and advances in technology to replace labour.

Management expertise will become increasingly important with the sharp rise in scale and complexity.

In stark contrast to problems faced by the kiwifruit industry over recent years, these are positive issues we face. Forecasted growth will generate more volume, better utilisation of assets and people, bigger margins and the return to sustainable profit in a short period of time. Investing in management, plants and processing will set us up to face these exciting challenges. We are tracking well to the 2014 plan despite difficult trading conditions and look forward to clearing a pathway to growing and improving our business over the next 2-3 years.

ACKNOWLEDGEMENTS

I would like to thank everyone involved in all stages of the merger for their professionalism and the ease with which the two companies have melded in what can often be an unsettling time for all employees. I would particularly like to acknowledge and thank our growers and shareholders for their support throughout the year as well as their enthusiasm and professionalism as we look forward to a prosperous future as a combined business, driving shareholder and grower value in this rapidly growing industry.

THANK YOU FOR YOUR SUPPORT

GRAHAM CATHIE
Chairman

STUART WESTON
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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STATUTORY INFORMATION

FOR THE YEAR ENDED 31 MARCH 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	13,333	-	13,333
J D ANDERSON	20,000	-	20,000
A BIRLEY	20,000	-	20,000
T H WILSON	20,000	-	20,000
J L HOLWERDA	6,667	-	6,667
M N MAYSTON	6,667	6,000	12,667
S B WESTON	-	-	-
M TOY (RESIGNED 30 NOVEMBER 2013)	35,000	-	35,000

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

C G Cathie, J L Holwerda, M N Mayston and S B Weston became directors on 30 November 2013 upon amalgamation with Apata Limited. M N Mayston receives 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 year:

DIRECTORS' INTERESTS IN TRANSACTIONS

During the year 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 year 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 115,000 shares during the year ended 31 March 2014. Last Year $nil.

DIRECTORS' SHAREHOLDINGS

Directors held the following shares at 31 March 2014:

JOHN ANDERSON	2,318,462	
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
JOHN HOLWERDA	58,485	SHARES HELD BY PRO HORT LIMITED OF WHICH JOHN HOLWERDA IS A SHAREHOLDER AND DIRECTOR
MARK MAYSTON	739,285	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 year ended 31 March 2014 nor any loans outstanding by directors at 31 March 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 year the following number of employees received remuneration and benefits of at least $100,000:

NUMBER OF EMPLOYEES	2014	2013
100,000 - 109,999	1	2
110,000 – 119,999	0	1
120,000 – 129,999	1	0

4. AUDIT FEES

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

5. DONATIONS

Donations of $nil were made to charities during the year.

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 Company as at 31 March 2014 and the results of its operations and cash flows for the year 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 Company 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 year ended 31 March 2014.

For and on behalf of the Board of Directors:

C G CATHIE
Director
29 July 2014

A BIRLEY
Director
29 July 2014

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	**2014**	**2013**	**2014**	**2013**
ASSETS					
PROPERTY, PLANT AND EQUIPMENT	8	31,026,205	13,924,184	31,026,205	13,924,184
INTANGIBLE ASSETS		40,686	40,686	40,686	40,686
DEFERRED TAX ASSETS	11	320,392	204,307	320,392	204,307
RECEIVABLE		397,547	108,017	397,547	108,017
OTHER INVESTMENTS	10	1,747,783	16,915	1,751,322	16,915
TOTAL NON-CURRENT ASSETS		**33,532,613**	**14,294,109**	**33,536,152**	**14,294,109**
INVENTORIES	12	2,292,564	519,979	2,292,564	519,979
BIOLOGICAL ASSETS	9	500,390	362,975	500,390	362,975
CURRENT TAX ASSET		23,169	35	24,272	35
TRADE AND OTHER RECEIVABLES	13	3,651,990	576,628	3,598,502	576,628
CASH AND CASH EQUIVALENTS	14	1,080,898	796,531	938,338	796,531
TOTAL CURRENT ASSETS		**7,549,011**	**2,256,148**	**7,354,065**	**2,256,148**
TOTAL ASSETS		**41,081,624**	**16,550,258**	**40,890,217**	**16,550,258**
EQUITY					
SHARE CAPITAL	15	16,017,519	4,607,000	16,017,519	4,607,000
RESERVES	15	247,320	117,095	222,840	117,095
RETAINED EARNINGS	15	5,727,503	7,470,923	5,736,509	7,470,923
TOTAL EQUITY		**21,992,343**	**12,195,018**	**21,976,869**	**12,195,018**
LIABILITIES					
LOANS AND BORROWINGS	16, 19	10,459,000	-	10,459,000	-
TOTAL NON-CURRENT LIABILITIES		**10,459,000**	**-**	**10,459,000**	**-**
LOANS AND BORROWINGS	16, 19	1,250,000	3,000,000	1,250,000	3,000,000
EMPLOYEE BENEFITS PAYABLE	17	188,487	66,166	188,487	66,166
TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES	18	7,191,794	1,289,074	7,015,861	1,289,074
TOTAL CURRENT LIABILITIES		**8,630,281**	**4,355,240**	**8,454,348**	**4,355,240**
TOTAL LIABILITIES		**19,089,281**	**4,355,240**	**18,913,348**	**4,355,240**
TOTAL EQUITY AND LIABILITIES		**41,081,624**	**16,550,258**	**40,890,217**	**16,550,258**

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

Apata TOGETHER WE'RE BETTER

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	**2014**	**2013**	**2014**	**2013**
CONTINUING OPERATIONS					
REVENUE	5	**16,770,552**	**11,753,101**	**16,865,344**	**11,753,101**
WAGES AND SALARIES		5,604,588	3,646,744	5,604,588	3,646,744
DIRECTORS' FEES		127,667	95,000	127,667	95,000
PACKAGING MATERIALS		3,813,056	2,505,602	3,813,056	2,505,602
DEPRECIATION		1,335,494	974,943	1,335,494	974,943
FINANCE COSTS	6	337,244	167,499	337,244	167,499
OPERATING LEASE EXPENSES		480,307	90,259	480,307	90,259
AUDITORS' REMUNERATION - AUDIT		25,727	16,300	25,727	16,300
AUDITORS' REMUNERATION - PROSPECTUS		4,500	-	-	-
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		-	546	-	546
OTHER EXPENSES		7,009,643	5,881,184	6,988,935	5,881,184
		18,738,227	**13,378,078**	**18,713,018**	**13,378,078**
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES, NET OF TAX		92,081	-	-	-
PROFIT/(LOSS) BEFORE INCOME TAX		(1,875,593)	(1,624,978)	(1,847,674)	(1,624,978)
INCOME TAX EXPENSE / (BENEFIT)	7	(113,261)	(450,104)	(113,260.79)	(450,104)
		(113,261)	**(450,104)**	**(113,261)**	**(450,104)**
PROFIT/(LOSS) FOR THE YEAR		**(1,762,332)**	**(1,174,874)**	**(1,734,414)**	**(1,174,874)**
OTHER COMPREHENSIVE INCOME					
GAIN/(LOSS) ON REVALUATION OF LAND		131,000	(109,000)	131,000	(109,000)
NET CHANGE IN FAIR VALUE OF CASHFLOW HEDGE		(25,255)	-	(25,255)	-
GAIN/(LOSS) ON REVALUATION OF ASSOCIATE		24,480	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**130,225**	**(109,000)**	**105,745**	**(109,000)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	15	**(1,632,108)**	**(1,283,874)**	**(1,628,668)**	**(1,283,874)**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

IN NEW ZEALAND DOLLARS	NOTE	**SHARE CAPITAL**	**REVALUATION RESERVE**	**HEDGING RESERVE**	**ASSOCIATE RESERVE**	**RETAINED EARNINGS**	**TOTAL EQUITY**
GROUP							
OPENING BALANCE 1 APRIL 2012		4,607,000	226,095	-	-	8,645,797	13,478,892
PROFIT/(LOSS) FOR THE YEAR		-	-	-	-	(1,174,874)	(1,174,874)
REVALUATION OF LAND		-	(109,000)	-	-	-	(109,000)
CLOSING BALANCE AT 31 MARCH 2013		**4,607,000**	**117,095**	**-**	**-**	**7,470,923**	**12,195,018**
PROFIT/(LOSS) FOR THE YEAR		-	-	-	-	(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
CLOSING BALANCE AT 31 MARCH 2014		**16,017,519**	**248,095**	**(25,255)**	**24,480**	**5,727,503**	**21,992,343**
COMPANY							
OPENING BALANCE 1 APRIL 2012		4,607,000	226,095	-	-	8,645,797	13,478,892
PROFIT/(LOSS) FOR THE YEAR		-	-	-	-	(1,174,874)	(1,174,874)
REVALUATION OF LAND		-	(109,000)	-	-	-	(109,000)
CLOSING BALANCE AT 31 MARCH 2013		**4,607,000**	**117,095**	**-**	**-**	**7,470,923**	**12,195,018**
PROFIT/(LOSS) FOR THE YEAR		-	-	-	-	(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
CLOSING BALANCE AT 31 MARCH 2014		**16,017,519**	**248,095**	**(25,255)**	**-**	**5,736,510**	**21,976,869**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	**2014**	**2013**	**2014**	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM CUSTOMERS		18,770,135	13,538,367	18,764,500	13,538,367
CASH PAID TO SUPPLIERS AND EMPLOYEES		(18,356,347)	(13,694,128)	(17,905,276)	(13,694,128)
INTEREST PAID		(292,723)	(177,143)	(292,723)	(177,143)
INCOME TAX RECEIVED (PAID)		(9,446)	(288,184)	(8,267)	(288,184)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	23	**111,618**	**(621,087)**	**558,234**	**(621,087)**
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST RECEIVED		23,100	48,695	20,092	48,695
DIVIDENDS RECEIVED		122,033	583	122,033	583
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		(499,979)	(181,616)	(499,979)	(181,616)
ACQUISITION OF OTHER INVESTMENTS		(26,039)	(3,003)	(26,039)	(3,003)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(380,885)**	**(135,340)**	**(383,893)**	**(135,340)**
CASH FLOWS FROM FINANCING ACTIVITIES					
REPAYMENT OF LOANS		(1,167,045)	-	(1,167,045)	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(1,167,045)**	**-**	**(1,167,045)**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,436,311)	(756,427)	(992,704)	(756,427)
CASH FROM AMALGAMATION		1,720,678	-	1,134,510	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		796,531	1,552,959	796,531	1,552,959
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14	**1,080,898**	**796,531**	**938,338**	**796,531**

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 subsidiary, Apata Suppliers Limited (collectively "the Group") as at and for the year ended 31 March 2014.

The 2014 values comprise of 8 months of Aerocool Limited, renamed Apata Group Limited, and 4 months of the amalgamated entity and the Group. The 2013 comparative values for the Company and Group are those of Aerocool Limited, renamed Apata Group Limited.

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 Company is profit oriented.

The financial statements were approved by the Board of Directors on 29 July 2014.

(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 presented in New Zealand 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 theamount 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 Financial Performance, 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 Company 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 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 years are as follows:

- buildings, 4 - 50 years
- vehicles and plant, 1 - 40 years
- office equipment, 3 - 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 Company 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 income statement 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 amortised 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 profit or loss. 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.

(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
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 year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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.

(p) New standards adopted and interpretations not yet adopted

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

The following new standards, amendments to standards or interpretations are mandatory for the first time in the current period and are adopted by and relevant to the Company:

• *NZ IFRS 13 Fair Value Measurement (effective for years beginning from 1 January 2013)* – NZ IFRS 13 does not affect any items that are required to be fair valued, but does clarify the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements.

• *NZ IAS 19 Employee Benefits (effective for years beginning from 1 January 2013)* – The amended standard defines the distinction between short term and other long term financial benefits and affects the measurement of the obligation and not just its classification.

• *NZ IFRS 10 'Consolidated Financial Statements' (effective 1 January 2013)* - This standard introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.

• *NZ IFRS 11 'Joint Arrangements' (effective 1 January 2013)* - The standard focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case).

• *NZ IFRS 12 'Disclosure of Interest in Other Entities' (effective 1 January 2013)* - This standard contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities and replaces the disclosure requirements currently found in NZ IAS 28.

• *NZ IAS 27 "Separate Financial statements' (effective 1 January 2013)* - The main changes the amended IAS 27 will make to existing requirements are:
* Partial acquisitions. Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original IFRS 3 requirement) or at fair value.
* Step acquisitions: The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
* Acquisition-related costs. Acquisition-related costs are generally recognised as expenses (rather than included in goodwill).
* Contingent consideration. Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other IFRSs, usually in profit or loss (rather than by adjusting goodwill).
* Transactions with non-controlling interests . Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

• *NZ IAS 28 'Investments in Associates and Joint Ventures' (effective 1 January 2013)* - The amended standard makes changes including on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.

There is no significant effect of the financial statements as a result of applying the updates above.

(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 2014)* – 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. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management has yet to assess the impact the standard is likely to have on the Company.

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	
IN NEW ZEALAND DOLLARS	**2014**	**2013**	**2014**	**2013**
SERVICES	12,171,514	7,460,794	12,149,314	7,460,794
SALES	4,072,622	3,592,880	4,072,622	3,592,880
COMMISSION	501,284	650,148	501,284	650,148
INTEREST & DIVIDEND	25,133	49,279	142,125	49,279
TOTAL REVENUES	**16,770,552**	**11,753,101**	**16,865,344**	**11,753,101**

6 FINANCE INCOME AND EXPENSE

	GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	**2014**	**2013**	**2014**	**2013**
INTEREST INCOME ON BANK DEPOSITS	23,100	48,695	20,092	48,695
SHARES AND DIVIDEND INCOME	2,033	583	122,033	583
FINANCE INCOME	**25,133**	**49,279**	**142,125**	**49,279**
INTEREST EXPENSE ON FINANCIAL LIABILITIES	337,244	167,499	337,244	167,499
FINANCE EXPENSE	**337,244**	**167,499**	**337,244**	**167,499**
NET FINANCE COSTS	**312,111**	**118,221**	**195,119**	**118,221**

7 INCOME TAX EXPENSE IN THE INCOME STATEMENT

	GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	**2014**	**2013**	**2014**	**2013**
CURRENT TAX EXPENSE				
CURRENT PERIOD	-	4,954	-	4,954
	-	**4,954**	**-**	**4,954**
DEFERRED TAX EXPENSE				
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	(5,225)	(41,557)	(5,225)	(41,557)
LOSSES CARRIED FORWARD TAX BENEFIT	(521,536)	(413,501)	(521,536)	(413,501)
LOSSES CARRIED FORWARD USED TO 30 NOVEMBER	351,230	-	351,230	-
LOSSES CARRIED FORWARD FOREGONE	62,271	-	62,271	-
	(113,261)	**(455,058)**	**(113,261)**	**(455,058)**
TOTAL INCOME TAX EXPENSE / (BENEFIT)	**(113,261)**	**(450,104)**	**(113,261)**	**(450,104)**

RECONCILIATION OF EFFECTIVE TAX RATE				
PROFIT BEFORE INCOME TAX	(1,875,593)	(1,624,978)	(1,847,674)	(1,624,978)
IMPUTATION CREDITS ON DIVIDENDS RECEIVED	794	252	47,461	252
TAXABLE INCOME	**(1,874,799)**	**(1,624,726)**	**(1,800,214)**	**(1,624,726)**
INCOME TAX USING THE GROUP'S DOMESTIC TAX RATE 28% (2013: 28%)	(524,944)	(454,923)	(504,060)	(454,923)
NON-DEDUCTIBLE EXPENSES	24,759	117	24,759	117
IMPUTATION CREDITS RECEIVED	(794)	(252)	(47,461)	(252)
SHARE OF ASSOCIATES AFTER TAX INCOME	(25,783)	-	-	-
PRIOR PERIOD ADJUSTMENT	-	4,954	-	4,954
DEFERRED TAX ADJUSTMENT ON AMALAGAMATION	413,501	-	413,501	-
	(113,261)	**(450,104)**	**(113,261)**	**(450,104)**

IMPUTATION CREDITS				
IMPUTATION CREDITS AT THE BEGINNING OF THE YEAR	422,390	422,103	422,390	422,103
TAX PAYMENTS, NET OF REFUNDS	8,475	35	8,475	35
IMPUTATION CREDITS ATTACHED TO DIVIDENDS RECEIVED	47,461	252	47,461	252
IMPUTATION CREDITS FORFEITED ON AMALGAMATION	(422,444)	-	(422,444)	-
IMPUTATION CREDITS AT THE END OF THE YEAR	**55,881**	**422,390**	**55,881**	**422,390**

8 PROPERTY, PLANT AND EQUIPMENT (COMPANY & GROUP)

IN NEW ZEALAND DOLLARS	LAND	BUILDINGS	VEHICLES & PLANT	OFFICE EQUIPMENT	TOTAL
COMPANY AND GROUP					
COST					
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	17,563,316
ADDITIONS	9,220	124,133	564,236	45,609	743,198
DISPOSALS	-	-	-	-	-
INCREASE FROM REVALUATIONS	131,000	-	-	-	131,000
BALANCE AT 31 MARCH 2014	**3,664,220**	**22,167,498**	**12,341,607**	**620,910**	**38,794,234**
BALANCE AT 1 APRIL 2012	1,153,000	12,313,121	6,583,967	215,257	20,265,345
ADDITIONS	-	128,611	58,629	60,451	247,692
DISPOSALS	-	-	-	(47,317)	(47,317)
DECREASE FROM REVALUATIONS	(109,000)	-	-	-	(109,000)
PRIOR REVALUATIONS DISPOSED	-	-	-	-	-
BALANCE AT 31 MARCH 2013	**1,044,000**	**12,441,732**	**6,642,596**	**228,392**	**20,356,719**
DEPRECIATION AND IMPAIRMENT LOSSES					
BALANCE AT 1 APRIL 2013	-	2,482,943	3,800,911	148,679	6,432,535
DEPRECIATION FOR THE YEAR	423	598,573	646,561	89,937	1,335,494
DISPOSALS	-	-	-	-	-
BALANCE AT 31 MARCH 2014	**423**	**3,081,516**	**4,447,472**	**238,617**	**7,768,029**
BALANCE AT 1 APRIL 2012	-	1,995,790	3,329,220	179,352	5,504,362
DEPRECIATION FOR THE YEAR	-	487,153	471,692	16,098	974,943
DISPOSALS	-	-	-	(46,771)	(46,771)
BALANCE AT 31 MARCH 2013	**-**	**2,482,943**	**3,800,911**	**148,679**	**6,432,534**
CARRYING AMOUNTS					
AT 31 MARCH 2014	3,663,798	19,085,981	7,894,135	382,293	31,026,205
AT 31 MARCH 2013	1,044,000	9,958,789	2,841,685	79,712	13,924,185

Security
At 31 March 2014 land and buildings with a carrying amount of $22,749,779 (2013: $11,002,789) are subject to a registered debenture to secure bank loans (see note 16 & 19).

Revaluation
As at 31 March 2014, the Directors resolved that the land is being reported at fair value. The land values were assessed by Property Solutions Limited at 15 July 2013 (independent valuers, ANZIV), using a market value of $26.91 per square metre or $1,175,000 for the Te Puke facility (2013: $23.90 per square metre or $1,044,000) and a market value of $26.89 per square metre or $2,480,000 for the Apata facility (2013: $Nil). The Directors assessed prevailing market conditions and determined there was no material movement between the valuation date and 31 March 2014.

Fully Depreciated Assets
Assets with a cost of $Nil (2013: $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	
IN NEW ZEALAND DOLLARS	**2014**	**2013**
OPENING BALANCE	362,975	472,046
ACQUISITIONS ON AMALGAMATION	31,157	-
INCREASE DUE TO EXPENDITURE ON THE VINES	469,233	362,975
HARVESTED KIWIFRUIT TRANSFERRED TO INVENTORIES	(362,975)	(472,046)
CLOSING BALANCE	**500,390**	**362,975**

At 31 March 2014 biological assets consists of kiwifruit on leased vines. Leased orchards are expected to produce an estimated 212,000 tray equivalents from the 2014 season crop (2013 season: 142,000 tray equivalents). These were harvested between April and June 2014. 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	
IN NEW ZEALAND DOLLARS	**2014**	**2013**	**2014**	**2013**
AVAILABLE FOR SALE INVESTMENTS				
MG MARKETING LIMITED	56,569	-	56,569	-
UPNZ LIMITED	27,625	-	27,625	-
APATA GROUP LTD	24,734	-	24,734	-
BALANCE AGRI-NUTRIENTS LIMITED	12,981	7,602	12,981	7,602
SOUTHLINK LIMITED	7,200	7,200	7,200	7,200
FARMLANDS	2,113	2,113	2,113	2,113
TOTAL AVAILABLE FOR SALE INVESTMENTS	**131,222**	**16,915**	**131,222**	**16,915**
INVESTMENTS IN SUBSIDIARIES (AT COST AND ELEMINATED ON CONSOLIDATION)				
APATA SUPPLIERS LIMITED	-	-	100	-
INVESTMENTS IN ASSOCIATES				
PRIMOR PRODUCE LIMITED	1,616,561	-	1,620,000	-
TOTAL INVESTMENTS	**1,747,783**	**16,915**	**1,751,322**	**16,915**

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.

Investments of $1,708,368 were acquired on amalgamation.

10 INVESTMENTS *CONTINUED*

(A) INVESTMENTS IN ASSOCIATES

THE GROUP'S ASSOCIATES ARE:	BUSINESS ACTIVITY	SHARE OF ISSUED CAPITAL AND VOTING RIGHTS 2014	2013
PRIMOR PRODUCE LIMITED	FRUIT MARKETING	33%	0%

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	
IN NEW ZEALAND DOLLARS	2014	2013	2014	2013
RESULTS OF ASSOCIATE COMPANIES				
SHARE OF PROFIT BEFORE INCOME TAX	127,890	-	-	-
INCOME TAX	(35,809)	-	-	-
NET PROFIT	**92,081**	**-**	**-**	**-**
MOVEMENT IN CARRYING VALUE OF ASSOCIATES				
CARRYING VALUE AT BEGINNING OF PERIOD	-	-	-	-
TRANSFER OF SHAREHOLDING ON AMALGAMATION	1,620,000	-	1,620,000	-
NET EARNINGS	92,081	-	-	-
DIVIDENDS RECEIVED	(120,000)	-	-	-
REVALUATION TO FAIR VALUE	24,480	-	-	-
BALANCE AT END OF PERIOD	**1,616,561**	**-**	**1,620,000**	**-**

ASSOCIATES SUMMARY FINANCIAL INFORMATION

	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)
2014										
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	-	-	-	-	-	-
2013										
NILL			-	-	-	-	-	-	-	-

For the year to 31 March 2014 Primor Produce Limited had revenues of $34,799,798 and a profit of $1,473,540.

11 DEFERRED TAX ASSETS AND LIABILITIES

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES
DEFERRED TAX ASSETS AND LIABILITIES ARE ATTRIBUTABLE TO THE FOLLOWING:

	ASSETS		LIABILITIES		NET	
IN NEW ZEALAND DOLLARS	2014	2013	2014	2013	2014	2013
PROPERTY, PLANT AND EQUIPMENT	(108,035)	(126,826)	-	-	(108,035)	(126,826)
BIOLOGICAL ASSETS	-	-	140,109	101,633	(140,109)	(101,633)
OTHER ITEMS	47,000	19,265	-	-	47,000	19,265
LOSSES CARRIED FORWARD TAX BENEFIT	-	-	(521,536)	(413,501)	521,536	413,501
TAX ASSETS/(LIABILITIES)	**(61,034)**	**(107,561)**	**(381,427)**	**(311,868)**	**320,392**	**204,307**
SET OFF OF TAX	**61,034**	**107,561**	**61,034**	**107,561**	**-**	**-**
NET TAX ASSETS/(LIABILITIES)	**-**	**-**	**(320,392)**	**(204,307)**	**320,392**	**204,307**

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN EQUITY	BALANCE
IN NEW ZEALAND DOLLARS	1 APRIL 2013			31 MARCH 2014
2014				
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
	204,307	**116,086**	**-**	**320,392**
	1 APRIL 2012			31 MARCH 2013
2013				
PROPERTY, PLANT AND EQUIPMENT	(145,843)	19,018	-	(126,826)
BIOLOGICAL ASSETS	(132,173)	30,540	-	(101,633)
OTHER ITEMS	27,265	(8,000)	-	19,265
TAX LOSSES CARRIED FORWARD	-	413,501	-	413,501
	(250,751)	**455,058**	**-**	**204,307**

12 INVENTORIES (COMPANY AND GROUP)

	COMPANY AND GROUP	
IN NEW ZEALAND DOLLARS	2014	2013
PACKAGING MATERIALS	2,292,564	519,979

In 2014 raw materials, consumables and changes in inventory recognised as cost of sales amounted to $3,813,056 (2013: $2,501,855). In 2014 the write-down of inventories to net realisable value amounted to $nil (2013: $3,747). No inventories are subject to retention of title clauses (2013: Nil). All inventories are subject to a general security arrangement referred to in note 16.

Inventories of $858,745 were acquired on amalgamation.

13 TRADE AND OTHER RECEIVABLES

IN NEW ZEALAND DOLLARS	NOTE	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
TRADE RECEIVABLES DUE FROM RELATED PARTIES	24	16,086	16,530	16,086	16,530
OTHER TRADE RECEIVABLES		839,177	119,670	803,544	119,670
OTHER RECEIVABLES		2,796,727	440,428	2,778,872	440,428
		3,651,990	**576,628**	**3,598,502**	**576,628**

All trade and other receivables are subject to a general security arrangement referred to in note16.

Trade and other receivables of $2,941,483 were acquired on amalgamation. All of this amount is expected to be or has been collected.

14 CASH AND CASH EQUIVALENTS

IN NEW ZEALAND DOLLARS	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
BANK BALANCES	336,576	389,819	194,015	389,819
CALL DEPOSITS	744,322	406,712	744,322	406,712
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	1,080,898	796,531	938,338	796,531

Cash and cash equivalents of $1,134,510 were acquired on amalgamation.

The average effective interest rate on call deposits in 2014 was 2.65 percent (2013: 3.0 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 setoff against loans.

15 CAPITAL AND RESERVES

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

IN NEW ZEALAND DOLLARS	SHARE CAPITAL	REVALUATION RESERVE	HEDGING RESERVE	ASSOCIATES RESERVE	RETAINED EARNINGS	TOTAL EQUITY
GROUP						
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
BALANCE AT 31 MARCH 2014	**16,017,519**	**248,095**	**(25,255)**	**24,480**	**5,727,503**	**21,992,343**
BALANCE AT 1 APRIL 2012	4,607,000	226,095	-	-	8,645,797	13,478,892
TOTAL COMPREHENSIVE INCOME	-	(109,000)	-	-	(1,174,874)	(1,283,874)
BALANCE AT 31 MARCH 2013	**4,607,000**	**117,095**	**-**	**-**	**7,470,923**	**12,195,018**
COMPANY						
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
BALANCE AT 31 MARCH 2014	**16,017,519**	**248,095**	**(25,255)**	**-**	**5,736,509**	**21,976,869**
BALANCE AT 1 APRIL 2012	4,607,000	226,095	-	-	8,645,797	13,478,892
TOTAL COMPREHENSIVE INCOME	-	(109,000)	-	-	(1,174,874)	(1,283,874)
BALANCE AT 31 MARCH 2013	**4,607,000**	**117,095**	**-**	**-**	**7,470,923**	**12,195,018**

SHARE CAPITAL
ORDINARY SHARES

	COMPANY AND GROUP	
IN NEW ZEALAND DOLLARS	**2014**	**2013**
ON ISSUE AT THE BEGINNING OF THE YEAR	5,700,000	5,700,000
ON ISSUE AT THE END OF THE YEAR	11,736,113	5,700,000

On 30 November 2013 Aerocool Limited and Apata Limited amalgamated. The companies amalgamated to achieve cost savings, economies of scale, efficiencies, to be better equiped 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 and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets.

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.

DIVIDENDS (COMPANY AND GROUP)
THE FOLLOWING DIVIDENDS WERE DECLARED AND PAID BY THE GROUP FOR THE YEAR ENDED 31 MARCH 2014:

	COMPANY AND GROUP	
IN NEW ZEALAND DOLLARS	**2014**	**2013**
$NIL PER QUALIFYING ORDINARY SHARE (2013: $NIL)	-	-

No dividends were proposed by the directors between 31 March 2014 and the date of issue of these financial statements (2013: $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	
IN NEW ZEALAND DOLLARS	**2014**	**2013**
NON-CURRENT LIABILITIES		
SECURED BANK LOANS	10,459,000	-
CURRENT LIABILITIES		
SECURED BANK LOAN	1,250,000	3,000,000

Loans and borrowings of $9,876,045 were acquired on amalgamation.

TERMS AND DEBT REPAYMENT SCHEDULE
TERMS AND CONDITIONS OF OUTSTANDING LOANS WERE AS FOLLOWS.

IN NEW ZEALAND DOLLARS	**FACE VALUE 2014**	**CARRYING AMOUNT 2014**	**FACE VALUE 2013**	**CARRYING AMOUNT 2013**
SECURED BANK LOANS	11,709,000	11,709,000	3,000,000	3,000,000
TOTAL INTEREST-BEARING LIABILITIES	**11,709,000**	**11,709,000**	**3,000,000**	**3,000,000**

The bank loans are secured over land and buildings with a carrying amount of $22,749,779 (2013: $11,002,789). The bank has a first ranking general security arrangement over all present and acquired property.

17 EMPLOYEE BENEFITS PAYABLE

	COMPANY AND GROUP	
IN NEW ZEALAND DOLLARS	2014	2013
ANNUAL LEAVE	188,487	66,166
TOTAL EMPLOYEE BENEFITS PAYABLE	**188,487**	**66,166**

Employee benefits of $153,728 were acquired on amalgamation.

18 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	2014	2013	2014	2013
OTHER TRADE PAYABLES	3,713,817	274,618	3,708,212	274,618
NON-TRADE PAYABLES AND ACCRUED EXPENSES	3,477,978	1,014,455	3,307,650	1,014,455
	7,191,794	**1,289,074**	**7,015,861**	**1,289,074**

Trade and other payables of $3,045,540 were acquired on amalgamation.

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 Zespri 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 (2013: $Nil). Within trade receivables is $395,191 of past due receivables between 30 and 120 days (2013: $39,756).

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.

IN NEW ZEALAND DOLLARS	STATEMENT OF FINANCIAL POSITION	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
2014							
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	-	-	-	-
TOTAL NON-DERIVATIVE LIABILITIES	**18,900,794**	**20,303,939**	**7,507,552**	**1,548,914**	**1,797,296**	**9,450,177**	**-**
2013							
SECURED BANK LOANS	3,000,000	3,161,563	82,500	3,079,063	-	-	-
TRADE AND OTHER PAYABLES	1,289,074	1,289,074	1,289,074	-	-	-	-
TOTAL NON-DERIVATIVE LIABILITIES	**4,289,074**	**4,450,636**	**1,371,574**	**3,079,063**	**-**	**-**	**-**

19 FINANCIAL INSTRUMENTS *CONTINUED*

Interest rate risk – repricing analysis

The Group has an interest rate swap in place for $4,000,000 (2013: $nil) 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 year.

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 March 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 $77,000 (2013: $22,000 increase).

CLASSIFICATION AND FAIR VALUES (GROUP)

IN NEW ZEALAND DOLLARS	NOTE	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	LOANS & RECEIVABLES	OTHER AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
2014							
ASSETS							
INVESTMENTS	10	1,616,561	131,222	-	-	1,747,783	1,747,783
TOTAL NON-CURRENT ASSETS		**1,616,561**	**131,222**	**-**	**-**	**1,747,783**	**1,747,783**
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
TOTAL CURRENT ASSETS		**-**	**-**	**3,651,990**	**1,080,898**	**4,732,888**	**4,732,888**
TOTAL ASSETS		**1,616,561**	**131,222**	**3,651,990**	**1,080,898**	**6,480,671**	**6,480,671**
LIABILITIES							
LOANS AND BORROWINGS	16	-	-	-	11,709,000	11,709,000	11,709,000
DERIVATIVES		25,255	-	-	-	25,255	25,255
TRADE AND OTHER PAYABLES	18	-	-	-	7,166,540	7,166,540	7,166,540
TOTAL CURRENT LIABILITIES		**25,255**	**-**	**-**	**18,875,540**	**18,900,794**	**18,900,794**
TOTAL LIABILITIES		**25,255**	**-**	**-**	**18,875,540**	**18,900,794**	**18,900,794**
2013							
ASSETS							
INVESTMENTS	10	-	16,915	-	-	16,915	16,915
TOTAL NON-CURRENT ASSETS		**-**	**16,915**	**-**	**-**	**16,915**	**16,915**
TRADE AND OTHER RECEIVABLES	13	-	-	576,628	-	576,628	576,628
CASH AND CASH EQUIVALENTS	14	-	-	-	796,531	796,531	796,531
TOTAL CURRENT ASSETS		**-**	**-**	**576,628**	**796,531**	**1,373,159**	**1,373,159**
TOTAL ASSETS		**-**	**16,915**	**576,628**	**796,531**	**1,390,074**	**1,390,074**
LIABILITIES							
LOANS AND BORROWINGS	16	-	-	-	3,000,000	3,000,000	3,000,000
DERIVATIVES		-	-	-	-	-	-
TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES	18	-	-	-	1,289,074	1,289,074	1,289,074
TOTAL CURRENT LIABILITIES		**-**	**-**	**-**	**4,289,074**	**4,289,074**	**4,289,074**
TOTAL LIABILITIES		**-**	**-**	**-**	**4,289,074**	**4,289,074**	**4,289,074**

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).

IN NEW ZEALAND DOLLARS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2014 GROUP				
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)
	-	**1,722,528**	**-**	**1,722,528**
2013 GROUP	.			
FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	-	16,915	-	16,915
FINANCIAL ASSETS IN ASSOCIATES	-	-	-	-
DERIVATIVE FINANCIAL LIABILITIES	-	-	-	-
	-	**16,915**	**-**	**16,915**

20 OPERATING LEASES

LEASES AS LESSEE
NON-CANCELLABLE OPERATING LEASE RENTALS ARE PAYABLE AS FOLLOWS:

	COMPANY AND GROUP	
IN NEW ZEALAND DOLLARS	**2014**	**2013**
LESS THAN ONE YEAR	610,542	37,949
BETWEEN ONE AND FIVE YEARS	1,073,021	120,000
MORE THAN FIVE YEARS	235,758	-
	1,919,321	**157,949**

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 upto $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 year ended 31 March 2014, payments amounting to $75,896 (31 March 2013: $nil) to Tetley Coolstores Nominees Limited.

21 CAPITAL COMMITMENTS

During the year ended 31 March 2014 the Group entered into Capital contracts of which $nil (2013: $nil) has yet to be completed by year-end.

22 CONTINGENCIES

There are no contingencies at March 2014 (2013: $nil).

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

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	**2014**	**2013**	**2014**	**2013**
PROFIT FOR THE YEAR	PAGE 14	(1,762,332)	(1,174,874)	(1,734,414)	(1,174,874)
ADJUST FOR:					
DEPRECIATION	8	1,335,494	974,943	1,335,494	974,943
NET FINANCE COSTS	6	312,111	118,221	195,119	118,221
LOSS (GAIN) ON SALE OF PROPERTY, PLANT AND EQUIPMENT		-	546	-	546
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES	10	(92,081)	-	-	-
INCOME TAX EXPENSE	7	(113,261)	(450,104)	(113,261)	(450,104)
CHANGE IN INVENTORIES	12	(913,839)	3,559	(913,839)	3,559
CHANGE IN CURRENT BIOLOGICAL ASSETS DUE TO ACQUISITIONS & SALES	9	(106,258)	109,071	(106,258)	109,071
CHANGE IN TRADE AND OTHER RECEIVABLES	13	(500,987)	(353,427)	(481,023)	(353,427)
CHANGE IN PREPAYMENTS		111,102	(15,885)	111,102	(15,885)
CHANGE IN TRADE AND OTHER PAYABLES	18	2,219,768	652,356	2,642,231	652,356
CHANGE IN TRADE AND OTHER PAYABLES RELATING TO FINANCING ACTIVITIES		(44,521)	9,644	(44,521)	9,644
CHANGE IN EMPLOYEE BENEFITS	17	(31,407)	(29,811)	(31,407)	(29,811)
INTEREST PAID		(292,723)	(177,143)	(292,723)	(177,143)
INCOME TAX RECEIVED/(PAID)		(9,446)	(288,184)	(8,267)	(288,184)
NET CASH FROM OPERATING ACTIVITIES	**PAGE 16**	**111,618**	**(621,087)**	**558,234**	**(621,087)**

24 RELATED PARTIES

Transactions with directors and key management personnel

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 $587,040 (2013: $496,365) for salaries, benefits and directors fees.

Loans to directors
There were no loans to directors issued during the year ended 31 March 2014 nor any loans outstanding by directors at 31 March 2014 (2013: $Nil).

Other transactions with directors and key management personnel
Directors of the Group control 41.7 percent of the voting shares of the Group at 31 March 2014 (2013: 72.6 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.

24 RELATED PARTIES *CONTINUED*

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 YEAR ENDED 31 MARCH		BALANCE OUTSTANDING AS AT 31 MARCH	
IN NEW ZEALAND DOLLARS	NOTE	**2014**	**2013**	**2014**	**2013**
DIRECTORS					
J D ANDERSON - DIRECTOR OF AEROCOOL HORTICULTURE LIMITED					
PACKING & COOLSTORAGE REVENUE	(I)	1,691,871	7,518	-	5,193
A BIRLEY - TRUSTEE OF BIRLEY FAMILY TRUST					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(II)	1,062,268	1,360,267	4,725	11,337
J HOLWERDA - TRUSTEE OF HOLWERDA FAMILY TRUST					
PACKING & COOLSTORAGE REVENUE	(III)	4,774	-	11,361	-
G CATHIE - DIRECTOR OF OMNISCIENT HOLDINGS LIMITED					
COOLSTORE LEASE	(IV)	29,500	-	-	-
T H WILSON - DIRECTOR OF TIME CAPITAL LIMITED	(V)	37,500	-	-	-
PURCHASE OF TRACTOR AND TRAILER	(VI)	-	24,000	-	-
ASSOCIATES					
PIMOR PRODUCE LIMITED	(VII)	2,487,218	-	720	-

(i) During the year the Group provided packing, coolstorage and orchard services to Aerocool Horticulture Limited, of which John D Anderson, director of Apata Group Limited, is a director, at standard commercial terms and conditions.

(ii) During the year the Group provided packing, coolstorage and orchard services to Birley 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 year the Group provided packing, coolstorage and orchard services to Holwerd Family Trust, of which John Holwerda, director of Apata Group Limited, is a trustee, at standard commercial packing, coolstoring and orchard services terms and conditions.

(iv) The Group leases a coolstore from Omniscient Holdings Limited of which Gaham Cathie, director of Apata Group Limited, is a director, at standard commercial terms and conditions.

(v) The Group used the services of Time Capital Limited, of which Tom Wilson is a director, for advise on the amalgamation, at standard commercial terms and conditions.

(vi) In 2013, the Group purchased a tractor and a trailer from Birley Family Trust, of which Alan Birley is a Trustee, for a cost of $24,000.

(vii) During the year the Group provided packing and coolstorage services to Primor Produce Limited, of which the group owns 33%, at standard commercial terms and conditions.

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.

25 SUBSEQUENT EVENT

Change in balance date

The Company has changed its balance date to 31 December. Therefore the next financial year will be for 9 months ending 31 December 2014.

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 of the Company as at 31 March 2014, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in equity and cash flow statements for the year 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 March 2014 or from time to time during the financial year.

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.

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 March 2014, and the financial performance and cash flows for the year 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
8 August 2014

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, GM Group Services
Neale Cameron, Grower Services Manager
Dr Tim Woodward, GM Field Services
Damian Young, GM Operations

AUDITORS
Ingham Mora, Tauranga

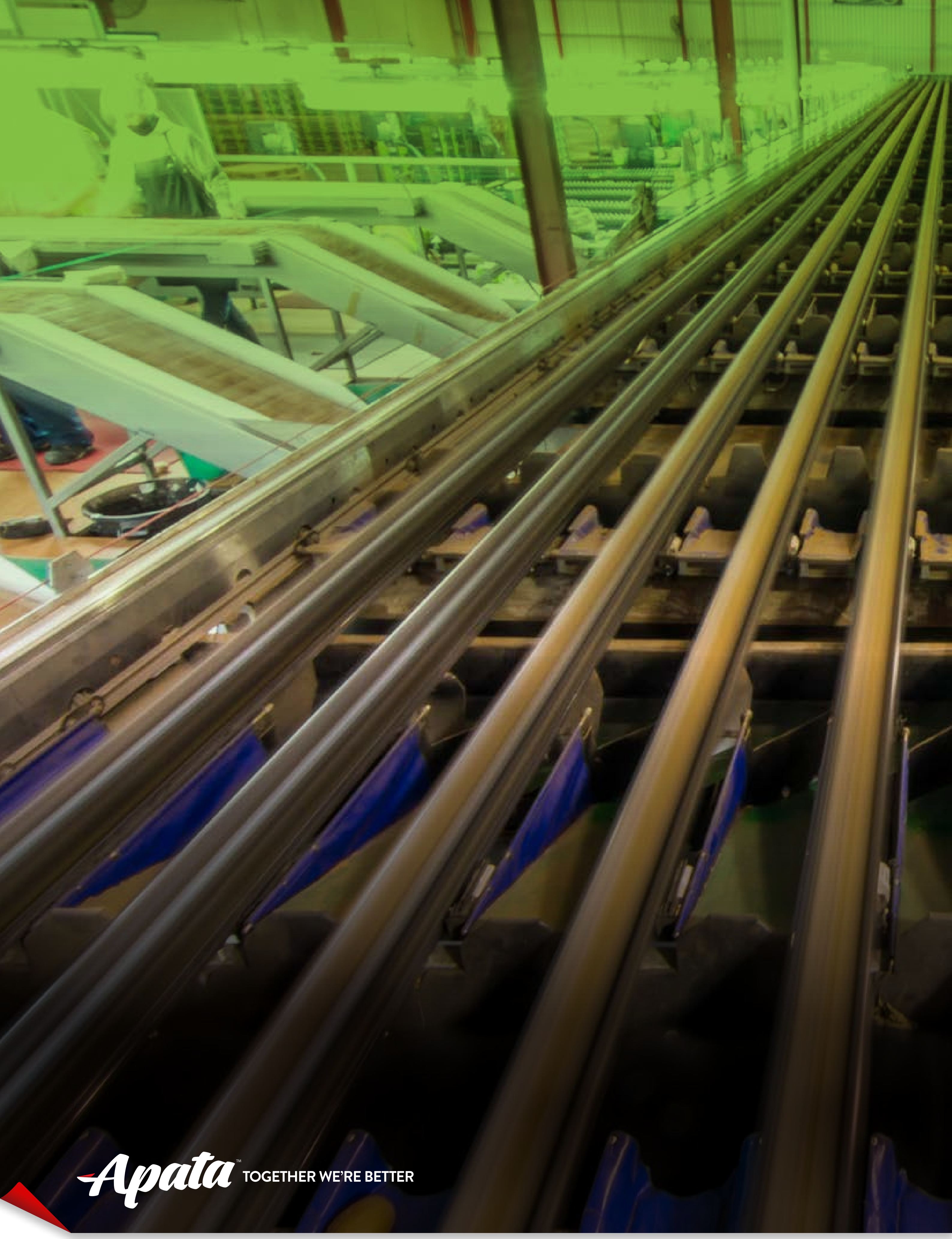
SOLICITORS
Buddle Findlay, Auckland and Sharp Tudhope, Tauranga.

REGISTERED OFFICE
9 Turntable Hill Road, RD 4, Katikati.

NUMBER OF SHARES
11,736,113 (Treasury Stock 210,937)

DISTRIBUTION OF SHAREHOLDING – AS AT 20 JUNE 2014

SHARE RANGE	NO OF SHAREHOLDERS	SHARES HELD	% OF SHAREHOLDERS	% OF SHARES	AVERAGE HOLDING
UP TO 1,999 SHARES	11	16,359	3%	0.1%	1,487
2,000 TO 9,999	209	1,092,935	61%	9.3%	5,229
10,000 TO 24,999	65	994,030	19%	8.5%	15,293
25,000 TO 99,999	41	2,084,835	12%	17.8%	50,850
100,000 SHARES PLUS	17	7,547,954	5%	64.3%	443,997
	343	**11,736,113**	**100%**	**100.0%**	**34,216**



APATA KATIKATI
9 TURNTABLE HILL ROAD, RD4, KATIKATI 3181
PHONE 07 552 0911 FAX 07 552 0666

APATA TE PUKE
15 MENDS LANE, RD6, TE PUKE 3186
PHONE 07 533 6212 FAX 07 533 1354

WWW.APATA.CO.NZ