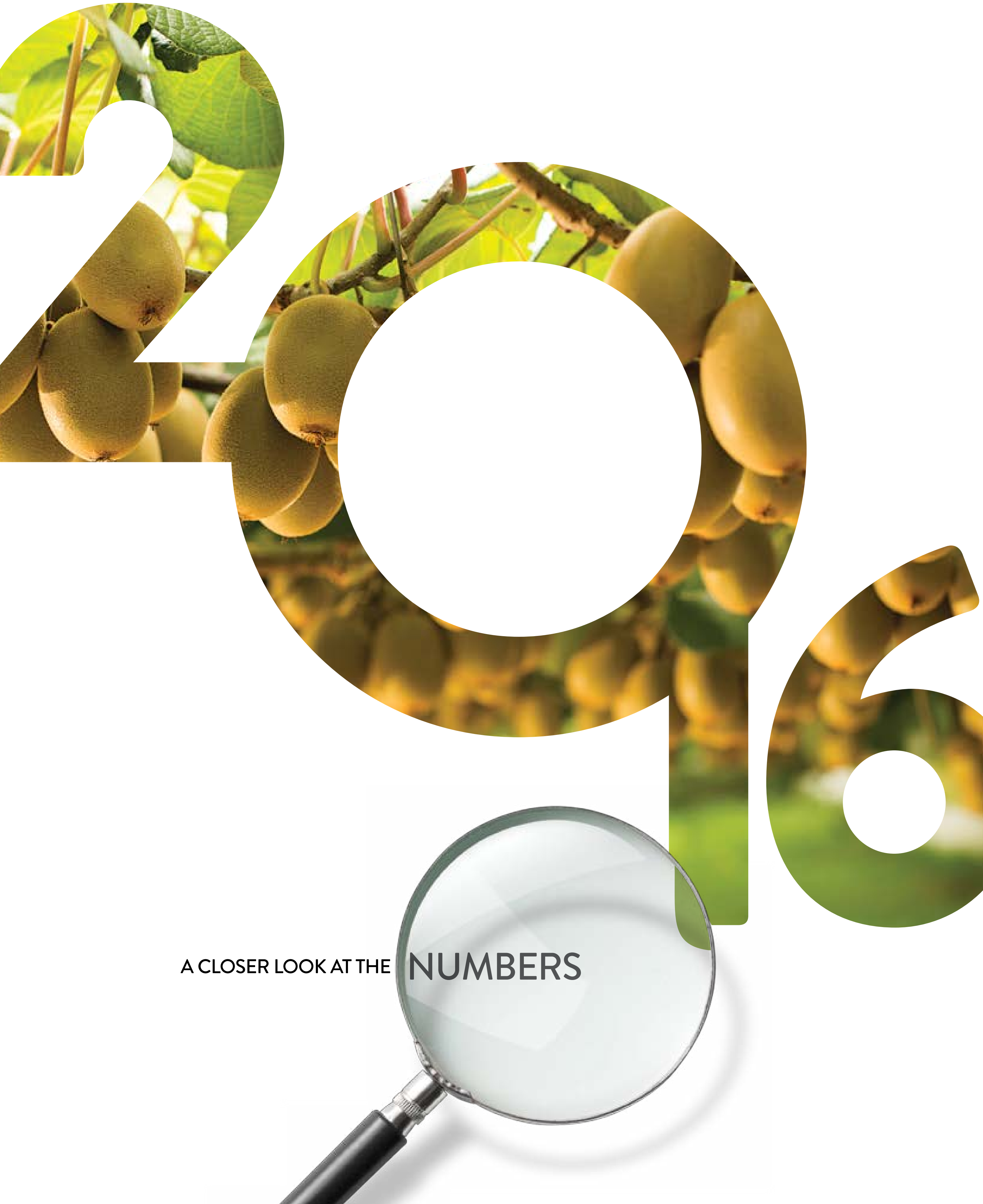
APATA GROUP LIMITED ANNUAL REPORT 31 DECEMBER 2016



A CLOSER LOOK AT THE NUMBERS

BOARD OF DIRECTORS

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 Sean Carnachan.

CONTENTS

THE YEAR IN REVIEW

2016 WAS AN EXCELLENT YEAR FOR OUR COMPANY AND OUR GROWERS. APATA GROUP LIMITED REPORTED A NET PROFIT BEFORE TAX OF $8.6M, THE HIGHEST PROFIT ACHIEVED SINCE THE AMALGAMATION, ON THE BACK OF RECORD KIWIFRUIT AND AVOCADO INDUSTRY VOLUMES.

Growers of both kiwifruit and avocados continue to receive excellent OGR's per hectare, when compared to other competing post-harvest facilities, reflecting solid performance in getting their fruit to market at competitive service rates.

DECEMBER 2016 FINANCIAL RESULT

The Directors are pleased to report a profit for the 12 months before tax of $8.6M, primarily due to a record kiwifruit harvest and the length of time the fruit was required to be held in our cool stores.

Since 2015 we have invested $26M in new facilities with a further $8M committed for the first quarter of 2017 to complete the site upgrade at Mends Lane, Te Puke. This scale of investment mirrors investment across the post-harvest industry and has been required to allow the industry to deal with two successive record crops since Psa has been brought somewhat under control.

For the 12 months ended 31 December 2016, the group net profit after tax was $6.5M on revenues of $62.4M. This compares with a profit after tax of $3.9M on revenues of $50.6M in 2015.

EXTERNAL DEBT AND USE OF FUNDS

The additional capacity required by our growers has seen external debt at 31 December 2016 of $26.7M, against $17.1M at the same time last year. With the capital commitments to complete the Mends Lane upgrade, this is forecast to rise to $29.9M at the end of 2017. Term debt is forecast to reduce quite quickly from that point as business scale will have been achieved such that we can concentrate on paying down debt thereafter. Apata Group's debt levels, current and forecast, remain within ANZ's parameters with the current trading forecasts.

The Group refinanced with ANZ Bank NZ Limited in December 2016, with the new facility including $12.8M to install an additional packing line at our Mends Lane facility and complete a reconfiguration of the site. The completion of these projects means we will have two packing lines at both Te Puke and Katikati and fully utilises the available land at both our processing sites on either side of Tauranga. Not only will our growers benefit from the installation of the new line with Near Infra-Red (NIR) technology, but the Te Puke site will be future-proofed given the volumes it is forecast to process.

The business is operating within all banking covenants and has a minimum of $5M of debt scheduled for repayment in 2017.

Cash on hand of $5.0M at balance date has decreased marginally from $5.1M in 2015 after the retiring of $7M of term debt and $2M of other asset investment outside major projects.

DIVIDEND

A gross dividend of 14 cents per share was paid in March 2016. The dividend carried full imputation credits so equated to a 10.08 cents per share dividend fully-imputed, or 9.38 cents per share cash payment to shareholders after Resident Withholding Tax deductions.

No dividend has yet been declared for the current year. The board's intent is to pay a dividend each year after completion of our external audit in March, but are balancing the need to complete the major project at Mends Lane with the dividend payment and maintaining debt at manageable levels. No decision on a dividend will therefore be made until final 2017 packed kiwifruit volumes are known.

The Group retained earnings increased by $5.3M (+45%) during the period to $17.1M and shareholder equity increased $6.4M (+23%) to $34.4M as at 31 December 2016.

INVESTMENT IN OPERATIONAL AREAS

$2M was invested in ongoing business Capital items for the 12 months. In addition to this asset replacement or replenishment capital, new cool stores were built over the summer of 2015/16 to cater for the 2016 crop at a cost of $12.5M. We were expecting a 20% uplift in volumes from 2015 to 2016 which was the basis of approving the coolstore build and, as it eventuated, we had a 25% uplift in volumes.

Due to supplier lead times, we were forced to decide mid-year as to whether to upgrade the Mends Lane site or not, and the upgrade made sense for several reasons:

- Forecasts continue to anticipate a further volume uplift as gold canopies mature
- Based on our then existing capacity, the expected volumes for 2017 would have had us turning away our own growers by doing nothing
- It would accomplish our strategy of fully utilising the land at both of our processing sites and give us a future packing capacity of 16-17M kiwifruit trays
- Industry volumes, as projected by Zespri were, and are still, forecast to rise in the next 5 years, so it was determined to be a good time to complete the expansion with this wider industry framework in mind

It should be noted that, at the point in time when the approval decision was pending, it was not reasonable to foresee or consider a significant reduction in Hayward volumes given three years of consecutive yield uplift.

The upgrade includes a new packing line, new loadout store and container dock, new canopies and bin loading pad, and reconfigured site access, at a total cost of just under $13M. Unfortunately, we are now faced with a 30% reduction in Hayward crop numbers which became apparent only after the project had been committed to and commenced, but the Apata board remains confident in the long term benefits of this investment.

ASSOCIATES

PRIMOR PRODUCE LIMITED

Primor Produce Limited, a produce marketing business located in Auckland, continues to perform extremely well. The gross dividend received in the year of $944,444 represents a 58% return on original investment, or 39% on the net after tax dividend of $632,777 and a great return for investors. Primor still has six months to trade in its current financial year, but profit forecasts remain at a similar level. Our relationship with Primor continues to be excellent and will evolve further in the coming years as we look for other opportunities to work together.

KIWIFRUIT 2016

THE INDUSTRY HARVESTED A RECORD CROP OF 148M TRAYS, UP FROM THE PREVIOUS YEAR OF 122M WHICH, IN ITSELF, WAS A RECORD.

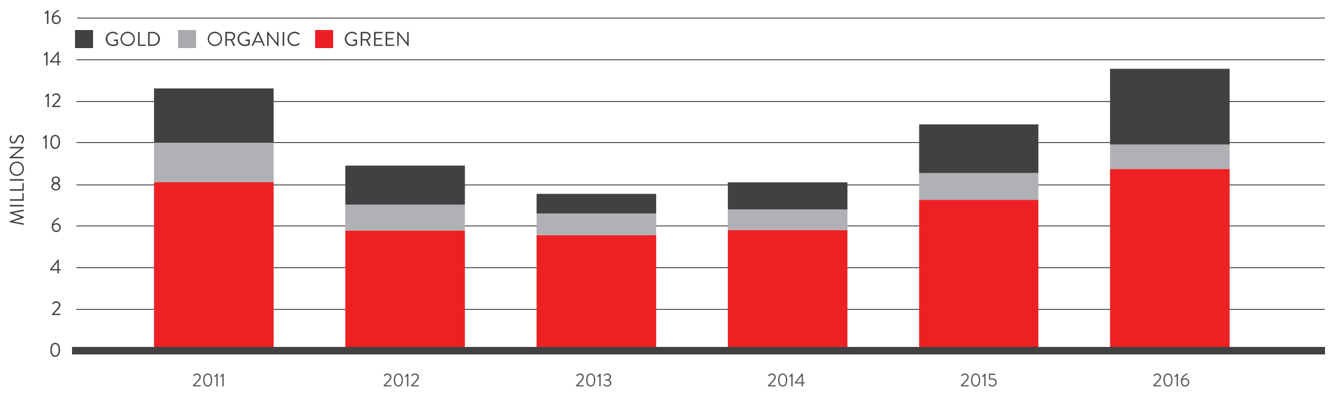
The record crop was due to the continuing development of SunGold canopies and an unusually good Hayward growing season across the whole Bay of Plenty. The Hayward harvest of 93M trays was a sizeable change on the 2015 harvest of 84M trays and was well above the pre-Christmas estimates. Unfortunately for growers, 5.0M trays of this crop had to be crop managed, or dumped on shore, with no revenue accruing to the national pool. This was the second year in a row Zespri had been unable to sell all of the fruit grown, and this was not helped by the final size of the crop not being known until well into 2016, making sales planning problematic for Zespri.

The large crop meant a late loadout program and a higher percentage of crop needing to be held on shore for longer. This was good news for post-harvest revenue and profitability as long as the fruit stored well, which it did in Apata's case. The resulting boost to profitability from incremental storage cannot, however, be expected to repeat as we morph back to more normalised volumes and loadout profiles again in coming seasons.

The 2016 harvest and resulting loadout season were therefore long and arduous and not without challenges, but overall the crops were clean and of good size. The Apata Supply Group packed 13.5M Class I export trays in 2016 up 2.7M or 25% on the prior year, representing further recovery from the debilitating effects of Psa. From 2014 to the 2016 seasons, our kiwifruit process volumes increased by 5.5M trays, or 69% through our business.

The upward trend in supply numbers is expected to continue in coming seasons with Zespri forecasting an industry of 180M trays by 2020. That said, we are forecasting a significant reduction in Hayward numbers in 2017 to below 70M trays, (down from 93M) so it's likely there will be a short-term reduction in volumes. The crop is in the ground, however, for the forecast industry numbers to be achieved by 2020 and the overall trend is therefore to be up. The Apata Supply Group estimate will be down in 2017, along with the rest of the industry, and the latest estimate for the 2017 harvest is 11.7M trays, with a forecast drop of 3M trays for Hayward volumes included in that number.

APATA GROUP SUPPLY: CLASS 1 KIWIFRUIT TRAYS PACKED



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

FRUIT LOSS

Fruit loss remains a good news story, especially in a year when the industry struggled well into June to harvest and process the record and late maturing crop. As with 2015, a significant quantity of fruit was required to be held late, but the fruit, on the whole, stored well.

On shore fruit loss across the Hayward Conventional variety was 1.58% vs the industry average of 2.53% and for the Gold varieties fruit loss was 0.71% vs the industry 0.87%. Our Hayward Organic growers enjoyed a spectacular performance with 0.6% fruit loss against industry at 1.2%. We would expect the Gold fruit loss to increase as we move from 50M trays to closer to 100M trays in the industry, but the 2016 results reflect a truly exceptional storage performance given the circumstances.

The cost of quality in the market is significant to the national grower pool, so the risk vs reward of the Supplier Accountability program, targeted at the suppliers of the fruit to market, makes sense. We continue to support this program and its continued roll out to more markets and more varieties.

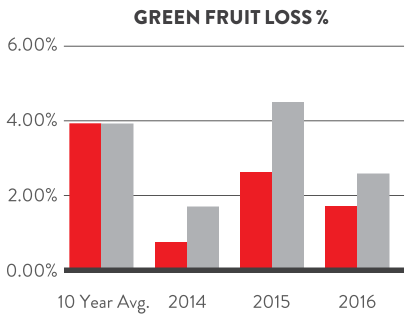
Apata Group offshore earnings from Intercheck and Supplier Accountability programs in 2016 were almost double the industry at 15.5 cents (industry 8.3 cents) and is further validation of the robust inventory management system in place across the business and the investment we have made to achieve it.

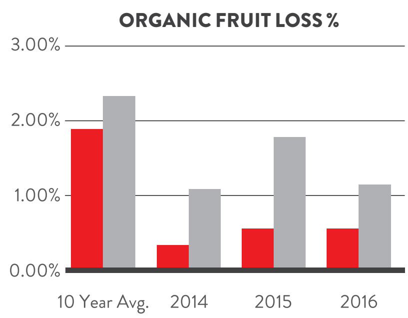
POOL RETURNS

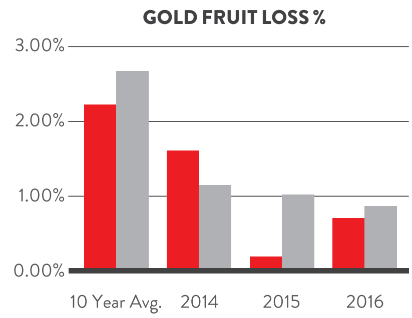
Apata Group kiwifruit pools have performed well again. The Hayward Conventional pool February forecast is $4.52 vs industry at $4.35, a 4% advantage for Apata growers, or $2,500 per hectare. Our Hayward Organic pool is $6.97 vs industry $6.75, a 3% advantage for Apata growers, or $1,800 per hectare. Our SunGold pool sits behind industry $8.47 vs industry $8.56, however, if we remove the adverse variance in our pool for kiwistart and taste, areas we have little control over as post-harvest, our pool would be 19 cents per tray better than the industry.

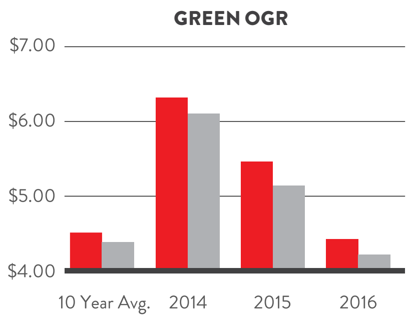
The forecast increase in gold volumes will lengthen the loadout window and the time the fruit is required to be stored and managed in our facilities. As the storage season window lengthens, the good performers will be able to distinguish themselves more readily from the average performers, something not so easy to do at present in the post-harvest industry with the current Gold fruit numbers. We look forward to future seasons of higher Gold supply and a longer storage and loadout season where the success we see in our Hayward pools net time earnings can be replicated in SunGold.

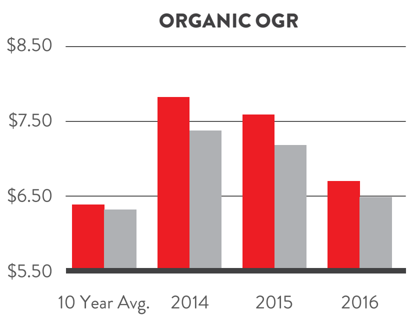
APATA INDUSTRY

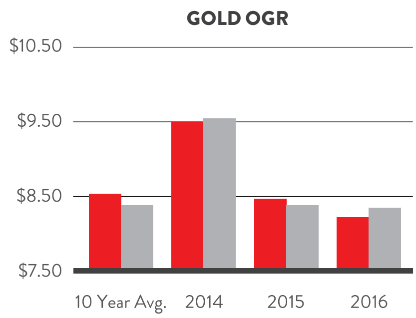












AVOCADOS

THE 2016/2017 EXPORT AVOCADO SEASON, LIKE KIWIFRUIT, SAW A RECORD INDUSTRY CROP HARVESTED OF 7.5M TRAYS, WHICH INCLUDED 4.8M EXPORT TRAYS.

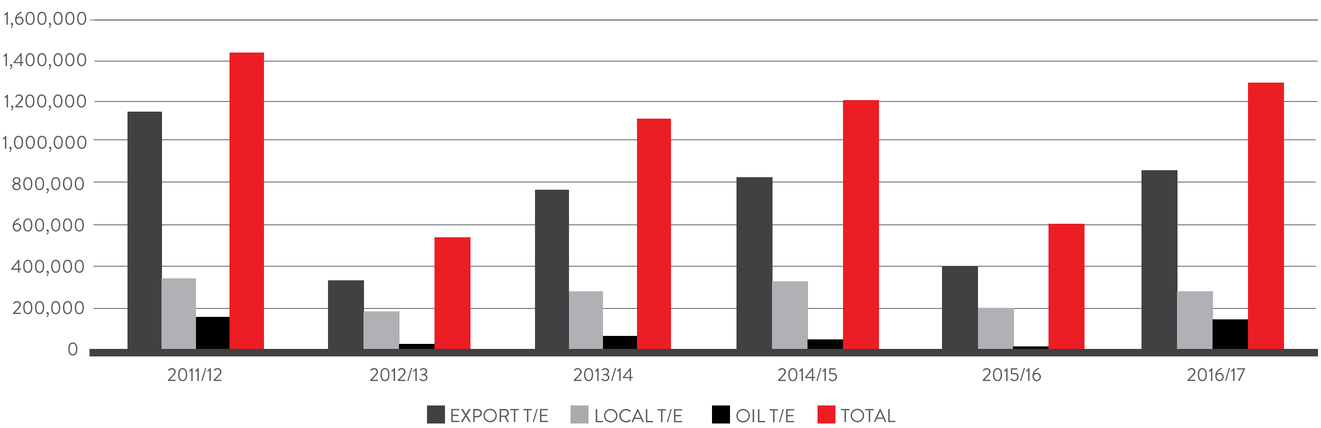
Apata harvested 1.3M trays, including 0.9M export trays. With reference to the 2015/2016 season, Apata packed 0.4M export trays, so we managed a three-fold increase year on year. Our market share of Bay of Plenty export increased to 28%.

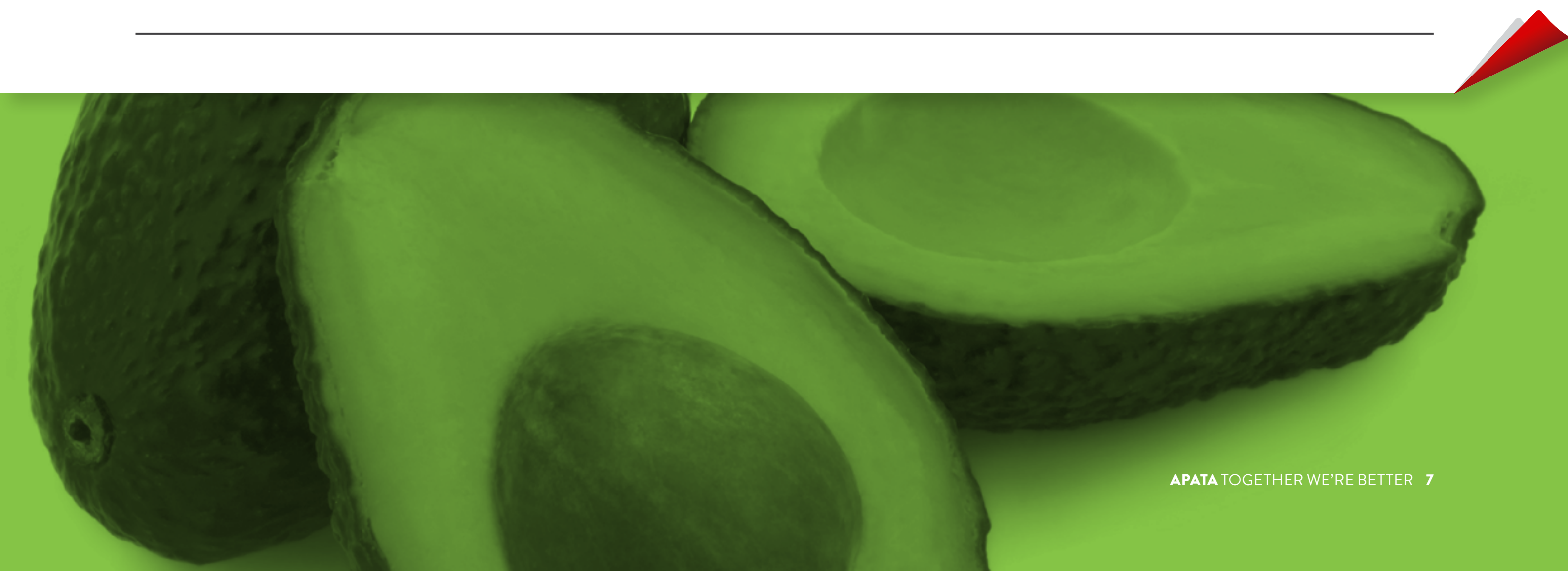
The harvest season was extremely long at 26 weeks and saw over 26,000 bins harvested. Apata staff and contractors did a good job of quietly, and without fuss, getting about their work and, on the whole, growers reported a seamless harvest. Our biggest achievement however was that we completed this season without an accident involving a staff member either on orchard or the road.

Our Avocado marketers, Avoco, a joint venture between Primor Produce and Team Avocado, will publish OGR's in the next few weeks and indications are that export OGR's of >$20 per tray are anticipated which would be exceptional in such a large season. The returns per tray will be down on last season's, but, given that last season's crop was half the size, this is not a huge surprise. We thank the marketers for creating a co-ordinated and disciplined program with which our growers' fruit finds its way into markets in Australia and Asia each season. Annually, the marketer's delivery of industry leading OGR's, whilst selling over 60% of the crop, is testament to the capabilities within these organisations and the programs they run.

As is the nature of avocados, the biennial bearing will adversely come into play and the 2017/18 avocado crop in the Bay of Plenty looks extremely light with Apata's first export estimate being 0.4M. Solving the challenge of biennial bearing in the Bay of Plenty remains the major challenge for the industry.

APATA GROUP AVOCADO SUPPLY





BUSINESS OUTLOOK

FUTURE KIWIFRUIT HARVESTS

As noted earlier, the industry will see a significant correction of Hayward volumes in 2017 to yield levels not seen since before Psa. However, the Gold volumes continue to grow as forecast and we can expect to see an uplift of around 10M trays of SunGold. The combination of those dynamics sees the latest industry crop estimate at the time of writing (March 2017) sitting at 133M, or a 10% reduction in volumes year on year.

The volume drop in 2017 is seen very much as a blip in the growth trajectory of the industry. Zespri released 400 hectares of SunGold license and the process is open at present to release another 400 hectares. Zespri have indicated that 3 more tranches of 400 hectares are likely to be made available in the next 3 years, (2018-2020) meaning the total Gold volumes, once these canopies mature, could reach 100M trays.

Further to the release of gold license, which in itself has no doubt led to speculative planting of new kiwifruit developments, OGR's remaining above $50,000 per hectare for Hayward has seen continued plantings over the last 3 winters: all to come into production in coming seasons. No absolute quantifiable data is available, but the greenfield sites could yield over 10M further trays of kiwifruit to be handled in coming seasons: all this with the prospect of even more plantings during the 2017 winter.

As an indication of what the kiwifruit crop may look like in coming seasons, *Table 1* below summarises the information provided to an industry forum late last year regarding 2017 crop estimates and future projections for other categories.

We advise that the below are estimates only and are provided to illustrate the trajectory the industry is anticipating as we look ahead from 2017 to beyond. The data cannot be relied on for any other purpose.

We know the industry struggled to pack 147M trays in 2016, so clearly further investment is required to handle the crops if these numbers eventuate. In that respect, by virtue of the work undertaken in the last summer, Apata Group has the processing capability to handle our share of the growth already in place.

BUSINESS STRATEGY

Apata's board review the business strategy annually and late last year, in light of the impact the 2017 crop forecast could have, again reviewed the 5-year plan.

We would like to confirm to shareholders that we will not chase growth for growths sake. We have no ambition to be the biggest in our industry and see a comfortable operating niche as the preeminent second tier operator. Our observations of the biggest is that they set the average and in turn become average; not something we aspire to.

Fundamentally, we must continue to execute on orchard and through our post-harvest operations as this is our core business and we will not neglect it. Investment to ensure these standards are maintained is a given. We intend to be supportive of industry structures, whilst our grower shareholders continue to do so, and engage meaningfully with our staff to ensure they remain with us in the long term. We never, therefore, intend to be the biggest or the cheapest, but we will be the best and most respected operator.

We saw an opportunity mid last year to move the business from an 11-12M tray business to a 16-17M tray business in light of forecast industry volume growth highlighted below. The capital works due for completion shortly at our Te Puke operation allow us to fully utilise the available land at both our processing sites and we saw no better opportunity to do so than now in light of the wider industry dynamics.

Further to that, we strongly believe that a 16-17M tray business, fully utilising available assets, is a stable and stronger business for our shareholders, staff and stakeholders to be involved with than an 11-12M tray business. At 16-17M trays, run efficiently, shareholder returns can be stabilised and grown, and we can support and provide opportunities for key staff. We also have redundancy in the event of key staff departure or equipment failure. Debt reduction and shareholder returns will be priorities of the business once we achieve this scale.

2017 will be financially tight due to the crop reduction given we committed to the upgrade mid-2016. However, for the reasons outlined above, we still believe the decision to be in the best interest of shareholders in the medium and long term.

Beyond core business execution, 17M trays processing, full asset utilisation and profit maximisation: we won't sit out our laurels. We have no plan to further invest in a greenfield processing site, but we will look for opportunities to leverage existing relationships or diversify our income streams.

TABLE 1: 2017 INDUSTRY CROP ESTIMATE AND FUTURE PROJECTIONS

YEAR	HAYWARD CONVENTIONAL	HAYWARD ORGANIC	SWEET GREEN	SUN GOLD	TOTAL
2017	69,400,000	3,600,000	1,500,000	58,500,000	133,000,000
2018	88,400,000	3,600,000	1,500,000	72,100,000	165,600,000
2019	89,000,000	3,600,000	1,500,000	79,700,000	173,900,000
2020	89,900,000	3,600,000	1,500,000	89,400,000	184,400,000
2021	93,900,000	3,600,000	1,500,000	97,200,000	196,200,000

OTHER CONSIDERATIONS FOR THE FUTURE

The labour market remains hot in and around our industry. The government made the pragmatic decision to allow the kiwifruit industry additional overseas seasonal workers during the year; essential to the ongoing viability and growth of the industry.

Skilled labour is not readily available, but we have been able to attract a good range of skilled operators to our business from within and outside the industry such that we are well positioned, with only a couple more additions, to pack the 16M-17M trays planned.

To date, the culture of the business has fostered excellent staff engagement and performance focus. This will continue to be a key strategic element in distinguishing our brand and performance going forward.

We continue to investigate automation to displace our reliance on labour, but this is weighed against the economics of a seasonally compact period of activity, and the other competing needs for capital.

If nothing else, the 2016 kiwifruit season illustrated some important themes; the importance of adaptability and resilience to change. By way of examples;

- Zespri introduced Gold Taste payments, by size, which proved to be a complicated initiative to put into effect. We can be sure that the ripple effects of market return signals will have both commercial and operational repercussions as marketers push those signals of everchanging global consumption patterns back to the orchard.
- In June 2016, the Chinese Government Department responsible for biosecurity, AQSIQ, alerted NZ to the finding of the fungus Neofabraea actinidiae on NZ kiwifruit tested at Tianjin Port. Whilst the NZ technical community regard this fungus to be common throughout the kiwifruit world, the inter-governmental market access negotiations brought a substantial change in the requirements to enter China, a crucial market representing 17% of trays exported, thus requiring the vast majority of fruit to be completely reworked prior to export. China access requirements for 2017 are still being finalised at the time of writing this report.

Market Access and Grower incentives are but recent examples of the importance of holding sufficient capability to handle the unknown challenges ahead.

Our systems have had a major overhaul in the last 2 years, but, as is the nature of technology, to stand still in this space is to go backwards. Shareholders should keep an eye out for further changes to our website and growers further roll outs of Apps to engage with our business.

The new health and safety legislation came into force in April 2016 and, whilst in many cases strengthens and reinforces what was already in place, is, nevertheless, a further reminder to businesses that their employees deserve to return home in the same state as they entered their employer's business. We continue to work with staff on fatigue as the longer harvest season clearly means we are not fulfilling obligations to our staff if they are expected to work long hours, seven days a week, week after week.

Syndicating orchards remains on the radar of our business, and we completed our second syndication during the year. We are now working with a partner on a business model, with little to no capital input required from Apata, which, if successful, will take this to the next level in the next few years.

ACKNOWLEDGEMENTS

We make the same acknowledgements every year, but, simply put, they are appropriate to make every year.

We thank our shareholders for their continued support and trust they understand that the next year or two truly gets the business to a position of strength and sets up the next 10 years of earnings and shareholder returns.

We are nothing without our growers who, in many cases, are also our shareholders. Their continued support is essential and we thank them for the 2016 season in kiwifruit and the 2016/17 season in avocados.

Our staff continue to work tirelessly on behalf of shareholders and growers and we will continue to support them as we go through the next stage of growth. We thank them for the results they have delivered in difficult circumstances in 2016 and in the years before that.

Finally, we would like to reiterate our condolences to the Earp family on the passing of Roly. Roly was a true pioneer in our industry, exporting his first fruit in 1964, and was instrumental in helping growers retain control over the marketing of their crops. He was the first chairman of the Kiwifruit Association when it was formed in 1978. We are proud to say Roly was closely associated with our business from its founding in the early 1980's. More importantly than his significant contribution to the industry was how Roly went about it. Roly was respected for his fairness and was one of life's gentleman. Our industry and our business will miss him.

We look forward with great optimism to the challenges and opportunities in front of us in the next few years.

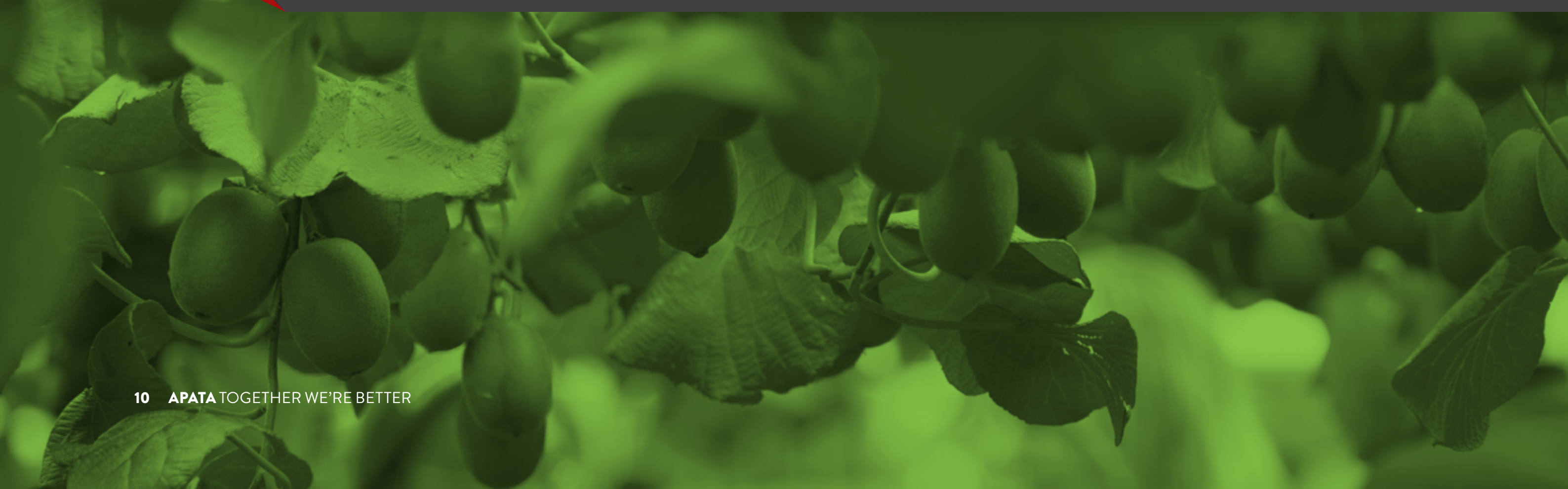
THANK YOU FOR YOUR SUPPORT.

GRAHAM CATHIE	**STUART WESTON**
Chairman	Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

INDEX



STATUTORY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

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	50,000	4,000	54,000
J D ANDERSON	25,000	-	25,000
A BIRLEY	25,000	-	25,000
T H WILSON	25,000	-	25,000
C S CARNACHAN	25,000	-	25,000
M N MAYSTON	25,000	5,000	30,000
S B WESTON	-	-	-

THE ABOVE PERSONS WERE HOLDING OFFICE AS DIRECTORS OF THE COMPANY AS AT 31 DECEMBER 2016.

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

2. ENTRIES RECORDED IN THE INTERESTS REGISTER

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

DIRECTORS' INTERESTS IN TRANSACTIONS

During the period the Group undertook transactions with the Directors as set out in Note 26 to the financial statements disclosing related party transactions.

USE OF COMPANY INFORMATION

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

SHARE DEALINGS OF DIRECTORS

Stuart Weston purchased 118,828 shares during the year ended 31 December 2016 from Apata Group ESI Trustee Limited (2015: 118,828 shares).

Bruntwood Investment Trust, of which Mark Mayston is a Beneficiary, purchased 68,499 shares during the year ended 31 December 2016 (2015: 23,624 shares).

DIRECTORS' SHAREHOLDINGS

Directors held the following shares at 31 December 2016:

JOHN ANDERSON	2,278,462	
JOHN ANDERSON	22,885	SHARES HELD BY THE AEROCOOL TRUST OF WHICH JOHN ANDERSON IS A TRUSTEE AND BENEFICIARY
ALAN BIRLEY	570,334	
ALAN BIRLEY	533,296	SHARES HELD BY ALAN BIRLEY TRUST OF WHICH ALAN BIRLEY IS A TRUSTEE AND BENEFICIARY
ALAN BIRLEY	536,949	SHARES HELD BY PAT BIRLEY TRUST OF WHICH ALAN BIRLEY IS A TRUSTEE AND BENEFICIARY
GRAHAM CATHIE	95,109	SHARES HELD BY KIWIFRUIT MANAGEMENT SERVICES LIMITED OF WHICH GRAHAM CATHIE IS A SHAREHOLDER AND DIRECTOR
MARK MAYSTON	883,258	SHARES HELD BY BRUNTWOOD INVESTMENT TRUST OF WHICH MARK MAYSTON IS A BENEFICIARY
STUART WESTON	237,656	
STUART WESTON	20,000	SHARES HELD BY WESTON INVESTMENT TRUST OF WHICH STUART WESTON IS A TRUSTEE AND BENEFICIARY
SEAN CARNACHAN	58,333	SHARES HELD BY WESTERN ORCHARDS LIMITED OF WHICH SEAN CARNACHAN IS A SHAREHOLDER AND DIRECTOR

LOANS TO DIRECTORS

There were no loans to Directors issued during the year ended 31 December 2016 nor any loans outstanding by Directors at 31 December 2016.

DIRECTORS' INDEMNITY AND INSURANCE

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

STATUTORY INFORMATION CONTINUED

3. EMPLOYEES' REMUNERATION

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

NUMBER OF EMPLOYEES	DEC 2016	DEC 2015
100,000 - 109,999	3	1
110,000 – 119,999	2	2
120,000 – 129,999	1	2
140,000 – 149,999	3	0
190,000 – 199,999	0	1
200,000 – 219,999	1	0
280,000 – 289,999	0	1
290,000 – 299,999	1	0
510,000 – 519,999	0	1
530,000 – 539,999	1	0

BENEFITS INCLUDE THOSE TRANSFERRED UNDER THE EMPLOYEE SHARE SCHEME OPERATED BY THE GROUP.

4. AUDIT FEES

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

5. DONATIONS

Donations of $4,150 were made during the period.

DIRECTORS' DECLARATION

In the opinion of the Directors of Apata Group Limited, the financial statements and notes, on pages 13 to 35:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Group as at 31 December 2016 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 judgments and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

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 December 2016.

For and on behalf of the Board of Directors:

C G CATHIE
Director
7 March 2017

M MAYSTON
Director
7 March 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

IN NEW ZEALAND DOLLARS	NOTE	GROUP 2016	GROUP 2015	COMPANY 2016	COMPANY 2015
ASSETS					
PROPERTY, PLANT AND EQUIPMENT	8	56,027,738	40,037,102	56,027,738	40,037,102
DEVELOPMENT LEASE RECEIVABLE	10	18,340	-	18,340	-
DEFERRED TAX ASSETS	13	272,179	-	272,179	-
INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE	12(A)	1,841,864	1,556,250	1,620,000	1,620,000
OTHER INVESTMENTS	12	136,815	123,035	136,915	123,135
TOTAL NON-CURRENT ASSETS		**58,296,935**	**41,716,387**	**58,075,172**	**41,780,237**
INVENTORIES	14	1,360,909	1,674,282	1,360,909	1,674,282
BIOLOGICAL ASSETS	11	69,125	330,090	69,125	330,090
TRADE AND OTHER RECEIVABLES	15	5,246,356	3,607,481	5,759,296	3,656,612
CASH AND CASH EQUIVALENTS	16	4,965,123	5,061,466	2,687,651	3,816,115
TOTAL CURRENT ASSETS		**11,641,514**	**10,673,318**	**9,876,981**	**9,477,098**
TOTAL ASSETS		**69,938,449**	**52,389,705**	**67,952,153**	**51,257,336**
EQUITY					
SHARE CAPITAL	17	15,609,600	15,358,721	15,609,600	15,358,721
RESERVES	17	1,622,298	773,807	1,597,818	749,327
RETAINED EARNINGS	17	17,129,363	11,840,206	16,913,067	11,909,524
TOTAL EQUITY		**34,361,262**	**27,972,734**	**34,120,485**	**28,017,572**
LIABILITIES					
LOANS AND BORROWINGS	18, 21	21,662,593	15,129,426	21,662,593	15,129,426
DEFERRED TAX LIABILITIES	13	-	48,509	-	48,509
TOTAL NON-CURRENT LIABILITIES		**21,662,593**	**15,177,935**	**21,662,593**	**15,177,935**
LOANS AND BORROWINGS	18, 21	5,000,000	2,000,000	5,000,000	2,000,000
EMPLOYEE BENEFITS PAYABLE	19	469,147	336,992	469,147	336,992
CURRENT TAX LIABILITY		941,510	506,129	943,396	509,451
TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES	20	7,503,937	6,395,915	5,756,532	5,215,385
TOTAL CURRENT LIABILITIES		**13,914,594**	**9,239,036**	**12,169,075**	**8,061,829**
TOTAL LIABILITIES		**35,577,187**	**24,416,971**	**33,831,668**	**23,239,764**
TOTAL EQUITY AND LIABILITIES		**69,938,449**	**52,389,705**	**67,952,153**	**51,257,336**

THE NOTES ON PAGES 17 TO 35 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	**2016**	**2015**	**2016**	**2015**
CONTINUING OPERATIONS					
REVENUE	5	**62,371,502**	**50,629,527**	**61,884,228**	**50,200,186**
WAGES AND SALARIES		17,929,443	14,186,130	17,929,443	14,186,130
PACKAGING MATERIALS		13,726,250	10,300,204	13,726,250	10,300,204
PICKING & CARTAGE		3,330,628	2,078,579	3,330,628	2,078,579
DEPRECIATION	8	2,860,956	2,263,390	2,860,956	2,263,390
ELECTRICITY		1,642,365	1,611,129	1,642,365	1,611,129
REPAIRS & MAINTENANCE		1,486,802	1,214,462	1,486,802	1,214,462
OPERATING LEASE EXPENSES		1,391,444	1,242,268	1,391,444	1,242,268
FINANCE COSTS	6	1,174,912	807,579	1,174,912	807,579
GROWER PAYMENTS - CLASS 2 AND LOCAL MARKET		1,003,725	3,561,101	1,003,725	3,561,101
ORCHARD GROWING EXPENSES		925,551	641,255	925,551	641,255
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		458,804	1,073,633	458,804	1,073,633
DIRECTORS' FEES		184,000	147,000	184,000	147,000
AUDITORS' REMUNERATION - AUDIT FEES		27,414	26,417	27,414	26,417
AUDITORS' REMUNERATION - OTHER SERVICES		5,150	2,550	5,150	2,550
OTHER EXPENSES		8,586,813	6,712,214	7,419,538	5,712,873
		54,734,257	**45,867,912**	**53,566,982**	**44,868,571**
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES, NET OF TAX	12(A)	965,614	509,084	-	-
PROFIT BEFORE INCOME TAX		**8,602,859**	**5,270,699**	**8,317,245**	**5,331,615**
INCOME TAX EXPENSE	7	2,151,997	1,330,857	2,151,997	1,330,857
PROFIT FOR THE PERIOD		**6,450,863**	**3,939,842**	**6,165,249**	**4,000,758**
OTHER COMPREHENSIVE INCOME					
GAIN ON REVALUATION OF LAND	8	907,058	109,142	907,058	109,142
NET CHANGE IN FAIR VALUE OF CASHFLOW HEDGE	17	(58,567)	(6,882)	(58,567)	(6,882)
GOODWILL IMPAIRMENT	9	-	(40,686)	-	(40,686)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**848,491**	**61,574**	**848,491**	**61,574**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17	**7,299,354**	**4,001,416**	**7,013,740**	**4,062,332**

THE NOTES ON PAGES 17 TO 35 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

IN NEW ZEALAND DOLLARS	NOTE	SHARE CAPITAL	SHARE BASED PAYMENTS RESERVE	REVALUATION RESERVE	HEDGING RESERVE	ASSOCIATE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
GROUP								
OPENING BALANCE 1 JANUARY 2015		15,147,472	211,249	478,001	(42,183)	24,480	7,941,051	23,760,069
PROFIT FOR THE PERIOD		-	-	-	-	-	3,939,842	3,939,842
OTHER COMPREHENSIVE INCOME		-	-	109,142	(6,882)	-	(40,686)	61,574
EMPLOYEE SHARE SCHEME		211,249	-	-	-	-	-	211,249
CLOSING BALANCE AT 31 DECEMBER 2015		**15,358,721**	**211,249**	**587,143**	**(49,065)**	**24,480**	**11,840,207**	**27,972,734**
PROFIT FOR THE PERIOD		-	-	-	-	-	6,450,863	6,450,863
OTHER COMPREHENSIVE INCOME		-	-	907,058	(58,567)	-	-	848,491
DIVIDEND PAID		-	-	-	-	-	(1,161,706)	(1,161,706)
EMPLOYEE SHARE SCHEME		250,879	-	-	-	-	-	250,879
CLOSING BALANCE AT 31 DECEMBER 2016	**17**	**15,609,600**	**211,249**	**1,494,201**	**(107,632)**	**24,480**	**17,129,363**	**34,361,262**
COMPANY								
OPENING BALANCE 1 JANUARY 2015		15,147,472	211,249	478,001	(42,183)	-	7,949,452	23,743,991
PROFIT FOR THE PERIOD		-	-	-	-	-	4,000,758	4,000,758
OTHER COMPREHENSIVE INCOME		-	-	109,142	(6,882)	-	(40,686)	61,574
EMPLOYEE SHARE SCHEME		211,249	-	-	-	-	-	211,249
CLOSING BALANCE AT 31 DECEMBER 2015		**15,358,721**	**211,249**	**587,143**	**(49,065)**	**-**	**11,909,524**	**28,017,572**
PROFIT FOR THE PERIOD		-	-	-	-	-	6,165,249	6,165,249
OTHER COMPREHENSIVE INCOME		-	-	907,058	(58,567)	-	-	848,491
DIVIDEND PAID		-	-	-	-	-	(1,161,706)	(1,161,706)
EMPLOYEE SHARE SCHEME		250,879	-	-	-	-	-	250,879
CLOSING BALANCE AT 31 DECEMBER 2016	**17**	**15,609,600**	**211,249**	**1,494,201**	**(107,632)**	**-**	**16,913,067**	**34,120,485**

THE NOTES ON PAGES 17 TO 35 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

		GROUP		COMPANY	
IN NEW ZEALAND DOLLARS	NOTE	**2016**	**2015**	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES					
CASH RECEIPTS FROM CUSTOMERS		64,061,344	54,788,098	61,996,634	52,904,056
CASH PAID TO SUPPLIERS AND EMPLOYEES		(51,681,482)	(45,356,947)	(50,640,722)	(43,549,678)
INTEREST PAID		(1,148,533)	(796,303)	(1,148,533)	(796,303)
INCOME TAX PAID		(2,037,303)	(1,026,357)	(2,038,740)	(1,027,384)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**25**	**9,194,026**	**7,608,491**	**8,168,639**	**7,530,690**
CASH FLOWS FROM INVESTING ACTIVITIES					
INTEREST RECEIVED		39,507	173,702	32,773	161,837
DIVIDENDS RECEIVED		697,861	601,762	697,861	601,762
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		16,867	6,448	16,867	6,448
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		(18,653,165)	(12,100,777)	(18,653,165)	(12,100,777)
ACQUISITION OF OTHER INVESTMENTS		(13,780)	(22,043)	(13,780)	(22,043)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(17,912,709)**	**(11,340,908)**	**(17,919,443)**	**(11,352,773)**
CASH FLOWS FROM FINANCING ACTIVITIES					
DRAWDOWN OF LOANS		16,533,167	8,670,426	16,533,167	8,670,426
REPAYMENT OF LOANS		(7,000,000)	(2,000,000)	(7,000,000)	(2,000,000)
RE-ISSUE OF SHARE CAPITAL		250,879	211,249	250,879	211,249
DIVIDENDS PAID		(1,161,706)	-	(1,161,706)	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**8,622,340**	**6,881,675**	**8,622,340**	**6,881,675**
NET INCREASE IN CASH AND CASH EQUIVALENTS		(96,343)	3,149,258	(1,128,464)	3,059,592
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5,061,466	1,912,208	3,816,115	756,523
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**16**	**4,965,123**	**5,061,466**	**2,687,652**	**3,816,115**

THE NOTES ON PAGES 17 TO 35 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 a Financial Markets Conduct reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

The financial statements presented are those of Apata Group Limited and its wholly owned subsidiaries, Apata Suppliers Limited and Apata Group ESI Trustee Limited (collectively "the Group") as at and for the year ended 31 December 2016.

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 2013 and the Companies Act 1993.

The Group is profit oriented.

The financial statements have been prepared on a going concern basis.

The financial statements were approved by the Board of Directors on 7 March 2017.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

- Note 8 – valuation of property
- Note 11 – valuation of biological assets
- Note 21 – valuation of financial instruments

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Associates

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

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

(iii) Transactions eliminated on consolidation

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

(iv) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given and shares issued at the date of exchange. Acquisition costs such as professional advisor fees are not included in the costs of acquisition but are recognised as an expense in the period in which they are incurred. Where equity instruments are issued in an acquisition, these are measured at the fair value.

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

(b) Property, plant and equipment

(i) Recognition and measurement

Except for land, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is measured at fair value on an annual basis.

Movements in fair value are recognised directly in equity to the extent that the reserve balance is positive. Any negative balance in the revaluation reserve is transferred to the Statement of Profit or Loss and Other Comprehensive Income

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

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

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

(iii) Depreciation
Depreciation is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a diminishing value or straight-line basis over the estimated useful life. Land is not depreciated. The estimated useful lives for the current and comparative periods 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 Group has determined that cost approximates fair value. Costs include labour, materials and other direct costs allocated to the asset.

(d) Leased property development costs
Where the Group enters into long term lease agreements of an orchard and part of the lease agreement is for the Group 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(m).

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

Subsequent to initial recognition, other non-derivative financial instruments are measured at 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 the Statement of Profit or Loss and Other Comprehensive Income. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(iv) Share capital
Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Company will review the scheme and decide upon any further allocation of shares to employees and the fair value of those shares. All shares allocated are fully paid up. The Trustees of the ESS are not appointed for any term and may be removed by the Company at any time.

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

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

(k) Revenue

(i) Services

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

(ii) Commissions

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

(iii) Goods sold

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

(l) Lease payments

Payments made under operating leases are recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases would be apportioned between the finance expense and the reduction of the outstanding liability.

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

(m) Finance income and expenses

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

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

(n) Income tax expense

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

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

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

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

(o) Intangible assets

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

(p) New standards adopted and interpretations not yet adopted

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

There were no new standards effective for the period ended 31 December 2016 that had a material impact on the financial reporting.

(ii) Standards and interpretations issued, not yet effective

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

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

- NZ IFRS 15 – Revenue from Contracts with Customers (effective date from 1 January 2018) – The new standard establishes principles for reporting about the nature, amount, timing and uncertainty of revenue arising from an entity's contracts with customers. It prescribes when an entity will recognise revenue, how much revenue to recognise, and what disclosures to make about revenue. Management has yet to assess the impact the standard is likely to have on the Group. However, based on the short-period of the average revenue contract entered into by the Group, the new standard is not expected to have a significant impact on the timing of current revenue recognition.

- NZ IFRS 16 – Leases (effective date from 1 January 2019) – The new standard specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities on balance sheet for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessors will continue to classify leases as operating or finance, with the new standard's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

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
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis including debts past due but not considered impaired. Debts which are known to be uncollectible are written off.

A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, and is recognised in the Statement of Profit or Loss.

(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	
	2016	2015	2016	2015
SERVICES	46,989,698	38,327,350	45,829,158	37,339,874
SALES	15,012,380	11,891,309	15,012,380	11,891,309
COMMISSION	312,056	205,403	312,056	205,403
INTEREST & DIVIDEND	57,368	205,465	730,634	763,600
TOTAL REVENUES	**62,371,502**	**50,629,527**	**61,884,228**	**50,200,186**

6 FINANCE INCOME AND EXPENSE

	GROUP		COMPANY	
	2016	2015	2016	2015
INTEREST INCOME	39,507	173,702	32,773	161,837
SHARES AND DIVIDEND INCOME	17,861	31,762	697,861	601,762
FINANCE INCOME	**57,368**	**205,465**	**730,634**	**763,600**
INTEREST EXPENSE ON FINANCIAL LIABILITIES	1,174,912	807,579	1,174,912	807,579
FINANCE EXPENSE	**1,174,912**	**807,579**	**1,174,912**	**807,579**
NET FINANCE COSTS	**1,117,543**	**602,115**	**444,278**	**43,980**

7 INCOME TAX EXPENSE

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
CURRENT TAX EXPENSE				
CURRENT PERIOD	2,412,690	1,389,810	2,412,690	1,389,810
	2,412,690	**1,389,810**	**2,412,690**	**1,389,810**
DEFERRED TAX EXPENSE				
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	(260,694)	(58,953)	(260,694)	(58,953)
LOSSES CARRIED FORWARD TAX BENEFIT	-	-	-	-
	(260,694)	**(58,953)**	**(260,694)**	**(58,953)**
TOTAL INCOME TAX EXPENSE / (BENEFIT)	**2,151,997**	**1,330,857**	**2,151,997**	**1,330,857**

RECONCILIATION OF EFFECTIVE TAX RATE				
PROFIT BEFORE INCOME TAX	8,602,859	5,270,699	8,317,245	5,331,615
IMPUTATION CREDITS ON DIVIDENDS RECEIVED	6,018	11,464	270,462	233,130
TAXABLE INCOME	**8,608,877**	**5,282,163**	**8,587,708**	**5,564,745**
INCOME TAX USING THE GROUP'S DOMESTIC TAX RATE 28% (2015 28%)	2,410,486	1,479,006	2,404,558	1,558,129
NON-DEDUCTIBLE EXPENSES	17,901	6,356	17,901	6,356
IMPUTATION CREDITS RECEIVED	(6,018)	(11,464)	(270,462)	(233,130)
LESS TAX ON SHARE OF ASSOCIATES PROFIT RECORDED NET OF TAX	(270,372)	(142,544)	-	-
PRIOR PERIOD ADJUSTMENT	-	(497)	-	(497)
	2,151,997	**1,330,857**	**2,151,997**	**1,330,857**

IMPUTATION CREDITS				
IMPUTATION CREDITS AT THE BEGINNING OF THE PERIOD	1,614,867	354,352	1,614,867	354,352
TAX PAYMENTS, NET OF REFUNDS	2,038,740	1,027,384	2,038,740	1,027,384
IMPUTATION CREDITS ATTACHED TO DIVIDENDS RECEIVED	270,462	233,130	270,462	233,130
IMPUTATION CREDITS ATTACHED TO DIVIDENDS PAID	(451,774)	-	(451,774)	-
IMPUTATION CREDITS AT THE END OF THE PERIOD	**3,472,294**	**1,614,867**	**3,472,294**	**1,614,867**

8 PROPERTY, PLANT AND EQUIPMENT (COMPANY & GROUP)

	LAND	BUILDINGS	VEHICLES & PLANT	OFFICE EQUIPMENT	TOTAL
COMPANY AND GROUP					
COST / VALUATION					
BALANCE AT 1 JANUARY 2016	5,305,844	32,727,054	11,055,103	1,027,415	50,115,415
ADDITIONS	523,353	13,944,049	3,669,699	280,071	18,417,172
DISPOSALS	-	(593,787)	(462,269)	(1,251)	(1,057,308)
INCREASE FROM REVALUATIONS	907,058	-	-	-	907,058
BALANCE AT 31 DECEMBER 2016	**6,736,255**	**46,077,315**	**14,262,533**	**1,306,235**	**68,382,337**
BALANCE AT 1 JANUARY 2015	3,863,000	22,803,549	12,228,640	942,889	39,838,078
ADDITIONS	1,333,702	9,960,310	1,262,557	208,835	12,765,404
DISPOSALS	-	(36,806)	(2,436,095)	(124,309)	(2,597,209)
INCREASE FROM REVALUATIONS	109,142	-	-	-	109,142
BALANCE AT 31 DECEMBER 2015	**5,305,844**	**32,727,054**	**11,055,103**	**1,027,415**	**50,115,415**
DEPRECIATION AND IMPAIRMENT LOSSES					
BALANCE AT 1 JANUARY 2016	-	4,837,608	4,597,060	643,643	10,078,312
DEPRECIATION FOR THE PERIOD	-	1,461,155	1,185,430	214,372	2,860,956
DISPOSALS	-	(233,328)	(350,528)	(814)	(584,670)
BALANCE AT 31 DECEMBER 2016	**-**	**6,065,435**	**5,431,962**	**857,200**	**12,354,598**
BALANCE AT 1 JANUARY 2015	-	3,764,522	4,998,466	569,062	9,332,051
DEPRECIATION FOR THE PERIOD	-	1,076,652	1,001,548	185,190	2,263,390
DISPOSALS	-	(3,566)	(1,402,953)	(110,609)	(1,517,128)
BALANCE AT 31 DECEMBER 2015	**-**	**4,837,608**	**4,597,060**	**643,643**	**10,078,312**
CARRYING AMOUNTS					
AT 31 DECEMBER 2016	6,736,255	40,011,880	8,830,571	449,035	56,027,738
AT 31 DECEMBER 2015	5,305,844	27,889,445	6,458,043	383,773	40,037,103

Security
At 31 December 2016 land and buildings with a carrying amount of $46,748,135 (December 2015: $33,195,289) are subject to a registered debenture to secure bank loans (see notes 18 & 21).

Revaluation
The land values for the Mends Lane, Te Puke facility and the Old Coach Road, Te Puke facility were assessed by Property Solutions Limited (independent valuers, ANZIV) at 31 December 2016. Assessed values were a market value of $32.54 per square metre on 5.70ha or $1,855,000 for the Mends Lane,Te Puke facility (December 2015: $31.88 per square metre on 4.36ha or $1,390,000) and a market value of $35.38 per square metre on 5.85ha or $2,070,000 for the Old Coach Road, Te Puke facility (December 2015: $21.25 per square metre or $1,240,844). The Turntable Hill Road, Apata facility was assessed by Property Solutions Limited in December 2015, using a market value of $29.01 per square metre or $2,675,000. The total cost of land at 31 December 2016 was $5,242,054. (2015: $4,718,701).

Fully depreciated assets
Assets with a cost of $359,681 (2015: $176,564) 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 INTANGIBLE ASSETS (COMPANY AND GROUP)

	COMPANY AND GROUP	
	2016	**2015**
OPENING BALANCE	-	40,686
AMORTISED DURING THE YEAR	-	(40,686)
CLOSING BALANCE	**-**	**-**

The Intangible asset related to the CropGro brand used by the orcharding operations of the Group. During the 2015 year the orchard operations were rebranded to Apata Grow. As a result of this the Group has fully amortised the intangible asset.

10 DEVELOPMENT LEASE RECEIVABLE (COMPANY AND GROUP)

	COMPANY AND GROUP	
	2016	**2015**
OPENING BALANCE	-	531,039
ORCHARD COSTS	18,340	82,551
FUNDS RECEIVED	-	(613,590)
CLOSING BALANCE	**18,340**	**-**

Development lease receivable consists of development costs to 31 December 2016 on one 10ha lease. Terms of the lease allow the Group to recover development costs from proceeds prior to any profit share arrangement.

The 2015 development lease property was put on the market by the owners in 2015. The Group chose not to exercise the right of first refusal. Consequently the property was sold in June 2015 and the Group received all funds owed to it.

11 CONSUMABLE BIOLOGICAL ASSETS (COMPANY AND GROUP)

	COMPANY AND GROUP	
	2016	**2015**
OPENING BALANCE	330,090	221,439
INCREASE DUE TO EXPENDITURE ON THE VINES	69,125	330,090
HARVESTED KIWIFRUIT TRANSFERRED TO INVENTORIES	(330,090)	(221,439)
CLOSING BALANCE	**69,125**	**330,090**

At 31 December 2016 biological assets consists of kiwifruit on leased vines. Leased orchards are expected to produce an estimated 65,000 tray equivalents from five orchards for the 2017 season crop (2016 season: 139,000 tray equivalents from eight orchards). These will be harvested between April and June 2017. All biological assets are subject to a general security arrangement referred to in note 18.

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, viruses such as Psa, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating these risks, including regular inspections and preventative measures on the vines. The Group also insures itself against natural disasters.

12 OTHER INVESTMENTS

	GROUP		COMPANY	
	2016	2015	2016	2015
AVAILABLE FOR SALE INVESTMENTS				
MG MARKETING LIMITED	93,366	80,316	93,366	80,316
UPNZ LIMITED	27,625	27,625	27,625	27,625
BALANCE AGRI-NUTRIENTS LIMITED	12,981	12,981	12,981	12,981
FARMLANDS	2,843	2,113	2,843	2,113
TOTAL AVAILABLE FOR SALE INVESTMENTS	**136,815**	**123,035**	**136,815**	**123,035**
INVESTMENTS IN SUBSIDIARIES (AT COST AND ELEMINATED ON CONSOLIDATION)				
APATA SUPPLIERS LIMITED	-	-	100	100
TOTAL OTHER INVESTMENTS	**136,815**	**123,035**	**136,915**	**123,135**

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.

(A) INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE

		SHARE OF ISSUED CAPITAL AND VOTING RIGHTS	
THE GROUP'S ASSOCIATES ARE:	**BUSINESS ACTIVITY**	**2016**	**2015**
PRIMOR PRODUCE LIMITED	FRUIT MARKETING	33%	33%

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

	GROUP		COMPANY	
	2016	2015	2016	2015
RESULTS OF ASSOCIATE COMPANIES				
SHARE OF PROFIT BEFORE INCOME TAX	1,416,398	679,855	-	-
INCOME TAX	(450,784)	(170,770)	-	-
NET PROFIT	**965,614**	**509,084**	**-**	**-**
MOVEMENT IN CARRYING VALUE OF ASSOCIATES				
CARRYING VALUE AT BEGINNING OF PERIOD	1,556,250	1,617,165	1,620,000	1,620,000
NET EARNINGS	965,614	509,084	-	-
DIVIDENDS RECEIVED	(680,000)	(570,000)	-	-
REVALUATION TO FAIR VALUE	-	-	-	-
BALANCE AT END OF PERIOD	**1,841,864**	**1,556,250**	**1,620,000**	**1,620,000**

ASSOCIATES SUMMARY FINANCIAL INFORMATION

OWNERSHIP			ASSETS 31 DECEMBER	LIABILITIES 31 DECEMBER	NET ASSETS 31 DECEMBER	INCOME	EXPENSES	PROFIT (NET OF TAX)	GROUP SHARE NET ASSETS 31 DECEMBER	GROUP SHARE OF PROFIT (NET OF TAX)
AS AT 31 DECEMBER 2016										
PRIMOR PRODUCE LIMITED	33%	TOTAL	9,213,209	3,687,618	5,525,591	48,595,933	45,699,092	2,896,842	1,841,864	965,614
		CURRENT	8,240,996	2,769,861						

OWNERSHIP			ASSETS 31 DECEMBER	LIABILITIES 31 DECEMBER	NET ASSETS 31 DECEMBER	INCOME	EXPENSES	PROFIT (NET OF TAX)	GROUP SHARE NET ASSETS 31 DECEMBER	GROUP SHARE OF PROFIT (NET OF TAX)
AS AT 31 DECEMBER 2015										
PRIMOR PRODUCE LIMITED	33%	TOTAL	9,119,846	4,451,097	4,668,749	37,173,234	35,645,981	1,527,253	1,556,250	509,084
		CURRENT	8,303,188	4,143,600						

13 DEFERRED TAX ASSETS AND LIABILITIES (COMPANY AND GROUP)

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

	ASSETS		LIABILITIES		NET	
	2016	2015	2016	2015	2016	2015
PROPERTY, PLANT AND EQUIPMENT	(12,978)	(15,271)	-	-	(12,978)	(15,271)
BIOLOGICAL ASSETS	-	-	19,355	92,425	(19,355)	(92,425)
OTHER ITEMS	304,511	59,188	-	-	304,511	59,188
TAX ASSETS/(LIABILITIES)	**291,534**	**43,917**	**19,355**	**92,425**	**272,179**	**(48,509)**
SET OFF OF TAX	**(291,534)**	**(43,917)**	**(291,534)**	**(43,917)**	**-**	**-**
NET TAX ASSETS/(LIABILITIES)	**-**	**-**	**(272,179)**	**48,509**	**272,179**	**(48,509)**

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE PERIOD	BALANCE	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN EQUITY	BALANCE
	1 JANUARY 2016			31 DECEMBER 2016
2016				
PROPERTY, PLANT AND EQUIPMENT	(15,271)	2,293	-	(12,978)
BIOLOGICAL ASSETS	(92,425)	73,070	-	(19,355)
OTHER ITEMS	59,188	245,324	-	304,511
	(48,509)	**320,687**	**-**	**272,179**
	1 JANUARY 2015			31 DECEMBER 2015
2015				
PROPERTY, PLANT AND EQUIPMENT	(100,830)	85,559	-	(15,271)
BIOLOGICAL ASSETS	(62,003)	(30,422)	-	(92,425)
OTHER ITEMS	55,370	3,817	-	59,188
	(107,462)	**58,954**	**-**	**(48,509)**

14 INVENTORIES (COMPANY AND GROUP)

	COMPANY AND GROUP	
	2016	2015
PACKAGING MATERIALS	1,360,909	1,674,282

In 2016 raw materials, consumables and changes in inventory recognised as cost of sales amounted to $13,726,250 (2015: $10,944,128). In 2016 the write-down of inventories to net realisable value amounted to $271,267 (2015: $108,607). No inventories are subject to retention of title clauses (2015: nil). All inventories are subject to a general security arrangement referred to in note 18.

15 TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2016	GROUP 2015	COMPANY 2016	COMPANY 2015
TRADE AND OTHER RECEIVABLES DUE FROM RELATED PARTIES	26	2,578,081	1,676,915	3,198,045	1,737,721
OTHER TRADE RECEIVABLES		1,644,476	1,046,055	1,598,600	1,034,380
OTHER RECEIVABLES		1,023,799	884,511	962,651	884,511
		5,246,356	**3,607,481**	**5,759,296**	**3,656,612**

All trade and other receivables are subject to a general security arrangement referred to in note 18.

16 CASH AND CASH EQUIVALENTS

	GROUP 2016	GROUP 2015	COMPANY 2016	COMPANY 2015
BANK BALANCES	2,411,282	1,436,997	133,810	191,646
CALL DEPOSITS	2,553,841	3,624,469	2,553,841	3,624,469
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	**4,965,123**	**5,061,466**	**2,687,651**	**3,816,115**

The average effective interest rate on call deposits in 2016 was 1.0 percent (2015: 2.0 percent). All cash and cash equivalents are subject to a general security arrangement referred to in note 18. In addition, all balances are subject to set off against loans. The Group has available a $250,000 overdraft facility at 31 December 2016, which is unutilised at balance date. (2015: $250,000, which was unutilised).

17 CAPITAL AND RESERVES

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

	SHARE CAPITAL	TREASURY SHARE CAPITAL	SHARE BASED PAYMENTS RESERVE	REVALUATION RESERVE	HEDGING RESERVE	ASSOCIATES RESERVE	RETAINED EARNINGS	TOTAL EQUITY
GROUP								
BALANCE AT 1 JANUARY 2016	16,055,544	(696,823)	211,249	587,143	(49,065)	24,480	11,840,206	27,972,734
TOTAL COMPREHENSIVE INCOME	-	-	-	907,058	(58,567)	-	6,450,863	7,299,354
DIVIDEND PAID	-	-	-	-	-	-	(1,161,706)	(1,161,706)
EMPLOYEE SHARE SCHEME	45,159	205,721	-	-	-	-	-	250,880
BALANCE AT 31 DECEMBER 2016	**16,100,703**	**(491,102)**	**211,249**	**1,494,201**	**(107,632)**	**24,480**	**17,129,363**	**34,361,262**
BALANCE AT 1 JANUARY 2015	16,017,519	(870,047)	211,249	478,001	(42,183)	24,480	7,941,050	23,760,069
TOTAL COMPREHENSIVE INCOME	-	-	-	109,142	(6,882)	-	3,899,156	4,001,416
EMPLOYEE SHARE SCHEME	38,025	173,224	-	-	-	-	-	211,249
BALANCE AT 31 DECEMBER 2015	**16,055,544**	**(696,823)**	**211,249**	**587,143**	**(49,065)**	**24,480**	**11,840,206**	**27,972,734**
COMPANY								
BALANCE AT 1 JANUARY 2016	16,055,544	(696,823)	211,249	587,143	(49,065)	-	11,909,524	28,017,572
TOTAL COMPREHENSIVE INCOME	-	-	-	907,058	(58,567)	-	6,165,249	7,013,740
DIVIDEND PAID	-	-	-	-	-	-	(1,161,706)	(1,161,706)
EMPLOYEE SHARE SCHEME	45,159	205,721	-	-	-	-	-	250,880
BALANCE AT 31 DECEMBER 2016	**16,100,703**	**(491,102)**	**211,249**	**1,494,201**	**(107,632)**	**-**	**16,913,067**	**34,120,485**
BALANCE AT 1 JANUARY 2015	16,017,519	(870,047)	211,249	478,001	(42,183)	-	7,949,452	23,743,991
TOTAL COMPREHENSIVE INCOME	-	-	-	109,142	(6,882)	-	3,960,072	4,062,332
EMPLOYEE SHARE SCHEME	38,025	173,224	-	-	-	-	-	211,249
BALANCE AT 31 DECEMBER 2015	**16,055,544**	**(696,823)**	**211,249**	**587,143**	**(49,065)**	**-**	**11,909,524**	**28,017,572**

AUTHORISED AND ISSUED SHARE CAPITAL

	COMPANY AND GROUP	
	2016	2015
ORDINARY SHARES	11,102,361	10,891,112
TREASURY SHARES	633,752	845,001
	11,736,113	**11,736,113**

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

The shares have no par value.

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

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

At 31 December 2016 the number of shares in which options have been granted to employees and remain outstanding under the scheme was 422,498, representing 3.6% of the issued shares of the Company. (2015: 633,747 shares, representing 5.4% of the issued shares of the Company).

Options are granted periodically to employees, subject to availability and board discretion and no consideration is payable on the grant of an option. The vesting period is between one and four years from grant date. Options granted under the scheme carry no voting rights and are granted at fair value as determined by the directors of the Company. Options granted but not vested do carry a dividend, though the dividend is paid to and held by the trustee of the share scheme. For the options granted on 31 December 2014, the Board assessed fair value to be $1.00 per share, which was based on the share buy back value used in October 2014. During the period shares to the value of $211,249 vested with employees.

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

DIVIDENDS (COMPANY AND GROUP)

THE FOLLOWING DIVIDENDS WERE DECLARED AND PAID BY THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2016:

	COMPANY AND GROUP	
	2016	2015
$0.1008 PER QUALIFYING ORDINARY SHARE (2015: NIL)	1,161,706	-

On the 23rd February 2016 the Directors declared a gross dividend of $0.1400 or $0.1008 per share fully imputed which was paid on 18th March 2016. (2015: nil).

18 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 21.

	COMPANY AND GROUP	
	2016	2015
NON-CURRENT LIABILITIES		
SECURED BANK LOANS	21,662,593	15,129,426
CURRENT LIABILITIES		
SECURED BANK LOAN	5,000,000	2,000,000

The Group's borrowings consist of five loans, one for $3,550,000 which matures in June 2018, one for $6,459,000 which matures in June 2018, one for $7,000,000 which matures in February 2019, one for $5,020,426 which matures in December 2019 and one for $4,633,167 which matures in December 2019. The current portion represents payments due within twelve months from reporting date. The average interest rate at 31 December 2016 on the secured borrowings is 4.30% (2015: 4.59%).

TERMS AND DEBT REPAYMENT SCHEDULE

TERMS AND CONDITIONS OF OUTSTANDING LOANS WERE AS FOLLOWS

	FACE VALUE 2016	CARRYING AMOUNT 2016	FACE VALUE 2015	CARRYING AMOUNT 2015
SECURED BANK LOANS	26,662,593	26,662,593	17,129,426	17,129,426
TOTAL INTEREST-BEARING LIABILITIES	**26,662,593**	**26,662,593**	**17,129,426**	**17,129,426**

The bank loans are secured over land and buildings with a carrying amount of $46,748,135 (December 2014: $33,195,289).
The bank has a first ranking general security arrangement over all present and acquired property.

19 EMPLOYEE BENEFITS PAYABLE

	COMPANY AND GROUP	
	2016	2015
ANNUAL LEAVE	469,147	336,992
TOTAL EMPLOYEE BENEFITS PAYABLE	**469,147**	**336,992**

20 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
TRADE PAYABLES	3,129,357	2,458,268	2,601,342	2,050,023
DERIVATIVES	107,632	49,065	107,632	49,065
NON-TRADE PAYABLES AND ACCRUED EXPENSES	4,266,948	3,888,582	3,047,558	3,116,297
	7,503,937	**6,395,915**	**5,756,532**	**5,215,385**

21 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 of trade and other receivables. The Group's exposure to credit risk is mainly influenced by its customer base. The majority of revenue is generated from transactions with growers. However, payment for packing, packaging and coolstorage is received directly by the Group via third parties as a deduction from returns to growers.

Liquidity risk
Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

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

Quantitative disclosures
Credit risk
The carrying amount of financial assets represents the Group's maximum credit exposure. There is considered to be no impairment of financial assets at the reporting date, and therefore no impairment allowance has been recorded (2015: nil).
Within trade receivables there is $478,607 of past due receivables between 30 and 120 days (2015: $22,864).

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

	STATEMENT OF FINANCIAL POSITION	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	6-12 MONTHS	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
DECEMBER 2016							
SECURED BANK LOANS	26,662,593	29,230,778	573,112	5,573,112	5,940,506	17,144,048	-
TRADE AND OTHER PAYABLES	7,503,937	7,503,937	7,503,937	-	-	-	-
TOTAL NON-DERIVATIVE LIABILITIES	**34,166,530**	**36,734,714**	**8,077,049**	**5,573,112**	**5,940,506**	**17,144,048**	**-**
DECEMBER 2015							
SECURED BANK LOANS	17,129,426	19,017,306	392,782	2,392,782	2,785,564	13,446,178	-
TRADE AND OTHER PAYABLES	6,395,915	6,395,915	6,395,915	-	-	-	-
TOTAL NON-DERIVATIVE LIABILITIES	**23,525,341**	**25,413,221**	**6,788,697**	**2,392,782**	**2,785,564**	**13,446,178**	**-**

21 FINANCIAL INSTRUMENTS *CONTINUED*

Interest rate risk – repricing analysis
The Group has interest rate swaps in place for $7,000,000; being $5,000,000 with an effective interest rate of 4.56% which matures on 31 October 2019, and $2,000,000 with an effective interest rate of 4.71% which matures on 29 October 2021. (2015: $4,000,000 with an effective interest rate of 6.85% which matured on 26 September 2016).

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

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group is not subject to any externally imposed capital requirements.

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

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

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

At 31 December 2016 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 $57,000 (2015: $131,000).

CLASSIFICATION AND FAIR VALUES (GROUP)	NOTE	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	LOANS & RECEIVABLES	OTHER AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
DECEMBER 2016							
ASSETS							
INVESTMENTS	12	1,841,864	136,815	-	-	1,978,679	1,978,679
TOTAL NON-CURRENT ASSETS		**1,841,864**	**136,815**	**-**	**-**	**1,978,679**	**1,978,679**
TRADE AND OTHER RECEIVABLES	15	-	-	5,246,356	-	5,246,356	5,246,356
CASH AND CASH EQUIVALENTS	16	-	-	-	4,965,123	4,965,123	4,965,123
TOTAL CURRENT ASSETS		**-**	**-**	**5,246,356**	**4,965,123**	**10,211,479**	**10,211,479**
TOTAL ASSETS		**1,841,864**	**136,815**	**5,246,356**	**4,965,123**	**12,190,158**	**12,190,158**
LIABILITIES							
LOANS AND BORROWINGS	18	-	-	-	21,662,593	21,662,593	21,662,593
TOTAL NON-CURRENT LIABILITIES		**-**	**-**	**-**	**21,662,593**	**21,662,593**	**21,662,593**
LOANS AND BORROWINGS	18	-	-	-	5,000,000	5,000,000	5,000,000
DERIVATIVES	20	107,632	-	-	-	107,632	107,632
TRADE AND OTHER PAYABLES	20	-	-	-	7,396,305	7,396,305	7,396,305
TOTAL CURRENT LIABILITIES		**107,632**	**-**	**-**	**12,396,305**	**12,503,937**	**12,503,937**
TOTAL LIABILITIES		**107,632**	**-**	**-**	**34,058,898**	**34,166,530**	**34,166,530**

21 FINANCIAL INSTRUMENTS *CONTINUED*

CLASSIFICATION AND FAIR VALUES (GROUP)	NOTE	DESIGNATED AT FAIR VALUE	AVAILABLE FOR SALE	LOANS & RECEIVABLES	OTHER AMORTISED COST	TOTAL CARRYING AMOUNT	FAIR VALUE
DECEMBER 2015							
ASSETS							
INVESTMENTS	12	1,556,250	123,035	-	-	1,679,285	1,679,285
TOTAL NON-CURRENT ASSETS		**1,556,250**	**123,035**	**-**	**-**	**1,679,285**	**1,679,285**
TRADE AND OTHER RECEIVABLES	15	-	-	3,607,481	-	3,607,481	3,607,481
CASH AND CASH EQUIVALENTS	16	-	-	-	5,061,466	5,061,466	5,061,466
TOTAL CURRENT ASSETS		**-**	**-**	**3,607,481**	**5,061,466**	**8,668,947**	**8,668,947**
TOTAL ASSETS		**1,556,250**	**123,035**	**3,607,481**	**5,061,466**	**10,348,231**	**10,348,231**
LIABILITIES							
LOANS AND BORROWINGS	18	-	-	-	15,129,426	15,129,426	15,129,426
TOTAL NON-CURRENT LIABILITIES		**-**	**-**	**-**	**15,129,426**	**15,129,426**	**15,129,426**
LOANS AND BORROWINGS	18	-	-	-	2,000,000	2,000,000	2,000,000
DERIVATIVES	20	49,065	-	-	-	49,065	49,065
TRADE AND OTHER PAYABLES	20	-	-	-	6,346,850	6,346,850	6,346,850
TOTAL CURRENT LIABILITIES		**49,065**	**-**	**-**	**8,346,850**	**8,395,915**	**8,395,915**
TOTAL LIABILITIES		**49,065**	**-**	**-**	**23,476,276**	**23,525,341**	**23,525,341**

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

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

Level 1 : quoted prices (unadjusted) in active markets for identified assets and liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
DECEMBER 2016 (GROUP)				
FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	-	136,815	-	136,815
FINANCIAL ASSETS IN ASSOCIATES	-	1,841,864	-	1,841,864
DERIVATIVE FINANCIAL LIABILITIES	-	(107,632)	-	(107,632)
	-	**1,871,047**	**-**	**1,871,047**
DECEMBER 2015 (GROUP)	.			
FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	-	123,035	-	123,035
FINANCIAL ASSETS IN ASSOCIATES	-	1,556,250	-	1,556,250
DERIVATIVE FINANCIAL LIABILITIES	-	(49,065)	-	(49,065)
	-	**1,630,220**	**-**	**1,630,220**

22 OPERATING LEASES

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

	COMPANY AND GROUP	
	2016	**2015**
LESS THAN ONE YEAR	750,436	676,161
BETWEEN ONE AND FIVE YEARS	1,475,195	1,670,776
MORE THAN FIVE YEARS	325,000	376,125
	2,550,631	**2,723,061**

Operating leases include orchards, coolstores, land and office leases, forklifts, trucks and other vehicles, and photocopiers.

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 leasesrequire that returns are shared with the owners once certain profit levels are attained. In addition, the Group has entered into leases whereby the Groupis committed to pay up to $0.50 per Class 1 tray based on fruit packed at Apata Group Limited. The amount of the liability can only be quantified once the fruit has beenpacked, or when the amount of profits from the orchard have been determined.

Material leases include the site lease at Wairoa Road, from Whakapapa Coolstores Limited. During the period ended 31 December 2016, payments amounting to $250,000 (2015: $104,167) were made to Whakapapa Coolstores Limited. The lease is for five years concluding 29th February 2020, with a further five year right of renewal in favour of the lessee.

23 CAPITAL COMMITMENTS

During the period ended 31 December 2016 the Group entered into Capital contracts of which $7,665,066 (2015: $9,200,000) has yet to be completed by period-end. The majority of the capital contracts relate to a new packing line and new coolstores being built at the Mends Lane, Te Puke site. The removal of coolstores to fit the new packing line means the coolstorage capacity of the site will decrease by a net 200,000 trays.

24 CONTINGENCIES

In April 2016 small traces of grease deposits were found on pocket packs supplied by UPNZ Limited, a packaging supplier registered with Zespri, to a number of kiwifruit post harvest entities including Apata Group Limited. While the grease was ultimately proven to be non-toxic, Apata Group Limited incurred approximately $290,000 of onshore costs in relation to further handling and testing the packed product for possible contamination. The above amount, plus GST, has been invoiced to UPNZ but UPNZ has denied liability for these costs.

Additionally, Apata Suppliers Limited has received an invoice from Zespri of $1,036,000 for offshore and further onshore costs in relation to the issue. A significant amount of the offshore cost relates to fruitloss resulting from fruit being dumped, not due to contamination, but due to quality issues that had occurred between the possible contamination being identified and the product being passed for delivery to market. Apata Suppliers Limited have denied liability for the costs, noting that Zespri has not proven that liability rests with Apata Suppliers Limited.

Litigation in each instance is possible but, it is too early to be able to determine an outcome and, due to this uncertainty, Apata Group Limited has made a provision for some of the above costs. The amount of the provision is undisclosed for commercial and liability reasons.

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

		GROUP		COMPANY	
	NOTE	2016	2015	2016	2015
PROFIT FOR THE PERIOD	PAGE 5	6,450,863	3,939,842	6,165,249	4,000,758
ADJUST FOR:					
DEPRECIATION	8	2,860,956	2,263,390	2,860,956	2,263,390
NET FINANCE COSTS	6	1,117,543	602,115	444,278	43,980
LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT		455,770	1,073,633	455,770	1,073,633
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES	12	(965,614)	(509,084)	-	-
INCOME TAX EXPENSE	7	2,151,997	1,330,857	2,151,997	1,330,857
CHANGE IN INVENTORIES	14	313,373	(223,047)	313,373	(223,047)
CHANGE IN CURRENT BIOLOGICAL ASSETS DUE TO ACQUISITIONS & SALES	11	260,965	(108,651)	260,965	(108,651)
CHANGE IN TRADE AND OTHER RECEIVABLES	15	(2,118,352)	2,054,223	(2,023,004)	2,019,759
CHANGE IN PREPAYMENTS		(98,020)	(9,441)	(98,020)	(9,441)
CHANGE IN TRADE AND OTHER PAYABLES	20	1,844,605	(1,029,887)	718,573	(1,084,061)
CHANGE IN TRADE AND OTHER PAYABLES RELATING TO FINANCING ACTIVITIES		(26,379)	(11,276)	(26,379)	(11,276)
CHANGE IN EMPLOYEE BENEFITS	19	132,155	58,477	132,155	58,477
INTEREST PAID		(1,148,533)	(796,303)	(1,148,533)	(796,303)
INCOME TAX PAID		(2,037,303)	(1,026,357)	(2,038,740)	(1,027,384)
NET CASH FROM OPERATING ACTIVITIES	**PAGE 6**	**9,194,026**	**7,608,491**	**8,168,639**	**7,530,690**

26 RELATED PARTIES

Transactions with Directors and 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 $1,679,347 (2015: $1,385,471) for salaries, benefits and Directors fees and of this $355,655 (2015: $343,536) relates to share-based transfers under the employee share scheme. Short term benefits owing at 31 December 2016 are $355,655 (2015: $343,536)

Loans to directors
There were no loans to Directors issued during the year ended 31 December 2016 nor any loans outstanding by Directors at 31 December 2016 (2015: nil).

Other transactions with directors and key management personnel
Directors of the Group control 44.6 percent of the voting shares of the Group at 31 December 2016 (2015: 42.7 percent).

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

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

		TRANSACTION VALUE FOR PERIOD ENDED		BALANCE OUTSTANDING AS AT	
	NOTE	2016	2015	2016	2015
DIRECTORS					
J D ANDERSON					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(I)	2,274,107	1,829,700	-	-
PURCHASE OF MOTOR VEHICLE	(II)	-	29,000	-	-
A BIRLEY					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(III)	1,808,660	1,422,891	18,009	-

26 RELATED PARTIES *CONTINUED*

		TRANSACTION VALUE FOR PERIOD ENDED		BALANCE OUTSTANDING AS AT	
	NOTE	2016	2015	2016	2015
S CARNACHAN					
PACKING & COOLSTORAGE SERVICES REVENUE	(IV)	-	61,688	-	-
AVOCADO HARVESTING SERVICES	(V)	9,847	-	11,324	-
SALE OF PACKAGING MATERIALS	(VI)	511,162	520,378	26,535	22,728
M MAYSTON					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(VII)	1,245,034	977,118	-	-
KIWIFRUIT HARVEST SERVICES	(VIII)	67,061	31,636	-	-
G CATHIE					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(IX)	858,446	1,072,444	-	682
COOLSTORE LEASE	(X)	97,125	88,500	-	-
SENIOR EXECUTIVES					
E CROSBY					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(XI)	55,885	24,124	-	-
E CROSBY & D YOUNG					
PACKING & COOLSTORAGE AND ORCHARD SERVICES REVENUE	(XII)	335,858	-	-	-
ASSOCIATES					
PRIMOR PRODUCE LIMITED	(XIII)	3,861,388	2,491,483	978,989	608,384
RELATED PARTIES					
TEAM KIWI LIMITED	(XIV)	1,794,055	3,547,174	1,145,401	801,430
NEW ZEALAND GOLDEN KIWIFRUIT COMPANY LIMITED	(XV)	590,645	243,690	397,823	243,690
TOTAL RECEIVABLES BALANCE OUTSTANDING - GROUP				**2,578,081**	**1,676,915**
SUBSIDIARIES					
APATA SUPPLIERS LTD	(XVI)	999,603	862,102	619,964	60,806
TOTAL RECEIVABLES BALANCE OUTSTANDING - COMPANY				**3,198,045**	**1,737,721**

Notes to the financial statement

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

(II) During the comparative period (2015) the Group purchased a motor vehicle from Aquasplash Limited, of which John Anderson is a director, for a cost of $29,000.

(III) During the period 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.

(IV) During the comparative period (2015) the Group provided packing and coolstorage services to Twin Kauri Orchards Limited, of which Sean Carnachan, Director of Apata Group Limited, is a director, at standard commercial packing and coolstoring terms and conditions.

(V) During the period the Group provided packing and coolstorage services to Twin Kauri Trust, of which Sean Carnachan is a trustee, at standard commercial terms and conditions.

(VI) During the period the Group sold packaging materials to Western Orchards Limited, of which Sean Carnachan is a director, at standard commercial terms and conditions.

(VII) During the period the Group provided packing, coolstorage and orchard services to Bruntwood Farms Limited, of which Mark Mayston, Director of Apata Group Limited, is a director, at standard commercial packing, coolstoring and orchard services terms and conditions.

(VIII) During the period the Group received kiwifruit harvest services from Bruntwood Farms Limited, of which Mark Mayston is a director, at standard commercial terms and conditions.

(IX) During the period the Group provided packing, coolstorage and orchard services to Lowland Greenstone Orchard Trust, of which Graham Cathie, Director of Apata Group Limited, is a trustee, at standard commercial packing, coolstoring and orchard services terms and conditions.

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

(XI) During the period the Group provided packing, coolstorage and orchard services to Race Limited, of which Eugene Crosby, senior executive of Apata Group Limited, is a director, at standard commercial packing, coolstoring and orchard services terms and conditions.

(XII) During the period the Group provided packing, coolstorage and orchard services to KiwiBOP Limited, of which Eugene Crosby and Damian Young, both senior executives of Apata Group Limited, are directors, at standard commercial packing, coolstoring and orchard services terms and conditions.

(XIII) During the period the Group provided packing and coolstorage services to Primor Produce Ltd, of which the Group owns 33%, at standard commercial terms and conditions.

(XIV) During the period the Group provided Class 2 and local market kiwifruit for sale to Team Kiwi Limited at standard commercial terms and conditions. Team Kiwi Limited, of which S Weston is a director, markets Class 2 and local market fruit in the Australian and New Zealand markets. This entity does not form part of the Group.

26 RELATED PARTIES *CONTINUED*

(XV) During the period the Group provided Gold local market kiwifruit for sale to New Zealand Golden Kiwifruit Company Limited at standard commercial terms and conditions. New Zealand Golden Kiwifruit Company Limited, of which S Weston is a director, markets Gold local market kiwifruit into the New Zealand local market. This entity does not form part of the Group.

(XVI) During the period the Group provided administration services to Apata Suppliers Limited, a wholly owned subsidiary of Apata Group Limited, at standard commercial terms and conditions.

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

Apata Suppliers Entity Limited

Apata Suppliers Entity Limited (ASEL) is a separate legal entity with directors elected by Apata Group growers and appointed by the Group and other independent coolstore facilities. This entity does not form part of the Group. During the year to 31 December 2016, the Group received $47,773,268 (2015: $35,331,266) from ASEL in respect of post-harvest services and fruit proceeds; the amount outstanding as at 31 December 2016 is nil (2015: nil). During the year to 31 December 2016, payments were made to ASEL of $2,269,180 (2015: $2,179,218) in respect of post-harvest services, the amount outstanding at 31 December 2016: nil (2015: nil).

27 SUBSEQUENT EVENTS

There have been no events subsequent to balance date that have had a material effect on the financial statements. (2015: On 23rd February 2016 the Directors declared a dividend of $0.14 per share gross, or $0.1008 per share fully imputed).

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

INGHAM MORA CHARTERED ACCOUNTANTS

To the Shareholders of Apata Group Limited

Opinion
We have audited the financial statements of Apata Group Limited ("the Company") and its subsidiaries (together "the Group") on pages 13 to 35, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss and other comprehensive income, and consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and Group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, we were engaged to provide taxation services for the Company and Group. This matter has not impaired our independence as auditors of the Company and Group. We have no other relationship with, or interest in, Apata Group Limited or any of its subsidiaries or associates.

Audit Materiality
The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $1,200,000, determined with reference to a benchmark of total Group income comprising revenue, share of associates profit and gain on land revaluations as disclosed in the consolidated income statement. We chose total income on the basis it is a benchmark against which the performance of the Group is commonly measured. Materiality represents 2% of the adjusted benchmark.

Other Information
The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and statutory information on pages 3 to 12, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Those Charged with Governance for the Financial Statements
The Directors are responsible on behalf of the Company and Group for the preparation and fair presentation of the financial statements in accordance with NZ IFRS, 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.

In preparing the financial statements, the Directors are responsible on behalf of the Company and Group for assessing the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intends to liquidate the Company and Group or to cease operations, or have no realistic alternative but to do so.

INGHAM MORA
CHARTERED ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Richard Dey.

Ingham Mora

INGHAM MORA
Tauranga
7 March 2017

COMPANY DETAILS

COMPANY NAME
Apata Group Limited

COMPANY NUMBER
1107843

DATE OF INCORPORATION
02 February 2001

NATURE OF BUSINESS
Packhouse and coolstore operators

DIRECTORS APATA GROUP LIMITED AS AT 31 DECEMBER 2016
John David Anderson
Alan Birley
Colin Graham Cathie
Clinton Sean Carnachan
Mark Nolan Mayston
Stuart Barry Weston
Thomas Haines Wilson

EXECUTIVE
Stuart Weston, Managing Director
Eugene Crosby, CFO and Company Secretary
Clark Mazey, Grower Services Manager
Kate Trufitt, Avocado Business Manager and Group Compliance and Safety Manager
Dr Sonia Whiteman, GM Orchards
Damian Young, GM Operations

AUDITORS
Ingham Mora, Tauranga

SOLICITORS
Sharp Tudhope, Tauranga

REGISTERED OFFICE
9 Turntable Hill Road, RD 4, Katikati, 3181.

NUMBER OF SHARES
11,736,113

DISTRIBUTION OF SHAREHOLDING – AS AT 7 MARCH 2016

SHARE RANGE	NO OF SHAREHOLDERS	SHARES HELD	% OF SHAREHOLDING	% OF SHARES	AVERAGE HOLDING
UP TO 1,999 SHARES	10	15,179	0%	4%	1,518
2,000 TO 9,999	151	784,215	7%	59%	5,193
10,000 TO 24,999	49	761,738	6%	19%	15,546
25,000 TO 99,999	29	1,579,502	13%	11%	54,466
100,000 PLUS	18	8,595,479	73%	7%	477,527
TOTALS	**257**	**11,736,113**	**100%**	**100%**	**45,666**

Apata™
TOGETHER WE'RE BETTER

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

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