Apata™ ANNUAL REPORT 2020

Apata TOGETHER WE'RE BETTER

Contents

Board of Directors

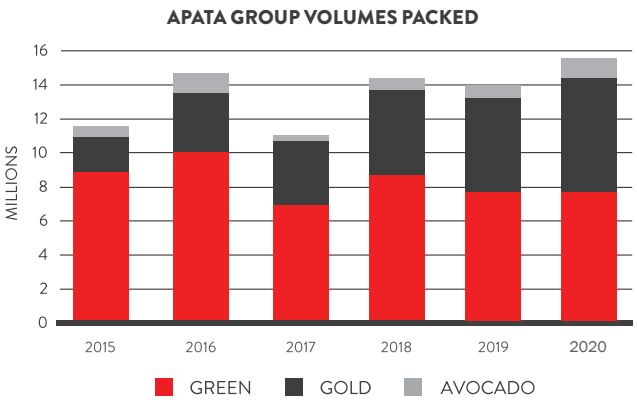
Apata Group Limited Board of Directors from left to right: Sean Carnachan, Alan Birley, Graham Cathie (Chairman), Simon Robertson, Stuart Weston (Managing Director), (Absent: Mark Mayston (Deputy Chairman)).

The Year in Review

2020 will be remembered for the global COVID-19 pandemic, and the dramatic lock-down imposed on our borders and citizens at the beginning of the biggest harvest the kiwifruit industry had faced to date.

That we were able to function through this tumultuous period testifies to the resilience of our Industry, fortitude of our people, and a measure of good fortune.

The graph below depicts our processing volumes for the past 6 years.



Directors are pleased to report a net profit after tax of $4.88m on revenue of $75.05m. This represents a small increase from the 2019 profit of $4.35m on revenue of $66.32m. Although increased volumes translate to increased revenues, significant cost pressures on labour, due to minimum wage increases and complexities associated with COVID-19 protocols, results in profit remaining fairly static.

The Apata Board has deferred payment of a dividend with respect to the 2020 year until at least the end of the 2021 kiwifruit harvest. The Board's intention is to pay a 15c dividend fully imputed but given the uncertainty about key aspects of the 2021 harvest (e.g. labour supply and cost of China protocols) and that some of the Edgecumbe land transactions may crystallize in the intervening period, prefer to make a final decision on the payment of a dividend later in 2021. There is commentary following on the Edgecumbe land, and other developments underway, which are of strategic importance to the long term security of the fruit supply profile for our business.

The first stage project of the Old Coach Road Coolstore build is well under way and will see 1.7m trays of static capacity commissioned for 2021. The Group is investing in new grader technology as part of a five year automation and capacity extension program committed to in 2020. The Group revalued its Land to fair value, which is consistent with our accounting policy, resulting in a $1.75m increase in land values. Overall, Property, Plant and Equipment has increased from $62.12m in 2019 to $68.45m in 2020.

The Group purchased a $15m property in Edgecumbe, which is in the process of being subdivided and sold to a number of external parties for development into Hayward Green orchards. One portion of the property has been sold for $8.2m to Rangitaiki Orchard Limited Partnership, and subsequently leased back to the Group to develop a kiwifruit orchard, creating a significant Right of Use Asset under IFRS16, and a corresponding Lease Liability. The Group also has a 21% investment share in Rangitaiki Orchard Limited Partnership. We have received 50% of the sales price at year-end, with the remaining 50% to be received on completion of the subdivision process and issue of new titles. This outstanding amount is disclosed as a receivable on the balance sheet at year-end. Of the remaining property, $6m is disclosed as assets held for sale and is on track to be sold in 2021, and the remaining $1.1m consists of investment property.

Collectively, the Group has invested $4.15m in two Orchard development syndicates. The transactions we've undertaken for orchard development are part of our strategy to secure supply outside of the Sungold main-harvest peak, better utilising facilities, and providing the platform for confidently investing in further capacity and technology. The magnitude of these projects is substantial; current projects on our books represent 230+ canopy hectares of Green and Gold kiwifruit, $86m of land and development costs, three million trays estimated production, and an estimated $150m of orchard value when mature.

The standard risks assumed with developing and growing crops lie with Apata as lessee for the Rangitaiki Partnership development, independent investors comprising existing Apata Growers, Shareholders, Staff and associates. The return profile for these developments are compelling, such that we have had no difficulty finding willing investors.

Overall, total assets have increased from $82.3m in 2019 to $111.7m in 2020.

The Group has largely funded the capital expansion and land purchases through additional borrowings. This, coupled with the increase in Lease Liabilities, attributed to the lease on the Rangitaiki development in Edgecumbe, contribute to an increase in Total Liabilities from $42.96m to $67.54m.

The existing loan facility with the BNZ matured during 2020, which gave us the opportunity to renegotiate a new three year facility providing us with the flexibility and confidence to continue with the Group's five year strategy.

The Balance Sheet is summarised below:

CONSOLIDATED BALANCE SHEET

	2020	2019
EQUITY	44,159	39,378
TOTAL ASSETS	111,702	82,334
TOTAL LIABILITIES	67,543	42,957

Capital structure

Our position remains unchanged; we still plan to live within our means, rationing capital to match capacity to the growth ahead.

Kiwifruit

Aside from everyone working a minimum of two metres apart from anyone else during lockdown, harvest was among the smoothest we've ever seen thanks to fair weather, the absence of a Taste regime with independent testing agency Eurofins failing under the COVID-19 challenge, and the public generally off the roads due to COVID-19 lockdown restrictions.

Whilst thousands of overseas workers were stopped from coming to New Zealand, existing visitors unable or unwilling to leave extended their time here, and many work-fit locals also became available when their primary employers' business was not deemed 'essential service' and therefore halted during lockdown. In being flexible to manage a changed composition and source of workers, we were able to adequately staff our operations. We were glad to have our automation working at least as well as we had anticipated.

The dry summer had a wildly varied effect by region and irrigation availability on fruit size, particularly for Hayward, but overall fruit quality was excellent at packing and in-market performance. Whilst shipping and clearing ports was a challenge, the mix of reefer and container vessels and spread of countries allowed for a surprisingly smooth supply chain in light of the global state of affairs. Demand for a Vitamin C enriched superfood during a pandemic proved strong, albeit the sales channels switched far more heavily into on-line commerce over traditional outlets.

Grower returns have been strong as per the below graph. Our Orchard Management team continues to grow in size and capability, and again Apata Grow has consistently achieved top quartile returns per hectare for their clients.

2020			2020		
$OGR/TRAY	INDUSTRY	APATA	$OGR/HA	INDUSTRY	APATA
HW1CK	$ 7.27	$ 7.28	HW1CK	$ 74,263	$ 77,214
HW1OB	$ 10.31	$10.00	HW1OB	$ 65,074	$ 68,859
GA1CK	$ 12.26	$ 11.96	GA1CK	$ 175,002	$ 168,296
GA1OB	$ 14.99	$ 14.50	GA1OB	$ 154,789	$ 160,069
HE1CK	$ 9.84	$ 9.60	HE1CK	$ 55,210	$ 58,018

The current crop awaiting harvest again will set a new record courtesy of the Sungold growth. The pressing issue we face is whether horticulture will have sufficient staff to cater for harvest and processing of this crop. Our Government has reduced the RSE labour quota from 14,400 to 2,000 this year, although I note there are still a few thousand RSEs who have rolled over their stay from last year. Additionally, there are thousands of backpackers also on an extended stay.

As a condition of receiving this smaller allocation of RSE workers, employers are required to pay the stipulated 'living wage' rate rather than minimum wage. This represents a 17% increase on the 2020 rate. In light of the uncertainty of labour supply, Industry has no choice but to take on these RSEs, and payment of the living wage is therefore likely to naturally ripple through to all workers in the industry regardless of status. This will become the effective minimum wage and Growers will be facing a stepped change in Growing, Harvesting and Processing costs as a result.

It remains to be seen whether this substantial increase in pay rate will result in more citizens being willing to work in Horticulture; we will find out soon enough but have sober expectations. Labour supply will again be the wild card for the 2021 harvest and the following growing season.

Avocados 2020/21 Season

A strong volume processed, however the dry summer conditions have been a contributor to a substantially smaller size profile for this season. This smaller fruit has fared well on the trees, with export recovery at 75% vs a 7-year average of 68%.

COVID-19 lockdown conditions had eased by the time Avocado harvest started, but shipping would have to be one of the most challenging on record, both with shipping lines and the clearance process at destination. There were some losses arising from the supply chain volatility, however they were minor, and overall fruit quality has been excellent.

Market conditions were strong with a drop in Australian domestic production, but for the first time in many years, Industry underestimated the crop, with a higher proportion of supply post-Christmas than was envisaged. This has proven a challenge for our marketers to find good homes for the unbudgeted late volume. With the shortage of Australian domestic supply, we have seen Chilean avocados enter the market. The impact to market has been muted, but this supply line will be one to watch in successive seasons.

Pollination and fruit set looks promising to date, and we look forward to the harvest season next spring/summer.

	2020/21	2019/20
EXPORT	771,607	624,515
CLASS 2	119,909	118,319
CLASS 3	52,772	70,449
OIL	84,456	130,383
	1,028,744	**943,666**

Associates

Primor Produce Limited again had a solid performance, also managing well through the COVID-19 environment, contributing $778K in associate earnings.

The financial statements show two new associates this year, with the Group's investments in Rangitaiki Orchard Limited Partnership and Waitotara Kiwifruit Limited Partnership, though due to the early stage of development of these orchards, associate earnings for these investments are minimal.

Looking ahead

The New Zealand Reserve Bank dropped the official cash rate to 0.25% in March 2020, with some countries now at negative interest rates. We are seeing capital hunting yield, and with the Horticultural sector generating consistent cashflow in turbulent times, it is no surprise to see orchard values inflating, particularly for kiwifruit.

Hundreds of millions of dollars of external capital are flowing into the sector off the back of spectacular success with the Sungold variety and the continued release of licence; these are heady times indeed. Although the short to medium term prognosis is for a continuation of this current environment, we note as recently as 2007 our OCR was 8.25%, and many will recall the double-digit interest costs in the late 80's. Asset values are sensitive to the overall cost of money; material changes here would influence asset values and could have a destabilizing effect particularly to those highly geared with debt.

That said, once the land is planted, the crops will need to be processed, and we have good fidelity on the future volumes. We have revisited our five year strategy and are maintaining course. The next five years will be challenging in the scale, velocity and complexity of the operation, however our plan to cater for our volume remains sound.

Market returns remain strong, however kiwifruit's exposure to China, and avocado's exposure to Australia remain key areas of interest.

Labour supply remains the most pressing issue, particularly for the peak demands of Sungold kiwifruit. We continue to invest in automation, controlled atmosphere trials and engagement with Zespri and the wider Industry on the commercial framework to alleviate peak load pressure. Staff with operational skills and management ability will become increasingly sought after, and our focus is on building a pipeline of up-and-coming skilled staff to rise to the challenge.

The Post-Harvest sector remains a low-profile but necessary component of the horticultural Industry, with hundreds of millions of dollars further investment required to keep pace with the crop volume growth. We continue to make every cent count, balancing the need for a stable dividend, and reinvestment in the future.

An ever-increasing burden of compliance remains one of our constants, whether it be to satisfy an increasingly discerning customer, foreign Government import standards or domestic policy.

Acknowledgments

In light of the extraordinary trading conditions, we have emerged with a very respectable result. I acknowledge and thank our Growers, Shareholders and Staff.

As indicated in my letter to you in December, I confirm that I will retire as Chairman and Director at the Annual General Meeting of Shareholders. Reflecting on the last nine years, there's been few dull moments, and it is particularly satisfying to track the progress that Apata has made in that time. This company is in a strong position with a clear plan to navigate the new chapters that lie ahead, and I'm confident we'll continue to meet those challenges as we have done so ably in the past.

I thank you for your support and wish you well, personally and in your businesses.

Thank you for your support.

GRAHAM CATHIE
Chairman

STUART WESTON
Managing Director

Apata™ TOGETHER WE'RE BETTER

Consolidated Financial Statements

For the year ended 31 December 2020

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Statutory Information

For the year ended 31 December 2020

1 Directors' 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
GRAHAM CATHIE	50,000	4,000	54,000
ALAN BIRLEY	25,000	-	25,000
SEAN CARNACHAN	25,000	-	25,000
MARK MAYSTON	25,000	5,000	30,000
SIMON ROBERTSON (APPOINTED 4 FEBRUARY 2020)	22,115	-	22,115
STUART WESTON	-	-	-

THE ABOVE PERSONS WERE HOLDING OFFICE AS DIRECTORS OF THE COMPANY AS AT 31 DECEMBER 2020.

Mark Mayston and Graham Cathie receive director fees for services as a director of Primor Produce Limited. These have been disclosed above as Other Benefits. Stuart 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 Directors, the sum of which is set out in Note 28 to the financial statements disclosing related party transactions.

Directors' Interests

DIRECTOR	POSITION	COMPANY
GRAHAM CATHIE	DIRECTOR	KIWIFRUIT MANAGEMENT SERVICES LIMITED
	DIRECTOR	OMNISCIENT HOLDINGS LIMITED
	DIRECTOR	PRIMOR PRODUCE LIMITED
	PARTNER	LOWLAND GREENSTONE ORCHARD PARTNERSHIP
ALAN BIRLEY	DIRECTOR	ROYDON KIWI LIMITED
	TRUSTEE	BIRLEY FAMILY TRUST
	TRUSTEE	ALAN BIRLEY TRUST
	TRUSTEE	PAT BIRLEY TRUST
	TRUSTEE	KEITH AND KAY BIRLEY TRUST
MARK MAYSTON	DIRECTOR	PURIRI LANE INVESTMENT NO 1 LIMITED
	DIRECTOR	PRIMOR PRODUCE LIMITED
	DIRECTOR	BRUNTWOOD FARMS LIMITED
	DIRECTOR	MANIAROA PROPERTIES LIMITED
	DIRECTOR	OPOU KIWI LIMITED
	DIRECTOR	SEESPRAY LIMITED
	DIRECTOR	RANGITAIKI ORCHARD GP LIMITED
SEAN CARNACHAN	DIRECTOR	WESTERN ORCHARDS LIMITED
	DIRECTOR	RAWHITI ORCHARD GP LIMITED
	DIRECTOR	WAITOTARA KIWIFRUIT GP LIMITED
SIMON ROBERTSON	DIRECTOR	BALLANCE AGRI-NUTRIENTS LIMITED
	DIRECTOR	INDEPENDENT TIMBER MERCHANTS CO-OPERATIVE LIMITED
	DIRECTOR	SYNLAIT MILK LIMITED
	DIRECTOR	SYNLAIT MILK FINANCE LIMITED
STUART WESTON	DIRECTOR	NZ GOLDEN KIWIFRUIT COMPANY LIMITED
	DIRECTOR	G4 KIWI SUPPLY LIMITED
	TRUSTEE	WESTON INVESTMENT TRUST

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.

Statutory Information Continued

2 Entries recorded in the interests register *(continued)*

Share dealings of directors

There were no share dealings with directors during the year ended 31 December 2020. During the year ended 31 December 2019, Stuart Weston sold 195,312 shares to Weston Investment Trust, of which Stuart Weston is a Trustee and Beneficiary.

Directors' shareholdings

Directors held the following number of shares at 31 December 2020:

ALAN BIRLEY	570,334	SHARES HELD BY ALAN BIRLEY
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	942,258	SHARES HELD BY BRUNTWOOD INVESTMENT TRUST OF WHICH MARK MAYSTON IS A BENEFICIARY
STUART WESTON	215,312	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 2020 nor any loans outstanding by Directors at 31 December 2020.

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.

3 Employees' remuneration

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

NUMBER OF EMPLOYEES	DEC 2020	DEC 2019
100,000 - 109,999	6	5
110,000 – 119,999	7	3
120,000 – 129,999	2	3
130,000 – 139,999	1	0
140,000 – 149,999	1	0
150,000 – 159,999	1	2
160,000 – 169,999	1	0
170,000 – 179,999	1	2
180,000 – 189,999	2	2
190,000 – 199,999	1	1
210,000 – 219,999	1	0
220,000 – 229,999	2	1
230,000 – 239,999	0	1
360,000 – 369,999	1	1

4 Audit fees

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

5 Donations

Donations of $21,000 were made during the period. (2019: $10,150)

Statutory Information Continued

Directors' Declaration

In the opinion of the Directors of Apata Group Limited, the consolidated financial statements and notes, on pages 11 to 33:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and the results of its operations and cash flows for the year ended on that date.
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the consolidated financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Markets Conduct 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 to the integrity and reliability of the consolidated financial statements.

The Directors are pleased to present the consolidated financial statements of Apata Group Limited and its subsidiaries for the year ended 31 December 2020.

For and on behalf of the Board of Directors:

C G CATHIE
Director
23 February 2021

S D ROBERTSON
Director
23 February 2021

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTE	2020 ($'000)	2019 ($'000)
ASSETS			
PROPERTY, PLANT AND EQUIPMENT	8	68,448	62,122
INVESTMENT PROPERTY	9	1,190	-
RIGHT-OF-USE ASSETS	11	12,357	6,664
TERM RECEIVABLES	12	88	175
OTHER INVESTMENTS	14	157	148
INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES	15	5,846	1,628
TOTAL NON-CURRENT ASSETS		**88,085**	**70,737**
INVENTORIES	17	2,838	2,650
BIOLOGICAL ASSETS	13	213	215
TRADE AND OTHER RECEIVABLES	18	13,258	7,099
ASSETS CLASSIFIED AS HELD FOR SALE	10	6,021	-
CASH AND CASH EQUIVALENTS	19	1,287	1,634
TOTAL CURRENT ASSETS		**23,617**	**11,598**
TOTAL ASSETS		**111,702**	**82,334**
EQUITY			
SHARE CAPITAL	20	11,457	11,457
RESERVES	20	3,723	1,973
RETAINED EARNINGS	20	28,980	25,948
TOTAL EQUITY		**44,159**	**39,378**
LIABILITIES			
LOANS AND BORROWINGS	21, 24	42,824	-
LEASE LIABILITIES	11	10,706	5,450
DEFERRED TAX LIABILITIES	16	200	345
TOTAL NON-CURRENT LIABILITIES		**53,730**	**5,794**
LOANS AND BORROWINGS	21, 24	-	26,980
LEASE LIABILITIES	11	2,060	1,396
EMPLOYEE BENEFITS PAYABLE	22	967	616
CURRENT TAX LIABILITY		322	541
TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES	23	10,464	7,629
TOTAL CURRENT LIABILITIES		**13,812**	**37,162**
TOTAL LIABILITIES		**67,543**	**42,957**
TOTAL EQUITY AND LIABILITIES		**111,702**	**82,334**

THE NOTES ON PAGES 14 TO 33 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTE	2020 ($'000)	2019 ($'000)
REVENUE	5	**75,053**	**66,319**
WAGES AND SALARIES		25,444	22,210
PACKAGING MATERIALS		15,279	12,932
PICKING & CARTAGE		4,223	3,253
ELECTRICITY		1,954	1,819
REPAIRS & MAINTENANCE		1,962	1,797
LEASE EXPENSES	11	1,051	951
GROWER PAYMENTS - CLASS 2 AND LOCAL MARKET		1,778	1,489
ORCHARD GROWING EXPENSES		348	227
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		7	11
DIRECTORS' FEES		159	130
AUDITORS' REMUNERATION - AUDIT FEES		39	28
OTHER EXPENSES		10,067	8,980
		62,312	**53,829**
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES, NET OF TAX	15	815	691
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION AND FAIR VALUE ADJUSTMENTS		**13,556**	**13,181**
DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT	8	4,274	3,843
DEPRECIATION ON RIGHT-OF-USE ASSETS	11	1,847	1,659
EARNINGS BEFORE INTEREST, TAX AND FAIR VALUE ADJUSTMENTS		**7,435**	**7,679**
FINANCE EXPENSE	6	1,804	1,762
EARNINGS BEFORE TAX AND FAIR VALUE ADJUSTMENTS		**5,630**	**5,917**
GAIN ON REVALUATION OF INVESTMENT PROPERTY	9	118	-
GAIN ON RIGHTS TRANSFERRED ON LEASE BACK OF ASSETS CLASSIFIED AS HELD FOR SALE		210	-
NET CHANGE IN FAIR VALUE OF CASHFLOW HEDGE	23	41	(81)
NET PROFIT BEFORE TAXATION		**5,999**	**5,836**
INCOME TAX EXPENSE	7	1,123	1,481
NET PROFIT FOR THE PERIOD		**4,876**	**4,355**
OTHER COMPREHENSIVE INCOME			
GAIN ON REVALUATION OF LAND	8	1,750	185
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**1,750**	**185**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**20**	**6,626**	**4,541**

THE NOTES ON PAGES 14 TO 33 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	NOTE	SHARE CAPITAL ($'000)	REVALUATION RESERVE ($'000)	ASSOCIATE RESERVE ($'000)	RETAINED EARNINGS ($'000)	TOTAL EQUITY ($'000)
OPENING BALANCE 1 JANUARY 2019		11,457	1,763	24	23,898	37,142
PROFIT FOR THE PERIOD		-	-	-	4,355	4,355
OTHER COMPREHENSIVE INCOME		-	185	-	-	185
DIVIDEND PAID		-	-	-	(2,305)	(2,305)
CLOSING BALANCE AT 31 DECEMBER 2019		**11,457**	**1,948**	**24**	**25,948**	**39,378**
PROFIT FOR THE PERIOD		-	-	-	4,876	4,876
OTHER COMPREHENSIVE INCOME		-	1,750	-	-	1,750
DIVIDEND PAID	20	-	-	-	(1,845)	(1,845)
CLOSING BALANCE AT 31 DECEMBER 2020	**20**	**11,457**	**3,698**	**24**	**28,980**	**44,159**

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	2020 ($'000)	2019 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH RECEIPTS FROM CUSTOMERS		69,933	66,864
CASH PAID TO SUPPLIERS AND EMPLOYEES		(59,251)	(55,765)
INTEREST PAID ON FINANCIAL LIABILITIES		(1,524)	(1,499)
INTEREST PAID ON LEASE LIABILITIES		(331)	(291)
INCOME TAX RECEIVED (PAID)		(1,487)	(1,440)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**27**	**7,340**	**7,870**
CASH FLOWS FROM INVESTING ACTIVITIES			
INTEREST RECEIVED		10	9
DIVIDENDS RECEIVED		761	641
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		12	14
PROCEEDS FROM SALE OF ASSETS CLASSIFIED AS HELD FOR SALE		4,112	-
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		(6,485)	(4,902)
ACQUISITION OF ASSETS CLASSIFIED AS HELD FOR SALE		(13,253)	-
ACQUISITION OF INVESTMENT PROPERTY		(1,064)	-
ACQUISITION OF OTHER INVESTMENTS		(4,159)	(13)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(20,067)**	**(4,251)**
CASH FLOWS FROM FINANCING ACTIVITIES			
DRAWDOWN OF LOANS		42,824	4,465
REPAYMENT OF LOANS		(26,980)	(3,880)
REPAYMENT OF LEASE LIABILITIES		(1,620)	(1,478)
DIVIDENDS PAID		(1,845)	(2,305)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**12,380**	**(3,198)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(347)	422
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,634	1,212
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**19**	**1,287**	**1,634**

THE NOTES ON PAGES 14 TO 33 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Notes to the Consolidated 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 consolidated financial statements presented are those of Apata Group Limited and its wholly owned subsidiaries, Apata Suppliers Limited, Apata Group ESI Trustee Limited, Apata Orchard Investments Limited, Rawhiti Orchard GP Limited, Rangitaiki Orchard GP Limited and Waitotara Kiwifruit GP Limited (collectively "the Group") as at and for the year ended 31 December 2020.

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 Markets Conduct Act 2013 and the Companies Act 1993. The Group is profit oriented.

The financial statements have been prepared on a going concern basis. The directors have assessed the risk on operational performance due to the pandemic as low (Note 30). Banking facilities have been secured for a further three years, and budgets and internal financial reports are regularly reviewed. For this reason, the Group continues to adopt the going concern basis for preparing financial statements. The financial statements were approved by the Board of Directors on 23 February 2021.

(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
- investment property 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 ($), which is the Group's functional currency. All financial information has been presented in thousands of dollars ($'000) unless otherwise stated.

(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 – Property, plant and equipment
- Note 9 – Investment property
- Note 10 – Assets classified as held for sale
- Note 11 – Leases as lessee - right-of-use assets
- Note 13 – Biological assets
- Note 24 – 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 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 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.

Notes to the Consolidated Financial Statements

3 Significant accounting policies *(continued)*

(a) Basis of consolidation (continued)

(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 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 recorded at fair value. 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 Profit or Loss.

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 Profit or Loss as incurred.

(iii) Depreciation
Depreciation is recognised in Profit or Loss 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) Investment property
Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in Profit or Loss. Investment property is not depreciated.

Any gain or loss on disposal of investment property is recognised in Profit or Loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(d) Assets classified as held for sale
Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily though the sale rather than through continuing use.

These assets are measured at the lower of carrying value and fair value less costs to sell as required by NZ IFRS 5, based on independent valuations of the properties at year end as detailed in Note 10. Any change in carrying value is recognised in Profit or Loss.

Any gain or loss on disposal of assets classified as held for sale is recognised in Profit or Loss.

(e) 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 Profit or Loss. 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.

(f) 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.

(g) Leases
Lease liabilities are measured at the present value of future lease payments, discounted by the incremental borrowing rate or the rate implicit in the lease. The incremental borrowing rate applied to the lease liabilities is the prevailing term loan rate at the time of entering in to the lease.

Right of use assets are initially accounted for at cost, being the initial amount of the lease liability. Right of use assets are subsequently depreciated over the term of the lease on a straight line basis. When considering the lease term, the Group applies judgement in determining whether it is reasonably certain that an extension or termination option will be exercised.

3 Significant accounting policies *continued*

(h) 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.

(i) 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 consolidated Statement of Cash Flows.

Accounting for finance income and expense is discussed in Note 3(n).

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 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 Profit or Loss.

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 Profit or Loss.

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, or a portion of the hedge, is ineffective, changes in fair value are recognised in Profit or Loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to Profit or Loss in the same period that the hedged item affects profit or loss.

(iv) Share capital

Ordinary shares

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

(j) 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 Profit or Loss.

(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 Profit or Loss.

(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.

(k) 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 has, in the past, operated 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 operated an Employee Share Scheme (ESS) under which shares are held by a trustee company which is a subsidiary of the Company.

Certain employees had 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.

(l) 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.

(m) 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.

(n) 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 Profit or Loss.

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 financial liabilities, interest expense on lease liabilities, 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 Profit or Loss. All borrowing costs are recognised in Profit or Loss using the effective interest method.

(o) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in Profit or Loss 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.

(p) New standards adopted and interpretations not yet adopted

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

(ii) Standards and interpretations issued, not yet effective

There are currently no standards, amendments or interpretations issued but not yet effective which are relevant to the Company.

4 Determination of fair values

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

(a) Property, plant and equipment

Land is recorded at fair value. The fair value of land is valued based on market value. The market value of land is based on independent valuations.

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 Directors' valuation.

(b) Biological assets

Biological assets are the crops growing on kiwifruit vines on the Group's leased orchards. Kiwifruit on vine is valued at fair value at reporting date in accordance with NZ IAS 41 Agriculture. The method to determine fair value depends on the degree of biological transformation at balance date.

When insufficient biological transformation has occurred, the fair value is the cost incurred at balance date to grow the crops, adjusted for any cost not deemed recoverable. When sufficient biological transformation has occurred, fair value is the estimated net market return less selling costs and costs to market. The estimated market return less selling costs is established by reference to current and expected sales returns when available.

When market data is not available an assessment is made based on historical data.

(c) Investment property

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and experience in the location and category of the property. The independent valuers provide the fair value of the investment property at the Group's balance date.

(d) Assets classified as held for sale

In determining the lower of carrying value or fair value in accordance with NZ IFRS 5, the fair value of assets classified as held for sale is determined using valuations by an independent valuer. In conducting the valuations, the valuer considered the market comparison approach and the replacement cost less depreciation approach to determine market value.

(e) 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.

(f) 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 Profit or Loss.

(g) 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.

(h) 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

	2020($'000)	2019 ($'000)
SERVICES	56,863	51,121
SALES	17,205	14,540
COMMISSION	960	628
FINANCE INCOME	24	30
TOTAL REVENUES	**75,053**	**66,319**

6 Finance income and expense

	2020($'000)	2019 ($'000)
INTEREST INCOME	10	9
SHARES AND DIVIDEND INCOME	14	21
FINANCE INCOME	**24**	**30**
INTEREST EXPENSE ON FINANCIAL LIABILITIES	1,473	1,471
INTEREST EXPENSE ON LEASE LIABILITIES	331	291
FINANCE EXPENSE	**1,804**	**1,762**
NET FINANCE COSTS	**1,780**	**1,732**

7 Income tax expense

	2020($'000)	2019 ($'000)
CURRENT TAX EXPENSE		
CURRENT PERIOD	1,267	1,296
DEFERRED TAX EXPENSE		
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	83	185
CHANGE IN TAX RULES ON BUILDING DEPRECIATION	(227)	-
	(144)	185
TOTAL INCOME TAX EXPENSE	**1,123**	**1,481**

On 25 March 2020 the government reinstated depreciation on non-residential buildings as a tax deductible expenditure. The effect of this change in the 2020 financial statements was to decrease tax expense by $227,019 and decrease deferred tax liability by $227,019.

RECONCILIATION OF EFFECTIVE TAX RATE		
PROFIT BEFORE INCOME TAX	5,999	5,836
IMPUTATION CREDITS ON DIVIDENDS RECEIVED	5	6
TAXABLE INCOME	**6,004**	**5,842**
INCOME TAX USING THE GROUP'S DOMESTIC TAX RATE 28% (2019: 28%)	1,681	1,636
NET CHANGE IN FAIR VALUE OF CASHFLOW HEDGE	(11)	23
GAIN ON REVALUATION OF INVESTMENT PROPERTY	(59)	-
GAIN ON RIGHTS TRANSFERRED ON LEASE BACK OF HELD FOR SALE ASSET	(34)	-
OTHER NON-DEDUCTIBLE EXPENSES	14	22
IMPUTATION CREDITS RECEIVED	(5)	(6)
LESS TAX ON SHARE OF ASSOCIATES PROFIT RECORDED NET OF TAX	(228)	(194)
CHANGE IN TAX RULES ON BUILDING DEPRECIATION	(227)	-
PRIOR PERIOD ADJUSTMENT	(8)	(0)
TOTAL INCOME TAX EXPENSE	**1,123**	**1,481**
IMPUTATION CREDITS		
IMPUTATION CREDITS AT THE BEGINNING OF THE PERIOD	7,310	6,521
TAX PAYMENTS, NET OF REFUNDS	1,488	1,439
IMPUTATION CREDITS ATTACHED TO DIVIDENDS RECEIVED	281	247
IMPUTATION CREDITS ATTACHED TO DIVIDENDS PAID	(717)	(896)
IMPUTATION CREDITS AT THE END OF THE PERIOD	**8,362**	**7,310**

8 Property, plant and equipment

	LAND ($'000)	LAND LEASED TO LESSEES ($'000)	BUILDINGS ($'000)	BUILDINGS LEASED TO LESSEES ($'000)	VEHICLES & PLANT ($'000)	VEHICLES & PLANT LEASED TO LESSEES ($'000)	OFFICE EQUIPMENT ($'000)	TOTAL ($'000)
COST / VALUATION								
BALANCE AT 1 JANUARY 2020	8,101	994	47,733	2,199	23,716	56	2,210	85,008
ADDITIONS	-		4,241	-	4,702	-	286	9,229
DISPOSALS	-		(4)	-	(451)	-	(31)	(486)
TRANSFERS	-	-	-	-	-	-		-
INCREASE FROM REVALUATIONS	1,750		-	-	-	-	-	1,750
BALANCE AT 31 DECEMBER 2020	**9,851**	**994**	**51,970**	**2,199**	**27,966**	**56**	**2,466**	**95,501**
BALANCE AT 1 JANUARY 2019	7,133	1,132	47,843	2,199	19,710	56	1,831	79,904
ADDITIONS	-		548	-	4,098	-	379	5,025
DISPOSALS	-		(14)	-	(92)	-	-	(106)
TRANSFERS	783	(138)	(645)	-	-	-		-
INCREASE FROM REVALUATIONS	185		-	-	-	-	-	185
BALANCE AT 31 DECEMBER 2019	**8,101**	**994**	**47,733**	**2,199**	**23,716**	**56**	**2,210**	**85,008**
DEPRECIATION AND IMPAIRMENT LOSSES								
BALANCE AT 1 JANUARY 2020	-	-	11,278	235	9,758	11	1,604	22,887
DEPRECIATION FOR THE PERIOD	-	-	1,896	53	2,009	3	313	4,274
DISPOSALS	-	-	-	-	(108)	-	-	(108)
BALANCE AT 31 DECEMBER 2020	**-**	**-**	**13,174**	**288**	**11,660**	**15**	**1,917**	**27,053**
BALANCE AT 1 JANUARY 2019	-	-	9,485	183	8,114	8	1,335	19,126
DEPRECIATION FOR THE PERIOD	-	-	1,799	53	1,719	3	269	3,843
DISPOSALS	-	-	(6)	-	(75)	-	-	(82)
BALANCE AT 31 DECEMBER 2019	**-**	**-**	**11,278**	**235**	**9,758**	**11**	**1,604**	**22,887**
CARRYING AMOUNTS								
AT 31 DECEMBER 2020	9,851	994	38,796	1,911	16,306	41	549	68,448
AT 31 DECEMBER 2019	8,101	994	36,455	1,964	13,958	44	606	62,122

Security
At 31 December 2020 land and buildings with a carrying amount of $51,552,041 (2019: $47,513,807) are subject to a registered debenture to secure bank loans (see Notes 21 & 24).

Revaluation
The land values for the Turntable Hill Road Apata facility, Mends Lane Te Puke facility, Old Coach Road Te Puke site and 1623 SH2 Apata site were assessed by independent registered valuer Simon Harris (FNZIV, FPINZ) of Property Solutions (BOP) Limited.

	(HA)	($/SQM)	($'000)
TURNTABLE HILL ROAD & 1623 SH2, APATA	13.0	38.5	5,000
MENDS LANE, TE PUKE	5.7	45.6	2,600
OLD COACH ROAD, TE PUKE	5.8	44.5	2,600

The valuation at 31 December 2020 resulted in the recognition of Other Comprehensive Income of $1,750,000 (2019: $185,292).

The total cost of land at 31 December 2020 was $7,146,690. (2019: $7,146,690).

Fully depreciated assets
Assets with a cost of $3,430,351 (2019: $2,295,092) 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.

Lease payments received from lessees
The Company uses land and buildings on its Old Coach Road, Te Puke site for coolstorage as part of its post-harvest business. Certain land and buildings on the site are also leased to an external lessee for a five year period to 31 March 2021, with a further right of renewal of five years in favour of the lessee. This lease relates back to the purchase of the land and was a condition of purchase. Once the lease expires it is the intention of the Group to use the leased assets as production assets. A residential dwelling and orchard land on the same property is leased to another external lessee for a five year period to 31 March 2026. Once this lease expires it is the intention of the Group to use the dwelling as accommodation for post-harvest employees. During the year to 31 December 2020, $300,123 was received from Lessees in relation to leased assets. (2019: $300,123)

MINIMUM FUTURE LEASE PAYMENTS RECEIVABLE ARE AS FOLLOWS:

	2020 ($'000)	2019 ($'000)
LESS THAN ONE YEAR	68	288
BETWEEN ONE AND FIVE YEARS	-	68
MORE THAN FIVE YEARS	-	-
CLOSING BALANCE	**68**	**356**

9 Investment property

	2020 ($'000)	2019 ($'000)
BALANCE AT 1 JANUARY	-	-
ACQUISITIONS	1,072	-
CHANGE IN FAIR VALUE	118	-
BALANCE AT 31 DECEMBER	**1,190**	**-**

Investment property comprises of two residential dwellings that the Group intends to lease to third parties to provide accommodation for orchard development & seasonal labour.

Investment properties are measured at fair value and are revalued to their estimated fair value as at 31 December 2020 in accordance with the valuation report dated 29 January 2021 by independent registered valuer Simon Harris (FNZIV, FPINZ) of Property Solutions (BOP) Limited.

10 Assets classified as held for sale

CARRYING VALUE	LAND ($'000)	TOTAL ($'000)
BALANCE AT 1 JANUARY 2020	-	-
ADDITIONS	13,914	13,914
DISPOSALS	(7,893)	(7,893)
BALANCE AT 31 DECEMBER 2020	**6,021**	**6,021**
CARRYING AMOUNTS		
AT 31 DECEMBER 2020	6,021	6,021
AT 31 DECEMBER 2019	-	-

In 2020 the Group purchased approximately 161 hectares of land in Edgecumbe. The Group has since sold and leased back approximately 82 hectares to Rangitaiki Orchard Limited Partnership, an associate of the Group, for the purposes of developing and growing green kiwifruit. The Group is in advanced negotiations with various third parties to sell the remaining assets during 2021, though no contracts had been finalised at balance date. The Group has determined that it is highly probable that these assets will be sold within the next 12 months and are therefore presented as a disposal group held for sale.

Assets classified as held for sale are measured at the lower of carrying value or fair value. Independent registered valuer, Simon Harris (FNZIV, FPINZ) of Property Solutions (BOP) Limited assessed fair value as being greater than carrying value.

11 Leases as lessee

RIGHT-OF-USE ASSETS	LAND ($000)	BUILDINGS ($000)	VEHICLES & PLANT ($000)	OFFICE EQUIPMENT ($000)	TOTAL ($000)
COST / VALUATION					
BALANCE AT 1 JANUARY 2020	286	6,209	1,764	65	8,324
ADDITIONS	5,770	690	1,080	-	7,539
COMPLETED LEASES	-	(400)	-	-	(400)
BALANCE AT 31 DECEMBER 2020	**6,056**	**6,499**	**2,843**	**65**	**15,463**
BALANCE AT 1 JANUARY 2019	286	6,209	1,025	65	7,585
ADDITIONS	-	-	738	-	738
BALANCE AT 31 DECEMBER 2019	**286**	**6,209**	**1,764**	**65**	**8,324**
DEPRECIATION AND IMPAIRMENT LOSSES					
BALANCE AT 1 JANUARY 2020	9	1,190	436	24	1,659
DEPRECIATION FOR THE PERIOD	158	984	680	24	1,847
COMPLETED LEASES	-	(400)	-	-	(400)
BALANCE AT 31 DECEMBER 2020	**167**	**1,775**	**1,116**	**48**	**3,106**
BALANCE AT 1 JANUARY 2019	-	-	-	-	-
DEPRECIATION FOR THE PERIOD	9	1,190	436	24	1,659
BALANCE AT 31 DECEMBER 2019	**9**	**1,190**	**436**	**24**	**1,659**
CARRYING AMOUNTS					
AT 31 DECEMBER 2020	**5,889**	**4,724**	**1,727**	**17**	**12,357**
AT 31 DECEMBER 2019	**277**	**5,019**	**1,328**	**41**	**6,664**

11 Leases as lessee *continued*

LEASE LIABILITIES	LAND ($000)	BUILDINGS ($000)	VEHICLES & PLANT ($000)	OFFICE EQUIPMENT ($000)	TOTAL ($000)
BALANCE AT 1 JANUARY 2020	282	5,182	1,340	41	6,846
ADDITIONS	5,892	690	1,080	-	7,661
INTEREST EXPENSE ON LEASE LIABILITIES	55	208	68	1	331
LEASE PAYMENTS	(189)	(1,105)	(754)	(25)	(2,073)
BALANCE AT 31 DECEMBER 2020	**6,040**	**4,975**	**1,733**	**17**	**12,765**
BALANCE AT 1 JANUARY 2019	286	6,209	1,025	65	7,585
ADDITIONS	-	-	738	-	738
INTEREST EXPENSE ON LEASE LIABILITIES	12	231	46	2	291
LEASE PAYMENTS	(16)	(1,258)	(469)	(25)	(1,769)
BALANCE AT 31 DECEMBER 2019	**282**	**5,182**	**1,340**	**41**	**6,846**

CARRYING VALUE	2020 ($'000)	2019 ($'000)
CURRENT	2,060	1,396
NON - CURRENT	10,706	5,450
BALANCE AT 31 DECEMBER	**12,765**	**6,846**

Leases include orchards, coolstores, land and office leases, forklifts, vehicles and photocopiers. The maturity of lease liabilities is disclosed under Quantitative Disclosures - Liquidity Risk in Note 24.

Leases not included in lease liabilities
Certain leases which have not been included in lease liabilities are:

- short term leases, in accordance with paragraph 6 of NZ IFRS 16
- leases with variable lease payments
- leases with uncertain lease payments

Lease payments associated with these leases are shown as an expense in Profit or Loss on a straight line basis over the lease term or other appropriate systematic basis.

Short-term leases
The portfolio of short term leases committed to at the end of the reporting period is not dissimilar to the portfolio of short-term leases to which the short term lease expense in the current reporting period relates to.

Leases with uncertain lease payments
The Group leases orchards to grow kiwifruit. The leases typically run for a period of one to three years, with an option to renew the lease after that date. The leases require that returns are shared with the owners once certain profit levels are attained. The amount of the liability can only be quantified when the amount of profits from the orchard have been determined.

TOTAL CASH OUTFLOW FOR LEASES	2020 ($'000)	2019 ($'000)
INTEREST EXPENSE ON LEASE LIABILITIES	331	291
LEASE LIABILITIES PRINCIPAL REPAYMENTS	1,741	1,478
LEASE EXPENSE RELATING TO SHORT-TERM LEASES	739	696
LEASE EXPENSE RELATING TO VARIABLE LEASE PAYMENTS NOT INCLUDED IN LEASE LIABILITIES	94	147
LEASE EXPENSE RELATING TO UNCERTAIN LEASE PAYMENTS	218	108
TOTAL CASH OUTFLOW FOR LEASES	**3,124**	**2,720**

12 Term receivables

	2020 ($'000)	2019 ($'000)
PREPAID SUPPLY AGREEMENT	88	175
CLOSING BALANCE	**88**	**175**

PREPAID SUPPLY AGREEMENT		
OPENING BALANCE	175	263
CURRENT PORTION OF PREPAID SUPPLY AGREEMENT	(88)	(88)
CLOSING BALANCE	**88**	**175**

The prepaid supply agreement relates to an agreement entered into for the supply of 1.75m trays of class 1 kiwifruit to the Group over a five year period from 2018 to 2022 inclusively. Should the supply of fruit occur earlier than the five years, the amortisation of the prepayment will adjust accordingly.

13 Biological assets

	2020 ($'000)	2019 ($'000)
OPENING BALANCE	215	136
INCREASE DUE TO EXPENDITURE ON THE VINES	213	215
HARVESTED KIWIFRUIT TRANSFERRED TO INVENTORIES	(215)	(136)
CLOSING BALANCE	**213**	**215**

At 31 December 2020 biological assets consists of kiwifruit on leased vines. Leased orchards are expected to produce an estimated 84,800 tray equivalents from four orchards for the 2021 season crop (2020 season: 81,112). The orchards will be harvested between April and June 2021. Insufficient biological transformation has occurred at balance date. As such, the fair value of biological assets is the growing costs incurred at balance date. All biological assets are subject to a general security arrangement referred to in Note 21.

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.

14 Other investments

AVAILABLE FOR SALE INVESTMENTS	2020 ($'000)	2019 ($'000)
MG MARKETING LIMITED	138	129
BALLANCE AGRI-NUTRIENTS LIMITED	16	16
FARMLANDS	3	3
TOTAL OTHER INVESTMENTS	**157**	**148**

Shares held in MG Marketing Limited
Shares held in MG Marketing Limited are transactor shares with a face value of $1.00 per share. Should the Group cease to transact with MG Marketing the shares are able to be surrendered for $1.00 per share. Consequently, face value is assumed to be fair value.

The Group holds 137,533 shares at 31 December 2021 (2020: 128,865 shares held).

15 Investment in equity accounted associates

Investment in associates is accounted for using the equity method of accounting, after initially being recognised at cost.

		SHARE OF ISSUED CAPITAL AND VOTING RIGHTS	
THE GROUP'S ASSOCIATES ARE:	**BUSINESS ACTIVITY**	**2020**	**2019**
PRIMOR PRODUCE LIMITED	FRUIT MARKETING	33%	33%
RANGITAIKI ORCHARD LIMITED PARTNERSHIP	DEVELOP AND GROW KIWIFRUIT	21%	0%
WAITOTARA KIWIFRUIT LIMITED PARTNERSHIP	DEVELOP AND GROW KIWIFRUIT	38%	0%

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

Rangitaiki Orchard Limited Partnership and Waitotara Kiwifruit Limited Partnership are limited partnerships registered in New Zealand and have 31st March balance dates. The Group does not have significant influence over management of these associates but does have representation on the General Partner Boards.

	2020 ($'000)	**2019 ($'000)**
RESULTS OF ASSOCIATE COMPANIES		
SHARE OF PROFIT BEFORE INCOME TAX	1,083	961
INCOME TAX	(269)	(270)
NET PROFIT	**815**	**691**
MOVEMENT IN CARRYING VALUE OF ASSOCIATES		
CARRYING VALUE AT BEGINNING OF PERIOD	1,628	1,557
NET EARNINGS	815	691
DIVIDENDS RECEIVED	(746)	(620)
ACQUISITIONS	4,150	-
BALANCE AT END OF PERIOD	**5,846**	**1,628**

ASSOCIATES SUMMARY FINANCIAL INFORMATION	**2020 ($'000)**	**2019 ($'000)**
PRIMOR PRODUCE LIMITED (33% OWNERSHIP)		
NET ASSETS	5,089	4,883
NET PROFIT AFTER TAX	2,335	2,074
SHARE OF NET ASSETS	1,696	1,628
SHARE OF PROFIT	778	691
RANGITAIKI ORCHARD LIMITED PARTNERSHIP (21% OWNERSHIP)		
NET ASSETS	13,911	-
NET PROFIT AFTER TAX	185	-
SHARE OF NET ASSETS	2,902	-
SHARE OF PROFIT	38	-
WAITOTARA KIWIFRUIT LIMITED PARTNERSHIP (38% OWNERSHIP)		
NET ASSETS	3,244	-
NET PROFIT AFTER TAX	(6)	-
SHARE OF NET ASSETS	1,248	-
SHARE OF PROFIT	(2)	-

16 Deferred tax assets and liabilities

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	2020			2019		
	ASSETS ($'000)	LIABILITIES ($'000)	NET ($'000)	ASSETS ($'000)	LIABILITIES ($'000)	NET ($'000)
PROPERTY, PLANT AND EQUIPMENT	-	(526)	(526)	-	(512)	(512)
RIGHT OF USE ASSETS	80	-	80	51	-	51
EMPLOYEE BENEFITS	246	-	246	117	-	117
BIOLOGICAL ASSETS	-	(60)	(60)	-	(60)	(60)
OTHER ITEMS	59	-	59	60	-	60
TAX ASSETS/(LIABILITIES)	**385**	**(585)**	**(200)**	**228**	**(572)**	**(345)**

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE PERIOD	BALANCE 1 JANUARY ($'000)	RECOGNISED IN PROFIT OR LOSS ($'000)	RECOGNISED IN EQUITY ($'000)	BALANCE 31 DECEMBER ($'000)
2020				
PROPERTY, PLANT AND EQUIPMENT	(512)	(14)	-	(526)
RIGHT OF USE ASSETS	51	29	-	80
EMPLOYEE BENEFITS	117	129	-	246
BIOLOGICAL ASSETS	(60)	1	-	(60)
OTHER ITEMS	60	(1)	-	59
	(345)	**144**	**-**	**(200)**
2019				
PROPERTY, PLANT AND EQUIPMENT	(313)	(199)	-	(512)
RIGHT OF USE ASSETS	-	51	-	51
EMPLOYEE BENEFITS	84	33	-	117
BIOLOGICAL ASSETS	(38)	(22)	-	(60)
OTHER ITEMS	108	(48)	-	60
	(159)	**(185)**	**-**	**(345)**

17 Inventories

	2020 ($'000)	2019 ($'000)
PACKAGING MATERIALS AT COST	1,584	1,920
ORCHARDING STOCKS AT COST	1,358	815
LESS PROVISION FOR OBSOLESCENCE	(104)	(84)
TOTAL INVENTORIES	**2,838**	**2,650**
OPENING PROVISION FOR OBSOLESCENCE	84	267
EXPENSED (RELEASED) TO PROFIT OR LOSS	20	(182)
CLOSING PROVISION FOR OBSOLESCENCE	**104**	**84**

In 2020 raw materials, consumables and changes in inventory recognised as cost of sales amounted to $15,758,122 (2019: $13,543,349). In 2020 the write-down of inventories to net realisable value amounted to $104,072 (2019: $84,206). No inventories are subject to retention of title clauses (2019: nil). All inventories are subject to a general security arrangement referred to in Note 21.

18 Trade and other receivables

	NOTE	2020 ($'000)	2019 ($'000)
TRADE AND OTHER RECEIVABLES DUE FROM RELATED PARTIES	28	8,376	1,756
TRADE RECEIVABLES FROM THIRD PARTIES		2,948	2,271
PREPAYMENTS		516	1,874
OTHER RECEIVABLES		1,418	1,198
		13,258	**7,099**

All trade and other receivables are subject to a general security arrangement referred to in Note 21.

PROVISION FOR DOUBTFUL DEBTS

	2020 ($'000)	2019 ($'000)
OPENING PROVISION FOR DOUBTFUL DEBTS	43	43
EXPENSED (RELEASED) TO PROFIT OR LOSS	15	-
CLOSING PROVISION FOR DOUBTFUL DEBTS	**58**	**43**

During the year no trade receivables were written off as a bad debt (2019: $nil). A provision of $57,828 was made at 31 December 2020 for receivables not considered fully receivable (2019: provision $43,326). All other trade and other receivables are considered fully collectible.

19 Cash and cash equivalents

	2020 ($'000)	2019 ($'000)
BANK BALANCES	128	83
CALL DEPOSITS	1,158	1,550
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	**1,287**	**1,634**

The average effective interest rate on call deposits in 2020 was 0.8% (2019: 1.2%). All cash and cash equivalents are subject to a general security arrangement referred to in Note 21. In addition, all balances are subject to setoff against loans.

The Group has available a $250,000 overdraft facility at 31 December 2020, which is unutilised at balance date. (2019: $250,000, which was unutilised).

20 Capital and reserves

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

	SHARE CAPITAL ($'000)	TREASURY SHARE CAPITAL ($'000)	REVALUATION RESERVE ($'000)	ASSOCIATES RESERVE ($'000)	RETAINED EARNINGS ($'000)	TOTAL EQUITY ($'000)
BALANCE AT 1 JANUARY 2020	11,634	(177)	1,948	24	25,948	39,378
TOTAL COMPREHENSIVE INCOME	-	-	1,750	-	4,876	6,626
DIVIDEND PAID	-	-	-	-	(1,845)	(1,845)
BALANCE AT 31 DECEMBER 2020	**11,634**	**(177)**	**3,698**	**24**	**28,980**	**44,159**
BALANCE AT 1 JANUARY 2019	11,634	(177)	1,763	24	23,898	37,142
TOTAL COMPREHENSIVE INCOME	-	-	185	-	4,355	4,541
DIVIDEND PAID	-	-	-	-	(2,305)	(2,305)
BALANCE AT 31 DECEMBER 2019	**11,634**	**(177)**	**1,948**	**24**	**25,948**	**39,378**

20 Capital and reserves *continued*

Investment in associates is accounted for using the equity method of accounting, after initially being recognised at cost.

AUTHORISED AND ISSUED SHARE CAPITAL

	2020 ($'000)	2019 ($'000)
NUMBER OF SHARES		
ORDINARY SHARES	9,224	9,224
TREASURY SHARES	211	211
	9,435	**9,435**
ORDINARY SHARES		
OPENING BALANCE	9,224	9,224
SHARES REPURCHASED AND CANCELLED BY THE COMPANY	-	-
SHARES VESTED TO EMPLOYEES UNDER THE EMPLOYEE SHARE SCHEME	-	-
CLOSING BALANCE	**9,224**	**9,224**

All authorised shares have been issued and all issued shares are fully paid. The shares have no par value. 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.

TREASURY SHARES

	2020 ($'000)	2019 ($'000)
OPENING BALANCE	211	211
SHARES VESTED TO EMPLOYEES UNDER THE EMPLOYEE SHARE SCHEME	-	-
CLOSING BALANCE	**211**	**211**

Treasury shares
The Group operated an employee share scheme from 2014 to 2018. Under the scheme shares are held by a trustee company which is a subsidiary of the Company. At 31 December 2020 the trustee company still holds 211,254 shares (2019: 211,254 shares), however there are currently no active employee members of the scheme.

Revaluation reserve
The revaluation reserve relates to the revaluation of land.

Dividends
The following dividends were declared and paid by the Group during the year ended 31 December 2020:

	2020 ($'000)	2019 ($'000)
$0.2000 PER QUALIFYING ORDINARY SHARE (2019: $0.2500)	**1,845**	**2,305**

On the 25th February 2020 the Directors declared a gross dividend of $0.2778 or $0.2000 per share fully imputed, which was paid on 17th March 2020. (2019: On the 26th February 2019 the Directors declared a gross dividend of $0.3472 or $0.2500 per share fully imputed, which was paid on 8th March 2019).

21 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 24.

	2020 ($'000)	2019 ($'000)
NON-CURRENT LIABILITIES		
SECURED BANK LOANS	42,824	-
CURRENT LIABILITIES		
SECURED BANK LOANS	-	26,980

The Group's borrowings consist of Customised Average Rate Term Loans (CARLs) which mature in November 2023 (2019: October 2020).

The current portion represents required principal repayments due within twelve months from reporting date. The average interest rate at 31 December 2020 on the secured borrowings is 3.47% (December 2019: 4.21%). The bank loans are secured over land and buildings with a carrying amount of $51,552,041 (2019: $47,513,807). The bank has a first ranking general security arrangement over all present and acquired property. The carrying amount of loans is equivalent to the fair value. At 31 December 2020 the total bank funding facility available to the Group was $75.1m, of which $32.3m remained undrawn. (2019: $31.6m of which $4.7m remained undrawn).

The bank facility requires certain financial covenants to be met at 31 December 2020. These covenants include the maintenance of equity ratios and earnings times interest cover. These covenants were met at 31 December 2020. (2019: Covenants met). At 30 June 2020, the Group breached its equity ratio covenant due to the purchase of the Edgecumbe land for orchard development which had yet to be partially disposed at the time. The bank issued a formal waiver of the covenant breach as it was during the period of re-negotiation of a much larger funding facility, which was renewed in November 2020.

22 Employee benefits payable

	2020 ($'000)	2019 ($'000)
ANNUAL LEAVE	967	616
TOTAL EMPLOYEE BENEFITS PAYABLE	**967**	**616**

23 Trade and other payables

	2020 ($'000)	2019 ($'000)
TRADE PAYABLES	3,673	1,354
PAYABLE TO INLAND REVENUE	841	1,205
PAYABLE TO APATA SUPPLIERS ENTITY LTD	2,738	2,738
PAYABLE TO OTHER RELATED PARTIES	149	121
DERIVATIVES	321	362
NON-TRADE PAYABLES AND ACCRUED EXPENSES	2,742	1,849
	10,464	7,629

DERIVATIVES		
OPENING BALANCE	362	281
NET CHANGE IN FAIR VALUE OF CASHFLOW HEDGE	(41)	81
CLOSING BALANCE	**321**	**362**

24 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. Working capital is usually negative at balance date. However, this is a timing issue only, as most cash in the business is generated between April and December. The non-cash generating months of January to March are covered by available undrawn secured bank loans. At balance date there was $32.3m of secured bank loans undrawn, of which $15.0m is specifically for working capital (2019: $4.7m undrawn). There is sufficient bank loan facility to cover operational working capital requirements. There are no scheduled debt repayments prior to November 2023.

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 chief financial officer, managing director and Board of Directors are responsible for overseeing the management of interest rate risk, derivative activities, monitoring and reporting. Treasury policy requires the duration of interest rate derivatives to be staggered to provide risk mitigation on interest rate repricing. As such, interest rate derivatives are held for differing terms. This means that the interest rate derivatives will be classified as an ineffective cashflow hedge in accordance with NZ IFRS 9 Financial Instruments because the amounts and expiry dates do not align with the underlying term loan.

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 (2019: nil). Within trade receivables there is $292,563 of past due receivables between 30 and 120 days (2019: $591,957).

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 and other non-derivative liabilities as at the reporting date.

	STATEMENT OF FINANCIAL POSITION ($'000)	CONTRACTUAL CASH FLOWS ($'000)	6 MONTHS OR LESS ($'000)	6-12 MONTHS ($'000)	1-2 YEARS ($'000)	2-5 YEARS ($'000)	MORE THAN 5 YEARS ($'000)
2020							
SECURED BANK LOANS	42,824	46,898	742	742	1,408	44,006	-
LEASE LIABILITIES	12,765	14,687	1,233	1,233	1,945	4,879	5,397
TRADE AND OTHER PAYABLES	10,464	10,464	10,464	-	-	-	-
TOTAL NON-DERIVATIVE LIABILITIES	**66,054**	**72,049**	**12,440**	**1,975**	**3,353**	**48,884**	**5,397**
2019							
SECURED BANK LOANS	26,980	28,117	2,509	25,609	-	-	-
LEASE LIABILITIES	6,846	7,993	821	821	1,425	2,401	2,525
TRADE AND OTHER PAYABLES	7,629	7,629	7,629	-	-	-	-
TOTAL NON-DERIVATIVE LIABILITIES	**41,455**	**43,740**	**10,959**	**26,430**	**1,425**	**2,401**	**2,525**

Interest rate risk – repricing analysis
At 31 December 2020 the Group has interest rate swaps in place for $8,000,000; being
- $2,000,000 with an effective interest rate of 5.37% which matures on 28th February 2022,
- $6,000,000 with an effective interest rate of 5.48% which matures on 5th October 2022

At 31 December 2019 the Group had interest rate swaps in place for $16,000,000; being
- $2,000,000 with an effective interest rate of 4.56% which matured on 28th February 2020,
- $6,000,000 with an effective interest rate of 4.71% which matured on 5th October 2020,
- $2,000,000 with an effective interest rate of 4.93% which matures on 28th February 2022,
- $6,000,000 with an effective interest rate of 5.05% which matures on 5th October 2022

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 2020 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 $337,000 (2019: $141,000).

24 Financial instruments *continued*

CLASSIFICATION AND FAIR VALUES	NOTE	DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS ($'000)	AMORTISED COST ($'000)	TOTAL CARRYING AMOUNT ($'000)	FAIR VALUE ($'000)
2020					
ASSETS					
INVESTMENTS	14 & 15	6,003	-	6,003	6,003
TOTAL NON-CURRENT ASSETS		**6,003**	**-**	**6,003**	**6,003**
TRADE AND OTHER RECEIVABLES	12 & 18	-	13,345	13,345	13,345
CASH AND CASH EQUIVALENTS	19	-	1,287	1,287	1,287
TOTAL CURRENT ASSETS		**-**	**14,632**	**14,632**	**14,632**
TOTAL ASSETS		**6,003**	**14,632**	**20,635**	**20,635**
LIABILITIES					
LOANS AND BORROWINGS	21	-	42,824	42,824	42,824
LEASE LIABILITIES	11	-	10,706	10,706	10,706
TOTAL NON-CURRENT LIABILITIES		**-**	**53,530**	**53,530**	**53,530**
LOANS AND BORROWINGS	21	-	-	-	-
LEASE LIABILITIES	11		2,060	2,060	2,060
DERIVATIVES	23	321	-	321	321
TRADE AND OTHER PAYABLES	23	-	10,143	10,143	10,143
TOTAL CURRENT LIABILITIES		**321**	**12,203**	**12,524**	**12,524**
TOTAL LIABILITIES		**321**	**65,732**	**66,054**	**66,054**
2019					
ASSETS					
INVESTMENTS	14 & 15	1,776	-	1,776	1,776
TOTAL NON-CURRENT ASSETS		**1,776**	**-**	**1,776**	**1,776**
TRADE AND OTHER RECEIVABLES	12 & 18	-	7,274	7,274	7,274
CASH AND CASH EQUIVALENTS	19	-	1,634	1,634	1,634
TOTAL CURRENT ASSETS		**-**	**8,908**	**8,908**	**8,908**
TOTAL ASSETS		**1,776**	**8,908**	**10,684**	**10,684**
LIABILITIES					
LOANS AND BORROWINGS	21	-	-	-	-
LEASE LIABILITIES	11	-	5,450	5,450	5,450
TOTAL NON-CURRENT LIABILITIES		**-**	**5,450**	**5,450**	**5,450**
LOANS AND BORROWINGS	21	-	26,980	26,980	26,980
LEASE LIABILITIES	11		1,396	1,396	1,396
DERIVATIVES	23	362	-	362	362
TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES	23	-	7,267	7,267	7,267
TOTAL CURRENT LIABILITIES		**362**	**35,643**	**36,005**	**36,005**
TOTAL LIABILITIES		**362**	**41,093**	**41,455**	**41,455**

24 Financial instruments *continued*

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

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

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

	LEVEL 1 ($'000)	LEVEL 2 ($'000)	LEVEL 3 ($'000)	TOTAL ($'000)
2020				
FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	-	157	-	157
FINANCIAL ASSETS IN ASSOCIATES	-	1,696	-	1,696
DERIVATIVE FINANCIAL LIABILITIES	-	(321)	-	(321)
	-	**1,532**	**-**	**1,532**
2019				
FINANCIAL ASSETS CLASSIFIED AS AVAILABLE FOR SALE	-	148	-	148
FINANCIAL ASSETS IN ASSOCIATES	-	1,628	-	1,628
DERIVATIVE FINANCIAL LIABILITIES	-	(362)	-	(362)
	-	**1,414**	**-**	**1,414**

25 Capital commitments

Prior to 31 December 2020 the Group entered into capital commitments of which $18,854,219 (2019: $16,798,447) has yet to be completed by period-end.

The capital commitments outstanding but not provided for include:

- Coolstore build at Old Coach Road, Paengaroa, $14,194,837.
- Operational plant and equipment, $4,316,703
- Office upgrades $120,000
- IT systems upgrades $222,679

For 2019, outstanding contracts & commitments included:

- Purchase of property at 89 McCracken Road, Western Drain Road and 201 Hydro Road, Edgecumbe, $11,950,000.
- Kiwifruit plants $4,205,011.
  The original contract to purchase kiwifruit rootstock was for 5 years. However, due to operational issues it was mutually agreed with the supplier to cancel the contract after the second season at a cost of $115,467 to the Group.
- Operational plant and equipment, $643,436.

26 Contingencies

There were no material contingent liabilities at balance date.

27 Reconciliation of the profit for the period with the net cash from operating activities

	NOTE	2020 ($'000)	2019 ($'000)
NET PROFIT FOR THE PERIOD	PAGE 12	4,876	4,355
ADJUST FOR:			
FINANCE INCOME SHOWN AS INVESTING ACTIVITY	6	(24)	(30)
INCOME TAX EXPENSE	7	1,123	1,481
INCOME TAX RECEIVED/(PAID)	7	(1,487)	(1,440)
DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT	8	4,274	3,843
DEPRECIATION ON RIGHT-OF-USE ASSETS	11	1,847	1,659
SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES	15	(815)	(691)
NET CHANGE IN FAIR VALUE OF CASHFLOW HEDGE	23	(41)	81
LOSS (GAIN) ON SALE OF PROPERTY, PLANT AND EQUIPMENT		379	10
CHANGE IN CURRENT BIOLOGICAL ASSETS DUE TO ACQUISITIONS & SALES	13	2	(78)
CHANGE IN INVENTORIES	17	(188)	(1,472)
CHANGE IN TRADE AND OTHER RECEIVABLES RELATING TO OPERATING ACTIVITIES	18	(6,706)	(270)
CHANGE IN PREPAYMENTS RELATING TO OPERATING ACTIVITIES	18	1,112	393
CHANGE IN EMPLOYEE BENEFITS	22	351	172
CHANGE IN TRADE AND OTHER PAYABLES RELATING TO OPERATING ACTIVITIES	23	2,636	(143)
NET CASH FROM OPERATING ACTIVITIES	**PAGE 13**	**7,340**	**7,870**

28 Related parties

Transactions with Directors and key management personnel

Transactions with key management personnel
Key management personnel are defined as all Directors and senior executives that set strategic direction and manage the Group. The Group undertakes transactions with these persons in the normal course of business on normal commercial terms. Included in expenses is an amount of $1,678,952 (2019: $1,637,817) for salaries, benefits and Directors fees. Short term benefits owing at 31 December 2020 are $nil (2019: $nil)

Loans to directors
There were no loans to Directors issued during the year ended 31 December 2020 nor any loans outstanding by Directors at 31 December 2020 (2019: $nil).

Other transactions with directors and key management personnel
Directors of the Group control 31.3 percent of the voting shares of the Group at 31 December 2020 (2019: 31.3 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 nature of transactions provided by the Group to key management personnel includes packing, coolstorage and orchard services, and selling of class 2 and local market fruit. The nature of transactions received by the Group from key management personnel includes coolstore lease rentals, accommodation services and kiwifruit development and harvest services. The aggregate value of transactions and outstanding balances relating to 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	
	2020 ($'000)	2019 ($'000)	2020 ($'000)	2019 ($'000)
INCOME RECEIPTS AND RECEIVABLE TRANSACTIONS				
TRANSACTIONS WITH DIRECTORS AND SENIOR EXECUTIVES IN THE NORMAL COURSE OF BUSINESS	8,250	10,077	435	362
TRANSACTIONS WITH ASSOCIATES	14,599	3,912	7,192	920
TRANSACTIONS WITH RELATED ENTITIES OTHER THAN ASSOCIATES AND SUBSIDIARIES	3,096	1,840	748	474
TOTAL RECEIVABLES BALANCE OUTSTANDING			**8,376**	**1,756**
EXPENSE AND PAYABLE TRANSACTIONS (EXCLUDING REMUNERATION)				
TRANSACTIONS WITH DIRECTORS AND SENIOR EXECUTIVES IN THE NORMAL COURSE OF BUSINESS	566	352	149	121
TRANSACTIONS WITH ASSOCIATES	174	-	-	-
TOTAL PAYABLES BALANCE OUTSTANDING			**149**	**121**

28 Related parties *continued*

Related entities other than associates and subsidiaries consist of Team Kiwi Limited and New Zealand Golden Kiwifruit Limited. All transactions with these entities are at standard commercial terms and conditions.

From time to time Directors and key management personnel of the Group, or their related entities, may purchase other 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.

Two Directors have individual direct equity interests in Rangitiaki Orchard Development Limited Partnership.

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 2020, the Group received $55,584,058 (2019: $48,268,492) from ASEL in respect of post-harvest services and fruit proceeds; the amount outstanding as at 31 December 2020 is $nil (2019: $nil). During the year to 31 December 2020, payments were made to ASEL of $10,249,572 (2019: $8,708,264) in respect of post-harvest services, the amount outstanding at 31 December 2020 is $2,952,975 (2019: $2,738,170).

29 Subsequent events

There are no significant subsequent events occurring between 31 December 2020 and 23 February 2021. (2019: On 25th February 2019 the Directors declared a dividend of $0.2778 per share gross or $0.2000 per share fully imputed).

30 COVID-19

COVID-19 has severely impacted economies around the world. Globally, businesses are adapting to conditions caused by COVID-19, including changing operations and ceasing or downsizing for significant periods of time. A number of measures have been taken to contain the spread of the virus, including quarantines, travel bans, social distancing and closure of non essential businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

As a designated essential industry the Group continued to operate through level 3 and level 4 lockdown and up until balance date and the date of signing these financial statements there was no material impact from COVID-19 on the financial position.

Although a number of vaccines have proved successful, the duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration or severity of the consequences, as well as the impact on the financial position and performance of the Group for future periods. Management continues to assess the Group's ability to continue as a going concern and consider all available information about the future. Key financial and non-financial areas identified as requiring ongoing assessment and review are availability of labour, supply chain disruptions, customer credit risk and interruptions to production.

Independent Auditor's Report

Apata™ TOGETHER WE'RE BETTER

Apata Group Limited | Independent auditor's report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Apata Group Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the 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 have no relationship with, or interests in, Apata Group Limited or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for investment in Associates

Area of focus	How our audit addressed it
The Group includes three associates, using equity accounting to recognise its share of earnings and share of net assets. The associates contribute materially to the Group's profit. Two of the associates are new Limited Partnerships established during the year. Management have: • recognised net earnings which increased the investment in associates at the reporting date by $815,000, which is recognised in the consolidated statement of profit or loss; • reduced the carrying value of the investment in associates by $746,000 due to dividends received in the year; and • recognised the investment of $4,150,000 in new associates at the reporting date	Our audit procedures included: • We compared the carrying values of the Group's investment in associate to the financial statements of the associate entities to ensure these were accurately reflected, compared to the share of the underlying net asset value; • We completed limited review procedures on the material balances in the financial statements of the associate entities • We ensured the carrying value of the investments met the disclosure requirements of NZ IFRS 12 *Disclosure of Interests in Other Entities*

Key Audit Matters *continued*

Accounting for property held for sale

Area of focus	How our audit addressed it
During the year, the Group purchased property for the purposes of on-selling to other entities to develop as orchards. A portion has been sold and leased back by the Group. A portion is held for sale, under sale and purchase contracts at balance date. A final portion is held as investment property. The property leased back is recognised as an increase in the Group's Right of Use Assets and Lease Liabilities in accordance with NZ IFRS 16 *Leases.* The property not sold at balance date is highly probable to be sold within 12 months and is therefore presented as Assets Classified as Held for Sale. These assets are recorded at the lower of carrying value or fair value in accordance with NZ IFRS 5 Non-current Assets Held for Sale and *Discontinued Operations.* Management has obtained an independent valuation of the property held for sale which is greater than the carrying value of $6,021,000. Accordingly, the assets are recorded at that carrying value in the statement of financial position.	Our audit procedures included: • We reviewed the assumptions made in assessing the land designation in accordance with NZ IFRS 5; • We reviewed the apportionment of property sold during the period and the calculation of the value of the portion remaining as held for sale; • We reviewed the calculation of the lease asset, lease liability and adjusted profit on sale of land and are satisfied they were correctly recorded and disclosed in terms of NZ IFRS 16; • We assessed the assumptions and calculations of the independent valuation to ensure fair value was greater than carrying value.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Chairman and Managing Director's Report, Statutory Information and Company Details, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Directors' Responsibilities

The directors are responsible on behalf of the Group for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/

This description forms part of our independent auditor's report.

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

Restriction on Distribution and Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

William Buck

William Buck Audit (NZ) Limited
Tauranga
23 February 2021

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Company Details

Company Name
Apata Group Limited

Company Number
1107843

Date of Incorporation
02 February 2001

Nature of Business
Packhouse and Coolstore Operators

Directors of Apata Group Limited as at 31 December 2020
Alan Birley
Colin Graham Cathie
Clinton Sean Carnachan
Mark Nolan Mayston
Simon David Robertson
Stuart Barry Weston

Executive
Stuart Weston, Managing Director
Eugene Crosby, CFO and Company Secretary
Hans van Leeuwen, GM Operations
Shaun Vickers, GM Business Development, Client Services and Orchards
Kate Trufitt, Avocado Business Manager and Group Compliance and Safety Manager
Jean-Paul Lassale, GM Technology
Jason Gibbs, Commercial Manager
Sheryl Thocolich, HR Manager

Auditor
William Buck, Tauranga

Solicitors
Sharp Tudhope, Tauranga

Registered Office
9 Turntable Hill Road, RD 4, Katikati, 3181

Number of Shares
9,434,766

DISTRIBUTION OF SHAREHOLDING – AS AT 31 DECEMBER 2020

SHARE RANGE	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	SHARES HELD	% OF SHAREHOLDING	AVERAGE HOLDING
UP TO 1,999 SHARES	10	4%	15,179	0%	1,518
2,000 TO 9,999 SHARES	130	54%	646,033	7%	4,969
10,000 TO 24,999 SHARES	48	20%	750,749	8%	15,641
25,000 TO 99,999 SHARES	33	14%	1,686,953	18%	51,120
OVER 100,000 SHARES	18	8%	6,335,852	67%	351,992
TOTALS	**239**	**100%**	**9,434,766**	**100%**	**39,476**

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