Apata Group Limited

Annual Report
For the year ended 31 December 2023

Index

Statutory Information
For the year ended 31 December 2023

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:

	Fees	Other Benefits	Total
Alan Birley	40,000	-	40,000
Sean Carnachan	40,000	15,346	55,346
Craig Stephen	40,000	-	40,000
Matthew Flowerday	40,000	5,000	45,000
Mark Mayston	70,000	15,596	85,596
Alastair Hulbert (appointed 1 June 2023)	22,615	-	22,615
Total Director remuneration	252,615	35,942	288,558

The above persons held office as Directors through 2023 and were holding office as Directors of the company as at 31 December 2023.

The following Director remuneration has been disclosed as Other Benefits:
- Sean Carnachan received director fees for services as a director of Rawhiti Orchard GP Limited and Waitotara Kiwifruit GP Limited, and to attend the Orchard Development Board sub-committee up to 30 June 2023 at which date the Orchard Development Board sub-committee ceased operation.
- Matthew Flowerday received director fees for services as a director of Primor Produce Limited.
- Mark Mayston received director fees for services as a director of Primor Produce Limited and Rangitaiki Orchard GP Limited, and to attend the Orchard Development Board sub-committee at which date the Orchard Development Board sub-committee ceased operation.

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 27 to the financial statements disclosing related party transactions.

Directors' interests

Director	Position	Company
Alan Birley	Director	Apata Suppliers Entity Limited
	Director	Roydon Kiwi Limited
	Trustee	Alan Birley Trust
	Trustee	Birley Family Trust
	Trustee	Keith and Kay Birley Trust
	Trustee	Pat Birley Trust
Sean Carnachan	Director	Apata Suppliers Entity Limited
	Director	Five Acre Wood Limited
	Director	Rawhiti Orchard GP Limited
	Director	Twin Kauri Orchards Limited
	Director	Waitotara Kiwifruit GP Limited
	Director	Western Orchards Limited
	Member	Industry Advisory Council
	Forum and Executive Member	NZKGI
Craig Stephen	Director and Shareholder	Big Blue Energy Limited
	Director	CDS Investments Limited
	Director	CS Stephen Nominees Limited
	Director and Shareholder	Makana Energy Limited
	Trustee	CD & SH Stephen Family Trust No. 1
	Trustee	The Values Trust
	Advisory Board Member	Nā Tūhoe Te Uru Taumatua
Matthew Flowerday	Director	Apata Suppliers Entity Limited
	Managing Director	GPSIT Limited
	Director	GPSIT Group Limited
	Director	HFKGP Limited
	Director	High Fives Orchard Limited
	Director	Landkind Limited
	Director	Primor Produce Limited
	Partner	High Fives Limited Partnership
	Trustee	Matthew Flowerday Trust
	Trustee	PippaJack Trust

Statutory information (continued)
For the year ended 31 December 2023

2 Entries recorded in the interests register (continued)

Mark Mayston	Director	Apata Suppliers Entity Limited
	Director	Bruntwood Farms Limited
	Director	Bruntwood Farms 2021 Limited
	Director	DMRQ GP Limited
	Director	Maniaroa Farms Limited
	Director	Maniaroa Properties Limited
	Director	Opou Kiwi Limited
	Director	Primor Produce Limited
	Director	Puriri Lane Investment No 1 Limited
	Director	Rangitaiki Orchard GP Limited
	Director	Seespray Limited
	Trustee	Coppelia Trust
	Member	Industry Advisory Council
	President	NZKGI
Alastair Hulbert	Director	Boyds Asparagus Industries Limited
(appointed 1 June 2023)	Director	Karapiro Asparagus Limited
	Director and Chair	New Zealand Water Polo
	Trustee	Ventura 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.

Share dealings of directors
During the year ended 31 December 2023, Twin Kauri Orchards Limited, of which Sean Carnachan is a director, transferred 13,333 shares to Twin Kauri Family Trust, of which Sean Carnachan is a Trustee.
During the year ended 31 December 2022, the were no share transactions with directors.

Directors' shareholdings
Directors held the following number of shares at 31 December 2023:

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
Sean Carnachan	58,333	Shares held by Western Orchards Limited of which Sean Carnachan is a shareholder and Director
Sean Carnachan	13,333	Shares held by Twin Kauri Orchards Limited of which Sean Carnachan is a shareholder and Director
Matthew Flowerday	1,135,616	Shares held by High Fives Orchard Limited of which Matthew Flowerday is a Director
Mark Mayston	77,895	Shares held by Coppelia Trust of which Mark Mayston is a Trustee and Beneficiary
Total Shares controlled by Directors	2,925,756	

Loans to Directors
There were no loans to Directors issued during the year ended 31 December 2023 nor any loans outstanding by Directors at 31 December 2023.

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	**2023**	**2022**
100,000 - 109,999	14	12
110,000 – 119,999	6	6
120,000 – 129,999	5	4
130,000 – 139,999	4	1
140,000 – 149,999	1	2
150,000 – 159,999	4	3
160,000 – 169,999	0	1
170,000 – 179,999	1	4
190,000 – 199,999	1	1
200,000 – 209,999	1	2
210,000 – 219,999	1	0
220,000 – 229,999	1	0
230,000 – 239,999	0	1
240,000 – 249,999	0	0
350,000 – 359,999	1	0
600,000 - 609,999	0	1

Statutory information (continued)
For the year ended 31 December 2023

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

5 Donations
Donations of $10,000 were made during the period. (2022: $18,935)

Directors’ Declaration

In the opinion of the Directors of Apata Group Limited, the consolidated financial statements and notes, on pages 5 to 26:

- 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 2023 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 2023.

For and on behalf of the Board of Directors:

Director - M N Mayston
7 May 2024

Director - C Stephen
7 May 2024

Apata Group Limited

Consolidated Statement of Financial Position
As at 31 December 2023

	Note	2023 ($'000)	2022 ($'000)
Assets			
Property, plant and equipment	8	133,831	93,871
Investment property	9	670	670
Right-of-use assets	11	10,308	12,227
Other investments	13	857	838
Investment in equity accounted associates	14	4,456	4,466
Deferred tax assets	15	-	1,072
Total non-current assets		**150,122**	**113,144**
Inventories	16	1,854	2,817
Biological assets	12	2,264	639
Trade and other receivables	17	13,154	13,118
Derivatives	23	1,515	1,669
Current tax asset		399	466
Assets classified as held for sale	10	-	930
Cash and cash equivalents	18	843	999
Total current assets		**20,029**	**20,638**
Total assets		**170,151**	**133,782**
Equity			
Share capital	19	11,457	11,457
Reserves	19	36,058	5,658
Retained earnings	19	28,695	34,033
Total equity		**76,210**	**51,147**
Liabilities			
Loans and borrowings	20, 23	-	-
Lease liabilities	11	8,707	10,326
Deferred tax liabilities	15	8,760	-
Total non-current liabilities		**17,467**	**10,326**
Loans and borrowings	20, 23	64,225	59,078
Lease liabilities	11	2,109	2,109
Employee benefits payable	21	1,049	1,159
Current tax liability		-	-
Trade and other payables	22	9,092	9,963
Total current liabilities		**76,475**	**72,310**
Total liabilities		**93,942**	**82,635**
Total equity and liabilities		**170,151**	**133,782**

The notes on pages 8 to 25 are an integral part of these consolidated financial statements.

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Apata Group Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Note	**2023 ($'000)**	**2022 ($'000)**
Revenue	5	77,581	86,380
Wages and salaries		31,683	36,304
Packaging materials		11,591	14,333
Picking & cartage		4,283	4,726
Electricity		2,282	2,708
Repairs & maintenance		3,289	2,617
Lease expenses	11	1,562	1,824
Grower payments - class 2 and local market		3,801	2,319
Orchard growing expenses		63	348
Loss on disposal of property, plant and equipment		5	145
Directors' fees		298	221
Auditors' remuneration - audit fees		67	48
Other expenses		12,294	13,544
		71,218	79,137
Share of profit of equity accounted investees, net of tax	14	135	140
Earnings before interest, tax, depreciation, amortisation and fair value adjustments		**6,499**	**7,383**
Depreciation on property, plant and equipment	8	6,272	5,579
Depreciation on right-of-use assets	11	2,259	2,261
Earnings before interest, tax and fair value adjustments		**(2,032)**	**(456)**
Interest received	6	14	11
Finance expense	6	5,238	3,154
Investment income		32	67
Earnings before tax and fair value adjustments		**(7,224)**	**(3,532)**
Change in fair value of assets classified as held for sale	10	10	(200)
Net change in fair value of derivatives	23	(154)	1,027
Net (loss)/profit before taxation		**(7,368)**	**(2,705)**
Income tax expense	7	(2,030)	(1,169)
Net (loss)/profit for the period		**(5,338)**	**(1,536)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax			
Gain on revaluation of land and buildings	8	42,185	66
Tax related to items that will not be reclassified		(11,858)	-
Total items that will not be reclassified subsequently to profit or loss, net of tax		30,327	66
Total items that may be reclassified subsequently to profit or loss, net of tax		-	-
Total other comprehensive income for the period		**30,327**	**66**
Total comprehensive (loss)/income for the period	**19**	**24,989**	**(1,471)**

The notes on pages 8 to 25 are an integral part of these consolidated financial statements.

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Apata Group Limited

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Note	Share Capital ($'000)	Revaluation Reserve ($'000)	Employee Share Rights Reserve ($'000)	Associate Reserve ($'000)	Retained Earnings ($'000)	Total Equity ($'000)
Opening Balance 1 January 2022		11,457	5,476	48	24	35,569	52,574
Profit for the period		-	-	-	-	(1,536)	(1,536)
Other comprehensive income		-	66	-	-	-	66
Employee share rights recognised		-	-	44	-	-	44
Closing Balance at 31 December 2022		**11,457**	**5,542**	**92**	**24**	**34,033**	**51,147**
Profit for the period		-	-	-	-	(5,338)	(5,338)
Other comprehensive income		-	30,327	-	-	-	30,327
Employee share rights recognised		-	-	74	-	-	74
Closing Balance at 31 December 2023	**19**	**11,457**	**35,868**	**165**	**24**	**28,695**	**76,210**

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023 ($'000)	2022 ($'000)
Cash flows from operating activities			
Cash receipts from customers		77,662	91,377
Cash paid to suppliers and employees		(73,572)	(80,040)
Interest paid on financial liabilities		(4,204)	(2,519)
Interest paid on lease liabilities		(641)	(470)
Income tax received (paid)		71	(997)
Net cash from (used in) operating activities	26	**(684)**	**7,351**
Cash flows from investing activities			
Interest received		14	11
Dividends received		157	501
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of assets classified as held for sale		940	2,037
Proceeds from sale of other investments		-	-
Acquisition of property, plant and equipment		(3,713)	(9,446)
Net cash from (used in) investing activities		**(2,602)**	**(6,897)**
Cash flows from financing activities			
Proceeds from borrowings		5,088	2,054
Repayment of lease liabilities		(1,959)	(2,126)
Net cash (used in) from financing activities		**3,129**	**(71)**
Net increase (decrease) in cash and cash equivalents		(156)	382
Cash and cash equivalents at the beginning of the period		999	617
Cash and cash equivalents at the end of the period	18	**843**	**999**

The notes on pages 8 to 25 are an integral part of these consolidated financial statements.

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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 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 2023.

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.

(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 12 – Biological assets
- Note 23 – Financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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).

(e) Going Concern

The Group's profitability for the year ended 31 December 2023 was adversely impacted by low crop yields, poor fruit quality, labour constraints and a poor operational performance. A significant frost event in 2022 coupled with Cyclone Gabrielle in February 2023 had material impacts on the 2023 crop yield.
The adverse 2022 profitability resulted in the Group breaching financial banking covenants, see note 20. Due to these events and expected adverse crop yield, the Group extended the loan facility to June 2024 and agreed with its Bank to modify the financial covenants for the test dates 31 March 2023, 30 June 2023, 31 December 2023 and 31 March 2024. The Directors have considered forecast covenant compliance and cashflows for the 2023 crop and have concluded that, based on the current information at the time, the Group will be able to comply with their financial covenants within the 12 months following approval of the Group's financial statements. There were 3 key processes and assumptions applied in preparing the forecast.
•2023 crop yield based on orchard inspections in 2023.
•More comprehensive orchard inspections & growers discussion with those growers impacted by the weather events described above.
•There were no further adverse weather events affecting 2023 crop and assumed a normal picking and packing season.
The Group's main driver of earnings and cash flow is crop yield which can be impacted by events, especially weather, that we are unable to anticipate. These unanticipated events may increase the possibility of breaching financial covenants. In the event that there is a potential future breach of covenants the Group will instigate an appropriate cost management plan. As a result of these events or conditions, there is a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in normal course of business.
There are uncertainties in the immediate financial performance of the Group, however the outlook for the industry and the company remains positive.
Projected crop volumes will increase as SunGold licence releases start maturing and reach full production. Apata continues to have the support of our bankers and the Board is actively working to improve the financial resilience and stability of the business, recognising the various externalities the industry and Apata face.
The financial statements have been prepared on a going concern basis.

3 Material accounting policy information

William Buck Audit

(a) Property, plant and equipment

(i) Recognition and measurement

Except for land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land and buildings are 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

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Notes to the consolidated financial statements

3 Material accounting policy information (continued)

(f) Leases

As a lessee

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.

(g) Financial instruments

(i) Non-derivative financial instruments

The Group classifies its financial instruments in the following categories:

- Amortised cost for financial assets and liabilities
- Assets at fair value through profit or loss (FVTPL)
- Assets at fair value through other comprehensive income (FVOCI)
- Liabilities at fair value through profit or loss

The classification of financial assets and liabilities under NZ IFRS 9 depends on the purpose for which the instrument was acquired and the nature of the contracted cashflows. Management determines the classification at the initial recognition.

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

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

Instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss unless it is measured as amortised cost or fair value through other comprehensive income. Financial instruments are designated at fair value through profit or loss if such instruments are held for trading or whose performance is evaluated on a fair value basis. 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.

(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).

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Notes to the consolidated financial statements

3 Material accounting policy information (continued)

(h) Revenue

The Group's major revenue streams are post harvest operations and orchard management.

(i) Services - Post Harvest Operations

The Group enters into two standardised post harvest contracts:

- The first has two performance obligations; to collect the supply of fruit via picking and transportation, and maturity testing. Charges are separated in the agreement and revenue is recognised when the service is performed.
- The second has three performance obligations; to pack fruit, to cool and dispatch fruit, and then sell class 2 fruit. Each performance obligation has a separate transaction price detailed in the contract and the obligations are recognised when services are performed; packing revenue as fruit is packed, coolstore revenue as fruit is submitted to the coolstores and class 2 as fruit is sold and delivered.

(ii) Commissions - Orchard management

The Group enters into two standardised post harvest contracts:

- The first is a management contract which has one performance obligation; to manage fruit production. Revenue is recognised as the service is performed and is calculated at a cost plus a margin as per the contract. The management fee included in the contract is recognised evenly over the period of the contract.
- The second orchard management contract has one performance obligation; to collect the supply of fruit. The transaction price is determined using a forecasted OGR. Revenue is recognised when crops are picked.

(i) Deferred Tax

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.

(j) New standards adopted and interpretations not yet adopted

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

NZ IAS 1 - Presentation of Financial Statements: Changes to the disclosure of accounting policies

Effective for annual periods beginning on or after 1 January 2023, Tier 1 and Tier 2 for-profit entities shall disclose material accounting policy information rather than significant accounting policies. Apata has applied this requirement to the financial statements for the year ended 31 December 2023. Directors have assessed the materiality of accounting policy information on the following basis:

- whether the transaction, other event or condition is material, and;
- whether the related accounting policy information itself is material

Accounting policy information assessed as immaterial on review has been removed from the financial statements for the year ended 31 December 2023.

(ii) Standards and interpretations issued, not yet effective

There are currently no standards, amendments or interpretations issued but not yet effective which will have a material impact on the Company.

(k) Changes in Material Accounting Policies

In 2023 the Board determined to record buildings at fair value based on independent valuation. This is a change in material accounting policy. The Board determined that valuing buildings at fair value results in the financial statements providing reliable and more relevant information about the entity's financial position.

Applying this change in policy results in an increase in the value of Buildings of $42.2m. (2022 : $Nil)

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 and Buildings are recorded at fair value. The fair value of land and buildings is valued based on market value. The market value of land and buildings 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.

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4 Determination of fair values (continued)

(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 based on latest information from securities management.

(f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less expected credit losses.

The Group has recognised expected credit losses for all trade receivables. Debts which are known to be uncollectible are written off. As the Group experiences very little impairment of receivables, the allowance for expected credit loss is established based upon the payment profiles and historical credit losses adjusted for forward looking information regarding customers' ability to pay their debts.

(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.

(i) Cash-settled portion of share based payment entitlements

The fair value of the liability of the cash-settled portion of share based payment entitlements is re-measurement at each reporting date based on the Group's share price. The fair value of the Group's share price is determined by an independent valuer or, if no valuation has occurred within three months of balance date, the price of the latest share trade occurring before reporting date.

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Notes to the consolidated financial statements

5 Revenue

	2023 ($'000)	2022 ($'000)
Services	61,415	68,481
Sales	14,002	16,052
Commission	1,827	1,509
Lease income	337	338
Total revenues	77,581	86,380

6 Finance income and expense

	2023 ($'000)	2022 ($'000)
Interest income	14	11
Finance income	14	11
Interest expense on financial liabilities	4,596	2,684
Interest expense on lease liabilities	641	470
Finance expense	5,238	3,154
Net finance costs	5,223	3,143

7 Income tax expense in the income statement

	2023 ($'000)	2022 ($'000)
Current tax expense		
Current period	(2,812)	(1,589)
Deferred tax expense		
Origination and reversal of temporary differences	782	420
Change in tax rules on building depreciation	-	-
	782	420
Total income tax expense	(2,030)	(1,169)
Reconciliation of effective tax rate		
Profit before income tax	(7,368)	(2,705)
Imputation credits on dividends received	9	22
Taxable income	(7,358)	(2,683)
Income tax using the Group’s domestic tax rate 28% (2022: 28%)	(2,060)	(751)
Net change in fair value of cashflow hedge	43	(287)
Gain on revaluation of investment property	-	-
Gain on rights transferred on lease back of Held for Sale asset	-	-
Impairment of available for sale assets	-	-
Gain on Sale of Development Land	-	(97)
Other non-deductible expenses	38	27
Imputation credits received	(9)	(22)
Less tax on share of associates profit recorded net of tax	(38)	(39)
Change in tax rules on building depreciation	-	-
Prior period adjustment	(4)	-
Total income tax expense	(2,030)	(1,169)
Imputation credits		
Imputation credits at the beginning of the period	9,786	10,133
Tax payments, net of refunds	(67)	(496)
Imputation credits attached to dividends received	9	148
Imputation credits attached to dividends paid	-	-
Imputation credits at the end of the period	9,729	9,786

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8 Property, plant and equipment

	Land	Buildings	Vehicles & Plant	Office Equipment	Total
	($'000)	($'000)	($'000)	($'000)	($'000)
Cost / Valuation					
Balance at 1 January 2023	12,795	70,139	45,145	3,325	131,404
Additions	-	683	3,192	165	4,039
Disposals	-	-	-	(12)	(12)
Transfers*	-	2,601	(2,584)	(17)	-
Increase (decrease) from revaluations	(165)	42,350	-	-	42,185
Balance at 31 December 2023	12,630	115,772	45,753	3,461	177,616
Balance at 1 January 2022	12,720	68,337	38,114	2,996	122,167
Additions	10	1,802	7,030	329	9,171
Disposals	-	-	-	-	-
Increase from revaluations	66	-	-	-	66
Balance at 31 December 2022	12,795	70,139	45,145	3,325	131,404
Depreciation and impairment losses					
Balance at 1 January 2023	-	18,148	16,775	2,610	37,533
Depreciation for the period	-	2,770	3,161	340	6,272
Transfers*		439	(439)		
Disposals	-	-	-	(20)	(20)
Balance at 31 December 2023	-	21,357	19,497	2,930	43,785
Balance at 1 January 2022	-	15,626	14,079	2,261	31,967
Depreciation for the period	-	2,522	2,696	348	5,566
Disposals	-	-	-	-	-
Balance at 31 December 2022	-	18,148	16,775	2,610	37,533
Carrying amounts					
at 31 December 2023	12,630	94,414	26,256	531	133,831
At 31 December 2022	12,795	51,991	28,369	715	93,871

*** Transfer of Property, plant and equipment**
Following a review of Property, plant and equipment refrigeration coolstore plant and equipment have been reclassified from Vehicles & Plant to Buildings. The refrigeration coolstore plant and equipment is a component of the building asset. These assets, with a cost of $2.6m, have been transferred to Buildings. The reclassification has no impact on the total value of the Property, plant and equipment or on the depreciation expense.

Security
At 31 December 2023 land and buildings with a carrying amount of $107,044,480 (2022: $64,786,312) are subject to a registered debenture to secure bank loans (see Notes 20 & 23).

Revaluation
Land and Buildings are revalued to their estimated fair value if there is evidence that indicates the carrying value of these may differ significantly from their fair value.
Land and Buildings are revalued to their estimated fair value in accordance with the valuation reports dated 31 January 2024 by independent valuer Simon Harris (FNZIV) (FPINZ) of the firm Property Solutions (BOP) Limited.
The valuer consider four different approaches to arrive at fair value:
1. Replacement cost approach: considers the cost to replace the improvements with modern equivalent.
2. Capitalisation of EBITDA approach: involves analysis of financial performance and applying a capitalisation rate derived from sales to arrive at a Going Concern value.
3. Capitalisation on rentals: assumes a current market rental value being established and capitalising this at an appropriate rate of return.
4. Direct sales approach: considers the sales of comparable properties

Valuations:	2023	2022
Impact of valuation	($'000)	($'000)
Revaluation through profit and loss	-	-
Revaluation though revaluation reserve	42,185	66

The revaluations at 31 December 2023 resulted in the recognition of Other Comprehensive Income of $42,184,701 (2022: $65,528).

The total cost of land at 31 December 2023 was $7,253,371. (2022: $7,253,371).
The total cost of buidlings at 31 December 2023 was $73,422,257. (2022: $70,139,172).

Fully depreciated assets
Assets with a cost of $8,767,758 (2022: $4,636,170) 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. The fair value of land and buildings is a level 3 recurring fair value measurement.

Description of significant unobservable inputs to valuation

Significant unobservable inputs	Category	Range	Sensitivity of the input to fair value
Replacement Cost - Sales price per Ha	Land	$507k-$577k	5% increase(decrease) in the hectare rate would result in an increase (decrease) in fair value by $632k
Replacement Cost - Sales price	Buildings	$42m-$26m	5% increase(decrease) in the sales price would result in an increase (decrease) in fair value by $4.7m
Capitalisation of EBITDA - Rental Income	Buildings	$2m-$4.3m	5% increase(decrease) in the rental income would result in an increase (decrease) in fair value by $5.1m
Capitalisation of EBITDA - Capitalisation rate	Buildings	8.50%	0.5% increase(decrease) in the capitalisation rate would result in an increase (decrease) in fair value by $5.7m

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 until 31 March 2026. 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 one year period to 30 June 2024.
Once this lease expires, and if it is not renewed, it is the intention of the Group to use the dwelling as accommodation for post-harvest employees.
During the year to 31 December 2023, $294,429 was received from Lessees in relation to leased assets. (2022: $294,673)

Minimum future lease payments receivable are as follows:	2023 ($'000)	2022 ($'000)
Less than one year	271	271
Between one and five years	338	609
More than five years	-	-
	609	880

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Notes to the consolidated financial statements

9 Investment property

	2023 ($'000)	2022 ($'000)
Balance at 1 January	670	1,800
Transfer to Assets classified as held for sale	-	(1,130)
Change in fair value	-	-
Balance at 31 December	670	670

Investment property comprises of one (2022: one) residential dwellings that the Group intends to lease to third parties to provide accommodation for orchard development & seasonal labour. During the 2022 year, one dwelling was transferred to Assets classified as held for sale and subsequently sold in 2023. Refer note 10.

Investment properties are measured at fair value and were revalued to their estimated fair value as at 31 December 2023 in accordance with the valuation report dated 31 January 2024 by independent registered valuer Simon Harris (FNZIV, FPINZ) of Property Solutions (BOP) Limited. The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

10 Assets classified as held for sale

	2023 ($'000)	2022 ($'000)
Balance at 1 January	930	2,182
Transfer from Investment property	-	1,130
Disposals	(940)	(2,182)
Change in fair value	10	(200)
Balance at 31 December	0	930

In 2020 the Group purchased approximately 161 hectares of land in Edgecumbe. Prior to 2023, the Group had sold and leased back approximately 122 hectares to Rangitaiki Orchard Limited Partnership, an associate of the Group, and 3 other separate entities for the purposes of developing and growing green kiwifruit. The remaining assets were all sold during the 2022 year.

Assets classified as held for sale are measured at the lower of carrying value or fair value. During the year the board decided to sell an investment property, which was reclassified as held for sale in 2022. The asset held for sale relates to a house in Edgecumbe which was sold in 2023.

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 2023	8,973	6,112	4,226	234	19,544
Additions	38	-	336	-	374
Completed leases	-	-	(385)	-	(385)
Balance at 31 December 2023	9,011	6,112	4,176	234	19,533
Balance at 1 January 2022	8,867	6,157	2,909	222	18,156
Additions	106	-	1,330	12	1,447
Completed leases	-	(45)	(14)	-	(59)
Balance at 31 December 2022	8,973	6,112	4,226	234	19,544
Depreciation and impairment losses					
Balance at 1 January 2023	1,840	2,880	2,467	131	7,317
Depreciation for the period	923	632	705	34	2,294
Completed leases	-	-	(385)	-	(385)
Balance at 31 December 2023	2,763	3,511	2,786	165	9,225
Balance at 1 January 2022	924	2,293	1,784	100	5,102
Depreciation for the period	915	632	683	31	2,261
Completed leases	-	(45)	-	-	(45)
Balance at 31 December 2022	1,840	2,880	2,467	131	7,317
Carrying amounts					
at 31 December 2023	6,248	2,601	1,390	68	10,308
At 31 December 2022	7,133	3,233	1,759	103	12,227

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11 Leases as lessee (continued)

Lease Liabilities	**Land** ($'000)	**Buildings** ($'000)	**Vehicles & Plant** ($'000)	**Office Equipment** ($'000)	**Total** ($'000)	
Balance at 1 January 2023	6,927	3,616	1,785	107	12,435	
Additions	38	-	336	-	374	
Interest expense on lease liabilities	183	338	106	4	631	
Lease payments	(1,008)	(770)	(808)	(38)	(2,624)	
Balance at 31 December 2023	6,141	3,183	1,419	73	10,816	0
Balance at 1 January 2022	7,604	4,202	1,194	127	13,127	
Additions	106	-	1,276	12	1,393	
Interest expense on lease liabilities	220	158	86	5	470	
Lease payments	(1,002)	(744)	(771)	(38)	(2,555)	
Balance at 31 December 2022	6,927	3,616	1,785	107	12,435	

Carrying value	**2023** ($'000)	**2022** ($'000)
Current	2,109	2,109
Non - current	8,707	10,326
Balance at 31 December	10,816	12,435

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 23.

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 nine 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	**2023** ($'000)	**2022** ($'000)
Interest expense on lease liabilities	641	470
Lease liabilities principal repayments	1,983	2,085
Lease expense relating to short-term leases	837	1,640
Lease expense relating to variable lease payments not included in lease liabilities	588	89
Lease expense relating to uncertain lease payments	137	95
Total cash outflow for leases	4,186	4,379

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12 Biological assets

	2023 ($'000)	2022 ($'000)
Opening balance	639	290
Increase due to expenditure on the vines	2,264	639
Harvested kiwifruit transferred to inventories	(639)	(290)
Closing balance	2,264	639

At 31 December 2023 biological assets consists of kiwifruit on leased vines for the 2024 season as well as growing costs relating to expected kiwifruit crops for the 2025 season. Three producing leased orchards are expected to produce an estimated 52,200 tray equivalents for the 2024 season crop (2023 season: 63,085 from four orchards). The orchards will be harvested between April and June 2024. Insufficient biological transformation has occurred at balance date. As such, the fair value of biological assets is the growing costs incurred at balance date and has been categorised as a level 3 fair value. Four leased orchards are not expected to produce a crop in 2024 but are expected to produce their first crop in 2025. The fair value of these biological assets is also the growing costs incurred at balance date and has been categorised as a level 3 fair value. All biological assets are subject to a general security arrangement referred to in Note 20.

The Group is exposed to a number of risks related to the kiwifruit on vines:
<u>Supply and demand risk</u>
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.

<u>Climate and other risks</u>
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.

13 Other investments

	2023 ($'000)	2022 ($'000)
Equity instruments classified at fair value through profit or loss		
MG Marketing Limited	192	173
Ballance Agri-Nutrients Limited	22	22
Farmlands	15	15
G4 Kiwi Supply Limited	4	4
Waitotara Kiwifruit Limited Partnership	625	625
Total Other Investments	857	838

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 191,855 shares at 31 December 2023 (2022: 172,550 shares held).

14 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**	**2023**	**2022**
Primor Produce Limited	Fruit Marketing	31%	31%
Rangitaiki Orchard Limited Partnership	Kiwifruit Grower	21%	21%

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.

	2023 ($'000)	2022 ($'000)
Results of associate companies		
Share of profit before income tax	219	221
Income tax	(84)	(82)
Net profit	135	140
Other recognised surplus	-	-
Share of total recognised revenues and expenses	135	140

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14 Investment in equity accounted associates (continued)

Movement in carrying value of associates		
Carrying value at beginning of period	4,466	4,796
Net earnings	135	140
Dividends received	(145)	(470)
Balance at end of period	4,456	4,466

Associates' summary financial information	**2023 ($'000)**	**2022 ($'000)**
Primor Produce Limited (31% Ownership)		
Current Assets	11,220	12,045
Non Current Assets	5,256	4,210
Current Liabilities	(7,087)	(7,100)
Non Current Liabilities	(2,433)	(3,156)
Net Assets	6,957	5,999
Revenue	70,142	62,382
Net profit after tax	690	669
Share of net assets	2,096	1,880
Share of profit	216	210
Rangitaiki Orchard Limited Partnership (21% Ownership)		
Current Assets	27	112
Non Current Assets	17,084	17,707
Current Liabilities	(102)	-
Non Current Liabilities	(5,698)	(5,424)
Net Assets	11,312	12,395
Revenue	695	697
Net profit after tax	(388)	(336)
Share of net assets	2,360	2,586
Share of profit	(81)	(70)

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	2023			2022		
	Assets ($'000)	**Liabilities ($'000)**	**Net ($'000)**	**Assets ($'000)**	**Liabilities ($'000)**	**Net ($'000)**
Property, plant and equipment	-	(13,393)	(13,393)	-	(1,241)	(1,241)
Right of use assets	277	-	277	193	-	193
Employee benefits	292	-	292	229	-	229
Biological assets	-	(634)	(634)	-	(179)	(179)
Tax losses carried forward	4,398	-	4,398	1,589	-	1,589
Other items	300	-	300	481	-	481
Tax assets/(liabilities)	5,267	(14,027)	(8,760)	2,492	(1,420)	1,072

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)**
2023				
Property, plant and equipment	(1,241)	(294)	(11,858)	(13,393)
Right of use assets	193	84	-	277
Employee benefits	229	63	-	292
Biological assets	(179)	(455)	-	(634)
Tax losses carried forward	1,589	2,808	-	4,398
Other items	481	(181)	-	300
	1,072	2,026	(11,858)	(8,760)

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Notes to the consolidated financial statements

15 Deferred tax assets and liabilities (continued)

	Balance 1 January ($'000)	Recognised in profit or loss ($'000)	Recognised in equity ($'000)	Balance 31 December ($'000)
2022				
Property, plant and equipment	(781)	(460)	-	(1,241)
Right of use assets	155	38	-	193
Employee benefits	299	(70)	-	229
Biological assets	(81)	(98)	-	(179)
Tax losses carried forward	-	1,589	-	1,589
Other items	81	400	-	481
	(328)	1,400	-	1,072

16 Inventories

	2023 ($'000)	2022 ($'000)
Packaging materials at cost	1,818	2,782
Orcharding Stocks at cost	35	35
Less Provision for obsolescence	-	-
Packaging materials	1,854	2,817
Opening provision for obsolescence	-	20
Expensed (released) to profit or loss	-	(20)
Closing provision for obsolescence	-	-

In 2023 raw materials, consumables and changes in inventory recognised as cost of sales amounted to $11,590,917 (2022: $14,333,335). In 2023 the write-down of inventories to net realisable value amounted to $34,449 (2022: $nil). No inventories are subject to retention of title clauses (2022: nil). All inventories are subject to a general security arrangement referred to in Note 20.

17 Trade and other receivables

	Note	2023 ($'000)	2022 ($'000)
Trade receivables from third parties		4,694	3,603
Trade and other receivables due from related parties	27	2,968	2,974
Prepayments		835	859
Other receivables		4,657	5,682
		13,154	13,118

All trade and other receivables are subject to a general security arrangement referred to in Note 20.

	2023	2022
Expected credit loss allowance		
Opening expected credit loss allowance	177	44
Expensed (released) to profit or loss	-	134
Closing expected credit loss	177	177

During the year no trade receivables were written off as a bad debt (2022: $nil). A provision of $177,321 was made at 31 December 2023 for receivables not considered fully receivable (2022: provision $177,321). All other trade and other receivables are considered fully collectible.

18 Cash and cash equivalents

	2023 ($'000)	2022 ($'000)
Bank balances	412	949
Call deposits	431	50
Cash and cash equivalents in the statement of cash flows	843	999

The average effective interest rate on call deposits in 2023 was 4.93% (2022: 1.62%). All cash and cash equivalents are subject to a general security arrangement referred to in Note 20. In addition, all balances are subject to setoff against loans.

The Group has available a $250,000 overdraft facility at 31 December 2023, which is unutilised at balance date. (2022: $250,000, which was unutilised).

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Notes to the consolidated financial statements

19 Capital and reserves

Reconciliation of movement in capital and reserves	**Share capital**	**Treasury share capital**	**Revaluation reserve**	**Employee Share Rights Reserve**	**Associates reserve**	**Retained earnings**	**Total equity**
	($'000)	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**	**($'000)**
Balance at 1 January 2023	11,457	-	5,542	92	24	34,033	51,147
Total comprehensive income	-	-	42,185	-	-	(5,338)	36,847
Employee share rights recognised	-	-	-	74	-	-	74
Balance at 31 December 2023	11,457	-	47,726	165	24	28,695	88,068
Balance at 1 January 2022	11,457	-	5,476	48	24	35,569	52,574
Total comprehensive income	-	-	66	-	-	(1,536)	(1,471)
Employee share rights recognised	-	-	-	44	-	-	44
Balance at 31 December 2022	11,457	-	5,542	92	24	34,033	51,147

Authorised and issued share capital	**2023 ('000)**	**2022 ('000)**
Number of shares		
Ordinary shares	9,224	9,224
	9,224	9,224
Ordinary shares		
Opening balance	9,224	9,224
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.

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings (2023: land only). Refer note 8 for revaluation details.

Associates reserve

The associates reserve relates to the revaluation of investments in associates.

Employee share rights reserve	**2023 ('000)**	**2022 ('000)**
Opening balance	92	48
Employee share rights recognised	74	44
	165	92

In 2021 the Company entered into a Performance Share Rights (PSR) plan with senior employees. The plan grants a maximum total of 325,000 Company shares to eight senior executive employees, which will vest with the employees should they remain an employee of the Group through to 31 December 2025. Upon vesting of the PSRs, new ordinary shares of the Company will be issued to employees for no consideration and will be credited as fully paid up. One PSR will convert into one ordinary share upon vesting and will rank equally with all other ordinary shares on issue. PSRs do not entitle the holder to receive dividends or other distributions, or vote in respect of ordinary shares. Holders of PSRs cannot transfer or grant security interest over them.

The plan also awards a bonus to the employee at 31 December 2025 to cover any tax liability to the employee at the time of vesting. The equity-settled portion of the plan is recognised over the period of the entitlement within the Employee Share Rights Reserve. the cash-settled portion of the plan, relating to the bonus to cover tax liability, is recognised over the period of the entitlement within current or term liabilities.

Should any employee cease employment before 31 December 2025, that employee's PSR lapses and any share right recognised to the termination date is reversed. During 2022, four senior employees resigned and therefore these employee's PSRs totalling 200,000 Company shares have lapsed, leaving 125,000 PSRs remaining to vest.

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Notes to the consolidated financial statements

19 Capital and reserves (continued)

The fair value of the awards expected to vest are based on the fair value of the share less the exercise price. The fair value of the equity instrument was valued at grant date and was determined by an independent valuation by Baker Tilly, Tauranga at 31 December 2022 as $2.50 per share. The fair value of the equity settled portion of the award is not remeasured after grant date. The fair value of the cash-settled portion of the award was determined by the share value as above and the employees' marginal tax rates. This fair value is remeasured at each balance date based on the Group's share price determined either by an independent valuation or, if no valuation has occurred within three months of balance date, the price of the latest share trade occurring before reporting date

The expensed portion of both the equity-settled and cash-settled amounts are determined by allocating the fair value of the total expected awards to vest over the total time period to the vesting date. The amount of the plan expensed to 31 December 2023 is as follows:

	2023 ($'000)	2022 ($'000)
Equity settled portion - Employee share rights reserve	74	44
Cash settled portion - Liability	47	28
Total Expense	121	72

Dividends

The following dividends were declared and paid by the Group during the year ended 31 December 2023:

	2023 ($'000)	2022 ($'000)
$Nil per qualifying ordinary share (2022: $0)	-	-

20 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 23.

	2023 ($'000)	2022 ($'000)
Non-Current liabilities		
Secured bank loans	-	-
Current liabilities		
Secured bank loan	64,225	59,078

The Group's borrowings consist of Customised Average Rate Term Loans (CARLs) which mature in June 2024 (2022: June 2024).

The current portion represents required principal repayments due within twelve months from reporting date. The average interest rate at 31 December 2023 on the secured borrowings is 7.44% (December 2022: 5.26%). The bank loans are secured over land and buildings with a carrying amount of $107,044,480 (2022: $64,786,312). 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 2023 the total bank funding facility available to the Group was $68.7m, of which $4.4m remained undrawn. (2022: $75.1m of which $16.0m remained undrawn).

The bank facility requires certain financial covenants to be met at 31 December 2023. These covenants include the maintenance of equity and leverage ratios and an earnings amount. These covenants were met at 31 December 2023. At 30 June 2023 the Group breached the earnings covenant due to decreased earnings from low crop yield. The bank issued a formal waiver of the covenant breaches and reset the covenants for 30 September 2023 and 31 December 2023. In February 2024, the Group extended its facility to June 2025.

For the 2022 year, the bank required the Group to meet equity ratio, leverage ratio and interest cover covenants. The leverage ratio and the interest cover covenants were not met at 31 December 2022 and the bank issued a waiver of the 31 December 2022 covenant breaches. The equity covenant was met at 31 December 2022. At 30 June 2022, the Group breached its leverage ratio covenant due to the purchase of the Edgecumbe land for orchard development which had yet to be disposed at the time. The bank issued a formal waiver of the leverage ratio covenant breach.

21 Employee benefits payable

	2023 ($'000)	2022 ($'000)
Annual leave	1,049	1,101
Total employee benefits payable	1,049	1,101

22 Trade and other payables

	2023 ($'000)	2022 ($'000)
Trade payables	2,288	1,319
Payable to Inland Revenue	910	1,625
Payable to Apata Suppliers Entity Ltd	3,885	3,218
Payable to other related parties	(0)	222
Non-trade payables and accrued expenses	2,009	3,579
	9,092	9,963

William Buck Audit

Notes to the consolidated financial statements

23 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 $4.4m of secured bank loans undrawn. Of the total facility, $15m is specifically for working capital (2022: $16m undrawn of which $15m was specifically for working capital). There is sufficient bank loan facility to cover operational working capital requirements. There are no scheduled debt repayments prior to June 2025.

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 impairment of financial assets at the reporting date, and therefore an impairment allowance of $177,321, has been recorded (2022: $177,321). Within trade receivables there are $437,770 of past due receivables greater than 90 days outstanding (2022: $853,654).

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)
2023							
Secured bank loans	64,225	69,005	69,005	-	-	-	-
Lease liabilities	10,816	12,330	1,248	1,248	2,163	5,181	2,490
Trade and other payables	9,092	9,092	9,092	-	-	-	-
Total non-derivative liabilities	84,132	90,427	79,345	1,248	2,163	5,181	2,490
2022							
Secured bank loans	59,137	62,186	1,554	60,632		-	-
Lease liabilities	12,435	16,562	1,277	1,277	2,517	6,325	5,166
Trade and other payables	9,963	9,963	9,963	-	-	-	-
Total non-derivative liabilities	81,535	94,928	12,795	68,126	2,517	6,325	5,166

Interest rate risk – repricing analysis

At 31 December 2023 the Group has interest rate swaps in place for $36,000,000; being
$20,000,000 with an effective interest rate of 6.81% which matures on 6th February 2025
$16,000,000 with an effective interest rate of 4.91% which matures on 6th August 2025
At 31 December 2022 the Group had interest rate swaps in place for $16,000,000; being
$16,000,000 with an effective interest rate of 3.87% which matures on 6th August 2025

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.

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Notes to the consolidated financial statements

23 Financial instruments (continued)

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 2023 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 $278,000 (2022: $430,000).

Classification and fair values	Note	**Designated at fair value through profit or loss**	**Amortised cost**	**Total carrying amount**	**Fair value**
2023		**($'000)**	**($'000)**	**($'000)**	**($'000)**
Assets					
Investments	13 & 14	857	-	857	857
Total non-current assets		857	-	857	857
Trade and other receivables	17	-	13,154	13,154	13,154
Derivatives		1,515	-	1,515	1,515
Cash and cash equivalents	18	-	843	843	843
Total current assets		1,515	13,997	15,513	15,513
Total assets		2,373	13,997	16,370	16,370
Liabilities					
Loans and borrowings	20	-	64,225	64,225	64,225
Lease liabilities	11	-	8,707	8,707	8,707
Total non-current liabilities		-	72,932	72,932	72,932
Loans and borrowings	20	-	-	-	-
Lease liabilities	11		2,109	2,109	2,109
Trade and other payables	22	-	9,092	9,092	9,092
Total current liabilities		-	11,201	11,201	11,201
Total liabilities		-	84,132	84,132	84,132
2022		**($'000)**	**($'000)**	**($'000)**	**($'000)**
Assets					
Investments	13 & 14	838	-	838	838
Total non-current assets		838	-	838	838
Trade and other receivables	17	-	13,118	13,118	13,118
Derivatives		1,669	-	1,669	1,669
Cash and cash equivalents	18	-	999	999	999
Total current assets		1,669	14,117	15,786	15,786
Total assets		2,508	14,117	16,625	16,625
Liabilities					
Loans and borrowings	20	-	59,137	59,137	59,137
Lease liabilities	11	-	10,326	10,326	10,326
Total non-current liabilities		-	69,462	69,462	69,462
Loans and borrowings	20	-	-	-	-
Lease liabilities	11		2,109	2,109	2,109
Trade and other payables	22	-	9,963	9,963	9,963
Total current liabilities		-	12,072	12,072	12,072
Total liabilities		-	81,535	81,535	81,535

Estimation of fair values

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

Fair Value Hierarchy

	Level 1 ($'000)	**Level 2 ($'000)**	**Level 3 ($'000)**	**Total ($'000)**
2023				
Financial assets classified at FVTPL	-	857	-	857
Derivative financial assets	-	1,515	-	1,515
	-	2,373	-	2,373
2022				
Financial assets classified at FVTPL	-	838	-	838
Derivative financial assets	-	1,669	-	1,669
	-	2,508	-	2,508

Derivative financial instruments consist of interest rate swap contracts. There fair value of the interest rate swaps are determined by BNZ and reviewed by management. The net change in fair value of interest rate swaps during the year was a decrease of $153,988 (2022: increase of $1,026,660).

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Notes to the consolidated financial statements

24 Capital commitments

Prior to 31 December 2023 the Group entered into capital commitments of which $536,378 (2022: $887,856) has yet to be completed by period-end.

	2023 ($'000)	2022 ($'000)
The capital commitments outstanding but not provided for include:		
- Operational plant and equipment	185	232
- Office upgrades	-	112
- IT systems upgrades	98	45
- Turntable Road slip remediation work and boundary adjustments	254	500
	536	888

25 Contingencies

There were no material contingent liabilities at the reporting date. (2022: Nil)

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

	Note	2023 ($'000)	2022 ($'000)
Profit for the period	page 6	(5,338)	(1,536)
Adjust for:			
Finance Income shown as investing activity	6	(14)	(78)
Income tax expense	7	(2,030)	(1,169)
Income tax received/(paid)	7	71	(997)
Depreciation on property, plant and equipment	8	6,272	5,579
Depreciation on right-of-use assets	11	2,259	2,261
Share of profit of equity accounted investees	14	(135)	(140)
Net change in fair value of derivatives	23	154	(1,027)
Loss (Gain) on sale of property, plant and equipment		(18)	-
Change in current biological assets due to acquisitions & sales	12	(1,624)	(350)
Change in inventories	16	932	(959)
Change in trade and other receivables relating to operating activities	17	(233)	8,052
Change in prepayments relating to operating activities	17	24	(3,059)
Change in employee benefits	21	(51)	20
Change in trade and other payables relating to operating activities	22	(951)	754
Net cash from operating activities	page 7	(684)	7,351

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Notes to the consolidated financial statements

27 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 $1,929,147 (2022: $2,416,218) for short-term employee benefits and $120,540 (2022: $72,324) for share based payments. Share based payments owing at 31 December 2023 are $271,215 (2022: $150,675). This is the carrying value of the liability related to the cash-settled share based payment. There were no post employment benefits, other long-term benefits, termination benefits or share based payments made during 2023. (2022: $Nil)

Loans to directors
There were no loans to Directors issued during the year ended 31 December 2023 nor any loans outstanding by Directors at 31 December 2023 (2022: $nil).

Other transactions with directors and key management personnel
Directors of the Group control 31.7 percent of the voting shares of the Group at 31 December 2023 (2022: 34.05 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	
Income receipts and receivable transactions	**2023 ($'000)**	**2022 ($'000)**	**2023 ($'000)**	**2022 ($'000)**
Transactions with Directors and Senior Executives in the normal course of business Directors	17,564	16,412	842	1,748
Transactions with Associates and subsidiaries	1,819	6,248	390	493
Transactions with Related Entities other than Associates and Subsidiaries	4,827	3,088	1,737	733
Total receivables balance outstanding			**2,968**	**2,974**
Expense and payable transactions (excluding remuneration)				
Transactions with Directors and Senior Executives in the normal course of business	457	534	(0)	5
Transactions with Associates and subsidiaries	695	695	-	-
Total payables balance outstanding			**(0)**	**5**

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.

In 2022, one Director had an individual direct equity interest in Rangitaiki Orchard Limited Partnership.
In 2022, one Director and one senior executive had individual direct equity interests in Waitotara Kiwifruit 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 2023, the Group received $57,161,274 (2022: $68,947,533) from ASEL in respect of post-harvest services and fruit proceeds; the amount outstanding as at 31 December 2023 is $nil (2022: $nil). During the year to 31 December 2023, payments were made to ASEL of $9,745,547 (2022: $7,542,433) in respect of post-harvest services, the amount outstanding at 31 December 2023 is $3,885,114 (2022: $3,218,033).

28 Subsequent events
On 27th February 2024 the Group extended its loan facility to a total peak facility of $89.25m and from 30th June 2024 to 30th June 2025. For the prior year, on 26th January 2023 the Group extended its loan facility from 6th November 2023 to 30th June 2024 for the same facility amount of $75.1m. There were no other subsequent events.

William Buck Audit

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 (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023, 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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 its subsidiaries.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(e) in the consolidated financial statements, which details the impact of the Group's profitability on banking covenants during the year and its plans for managing future compliance with covenants.
As stated in Note 2(e), these events or conditions, along with other matters as set forth in Note 2(e), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

WilliamBuck
ACCOUNTANTS & ADVISORS

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Valuation of land and buildings

Area of focus	How our audit addressed it
As disclosed in Note 8 of the consolidated financial statements, the Group has land and buildings with a carrying value of $107,044,000. A net revaluation increase of $42,185,000 is recorded in the current year. In 2023 the Group determined to record buildings at fair value based on independent valuation. Previously only land was recorded at fair value. The valuation of these assets is considered a key audit matter due to the judgment related to the various valuation methodologies used and the assumptions within each of those methodologies. The key assumptions that have the largest impact on the valuations are: — Capitalisation rates. — Comparable sale values.	Our audit procedures included: - Assessing the valuer competence, objectivity and independence as well as his professional qualifications and experience. - Comparing the valuation methodologies applied and considering whether they were appropriate. - Agreeing the assets recorded in the fixed asset register to those valued by the independent valuer to ensure all applicable assets had been revalued. - Comparing the key assumptions to market evidence and applicable industry data and challenging the application of assumptions in significant items. - Assessing the adequacy of disclosures in the consolidated financial statements. We had no matters to report as a result of our procedures

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

The directors are responsible for the other information. The other information comprises the Statutory Information and Company Details, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The directors are responsible on behalf of the entity 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/assurance-standards/auditors-responsibilities/audit-report-1/
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
7 May 2024

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 2023
Alan Birley
Alastair Murray Hulbert
Clinton Sean Carnachan
Craig Duncan Stephen
Matthew Vincent Flowerday
Mark Nolan Mayston

Executive
Damian Young, Chief Executive Officer
Peter McIntosh, Chief Financial Officer
Thomas Watts, GM Operations
Shaun Vickers, GM Business Development, Client Services and Orchards
Jean-Paul Lassale, GM Technology
Jason Gibbs, Commercial Manager
Sheryl Thocolich, Organisational Capability Manager
Pamela Limford, HR Manager (resigned January 2024)
Coralie Cross, HR Manager (appointed January 2024)

Auditor
William Buck Audit (NZ) Ltd

Solicitors
Sharp Tudhope, Tauranga

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

Number of Shares
9,223,512

Distribution of Shareholding as at 31 December 2023							
Share Range		**No of Shareholders**	**% of Shareholders**	**Shares Held**	**% of Shareholding**	**Average Holding**
Up to 1,999 shares		9	4%	13,859	0%	1,540
2,000 to 9,999 shares		127	55%	630,979	7%	4,968
10,000 to 24,999 shares		48	21%	763,137	8%	15,899
25,000 to 99,999 shares		31	13%	1,617,606	18%	52,181
Over 100,000 shares		17	7%	6,197,931	67%	364,584
Totals		**232**	**100%**	**9,223,512**	**100%**	**39,757**