EastPack

WORLD CLASS ORCHARD TO MARKET



EASTPACK ANNUAL REPORT 2013

For the year ended 31 December 2013

EASTPACK LIMITED DIRECTORY

Date of Incorporation:	30 October, 1980
Status:	Co-operative under Co-operatives Companies Act 1996
Registered Office:	678 East Bank Road, Edgecumbe, New Zealand
Directors:	R B Sharp (Chairman) M S Ashby (Resigned 29 April 2014) G S Eynon A A Gault R M Hudson M G Kidd M R McBride M J Montgomery H J Pieters (Appointed 14 March 2013) M C Maltby (Appointed 14 March 2013)
Chief Executive Officer:	A J Hawken
Company Administrator:	D M Smit
Bankers:	BNZ
Auditors:	Staples Rodway Hamilton
Solicitors:	Sharp Tudhope Tauranga

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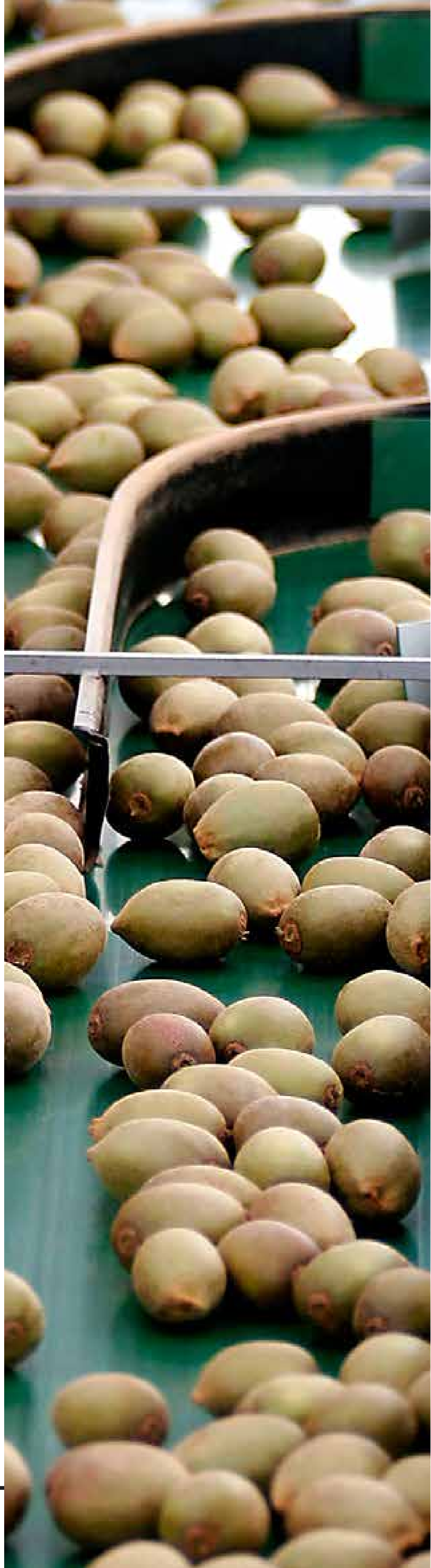

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Chairman and CEO Report

There are positive indications that our dynamic industry continues to evolve and recover from Psa and that confidence in the kiwifruit industry is on the rise. Much of this renewed confidence is due to our increased ability to contain and manage the Psa bacteria, coupled with strong leadership, good 'ole Kiwi ingenuity and a "can do" attitude.

The general recovery of orchard values during the past 12 months has been spectacular, and this is leading to a renewed sense of optimism in the industry, as well as a lot of relief amongst most Growers! This is a clear signal that Growers are willing to reinvest in their orchard assets.

The knowledge that the kiwifruit category will be in short supply during the next three to five years has also influenced overall confidence in the industry. There is big excitement in the markets about GOLD G3 and other new varieties, and EastPack is well positioned to establish itself as a leader in new varieties.

In this vastly competitive environment, EastPack has a clear strategy for the year ahead to ensure that you, our Growers, benefit from our continuous improvement, improved productivity, proven leadership and financial performance.

This is an exciting time for the kiwifruit industry and for EastPack. Our merger with Satara this financial year has brought about exciting prospects for improved capability to handle our production increases during the next 10 years and deliver great outcomes for our Growers and shareholders.

We thank and acknowledge all of EastPack's staff for their application to the Company's business in the extraordinarily challenging year that we have had. Their efforts are critical for our continued success. And we thank you, our Growers and shareholders for your commitment and loyalty.

We are pleased to present the Annual Report of EastPack Limited for the financial year ended 31 December 2013 - the first report for the merged EastPack and Satara Company.

Confident Financial Performance

Financial highlights for 2013

- Combined Company packed 21.7m Class 1 trays in 2013
- Net Profit of $4.958 million compared to $3.896 million in 2012.
- $1.521 million operating profit after paying rebates
- Rebate to transactor shareholders of $3.945 million
- Final dividend of 5 cents gross per investor share. This adds to the 5 cents gross interim dividend declared in December 2013 and paid in January 2014.

EastPack reported an after tax profit of $4.958 million. This is after the devaluation of mothballed sites which contributed to a net write-down of assets of $1.888 million, and bringing into the accounts a merger book gain of $6.492 million.

While these are headline figures, the underlying operating profit was $1.521 million after paying rebates to transactor shareholders of $3.945 million.

The profit is lower than we had budgeted due to the unexpected lower tray numbers packed. With the lower margins in the kiwifruit post-harvest industry, volume drops below capacity severely impact the return on our investment. We are confident that we can, with our more efficient operations, produce good returns on our investment when fruit volumes recover.

EastPack Key Financial Statistics	2013 ('000)	2012* ('000)	2012-2013 Annual % Change
Revenues	$91,871	$67,516	+36%
Earnings before interest, tax, depreciation, fair value adjustments and rebates	$13,187	$16,473	-20%
Rebates paid	$3,945	$3,612	+9%
Operating profit (Earnings before tax and fair value adjustments)	$1,521	$7,686	-80%
Net profit before taxation	$5,563	$5,844	-5%
Net profit after taxation	$4,958	$3,896	+27%
Earnings per investor share	$0.17	$0.16	+9%
Debt (term & current)	$25,000	$4,500	+456%
Number of transactor shares	19,403	14,291	+36%
Number of investor shares	29,825	24,503	+22%
Equity ratio (including transactor shares)	0.54	0.66	-18%
* 2012 comparatives relate to EastPack stand-alone			

The merger with Satara produced identifiable savings of $3 million which will be ongoing. However, the merger was not without considerable one-off costs. Had the merger not proceeded both companies would have operated at a loss. Further benefits of the merger will be achieved during the coming years as systems are further integrated and improved, better utilisation of our assets is achieved with volume recovery, and further capital investment in improved plant and equipment.

Our confidence in the future success of the merged Company is based on having large scale packing sites equipped with modern packing equipment, progress to more automation, and managed by well trained personnel.

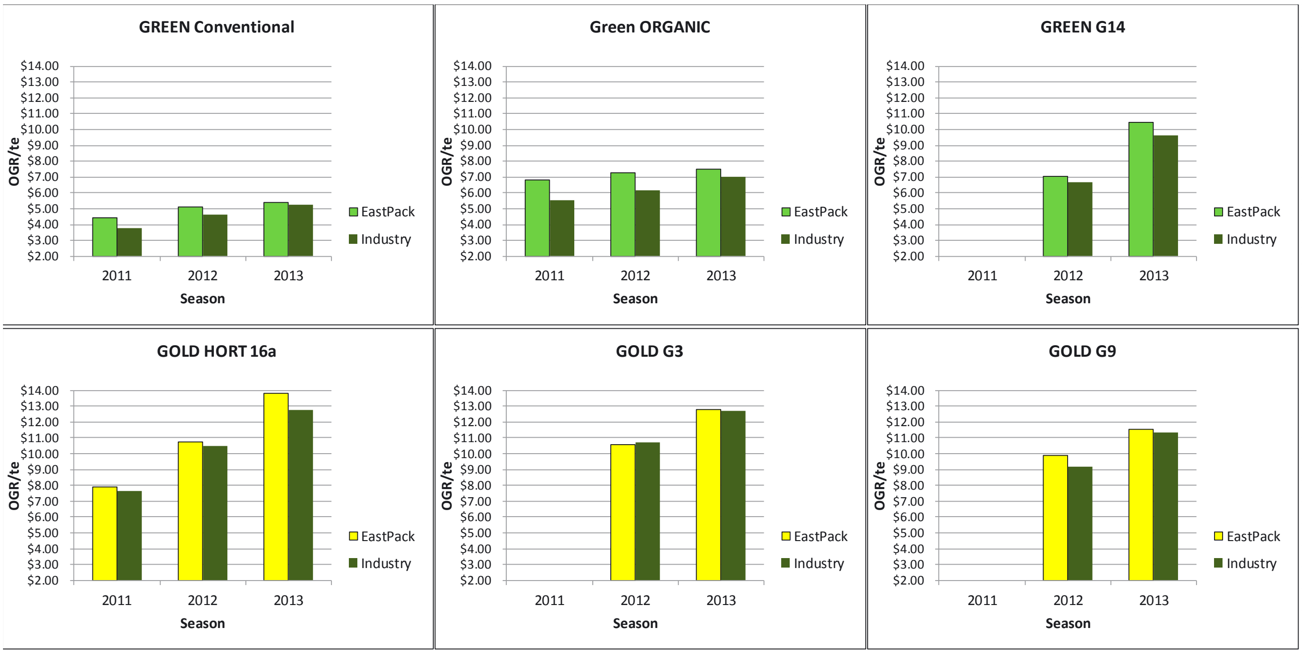
The Company's bank debt position at 31 December 2013 is $25 million. This is higher than we had budgeted due to the lower than expected profit and additional capital expenditure, as well as some higher than expected costs associated with the merger. Had the anticipated volume of packing been achieved this figure would have been in line with the budget. The Company remains in a strong position with total assets of $102 million. Transactor shares have increased from 14.2 million to 19.4 million and investor shares from 24.5 million to 29.8 million as a result of the amalgamation of EastPack and Satara.

The Directors have declared a final dividend of 5 cents gross per investor share. This adds to the 5 cents gross interim dividend declared in December 2013 and paid in January 2014. The final dividend was paid in March 2014. The Company paid out $2.572 million in dividends during the year ended 31 December 2013.

Industry Leading OGR

EastPack Growers have received industry leading OGR's for many years, and the 2013 financial year was no exception.

As at 1 March 2013, our GREEN Conventional OGR to Growers averaged $5.38 per tray, GOLD Hort 16a $13.80 per tray and Green ORGANIC $7.50 per tray. The average for GOLD G3 was $12.81 per tray, GOLD G9 $11.55 per tray and GOLD G14 was $10.46 per tray.



Note: New varieties G3, G9 and G14 did not report an OGR in 2011.

EastPack's offshore fruit performance has been pleasing with our fruit pools benefiting by approximately $1.4 million from better than average performance of our fruit offshore. To have continued the Company's good record in offshore performance in the year of the merger was pleasing. The Company packed avocados at its Katikati and Whangarei sites and will continue this as required.

Continuous Improvement

Our commitment to "Growing Excellence" through our LEAN manufacturing processes has reduced cost and waste by 28% during the past five years, and we now have a strong culture of continuous improvement throughout the company. Cost reductions and efficiency improvements continued in the year of the merger despite the challenges of the merger implementation. This will be ongoing.

Satara Merger

Following our merger this financial year with Satara, which was the biggest merger in New Zealand's kiwifruit history, it is clear that both residual companies are better off post-merger by around $3 million.

In March 2013, the Shareholders of EastPack and Satara voted to merge the two companies. This process involved buying out the Non-Grower Shareholders of Satara and issuing EastPack shares to the Grower Shareholders. The result is a fully Grower-owned Company holding all of the assets of both companies for the benefit of all of our Growers.

The merger happened in the year that the kiwifruit industry fruit volume had shrunk to a low point as a result of the loss of GOLD Hort 16a fruit production due to Psa and the continued conversion of Hayward production area to new varieties. The objective was to rationalise overcapacity between the companies and pack the combined Company's fruit through the most efficient sites with the best plant and equipment. To achieve this, two of Satara's packing facilities were mothballed, including the large Washer Road site.

I would like to thank everyone involved pre and post-merger, during what could have been considered a challenging and unsettling time for some, especially so close to the season start, for your professionalism and commitment. The Company is in a strong position to achieve the objectives of the merger and to cater for your needs as Growers and investors.

Fruit loss

Despite better than industry average fruit loss for 2013, and an industry record for GREEN, reducing fruit loss will continue to be an area of great focus for us. We have introduced a Grower Register project to capture fruit loss information in one database, and staff are committed to doing everything they can to support this.

We have examined packing and coolstorage practices and have a plan to further improve fruit loss figures with focus on all varieties. The performance of new varieties is critical for our Growers and the Company's success. While fruit loss has trended down pleasingly for our traditional varieties during the past five years, we recognise that the fruit loss performance of some new varieties did not meet our expectations in 2013.

Psa is still with us

Psa is still with us but the industry's ability to contain and manage the bacteria has installed renewed confidence in the industry. This devastating bacteria was also confirmed in Kerikeri just prior to Christmas 2013 and continues to spread in Hawkes Bay and Nuhaka regions – in Hort 16A only.

The kiwifruit industry at all levels has been seriously set back by the arrival and effects of Psa. The resilience of the industry in the past 3years has been impressive, Growers have had huge challenges thrown down. It appears now that once Hort 16A is removed in badly affected areas our other kiwifruit varieties will be able to be farmed successfully. Higher returns now being received for our fruit is helping the industry recovery process.

We cannot be sure yet that our optimism is warranted as we need to see the recovery sustained over a longer period with varying seasonal challenges. However, it is pleasing to see the recovery of orchard values. This is a measure of risk assessment by Growers and investors. They have decided that our industry's prospects are good despite the presence of Psa.

Director Update

As part of the merger, we welcomed former Satara Chairman Hendrik Pieters and Satara Director Michael Maltby to the EastPack Board, increasing our number of Directors.

Hendrik has held several senior leadership roles within the New Zealand kiwifruit industry throughout the past 30 years. He and his family own and operate orchards in the Te Puke region.

Michael has been a kiwifruit Grower since 1983 and joined the Satara Board in 2008. He holds a Bachelor of Commerce and is a member of the NZICA, having spent 14 years with KPMG before establishing his own IT consultancy business in 2004.

The addition of Hendrik and Michael increased our Board of Directors to 10. It is anticipated that over time this will revert to six Grower Directors and two independent Directors. Your Grower Directors have decided that the term of the incumbent independent Directors Mike Ashby and Maurice Kidd will end this year. We are currently seeking replacements.

Mike Ashby has been a Director for seven years and has made a valuable contribution to the governance of EastPack. Mike is resigning on 29 April 2014 and his replacement will be announced in due course.

Maurice Kidd will have served six years on the EastPack Board in September this year and has previously acted as the Chair of the Board for EastPack's associate, Southern Produce Ltd. He has been a member of our audit committee and his range and depth of financial and business skills has been invaluable.

I would like to take this opportunity to acknowledge and thank the work of all our Board of Directors, both this year and during the term of our current independents. The Satara merger has seen a large time investment by your Directors. The growth of the Company during the past five years in particular has had its challenges. The success of the Company has been impressive. The potential is even greater now and we look forward to a reinvigorated Board fine tuning our Company for its continued success which will be measured by what it delivers to you as the Company's Growers and owners.

NutriKiwi

In March, we announced that we had formed a new company with Opac, DMS and Trevelyan's called "The Nutritious Kiwifruit Company". Together, we will coordinate and market more than half of New Zealand's Class 2 GREEN and 46 Count (excluding Zespri Class 1 volume) into Australia and other markets under the brand name "NutriKiwi".

The objective of the joint venture is to increase the value of kiwifruit into this market by taking a cohesive approach to establishing wholesale and retail programmes in Australia. Our marketing focus will be on the well-known health benefits of eating kiwifruit. New boxes and labels have been designed.

The Australian market is a valuable one for New Zealand Growers and in the past has suffered from multiple exporters from New Zealand being involved. Experienced FMCG sector manager Michael Leach has been appointed as General Manager and is relishing the challenge of establishing the NutriKiwi brand as a category leader. Former Zespri Chief Executive Tim Goodacre is the independent Chairman.

The Directors are excited about this development as it is something that we have spoken about for many years in different forums and to finally get this up and running is a signal of the maturity which exists in the industry.

Our Strategy for 2014

Our major focus this year is to continue to consolidate the merger with Satara, continuous improvement in our packing and coolstore facilities and to continuing to lift our level of service to our Growers and shareholders in the best way we can.

We are focused on doing what we do better, and have six key areas of focus for our 2014 plan:

Orchard Productivity: We aim to pack 25 million trays this season and improve GREEN orchard productivity by 13 percent.

Financial Performance: Achieve a $5 million profit after Rebate

People: Increase employee engagement by 5% - measured by our employee engagement survey

Safety: Continue to improve our health and safety

New Variety Capability: Establish EastPack as a leader of new varieties

Information Systems: Complete 2014 projects and implement longer term strategies

Capital Investment

Your Directors continue to invest in high quality and leading edge technology. Our $3 million investment in the In-vision photograding and bin infeed systems at our Katikati and Edgecumbe sites are completed. These investments show a good return on the investment, mainly in packhouse labour savings and efficiency. We also expect an improved outcome in quality consistency and throughput. This investment is further confirmation of EastPack's commitment in reducing the cost of processing and improving the quality of our Growers' fruit.

Investment in People, Leadership and Communication

Another key area that EastPack is investing in is training our people. Whilst we will continue to make capital investments in automation where an economic case can be presented, we are still very much a people-based company and industry. Having skilled and motivated staff is critical to our continued success, whether it be in the orchard, packhouse or coolstore.

Now that there is a pathway forward post Psa, and with the introduction of the exciting new varieties, our Company and industry need skilled and motivated people to take us to the next level.

In the orchard we are seeing a major resourcing issue. Not only is the recovery from Psa via new varieties adding a new dimension to our business, we also have a number of orchard owner operators who are opting out of the day-to-day management of their orchards. They are looking at either contract managing some of the orchard operations or reverting to leasing options. As this trend continues and the growing industry gradually expands we are going to need more and more skilled orchard managers and supervisors.

At EastPack our focus is training that increases not only our individual work skill sets, but also enhances our leadership and communication skills. Having a workforce that is motivated and enjoys achieving results and success is critical to EastPack and our Growers' overall success. As our industry grows and expands it is important that we have the right image, structures and career paths to encourage good people to join and assist us along this growth path.

Community Involvement

As a significant employer and integral part of the community, EastPack has supported various organisations and events this financial year, including sponsorship of the EastPack Rippa Rugby competition, and sponsorship and naming rights of the Coastguard Maketu vessel. More recently, EastPack staff raised close to $5,000 in the Relay for Life event.

2014 Season Focus and New Varieties

EastPack is well set for a good outcome this packing season. All staff are better prepared and all sites' systems have been aligned so that we expect improved outcomes for you as Growers.

The Company packed avocados at its Katikati and Whangarei sites and will continue this as required.

The 2014 growing season to date has been favourable – though there are a few exceptions. The quality and quantity of GREEN fruit is most encouraging. The new varieties are looking extremely promising, more promising than at the same time last year.

The prospects offshore for our brand and product are very exciting as long as we can produce high dry matter GOLD G3. Our CEO and Directors have witnessed a high level of customer enthusiasm for your Zespri branded kiwifruit offshore despite higher in-market pricing this past year. For our Growers, the challenge is to produce the fruit, and for EastPack to be a high quality consistent supplier, maximising storage performance, maximising process efficiency and minimising our costs to pack, store and deliver your fruit to our overseas customers via our marketer Zespri.

EastPack's CEO is participating in the industry supply chain review committee which aims to improve the efficiency and quality of the kiwifruit supply chain. The Chairman is involved in the Kiwifruit Industry Strategy Project which is re-examining all aspects of our industry structure to fine tune it for Growers' benefit into the future.

It's tough out there! EastPack has a plan… and as an EastPack Grower, you are at the heart of everything we do. We wish you all the best for the 2014 harvest.

R B Sharp
Chairman

Tony Hawken
CEO

Financial Statements

It is the directors' responsibility to ensure preparation of financial statements that give a true and fair view of the financial position of the Company as at the end of the financial year and the results of operations and cash flows for the year. The external auditors are responsible for expressing an independent opinion on the financial statements.

The financial statements set out in this report have been prepared by management in accordance with generally accepted accounting practice. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable judgements and estimates.

After reviewing internal management financial reports and budgets the directors believe that the Company will continue to be a going concern in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Board of Directors

The Company's constitution requires a minimum number of 6 shareholder directors, of those shareholder directors, not less than 4 shall hold Transactor Shares, and not less than 2 shall hold Investor Shares. At any given time not less than one director must reside in the Whakatane District, not less than one director must reside in the Opotiki District and not less than one director must reside in the Western Bay of Plenty or Hawkes Bay Districts. The maximum number of directors was increased from nine to ten at the Special General Meeting on 22nd February 2013 to accommodate additional directors as a result of the merger with Satara.

At least one third of directors shall retire from office each year at the annual general meeting, but shall be eligible for re-election. The retiring directors must be those directors who have been longest serving since they were last elected.

In addition to the shareholder directors, the Board may appoint not more than 2 persons to be directors of the Company for such period as the Board shall think fit. An appointed director shall not be taken into account in determining the number of directors who are to retire by rotation at any annual meeting and he or she shall cease to hold office as a director at the expiration of the period for which he or she was appointed.

The Board currently comprises eight shareholder directors, and two appointed directors.

The directors have a wide range of skills and expertise that they use to the benefit of the Company.

The primary responsibilities of the Board include:

- to establish the vision of the Company
- to establish long term goals and strategies of the Company
- to approve annual financial reports
- to approve annual budgets
- to approve corporate policies
- to ensure the Company has good internal controls and keeps adequate records
- to ensure legislative compliance
- to monitor the performance of executive management
- to appoint the CEO and fix terms of employment
- to ensure appropriate communication to stakeholders

Board procedures are governed by the Constitution and the Board's Operating Manual which includes a Board Charter and Code of Ethics.

Conflicts of Interest and Related Parties

Directors disclose any general and specific interests that could be in conflict with their obligations to the Company. The Company maintains a register of disclosed interests. Transactions with related parties and balances outstanding relating to the year ending 31 December 2013 are disclosed in note 30 of the Notes to the Financial Statements.

Risk Management

The management of risk is a key focus for the Board. A risk management system is in place which is used to identify and manage all business risks. The risk profile is reviewed annually.

The Board monitors the operational and financial aspects of the Company and considers recommendations from external auditors and advisors on the risks that the Company faces.

The Board ensures that recommendations made are assessed and appropriate action is taken where necessary to ensure risks are managed appropriately.

Internal Controls

It is management's responsibility to ensure adequate accounting records are maintained.

Directors are responsible for the Company's system of internal financial controls. Internal financial controls have been implemented to minimise the possibility of material misstatement. They can provide only reasonable assurance and not absolute assurance against material misstatements or loss. No major breakdowns of internal controls were identified during the year.

Committees

The Board operates an Audit Committee and a Directors Remuneration Committee.

Audit Committee

The Audit Committee meets with the Company's auditors to discuss the quality of the audit and ensure the adequacy of the Company's administrative, operating and accounting controls. The Committee reviews the annual and financial reports before they are submitted to the full Board for approval.

Directors Remuneration Committee

The Committee comprises the Chairman of the Board and three Grower shareholders appointed at the shareholders' Annual General Meeting. The Committee reviews and recommends the level of directors' remuneration to be approved by shareholders at the Annual General Meeting.

Attendance at Meetings

The Board meets formally on a monthly basis and follows guidelines that ensure all directors have available the necessary information to participate in an informed discussion on all agenda items. Separate strategic planning meetings are held annually in conjunction with the senior management team. Directors' meeting attendances are disclosed in the Statutory Information section of this report.

Directors Remuneration

Directors' remuneration during the year is disclosed in the Statutory Information section of this report.

Executives' Remuneration

Executives' remuneration greater than $100,000 per annum received in their capacity as employees during the year is disclosed in the Statutory Information section of this report.

Entries in the Interests Register

In addition to the interests and related party transactions disclosures in note 30 of the Notes to the Financial Statements, there were no interests disclosed to the Board during the year.

EASTPACK LIMITED
STATUTORY INFORMATION

As required by Section 211 of the Companies Act 1993 we disclose the following information:

The Group's principle activities during the year were:

- Packing and coolstorage of kiwifruit
- Orchard management

Directors' Interests:

M R McBride, R M Hudson, A A Gault, R B Sharp, G S Eynon & M J Montgomery, M C Maltby and H Pieters own orchards for which the Company provides services on normal commercial terms.

R M Hudson, M R McBride, G S Eynon & M J Montgomery and H J Pieters own kiwifruit contracting businesses that provides labour and contracting services to EastPack Kiwifruit Operations Ltd under normal commercial terms.

R B Sharp, M R McBride and G S Eynon & M J Montgomery have loans outstanding with EastPack Ltd under normal commercial terms.

G S Eynon & M J Montgomery are Trustees of a Trust that leases coolstores to EastPack Ltd on normal commercial terms.

G S Eynon & M J Montgomery are Directors of a Company that has plans to develop a new kiwifruit post harvest facility at Lemon Road, Paengaroa.

R B Sharp is also a Director of Robert Monk Transport Ltd which provides transport services to EastPack Ltd on normal commercial terms. R B Sharp has no financial interest in Robert Monk Transport Ltd.

Use of Company Information:

The Board received no notices during the year from directors requesting the use of Company information received in their capacity as directors which would not have been otherwise available to them.

Share Dealing:

Directors acquiring shares or any interest in shares in the Company during the year are as follows:

	Shares Acquired During the year		Shares Sold During the year	
	Transactor	Investor	Transactor	Investor
R B Sharp	-	-	-	-
M S Ashby	-	-	-	-
G S Eynon	-	-	-	-
A A Gault	-	-	-	-
R M Hudson	-	-	-	-
M G Kidd	-	-	-	-
M R McBride	-	-	-	-
M J Montgomery	-	-	-	-
M Maltby	47,861	124,889	-	-
H Pieters	120,144	492,032	-	-

All transactor shares were issued at $1 per share.

EASTPACK LIMITED
STATUTORY INFORMATION

Remuneration & Other Benefits:
The following persons held office as director during the year and received the following remuneration:

	2013		2012	
	Remuneration	**Other**	**Remuneration**	**Other**
R B Sharp	65,250	-	60,000	-
M S Ashby	40,000	-	39,167	-
G S Eynon	42,750	-	36,000	-
A A Gault	34,500	-	30,000	-
R M Hudson	34,500	-	30,000	-
M G Kidd	40,000	-	40,000	-
M R McBride	34,500	-	30,000	-
M J Montgomery	34,500	3,000	30,000	3,000
H J Pieters	27,000	-	-	-
M C Maltby	27,000	-	-	-
	$ 380,000	$ 3,000	$ 295,167	$ 3,000

H J Pieters and M C Maltby were appointed as directors on 21 March 2013.

Remuneration of Employees
The number of employees, who are not directors, whose remuneration and benefits exceeded $100,000 in the financial year were:

	Group	**Parent**
100,000 - 110,000	5	5
110,000 - 120,000	2	2
120,000 - 130,000	1	1
150,000 - 160,000	1	1
160,000 - 170,000	1	-
180,000 - 190,000	2	2
210,000 - 220,000	1	-
350,000 - 360,000	1	1
	14	12

Donations
No donations were made by the company during the year.

EASTPACK LIMITED
STATUTORY INFORMATION

Co-operative status

In the opinion of each director, the Company is a co-operative company within the meaning of that term given by the Co-operative Companies Act 1996 and for the following reasons:

(a) The Company continues to carry on, as its principal activity, a co-operative activity as set out in Section 3 of the Co-operative Companies Act 1996;

(b) The constitution of the Company states its principal activities as being co-operative activities; and

(c) Not less than 60% of the voting rights of the Company were be held by transacting shareholders as defined in section 4 of the Co-operative Companies Act 1996.

For and on behalf of the Board:

Chairman 27 March 2014

EASTPACK LIMITED
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Revenue	(6)	91,871	67,516	78,014	63,013
Share of profit in associates	(27)	386	207	-	-
Packaging materials		(17,495)	(13,470)	(17,495)	(13,470)
Employee benefits expense		(33,311)	(23,030)	(30,910)	(22,102)
Directors compensation		(406)	(326)	(383)	(298)
Other expenses		(27,333)	(13,660)	(16,224)	(10,044)
Rental and operating lease expenses		(525)	(764)	(2,544)	(754)
		(79,070)	(51,250)	(67,556)	(46,668)
Earnings before interest, tax, depreciation, fair value adjustments and rebates		**13,187**	**16,473**	**10,458**	**16,345**
Depreciation	(25)	(6,315)	(4,483)	(4,487)	(4,479)
Earnings before interest, tax, fair value adjustments and rebates		**6,872**	**11,990**	**5,971**	**11,866**
Interest expense		(1,406)	(692)	(1,192)	(690)
Rebates paid		(3,945)	(3,612)	(3,945)	(3,612)
		(5,351)	(4,304)	(5,137)	(4,302)
Earnings before tax and fair value adjustments		**1,521**	**7,686**	**834**	**7,564**
(Loss)/gain on revaluation of land and buildings	(25)	(1,888)	(1,642)	1,542	(1,642)
Impairment of available for sale financial assets	(28)	(90)	(200)	(90)	(200)
Impairment of investments in associates	(27)	(472)	-	-	-
Gain/(loss) on Satara acquisition	(31)	6,492	-	-	-
		4,042	(1,842)	1,452	(1,842)
Net profit before taxation		**5,563**	**5,844**	**2,286**	**5,722**
Less taxation	(8)	(605)	(1,948)	(282)	(1,912)
Net profit after taxation		**4,958**	**3,896**	**2,004**	**3,810**
Net profit attributable to:					
Owners of the company		4,972	3,901	2,004	3,810
Non controlling interests		(14)	(5)	-	-
Net profit after taxation		**4,958**	**3,896**	**2,004**	**3,810**
Earnings per share					
Basic and diluted earnings per share	(9)	$0.17	$0.16	$0.07	$0.16

The accompanying notes form part of the financial statements

EastPack
WORLD CLASS ORCHARD TO MARKET

EASTPACK LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Net profit after taxation		**4,958**	**3,896**	**2,004**	**3,810**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain/(Loss) on revaluation of property, plant and equipment, net of tax	(11)	1,962	(427)	851	(427)
Items that will be reclassified subsequently to profit or loss					
Gain/(loss) on fair value of available for sale financial assets	(11)	152	147	152	147
Other comprehensive income for the year		**2,114**	**(280)**	**1,003**	**(280)**
Total comprehensive income for the year		**7,072**	**3,616**	**3,007**	**3,530**
Comprehensive income attributable to:					
Owners of the company		7,086	3,621	3,007	3,530
Non controlling interests		(14)	(5)	-	-
Total comprehensive income for the year		**7,072**	**3,616**	**3,007**	**3,530**

EASTPACK LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Share capital ($000's)	Asset revaluation reserve ($000's)	Available for sale reserve ($000's)	Retained earnings ($000's)	Non controlling interests ($000's)	Total ($000's)
GROUP							
Opening balance 1 January 2012		9,617	5,596	-	11,394	23	**26,630**
Net profit after taxation		-	-	-	3,901	(5)	**3,896**
Other comprehensive income:							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	147	-	-	**147**
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	(427)	-	-	-	**(427)**
Dividends paid	(12)	-	-	-	(2,592)	-	**(2,592)**
Closing balance 31 December 2012		**9,617**	**5,169**	**147**	**12,703**	**18**	**27,654**
Net profit after taxation		-	-	-	4,972	(14)	**4,958**
Other comprehensive income:							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	152	-	-	**152**
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	1,962	-	-	-	**1,962**
Share issue due to merger	(10)	3,254	-	-	-	-	**3,254**
Dividends paid	(12)	-	-	-	(2,355)	-	**(2,355)**
Closing balance 31 December 2013		**12,871**	**7,131**	**299**	**15,320**	**4**	**35,625**
PARENT							
Opening balance 1 January 2012		9,617	5,596	-	9,938	-	**25,151**
Net profit after taxation		-	-	-	3,810	-	**3,810**
Other comprehensive income:							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	147	-	-	**147**
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	(427)	-	-	-	**(427)**
Dividends paid	(12)	-	-	-	(2,592)	-	**(2,592)**
Closing balance 31 December 2012		**9,617**	**5,169**	**147**	**11,156**	**-**	**26,089**
Net profit after taxation		-	-	-	2,004	-	**2,004**
Other comprehensive income							
Gain/(loss) on fair value of available for sale financial assets	(11)	-	-	152	-	-	**152**
Gain/(loss) on revaluation of property plant and equipment, net of tax	(11)	-	851	-	-	-	**851**
Share issue due to merger	(10)	3,254	-	-	-	-	**3,254**
Dividends paid	(12)	-	-	-	(2,355)	-	**(2,355)**
Closing balance 31 December 2013		**12,871**	**6,020**	**299**	**10,805**	**-**	**29,995**

EASTPACK LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	GROUP		PARENT	
		2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
EQUITY					
Share capital	(10)	12,871	9,617	12,871	9,617
Reserves	(11)	7,430	5,316	6,319	5,316
Retained earnings		15,320	12,703	10,805	11,156
Non controlling interest		4	18	-	-
		35,625	27,654	29,995	26,089
NON CURRENT LIABILITIES					
Deferred taxation	(8)	5,999	3,304	2,954	3,065
Income in advance	(18)	150	-	150	-
Transactor share capital	(16)	19,403	14,292	19,403	14,292
Refunds due to resigned shareholders	(17)	2,196	288	1,031	288
Borrowings	(19)	16,000	4,000	16,000	4,000
		43,748	21,884	39,538	21,645
CURRENT LIABILITIES					
Borrowings	(19)	9,000	500	9,000	500
Trade and other payables	(13)	10,190	11,171	6,321	9,529
Employee entitlements	(14)	819	486	784	413
Provision for dividend	(15)	1,067	1,286	1,067	1,286
Provision for taxation	(8)	811	960	13	948
Refunds due to resigned shareholders	(17)	559	-	-	-
Income in advance	(18)	272	-	50	-
		22,718	14,403	17,235	12,676
TOTAL FUNDS EMPLOYED		**102,091**	**63,941**	**86,768**	**60,410**
NON CURRENT ASSETS					
Property, plant and equipment	(25)	83,764	53,391	54,864	53,376
Investments in subsidiaries	(26)	-	-	15,693	30
Investments in associates	(27)	961	1,135	-	712
Investments	(28)	1,127	956	546	720
Unpaid transactor shares	(24)	98	98	98	98
		85,950	55,580	71,201	54,936
CURRENT ASSETS					
Cash and cash equivalents	(20)	204	716	187	502
Trade and other receivables	(21)	9,212	5,302	5,049	3,185
Intercompany advances	(30)	-	-	8,073	776
Non current assets held for sale	(35)	750	-	712	-
Leased assets	(22)	4,301	1,323	-	-
Inventories	(23)	1,674	1,020	1,546	1,011
		16,141	8,361	15,567	5,474
TOTAL ASSETS		**102,091**	**63,941**	**86,768**	**60,410**

For and on behalf of the Board:

Chairman 27 March 2014

Director 27 March 2014

EASTPACK LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
CASHFLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		90,981	68,722	76,314	64,098
Interest received		52	96	583	110
Dividends received		125	88	356	279
		91,158	68,906	77,253	64,487
Cash was applied to:					
Payments to suppliers and employees		(84,084)	(54,780)	(75,916)	(50,361)
Interest paid		(1,340)	(692)	(1,313)	(690)
Net GST Paid		(147)	(198)	(242)	(124)
Taxation paid		(1,546)	(2,631)	(1,472)	(2,440)
		(87,117)	(58,301)	(78,943)	(53,615)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(29)	4,041	10,605	(1,690)	10,872
CASHFLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Associate dividends		296	191	-	-
Proceeds from investments		15	33	-	-
Repayment of advances		154	-	154	-
Proceeds from property, plant and equipment		102	41	64	41
		567	265	218	41
Cash was applied to:					
Purchase of investments		-	(158)	-	-
Advances		(511)	-	(511)	-
Advances to subsidiaries		-	-	(7,039)	(88)
Acquisition of subsidiary during the year	(29)	(5,751)	-	(6,283)	-
Purchase of property, plant and equipment		(3,502)	(2,099)	(3,502)	(2,094)
		(9,764)	(2,257)	(17,335)	(2,182)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(9,197)	(1,992)	(17,117)	(2,141)
CASHFLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Issue of investor shares		564	-	564	-
Proceeds from borrowings		35,500	-	35,500	-
		36,064	-	36,064	-
Cash was applied to:					
Payment of dividends		(2,572)	(2,614)	(2,572)	(2,614)
Redemption of shares		(158)	-	-	-
Repayment of borrowings		(28,690)	(6,500)	(15,000)	(6,500)
		(31,420)	(9,114)	(17,572)	(9,114)
NET CASH FLOWS FROM FINANCING ACTIVITIES		4,644	(9,114)	18,492	(9,114)
Net (decrease)/increase in cash and cash equivalents		(512)	(501)	(315)	(383)
Opening cash and cash equivalents		716	1,217	502	885
Closing cash and cash equivalents	(20)	204	716	187	502

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

EastPack Ltd (the "Company") is a co-operative company domiciled and incorporated in New Zealand, registered under the Co-operative Companies Act 1996. The Company is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements of the Company has been prepared in accordance with the Financial Reporting Act 1993.

The financial statements for the "Parent" are for the Company as a separate legal entity. The consolidated financial statements for the "Group" are for the economic entity comprising the Company and its subsidiaries per Note 26.

The Company and Group are designated as for-profit entities for financial reporting purposes. The principal activities of the Group and Company are operating a packhouse, coolstorage, providing orchard management and a transport agent.

The financial statements were approved by the Board of Directors on 27 March 2014. Once issued, the Directors do not have the power to amend these financial statements.

(a) Basis of preparation of the financial report

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Compliance with IFRS
These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

The Group is a Tier 1 for-profit entity that is required to comply with Tier 1 For-profit Accounting Standards. These financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for for-profit entities. They also comply with International Financial Reporting Standards (IFRS).

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.

Historical Cost Basis
The financial statements has been prepared on a historical cost basis, with the exception of some liabilities which are measured at fair value, and revaluations to fair value for certain classes of assets as described in the accounting policies.

Functional and Presentation Currency
These financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency and the amounts are rounded the nearest thousand dollars ($000) unless otherwise stated.

Accounting for Goods and Services Tax
All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. The net amount of GST recoverable from, or payable to, Inland Revenue, is included in the statement of financial position.

(b) Consolidation

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Consolidation (continued)

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions with non-controlling interests

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associate companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Associate companies (continued)

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they 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 unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Goods and Services Tax, returns, and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Sales and charges
Revenue from the sale of goods is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest revenue
Interest income is recognised on a time-proportion basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend revenue
Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting in the Group financial statements.

Rent revenue
Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(e) Inventories

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

(f) Leased assets

Leased assets represent the value of developing the fruit due to be harvested in the following year. Leased assets are capitalised leased orchard expenses carried forward in the Statement of Financial Position as an asset and recognised at the same time as the income to which they relate, i.e. against the crop proceeds from the following year. Any change in cost is recognised in the income statement. Due to the stage of fruit 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.

(g) Property, Plant and Equipment

All items of Property, Plant and Equipment are initially measured at cost. The cost of an item of property, plant and equipment includes its purchase/construction price, costs directly attributable to bringing it to the location and condition necessary for it to operate as intended and the initial estimate of dismantling and removing the item and restoring the site on which it is located. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Where an item of property, plant and equipment is self-constructed, its construction cost includes the cost of materials and direct labour and an appropriate proportion of production overheads.

After initial recognition, all items of property, plant and equipment, except land, land improvements, buildings and plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Land, land improvements, buildings, and plant and equipment are measured at revalued amounts less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken by an independent registered valuer with sufficient frequency to ensure that the carrying value of the item does not differ materially from its fair value. Increases in the carrying amount arising on revaluation of land, land improvements and buildings are credited to other reserves in shareholders' equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the profit or loss. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the asset and the net amount is restated to the revalued amount of the asset. At each balance date the carrying value of each class of asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the class of asset is revalued to reflect its fair value.

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the profit or loss as an expense as incurred. Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (i.e. if the asset is impaired). An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit or loss. Upon disposal or derecognition of a revalued asset, any revaluation reserve relating to the particular asset is transferred to retained earnings.

(f) Property, Plant and Equipment (continued)

Depreciation
Land is not depreciated. Capital works in progress are not depreciated until completed and available for use. Depreciation on other assets is calculated using the straight-line and diminishing value methods to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Depreciation is charged in the profit or loss. The residual value and useful lives of all assets are reviewed and adjusted if appropriate at each reporting date.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation basis	
Land Improvements	4%	Diminishing value
Buildings	2.0 - 48 %	Straight line
Plant and Equipment	2.0 - 60 %	Diminishing value
Furniture and Fittings	9.5 - 60 %	Diminishing value

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Leases as a Lessee
Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables.

The property, plant and equipment acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term and is assessed for indicators of impairment in the same manner as other non-financial assets.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Leases as a lessor
Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment and are assessed for indicators of impairment in the same manner as other non-financial assets. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(i) Intangibles

Goodwill
Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(j) Income Tax

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

(k) Foreign Currency

Transactions and Balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges.

(l) Employee Benefits

Liabilities for employee entitlements are carried at the present value of the estimated future cash flows.

Wages, salaries, statutory days in lieu, annual leave, and sick leave
Liabilities for wages and salaries, including non-monetary benefits, statutory days in lieu, annual leave and sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Profit sharing and bonus plan
The Group recognises bonuses and profit sharing payments when it is contractually obliged to make such payments, or when there is a past practice that has created a constructive obligation to make such payments.

Superannuation plans
The Group pays contributions to superannuation plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(m) Assets held for sale

Non-current assets (and disposal groups) classified as held for sale are recorded at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

(n) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(o) Finance Costs

Finance expenses comprise interest expense on borrowings (except when capitalised to a qualifying asset), unwinding of the discount on provisions, foreign currency losses, and impairment losses recognised on financial assets (except for trade receivables and intercompany advances).

Finance costs are expensed using the effective interest method.

(p) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that takes six months or longer to prepare for its intended use or sale. Other borrowing costs are expensed when incurred.

Where the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs capitalised are the actual borrowing costs incurred on that borrowing, less any investment income on the temporary investment of those borrowings.

Where the Group borrows funds generally and uses them to fund a qualifying asset, the amount of borrowing costs capitalised is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of funding a qualifying asset.

(q) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets not yet available for use are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(r) Financial Instruments

Classification
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss
This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

The Group has no financial assets classified as financial assets at fair value through the profit or loss.

Held-to-maturity investments
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

The Group has no financial assets classified as held to maturity investments.

(r) Financial Instruments (continued)

Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

The Group's loans and receivables comprise receivables, intercompany advances and cash and cash equivalents.

Available-for-sale
Available for sale financial assets are non derivatives, principally equity securities, that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

The Group's available for sale assets comprise of investments.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss. Investments in equity instruments that do have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in the profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

(r) Financial Instruments (continued)

Financial liabilities
Financial liabilities include trade payables, other creditors, refunds due to resigned shareholders, loans from third parties, inter-company balances and loans from or other amounts due to related parties.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the profit or loss over the period of the borrowing using the effective interest method.

(s) Transactor Shares

Transactor share capital is classified as a liability as they are redeemable at the option of the shareholder and the Group has five years to make the repayment (see Note 16). When Transactor share capital is redeemed it becomes a Refund Due to Resigned Shareholders until repayment is made (see Note 17). Rebates payable to Transactor shareholders are recognised in the Income Statement on an accruals basis.

(t) Dividend distribution

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividend distribution to the Company shareholders is recognised as a liability in the Company's and Group's financial statements in the period in which the dividends are approved by the Company's Directors.

(u) Change in Accounting Policy

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts and disclosures reported in these financial statements. Details of other standards and interpretations not yet in effect and not early adopted are reported in Note 3.

NZ IFRS 10 *Consolidated Financial Statements, NZ IAS 27 Separate Financial Statement and NZ IAS 28 Investments in Associates and Joint Ventures. NZ IFRS 10* replaces *NZ IAS 27 Consolidated and Separate Financial Statements and NZ SIC-12 Consolidation – Special Purpose entities.* It has been issued concurrently with: *NZ IFRS 11 Joint Arrangements, NZ IFRS 12 Disclosure of Interests in Other Entities, NZ IAS 27 (revised 2011)* – this includes amendments for the issue of *NZ IFRS 10*, but retains the current guidance for separate financial statements. *NZ IAS 28 (revised 2011)* – this has been amended for conforming changes based on the issue of *NZ IFRS 10* and *NZ IFRS 11.*

NZ IFRS 13 *Fair Value Measurement.* NZ IFRS 13 is applicable for annual periods beginning on or after 1 January 2013. Earlier application is permitted. It defines fair value and provides a single source of fair value measurement and disclosure requirements for use across all NZ IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by another NZ IFRS. In adopting this standard there have been no measurement impacts on the Group however this standard has resulted in disclosure changes, see Note 4.

NZ IFRS 10 changes the definition of control. The adoption of NZ IFRS 10 has not resulted in the identification of any new subsidiaries or the deconsolidation of any existing subsidiaries. The adoption of NZ IFRS 12 resulted in additional disclosures for investments in subsidiaries and associates see Note 26. There is no significant effect on the financial statements as a result of applying the updates above.

NZ IAS 1 changes the disclosure within the Statement of Comprehensive income. The change has resulted in identifying movements in other comprehensive income that will be reclassified subsequently to profit or loss and items that will not be reclassified subsequently to profit and loss.

There have been no other changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are based on past performance and management's expectation for the future.

Critical accounting estimates and assumptions

In the application of NZ IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Valuation of property plant and equipment
Land, land improvements, buildings, and plant and equipment are measured at fair value as determined by an independent valuer. The independent valuer users valuation techniques which are inherently subjective and involve estimation. Further information is provided in Note 25.

Investment in Unlisted Companies
Management uses their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Further information is provided in Note 28.

Refunds Due to Resigned Shareholders
During the financial year any redemption requests give rise to a reclassification of Transactor Share Capital into Refunds Due to Resigned Shareholders. Amortised cost is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date. Further information is provided in Note 17.

NOTE 3: NEW STANDARDS

Standards, interpretations and amendments to published standards that are not yet effective:

Certain new standards, amendments and interpretations issued by the IASB and the New Zealand Equivalents to those standards have been published that are mandatory for the Group, but which the Group has not early adopted.

Not yet adopted:

NZ IFRS 9 Financial Instruments is applicable for annual periods beginning on or after 1 January 2015. Earlier adoption is permitted. NZ IFRS 9 is part of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces amended requirements for classifying and measuring financial assets and liabilities.

The Group has not early adopted any NZ IFRS's.

The group expects to adopt the above standards and interpretations in the period in which they become mandatory, and have not yet assessed if these changes will have any material impact on the financial statements of the Group in the period of initial application.

4. FINANCIAL INSTRUMENTS

Credit Risk

To the extent that the Group has a receivable from another party, there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents, receivables/advances, intercompany advances for the parent and unpaid transactor shares.

The group manages its exposure to credit risk to minimise losses from bad debts. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. The Group monitors the credit quality of major financial institutions that are counter parties to its financial instruments, and does not anticipate non-performance by the counter parties.

Maximum exposures to credit risk at balance date are:	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Cash and cash equivalents	204	716	187	502
Receivables	8,384	5,045	4,547	2,933
Intercompany advances	-	-	8,073	776
Unpaid transactor shares	98	98	98	98
Total net receivables	8,482	5,143	12,718	3,807

The above maximum exposures are net of any recognised impairment losses in these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

At reporting date the majority of the Group's cash and cash equivalents were with the Bank of New Zealand. The Group does not have any other significant concentration of credit risk as receivables are spread over a large number of customers however a significant majority of these receivables are owed by third parties from within the Kiwifruit industry.

Status of receivables

Group	2013		2012	
	Gross ($000's)	Impairment ($000's)	Gross ($000's)	Impairment ($000's)
Not yet due	7,158	35	4,084	30
Overdue 0 -31 days	534	-	304	-
Overdue 31 - 92 days	297	-	135	-
Overdue 93 - 184 days	313	269	919	269
Overdue more than 184 days	484	-	-	-
Total trade receivables	8,786	304	5,442	299

Parent	2013		2012	
	Gross ($000's)	Impairment ($000's)	Gross ($000's)	Impairment ($000's)
Not yet due	12,509	35	3,690	30
Overdue 0 -31 days	52	-	53	-
Overdue 31 - 92 days	29	-	15	-
Overdue 93 - 184 days	199	40	119	40
Overdue more than 184 days	4	-	-	-
Total trade receivables	12,793	75	3,877	70

The Group provides for specific receivables where recovery of the amount is unlikely. The Group raised a specific impairment at reporting date for $303,985 (2012: $299,109). Impairment for receivables is also assessed collectively at reporting date. There was no collective provision at reporting date (2012: $Nil). The Group generally has the ability to withhold either rebates or dividends from receivables owing from growers and transacting shareholders. Management actively manage other receivables and recovery of receivables.

4. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations in relation to financial liabilities as they fall due. 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, see Note 19 for the Group's borrowing facilities.

The following sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis.

Group 2013

	Statement of financial position ($000's)	Contractual cash flows ($000's)	6 months or less ($000's)	6-12 months ($000's)	1-2 years ($000's)	2-5years ($000's)	More than 5 years ($000's)
Borrowings	25,000	27,075	7,473	2,422	787	16,394	-
Trade and other payables	10,190	10,190	10,190	-	-	-	-
Refunds due to resigned shareholders	2,755	2,755	460	88	973	1,234	-
Provision for dividend	1,067	1,067	1,067	-	-	-	-
	39,012	41,087	19,190	2,510	787	17,628	-

Group 2012

	Statement of financial position ($000's)	Contractual cash flows ($000's)	6 months or less ($000's)	6-12 months ($000's)	1-2 years ($000's)	2-5years ($000's)	More than 5 years ($000's)
Borrowings	4,500	5,297	614	111	221	4,351	-
Trade and other payables	11,171	11,171	11,171	-	-	-	-
Refunds due to resigned shareholders	288	288	-	-	-	288	-
Provision for dividend	1,286	1,286	1,286	-	-	-	-
	17,245	17,754	13,071	111	221	4,351	-

Parent 2013

	Statement of financial position ($000's)	Contractual cash flows ($000's)	6 months or less ($000's)	6-12 months ($000's)	1-2 years ($000's)	2-5years ($000's)	More than 5 years ($000's)
Borrowings	25,000	27,075	7,473	2,422	787	16,394	-
Trade and other payables	6,321	6,321	6,321	-	-	-	-
Refund due to resigned shareholders	1,031	1,031	-	-	-	1,031	-
Provision for dividend	1,067	1,067	1,067	-	-	-	-
	33,419	35,494	14,861	2,422	787	17,425	-

Parent 2012

	Statement of financial position ($000's)	Contractual cash flows ($000's)	6 months or less ($000's)	6-12 months ($000's)	1-2 years ($000's)	2-5years ($000's)	More than 5 years ($000's)
Borrowings	4,500	5,297	614	111	221	4,351	-
Trade and other payables	9,529	9,529	9,529	-	-	-	-
Refund due to resigned shareholders	288	288	-	-	-	288	-
Provision for dividend	1,286	1,286	1,286	-	-	-	-
	15,603	16,400	11,429	111	221	4,639	-

4. FINANCIAL INSTRUMENTS (CONTINUED)

Currency Risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies. The Group's normal trading activities are conducted in New Zealand dollars. The Group has few transactions in foreign currencies. Apart from $NZ the other main currencies traded in is $AUD.

Interest Rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has exposure to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. The Group manages its cost of borrowing by placing limits on the proportion of borrowings at floating rate, and the proportion of fixed rate borrowing that is repriced in any year.

Interest rate risk - sensitivity analysis
The Group is exposed to interest rate risk relating to borrowings. An increase/decrease of 1% in interest rates would increase/decrease pre tax profit and equity of the Group by +/- $250,000 (2012: +/- $45,000) if the increase/decrease was apparent for the full year. There are no other interest bearing financial instruments subject to interest rate risk.

Fair values
Financial instruments are presented at their carrying value which approximates fair value with the exception of Shares held in Listed Companies. The fair value of these shares are based on the closing share price in an active market at reporting date.

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

Level 1: Quoted prices (unadjusted) in active markets for identified assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly.
Level 3: Unobservable inputs for the asset of liability.

2013	GROUP			PARENT		
	Level 1 ($000's)	Level 2 ($000's)	Level 3 ($000's)	Level 1 ($000's)	Level 2 ($000's)	Level 3 ($000's)
Unlisted equity shares	-	-	1,119	-	-	538
Listed equity shares	8	-	-	8	-	-
Property plant & equipment	-	-	65,169	-	-	42,260
	8	-	66,288	8	-	42,798

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to growers, shareholders and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and maximise returns. Capital in relation to capital management also includes Transactor shares. In order to maintain or adjust the capital structure, the Group may adjust distributions to shareholders, amount of dividends paid to shareholders, return capital to shareholders, issue new shares, amend capital spending plans or sell assets to reduce debt.

The Shareholders have appointed the Directors to manage the co-operative in order to maximise returns. The Directors, consistent with others in the Kiwifruit industry, monitor and manage capital based on trays supplied and returns to growers and investors.

There have been no material changes to the Group's capital during the year and the Group has no externally imposed capital requirements.

6. REVENUE

	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Sales	89,872	64,860	75,506	60,181
Dividends received	120	89	356	279
Rent revenue	230	243	230	243
Interest revenue	62	113	583	110
Other revenue	1,587	2,211	1,339	2,200
	91,871	67,516	78,014	63,013

7. AUDITORS' REMUNERATION

	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Amounts paid or due and payable to the auditors for:				
Auditing the financial statements	75	53	43	43
Other audit related services	10	7	10	7
Other services:				
Due diligence	-	27	-	27
Assistance with amalgamation	21	-	21	-
Tax compliance work and advice	21	20	16	15
	127	107	90	92

8. INCOME TAX

Income tax expense:	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Current tax expense	1,175	1,997	537	2,025
Deferred tax (income)/expense	(570)	(49)	(255)	(113)
	605	1,948	282	1,912

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on profit before	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Income tax at 28% (2012: 28%)	1,558	1,636	640	1,602
Tax effect of				
- Non deductible expenses	1,444	588	300	527
- Non assessable income	(2,190)	(166)	(468)	(108)
- Imputation credits received	(156)	(109)	(139)	(109)
- Adjustments of prior years	(51)	(1)	(51)	-
Income tax expense	605	1,948	282	1,912

There are no unrecognised tax losses or temporary differences carried forward (2012: Nil).

8. INCOME TAX (CONTINUED)

Deferred taxation balances

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
Deferred tax assets	**($000's)**	**($000's)**	**($000's)**	**($000's)**
Stock Obsolescence	110	71	110	71
Employee Entitlements	196	119	184	106
Accounts receivable	85	84	21	19
Tax losses recognised	136	-	-	-
	527	274	315	196
Deferred tax liabilities				
Property, Plant and Equipment	5,492	3,262	3,269	3,261
Leased assets	1,034	316	-	-
Accounts receivable	-	-	-	-
Tax losses recognised	-	-	-	-
	6,526	3,578	3,269	3,261
	(5,999)	(3,304)	(2,954)	(3,065)

Deferred taxation movements recognised in income

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
Deferred tax assets	**($000's)**	**($000's)**	**($000's)**	**($000's)**
Stock Obsolescence	39	(38)	39	(38)
Employee Entitlements	(11)	(22)	78	(16)
Accounts receivable	1	84	2	19
Tax losses recognised	136	-	-	-
	165	24	119	(35)
Deferred tax liabilities				
Property, Plant and Equipment	(184)	(148)	(136)	(148)
Leased assets	(221)	123	-	-
	(405)	(25)	(136)	(148)
	570	49	255	113

Deferred taxation movements in equity

	GROUP		PARENT	
	2013	**2012**	**2013**	**2012**
	($000's)	**($000's)**	**($000's)**	**($000's)**
	-	-	-	-
Deferred tax liabilities				
Property, Plant and Equipment	576	75	144	75
	576	75	144	75
	(576)	(75)	(144)	(75)

8. INCOME TAX (CONTINUED)

Provision for Taxation

	GROUP		PARENT	
	2013 ($000's)	**2012 ($000's)**	**2013 ($000's)**	**2012 ($000's)**
Balance as at 1 January	(960)	(1,594)	(948)	(1,363)
Tax acquired on acquisition	(209)	-	-	-
Income tax expense	(605)	(1,948)	(282)	(1,912)
Income tax expense attributable to deferred tax	(570)	(49)	(255)	(113)
Income tax payments during year	1,533	2,631	1,472	2,440
Balance as at 31 December	(811)	(960)	(13)	(948)

Imputation Credit Account

	2013 ($000's)	**2012 ($000's)**
Balance as at 1 January	6,216	4,768
Income tax payments during year	1,533	2,423
Imputation credits on dividends received	157	110
Imputation credits on dividends paid	(1,085)	(1,103)
Resident withholding tax paid	24	18
Balance as at 31 December	6,845	6,216

At balance date the imputation credits available to the shareholders of the parent company:

Through direct holding in parent company	6,845	6,216
Through direct interests in subsidiaries	-	-
	6,845	6,216

9. EARNINGS PER SHARE

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Profit attributable to ordinary shareholders	4,958	3,896	2,004	3,810
Weighted average number of ordinary shares issued	28,600,358	24,503,122	28,600,358	24,503,122
Basic and diluted earnings per share (cents per share)	$0.17	$0.16	$0.07	$0.16

The calculation of basic and diluted earnings per share is based the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares on issue during the year.

10. SHARE CAPITAL

			GROUP AND PARENT	
	2013 No of shares	2012 No of shares	2013 ($000's)	2012 ($000's)
Balance at 1 January	24,503,122	24,503,122	9,617	9,617
Investor shares issued during the year	869,265	-	553	-
Investor shares issued on Amalgamation	5,176,815	-	3,106	-
Investor shares exchanged on Amalgamation	(724,048)	-	(405)	-
Balance as at 31 December	29,825,154	24,503,122	12,871	9,617

The share capital of the Company includes 29,825,154 investor shares (2012: 24,503,122).

On 15 March 2013, EastPack Satara Limited ("EastPack Satara"), a wholly owned subsidiary of EastPack, acquired the business (including all assets and liabilities) of Satara Co-operative Group Limited ("Satara"). EastPack Satara continued as the surviving legal entity ("Amalgamated Company"). Satara Investor shares were cancelled in exchange for EastPack Investor shares. A total of 5,176,815 EastPack Investor shares were issued on Amalgamation and 724,048 EastPack Investor shares were exchanged in accordance with the terms set out in the Amalgamation proposal. For further details refer to Note 31.

The shareholding in the Company is divided into two classes of shares, being Transactor and Investor shares. Transactor shares are classified as term liabilities. For further details refer to Notes 16 and 24.

Investor Shares

Investor shares are issued under the Companies Act 1993 and are tradable. All Investor shares rank equally and carry 40% of the voting power (Transactor shares 60%, for further details refer to Note 16) of all shares on issue and carry the right to participate in any annual dividends declared by the directors of the Company. Investor shares can participate in any surplus assets upon liquidation after the holders of Transactor shares have been paid. There have been no changes to the terms and rights of the shares during the year.

11. RESERVES

Available for sale reserve	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Balance at 1 January	147	-	147	-
Movement during the year	152	147	152	147
Balance at 31 December	299	147	299	147

The available for sale reserve relates to fair value adjustments to investments classified as available for sale financial assets. For further details refer to Note 28.

Asset revaluation reserve	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Balance at 1 January	5,169	5,596	5,169	5,596
Movement during the year	2,538	(352)	995	(352)
Deferred tax on revaluation	(576)	(75)	(144)	(75)
Balance at 31 December	7,131	5,169	6,020	5,169
Total reserves	7,430	5,316	6,319	5,316

The asset revaluation reserve relates to the revaluation of property, plant and equipment. For further details refer to Note 25.

12. DISTRIBUTIONS TO OWNERS

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Investor shares - dividend paid	1,287	1,306	1,287	1,306
Investor shares - dividend payable	1,068	1,286	1,068	1,286
Total dividends	2,355	2,592	2,355	2,592

Dividends paid on investor shares amounted to 5.3 cents per share fully imputed (2012: 5.4 cents per share). Dividends payable amounted to 3.6 cents per share fully imputed (2012: 5.3 cents per share).

13. TRADE AND OTHER PAYABLES

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Trade payables	2,212	2,855	1,309	1,365
Sundry payables	4,010	686	844	523
GST payable	341	501	267	507
Related party payables	3,506	7,122	3,780	7,127
Associate payables	121	7	121	7
	10,190	11,171	6,321	9,529

14. EMPLOYEE ENTITLEMENTS

	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Balance at 1 January	486	469	413	402
Additional provision	333	17	371	11
Balance at 31 December	819	486	784	413
This is represented by:				
Current liability	819	486	784	413
Non-current liability	-	-	-	-
	819	486	784	413

15. PROVISION FOR DIVIDEND

		GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Balance at 1 January		1,286	1,266	1,286	1,266
Dividend paid during the year		(1,286)	(1,266)	(1,286)	(1,266)
Additional provision		1,067	1,286	1,067	1,286
Balance at 31 December	(12)	1,067	1,286	1,067	1,286

A dividend of 3.6 cents per investor share fully imputed was declared on 20 December 2013 (2012: A dividend of 5.3 cents per investor share was declared on 21 December 2012).

16. TRANSACTOR SHARE CAPITAL

	GROUP AND PARENT 2013 No. of Shares	GROUP AND PARENT 2012 No. of Shares	GROUP AND PARENT 2013 ($000's)	GROUP AND PARENT 2012 ($000's)
Balance at 1 January	14,291,607	14,699,770	14,292	14,700
Transactor shares issued during the year	80	-	-	-
Transactor shares sold during the year	(778,132)	(408,163)	(779)	(408)
Transactor shares issued on Amalgamation	5,992,757	-	5,993	-
Transactor shares exchanged on Amalgamation	(103,095)	-	(103)	-
Balance at 31 December	19,403,217	14,291,607	19,403	14,292

The Company has 19,403,217 Transactor shares on issue (2012: 14,291,607).

On 15 March 2013, EastPack Satara Limited ("EastPack Satara"), a wholly owned subsidiary of EastPack, acquired the business (including all assets and liabilities) of Satara Co-operative Group Limited ("Satara"). EastPack Satara continued as the surviving legal entity ("Amalgamated Company"). Satara Transactor shares were cancelled in exchange for EastPack Transactor shares. A total of 5,992,757 EastPack Transactor shares were issued on Amalgamation and 103,095 EastPack Transactor shares were exchanged in accordance with the terms set out in the Amalgamation proposal. For further details refer to Note 31.

Transactor Shares

Transactor Shares are issued by the Company to growers of kiwifruit or other approved produce. Transactor shares rank equally, are not freely tradable, and carry 60% of the voting power (Investor shares 40%, for further details refer to Note 10) of all shares on issue. Transactor shareholders have the right to participate in any annual rebate declared by the directors of the Company. They carry first right of redemption on liquidation of the company at $1.00 each. Carrying value of Transactor shares approximates fair value, due to the fixed redemption value and market returns paid by way of rebate.

17. REFUNDS DUE TO RESIGNED SHAREHOLDERS

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Balance at 1 January	288	-	288	-
Movement during the year	2,467	288	1,031	288
Balance at 31 December	2,755	288	1,031	288
This is represented by:				
Current liability	559	-	-	-
Non-current liability	2,196	288	1,031	288
	2,755	288	1,031	288

Refunds due to Transactor shareholders who have resigned from the Company are unsecured and repayable by the Company over a five year period after resignation is accepted by the Board. Fair value is estimated as the present value of the future cash flows using a discount rate of 5% (2012: 5%).

18. INCOME IN ADVANCE

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Balance at 1 January	-	229	-	229
Movement during the year	422	(229)	200	(229)
Balance at 31 December	422	-	200	-
This is represented by:				
Current liability	272	-	50	-
Non-current liability	150	-	150	-
	422	-	200	-

This represents income received in advance, which is earned over the life of the relevant service contract.

19. BORROWINGS

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Current portion	9,000	500	9,000	500
Non current portion	16,000	4,000	16,000	4,000
	25,000	4,500	25,000	4,500

The current portion represents borrowings which have a maturity date of less than twelve months from reporting date. The Group's total facility with the Bank of New Zealand is $33m (2012: $33m). The current interest rates on the secured borrowings range from 3.79% to 5.65% (2012: 3.82% to 5.65%).

Security - Parent and Group
The Bank of New Zealand holds a perfected security interest in all present and acquired property of the Company, a registered first mortgage over all land and buildings and a perfected security interest in all present and acquired property of EastPack Kiwifruit Operations Ltd as a subsidiary of the Company.

Banking covenants - Parent and Group
The Group is subject to various banking covenants as part of the Group's total facility with the Bank of New Zealand. The Group monitors these banking covenants on a regular basis. The Group did not breach any of these banking covenants during the year.

20. CASH AND CASH EQUIVALENTS

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Bank accounts	204	716	187	502

The current interest rate on the bank accounts is 2.6% (2012: 3%).

21. TRADE AND OTHER RECEIVABLES

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Trade receivables	3,722	2,643	1,243	605
Impairment	(304)	(299)	(75)	(70)
Sundry receivables	4,948	2,644	2,534	2,069
Prepayments	828	257	502	252
Related party receivables	-	-	827	272
Associate receivables	18	57	18	57
	9,212	5,302	5,049	3,185

22. LEASED ASSETS

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Balance at 1 January	1,323	1,413	-	-
Costs capitalised	4,301	1,323	-	-
Costs utilised in current season	(1,323)	(1,413)	-	-
Balance at 31 December	4,301	1,323	-	-

Costs are capitalised as expenses are incurred preparing the leased orchards for the next season. The costs are recognised against revenue in the financial year to which they relate. No costs are incurred for a period of more than one season.

23. INVENTORIES

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Packaging	1,777	1,230	1,766	1,230
Impairment	(394)	(219)	(394)	(219)
Other materials & chemicals	291	9	174	-
	1,674	1,020	1,546	1,011

All inventory is subject to retention of title clauses.

24. UNPAID TRANSACTOR SHARES

	GROUP AND PARENT	
	2013 ($000's)	2012 ($000's)
97,786 shares valued at $1.00 (2012: 97,786 shares valued at $1.00)	98	98
Current asset	-	-
Non current asset	98	98
	98	98
Opening balance	98	98
Rebate withheld	-	-
Closing balance	98	98

Where the Company has issued shares and payment has not been made in full, there is a deferred settlement over a set period of time. Payment for calls on transactor shares is then deducted from rebates and dividends payable to those shareholders. The current portion of unpaid transactor shares is based on the expected share call for the 2014 season. The expected share call for the 2014 season is Nil, (2012: Nil).

25. PROPERTY, PLANT AND EQUIPMENT

	GROUP Cost/ Valuation ($000's)	GROUP Accumulated Depreciation ($000's)	GROUP 2013 Book Value ($000's)	PARENT Cost/ Valuation ($000's)	PARENT Accumulated Depreciation ($000's)	PARENT 2013 Book Value ($000's)
Buildings	61,692	15,569	46,123	44,297	12,308	31,989
Land and Improvements	20,410	1,364	19,046	11,507	1,236	10,271
Plant and Equipment	72,151	53,986	18,165	37,399	25,224	12,175
Furniture and Fittings	811	381	430	804	375	429
	155,064	71,300	83,764	94,007	39,143	54,864

	GROUP Cost/ Valuation ($000's)	GROUP Accumulated Depreciation ($000's)	GROUP 2012 Book Value ($000's)	PARENT Cost/ Valuation ($000's)	PARENT Accumulated Depreciation ($000's)	PARENT 2012 Book Value ($000's)
Buildings	42,746	11,999	30,747	42,746	11,999	30,747
Land and Improvements	10,585	1,058	9,527	10,585	1,058	9,527
Plant and Equipment	35,507	22,836	12,671	35,447	22,789	12,658
Furniture and Fittings	781	335	446	774	330	444
	89,619	36,228	53,391	89,552	36,176	53,376

If land, land improvements and buildings had been carried at cost less depreciation, the carrying amounts would have been:

	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Land and land improvements	18,268	8,600	9,006	8,600
Buildings	43,395	29,665	27,859	29,665

Valuation

	GROUP 2013 ($000's)	GROUP 2012 ($000's)	PARENT 2013 ($000's)	PARENT 2012 ($000's)
Fair value determined by Property Solutions (BOP) Limited (2012: Property Solutions (BOP) Limited)	66,675	42,405	44,125	42,405

Each class of land, land improvements and buildings are revalued to their estimated fair value on a rolling three year cycle unless there is evidence that indicates the carrying value of the land and buildings may differ significantly from the fair value. The directors made the decision to revalue all land and buildings as at 31 December 2013. Land, land improvements and buildings were revalued to their estimated fair value in accordance with valuation reports of independent registered valuers dated 21 January 2014. The valuation was completed by an independent registered valuer, S Harris (FNZIV, FPINZ, B.Ag.Com), of the firm Property Solutions (BOP) Limited on 21 January 2014. The effective date of the valuation was 31 December 2013.

The directors have reviewed the carrying value of property, plant and equipment as at 31 December 2013. The directors considered the valuation report by an independent registered valuer, S Harris (FNZIV, FPINZ, B.Ag.Com), of the firm Property Solutions (BOP) Limited on 21 January 2014. Following the consideration of this valuation report the directors have utilised the valuations from this valuation report to revalue property, plant and equipment. As at 31 December 2013 the following revaluation has been recognised in the income statement and through the revaluation reserve as shown below.

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation approach
In conducting the valuations, the valuer considered 4 different approaches. The approaches considered were as follows:

Replacement cost less depreciation approach - adds the value of the land to the value of the buildings and other improvements based on the current buildings cost with an allowance for physical depreciation. Specific consideration is given to the "optimised depreciated replacement cost" methodology.
Investment approach - assumes a hypothetical lease of the property with a current market rental being established and capitalising an appropriate rate of return (12.0% - 17.5%) that would be expected by a prudent investor.
Sales comparison - considers sales of other comparable type properties.
Capitalised EBITDA - assess the earnings before interest, tax and depreciation of each of the facilities and capitalise at an assessed market rate to derive going concern value including plant and machinery.

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Revaluation through income statement	1,888	1,642	(1,542)	1,642
Revaluation through the revaluation reserve	2,538	(352)	995	(352)
	4,426	1,290	(547)	1,290

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

Group	Buildings ($000's)	Furniture and Fittings ($000's)	Plant and equipment ($000's)	Land ($000's)	Total ($000's)
2013					
Balance at 1 January 2013	30,747	446	12,671	9,527	53,391
Reclassification	-	(57)	57	-	-
Acquisitions through amalgamation	16,063	-	7,032	9,268	32,363
Additions	330	111	3,176	124	3,741
Disposals	-	-	(66)	-	(66)
Revaluations	1,274	-	(958)	334	650
Depreciation expense	(2,291)	(70)	(3,747)	(207)	(6,315)
Carrying amount at 31 December 2013	46,123	430	18,165	19,046	83,764
2012					
Balance at 1 January 2012	35,595	427	13,163	8,635	57,820
Reclassification	(1,225)	73	(73)	1,225	-
Additions	10	28	1,227	834	2,099
Disposals	-	-	(51)	-	(51)
Revaluations	(1,818)	-	804	(980)	(1,994)
Depreciation expense	(1,815)	(82)	(2,399)	(187)	(4,483)
Carrying amount at 31 December 2012	30,747	446	12,671	9,527	53,391

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Parent	Buildings	Furniture and Fittings	Plant and equipment	Land	Total
	($000's)	($000's)	($000's)	($000's)	($000's)
2013					
Balance at 1 January 2013	30,747	444	12,658	9,527	53,376
Reclassification	-	(57)	57	-	-
Additions	331	112	2,937	124	3,504
Disposals	-	-	(66)	-	(66)
Revaluations	2,675	-	(958)	820	2,537
Depreciation expense	(1,764)	(70)	(2,452)	(201)	(4,487)
Carrying amount at 31 December 2013	31,989	429	12,176	10,270	54,864
2012					
Balance at 1 January 2012	35,595	424	13,152	8,635	57,806
Reclassification	(1,225)	73	(73)	1,225	-
Additions	10	28	1,222	834	2,094
Disposals	-	-	(51)	-	(51)
Revaluations	(1,818)	-	804	(980)	(1,994)
Depreciation expense	(1,815)	(81)	(2,396)	(187)	(4,479)
Carrying amount at 31 December 2012	30,747	444	12,658	9,527	53,376

26. INVESTMENTS IN SUBSIDIARIES

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Southlink Supply Ltd	-	-	29	29
EastPack Kiwifruit Operations Ltd	-	-	1	1
EastPack Satara Ltd	-	-	15,663	-
	-	-	15,693	30

Subsidiaries:	Percentage Held 2013	Percentage Held 2012	Balance date	Incorporated in
Southlink Supply Ltd	80 %	80 %	31 December	New Zealand
EastPack Kiwifruit Operations Ltd	100 %	100 %	31 December	New Zealand
EastPack Satara Ltd	100 %	- %	31 December	New Zealand
Satara Kiwifruit Supply Ltd	100 %	- %	31 March	New Zealand
EastPack Avocado Company Ltd	100 %	- %	31 December	New Zealand
Zest BOP Ltd	100 %	100 %	31 December	New Zealand
Bay Hort (1991) Ltd	100 %	- %	31 December	New Zealand
Bay of Plenty Fruitpackers Ltd	100 %	- %	31 December	New Zealand
BayPak Growers Ltd	100 %	- %	31 December	New Zealand
Bay Pack Ltd	100 %	- %	31 December	New Zealand
New Zealand Orchard Investment Ltd	100 %	- %	31 December	New Zealand
Satara Ventures Ltd	100 %	- %	31 December	New Zealand
Stroba Systems Ltd	100 %	- %	31 December	New Zealand
Stroba Ltd	50 %	- %	31 December	New Zealand
Kiwifruit Vine Protection Company	50 %	50 %	31 December	New Zealand

Southlink Supply Ltd provide administration services and industry representation in respect of produce supplied.
EastPack Kiwifruit Operations Ltd is involved in the management of leased orchards.
EastPack Satara Ltd is involved in the management of leased orchards.
Satara Kiwifruit Supply Ltd acts as an intermediary for kiwifruit supply.
EastPack Avocado Company Ltd is an avocado supplier.
All other subsidiaries are non operating.

Non-controlling interests: Southlink Supply Limited summary financial information

	2013 ($000's)	2012 ($000's)
Current assets	489	664
Non-current assets	4	6
Current liabilities	(474)	(585)
	19	85
Revenue	439	459
Profit or loss	(67)	(24)

Southlink Supply Limited operates out of Mt Maunganui within the Bay Of Plenty Region in New Zealand. Apata Group Ltd holds 7,200 shares (20% interest) in Southlink Supply Limited. (2012: 7,200 shares (20% interest) in Southlink Supply Limited). Losses allocated to Apata Group Ltd during the year were ($14,824), (2012: ($4,568) loss). Accumulated non-controlling interest of Southlink were $3,751 (2012: 18,000). No dividends have been paid or declared.

27. INVESTMENTS IN ASSOCIATES

		GROUP		PARENT	
		2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Southern Produce Ltd		750	1,135	712	712
Kiwi Produce Ltd		961	-	-	-
Tauranga Kiwifruit Logistics Ltd		-	-	-	-
		1,711	1,135	712	712
Less: Non Current Assets held for sale	(35)	(750)	-	(712)	-
Balance at 31 December		961	1,135	-	712

Associate companies	Percentage Held (%) 2013	Percentage Held (%) 2012	Balance Date	Dividends received (000's) 2013	Dividends received (000's) 2012
Southern Produce Ltd	30 %	30 %	31 March	$ 296	$ 191
Kiwi Produce Ltd	20 %	- %	31 March	$ -	$ -
Tauranga Kiwifruit Logistics Ltd	34 %	25 %	31 March	$ -	$ -

Southern Produce Ltd and Kiwi Produce Ltd are engaged by the Group to sell, market and export kiwifruit to the New Zealand domestic market and the international market. Tauranga Kiwifruit Logistics Ltd is engaged in wharf logistics out of the Port of Tauranga.

All associate companies are incorporated in New Zealand and are accounted for using the equity method. There are no significant restrictions on the ability of any associate companies to pay dividends, repay loans or otherwise transfer funds to the investor company. No associate companies have a quoted market price for the investment. No commitments or contingencies are present with associate companies. All associate companies have a 31 March balance date, their financial performance, for the period to 31 December 2013 and balance sheet as at 31 December 2013 have been incorporated in these financial statements.

Movements in associate companies	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Results of associate companies				
Share of profit before income tax	351	272	-	-
Income tax	(23)	(82)	-	-
Net profit	328	190	-	-
Other recognised surplus	58	17	-	-
Share of total recognised revenues and expenses	386	207	-	-
Interests in associate companies				
Shares at cost	712	712	712	712
Acquisition of associate companies	660	-	-	-
Share of surplus	721	407	-	-
	2,093	1,119	712	712
Impairment - Southern Produce Ltd	(472)	-	-	-
Share of total recognised revenues and expenses	386	207	-	-
Dividends received	(296)	(191)	-	-
	1,711	1,135	712	712

27. INVESTMENTS IN ASSOCIATES (CONTINUED)

Southern Produce Limited summarised financial information

	2013 ($000's)	2012 ($000's)
Current assets	5,622	5,057
Non-current assets	1,710	1,866
Current liabilities	(4,887)	(4,302)
	2,445	2,621
Revenue	26,925	27,460
Profit or loss	1,081	632
Total comprehensive income	1,081	632
Cash and cash equivalents	615	1,606
Depreciation and amortisation	41	266
Interest income	12	-
Interest expense	47	61
Income tax expense or income	77	276

Kiwi Produce Limited summarised financial information

	2013 ($000's)	2012 ($000's)
Current assets	273	322
Non-current assets	49	58
Current liabilities	(322)	(386)
	-	(6)
Revenue	11,363	12,360
Profit or loss	6	2
Total comprehensive income	6	2
Cash and cash equivalents	25	33
Depreciation and amortisation	15	20
Interest income	9	9

Tauranga Kiwifruit Logistics Limited summarised financial information

	2013 ($000's)	2012 ($000's)
Current assets	273	322
Non-current assets	49	58
Current liabilities	(322)	(386)
	-	(6)
Revenue	11,363	12,360
Profit or loss	6	2
Total comprehensive income	6	2
Cash and cash equivalents	25	33
Depreciation and amortisation	15	20
Interest income	9	9

28. INVESTMENTS

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Shares in Unlisted Companies	1,119	672	538	436
Shares in Listed Companies	8	284	8	284
	1,127	956	546	720

Shares in Unlisted Companies

Shares in unlisted companies are carried at cost less impairment. Fair value can not be reliably measured as there is no active market.

Shares in Listed Companies

The fair value of shares in listed companies are based on the closing share price at reporting date.

Investments Reconciliation

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Shares in Unlisted Companies				
Opening balance	672	643	436	532
Acquisitions on Amalgamation	360	-	-	-
Additions	5	158	-	-
Disposals	(20)	(33)	-	-
Impairment	(90)	(200)	(90)	(200)
Revaluation	192	104	192	104
Closing balance	1,119	672	538	436
Shares in Listed Companies				
Opening balance	284	240	284	240
Acquisitions on Amalgamation	-	-	-	-
Disposals	(237)	-	(237)	-
Revaluation	(39)	44	(39)	44
Closing balance	8	284	8	284
Total Investments	1,127	956	546	720

EastPack
WORLD CLASS ORCHARD TO MARKET

29. RECONCILIATION OF NET SURPLUS WITH CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP		PARENT	
	2013 ($000's)	2012 ($000's)	2013 ($000's)	2012 ($000's)
Net profit after taxation	4,958	3,896	2,004	3,810
Add / (less) non-cash items				
Depreciation	6,315	4,483	4,487	4,479
(Loss)/gain on sale of property, plant and equipment	(44)	10	(44)	10
(Loss)/gain on revaluation of land and buildings	1,888	1,562	(1,542)	1,562
Impairment of available for sale financial assets	155	200	(30)	200
Impairment of investment in associates	472	-	-	-
Gain on Satara acquisition	(6,492)	-	-	-
Share of profit in associates	(386)	(207)	-	-
Movement in deferred tax	(560)	26	(255)	(38)
Income in advance	200	(229)	200	(229)
Deduct items credited directly to equity				
Movement in deferred tax	-	(75)	-	(75)
	1,548	5,770	2,816	5,909
Movement in Working Capital				
Increase/(decrease) in accounts payable	(2,565)	982	(3,405)	2,227
Increase/(decrease) in employee entitlements	(22)	17	371	11
(Increase)/decrease in accounts receivable	(279)	488	(1,764)	(602)
(Increase)/decrease in GST	(147)	(205)	(242)	(207)
(Increase)/decrease in leased assets	544	90	-	-
(Increase)/decrease in inventory	384	201	(535)	139
Increase/(decrease) in income tax payable	(380)	(634)	(935)	(415)
	(2,465)	939	(6,510)	1,153
Net cash flow from operating activities	4,041	10,605	(1,690)	10,872

29. RECONCILIATION OF NET SURPLUS WITH CASH INFLOW FROM OPERATING ACTIVITIES (Continued)

Acquisition of subsidiary during the year

On 15 March 2013, EastPack Satara Limited ("EastPack Satara"), a wholly owned subsidiary of EastPack, acquired the business (including all assets and liabilities) of Satara Co-operative Group Limited ("Satara") for further details refer to Note 31. The fair values of assets acquired and liabilities assumed were as follows.

	2013 ($000's) Group	Parent
Cash and cash equivalents	532	532
Trade and other receivables	2,594	2,594
Inventories	1,301	1,301
Leased assets	3,522	3,522
Property, plant and equipment	32,363	32,363
Investments	1,317	1,317
Intangible assets	284	284
Trade and other payables	(1,179)	(1,179)
Loans and borrowings	(13,690)	(13,690)
Refunds due to resigned shareholders	(1,955)	(1,955)
Other non-current liabilities	(2,934)	(2,934)
Total fair value of assets acquired and liabilities assumed	22,155	22,155
Plus: Investor shares exchanged on amalgamation	405	405
Less: Gain on Satara acquisition	(6,492)	(6,492)
Less: 5,992,757 Transactor shares issued in ultimate parent Company	(5,993)	(5,993)
Less: 5,176,454 Investor shares issued in ultimate parent Company	(3,106)	(3,106)
Less: Cancellation of EastPack's investment in Satara	(280)	(280)
Less: Payment of Satara Investor shares payable on 30 June 2014	(406)	(406)
Less: Cash and cash equivalents acquired on amalgamation	(532)	-
	5,751	6,283

30. TRANSACTIONS WITH RELATED PARTIES

Key Management Personnel

Key management includes all personnel whom have the authority and responsibility for planning, directing and controlling the activities of the Group. This includes senior management and directors.

	Short-term benefits ($000's)	Post-employment benefits ($000's)	Other long-term benefits ($000's)	Termination benefits ($000's)
2013	1,701	-	-	-
2012	2,101	-	-	-

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The grower directors have packed their kiwifruit with the company at the standard rates charged to shareholders. Grower directors received the following rebates and dividends:

	Rebates		Dividends	
	2013 ($000's)	**2012 ($000's)**	**2013 ($000's)**	**2012 ($000's)**
R B Sharp	92	171	129	152
G S Eynon	15	18	88	88
M J Montgomery	15	18	88	88
A A Gault	31	35	32	18
R M Hudson	6	12	17	17
M R McBride	3	20	-	-
M C Maltby	8	-	-	-
H J Pieters	16	-	-	-

R B Sharp, M R McBride, R M Hudson, A A Gault, H J Pieters, M C Maltby, G S Eynon and M J Montgomery own orchards for which the Group provides services on normal commercial terms.

The following payments were made by directors to EastPack for services:	**2013 ($000's)**	**2012 ($000's)**
M R McBride	3	1
R M Hudson	7	2
A A Gault	4	-
R B Sharp	41	22
G S Eynon and M J Montgomery	1	6
H J Pieters	3	-
M C Maltby	-	-

The following balances were outstanding at 31 December:	**2013 ($000's)**	**2012 ($000's)**
R B Sharp	20	-

R M Hudson, G S Eynon and M J Montgomery, H J Pieters and R B Sharp own kiwifruit contracting businesses that provides labour to EastPack Kiwifruit Operations Ltd under normal commercial terms.

Payments for services by the Group were as follows:	**2013 ($000's)**	**2012 ($000's)**
G S Eynon and M J Montgomery	446	281
H J Pieters	19	-
R B Sharp	-	-
R M Hudson	-	-

The balance outstanding at 31 December 2013 $Nil (2012: $Nil)

G S Eynon and M J Montgomery own an orchard, Pine Valley Joint Venture.

Payments for services by the Group were as follows:	**2013 ($000's)**	**2012 ($000's)**
Pine Valley Joint Venture	-	445

The balance outstanding in relation to the payments for services above as at 31 December 2013 $Nil (2012: $Nil).

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

On 21 December 2009 EastPack Ltd advanced $500,000 to Pine Valley Joint Venture at an interest rate of 5.0% in consideration for the first right of refusal to lease the Pine Valley Joint Venture site. The advance is secured over the investor and transactor shares held by G S Eynon and M J Montgomery.

On 20th December 2013, EastPack advanced $300,000 to Baygold Joint Venture at an interest rate of 6.8% of which the director M R McBride has interest in. This loan is secured by transactor shares held by Baygold and its related entities.

On 9th May 2013, EastPack Ltd advanced $150,000 to Tirohanga Fruit Co Ltd at an interest rate of 6.9% of which the director R B Sharp has interest in. This loan is secured by transactor and investor shares held Tirohanga Fruit Co Ltd.

R B Sharp acts as a director for Robert Monk Transport Ltd, a company that supplies transportation services to EastPack Ltd on normal commercial terms. R B Sharp does not hold any financial interest in Robert Monk Transport Ltd

	2013	**2012**
Payments for services were as follows:	**($000's)**	**($000's)**
Robert Monk Transport Ltd,	379	662

The balance outstanding at 31 December 2013 $478 (2012: $1,494)

R B Sharp was also a Director of Zespri Ltd until March 2012. Zespri Ltd is the major customer of EastPack Ltd.

No related party debts have been written off or forgiven during the year (2012: $Nil).

The following directors acquired shares in the company during the year. All Transactor shares were issued at $1 per share. Investor shares were issued at $0.60 for M C Maltby as a previous Satara Grower in accordance with the amalgamation proposal (refer Note 31) and $0.65 for H J Pieters for the additional share offer purchase.

	Transactor Shares		**Investor Shares**	
	2013	**2012**	**2013**	**2012**
	($000's)	**($000's)**	**($000's)**	**($000's)**
M C Maltby	48	-	125	-
H J Pieters	120	-	492	-

Subsidiaries

All amounts owing to/from subsidiaries and are included in intercompany advances in the Statement of Financial Position or in Notes 13 trade and other payables or Note 21 trade and other receivables.

	2013	**2012**
	($000's)	**($000's)**
Total amounts owing to EastPack Ltd from subsidiaries:	827	272
Total amounts owing by EastPack Ltd to subsidiaries:	(274)	(5)
Intercompany advances owing to EastPack Ltd by subsidiaries:	8,073	776

During the year EastPack Ltd entered into the following transactions with its subsidiaries on normal commercial terms:

	2013	**2012**
	($000's)	**($000's)**
Sale of kiwifruit packing services to EastPack Kiwifruit Operations Ltd	896	606
Sale of monitoring services to EastPack Kiwifruit Operations Ltd	8	6
Sale of maturity testing services to EastPack Kiwifruit Operations Ltd	55	62
Received payments for services from Satara Kiwifruit Supply Ltd	15,099	-
Made payments to Satara Kiwifruit Supply Ltd	(325)	-

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Subsidiaries (Continued)

During the year Subsidiaries entered into the following transactions with EastPack Ltd on normal commercial terms:

	2013 ($000's)	2012 ($000's)
EastPack Kiwifruit Operations Ltd lease payment to EastPack Ltd	79	68
Southlink Supply Ltd to complete logistics services for EastPack Ltd (Southlink Supply Ltd acts as an agent)	1,327	1,020

Guarantees

All obligations unlimited interlocking company guarantee between EastPack Ltd and EastPack Kiwifruit Operations Ltd.

No related party debts have been written off or forgiven during the year (2012: $Nil).

Associates

During the year Associates entered into the following transactions with EastPack Ltd on normal commercial terms:

	2013 ($000's)	2012 ($000's)
EastPack Ltd received revenue from Southern Produce Ltd	4,299	2,897
EastPack Ltd made payments to Southern Produce Ltd	432	354
EastPack Ltd received revenue from Kiwi Produce Ltd	322	-
EastPack Ltd made payments to Kiwi Produce Ltd	360	-

All transactions are on normal commercial terms. All amounts owing from associate companies are detailed in Note 21: Trade and other receivables. All amounts payable to associate companies are detailed in Note 13: Trade and other payables

No related party debts have been written off or forgiven during the year (2012: $Nil).

Other

EastPack Kiwifruit Operations Ltd a subsidiary of EastPack Ltd holds a 10% ownership in Te Matai Kiwi Partnership. EastPack Kiwifruit Operations Ltd provides orchard management services and charges Te Matai Kiwi Partnership on normal commercial terms.

Guarantees

Te Matai Kiwi Partnership has a guarantee for the amount of $150,000, plus interest and costs in terms of the BNZ's standard guarantee form from EastPack Ltd.

EastPack Entity Trust operates a kiwifruit pool trust for the benefit of growers. EastPack Ltd supplies coolstorage, packing and transport services to the EastPack Entity Trust on behalf of the growers.

	2013 ($000's)	2012 ($000's)
EastPack Ltd received payments for services from EastPack Entity Trust	68,527	68,320
EastPack Ltd made payments for Class II fruit to EastPack Entity Trust	8,873	5,467

	2013 ($000's)	2012 ($000's)
Total amounts owing to EastPack Entity Trust from EastPack Ltd	3,506	7,122

All amounts owing to EastPack Entity Trust is disclosed as a related party payable in Note 13. All transactions with EastPack Entity Trust are on normal commercial terms.

Guarantees

EastPack Entity Trust holds an all obligations unlimited guarantee from EastPack Ltd
No related party debts have been written off or forgiven during the year (2012: $Nil).

31. BUSINESS COMBINATION

On 15 March 2013, EastPack Satara Limited ("EastPack Satara"), a wholly owned subsidiary of EastPack, acquired the business (including all assets and liabilities) of Satara Co-operative Group Limited ("Satara") EastPack Satara continued as the surviving legal entity ("Amalgamated Company").

Satara was primarily involved in post harvest operations for the kiwifruit and avocado industries.

Terms of Amalgamation
Satara Transactor shares were cancelled upon Amalgamation and the holders were issued one fully paid EastPack transactor share for every $1.00 paid up Satara Transactor shares held immediately prior to the Amalgamation. For further details on investor and transactor shares refer to Notes 10 and 16.

Satara Investor shares were cancelled in exchange for EastPack Investor shares, provided that no Satara Transactor Shareholder held more than four EastPack Investor shares per Class 1 tray supplied during the 2010, 2011 or 2012 season (whichever was the higher) ("EastPack Investor Share Threshold"). Satara investor shares held by shareholders that could not be cancelled and exchanged into EastPack Investor shares (i.e. those that, if exchanged for EastPack Investor shares, would have exceeded the EastPack Investor Share Threshold) were cancelled in exchange for $0.60 per share split into two payments being $0.56 payable no later than five Business Days after the amalgamation date and $0.04 payable on 30 June 2014. This payable has been accrued and is included in sundry payables in Note 13.

At the time of the Amalgamation EastPack held 622,859 Satara Investor shares. These shares were cancelled without payment upon Amalgamation.

Other than set out above, the Amalgamation Proposal did not involve the making of any payment to a shareholder or Director of the Amalgamating Company.

Upon Amalgamation, the Amalgamated Company is a wholly-owned subsidiary of the Company with share capital of 100 ordinary shares.

The following summarises the consideration paid by EastPack as part of the Amalgamation for the Satara business and the fair value of the assets acquired at acquisition date.

Consideration as at 15 March 2013:	**2013 ($000's)**
5,992,757 Transactor shares in ultimate parent Company EastPack Limited	(5,993)
Cancellation of EastPack Limited's 622,859 Investor shares in Satara	374
Cancellation of EastPack's investment in Satara	(280)
Payment for 11,163,546 Satara Investor shares	
Payable within 5 days of Amalgamation date	(6,252)
Payable on 30 June 2014	(406)
5,176,815 Investor shares in ultimate parent Company EastPack Limited	(3,106)
Total consideration	(15,663)

The fair value of each EastPack Limited Transactor share is $1.00 and each EastPack Limited Investor share is $0.60.

31. BUSINESS COMBINATION (CONTINUED)

Fair value of recognised amounts of identifiable assets acquired and liabilities assumed:	**2013**
Identifiable assets	**($000's)**
Cash and cash equivalents	532
Trade and other receivables	2,594
Inventories	1,301
Leased assets	3,522
Property, plant and equipment	32,363
Investments	1,317
Intangible assets	284
	41,913
Liabilities assumed	
Trade and other payables	(1,179)
Loans and borrowings	(13,690)
Refunds due to resigned shareholders	(1,955)
Other non-current liabilities	(2,934)
	(19,758)
Total identifiable net assets	(22,155)
Gain/(Loss) on Satara acquisition	6,492

The gross contractual amount for trade and other receivables also represents its fair value. It is anticipated at amalgamation date that all contractual cashflows will be collected.

A gain of $6,492,092 has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2013, as the fair value of the total identifiable net assets acquired exceeded the total consideration paid.

All acquisition related costs were recognised as an expense and totaled $827,303. These acquisition costs are included in other expenses in the consolidated statement of comprehensive income for the year ended 31 December 2013.

The acquired Satara business contributed revenues of $8,432,429 and net profit of $2,966,914 to the Group for the period from 15 March 2013 to 31 December 2013. If the acquisition had occurred on 1 January 2013, contributed Group revenue would have been approximately $9,830,429 and estimated contributed net profit before tax would have been $162,914, calculated using the Group's accounting policies.

32. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2013. (2012: EastPack was in litigation with a former supply grower in relation to the alleged illegal removal and destruction of juvenile kiwifruit plants. The plaintiff was seeking compensation of $657,755 (subsequently amended to $328,877). The trial took place during the year and judgment was given comprehensively in favour of EastPack as defendant, with costs awarded. That judgment has not been appealed, and the matter is now considered closed).

33. COMMITMENTS

	GROUP AND PARENT	
	2013 ($000's)	2012 ($000's)
Estimated capital expenditure contracted for at balance date but not provided for:	1,696	341
Operating lease commitments		
Lease commitments under non-cancelable operating leases		
Less than one year	367	241
Between one and five years	219	340
Greater than five years	-	-
Total operating lease commitments	586	581

All operating lease commitments relate to coolstore facilities. The leases vary in term from one to three years. There are no rights of renewal on expiry.

34. PSEUDOMONAS SYRINGAE PV ACTINIDIAE ('PSA')

In November 2010 a bacterial disease of kiwifruit vines, Pseudomonas syringae pv actinidiae ("PSA") was discovered in New Zealand. Two strains of the disease have been identified. One particular strain, termed PSA-V, is particularly virulent and has the capability to destroy kiwifruit vines in the right environmental conditions. Since 2010 the disease has spread throughout the Bay of Plenty and to South Auckland, Waikato, KeriKeri and Hawkes Bay. The Hort 16a Gold variety is extremely susceptible to PSA-V and it has become apparent that this variety will not survive the disease.

It must be noted that no variety is resistant to PSA-V. The more tolerant varieties such as Green Hayward and Gold G3 can show unwelcome symptoms of the disease, though by 2013 it is accepted that these can produce a profitable crop in a PSA environment if best-practice orchard management techniques are followed.

Impact on EastPack

In 2011 EastPack packed the largest volume of Hort 16a Gold in the industry, with 8.6 million trays. As such, EastPack has been extremely vulnerable to the effects of PSA-V. In 2012 the Hort 16a Gold volume packed by EastPack fell to 5.5 million trays and in 2013 it fell to 1.3m trays. While there were 2.1 million net new grower trays introduced to EastPack in 2012, total Class 1 volumes packed fell from 21.3 million in 2011 to 18.9 million. In 2013 there were a further 1.8m net new grower trays and with the merger with Satara, Class 1 trays increased to 21.7 million

The impact of PSA in 2013 can be illustrated by comparing the 2012 year and the 2013 year. In 2012 EastPack & Satara separately packed 27.5 m trays, this dropped to 21.7m in 2013. Current estimates for 2014 are for an increase in tray volumes to 24 million, on the back of an increase in Gold G3 volumes as previous conversions start to mature. It is expected that Gold G3 volumes will continue to increase over the next few years such that the total Gold G3 volume is expected to surpass the 2011 peak Hort 16a Gold volumes by 2016.

34. PSEUDOMONAS SYRINGAE PV ACTINIDIAE ('PSA') (CONTINUED)

In 2012 and 2013, the post-harvest industry faced an oversupply of capacity. This saw reductions in the prices being offered to growers for post harvest services. EastPack was not immune. In fact EastPack lead the way with the Company's "20/20" offer to reduce post-harvest prices for 2012, and has maintained that pricing for the 2013 and 2014 seasons. The decrease in pricing coupled with the fall in volumes and change in variety mix had the impact of decreasing the Company's revenues in 2012 by $15.5 million. As pricing has remained the same, this decrease in the revenue base has continued through 2013 but has been partially offset by further operational efficiencies and lower overheads.

Outlook

It is now generally accepted that PSA can be controlled on kiwifruit varieties with proper crop management, and that industry volumes are expected to increase over the coming years. Property values have also started to increase, such that some orchard sales are now starting to achieve pricing near pre-PSA levels. However, there remains caution in the industry that volumes are not certain until they are achieved. For the post-harvest sector, profit margins remain tight and it is yet to be tested as to whether the market will be accepting of higher post-harvest pricing in the future, which means that post-harvest profitability may remain stagnant for the near term.

The Directors' view is that there remains the potential for some uncertainty as to any future impact of PSA-V on the Company. However, the Directors' view is that the Company's excellent operational performance and strong balance sheet means EastPack is among the healthiest of the post-harvest operators.

35. NON CURRENT ASSETS HELD FOR SALE

Non current assets held for sale consist of the Company’s investment in Southern Produce Limited which the Board has agreed to sell, and is actively being marketed for sale as at 31 December 2013. The investment in Southern Produce Limited is expected to be sold within 12 months of reporting date.

As at 31 December 2013 the non-current assets held for sale have been valued at fair value less costs to sell and comprise of the following

	GROUP 2013 ($000's)	PARENT 2013 ($000's)
Investment in Southern Produce Limited	750	712

36. SIGNIFICANT EVENTS AFTER BALANCE DATE

The board of directors has proposed subject to audit a payment of a final dividend of 3.6 cents per investor share fully imputed to be paid on or before 31 March 2014. (2012: approval of a final dividend of 5.3 cents per investor share fully imputed to be paid on 31 March 2013).

COMPANY DETAILS

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EASTPACK LIMITED

AS AT 31 DECEMBER 2013

TOP 20 SHAREHOLDERS

Shareholder	Investor Shares held	Transactor Shares held
Trinity Lands Ltd	1,619,486	452,502
Pine Valley Joint Venture	1,680,000	305,061
South East Hort Ltd	1,483,736	138,497
Wotton Estate	948,942	342,683
Cape Fruit Co. Ltd	874,954	240,604
Tirohanga Fruit Co Ltd	709,852	167,679
Franklin, C A	567,194	220,124
Reekie K J Family Trust	548,954	214,590
Blennerhassett D & K	580,108	170,408
Flowers, R J Ltd	632,186	108,362
Casey, E & N	390,197	310,662
Windmill Trust	561,286	112,076
Kiwimac Limited	400,000	252,468
West, R J & K	422,080	216,858
Wedge Co Ltd	392,598	157,360
Grammer, B	400,000	103,354
Simise Trust	492,032	120,144
Allen Orchards Ltd	324,212	132,019
Kopuatawhiti Trust	310,850	137,722
Steele Family Trust	273,034	154,348

INDEPENDENT AUDITOR'S REPORT

To the shareholders of EastPack Limited

Report on the Consolidated Financial Statements
We have audited the consolidated financial statements of EastPack Limited ('the Company') and its Subsidiaries (together 'the Group') on pages 13 to 56, which comprise the Statements of Financial Position of the Company and Group as at 31 December 2013, Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company and Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Our firm has provided other services to the Company and Group in relation to taxation and other accounting services. We have no other relationship with, or interests in, the Company or Group.

Opinion
In our opinion, the consolidated financial statements on pages 13 to 56:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Company and Group as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements
We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2013:

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

Staples Rodway

STAPLES RODWAY
HAMILTON
27 March 2014


kiwi
southern

www.eastpack.co.nz