



Annual Meeting Report 29th June 2007

The Annual Meeting of Turners & Growers Limited was held at the Mt Wellington FloraMax building commencing at 2.30pm today, Friday 29th June 2007.

Mr Tony Gibbs chaired the meeting of shareholders, senior employees and invited guests.

Shareholders at the meeting resolved **THAT:**

- Michael Dossor be re-elected a director of the company;
- Mark Tregidga be re-elected a director of the company;
- Ross Burney be re-elected a director of the company;
- PricewaterhouseCoopers be reconfirmed as auditors, and the Board be authorised to negotiate their fee and expenses.

The addresses by the Chairman and Managing Director are provided as follows:

Chairman's Address 2007 (Tony Gibbs) – full text:

This is the 86th Annual Meeting of Turners & Growers Limited a company that was first incorporated in 1921 by the Turner family and subsequently listed on the stock exchange in 2004. To all attending today, welcome again and thank you for your support.

I am happy to report that 2006 was a good year for your company.

ENZA

It was also a better year for the international apple market. With stronger offshore selling conditions, less hangover from Northern Hemisphere crops and reduced New Zealand volume the return to growers and exporters has improved. These returns would have been even more favorable if, like other New Zealand exporters, we were not subject to high foreign exchange rates.

The number of apple cartons exported from New Zealand has reduced and in 2006 we have seen some orchardist's leaving the industry and pulling out their trees. Whilst we believe that ENZA's share of the available crop remains similar to previous years, overall the tonnage produced appears to have dropped. Succession planning remains an issue with the younger generation not coming onto the orchards, and the high cost of property in the main apple growing regions of Nelson and Hawkes Bay are an impediment. We will most likely see more larger corporate orchards in the future. For the New Zealand apple industry to survive long term, it will have to invest in new varieties and growing techniques as we have with Jazz and T22. Growers will not be able to compete on the lower margin commodity varieties.

The current situation on apple exports to Australia is extremely disappointing. The new Australian rules and regulations will make the cost to export apples to Australia prohibitive. This is nothing short of a trade barrier, and the sooner we resort to the international courts, the better.

ENZA is diversifying into other products an example of which is Kiwifruit. ENZA now has the rights to its own green, gold and red kiwifruit varieties which will be predominantly grown offshore and marketed through our existing infrastructure.

We believe that we have a strong internationally recognized brand. We must keep investing in it, associate it with quality and innovation to be strong in the pipfruit market. For New Zealand to have a strong pipfruit industry we also need a strong ENZA.

Our Group

However, your company is not just ENZA, which makes up less than 50% of the total Turners and Growers Group. Most of the Domestic divisions including:

- Produce markets
- The Fruitcase company
- Floramax, and
- Transport, have had good years exceeding targets and prior year results.

Status Produce

Our tomato and glass house production unit, had a variable year. At times prices were high, mainly during the winter months, however when there is ample volume with competition from Australian imports, the price quickly drops.

Turners and Growers has a large infrastructure with coolstores and packhouses, trucks to transport the produce, crates, bins and pallets to store produce, ripening rooms for bananas, auctions for flowers, a large property owner in most major towns and now a substantial grower. This large infrastructure welds together the Turners & Growers Group which handles an enormous amount of the nations fresh fruit and vegetables.

It is a company we are all immensely proud of.

Our Managing Director, Jeff Wesley, will talk in more detail about the various divisions in his presentation.

2006 Profit

The after tax profit to December 2006 of \$16.97 million was up 28% against the previous year of \$13.26 million.

The Group has reduced net interest costs against prior years due to its stronger cash position during the period.

Looking forward at this early stage of the year, and bearing in mind the fickle nature of the produce industry, we are currently optimistic that the Group wide profit will exceed the \$16.97 million produced in 2006.

Balance Sheet

The Group's total asset position at 31 December 2006 increased \$29.6 million to \$346.6 million during the period. This is mainly due to the purchase and increase in value of associate investments and a higher year end cash balance.

Total Group liabilities have increased \$1.9 million to \$102.6 million. Total equity has therefore increased by \$27.6 million to \$244 million.

Cashflows

The total cash position at year end, excluding term funding, was a healthy \$25.6 million. The higher year end cash position has enabled the Group to fund the 2007 dividend and a number of other investments out of working capital.

The Group also managed to repay \$15 million of term debt before the end of the year. We have a stable banking syndicate lead by the ANZ Bank. Our relationship with our bankers is first rate and they are keenly following our expansion plans.

Share Value

As of year end the asset backing per share stood at \$3.16. After the one for five bonus issue this will be adjusted to approximately \$2.53 compared to a current trading price of around \$2.40. Shareholders should be comforted that the shares are backed by tangible assets, primarily land and buildings, in key locations that increase significantly in value each year. Your companies philosophy with land and buildings is "if we live in it we own it". This is one of the philosophies that has helped Turners through some tough times over the last century.

Dividend

The company paid a fully imputed dividend of 14 cents per share on 27 April 2007. This is higher than the 12 cents per share paid in previous years and reflects the increased 2006 profit performance. A 1 for 5 bonus issue followed the payment of the 14 cent dividend and was well received, and will improve the market liquidity of the shares also.

Investments and Assets

In April 2006 the ENZA Williams Street coolstore complex was sold and some of which has been leased back in the short term. The plan, apart from ENZAFoods which has a long term leaseback arrangement, is to exit this site and consolidate most of the activity at the Whakatu facility in Hastings.

Two orchards, were purchased in early 2007, one with a small packhouse. These investments, along with the 50/50 Inglis joint venture in Riwaka, Nelson, reflect the company's long term commitment to the pipfruit industry and its desire to vertically integrate into the supply chain.

In March this year Turners and Growers formed a new export company with the Delica Group. This new venture creates the largest diversified produce exporting company in Australasia and will operate out of existing offices in New Zealand and Australia.

Delica will focus on pipfruit within the Asian region and other diversified produce worldwide.

In June 2007 Turners & Growers purchased a 122 ha Mandarin and Kiwifruit orchard in Kerikeri, Bay of Islands. This fine investment is another demonstration of your company integrating into the supply base in key produce categories.

ENZAFoods

I have spoken before about ENZAFoods with the intention to separate once the “time is right”. By the end of the year all ENZAFoods operations and support functions will be completely stand alone making any split relatively straight forward. The demerger will most likely occur in the latter part of 2008. We will keep shareholders fully apprised of developments.

The Future

Under Jeff Wesley there has been a shift in focus towards profit performance and year on year growth. Managers have been encouraged to look for new investment ideas both domestically and offshore some of which will form part of Turners and Growers future.

The logical growth area for the Group is offshore and this is where we will see an increasing amount of focus in the future. An example of this is the foreign Jazz apple plantings, which will come on stream fully in the next few years, substantially increasing our bottom line. Your company at this early stage is tracking ahead of last year and every endeavour is being made to maintain this momentum.

Staff

Turners and Growers is a diverse company looking to grow both nationally and internationally. There has been substantial change within the Group over the last few years and changes will continue under the leadership of Jeff Wesley. These changes would not have been possible without the hard work and dedication of a number of staff. The board wishes to thank the Turners & Growers team throughout the country for their hard work and energy - without good people we will not succeed.

A.I (Tony) Gibbs - 29 June 2007

Managing Director’s address (Jeff Wesley) – in summary;

Mr Jeff Wesley gave a PowerPoint presentation outlining the Group’s operating results and activities during the 2006 financial year.

The Groups profit before tax increased 45% from last year to \$23.3m, and the net profit after tax also increased by 28% to \$17m for the year ended 31 December 2006. Administration expenses have reduced by 3% and net financing costs have been reduced by 18%.

Shareholders’ equity had also been consistently improving to \$244m by 2006, being a \$27.6m increase from the previous year.

Mr Wesley reviewed the strategic environment from the previous year commenting that the fresh produce environment had not changed much since last year.

Mr Wesley then followed the popular format from last year by commenting on each of the main businesses and units explaining: what each unit does, contributes to the Group, what happened in 2006, and their prospects for 2007 and beyond.

Recent initiatives of the Group were discussed including:

- Delica Limited a joint venture creating the largest diversified produce exporter in Australasia (70% T&G owned);
- The announcement of the recent acquisition of Kapiro Orchards one of the largest mandarin and kiwifruit orchards in New Zealand
- Worldwide licences to new kiwifruit varieties that are beginning to be grown in Northern and Southern hemisphere countries; and
- ENZA Owned Orchards in Hawkes Bay totaling 81.3ha of which 66ha is already planted.

In conclusion Mr Wesley expressed his confidence in a bright future, which will continue to see:

- The company taking further steps to become vertically integrated (grower, packer, shipper, marketer) in profitable categories in the domestic market – as it has already done with Status Tomatoes and the ENZA Orchards.
- The company expanding its global focus to grow proprietary and other key fruit categories in overseas countries for international distribution – as it has already done with Jazz™.
- Further reduction of corporate overheads.
- Every operating division improving its performance.

Copies of Jeff Wesley's PowerPoint presentation are available on the NZX or upon email requests to paul.knight@turnersandgrowers.com.

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