



88th Annual General Meeting

The 88th Annual Meeting of Turners & Growers Limited was held at the Waipuna Hotel and Conference Centre commencing at 2:30pm today, Thursday 4th June 2009.

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

Shareholders at the meeting RESOLVED THAT:

- Brian D'Ath, Michael Dossor and C. J (Tina) Symmans be re-elected as a Directors 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 2009 (Tony Gibbs) – full text:

Thank you all for attending the 88th Annual Meeting of Turners & Growers Limited.

I want to start today's meeting with a passage from the 41st Chairman's address to the Turners and Growers Annual Meeting held on Friday the 3rd August 1962.

Sir Harvey Turner said:

"Several years ago we opened a market to Hawaii and the United States for Chinese Gooseberries. We were recommended by American wholesalers not to use the name "Chinese Gooseberries" because of certain prejudices, and suggested that we find some other name. We, therefore adopted the name "Kiwi Fruit" and have shipped for several years under this name".

As you may have seen from the latest annual report we are serious about Kiwifruit. Turners and Growers proposed the phrase "Kiwifruit" in 1956 and exported 1 million trays in 1980. By 1987 this had grown to 11.7 million trays, 25% of New Zealand's total kiwifruit exports. In that same year the Government established the Kiwifruit Marketing Board and prohibited Turners & Growers from exporting kiwifruit.

I believe the time has come to challenge this outdated monopoly. Monopolies are a thing of the past and usually inefficient and slow to react to changing market conditions. Offshore retailers are crying out for alternatives and now that Turners & Growers has its own green, gold and red varieties we are in a position to become, once again, a major force in the Kiwifruit industry.

We have interests from markets outside of the Zespri distribution network. Recent attempts to establish collaborative marketing arrangements to exploit these new export opportunities have been met with resistance and have so far been unsuccessful. We have appealed these decisions but have been turned down yet again. We are not aware of anybody having appealed a decision of the Kiwifruit Marketing Board having ever being successful. This is a disgraceful protectionist action which will ultimately disadvantage Growers.

We will continue to grow Turners & Growers exclusive kiwifruit varieties onshore and fight to have the ability to export them though our own infrastructure.

The 2008 year produced a similar profit to the prior year despite tough trading conditions particularly in the last quarter. The profit may be similar but we got there with a completely different mix. 2008 was a much stronger year for all exporting divisions offset by weaker domestic activity.

The impact of one-off items was almost neutral for the year. An \$8.0 million gain on the purchase of Kerifresh Limited was offset by a \$4.2 million write-off of an investment in World-Wide Fruit Limited and a \$4m profit turnaround in Status Produce caused primarily by the closure of export markets due to a tomato Psyllid.

The Domestic Markets Division traded ahead of 2007 until the last quarter of 2008 when the world market slow down started to impact on the buying behavior of consumers. Demand for high value discretionary items fell dramatically and remain at low levels today. A weaker New Zealand Dollar increased the price of imported produce also impacting demand.

ENZA Pipfruit exports had a much better year despite a low national export crop. The increase was a result of higher in-market prices helped by more favorable foreign exchange rates. ENZA was able to provide its growers with significantly improved returns and these prices are currently holding in 2009.

The low national export crop resulted in less volume through our packhouses and coolstores and as a result profits were down in these divisions. We are expecting a better year in 2009 with increased volume forecasted through these facilities.

Domestic Jazz volumes increased to 720,000 tray carton equivalents for the year and will exceed the 1 million mark in 2009. Volumes of this variety will increase exponentially over the next few years along with profits providing prices remain firm. Due the success of Jazz the board is pushing to have its other protected variety, "ENVY", commercialized as soon as possible. ENZA's future, infact New Zealand's pipfruit's future, is dependant on the success of new exclusive apple varieties.

Delica limited our exporter of pipfruit to Asia and other produce world-wide had an excellent year exceeding expectations. Management in this company continually look for new opportunities both onshore and offshore. This growth in profit is continuing through 2009.

Our Pacific Island Exports division, which exports produce to the Pacific Islands, had a much improved year. Overheads have dropped and management have targeted new business in French Polynesia and the cruise line business. Progress continues in 2009.

Status Produce, our tomato and glasshouse production unit, had a poor year experiencing its worse contribution since being part of the Turners and Growers Group. The main reason for the disappointing result was the discovery of a new tomato/potato Psyllid and the subsequent ban on exports from MAF in the high volume summer months. As a consequence there were excess domestic tomatoes forcing, in some cases, dumping of product. Comment also needs to be made on the irresponsible importing of Australian tomatoes by other Domestic Marketers and the impact on local demand. This importing is particularly disappointing given the importer in question is closely aligned to a number of New Zealand Growers. We should be trying to protect our local growers particularly in these tough economic times. Since last year Status has a seen a change in senior management and significant operational improvements. For the first quarter of 2009 demand has been poor and prices low however the export ban has been recently lifted.

ENZA Foods had a better year with higher apple juice concentrate prices, more favorable foreign exchange rates and senior management changes. Although there was an improvement for the year the last quarter proved difficult with a fall off in demand with excess product, particularly from China, flooding the market. So far this year the demand has remained low and prices soft.

Worth a mention are our apple orchards in Hastings. These were purchased in 2007 and made a loss in their first year. In 2008 these turned a profit which is pleasing considering a portion of these properties are being replanted with new varieties and will not be fully producing for a couple more years. Currently the crop being produced for this season looks good and if grower returns remain at current levels the orchards will once again be profitable in 2009.

Jeff Wesley, our Managing Director, along with Divisional Managers will report in more detail about the various divisions.

2008 Profit

The Profit for the year of \$14.1 million was marginally up on the \$14.0 million produced in 2007. There were some one-off elements in the result which when taken together, as mentioned earlier, are almost neutral. The result is reasonable considering the state of the global economy, especially through the latter part of 2008. The board's and Jeff's expectations of profit are considerably higher than that produced in 2008 and we will continue to move quietly towards achieving our profit targets. I am confident the results will come.

Due to the nature of our business and the tough economic conditions we find ourselves in it is difficult to predict the 2009 forecast. I can say, at this stage, we are tracking close to the same period in 2008 and hopeful we will see uplift for the 2009 year.

Balance Sheet

The Groups total asset position increased \$45.1 million to \$417.2 million during the year. This is mainly due to the purchase of Kerifresh Limited and its subsidiaries in March 2008. Group Liabilities have increased by \$22.3 million once again primarily in relation to the Kerifresh acquisition.

Banking

The Group's existing banking facilities, excluding the seasonal grower facility, were due to expire in early 2010. The board considered it prudent to have in place a new facility before the half year and have negotiated a new 3 year facility jointly with the BNZ and Rabo bank. We believe we have negotiated an excellent agreement with enough head room to accommodate any future capital expenditure. We welcome both new banks aboard and look forward to a long and healthy relationship.

Share Value and Dividend

As of year end the asset backing per share stood at \$2.82 compared to the current trading price of around \$1.36. In these current uncertain times most shares are trading at a discount. As mentioned in previous year's shareholders should feel comforted that Turners and Growers shares are backed by significant tangible assets in key locations.

Dividend

We have just paid a fully imputed dividend of 10c per share on 24 April 2009 with a record date 17 April 2009. The Turners and Growers Dividend Re-Investment plan was in operation for electing shareholders.

Investments and Assets

The major investment in 2008 was the acquisition of Kerifresh Limited and its subsidiaries. The Kerifresh Group is a large grower/packer of Mandarins, Lemons, Oranges and Kiwifruit

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There is considerable work ahead of us to turn Kerifresh into a profitable contributor to the Group. In January 2008 a new General Manager was appointed and the old finance and payroll systems have been replaced. The new General Manager will facilitate the merger with Kapiro orchards, the mandarin and kiwifruit orchard purchased in 2007.

Our investment in Inglis Horticulture, the pipfruit joint venture in Riwaka Nelson, is continuing along at great speed. There is 212 Ha of land currently planted with 420,000 trees. 2009 will produce approximately 240,000 packed cartons 70% of which will be the new varieties "Jazz" and "ENVY". Once fully producing the current plantings will provide approximately 650,000 tray carton equivalents to the Group.

Apart from any developments with Kiwifruit I do not see any major investments being made in 2009. This will be a year we focus on cost and debt reduction.

The Future

No one is certain how long the current economic down-turn will last and there a number of conflicting opinions out there. Being mainly a producer and distributor of food we may not be as adversely impacted as some other industries. However, we do have an interesting and challenging time ahead of us. The board believes we are well placed to move forward profitably into the future.

Staff

Once again I would like to thank all the hard working and passionate staff at Turners & Growers. We are working in a more difficult environment and staff will come under increasing pressure to perform. I am confident that we have invested in the right people to move this company forward successfully.

Thank you.

A.I (Tony) Gibbs - 4 June 2009

Managing Director's address (Jeff Wesley):

Mr. Wesley delivered a PowerPoint presentation with the divisional managers from T&G Domestic Markets, ENZAFoods and ENZA presenting on their business units.

Jeff Wesley's PowerPoint presentation is available at the NZX.co.nz or upon email requests to paul.knight@turnersandgrowers.com.

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