



89th Annual General Meeting

The 89th Annual Meeting of Turners & Growers Limited was held at the Waipuna Hotel and Conference Centre commencing at 2:00pm today, Thursday 24th June 2010.

Mr Tony Gibbs chaired the meeting of approximately 150 shareholders, senior employees and invited guests.

Shareholders at the meeting RESOLVED THAT:

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

Shareholder Howard Zingel presented a motion requesting an independent review of the business of Turners & Growers to recommend a strategy to 'maximize shareholder dividends and capital value'. This motion was voted on by poll, with the results to be announced to the NZX on 25 June 2010.

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

Chairman's Address 2010 (Tony Gibbs) – full text:

It is a pleasure to welcome you all to the 89th Annual Meeting of Turners & Growers Limited.

2009 was a tough year for the Group and the profit for the year was disappointing. The Global Financial Crisis impacted on many companies around the world including Turners and Growers. Consumers avoided premium products and reverted to lower cost alternatives wherever possible.

ENZA International and ENZAFoods were the divisions where this impact has been the greatest. In-Market prices of premium apples, particularly in the United States, were depressed. This coupled with a New Zealand dollar that appreciated dramatically throughout the year caused a result that was down on the prior year. We have seen a lift in In-Market prices this year; however these gains are being eroded by the ever increasing New Zealand Dollar. As an example, earlier this year the New Zealand Dollar reached a record high against the British Pound. The UK is a very important market for us as it moves significant volumes of small apples that are not popular in other markets.

ENZAFoods, our division that produces predominantly a commodity product in Apple Juice Concentrate, also suffered in 2009 due to the buying behavior of consumers - and world oversupply. We expect ENZAFoods will also struggle in 2010 due to depressed prices and a high New Zealand Dollar. To avoid being at the mercy of commodity pricing ENZAFoods is shifting its focus towards value added fruit ingredient products.

The Domestic division had a reasonable year with the regional markets performing well. The first quarter of 2009 was tough for these divisions but they exceeded expectations towards the end of 2009 and this has continued into 2010. Domestic prices have stabilized, particularly on tomatoes and imported produce, and along with a number of cost saving initiatives introduced in 2009 these are starting to flow through to the bottom line.

Status Produce, our tomato and glasshouse production unit, had a poor start to 2009 due to the export ban that remained in place until March of that year from which it never fully recovered. I am pleased to report that in 2010 Status has had an excellent start to the year exceeding budget expectations.

The Delica operations, our “Asia focused” exporter, has continued to perform well and produced a pleasing 2009 result. This operation has expanded in the United States, South America and Australia, and is continuing to perform well in 2010, despite the high New Zealand Dollar.

Our smaller divisions, including Floramax, Transport and the Fruitcase Company performed adequately and are valuable profit contributors to the Group. All are looking to expand in 2010 with Floramax recently introducing an on-line auction site and Transport expanding its operation into the South Island.

Our Managing Director, Jeff Wesley, will review in greater detail, the various divisions in his presentation.

Since the last Annual General Meeting you have probably seen a number of publications in the media regarding Turners & Growers, Zespri and the kiwifruit industry.

The board stands firm in its belief that the kiwifruit industry requires deregulation. Most New Zealand kiwifruit green growers, the majority of the national volume; grow a commodity variety and are not getting a satisfactory return and many are making losses. They need new cultivars and varieties.

T&G have new innovative varieties that we want to grow in New Zealand but are excluded from exporting because of archaic monopolistic regulations. It will be a tragedy for NZ if we are forced to look offshore for grower partners to produce the majority of our volume, as it will be they who benefit from exclusive limited varieties that have the premium returns. To compete on a world stage New Zealand corporations have always prided themselves on innovation and exclusivity. Sadly, if the regulations remain, New Zealand will continue to lag behind the rest of the world.

It is inevitable that the Kiwifruit industry will deregulate at some point in the future. It is a matter of when, not if! We will then be well placed, to once again, be a significant exporter of kiwifruit out of New Zealand.

2009 Profit

Profit after tax for the 2009 financial year was \$9.5m compared to \$14.1m of the previous year. The 2009 year was impacted by the Global Financial Crisis, in particular exports, which represents over 40% of Turnover. We have had a good start to the 2010 year and at this stage the forecasted profit from operations is on budget.

Balance Sheet

The Group’s total asset position at 31 December 2009 increased by \$8.2m to \$425.4m during the period. Over the last few years we have taken a long term view of the company’s future and considered it necessary to invest in the supply base. A large portion of these investments

are in the development of new products and exclusive varieties. The full profit impact will not become evident for a few years, when these investments will be producing fully.

Cashflows

During the 2009 financial year term debt was reduced by \$5m. With current cashflow forecasts and a conservative capital programme, we plan to reduce debt by a further \$5m in early July and possibly another \$5m later this year. The board and I believe, that we operate a low margin business that does not suit high levels of debt, and one of the reasons that Turners & Growers has survived for so long is that it has minimal borrowings.

The BNZ and Rabo bank continue to fund the Group and recently this syndicate has also taken on the banking operations of Inglis horticulture - our 50% investment with the Inglis family in Riwaka, Nelson.

Share Value

At the end of 2009 asset backing per share was \$2.76. Currently we are trading at a significant discount to this at approximately \$1.40 per share. Should profits lift in the future due to the extra income generated as a result of our investment in growing; then I expect market value to lift also.

Dividend

Recently we introduced a "Distribution Plan" where shareholders received a distribution in the form of bonus shares with an offer from T&G to buy back those shares. The distribution was at 10 cents per share and allotted on 26 April 2010. The buy back was paid as an un-imputed dividend.

Investments & Assets

Last year the Group spent over \$16m in property, plant and equipment, and biological assets. There were no new large purchases and most of the spend was operational in nature and necessary, to maintain the current level of business and service. The main items included in this spend were the upgrade of the Palmerston North Domestic site; investment in the Kerifresh facilities; new Crates and Bins for the Fruit case company and ENZA Coolstore operations; plus investment in the redevelopment of existing growing assets.

I will comment once again on investing in the grower base. In the growing business, the investment is up front and the lead times are long with full benefit not being seen for a number of years. For example Jazz development has taken at least 15 years. It will not be until 2013 that we are close to full Jazz production and a number of other recent investments will not impact profit significantly for another couple of years when large volumes will be produced. This will benefit the group as a whole as we will be the grower, transporter, marketer and exporter.

I expect 2010 will be another modest year for capital expenditure.

The Future

From operations we are expecting a better year and are currently forecasting to make budget. However I do not believe the world economies are stable, and because of this we look ahead with caution.

In the recent budget the government announced a change to the depreciation regime and legislation will be changed so that the tax depreciation on buildings will be zero. T&G have significant buildings throughout the country and we are currently assessing the impact of this

change, in conjunction with our auditors. Once we are clear on the outcome, we will make an announcement to the market.

People

Ross Burney who has been on the T&G board for over 6 years, will this year retire by rotation. Ross is not seeking re-election due to his taking on a new role within Australia. On behalf of the board I would like to thank Ross for his valued contribution and we wish him well for the future.

I would also like to thank each of the 1,500 staff at T&G for the effort they have again put in over this last year. We are very fortunate to have such committed and dedicated staff that is the foundation of our great company.

Thank you.

A.I (Tony) Gibbs - 24 June 2010

Managing Director's address (Jeff Wesley):

Mr. Wesley delivered a PowerPoint presentation on the performance of the various business units.

Jeff Wesley's PowerPoint presentation is available at the nzx.co.nz or on www.turnersandgrowers.com at the Investor Centre/Shareholder Notices page.

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