Turners & Growers Limited

INDEPENDENT ADVISER'S REPORT

Prepared by

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Auckland • Sydney • Melbourne •

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1 Terms of the Allotment

On 26 August 2002 Turners & Growers Limited ("Turners & Growers") and UK based investment company Guinness Peat Group plc ("GPG") announced that the boards of both companies had accepted in principle a recommendation that Turners & Growers and ENZA Limited ("ENZA") should merge.

GPG owns 100% of ENZA and, subsequent to the payment of the final dividend for the year ended 30 June 2002, owns 45.9% of Turners & Growers. It purchased its holding in Turners & Growers in 1994 and its initial investment in ENZA in 2000. GPG currently owns its shareholding in Turners & Growers through a wholly owned subsidiary Ithaca (Custodians) Limited ("Ithaca"). Ithaca holds the Turners & Growers shares in addition to 100% of the shares in ENZA, as bare trustee for GPG.

The proposed merger of Turners & Growers and ENZA will be effected by Turners & Growers allotting at settlement 44.2 million new fully paid ordinary shares to GPG in consideration for the transfer of its ENZA shareholding to Turners & Growers. The issue of the new shares will increase GPG's holding in Turners & Growers to approximately 80.0%. Settlement is expected to take place on 31 December 2002. The new shares issued will rank pari passu in all respects with existing Turners & Growers shares.

Turners & Growers is an unlisted company. As it has more than 50 shareholders and more than $20 million in assets Turners & Growers is a "Code company" and is subject to the provisions of the Takeovers Code.

The proposed merger and allotment is subject to both shareholder and regulatory approvals. It is intended that shareholders of Turners & Growers will be asked to vote on two resolutions at a meeting of shareholders to be convened on Friday, 6 December 2002:

- shareholders will be asked to approve a special resolution that will authorise Turners & Growers to purchase the shares of ENZA from GPG. Ithaca (and its associates) are entitled to vote on the special resolution, which requires approval from shareholders holding 75% of the votes attending and voting at the meeting; and
- shareholders will also be asked to approve an ordinary resolution that will authorise Turners & Growers to issue a total of 44.2 million new fully paid ordinary shares to GPG as consideration for the purchase of ENZA. Ithaca (and its associates) are not entitled to vote on the ordinary resolution, which requires approval from shareholders holding 50% of the votes attending and voting at the meeting.

The ordinary resolution will only be put to the meeting if the special resolution is passed. If the special resolution is passed and the ordinary resolution is not passed the proposed merger and allotment will not proceed.

Under both the Companies Act 1993 and the Constitution of Turners & Growers, if shareholders of the company approve the passing of the special resolution, a shareholder who casts all of the votes attached to shares registered in that shareholder's name (and having the same beneficial owner) against the resolution is entitled to require the company to purchase those shares in accordance with the minority buyout provisions. The minority buyout provisions do not apply in respect of the ordinary resolution.

2 Scope of the Report

2.1 Purpose of the Report

The increase in GPG's shareholding in Turners & Growers from 45.9% to 80.0% as a result of the allotment of shares under the merger proposal constitutes a compliance option under Rule 7(d) of the Takeovers Code. Accordingly, the Directors of Turners & Growers not associated with GPG (the "Independent Directors") have engaged Grant Samuel & Associates Limited ("Grant Samuel") to prepare an Independent Adviser's Report, as required by Rule 18 of the Takeovers Code on the merits of the proposed merger and allotment. Grant Samuel has been approved by the Takeovers Panel to prepare the Independent Adviser's Report.

The proposed merger and allotment also constitutes a material transaction under Section 129 of the Companies Act 1993, and under the Constitution of Turners & Growers. The Constitution of Turners & Growers requires that the notice of meeting to be sent to shareholders in respect of a major transaction should be accompanied by an Appraisal Report as well as containing such other information as is necessary to enable the holders of securities of the company to decide whether the transaction is fair.

An Appraisal Report is defined in the Constitution as a report in relation to the company made by an independent, appropriately qualified person, previously approved by the Directors. The Appraisal Report must be addressed to the Independent Directors and expressed to be for the benefit of shareholders of Turners & Growers other than Ithaca and its associates. The report must consider whether the terms of the purchase of ENZA are fair to shareholders not associated with Ithaca. Accordingly, the Independent Directors of Turners & Growers have engaged Grant Samuel to prepare an Appraisal Report stating whether in its opinion, the terms of the merger with ENZA are fair to Turners & Growers shareholders not associated with Ithaca.

Grant Samuel has prepared this report to address the requirements of both the Takeovers Code and the Constitution of the company. The report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the fairness and merits of the proposed merger and allotment.

2.2 Requirements of the Takeovers Code

The Takeovers Code came into effect on 1 July 2001, replacing the requirements within the Companies Amendment Act 1963 and the New Zealand Stock Exchange ("NZSE") Listing Rules, governing the conduct of takeover activity in New Zealand by listed companies and unlisted companies having 50 or more shareholders and $20 million or more of assets ("Code companies"). The Takeovers Code seeks to ensure that all shareholders of a Code company are treated equally and, on the basis of proper disclosure, are able to make an informed decision as to whether to accept or reject any transaction falling under the ambit of the Takeovers Code and requiring shareholder approval.

Under the Takeovers Code, a party seeking to increase its shareholding in a Code company to more than 20% is required to make a full or partial offer to all shareholders, conditional on the offeror receiving acceptances for more than 50% of the target company's voting rights. Rule 7(d) of the Takeovers Code provides an exception to this requirement. It allows a Code company to allot new shares to a shareholder where the allotment increases that shareholding above the 20% threshold, or to a higher percentage holding if it already holds more than 20%, provided the allotment is approved by an ordinary resolution of the Code company shareholders.

The notice of meeting containing the resolution to be voted on must contain (inter alia) a report (or summary report) from an independent adviser on the merits of the proposed allotment of shares having regard to the interests of the shareholders entitled to vote to approve the allotment.

2.3 Basis of Assessment

For the purpose of the notice of meeting to consider the proposed merger and allotment, Grant Samuel has incorporated the specific reporting requirements of the Takeovers Code and the company's Constitution in the Independent Adviser's Report.

Turners & Growers is issuing new shares to GPG as consideration for the purchase of ENZA.

The Constitution of Turners & Growers requires that the report evaluate whether the proposed merger and allotment terms are fair. In the context of the transaction, the allotment of new shares to GPG is considered to be "fair" if the full underlying value of the shares issued in Turners & Growers falls within (or is less than) the range of value of the ENZA equity being purchased. The terms and conditions are "fair" if they are not onerous and do not adversely impact on Turners & Growers existing shareholders other than GPG.

This assessment of value should consider, from the viewpoint of those Turners & Growers shareholders entitled to vote on the allotment:

- the value of the equity in ENZA being purchased; and
- the value of the shares issued by Turners & Growers as consideration for the purchase of ENZA.

Neither the Takeovers Code nor the Constitution of Turners & Growers provides any guidance as to the definition of the term "fair". In Australia, the phrase "fair and reasonable" appears in legislation and the Australian Stock Exchange Listing Rules as a basis for assessing takeover and similar transactions. The terms "fair" and "fair and reasonable" are both widely used tests or frameworks for analysing corporate transactions. However, there is very little useful legal or regulatory guidance as to the meaning of these terms.

Rule 18 of the Takeovers Code requires the independent adviser to report on "the merits of any proposed allotment… having regard to the interests of those persons who may vote to approve the allotment…". The term "merits" has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. The Takeovers Panel has not issued guidelines as to the interpretation of the term "merits".

For the purposes of this report, Grant Samuel is of the opinion that the assessment of the merits of the proposed merger and allotment is a broader test than the base assessment of "fair", encompassing a wider range of issues including the fairness of the transaction. Grant Samuel has assessed the merits of the proposed merger and allotment to GPG after taking into consideration the following factors:

- the background to the proposed merger and allotment;
- the estimated full underlying value of ENZA;
- the estimated full underlying value of Turners & Growers;
- the consequences of Turners & Growers acquiring 100% of ENZA;
- the existing and resultant shareholding structure of Turners & Growers;
- the consequences and implications of GPG increasing its shareholding in Turners & Growers to 80.0%;
- the attractions of the ENZA business;
- the risks of the ENZA business;
- the impact on existing Turners & Growers shareholders of issuing new shares to GPG;
- the likely market value of Turners & Growers shares following the proposed merger and allotment; and
- any disadvantages for Turners & Growers resulting from the shareholders approving the proposed merger and allotment.

Grant Samuel's opinions on the merits of the proposed merger and allotment are to be considered as a whole. Selecting portions of the analysis or factors considered by it, without considering all of the factors and analysis together, could create a misleading view of the process underlying the opinion.

The preparation of an opinion is a complex process, and is not necessarily susceptible to partial analysis or summary.

2.4 Approach to Evaluation of Fairness

In Grant Samuel's opinion the price at which shares are issued, where a party is receiving an allotment of shares that will give it control of the issuing company, should reflect the full underlying value of the company. The support for this opinion is twofold:

- the Takeovers Code's compulsory acquisition provisions apply when the threshold of 90% of voting rights has been reached. The Code seeks to avoid issues of premiums or discounts for the remaining minority shareholdings by providing that each class of shares is to be valued as a whole with each share then being valued on a pro-rata basis. In other words, the minority shareholders are to receive the full underlying value. Grant Samuel believes that the appropriate test for fairness under a partial takeover offer where the offeror will gain or increase control, is the full underlying value, pro-rated across all shares. Similarly, where an allotment of shares will give the recipient control, the test for fairness should be the same; and
- under the old takeover provisions of the NZSE Listing Rules a controlling shareholding could have been transferred to another party without a full takeover offer being made to the remaining shareholders. Under the Takeovers Code it is now a requirement that the acquisition of more than 20% of the voting rights in a Code company can only be made under an offer to all shareholders unless the shareholders otherwise give approval. As a result, a controlling shareholding (generally accepted to be no less than 40% of the voting rights) cannot be transferred without the acquirer making an offer on the same terms and conditions to all shareholders (unless target company shareholders consent). Prior to the introduction of the Takeovers Code, some market commentators held the view that where a major shareholder had a controlling shareholding, any control premium attached only to that shareholding. One of the core foundations of the Takeovers Code is that all shareholders be treated equally. In this context, any available control premium is now available to all shareholders under a takeover offer regardless of the size of their shareholding, or the size of the offeror's shareholding at the time the offer is made. Accordingly, Grant Samuel is of the opinion that not only because shares acquired under compulsory acquisition will receive a price equivalent to full underlying value, but also because the control premium is now available to all shareholders, the share price under an allotment that offers control should be equal to, or exceed the pro-rated full underlying value of the company.

Grant Samuel has considered whether the proposed merger and allotment is fair by estimating the full underlying value of Turners & Growers and the full underlying value of ENZA, taking into account GPG's holdings in each. If the actual resulting shareholding of GPG in the merged company falls within Grant Samuel's estimated range based on the respective value estimates, then the proposed merger and allotment is fair to Turners & Growers shareholders.

The estimated values for Turners & Growers shares and the ENZA business were determined by:

- separately assessing the ungeared valuations of each of the Turners & Growers and ENZA businesses and investments;
- adding the value of cash and other assets for each; and
- deducting the net external debt for each.

Turners & Growers and ENZA have been valued at fair market value, which is defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information. The valuations are not based on a liquidation or premature divestment of assets. The analysis attributes full control values to Turners & Growers and to ENZA. The resulting values exceed the prices at which Grant Samuel expects minority interests in Turners & Growers would trade.

2.5 Sources of Information

The following information was used and relied upon in preparing this report:

- annual reports for Turners & Growers for the years ending 30 June 2000, 2001 and 2002;
- the Turners & Growers budgets for the six month period ending 31 December 2002, and the year ending 31 December 2003;
- the Turners & Growers DRP prospectus;
- data posted on the Turners & Growers website;
- the book "One Hundred I'm Bid" by Ken Stead, published in 1997 to mark the Turners & Growers centennial;
- the annual report for ENZA for the year ending 30 September 2001;
- the provisional year end result for ENZA for the year ending 30 September 2002;
- annual accounts for David Oppenheimer & Company and ENZAFRUIT Worldwide Limited for the year ended 31 December 2001;
- the ENZA budget for the year ending 31 December 2003;
- the Independent Adviser's Report dated 5 April 2002, in relation to the takeover offer made by GPG for ENZA;
- the PricewaterhouseCoopers report dated September 2002, in relation to the relative values of Turners & Growers and ENZA;
- the draft notice of meeting of Turners & Growers in relation to the proposed purchase of ENZA and allotment of fully paid shares to GPG;
- the draft agreement for the Sale and Purchase of shares in ENZA between GPG and Turners & Growers; and
- various board papers and other confidential reports and papers prepared by Turners & Growers management relating to the Turners & Growers business.

2.6 Limitations and Reliance on Information

The opinion of Grant Samuel is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. The report is based upon financial and other information provided by Turners & Growers and ENZA. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete, and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to the merits of the proposed merger and allotment of shares to GPG. However, in assignments of this nature time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or 'due diligence' investigation might disclose.

An analysis of the merits of the allotment is in the nature of an overall opinion rather than an audit or detailed investigation. Grant Samuel has not undertaken a due diligence investigation of Turners & Growers or ENZA. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Turners & Growers or ENZA. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

Important parts of the information base used in forming an opinion of the kind expressed in this report are the opinions and judgement of the management of the relevant enterprise. Grant Samuel held discussions with a number of the independent directors and management of Turners & Growers and ENZA and that information was also evaluated through analysis, enquiry, and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included forecasts of future revenues, expenditures, profits and cash flows of the Turners & Growers and ENZA businesses and investments, prepared separately by the management of Turners & Growers and the management of ENZA. Grant Samuel has assumed that these forecasts were prepared fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such forecasts. It is assumed that the forecasts do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the forecasts of future profits and cash flows prepared by the management of Turners & Growers or the management of ENZA. Forecasts are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.

To the extent that there are legal issues relating to assets, properties, or business interests, or issues relating to compliance with applicable laws, regulations and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue. In forming its opinion, Grant Samuel has assumed, except as specifically advised to it, that:

- the title to all such assets, properties, or business interests purportedly owned by Turners & Growers or ENZA is good and marketable in all material respects, and there are no material adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all material liens, encumbrances or encroachments;
- there is compliance in all material respects with all applicable national and local regulations and laws, as well as the policies of all applicable regulators, and that all required licences, rights, consents, or legislative or administrative authority from any government, private entity, regulatory agency or organisation have been or can be obtained or renewed for the operation of the businesses of Turners & Growers and ENZA;
- various contracts in place within Turners & Growers or ENZA and their respective contractual terms will continue and will not be materially and adversely influenced by potential changes in control as a result of the proposed merger and allotment; and
- there are no material legal proceedings regarding the business, assets or affairs of either Turners & Growers or ENZA, other than as publicly disclosed.

3 Profile of ENZA

ENZA is New Zealand's largest pipfruit exporter. It sources fruit from growers, provides coolstore facilities, arranges transportation and distribution, and markets produce through offshore based agents. In addition ENZA has a processing division producing mainly apple juice concentrate.

3.1 Pipfruit Industry

The development of the pipfruit industry in New Zealand commenced with growers joining together in 1916 to form the New Zealand Fruitgrowers' Federation in order to 'foster, promote and protect the fruit industry'. In 1946 the New Zealand Fruitgrowers' Federation agreed on a controlled marketing system for apples and pears and it settled on a board structure with full statutory powers and equal representation from growers and the Government. The New Zealand Apple and Pear Marketing Board ("NZAPMB") emerged in 1948 with a single desk concept whereby all exports were sold through it as a single marketer.

The Apple and Pear Industry Restructuring Act 1999 and associated regulations introduced significant change to the New Zealand pipfruit industry. Prior to its introduction, the NZAPMB held a statutory monopoly, giving it both the right and obligation to export pipfruit from New Zealand. In 2000 the exporting role of the NZAPMB was taken over by the newly formed ENZA. During the 2001 pipfruit season, the newly established Apple and Pear Export Permit Committee issued permits to an increasing numbers of parties, introducing competition within New Zealand to the export business. The export regime was fully deregulated by 1 October 2002, with any party able to export pipfruit.

As a result, over 40 parties exported pipfruit during the 2002 season. Major exporters include:

- ENZA;
- SAFE;
- Fresh New Zealand;
- New Zealand Apples Limited;
- Freshco; and
- D M Palmer.

There are nine pipfruit growing regions in New Zealand with the two dominant areas being Hawkes Bay and Nelson. Almost half of the national export crop is produced in Hawkes Bay, and over one-third is produced in the Nelson region. In recent years, the national acreage planted in pipfruit has declined as demand for land for vineyards and dairy farms has increased, general urban sprawl has continued, and the popularity of lifestyle blocks has developed.

Apples

The New Zealand pipfruit sector is dominated by the production of apples, with the most popular varieties being Braeburn, Gala and Royal Gala. Fuji and the comparatively new Pacific Rose variety are increasing in popularity. Traditional varieties such as Granny Smith, Red and Golden Delicious, and Cox's Orange are declining in production volumes.

Apple production levels have fluctuated markedly over the last decade, largely reflecting the impact of climatic conditions. Export volumes tend to fluctuate with production volumes.

For the 2000 season, export volumes peaked at just over 20 million, 18 kilogram tray carton equivalents ("TCEs") with ENZA exporting around 18 million TCEs. Returns to growers have also fluctuated markedly in recent years.

New Zealand Apple Production	2000	2001	2002
Volume exported (million TCEs)	20.0	15.0	17.8
Return to Growers[1] ($/TCE)	$16.49	$19.83	$22.86

Source: ENZA

Whilst world production of apples continues to grow, the rate of growth has dropped to 2% p.a. from annual rates of 4% for the early 1990s. China is the dominant producer with approximately 35% of total world production, though little of this is currently exported. The most commonly produced varieties worldwide are Red and Golden Delicious, followed by Gala and Royal Gala, and Braeburn.

New Zealand's share of world apple production is less than 1%, but the country remains one of the top ten international fresh apple exporters:

Fresh Apple Exports and Imports by Volume in 2000

	Exports		Imports	
Rank	**Country**	**(tonnes)**	**Country**	**(tonnes)**
1	France	847,833	Germany	682,690
2	US	662,151	UK	426,298
3	Italy	579,053	China	235,422
4	Chile	414,868	Spain	225,404
5	New Zealand	373,829	Netherlands	225,135
6	Belgium/Luxemburg	345,000	Belgium/Luxemburg	220,000
7	Netherlands	286,111	Russian	200,142
8	S. Africa	250,816	US	163,894
9	Iran	133,031	Canada	112,771
10	Argentina	95,895	Brazil	44,034
	Top Ten	**3,988,587**	**Top Ten**	**2,535,790**
	Total World	**5,216,287**	**Total World**	**4,728,572**

Source: World Apple Review, 2002 Edition, Belrose Incorporated

Due to the seasonality of apple production, New Zealand's major competitors are the other Southern Hemisphere exporters, and in particular Chile and South Africa. Historically, New Zealand achieved a premium price over the fruit of its competitors as it was recognised by the market as producing a premium product in terms of quality and variety:

Average Price of Fresh Apple Exports – Southern Hemisphere Producers (US$/tonne)

Country	1998	1999	2000
New Zealand	700	757	491
Argentina	432	525	566
Australia	705	732	647
Brazil	526	525	477
Chile	406	412	438
South Africa	514	390	390

Source: World Apple Review, 2002 Edition, Belrose Incorporated

In 1998 and 1999, New Zealand fruit attracted a 50% premium above the world average price. However, as the quality of Argentine and Chilean fruit in particular has improved and the volume of fruit from those markets coming to the European market has increased, this premium has progressively decreased.

Of further impact was the high volume season in New Zealand in 2000, with significantly more apples available for export leading to a reduction in price. Nevertheless, Belrose's World Apple Review 2002 ranked New Zealand as the most competitive apple supplier overall based on 22 criteria covering production efficiency, industry infrastructure, and financial and market factors.

The European Union countries (excluding the United Kingdom) and Turkey remain the largest consumers of apples per capita, with consumption levels between 16 and 35 kg per capita per

[1] The return to growers is that for growers who export their crop through ENZA

annum. By comparison, New Zealanders consume on average 14 kg per capita per annum – a statistic which has been reducing since 1998.

Worldwide overproduction, new varieties and improved storage techniques have all impacted on New Zealand's pipfruit industry in two key ways:

- it is becoming increasingly difficult to differentiate between Northern and Southern Hemisphere products with both having similar varieties on the retail shelf; and
- New Zealand's competitive advantage over other Southern Hemisphere producers has traditionally been achieved through market related quality standards, variety mix, supply systems, packaging and product innovation. Competitors have been benchmarking themselves against New Zealand thus reducing these traditional advantages.

In the key markets for New Zealand pipfruit, large retailers are merging or restructuring causing suppliers to find more innovative ways of meeting changing market requirements. For example, six key supermarket chains account for approximately 93% of New Zealand apples sold through supermarkets in the UK. In France and Germany, six and eight supermarkets respectively dominate more than 70% of the market. Similarly in the US there is increasing rationalisation in the supermarket industry via mergers and acquisitions. The increasing bargaining power of ever larger supermarket chains is forcing higher product quality, greater product mix and managed services to be a critical focus of exporters.

Pears

Pear production represents just over 2% of the total pipfruit production in New Zealand. New Zealand growers predominantly grow Beurre Bosc, Doyenne du Comice and Taylors Gold varieties, while worldwide Conference and William Barlett are the most common brands. The Taylors Gold variety has allowed New Zealand to create a small premium quality niche opportunity.

Production of pears in New Zealand has increased through the 1990s and in the 2001 season was estimated at 40,000 metric tonnes, although this is less than 0.25% of the world's production. A summary of the average annual source and usage of pears in New Zealand is as follows:

New Zealand Pear Summary

000 tonnes	Annual Average 1999 – 2001	%
Production	26.7	95.0%
Imported	1.4	5.0%
Total Available	**28.1**	**100.0%**
Exported	5.5	19.6%
Consumed	17.2	61.2%
Processed	5.2	18.5%
Lost	0.2	0.7%
Total used	**28.1**	**100.0%**

Source: World Pear Review, 2002 Edition, Belrose Incorporated.

China is the predominant pear growing nation, and the top three exporters of pears are Argentina, Belgium/Luxemburg and Chile. The largest three importers of pears are Germany, the UK and the Netherlands.

3.2 Background and History of ENZA

ENZA was formed on 1 April 2000 as a result of the Apple and Pear Industry Restructuring Act 1999, to assume the exporting business of the NZAPMB. Shares were issued to growers based on each grower's production over the previous seven seasons. While shares were tradeable, they could only be held by a party carrying on business in New Zealand as a grower of apples or pears for sale. The constitution of ENZA also prevented any one party from having a relevant interest in more than 20% of the voting rights of the company.

On 20 July 2000 GPG and FR Partners separately announced that they would each make offers to acquire up to 19.9% of the shares in ENZA, at a price of $1.65 cash per share. GPG and FR

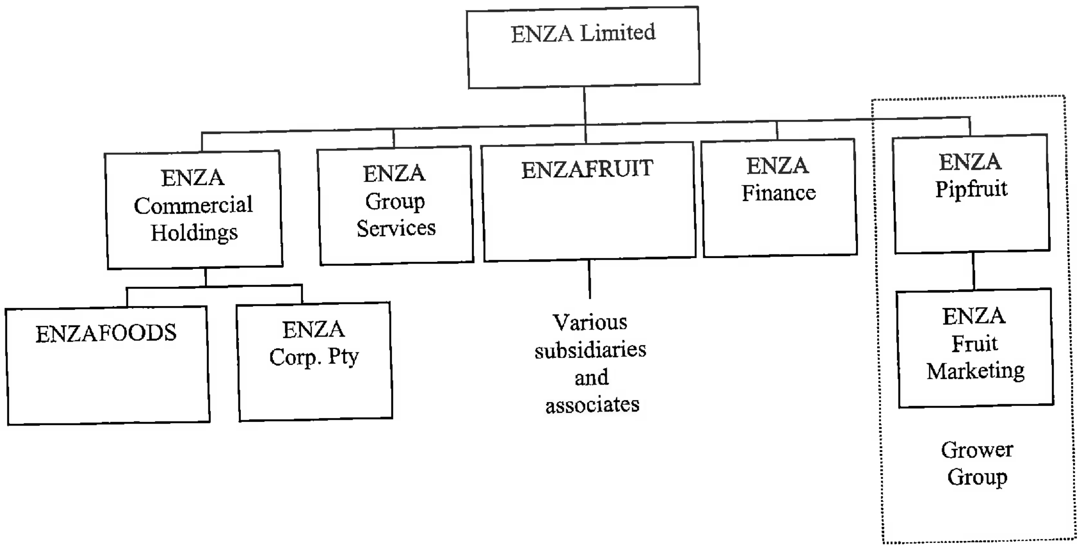
Partners both leased orchards in order to satisfy the "grower" requirement of the constitution. The offers were successful.

In February 2001 a three for one split of ENZA shares occurred. On 12 February 2002 ENZA adopted a new constitution removing both the "grower requirement" and 20% ownership restrictions. Shortly thereafter GPG announced it had reached conditional agreement with FR Partners to acquire the latter's holding in ENZA and as required under the Takeovers Code announced an intention to make an offer to buy 100% of ENZA's shares at the same price, being $1.20 per share. The GPG offer was successful and ENZA became 100% owned by GPG in April 2002.

3.3 Description of Operating Businesses

ENZA's primary business activity is the export and marketing of New Zealand apples and pears. Its business operations are conducted within the following organisational structure:

Organisation Chart of ENZA



ENZA acquires fruit from growers and sells it via agencies into export markets. However, ENZA's structure with its separate grower group companies ensures that while ENZA takes ownership of the fruit, the grower retains the selling price risk. Effectively, ENZA sells fruit on behalf of growers earning commissions in return for its services. The grower group earns revenue from the sale of fruit, and incur commissions to ENZA, direct costs including cool storage, freight, interest and other costs. Any surplus funds within the grower group are paid out to growers at the end of each season, earning the growers a return on the sale of their fruit. The net earnings of the grower group have no impact on ENZA itself – ENZA effectively holds the account on behalf of the growers.

3.3.1 ENZAFRUIT

ENZAFRUIT exports and markets New Zealand pipfruit. ENZAFRUIT also provides cool storage facilities throughout New Zealand to its growers, other pipfruit growers/exporters and other users.

The ENZA brand is well known internationally and represents premium quality, innovation, product differentiation, reliability and excellence in service. ENZAFRUIT is represented in its four key export markets through the following arrangements:

- *United Kingdom* – ENZAFRUIT Worldwide Limited ("EFWW") is a 40% owned associate company of ENZA with another 40% owned by Geest plc, a large UK based fresh food wholesaler and distributor and the remaining 20% by a UK based packhouse. Through the merging of operations with the Northern Hemisphere based company, EFWW is able to provide pipfruit to its customers throughout the year. EFWW has secured supply to the majority of the UK's largest supermarket chains;

- *North America* – marketing and distribution is undertaken on an arms length basis through David Oppenheimer & Company ("Oppenheimer") in which ENZA holds a 15% equity interest. Oppenheimer is also the North American distributor for Zespri kiwifruit, Californian grapes, Mexican grapes, limes and mangoes, Costa Rican pineapples, and many other products;
- *Continental Europe* – ENZAFRUIT has an office in Belgium which services Europe, ENZA's largest single market; and
- *Asia* – ENZAFRUIT services Asia, including India and Russia, from its New Zealand head office.

ENZAFRUIT also has an agency arrangement with Turners & Growers relating to the export and marketing of pipfruit to the Pacific. To date, ENZAFRUIT has not sold fruit domestically within New Zealand, and in fact, until the full deregulation of the industry on 10 October 2001, had been prevented from doing so.

ENZA provides growers and pack houses with cool storage facilities in each of the major pipfruit regions in New Zealand. In its first year of operation under the ENZA name, this operation was restricted by statute and required to be operated at arms length from the ENZAFRUIT business. However, since 1 October 2001 following full deregulation, the cool storage operations have now been reintegrated within ENZAFRUIT.

The following table summarises ENZA's cool storage facilities:

ENZA – Cool Storage Facilities	
	Capacity (million TCEs)
Whakatu	2.1
Dunedin	0.4
Roxburgh	0.1
Nelson	1.2
Hastings	2.1
Total	**5.9**

ENZA leases two further coolstores – the Apollo coolstore in Hastings (capacity of 1.0 million TCEs) and a further coolstore in Nelson (capacity of 0.6 million TCEs). ENZA fills its coolstore facilities during the peak of the season. During the remainder of the year, some space is leased to other users, but much of the space remains empty due to the seasonal nature of the business.

ENZA owns 67% of a shipping agency business, International Fruit Services, in a joint venture arrangement with the business' management.

ENZA holds a 50% interest in Marlborough Fruit Company, which undertakes fumigation of fruit prior to export. Marlborough Fruit Company has earnings in the order of $30,000 annually.

3.3.2 ENZAFOODS

ENZAFOODS is the fruit processing business of ENZA, consisting of two processing plants located in Hastings and Nelson. ENZAFOODS purchases large quantities of sub-export quality apples, kiwifruit, carrots and berries. Approximately 93% of all fruit processed are apples. These are processed into juices, concentrates, sauces and other products. In New Zealand, ENZAFOODS' key customer is Frucor, a former subsidiary of NZAPMB, which has a number of fruit juice brands including Just Juice and Freshup.

Other key markets are North America, Japan and Australia. In Australia, ENZAFOODS markets products through an ENZA subsidiary ENZACOR Pty Limited.

ENZAFOODS' major product is apple juice concentrate ("AJC") which is reconstituted or blended into consumer juice products. AJC is easy to ship and store and has developed into a commodity product worldwide. ENZAFOODS produces both clear and cloudy AJC and is regarded as being a high quality producer. There is only one other AJC manufacturer in New Zealand.

A linkage occurs between ENZAFRUIT and ENZAFOODS such that if quality of the pipfruit crop for the year is high then ENZAFRUIT sells high volumes and little product is available for processing at ENZAFOODS, and vice versa.

3.3.3 Finance Company

ENZA is one of the few pipfruit exporters which has the financial strength to pay its growers in a progressive manner. Growers receive approximately 50% of the expected return on their fruit when the fruit is delivered to the pack house. Further payments are made through the remainder of the sales process in progressive amounts. ENZA is able to provide this benefit from a seasonal loan facility arrangement it has with its principal bank lenders, designed specifically for this purpose and secured against the fruit itself. This financing arrangement is managed separately from ENZA's core bank debt and sits separately within the finance company. ENZA charges a margin to the grower over the bank funding cost.

3.4 Financial Performance of ENZA

The financial performance of ENZA for the year to 30 September 2001, the provisional result for the year to 30 September 2002 and the budget for 31 December 2003 is summarised in the table below:

ENZA Limited – Financial Performance ($m)			
for year ended	**30 Sep 2001 Actual**	**30 Sep 2002 Provisional**	**31 Dec 2003 Budget**
Volume Exported (million TCEs)	*12.1*	*8.1*	*9.0*
Grower Account			
Sales	534.7	350.9	358.7
Sales Price per TCE	*$44.36*	*$43.14*	*$39.85*
Commissions	(42.8)	(44.1)	(45.8)
Other Costs	(215.7)	(117.3)	(140.2)
Interest	(3.7)	(3.6)	(4.0)
Non-recurring costs	(33.6)	-	-
Net return to Growers	**239.0**	**185.9**	**168.6**
Net return per TCE	$19.83	$22.86	$18.74
Shareholder Account			
Total Revenue	168.3	145.1	144.9
Operating Expenses	(135.9)	(118.1)	(121.4)
EBITDA[1]	**32.4**	**27.0**	**23.5**
Depreciation	(17.9)	(16.7)	(11.7)
Amortisation	-	(0.3)	(0.6)
EBIT[2]	**14.4**	**10.0**	**11.2**
Net Interest	(4.6)	(3.8)	(3.4)
Net Surplus before unusuals, tax and others	**9.9**	**6.2**	**7.8**
Non-recurring items	(29.0)	28.7	-
Associate Earnings	1.0	1.3	1.5
Dividends Received	2.3	-	-
Taxation Expense	(4.6)	(1.6)	
Net Surplus/(loss) after tax	**(20.4)**	**34.6**	**9.4**
Shares on Issue (millions)	***60.0***	***60.0***	***60.0***
Earnings per share (cents)	***(34.0)***	***57.6***	***15.6***

Source: ENZA Limited

[1] EBITDA – Earnings before interest, tax, depreciation and amortisation

[2] EBIT – Earnings before interest and tax

In reviewing the above table the following points should be noted:

- ENZA is changing its financial year-end from 30 September to 31 December. The budget figures shown relate to the year to 31 December 2003, and ENZA has just commenced the full budget development process for this year. No estimates have been provided for the three month period 1 October to 31 December 2002;
- the business of pipfruit growing, and therefore pipfruit export and processing, is highly seasonal. Apples are generally picked and exported between February and May and therefore the bulk of ENZA's earnings occur between April and August as the fruit is sold;
- the actual result for the year to 30 September 2001 reflects ENZA's operating results in a semi-deregulated environment. ENZA had a number of restrictions placed on it, including a restriction on the volume of fruit allowed to be exported, arms length separation of coolstore operations, and a restriction on operating in the domestic market. The provisional results for the year to 30 September 2002 reflects the first season of full deregulation and ENZA's drop in market share as a result of this change. The preliminary budget for the year to 31 December 2003 reflects predictions for ENZA's second season in a deregulated environment;
- since its formation in April 2000, ENZA has gone through a number of changes, each with an impact on earnings. These include changes in the regulatory environment under which it operates, ownership and management changes, and a shift of head office from Wellington to Hastings;
- ENZA's earnings are highly dependent on export volumes. The volume forecast for the year to 31 December 2003 reflects a small increase in market share combined with a small increase in total volume produced. Unexpected late frosts hit the Hawkes Bay region in early October, which may impact on budding in this area. At the time of this report it is too early to predict the impact of this event on total volume for the year;
- depreciation is forecast to be substantially lower in the year to 31 December 2003 compared with earlier years, due to the lower depreciation associated with the company's SAP software system, which was installed in 1998;
- amortisation relates to the intangible asset created in April 2002 representing the value of the ENZA brand. This is being amortised over a ten year period;
- details of non-recurring items are as follows:
  - in 2001 the cost of exiting unfavourable foreign exchange contracts was divided between the grower and shareholder. Growers also contributed to the final payment relating to the spiral conveyer located at Port Napier. Shareholders incurred one off costs relating to industry deregulation, redundancy and relocation costs relating to the shift of the head office from Wellington to Hastings, and the write off of residual debts relating to an investment in Chile, and
  - in 2002 a gain on sale of $22.3 million relating to the sale of ENZA's properties into an asset holding subsidiary and a gain of $5.7 million relating to the sale of the ENZA brand into the same subsidiary;
- associate earnings and dividends relate to ENZA's investments in:
  - EFWW (50%),
  - Oppenheimer (15%), and
  - Marlborough Fruit Company (50%); and
- ENZA has developed a preliminary budget for the 2003 year. These incorporate the following assumptions:
  - volumes exported are slightly higher than the past year reflecting an increase in market share,
  - prices achieved on exports to various markets are considered conservative compared with those attained in the year to 30 September 2002,
  - foreign exchange assumptions are less than current rates, and
  - volumes processed through ENZAFOODS are greater than the current year due to increased demand for ENZA products.

3.5 Financial Position of ENZA

The table below sets out the actual financial position of ENZA as at 30 September 2001, the provisional financial position as at 30 September 2002 and the estimated financial position as at 31 December 2003:

ENZA Limited – Financial Position ($m)			
as at	**30 Sep 2001 Actual**	**30 Sep 2002 Provisional**	**31 Dec 2003 Budget**
Current Assets	82.7	67.2	31.7
Current Liabilities	(80.3)	(62.8)	(23.8)
Net Working Capital	**2.4**	**4.3**	**7.9**
Fixed Assets	77.8	91.8	80.9
Investments in Associates	4.6	4.9	6.5
Intangibles and other Investments	0.1	5.4	4.9
Capital Employed	**84.9**	**106.6**	**100.2**
Cash	27.5	40.2	42.9
Short term Debt	(0.1)	-	-
Term Debt	(35.0)	(35.0)	(35.0)
Net Borrowings	(7.6)	(5.2)	7.9
Net Capital Employed	**77.3**	**111.7**	**108.0**
Share Capital	83.0	83.0	83.0
Asset Revaluation	8.1	-	-
Foreign Exchange Reserve	7.8	7.7	7.7
Retained Earnings	(21.5)	21.0	17.3
Total Equity	**77.3**	**111.7**	**108.0**
Equity/Total Assets	***40.0%***	***53.3%***	***64.7%***
Shares on Issue (million)	***60.0***	***60.0***	***60.0***
NTA[1]/share	***$1.29***	***$1.86***	***$1.80***

Source: ENZA Limited

In reviewing the above table the following points should be noted:

- fixed assets comprise mainly land and buildings associated with the cool stores;
- intangible and other investments is predominantly an intangible asset being the ENZA brand. The brand was valued at $5.7 million in 2002 and is being amortised over ten years; and
- ENZA has a core bank facility of $35.0 million. In addition, it borrows further funds during the pipfruit season, most of which is on-lent to the grower group.

[1] NTA – net tangible assets

4 Profile of Turners & Growers

Turners & Growers is one of New Zealand's largest fruit and vegetable distribution companies. It is primarily involved in the distribution of produce to the local retail market. Turners & Growers also imports fruit for distribution throughout the country and has a small, but growing, produce export business.

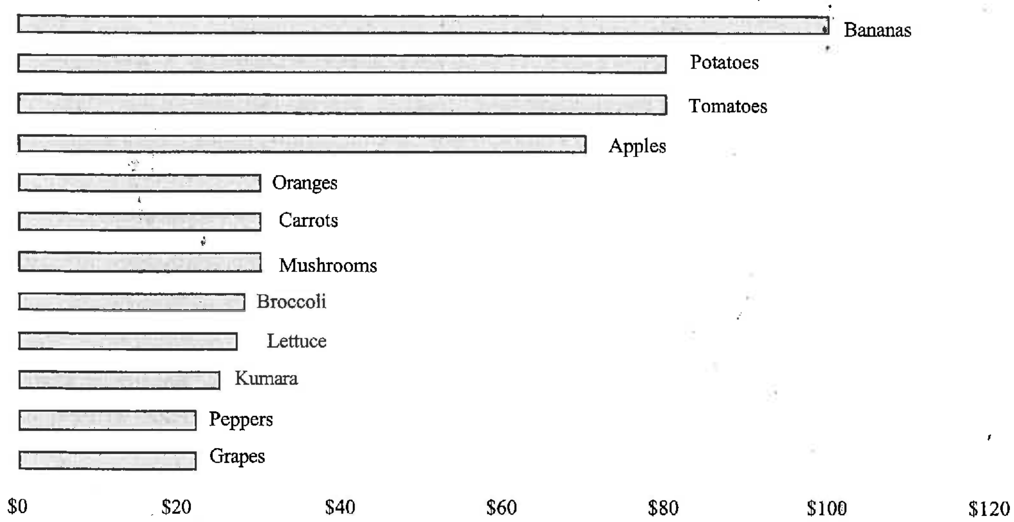
4.1 The Local Horticultural Industry

New Zealand horticulture is driven primarily by the export sector, rather than by domestic sales. Whilst domestic expenditure on horticultural produce was estimated at $1.8 billion in the year to 30 June 2001[1], the total size of the horticultural industry is estimated to exceed $3.8 billion.

The horticultural industry includes the growing and distribution of fruit, vegetables and flowers. In 2001 New Zealand exported products from these categories to 102 countries around the globe. Of the $1.95 billion in horticultural exports in 2001 in excess of $900 million was made up of kiwifruit and apples – products that Turners & Growers have little involvement with.

New Zealanders spend in excess of $1.3 billion[2] on fruit and vegetables each year. Of this, over $530 million is spent on fresh vegetables and $385 million on fresh fruit. The major varieties consumed by New Zealanders are listed in the table below:

New Zealand Consumer Spend on Fruit and Vegetables - ($m)



Source: New Zealand Horticulture

All bananas sold in New Zealand are imported. Turners & Growers is one of the two major importers of bananas to New Zealand, being responsible for the "Bonita" bananas brand. The other major importer is Dole. Both brands of bananas are currently imported from Ecuador, although Dole has recently signalled its interest to begin importing bananas from the Phillipines.

4.2 Background and History of Turners & Growers

Turners & Growers can trace its history back to its foundation as a wholesale produce merchant in 1897. In the early 1900s Edward Turner began a business as a fruit and vegetable auctioneer in an "industry" that included four other participants: At that stage, the Auckland City markets were located in the vicinity of the current location of the Auckland Tower Hall and Aotea Square.

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[1] Source: New Zealand Horticulture "facts & figures"

[2] Source: Statistics NZ – Household Economic Survey for year ended 30 June 2001

In 1920 the Turner family set up a unique company - a semi-cooperative owned jointly by the Turner family and their grower suppliers, who continued to supply the company with produce for auction and distribution.

Turners & Growers Limited was reincorporated as a public company under Part II of the Companies Act 1908, on 25 January 1921. From that time on, Turners & Growers has continued to form an integral part of the horticultural produce wholesaling industry, first in Auckland and later throughout New Zealand as it progressively purchased more of the businesses that it had competed with over the years. Turners & Growers now accounts for some 50% of the domestic wholesale fresh produce distribution business in New Zealand.

Throughout its history, Turners & Growers has been an innovator. It was one of the first companies in New Zealand to use its own coolstores to keep fruit and vegetables fresh. In 1959, as the company looked to penetrate the US market with "chinese gooseberries", its US agents asked it to find a more appropriate name. As a result, Turners & Growers invented – but did not trademark – the name "kiwifruit". Turners & Growers was also the first company in New Zealand to send perishable strawberries to export markets on the far side of the globe by air. Perhaps the ultimate entrepreneurial act was a decision to "auction a couple of company cars" through the produce market. This led to the development of a car auction business that at one stage was responsible for 80% of all cars auctioned in New Zealand, and has subsequently been spun off as a separate, stand alone listed company.

The majority of Turners & Growers history has been characterised by providing a forum for produce growers to deliver product to market for daily sale by auction to retailers. For decades, the Auckland City Markets provided a daily auction where product received in the smallest of quantities from growers around the Auckland province was auctioned off to local retail storeowners. This format was replicated throughout New Zealand and by the end of the 1980s Turners & Growers owned or controlled 16 auction markets nationwide. Throughout this time, Turners & Growers had been a pioneer in the export of fruit and vegetables from New Zealand, and in particular had led the charge in bringing kiwifruit to the international market.

The decade of the 1990s provided significant change and challenges for Turners & Growers. Deregulation of the citrus and pineapple import business in the mid-1980s and bananas in 1990 led to greater competition at both wholesale and retail levels. Previously in the late 1980s the company had been forced to leave the kiwifruit exporting business as the government had effectively "nationalised" export marketing with the establishment of the Kiwifruit Marketing Board, in a structure set to mirror that of the NZAPMB. With the significant growth in influence of the supermarket chains and the continuing withdrawal from the horticultural industry of smaller, uneconomic growers the auction concept was becoming redundant. As a result, since the mid-1990s, Turners & Growers business has increasingly been based on negotiated or indicative price and consignment selling rather than auction.

The evolution of the Turners & Growers business culminated in 2002 with the spin-off of the Turners Car Auctions business, the introduction of "The Way Ahead" program and the purchase of Status Produce Limited ("Status") – a 90% owned tomato growing business.

4.2.1 "The Way Ahead"

With the growing influence of the supermarket chains in the 1980s and 1990s, Turners & Growers ceased to be auctioneers of fruit and produce. Auctions became less and less relevant as a sales mechanism, so Turners & Growers had to address its operations to meet the market.

The company has for some time operated as a procurement and distribution company. In 2001 management announced that it would reconfigure its operations with a new business initiative, "The Way Ahead". Turners & Growers published a four-point statement outlining the future for procurement, ordering and distribution of fresh produce in New Zealand. The four points include Turners & Growers:

- ensuring product flow from suppliers and carriers more predictably within more defined timeframes;
- ensuring communication with suppliers to enable the entering of information about product availability before harvest or packing, then expanding marketing capabilities to customers;
- ensuring warehouses are managed differently, with emphasis on preparing buyers orders overnight for next day collection or delivery; and
- ensuring orders are received from buyers the day before delivery so requirements can be advised to growers pack houses for accurate delivery levels.

"The Way Ahead" involved a re-engineering of the business over a two-year time frame and substantial new investment. A significant portion of the new investment has been in new technology and systems. The Supply Chain Management Information System ("SCIMS") is designed to assist Turners & Growers to capture all of the relevant information necessary to implement these improved processes.

"The Way Ahead" has necessitated the development of a new Sales and Marketing national team structure. As a result, financial results for the 2003 year will suffer a negative impact as the new structure overlaps with that previously used to manage the old regime.

4.3 Description of Operating Businesses

Currently Turners & Growers operates the following businesses:

4.3.1 Turners & Growers Fresh Limited

Turners & Growers Fresh is the main fruit and vegetable wholesale business. It incorporates a core business which is the wholesale distribution business of old, with:

- an export business that sources product such as squash and onions for shipment to international markets. With the recent deregulation of the apple and pear marketing industry, Turners & Growers Fresh has become involved in the export of apples. The export business is responsible for shipping approximately \$50 - \$60 million of produce per annum;
- an import business that sources products (principally bananas from Ecuador as well as general products from around the globe) for sale and distribution throughout New Zealand;
- a pre-pack business which packs potatoes, onions and other fruit and vegetables into convenient retail size packs for distribution through the major supermarket chains (packed in in-house branded packaging) and for the general retail market under the Turners & Growers Fresh brand;
- a transport business that provides collection from growers and distribution to wholesale and retail customers. Turners & Growers Fresh currently owns and operates a nationwide fleet of in excess of 80 truck and trailer units;
- the Fruit Case Company which provides bulk recyclable plastic crates to growers for the delivery of their produce to Turners & Growers and from there to wholesale and retail customers;
- a flower auction business based around New Zealand's only automated "clock" flower auction system which operates at Mt Wellington Auckland, supported by manual flower auctions in Wellington and Christchurch; and
- an organics business and a pre-cuts business.

4.3.2 Status Produce Limited

Status is a 90% owned subsidiary that currently owns and operates in excess of thirty acres of glasshouses growing tomatoes for local and export markets. A total investment of over \$24 million has given Turners & Growers year round production of tomatoes to complement those provided by independent grower suppliers.

Status was initially set up in 1999 when Turners & Growers invested in a 90% interest in Sholto Investments Limited. Sholto was subsequently renamed Status Produce Limited in 2002. The remaining 10% of Status is owned by interests associated with a director of Turners & Growers, Mr Mark Tregidga. Turners & Growers holds a pre-emptive right over the remaining 10% of the shares in Status.

4.3.3 Property

Turners & Growers owns a significant property portfolio throughout the country. Turners & Growers owns in excess of $30 million of property used for the ongoing operations of its business. The Group has three further properties that are surplus to current needs, and are being held in the accounts of Turners & Growers at the lower of cost or Directors' valuation for resale.

4.3.4 Fruit Distributors Limited

Turners & Growers owns 88% of Fruit Distributors Limited ("FDL"). FDL was set up in the early 1950s under Government charter "to be the sole importer of citrus fruits, bananas and pineapples". The government at the time sanctioned the shareholding in FDL to be allocated to all existing wholesale fruit and produce merchants. Turners & Growers initially owned 12.4% of this company. Over the years it has accumulated its current stake as it has taken over other initial participants or others have left the market.

FDL initially controlled all banana imports into New Zealand until banana imports were deregulated in 1990. The company subsequently ceased trading as a fruit importer remaining simply as an investment company with shareholdings in Allen Blair Properties Limited and McKay Shipping Limited. Bonita bananas now are imported directly by Turners & Growers Fresh.

4.3.5 Turners & Growers Group Administration

The Turners & Growers Group is managed from a centralised general management and administration facility based in Auckland. The costs of Group management are allocated over the current business operations of the Group. With the recent "spin-off" of Turners Car Auctions, there will be some costs of administration and management that will not be recovered from the remaining operating businesses in the 2003 financial year.

4.4 Financial Performance of Turners & Growers

The financial performance of Turners & Growers for the three years to 30 June 2002, the budget for the six months to 31 December 2002, and the budget for the twelve months to 31 December 2003 are summarised in the table below:

Turners & Growers Limited – Financial Performance ($m)					
for the year ended[4]	30 June			31 December	
	2000 Actual	2001 Actual	2002 Actual	2002 Budget[4]	2003 Budget
Revenue – Sales & Commissions					
Continuing Activities	166.2	180.1	183.6	108.8	221.5
Discontinued Activities	23.9	23.5	16.9	-	-
Total Revenue	190.1	203.6	200.5	108.8	221.5
Operating Expenses	(169.6)	(183.1)	(181.1)	(100.8)	(204.3)
EBITDA	**20.5**	**20.5**	**19.4**	**8.0**	**17.2**
Depreciation	(9.4)	(10.0)	(11.1)	(5.2)	(10.4)
Amortisation	(0.1)	(0.1)	(0.2)	-	-
EBIT	**11.0**	**10.4**	**8.1**	**2.8**	**6.8**
Net Interest	(0.1)	(0.9)	(0.7)	(0.6)	(1.1)
Earnings before Tax and Other Income	**10.9**	**9.5**	**7.4**	**2.2**	**5.7**
Other Income (Net)	0.4	0.7	1.6	0.2	1.0
Earnings before Tax	**11.3**	**10.2**	**9.0**	**2.4**	**6.7**
Taxation Expense	(3.4)	(3.4)	(3.0)	(1.0)	(2.6)
Earnings after Tax[3]	**7.9**	**6.8**	**6.0**	**1.4**	**4.1**
Shares on Issue (millions)	***24.8***	***25.7***	***22.5***	***nc***	***25.8***
Earnings per share (cents)	***31.9***	***26.5***	***26.7***	***nc***	***15.9***

Source: Turners & Growers

It should be noted that Turners & Growers has changed its balance date to 31 December to better reflect the seasonality of its business operations. The estimate for the six months to 31 December 2002 and the year to 31 December 2003 reflects the new reporting regime. The following notes should be taken into account when reviewing the financial performance of Turners & Growers:

- for some time, and including the last three years, Turners & Growers has been going through significant restructuring. The financial performance for the three years ended 30 June 2002 above includes the write down of assets held for resale, gains and losses on sale of surplus assets and expenses incurred in the ongoing restructuring. No amounts in relation to any of these items are material to the overall financial performance of Turners & Growers;
- in 2002 Turners Car Auctions was spun-off as a separate, stand alone company. The results for the three years ended 30 June 2002 separate out revenue for discontinued operations, being Turners Car Auctions;
- revenue comprises commissions retained on the sale of produce as well as income received from produce that Turners & Growers sells as principal. Revenue also includes income received from transportation charges to growers and customers, rental income from the Fruit Case Company, and revenue charged for the pre-packaging of produce for specific customers;
- depreciation comprises charges primarily in respect of the transportation fleet, plant and equipment including coolstorage and banana ripening plant, information technology hardware and software, Fruit Case Company containers, buildings and fitout; and
- the 2003 figures are constructed from the budgets for Turners & Growers as advised by Turners & Growers management. Grant Samuel has used the 2003 budget and discussions with management in assessing an appropriate level of sustainable EBITDA and EBIT on which to base a valuation of Turners & Growers. The following points are relevant to an assessment of the 2003 budget for Turners & Growers:

[4] In respect of December 2002 Budget – six months only

[3] Excludes minority interests and non-operating income

- the budget for 2003 includes a full year of results for 90% owned Status. It is likely that during the 2003 year the company will continue to expand its operations by acquisition or strategic alliance.. Management of Turners & Growers expects Status to exceed budget in respect of both production levels and pricing in 2003;
- the Fruit Case Company is a significant contributor to the Turners & Growers result. The business is dependent on the amount of product produced by growers, as its revenue is "volume" driven. The Fruit Case Company is seen as a beneficiary of any closer relationship with ENZA, although the 2003 budget does not take account of any increase in income as a result of this;
- approximately $1.3 million of overheads incurred through the corporate head office are not recovered from continuing operations, but are retained in the head office cost centre;
- the budget for the year ended 31 December 2003 includes a duplication of some overheads that are being incurred as both the historical and "The Way Ahead" business models are run in parallel. It was envisaged from the outset of "The Way Ahead" that it could take some two years to fully implement. Management expects that financial performance in the full year ended 31 December 2004 will more accurately reflect the results of "The Way Ahead" program;
- total revenue in the budget for the year ended 31 December 2003 reflects an increase in trading sales ($40.3 million) - as opposed to commission - plus an increase in sales of tomatoes through Status ($12.3 million);
- earnings per share in 2000, 2001 and 2002 include earnings from the Turners Car Auctions business that was spun-off in 2002 and is not included in the six months to December 2002 and the year ended 31 December 2003;
- earnings per share is not calculated for the period to 31 December 2002 as it is only a six month operating period due to the change in balance date and thus comparison with previous twelve month periods is not meaningful; and
- the shares on issue at 31 December 2003 do not include any allowance for the proposed merger and allotment or the reinvestment of dividends paid during the year to 31 December 2003 under the Dividend Reinvestment Plan ("DRP").

4.5 Financial Position of Turners & Growers

The table below sets out the financial position of Turners & Growers as at 30 June 2000, 2001 and 2002 and the estimated financial position as at 31 December 2002 and 31 December 2003:

Turners & Growers Limited – Financial Position ($m)					
as at	30 June			31 December	
	2000 Actual	2001 Actual	2002 Actual	2002 Budget	2003 Budget
Accounts Receivable	30.2	31.5	32.7	28.0	28.4
Inventory	3.7	7.5	2.7	2.6	2.8
Property held for sale	0.7	0.4	0.8	-	-
Total Current Assets	**34.6**	**39.4**	**36.2**	**30.6**	**31.2**
Current Liabilities	(37.7)	(43.6)	(38.7)	(36.8)	(37.5)
Net Working Capital	**(3.1)**	**(4.2)**	**(2.5)**	**(6.2)**	**(6.3)**
Fixed Assets	69.1	77.8	80.7	84.1	85.0
Intangible Assets	0.1	-	1.6	1.4	1.2
Property held for sale	2.3	2.3	2.3	2.1	2.1
Investments	2.5	2.3	2.3	2.5	2.7
Deferred Tax	1.6	1.7	1.3	1.2	1.1
Capital Employed	**72.5**	**79.9**	**85.6**	**85.2**	**85.8**
Term Liabilities	(0.9)	(0.7)	(0.5)	(0.4)	(0.3)
Borrowings (net of cash)	(15.6)	(15.7)	(23.0)	(21.8)	(18.9)
Net Capital Employed	**56.0**	**63.5**	**62.1**	**63.0**	**66.6**
Share Capital	24.8	26.7	24.3	27.0	30.2
Reserves	2.6	3.3	4.6	4.6	4.6
Retained Earnings	28.1	32.4	32.1	30.2	30.2
Shareholders Equity	**55.5**	**62.4**	**61.0**	**61.8**	**65.0**
Minority Interest	0.5	1.1	1.1	1.2	1.6
Total Equity	**56.0**	**63.5**	**62.1**	**63.0**	**66.6**
Shares on Issue (millions)	***24.8***	***25.7***	***22.5***	***25.8***	***25.8***
NTA/share ($)	***$2.26***	***$2.47***	***$2.76***	***$2.44***	***$2.58***

Source: Turners & Growers

The following notes should be taken into account when reviewing the above table:

- Turners & Growers spun-off the Turners Car Auctions business in 2002. The statements of financial position as at 30 June 2000 and 2001 include the assets of Turners Car Auctions. A transaction was completed by way of the repurchase and cancellation of 5.6 million shares in Turners & Growers on a pro-rata basis from all shareholders in consideration for the transfer of shares in Turners Car Auctions to those shareholders;
- in 2002 the assets of Status were purchased for cash consideration of $16 million. The purchase was funded from internal cash resources and an increase in term debt facilities of $13 million, committed for a fixed period of 10 years;
- fixed assets includes freehold land and buildings at cost and valuation amounting to $35.6 million net of depreciation. Each of the properties owned by the company is revalued at least once every three years, except the company's Mt Wellington premises, which due to their size and materiality are valued annually. Land and buildings that have been purchased within the last three years are carried in the accounts of the company at cost;
- the company holds three properties that are surplus to operating requirements. These properties have been designated for sale as soon as market conditions permit. The properties are carried at the lower of cost and the Directors' assessment of market value;
- inventory includes packaging materials for each of the import, export, domestic and Status (tomato) businesses, plus some fruit and vegetable produce that Turners & Growers owned at balance date. Inventory is very low relative to the other assets of the company as most produce is handled for grower suppliers on a consignment (ie commission sales only) basis;
- the nature of the fruit and vegetable distribution business allows Turners & Growers to operate with reduced working capital. Generally, customers of Turners & Growers are required to pay for produce purchased within seven days whilst Turners & Growers have as much as ten to fourteen days within which to pay grower suppliers;

- investments represents Turners & Growers holdings in a property investment company and a transportation company obtained as a result of the company's investment in Fruit Distributors Limited. The investments are recorded at net asset backing in the books of Turners & Growers, as the Directors believe this to represent the best estimate of the fair value of the investments;
- the change in fixed assets between 30 June 2002 and 31 December 2002 reflects the projected purchase of a pack house at Mangere, additional land at Tuakau, and the sale of the Whangarei market;
- the fall in net tangible assets from $2.76 per share to $2.44 per share as at December 2002 reflects the bonus issue of two new shares for each 19 shares held to be allocated to all shareholders on 30 December 2002; and
- the shares on issue as at 31 December 2003 do not include any allowance for either the proposed merger and allotment proceeding or the reinvestment of dividends paid during the year to 31 December 2003 under the DRP.

4.6 Cash Flow of Turners & Growers

The following table reflects the cash flows of Turners & Growers for the three years to 30 June 2002, and the estimate of cash flows for the six months ended 31 December 2002 and for the year to 31 December 2003:

Turners & Growers Limited – Cash Flows ($m)

for the year ended	30 June			31 December	
	2000 Actual	2001 Actual	2002 Actual	2002[4] Budget	2003 Budget
Surplus after Tax[5]	7.9	6.8	6.0	1.4	4.1
Add back					
Depreciation	9.4	10.0	11.1	5.2	10.1
Amortisation	0.1	0.1	0.2	0.2	0.2
Property Devaluations/Revaluations	0.1	0.1	-	0.1	0.1
Deferred Tax	(0.3)	(0.1)	(0.1)	-	0.2
Other	0.3	-	(0.5)	-	0.1
(Increase)/Decrease in Working Capital	(2.3)	4.1	(8.1)	2.8	-
Net Cash Flow from Operations	**15.2**	**21.0**	**8.6**	**9.7**	**15.1**
Sale/(purchase) of fixed assets/investments	0.1	(0.1)	(0.1)	(7.9)	(11.6)
Net Cash Flow before Financing	**15.3**	**20.9**	**8.5**	**1.8**	**3.5**

Source: Turners & Growers

The following notes should be taken into account when reviewing the cash flow position above:

- the increase in working capital in 2003 is primarily due to the separation of Turners & Growers from Turners Car Auctions ($5.8 million) and the sale of a property in Christchurch that remained as a debtor ($4.2 million) at 30 June 2002;
- the decrease in working capital in the six months to 31 December 2002 is primarily a result of the settlement in July 2002 of the Christchurch property sale; and
- sale/(purchase) of fixed assets/investments in the period to 31 December 2003 reflects projected capital expenditure for the period.

[4] In respect of December 2002E – six months only

[5] Excludes Associates and Minority Interests share of surplus

4.7 Shareholders, Capital Structure and Trading in Turners & Growers Shares

4.7.1 Shareholders

As at 30 June 2002, Turners & Growers had 22.5 million shares on issue. This is prior to the issue of new shares under the DRP for the final dividend for the June 2002 year end prior to a proposed bonus issue on 30 December 2002. The table below sets out the Top 20 shareholders of Turners & Growers at 31 July 2002:

Turners & Growers Limited – Top 20 Shareholders		
Shareholder	**Shares Held**	**%**
Ithaca (Custodians) Limited	10,279,596	45.7
Bartel Holdings Limited	5,807,674	25.8
M A Goldsmith, R J Turner & others	731,687	3.3
G H Turner	619,750	2.8
H P Turner	595,343	2.7
D H Turner, J A Hambling & G J Stevens	439,042	2.0
D A Currey & F B Jorgensen	280,703	1.3
G N Christensen	279,155	1.2
D E Peters	270,425	1.2
C S Lyon	175,070	0.8
R G & A Hambling & MAA Evans	165,979	0.7
R B Connell	141,949	0.6
J A & I J Hambling & MAA Evans	82,970	0.4
S J Turner, C Turner & D H Turner	80,338	0.4
A R Turner	64,000	0.3
MAA Turner & V J Evans	52,510	0.2
P V Hansen	51,773	0.2
M G Tregidga, B Connell & P Curran	47,896	0.2
I A Knight	44,657	0.2
A C Nola	44,342	0.2
	20,254,859	90.0
Other Shareholders	2,251,412	10.0
Total Shares on Issue	22,506,271	100.0

The following notes should be considered when reviewing the Top 20 shareholders of Turners & Growers:

- Ithaca (Custodians) Limited holds GPG's investment in Turners & Growers. GPG purchased its shareholding in Turners & Growers from members of the Turner family in December 1994; and
- Bartel Holdings Limited holds the investment in Turners & Growers for the Pacific Fruit Group, which owns the Bonita banana brand. The Naboa family took a 25% shareholding in Turners & Growers through the Pacific Fruit Group at the end of 1991 at a time when the banana import regime in New Zealand was deregulated.

4.7.2 Capital Structure

As at 30 June 2001, Turners & Growers had approximately 25.7 million fully paid ordinary shares on issue. The table below shows the movement in ordinary share capital over the period to 31 December 2002 including an expected bonus issue to be effected on 30 December 2002:

Turners & Growers Limited – Share Capital	
	Fully Paid Ordinary Shares
Balance as at 30 June 2001	25,718,445
Less shares bought back and cancelled to effect spin-off of Turners Car Auctions Limited	(5,626,574)
Add fully paid ordinary shares issued under Dividend Reinvestment Plan for the period ended 30 June 2002	
- @ $1.86 per share	1,545,166
- @ $2.68 per share	869,234
- @ $3.16 per share	871,925
2:19 Bonus Issue as at 30 December 2002	2,460,863
Estimated Balance as at 31 December 2002	**25,839,059**

The following notes should be considered when reviewing the above table:

- Turners & Growers operates a DRP;
- the Directors advise that in the recent past the majority of shareholders have elected to take shares in lieu of cash dividends. The Directors have declared a final imputed dividend of 14 cents per share, payable in November 2002. The company advises that a total of 871,925 shares were issued at $3.16 as a result of the DRP relating to the final dividend for the period to 30 June 2002; and
- on 8 November 2002 the Directors approved a 2:19 bonus issue of shares to all shareholders on the register as at 23 December 2002 which will result in the issue of a further 2,460,863 shares to those shareholders on 30 December 2002, conditional upon the Directors of Turners & Growers being satisfied that the proposed acquisition of ENZA shares is to occur.

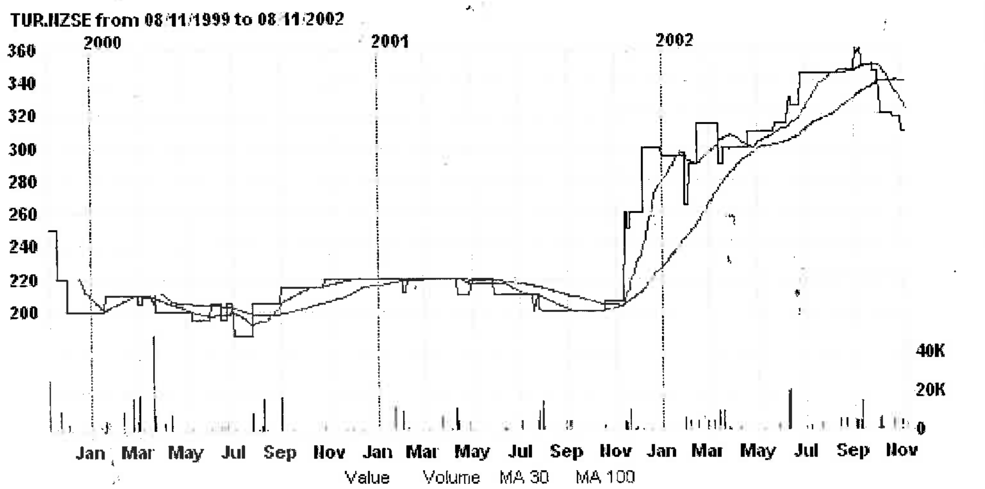
4.7.3 Share Trading History

Turners & Growers is an unlisted company. As at the date of this report, the ordinary shares in Turners & Growers are not listed on the New Zealand Stock Exchange ("NZSE").

Turners & Growers ordinary shares are able to be traded through the unlisted market made available by the NZSE, although there is very little trading activity in the shares.

The table below reflects the share trading performance of Turners & Growers over the past three years:

Share Price Trading History of Turners & Growers



Source: Direct Broking

The following notes should be considered when reviewing the table above:

- the Secretary of Turners & Growers advises that in the past twelve months, approximately 450,000 shares have been traded, representing 1.9% (3.7% of total shares excluding the GPG holding) of the total shares on issue; and
- the Directors of Turners & Growers have advised in various press releases and media statements in relation to the proposal for Turners & Growers to purchase all of the shares in ENZA, that Turners & Growers will seek to have all of its shares listed on the NZSE in early 2003.

5 Valuation of ENZA and the Consideration to be Paid for ENZA

5.1 Methodology

Overview

In order to evaluate whether the number of shares of Turners & Growers being issued to GPG as consideration for the acquisition of ENZA represents fair value, Grant Samuel has valued the equity in ENZA and the value of the consideration by valuing the equity in Turners & Growers.

Grant Samuel's valuation of both Turners & Growers and ENZA has been undertaken by estimating the market value of the respective companies operating businesses, and adjusting each for the net borrowings within the respective businesses at the end of the most recent financial year. In the case of both companies, Grant Samuel has further added the value of surplus assets and other investments to arrive at the full underlying value of the business. Each of the values of Turners & Growers and ENZA have been estimated on the basis of fair market value as going concerns, defined as the maximum price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The valuation of Turners & Growers has been undertaken for the company as a whole and accordingly incorporates a premium for control. The value is in excess of the level at which, under current market conditions, shares in Turners & Growers could be expected to trade to the extent they were freely tradeable on the sharemarket. Shares in a listed company normally trade at a discount of 15 to 25% to the underlying value of the company but the extent of the discount (if any) will depend on the specific circumstances of each company. It should be noted that:

- neither Turners & Growers nor ENZA are publicly listed companies;
- Turners & Growers has two cornerstone shareholders. Pacific Fruit Group (25%) and GPG (45.9%) have held their stakes in Turners & Growers since 1991 and 1994 respectively. Shares in Turners & Growers trade on the FASTER system of the NZSE but are relatively infrequently traded; and
- ENZA is a wholly owned subsidiary of GPG.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arms length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved.

Grant Samuel has elected to apply a capitalisation of earnings approach to estimate the value of the operating business of both Turners & Growers and ENZA and has valued the surplus assets of Turners & Growers by estimating the proceeds of the sale of those assets.

Capitalisation of Earnings

Capitalisation of earnings or cash flows is the most commonly used method for valuation of businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable cash flows is being valued, Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between EBITDA, EBITA or EBIT is usually not critical and should give a similar result. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult, but care needs to be exercised to ensure that proper account is taken of factors such as the level of capital expenditure needed for the business, and whether or not any amortisation costs also relate to ongoing cash costs. Grant Samuel has undertaken analysis in terms of both EBITDA and EBIT for the business operations of both Turners & Growers and ENZA.

Selection of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors, including:

- economic factors (eg. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach used by valuers is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium in terms of equity values (ie. share prices) is typically in the range 20 to 35 per cent (but is lower based on ungeared values).

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons which vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations, premiums may be minimal or even zero. It is inappropriate to apply an average of 20 to 35 per cent without having regard to the circumstances of each case. In some situations, there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

5.2 Valuation of ENZA

Grant Samuel has estimated the value of equity in ENZA as at 30 September 2002 in the range of $100.1 to $125.8 million. This value represents Grant Samuel's assessment of the full underlying value of ENZA. A summary of Grant Samuel's valuation of ENZA is set out below:

ENZA Limited – Summary of Value ($m)

	Valuation Range	
	Low	**High**
Business operations	105.6	129.1
Associate companies	14.2	16.4
Net borrowings	(19.7)	(19.7)
Equity value of ENZA	**100.1**	**125.8**
Shares on issue (million)	60.0	60.0
Value per Share ($)	**$1.67**	**$2.10**

The valuation implies the following overall multiples of earning for ENZA:

ENZA Limited - Implied Overall Value Parameters

	Range	
	Low	**High**
Year ended 30 September 2002		
EBITDA	3.9	4.8
EBIT	10.6	12.9
Normalised EBIT	6.3	7.7
Year ending 31 December 2003		
EBITDA	4.5	5.5
EBIT	9.4	11.5
Normalised EBIT	7.3	8.9

Grant Samuel believes that these parameters are reasonable having regard to:

- evidence from recent comparable acquisitions in the sector, both domestically and internationally, and from comparable listed companies in New Zealand and overseas;
- ENZA has incurred higher than usual depreciation charges in recent years due to the capital cost of the SAP software system which it began implementing in 1998. This high depreciation charge distorts the EBIT of ENZA and consequently the EBIT multiples implied by Grant Samuel's valuation of ENZA relative to the market evidence of comparable acquisitions and company trading. To indicate the impact of the high levels of depreciation, Grant Samuel has also calculated multiples based on "normalised" EBIT calculated using depreciation related to SAP of $1.0 million in each year, rather than $7.8 million and $4.3 million in the years to 30 September 2002 and 31 December 2003 respectively; and
- current equity market and economic conditions.

Estimate of Maintainable Earnings

ENZA's earnings are highly dependent on the volume of fruit it exports. In ENZA's first year of operation in a fully deregulated environment, it secured the export of 8.1 million TCEs of pipfruit from a total volume exported of 17.8 million TCEs, being a 45.5% market share. ENZA management believes ENZA will regain a portion of its lost market share as the number of exporters rationalises over the next few years.

ENZA's preliminary budget for the year to 31 December 2003 forecasts exporting 9.0 million TCEs of fruit. While this may be revised as the impact of recent late season frosts in the Hawkes Bay becomes known, Grant Samuel believes 9.0 million TCEs is an appropriate estimate of the sustainable volume achievable over a number of years. In an industry affected by factors outside the control of the company such as weather, tree or crop diseases, the actions of competitors and the economics of the major export markets, forecasting such figures is inherently difficult.

On this basis, and reviewing the other assumptions made during the development of the preliminary budget, Grant Samuel believes the ENZA preliminary budget provides a fair estimate of maintainable earnings. Grant Samuel has assumed for the purposes of this valuation that the maintainable level of EBITDA and EBIT for ENZA are $23.5 million and $11.2 million respectively.

Value of Associate Companies

ENZA's trading associate companies are:

- EFWW (50%);
- Oppenheimer (15%); and
- Marlborough Fruit Company (50%)

EFWW is ENZA's marketing arm in the UK. Grant Samuel has valued ENZA's share in the business using a capitalisation of earnings approach similar to that used for ENZA, pro-rated based on ENZA's holding after adjusting for debt. Grant Samuel's valuation of ENZA's holding in EFWW is a range between $9.9 and $12.1 million.

Oppenheimer is the company ENZA uses for marketing and distribution throughout North America. Grant Samuel has valued ENZA's share of Oppenheimer based on a formula incorporated in the company's shareholders' agreement, which calculates the value of any interest to be sold. Grant Samuel's estimate of value is $4.3 million.

Grant Samuel has attributed no value to ENZA's investment in the Marlborough Fruit Company.

Net Borrowings

For the purposes of valuation, ENZA's net core debt of $19.7 million as at 30 September 2002 has been used. This is equivalent to ENZA's fully drawn core debt facility of $35.0 million less that portion of cash on hand which is not attributable to the growers account. ENZA had cash of $40.2 million as at 30 September 2002. However, of this balance $24.9 million has been held within the grower account to make the final grower distribution for the year. Grant Samuel has assumed that the remaining $15.3 million is available to the shareholders of ENZA and therefore has included it in the calculation of value of the company.

ENZA also has a seasonal debt facility under which it may draw down up to $125 million during the pipfruit season. Any drawdown is fully repaid at the end of each season. The majority of funds drawn under this facility are on-lent to growers through ENZA's finance company. ENZA makes a margin on the interest rate under the arrangement. The interest rate margin has been included in the EBITDA and EBIT used for valuation purposes. ENZA management forecast that for the year to 31 December 2003 no further funds will be required under the seasonal facility other than the amount on-lent to growers. As the seasonal facility effectively provides ENZA with earnings in the form of an interest rate margin differential, Grant Samuel has not included the seasonal facility as core debt of ENZA for valuation purposes.

5.3 Valuation of Turners & Growers

Grant Samuel has estimated the value of 100% of the equity of Turners & Growers as at 30 September 2002 in the range of $65.4 to $84.0 million. This value represents Grant Samuel's assessment of the full underlying value of Turners & Growers and includes a premium for control. A summary of Grant Samuel's valuation of 100% of Turners & Growers is set out below:

Turners & Growers Limited – Summary of Value ($m)	Valuation Range	
	Low	**High**
Business operations	83.5	102.0
Other assets	5.3	5.3
Net borrowings and other cash payments	(23.3)	(23.3)
Equity value of Turners & Growers	**65.4**	**84.0**
Shares on issue (million)[1]	25.8	25.8
Value per Share ($)	**$2.53**	**$3.25**

Since 1 September 2002, Turners and Growers shares have traded in the range of $3.10 to $3.60 on small volumes, compared with the Grant Samuel valuation range of $2.53 to $3.25 per share. The most current trading of shares at $3.10 represents the ex-dividend price. The small volumes traded are not likely to accurately reflect a fair market value, and prices may have reflected speculation over the ENZA transaction.

The valuation implies the following overall multiples of earnings, for Turners & Growers:

Turners & Growers Limited - Implied Overall Value Parameters	Range	
	Low	**High**
Year ended 30 June 2002		
EBITDA	4.3	5.3
EBIT	10.3	12.6
Year ending 31 December 2003		
EBITDA	4.9	5.9
EBIT	12.3	15.0

Grant Samuel believes that these parameters are reasonable having regard to:

- a comparison of Turners & Growers business operations with those of ENZA;
- evidence from recent comparable acquisitions in the sector, both domestically and internationally, and from comparable listed companies in New Zealand and overseas; and
- current equity market and economic conditions.

Estimate of Maintainable Earnings

Management has provided Grant Samuel with budgets for Turners & Growers operations for the 2003 year as set out in the Section 4. For the purposes of determining a value for Turners & Growers shares to be issued as consideration to GPG for the purchase of ENZA, Grant Samuel has estimated maintainable earnings for 2003 by adjusting the budgets after taking into consideration discussions with management.

Grant Samuel has estimated the maintainable earnings of Turners & Growers without considering prospective synergies that might be obtained from a merger with ENZA if the transaction was to proceed.

[1] Includes Shares issued as a result of DRP and December bonus issue as per table in section 4.7.2

Grant Samuel's estimate of maintainable earnings in respect of the 2003 year is set out in the table below:

Turners & Growers Limited – Estimate of Maintainable Earnings ($000)	
For the year ended 31 December	**2003**
Turners & Growers Fresh	3,737
Status Produce (90% shares)	3,978
Property Over recoveries	1,500
Head Office Operations	(1,330)
Adjusted EBIT for valuation purposes	**7,885**
Add back Estimated Depreciation	10,662
Adjusted EBITDA for valuation purposes	**18,547**

The following points should be considered when reviewing the table above:

- Grant Samuel has increased the Turners & Growers Fresh budgeted EBIT for 2003 to reflect the extra overheads that are budgeted in 2003 as a result of "The Way Ahead" project adding back extra expenses of $1.0 million;
- property over recoveries represent profits achieved by group owned property companies as a result of charging commercial rent to company users of property facilities. These are effectively added back to operating company EBIT to give a more accurate overall result;
- Turners & Growers is budgeting to earn EBIT of approximately $200,000 in 2003 from excess properties that are currently planned to be sold. Grant Samuel has not included this income in the maintainable EBITDA and EBIT calculation above, but accounted separately for these properties in the valuation of Turners & Growers;
- Turners & Growers has budgeted to receive $300,000 of EBIT by way of dividends from Fruit Distributors Limited. Grant Samuel has eliminated this amount from the EBITDA and EBIT calculation and accounted separately for the Fruit Distributors investment in the valuation of Turners & Growers; and
- Turners & Growers has budgeted to receive $50,000 EBIT from its joint venture in the export flower business. Grant Samuel has excluded this income from the calculation of maintainable EBITDA and EBIT, and accounted separately for this investment in the valuation of Turners & Growers.

Value of Other Assets

Turners & Growers has a number of other assets that are not part of its day to day operations. These assets include:

Turners & Growers Limited – Other Assets	
	$m
Properties held for resale	2.9
Unquoted Investments	1.5
Loan and Advance to Associates	0.3
Flower Export Business	0.5
Total Other Assets	**5.2**

The following notes should be considered when reviewing the above table:

- three properties are currently let to external parties and awaiting an improvement in market conditions before being actively marketed for sale;
- investments in Allen Blair Properties Limited and McKay Shipping Limited through Turners & Growers 88% ownership of Fruit Distributors Limited. Each of these investments is carried in the accounts of Turners & Growers at the Directors assessment of realisable value. Grant Samuel has included these investments in the valuation of Turners & Growers at book value; and
- a 50% interest in a flower exporting business, from which Turners & Growers expects to receive $50,000 in revenue in 2003. Grant Samuel has included this asset in the valuation at book value.

Net Borrowings and Other Cash Payments

Net Borrowings

As at 30 September 2002, Turners & Growers had net debt of $19.4 million. The debt facilities include a bank overdraft, a term debt facility and a $12.7 million fixed term loan drawn down by Status Produce (a 90% owned subsidiary) to fund the purchase of the Status Produce assets. In Grant Samuel's opinion it is appropriate to include the following debt in assessing the full underlying value of Turners & Growers:

Turners & Growers Limited – Net Borrowings		
as at 30 September 2002	**$m**	**$m**
Bank Overdraft & current facilities		(0.6)
Term Debt of Turners & Growers		(6.0)
Status Produce fixed term facility	(12.7)	
Add back minority owned share @ 10%	1.2	
Net Status ProduceDebt		(11.5)
Total Debt		**(18.1)**

Other Cash Payments

Turners & Growers has a number of commitments that it is required to meet regardless of the outcome of the proposed merger with ENZA. Each of these will have the effect of increasing Turners & Growers debt or using further working capital facilities for items that will either provide future maintainable earnings already included in the 2003 budgets or do not add further EBIT for Turners & Growers.

A purchaser of Turners & Growers would be expected to adjust the value of Turners & Growers shares to reflect these one-off payments. Grant Samuel has included the following payments as an increase in the level of debt of Turners & Growers:

Turners & Growers Limited – Other Cash Payments	
as at 30 September 2002	**$m**
Final Dividend for period to 30 June 2002	(0.4)
Redundancy Provision	(1.5)
Status Produce – committed purchases (90% of $3.7 million)	(3.3)
Total Other Cash Payments	**(5.2)**

The following notes should be considered when reviewing the above sundry cash payments:

- the final dividend as declared by the Directors is 14 cents per share. The dividend will be paid by the issue of 871,925 new shares at $3.16 under the DRP and $396,000 in cash;
- Turners & Growers is re-engineering its business under a project entitled "The Way Ahead". A total of $1.5 million has been provided for in the valuation to meet future redundancy costs that Turners & Growers is beginning to meet in respect of personnel displaced by the project; and
- Status Produce has committed to expenditure of approximately $3.7 million in respect of a packhouse at Mangere, some additional land adjoining its operations at Tuakau and the purchase of branding rights. Revenue from the assets represented by this expenditure is included in the maintainable earnings used to determine the value of Turners & Growers. It is appropriate that Turners & Growers 90% share of this expenditure is included within the valuation.

5.4 Market Evidence

Market Evidence from Comparable Transactions

Grant Samuel has calculated the implied multiples of recent transactions in the fresh fruit industry.

The table below sets out the multiples:

Selected Transaction Evidence							
				EBITDA Multiple		EBIT Multiple	
Date	**Target**	**Acquirer**	**Price**	**Actual**	**Forecast**	**Actual**	**Forecast**
New Zealand			**NZ$m**				
Apr 02	ENZA	GPG	72.0	2.7	4.4	5.0	12.9
Rest of World			**US$m**				
Current	Dole	Management	1,713.8	12.4	5.5	38.0	7.6

In reviewing the multiples and their relevance to the value of ENZA the following points should be considered:

- GPG, then holder of 19.9% of ENZA, made an offer to acquire 100% of the equity of the company in April 2002 at a price of $1.20 per share. The offer was deemed fair by an independent advisor and was successful; and
- Dole is subject to a takeover offer from the company's CEO and 25% owner David Murdock. The board of Dole rejected the initial offer of US$29.50 per share and is negotiating a higher offer. As a result of the offer, trading of shares in Dole increased to around the offer level. Dole has undergone significant restructuring since mid-2001 and therefore the historic multiples calculated are not representative of the current business.

Market Evidence from Comparable Companies

Grant Samuel has evaluated implied multiples from the share market trading of horticultural companies in New Zealand and internationally. The results are set out in the table below. Further detail on the companies is included in Appendix 1:

Selected Sharemarket Trading Evidence						
			EBITDA Multiple		EBIT Multiple	
Company	**Year end**	**Market Capitalisation**	**Historical**	**Forecast**	**Historical**	**Forecast**
New Zealand		**NZ$m**				
Cedenco	30 Sep	28.4	3.4	nc	4.5	nc
Seeka Kiwifruit Industries	31 Mar	24.6	5.3	nc	7.0	nc
New Zealand Average			**4.4**	**nc**	**5.7**	**nc**
Australia		**A$m**				
Select Harvests	30 Jun	114.8	7.2	nc	9.1	nc
Australian Food and Fibre	30 Jun	40.5	3.9	nc	4.5	nc
East African Coffee Plantations	31 Dec	38.9	6.0	nc	8.2	nc
Chiquita Brands South Pacific	31 Dec	60.5	14.3	9.4	66.0	16.9
Tandou	30 Jun	26.2	7.1	nc	10.3	nc
Australian Pure Fruit	30 Jun	4.0	2.7	nc	7.6	nc
Australian Average			**5.4**[1]	**9.4**	**7.9**[1]	**16.9**
Rest of the World		**US$**				
Dole Food Company	31 Dec	1,690.0	12.3	5.5	37.6	7.5
Fresh Del Monte Produce	31 Dec	1,622.1	8.3	7.0	11.6	9.3
Chiquita Brands International	31 Dec	455.8	7.7	4.3	26.8	5.4
		GBR				
Geest	31 Dec	431.3	7.0	6.1	10.7	10.5
		EUR$				
Fyffes	31 Dec	485.8	4.5	4.2	5.7	5.4
Rest of the World Average			**6.6**[2]	**5.4**	**9.3**[2]	**7.6**
Average			**5.5**[3]	**6.1**	**7.9**[3]	**9.2**

[1] Average excludes Chiquita Brands South Pacific

[2] Average excludes Dole Foods and Chiquita Brands International

[3] Average excludes Chiquita Brands South Pacific, Dole Foods and Chiquita Brands International

When considering the data in the above table, the following points should be considered:

- the above table is based on share prices as at 23 October 2002;
- trading and share prices, and therefore the multiples calculated above, do not include a premium for control. Shares in a company normally trade at a discount to the underlying value of the company as a whole;
- there are few listed companies worldwide which are directly comparable to ENZA. The New Zealand based companies Cedenco and Seeka Kiwifruit Industries, have aspects of operations similar to ENZA – Cedenco is a food processor similar to ENZAFOODS and Seeka Kiwifruit Industries is a major supplier of fruit to Zespri, however Zespri undertakes all export marketing for Seeka (other than in Australia) and Seeka is also a grower of some fruit;
- of the Australian companies considered, Select Harvests, Australian Food and Fibre, East African Coffee Plantations, Chiquita Brands South Pacific and Tandou are all growers of horticultural products with varying amounts of processing, marketing and exporting operations. Australian Pure Fruit has a processing operation comparable to ENZAFOODS;
- there is limited trading of East African Coffee Plantations and Australian Pure Fruit shares;
- all of the non-New Zealand and Australian comparable companies considered are significantly larger than ENZA. Dole Foods, Fresh Del Monte Produce, and Chiquita Brands International are significant growers as well as being large marketers and exporters of produce. Geest and Fyffes are both large produce distributors with operations comparable to ENZA. Geest also has some processing facilities; and
- Chiquita Brands South Pacific, Dole Foods and Chiquita Brands International have all undergone significant restructuring since the publication of their most recent full year results. As a result, the companies historical multiples are not representative of the current businesses and have been excluded from the averages in the table above.

6 Profile of the Merged Businesses

Following the merger, the business operations of both ENZA and Turners & Growers will remain largely as they are at present. ENZA's activities are export-focused and Turners & Growers' are primarily focused on domestic markets, with very little commercial overlap between the two. However, there are some areas of operational overlap that will allow limited cost savings to be made. The principal areas that have been identified by the merger feasibility study team are:

- centralisation of the finance and accounting activities of both businesses;
- integration of information technology systems, including amalgamation of software licenses and support;
- opportunities to renegotiate supply and service contracts offering the benefits of larger scale to providers, organised through a centralised procurement function;
- rationalisation of land and buildings, eliminating duplicated facilities;
- moving logistics management of ENZA's returnable packaging bin assets to the more efficient Fruit Case Company operation of Turners & Growers;
- consolidation of Turners & Growers' export operations into ENZA's, utilising ENZA's existing offshore marketing and distribution infrastructure; and
- consolidation of Boards into one Board of Directors.

The merger feasibility study quantified annual synergy benefits of approximately $3.5 million as being available initially, rising to approximately $5.0 million per annum by the completion of the second year post merger. Grant Samuel has ignored these benefits for valuation purposes.

6.1 Pro Forma Financial Performance

Grant Samuel has completed an estimate of the pro forma statement of financial performance for the merged businesses, based on information provided by both ENZA and Turners & Growers. A summary is shown below:

Turners & Growers/ENZA – Pro Forma Financial Performance ($m)

	Forecast year ending 31 December 2003				
	ENZA	**Turners & Growers**	**Total**	**Merger Synergies**	**Net**
Net operating revenue	40.4	24.5	64.9	-	64.9
less Overheads					
Corporate Expenses	(1.2)	(1.4)	(2.7)	0.2	(2.5)
Information Technology	(3.8)	(3.7)	(7.5)	0.6	(6.9)
Finance and Administration	(2.1)	(1.6)	(3.8)	1.0	(2.8)
Human Resources	(3.0)	(0.5)	(3.6)	0.2	(3.4)
Other	(6.7)	-	(6.7)	1.8	(4.9)
EBITDA	**23.5**	**17.2**	**40.7**	**3.8**	**44.5**
Depreciation	(12.3)	(10.4)	(22.7)	-	(22.7)
EBIT	**11.2**	**6.8**	**18.0**	**3.8**	**21.8**
Merger Expenses	-	-	-	(0.3)	(0.3)
Interest	(3.4)	(1.1)	(4.5)	-	(4.5)
Profit before Tax	7.8	5.7	13.5	3.5	17.0
Other income[1]	1.5	1.0	2.5	-	2.5
Taxation	-	(2.1)	(2.1)	(1.2)	(3.3)
Net Profit after Tax	**9.3**	**4.1**	**13.4**	**2.4**	**15.8**
Shares on Issue (million)	***60.0***	***25.8***	***na***	***na***	***70.0***
Earnings per share (cents)	***15.6***	***15.9***	***nc***	***nc***	***22.6***

The following notes should be considered when reviewing the table above:

- forecast revenues do not include any additional revenue that could arise as a result of the merger; and

[1] Other income includes income from Associate companies

- forecast earnings per share for the year ended 31 December 2003 for Turners & Growers and the merged entity are based on the 25.8 million on issue in Turners & Growers, as per the table in section 4.7.2, plus the 44.2 million new shares to be issued to GPG in consideration for the acquisition of ENZA.

6.2 Pro Forma Financial Position

Turners & Growers has provided a pro forma statement of financial position for the merged businesses of Turners & Growers and ENZA. A summary is shown below:

Turners & Growers/ENZA – Pro Forma Financial Position ($m)			
as at 31 July 2002	**ENZA**	**Turners & Growers**	**Merged**
Current assets	199.2	35.5	234.7
Current liabilities	(161.6)	(44.1)	(205.7)
Working capital	37.6	(8.6)	29.0
Non-current assets	104.8	88.6	193.3
Non-current liabilities	(35.0)	(18.2)	(53.2)
Total equity	**107.4**	**61.8**	**169.1**
Equity/total assets	***35%***	***49.8%***	***39.5%***
Shares on Issue	***60.0***	***25.8***	***70.0***
NTA per share	*$1.79*	*$2.39*	*$2.41*

Source: Turners & Growers

The following notes should be considered when reviewing the above table:

- the pro forma merged balance sheet does not take into account any rationalisation of assets that may occur following the merger;
- the pro forma merged balance sheet represents the assets of both companies as Turners & Growers expects to account for them on completion of the proposed merger and allotment; and
- estimated NTA per share of the merged entity is based on the 25.8 million shares on issue in Turners & Growers, as per the table in section 4.7.2, plus the 44.2 million new shares to be issued to GPG in consideration for the acquisition of ENZA.

7 Evaluation of the Merits of the Proposed Merger and Allotment

7.1 The Pricing of the Proposed Merger and Allotment is Fair

In Grant Samuel's opinion the proposed merger and allotment is fair to shareholders of Turners & Growers not associated with GPG.

In Grant Samuel's opinion, the full underlying equity value of ENZA is in the range of $100.1 to $125.8 million, and the full underlying value of Turners & Growers is in the range of $65.4 to $84.0 million. GPG currently owns 100% of ENZA and 45.9%[1] of Turners & Growers. In Grant Samuel's opinion, GPG's resulting shareholding in the merged entity should be between 75.2% and 81.4%.

As a result of the allotment of 44.2 million merged entity shares to GPG as consideration for ENZA, GPG will hold 80.0% of ENZA. This holding falls within the range calculated as a result of Grant Samuel's estimations of value and accordingly, the proposed merger and allotment is fair to the shareholders of Turners & Growers not associated with GPG.

It is acknowledged that a merger of ENZA and Turners & Growers will result in cost savings or synergy benefits. Grant Samuel has not included the value of any such benefits into the values of ENZA or Turners & Growers in proportion to their relative holdings post the merger.

7.2 Other Merits of the Proposed Merger and Allotment

In assessing other merits of the proposed merger and allotment, Grant Samuel has considered the following:

- the issue of further shares under the DRP and as a result of the approved bonus issue should result in the shares trading at levels below the current share price of $3.10. The theoretical post bonus issue price is calculated to be $2.80. The theoretical ex-bonus issue price is within the Grant Samuel estimated value range of $2.58 to $3.30 per Turners & Growers share. If the shares issued as consideration for the purchase of ENZA are valued at $2.80, the total consideration represents $124.9 million, within but towards the top end of Grant Samuel's valuation range of ENZA;
- Turners & Growers' domestic business is relatively mature. The company has a high market share and future volume growth will largely be a function of population growth in New Zealand. In addition, Turners & Growers faces the risk that the larger produce retailers such as supermarket chains may move to deal directly with growers. The recent merger of the Progressive chain of supermarkets (Foodtown and Countdown) with the Woolworths supermarkets is likely to lead to more pressure on produce suppliers. Turners & Growers sees expansion into exports as being a key strategy for overall growth and diversification. Having access to the ENZA brand name and international marketing and distribution infrastructure provides Turners & Growers with a substantial advantage over having to create its own marketing infrastructure in international markets where ENZA already operates;
- the addition of the existing ENZA business will broaden Turners & Growers' business base and provide a diversification of risk. In particular, Turners & Growers fruit case business will be expanded by the addition of ENZA's apple business;
- ENZA is approximately 1.7 times larger than Turners & Growers in terms of the value of total assets, and 1.6 times larger in terms of equity value. As a consequence of the issue of Turners & Growers shares as consideration for the purchase of the larger entity, minority shareholders of Turners & Growers will be diluted from an existing total holding of 54.3% to 20.0% in a substantially larger company. GPG will increase its shareholding from 45.9% of Turners & Growers to 80.0%. Although the increase moves GPG to a position of theoretical control (being above 50%), in practical terms there will be little change to the degree of GPG's influence and control over the business of Turners & Growers, compared with GPG's current 45.9% holding. Since GPG acquired its shareholding in Turners & Growers in 1994, it has

[1] Post the impact of the DRP

been in a position to control and influence the operations of Turners & Growers, through the presence of its executives on the Board of Turners & Growers;

- the merger with ENZA assumes net asset backing per Turners & Growers share will increase from \$2.39 to \$2.41;
- the merger of the ENZA business into Turners & Growers is expected to provide an increase in earnings due to the operational and administrative synergies that can be captured. The synergies are equivalent to approximately 15% of the combined overheads of the two businesses in the first year following the merger, based on a review of overheads that may be saved. As a result of the merger, earnings per Turners & Growers share is forecast to increase from 15.9 cents per share to 22.6 cents per share in the year to 31 December 2003;
- the ENZA brand name retains a high profile within New Zealand as it was for a number of years prior to recent deregulation of the apple export business, New Zealand's only export brand for fresh apples. Turners & Growers could benefit by using the ENZA brand name for domestic marketing of fresh produce;
- the Directors of Turners & Growers have advised that subsequent to the proposed merger and allotment, Turners & Growers may apply to have its shares listed on the NZSE. The enlarged size of Turners & Growers may make it more attractive to investors leading to more active trading of Turners & Growers shares;
- GPG is an investment company. Apart from its ownership of ENZA and its 45.9% interest in Turners & Growers, GPG holds investments in a wide variety of companies around the world. GPG has held its investment in Turners & Growers since 1994, and has accumulated its investment in ENZA over a period of time since July 2000. GPG's increased investment in Turners & Growers could impact on other Turners & Growers shareholders in a number of ways:
  - if a third party or another existing shareholder of Turners & Growers was to make an offer to GPG for its controlling stake in Turners & Growers, the Takeovers Code requires that offer to be made to all shareholders at an equivalent price unless the remaining shareholders approve the transfer of the GPG shares to the offeror by way of an ordinary resolution. In the scenario where an offer is made for GPG's controlling stake, Turners & Growers shareholders might expect to receive an offer that equates to the full underlying value of Turners & Growers, and
  - GPG's business is based around looking to increase the value of its shares in companies that it owns by active involvement in the investment. To date, GPG has been successful in this regard with both ENZA and Turners & Growers. Shareholders might expect GPG to continue to look for ways of increasing the value of the shares it owns in Turners & Growers, thus impacting on the value of all Turners & Growers shares;
- other than the possibility of applying for listing on the NZSE, GPG has not announced any further intentions for Turners & Growers, either in respect of operations or its shareholding in the company. If the proposed merger and allotment proceeds and GPG, as a result, increases its shareholding in Turners & Growers to greater than 50.0% it is then able to further increase its shareholding under the creep provisions of the Takeovers Code without making an offer to all other shareholders by 5% per annum after 12 months and a further 5% in each subsequent 12 month period. Alternatively, it could make an offer under the Takeovers Code for all of the remaining shares. Under either alternative, once GPG reaches ownership of 90% of Turners & Growers, it is able to compulsorily acquire the remaining 10% of shares outstanding;
- one option for Turners & Growers would have been to purchase the ENZA shareholding using cash instead of issuing shares. However, raising debt to fund the purchase of ENZA would increase Turners & Growers debt to equity ratio from a relatively conservative 35% to in excess of 100%;
- there are a number of risks associated with ENZA's business and the market within which it operates:
  - globally, apple consumption per capita is declining as competition from other fruits and snack foods intensifies. At the same time, world crop volumes are expected to increase at a rate greater than population growth. These factors could lead to a weakening of global prices,
  - ENZA has had a focus on the marketing of new varieties of apple, such as Braeburn and Royal Gala, as replacements for the traditional varieties of Granny Smith and Red Delicious. Over two thirds of the New Zealand crop is now in new varieties. As new varieties become more common in the market place, or are replaced by additional new

varieties, prices tend to fall. There is a risk that ENZA's revenues may fall if it is unable to replace "unfashionable" varieties with varieties that will support higher prices,
  - ENZA's revenues are affected by the value of the New Zealand dollar. Any strengthening of the New Zealand dollar against the currencies of New Zealand's major trading partners could adversely impact ENZA's earnings to the extent that these changes in value could not be passed on to grower suppliers, and
  - an increasing proportion of world apple production is in the hands of large, well-financed commercial operators, which is likely to put pressure on prices generally;
- Ithaca (and its associates) are not able to vote on the ordinary resolution seeking approval under the Takeovers Code for the allotment of shares to GPG. The resolution will be passed if 50% or more of the votes attached to shares held by those Turners & Growers shareholders entitled to vote and voting at the meeting are in favour of it (ie, excluding GPG). Bartel Holdings Limited (the holding company representing Pacific Fruit Group of Ecuador, the owner of the Bonita Bananas brand) holds 48% of the shares entitled to vote and will thus have a significant influence on the outcome of the vote. Grant Samuel is not aware of Bartel's intentions regarding the vote; and
- if the special resolution to approve the purchase of ENZA is passed, any Turners & Growers shareholder who votes against the special resolution can require Turners & Growers to purchase his shareholding under the minority buyout provisions of the Companies Act 1993 and the Constitution of Turners & Growers. The price that a shareholder would receive for his shares is uncertain, but the provisions do provide an exit for dissenting shareholders.

8 Qualifications, Declarations and Consents

8.1 Qualifications and Expertise

Grant Samuel and its related companies provide financial advisory services to corporate and other clients in relation to mergers and acquisitions, capital raisings, corporate restructuring, property and financial matters generally in Australia and New Zealand. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since its inception in 1988, Grant Samuel and its related companies have prepared more than 250 public expert, appraisal or adviser reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, CA, Nicola Taplin, BE(Chem), Dip Bus, and John Mandeno, BCom. Each has a significant number of years experience in relevant corporate advisory matters.

8.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion on the merits and fairness of the proposed merger and allotment. Grant Samuel expressly disclaims any liability to any Turners & Growers shareholder that relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

8.3 Independence

Grant Samuel does not have at the date of this report, and has not had within the previous two years, any shareholding in or other relationship with Turners & Growers, ENZA or GPG, that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the proposed merger and allotment.

Grant Samuel has prepared a valuation of ENZA at the time of GPG's initial purchase of 20% of the shares in ENZA and an Independent Adviser's Report in respect of GPG's current takeover offer for Rubicon Limited.

Grant Samuel had no part in the formulation of the proposed merger and allotment. Its only role has been the preparation of this report and its summary. Grant Samuel will receive a fixed fee for the preparation of this report. This fee is not contingent on whether the proposed merger and allotment proceeds or not. Grant Samuel will receive no other benefit for the preparation of this report.

Accordingly, Grant Samuel considers itself to be independent for the purposes of the Takeovers Code, and the Constitution of Turners & Growers.

8.4 Information

Grant Samuel has obtained all information, which it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of Turners & Growers or ENZA and made available to the Directors. Grant Samuel confirms that in its opinion the information provided by Turners & Growers and ENZA and contained within this report is sufficient to enable Turners & Growers shareholders to understand all relevant factors and make an informed decision, regarding whether the terms and conditions of the proposed merger and allotment are fair to the shareholders not associated with Ithaca (and its associates).

8.5 Declarations

Turners & Growers has agreed that to the extent permitted by law, it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of the report. This indemnity will not apply in respect of the proportion of liability found by a court to be attributable to any conduct involving negligence or wilful misconduct by Grant Samuel. Turners & Growers has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Grant Samuel or its employees and officers are found to have been negligent or engaged in wilful misconduct in which case Grant Samuel shall bear such costs.

Advance drafts of this report (and parts of it) were provided to the independent directors and management of Turners & Growers and the management of ENZA. Certain changes were made to this report as a result of the circulation of the draft report. However, there were no alterations to the methodology, conclusions or recommendations made to Turners & Growers shareholders as a result of issuing the drafts.

Grant Samuel's terms of reference for its engagement did not contain any term, which materially restricted the scope of the report.

8.6 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the information to be sent to Turners & Growers shareholders. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

GRANT SAMUEL & ASSOCIATES LIMITED
14 November 2002

Appendix 1

Profiles of Comparable Listed Companies

Cedenco

Cedenco Foods is a food ingredient processing company based in Gisborne, New Zealand. The company's primary exports are sweet corn, pumpkin and tomato powders, aseptic tomato, apple and kiwifruit paste and purees, and frozen sweet corn and pumpkin purees. The company also has a 50/50 joint venture operation, Cedenco Australia, with its major shareholder SK Foods. Cedenco Australia is situated in Victoria, Australia, and processes aseptic tomato paste, and whole peeled and diced tomato products.

Seeka Kiwifruit Industries

Seeka Kiwifruit Industries ("Seeka") is New Zealand's largest fully integrated kiwifruit supply company. For the 2002 harvest Seeka processed 1,400 hectares of kiwifruit, operated thirteen major packing and cool storage facilities, packed, stored and shipped 8.5 million trays of export kiwifruit and grew 445 hectares of kiwifruit through orchard leasing and management contracts. Seeka is a major supplier for Zespri - New Zealand's international kiwifruit marketer. Seeka is also actively selling fruit in Australia via a collaborative marketing arrangement approved by the regulatory authority Kiwifruit New Zealand.

Select Harvests

Select Harvests is involved in the growing, processing, packaging and distribution of almonds, the manufacture of chemically-based pelletised pesticide products, and the packaging and marketing of dried fruit and nuts to the Australian market. Select Harvests also provides management services in the horticultural, processing and marketing fields.

Chiquita Brands South Pacific

Chiquita Brands South Pacific is Australia's largest horticultural marketer and wholesaler. Chiquita Brands South Pacific markets and distributes fruit and vegetables within Australia, and dried fruit and nuts within Australia and to export markets. Chiquita is Australia's largest banana grower, largest mushroom grower, and the largest blueberry grower in the Southern Hemisphere.

Australian Food and Fibre

Australian Food and Fibre is involved in the trust management and operation of several prime rural properties throughout Australia's agricultural commodity sector, with an emphasis on core areas of cotton, horticulture and beef. Australian Food and Fibre also has investments in non-core areas of wool production, forestry, dairying, and quarrying.

East African Coffee Plantations

East African Coffee Plantations was formed in 1928 and owned coffee plantations in Kenya. In 1979 the company diversified from its Kenyan interest to purchase a wheat property in NSW. This was replaced in 1981 and 1984 by the purchase of citrus orchards on the Murray River in the Sunraysia region of Victoria. In 1988, East African Coffee Plantations bought 74% of the Yandilla Park Citrus, based in South Australia. It now owns 87% of the enlarged business, which operates as Yandilla Park Limited. In 1997, the company sold its interests in Kenya. East African Coffee Plantations is 70.5% owned by Linton Park plc of the UK.

Tandou

Tandou is a South Australian cotton producer, which also grows winter cereals (durum wheat and malting barley), confectionery sunflower, and produces wool. Tandou was initially a dairying concern before moving into irrigated crops towards the end of 1994. The company decided to focus on cultivating cotton crops under drip irrigation. Tandou's primary base is a large in western NSW. Tandou is also experimenting with hundreds of varieties of fruit, predominantly stone fruit and apples.

Australian Pure Fruit

Australian Pure Fruit produce fruit and vegetable purees for use in the food industry. Australian Pure Fruit sell large volumes of stone fruit and vegetable purees to customers in Europe. Domestic customers include manufacturers of baby food, jam, and fruit drinks. Purees are aseptically packaged and require no refrigeration until the bag is opened. Product colour and taste are maintained by additive free production methods. Research, product development and testing are available through in house laboratory facilities. Raw materials are sourced from the Adelaide Hills region.

Dole Foods

Dole Foods is the world's primary producer of fresh fruit, vegetables, and flowers with product in more than 90 countries. The company is one of the world's leading producers of bananas, pineapples, dried fruit, and nuts. Dole has added value-added products including packaged salads and novelty canned pineapple shapes to insulate itself from commodity markets. The company has recently implemented restructuring and cost cutting measures, which have improved the company's earnings profile.

Fresh Del Monte Produce

Fresh Del Monte Produce is a vertically integrated producer and marketer of fresh and packaged fresh-cut fruit and vegetables. The company's products include bananas, pineapples, cantaloupe, melons, grapes, non-tropical fruit (including citrus, apples, pears, peaches, plums, nectarines, apricots and kiwifruit), sweet onions and various greens. Fresh Del Monte markets its products worldwide under the Del Monte brand. The company markets fresh pineapples and bananas worldwide, branded melons in the US and the UK, branded citrus, apples, pears and other non-tropical fruit in selected markets, and Vidalia sweet onions in the US.

Geest

Geest produces and distributes fresh prepared foods. It also makes dips, dressings, pasta and sauces, ready meals, soups, and specialty breads, mainly under private labels. The company was founded in 1935 to import and sell flower bulbs and began selling produce after WWII. It has production facilities in Belgium, France, South Africa, and the UK. Geest distributes produce through a joint venture with ENZA, EFWW.

Chiquita Brands International

Chiquita Brands International produces and distributes bananas and other fresh fruits and vegetables under a variety of brands, including Chiquita, Amigo, and Premium. Its processed foods unit cans vegetables, sells juices, and processes bananas for sale as food ingredients. Chiquita is the leading US maker of private-label canned vegetables. The company sells its produce in 60 countries and has operations on six continents. Chiquita recently emerged from a pre-arranged Chapter 11 bankruptcy, giving bondholders a 95.5% stake for a US$700 million reduction in the company's debt.

Fyffes

Dublin based Fyffes is Europe's leading importer and distributor of fresh fruits and vegetables. Fyffes is best known for bananas. It was the first company to brand bananas, using its "Blue Label". In addition to Fyffes Blue Label bananas, brand names include Bella Nova, Cape, Clee, ENZA, Fruition, Green Ace, Hoya, Jaffa, Maroc, Outspan, Purple Gold, Sopexa, and Zespri. Fyffes imports fruit from more than 10 countries and supplies food retailers in the UK and continental Europe.