

APPLE FIELDS LIMITED

Interim Report March 2009

APPLE FIELDS LIMITED

Half Yearly Interim Report to March 2009

Directors' Report to Shareholders

During the half year period the loss for the Apple Fields Limited Group was \$300,000, compared to a profit of \$636,000 for the corresponding period last year, with shareholders' funds at \$362,000, compared to \$662,000 at the year end (30 September 2008). The positive operating cash flow over the period of \$777,000, (compared to an outflow of \$594,000 in the corresponding period last year) and the collection of a portion of the related party receivable, enabled the repayment of \$2,025,000 of debt.

At Noble Gardens, where the company holds a development agreement with the owner, Noble Investments Ltd, negotiations continued with the proposed purchaser of the residential land, Tribro Noble Ltd, for a variation of the previous contract. Agreement in principle was reached for that company to buy completed sections at a price reflecting the holding and associated development costs, with Noble Investments retaining the right to sell sections to third party developers.

Since the half yearly balance date approval has been received from the Christchurch City Council to the plan to subdivide the Noble Gardens residential land into 254 sections and discussions are advancing with selected builders interested in participating in the development of these sections into medium to high density dwellings priced within an affordable price band, where the market is currently experiencing some increase in demand.

During this period an agreement was entered into by Noble Investments

Limited with In Vision NZ Ltd, a company owned by experienced retail property investor Paul Dallimore, for the management of the design, leasing and funding of the Noble Retail Village, and discussions have continued with anchor tenants and developers Murdoch James.

As earlier notified St Laurence Lending Ltd is marketing sections at Kingfisher Point, Takamatua, Akaroa under its power of sale. That company made demand upon Apple Fields under Apple Fields' guarantee of the debt of its subsidiary, Takamatua West Limited, which is carrying out the Kingfisher Point development. Apple Fields has made an application to set the demand aside and has asked St Laurence for a report on any information relating to its marketing programme, but at this stage it has not received a formal response.

While reserving its rights Apple Fields retains a vital interest in maximising the proceeds of section sales at Kingfisher Point and believes it is in the interest of both companies to utilise their respective skills in this process.

However in light of St Laurence's actions, and without information on the progress made by that company with sales or settlements, for the purposes of these accounts the value of the sections at Kingfisher Point has been further written down to a level that the directors believe is a conservative and prudent minimum net realisable value in the present market. This figure represents approximately half of the settlement price per section of the last two sales achieved by Takamatua West Ltd, and only 2/3 of the price established by the real estate firm

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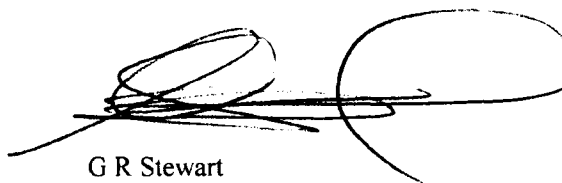
advising that company.

The sections have not been valued by an independent valuer. Despite this, the directors strongly believe that, if properly handled, the section sales should over time net a figure in excess of this written down value.

Further, because of the uncertainty over Apple Fields' position, the interest in the Noble property has been included in the Group accounts at \$4,139,000, a figure which is less than the directors believe would be realisable over the medium term. The directors are mindful that Noble Investments, the owner of the property, can review the continuation of the

development contract should the position with St Laurence not be decided, or resolved, in the company's favour.

In light of the present situation as outlined above, while the directors are of the opinion the company is solvent, they have resolved, for accounting purposes, not to adopt a "going concern" basis for the Group accounts at this time.



G R Stewart
Chairman
3 June 2009

Directory

Directors	Gordon Stewart (Chair) Justin Prain Mark Schroeder
Registered Office	203 Cambridge Terrace, P O Box 1948 Christchurch Tel; (03) 365 4433 Fax; (03) 379 0377
Share Registry	Computershare Investor Services Limited Private Bag 92 119 Auckland.

APPLE FIELDS LIMITED

Income Statement

For the half year ended 31 March 2009

12 months 30-Sep-08 \$000		6 months to 31 March	
		2009	2008
		\$000	\$000
			Restated
1,396	Sales revenue	2,772	2,782
1,433	Cost of sales	535	2,046
1,469	Impairment of development property	1,618	1,289
<u>(1,506)</u>	Gross profit/(loss)	<u>619</u>	<u>(553)</u>
401	Other income	-	-
(8)	Marketing expenses	(7)	(7)
(595)	Administration expenses	(191)	(166)
<u>(1,708)</u>	Operating profit before financing costs	<u>421</u>	<u>(726)</u>
260	Financial income	18	20
(1,309)	Financial expenses	(739)	(256)
<u>(2,757)</u>	Profit/(loss) before tax	<u>(300)</u>	<u>(962)</u>
-	Income tax expense	-	-
<u>(2,757)</u>	Profit/(loss) for the year	<u>(300)</u>	<u>(962)</u>
<u>(3.42)</u>	Earnings/(loss) per share in cents.	<u>(0.37)</u>	<u>(1.43)</u>

Statement of Recognised Income and Expense

For the half year ended 31 March 2009

12 months 30-Sep-08 \$000		6 months to 31 March	
		2009	2008
		\$000	\$000
			Restated
(2,757)	Profit/(loss) for the year	(300)	(962)
<u>(2,757)</u>	Total recognised income and expense for the year	<u>(300)</u>	<u>(962)</u>
(2,757)	Attributable to parent company shareholders	(300)	(962)
<u>(2,757)</u>	Total recognised income and expense for the year	<u>(300)</u>	<u>(962)</u>

APPLE FIELDS LIMITED

Balance Sheet

As at 31 March 2009

30-Sep-08 \$000	2009 \$000	2008 \$000 Restated
662 Equity attributable to parent company	362	2,458
<i>Represented by:</i>		
Non-current assets		
- Related party receivables	1,466	6,206
Current assets		
(10) Cash on hand and money on deposit	4	-
204 Debtors and prepayments	151	1,096
4,384 Development properties intended for sale	2,279	3,804
3,868 Related party receivables	2,673	-
8,446 Current Assets	5,107	4,900
8,446 Total assets	6,573	11,106
Non-current liabilities		
- Term borrowings	-	-
Current liabilities		
1,780 Creditors and accruals	1,835	1,643
6,004 Current portion of term borrowings	4,376	7,005
7,784 Current Liabilities	6,211	8,648
7,784 Total Liabilities	6,211	8,648
662 Net Assets	362	2,458

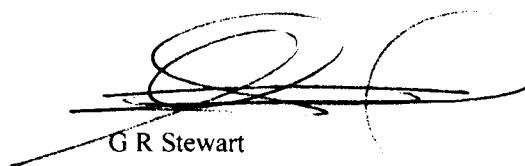
On behalf of the Board;



J W Prain

Director

17 June 2009



G R Stewart

Director

Statements of Cash Flows

For the half year ended 31 March 2009

12 months 30-Sep-08 \$000	6 months to 31 March	
	2009 \$000	2008 \$000
Cash flow from operating activities		
<i>Cash was provided from:</i>		
1,373 Receipts from customers	912	1
Tax received	8	
27 Interest received	19	-
1,400	939	1
<i>Cash was applied to:</i>		
690 Payments to suppliers and employees	155	398
144 Interest paid	-	198
8 Tax paid	7	(1)
842	162	595
558 Net cash flow from operating activities	777	(594)
Cash flow from investing activities		
<i>Cash was provided from:</i>		
189 Proceeds from investments	1,262	-
<i>Cash was applied to:</i>		
- Purchase of Property Plant and Equipment	-	1
189 Net cash flow from investing activities	1,262	(1)
Cash flow from financing activities		
<i>Cash was provided from:</i>		
693 Proceeds from term debt	10	545
<i>Cash was applied to:</i>		
1,500 Repayment of term debt	2,035	-
(807) Net cash flow from financing activities	(2,025)	545
(60) Net increase (decrease) in cash held	14	(50)
50 Opening cash position	(10)	50
(10) Closing cash position	4	-

Notes to the Financial Statements

For the half year ended 31 March 2009

1. Accounting Policies.

These financial statements are in compliance with NZ IAS 34 *Interim Financial Reporting*.

All accounting policies have been applied in a manner consistent with the policies used in the annual accounts prepared for the year ended 30 September 2008. The only significant departure from the basis of preparation is the directors' decision

not to use the going concern basis at this time in recognition of the mismatch between contractual obligations and contractual receivables.

It is assumed that readers of these accounts have access to the financial statements for the year ended 30 September 2008

2. Reconciliation of profit before tax with operating cash flow

12 months 30-Sep-08 \$000	6 months to 31 March	
	2009 \$000	2008 \$000
(2,757) Net surplus (deficit) after taxation	(300)	(962)
<i>Plus (less) non cash items:</i>		
1,195 Interest and expenses added to principal of loan	397	201
(230) Impairment of related party receivables	326	(359)
- Other non cash expenses	17	606
(401) De-recognition of liability	-	-
(24) Income added to investment balance	(1,876)	(1,914)
<i>Movement in working capital:</i>		
(1,192) Increase (decrease) in creditors and accruals (excluding investing related balances)	55	(1,221)
304 Decrease (increase) in debtors and advances (excluding investing related balances)	53	(589)
3,663 Decrease (increase) in properties intended for sale	2,105	3,644
558 Net cash flow from operating activities	777	(594)

APPLE FIELDS LIMITED

3. Segment information

The Group is involved in two major projects, the sale of the sections at Takamatua and management of the

development of the property owned by Noble Investments Limited.

Income Statements	TAKAMATUA		NOBLE	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Sales revenue	786	867	1,876	1,914
Cost of sales	535	2,046		-
Writedown	1,618	1,289		-
Gross profit	(1,367)	(2,468)	1,876	1,914
Other operating income	-		-	
Marketing expenses	-	(7)	(7)	-
Administration expenses	(28)	(18)	-	(4)
Operating profit before financing costs	(1,395)	(2,493)	1,869	1,910
Financial income	18	16	-	2
Financial expenses	(474)	(534)	(326)	333
Profit before tax	(1,851)	(3,011)	1,543	2,245
Reconciliation to income statement			GROUP	
Total profit allocated to segments			2009	2008
Plus unallocated income			(308)	(766)
Plus intercompany interest			110	2
Less unallocated expenses			61	16
Administration			163	144
Net finance				70
Total profit before tax			(300)	(962)
Materially Changed Assets	TAKAMATUA		NOBLE	
Balance Sheet values	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Development properties intended for sale	2,279	3,804		
Related party receivable	-	-	4,139	6,206

4. Contingent liabilities

As at		As at 31 March	
30-Sep-08		2009	2008
\$000		\$000	\$000
3,081	Loan guarantee Apple Fields to ASB Bank	3,235	2,941
1,363	Loan guarantee Noble Inv to Gold Band	1,636	1,222
8,300	Loan guarantee Noble Inv to Southpac	10,221	7,757
12,744		15,092	11,920