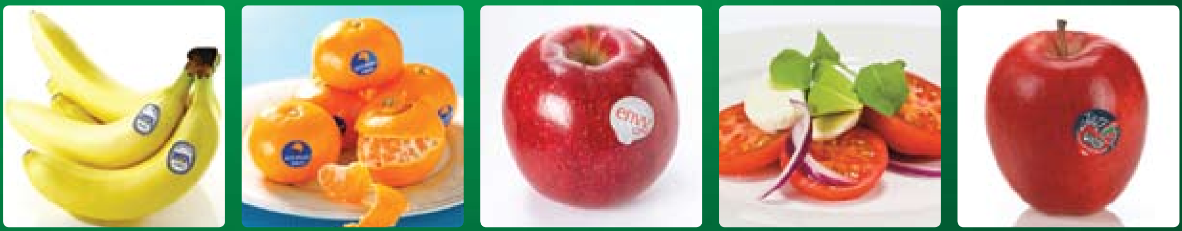
Turners & Growers

Fresh taste to the world



Half Year Report

June 2012

THE & IS AT THE HEART OF OUR BRAND.

It's a commitment to deliver fresh tastes to the world through partnerships. From our Business brands to our Service and Product brands, we provide the best fresh taste experiences to consumers all over the globe.

ESSENTIALLY, IT'S ABOUT US:

& GROWERS

& MARKETERS

& RETAILERS

& CUSTOMERS

IT'S ABOUT FRESH TASTE:

& ADVICE

& LOGISTICS

& MARKETING

& KNOW-HOW

Half Year Report - June 2012

Contents

REPORT OF DIRECTORS

Profit after tax for the Turners & Growers Group is in line with last year's result for the six months to June 2012.

RESULTS IN BRIEF

	June 2012 $'000	June 2011 $'000	Dec 2011 $'000
EBIT (Earnings before Interest and Tax)	**12,644**	12,865	(4,034)
Profit / (loss) after Tax	**7,080**	6,929	(18,881)
Total Equity	**292,580**	306,656	285,863

DOMESTIC

The Domestic division has been trading satisfactorily in difficult times. Retail demand in New Zealand has been flat and the traditional firming of prices heading into winter has encountered consumer resistance. The average price per unit over the period was 7% down on last year which translated into a similar drop in turnover.

The newly formed division Turners Logistics, a merger of the Fruit Case Company and Turners Transport, faced a competitive market environment in the first six months of 2012 and consequently revenue was below expectations. The arrival of the newly introduced folding crates will enable the division to improve performance over the remainder of the year.

EXPORTS

The 2012 New Zealand apple season was one of the latest on record following an unusually cool and wet summer. This impacted fruit size which has been significantly smaller than average and resulted in lower volumes being packed. It was pleasing to see volumes of Jazz™ and Envy™ reach pre-season forecasts while most other varieties fell well short. Quality and pack-outs have been high. All major markets have performed well this year, delivering a significant lift in prices. The introduction of a new management system for foreign exchange exposure has enabled the Group to benefit from the improved market prices despite the NZ Dollar's relentless upward trajectory, particularly against the Euro. As a result apple growers' returns are forecasted to be a significant improvement on 2011.

ENZA's overseas programmes continue to expand. The 2011 Northern Hemisphere crops were very well received in the markets and achieved higher returns for growers than the previous year.

The Delica Group is also performing strongly. Apples from both New Zealand and North America are up in volume and have experienced an increase in sales prices in main markets. New Zealand volumes, in particular to Asian markets, are 34% ahead of 2011. Jazz™ continues to grow in volume to Asia, especially in Thailand and Hong Kong. Shipment of a significant commercial volume of apples to Japan has been positively received by the market and there has been increased volume sent to the Chinese market. Exports of table grapes and cherries to Asian destinations have markedly increased on 2011 volumes. The newly formed import division of Delica in Australia, mainly involved in trading apricots, blueberries and kiwifruit, is also exceeding forecasts.

PROCESSING

ENZAFoods continues to grow its value-added retail and food service products portfolio in Australasian and Asian markets. Contract manufacturing work has grown significantly, including grape juice concentration and packaging retail fruit products. Expansion has also occurred in the range of products being processed, helping to maintain growth across all areas of the business. The full year result is expected to be a solid improvement on 2011.

GROWING OPERATIONS

Status Produce is tracking close to budget for the first six months of the year. Status is focused on further improving operational excellence, targeting increased crop quality and yield as well as better management of disease and pests. The Australian export market and New Zealand domestic returns have been lower than anticipated. Status has managed to offset the lower price with additional volume grown across all three sites and increased volume of contract packed product through the packhouse.

The pipfruit orchards in Hawkes Bay performed to expectations. Due to the wet and cool summer conditions fruit size was down on previous seasons which resulted in lower than forecasted harvest volumes. This was offset by the exceptional fruit quality which lead to higher than normal pack-outs. Conversely, in the Nelson region, the wet and cool growing conditions have resulted in the crop being 15% below pre-season forecast.

Smaller citrus fruit size has presented production challenges for Kerifresh this season that has resulted in a lower result for the first half. Kerifresh has continued its mandarin export drive and increased its export crop percentage to its highest level in over ten years. This season Kerifresh produced its first substantial ENZAGold™ kiwifruit crop. A good level of marketing co-operation with Zespri has occurred, and the variety has been particularly well received in Australia, China and USA. The focus remains on maximising the crop yield and quality and development continues with ENZA kiwifruit varieties and blueberries.

OTHER

Fruitmark, Turners & Growers' Australian based trader of processed produce, faced deteriorating market conditions in Australia in the first half year and these conditions are not expected to improve in the short term. Despite declining sales, Fruitmark managed to increase its market share and has further expanded its European trading arm in Belgium.

Major investments in 2012 to date have been the increase in controlled atmosphere storage capability of the Nelson facility, the enlargement of the fruit ingredient production line of ENZAFoods, a fumigation facility and waxing machine in Whakatu, completion of the ENZA administration building in Hastings, and the SAP kiwifruit upgrade at Kerifresh.

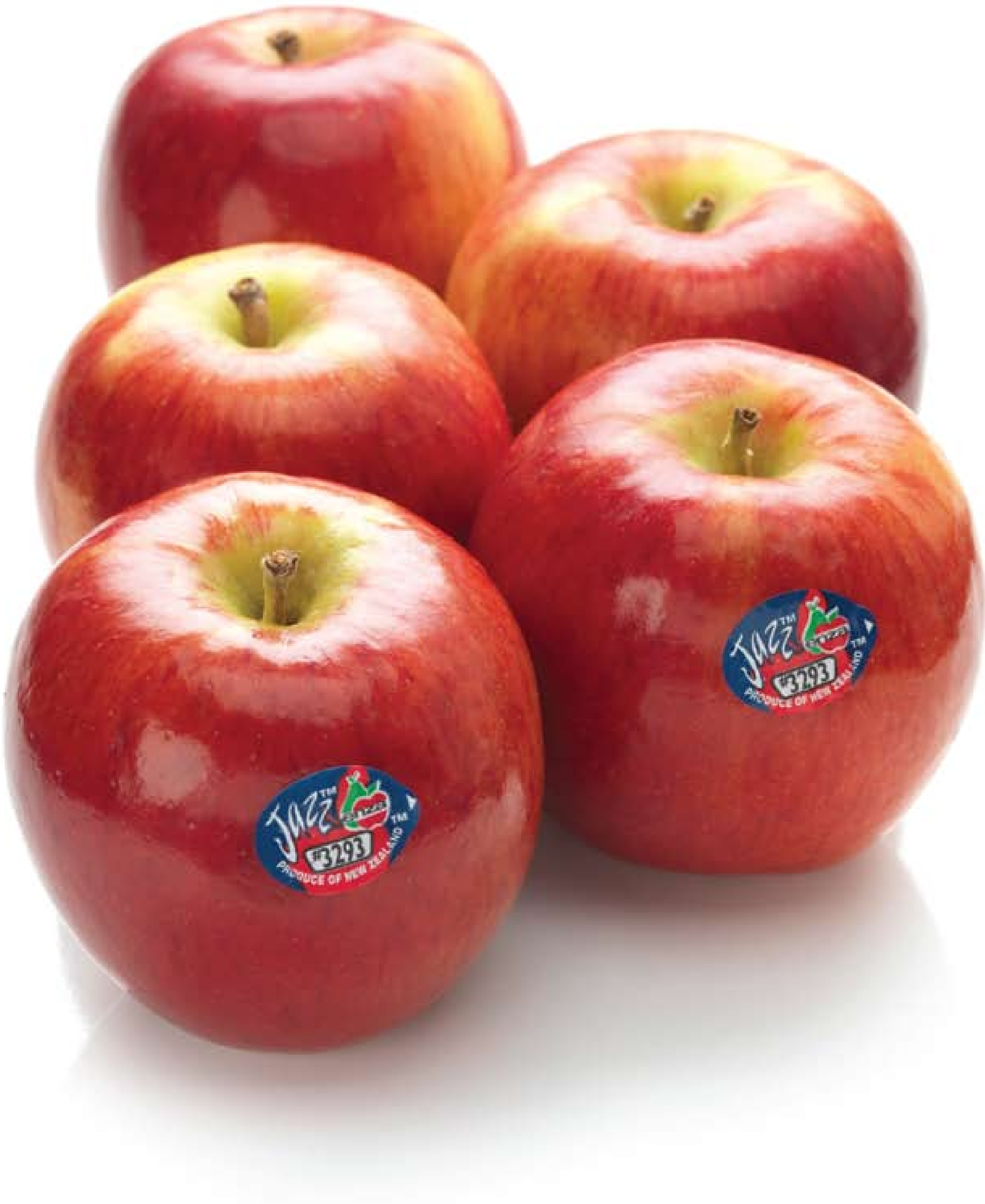
OUTLOOK

Due to the Group's strengthened relationships with the Asian markets and robust volumes in all the major produce varieties, the Turners & Growers Group is heading towards an improved full year operational result over last year, accompanied by higher apple grower returns, providing a strong base for the future.

K.J. Lutz
CHAIRMAN

C.A. Campbell
DIRECTOR

Jazz™ Apple



enza™

CONSOLIDATED INCOME STATEMENT

For the 6 months ended 30 June 2012 (Unaudited)

	Notes	**June 2012 6 months $'000**	June 2011 6 months $'000
Revenue	3	**337,399**	331,046
Cost of sales		**(241,102)**	(238,749)
Gross profit		**96,297**	92,297
Other operating income		**486**	316
Administration expenses		**(12,581)**	(10,179)
Other operating expenses		**(73,590)**	(70,332)
Operating profit		**10,612**	12,102
Financial income		**748**	399
Financial expenses		**(3,517)**	(4,080)
Net financing costs		**(2,769)**	(3,681)
Share of profit from associates	7	**2,032**	763
Profit before income tax		**9,875**	9,184
Income tax expense	4	**(2,795)**	(2,255)
Profit for the period from continuing operations		**7,080**	6,929
Profit for the period		**7,080**	6,929
Attributable to:			
Equity holders of the parent		**5,551**	5,909
Non-controlling interests		**1,529**	1,020
Profit for the period		**7,080**	6,929
Earnings per share			
Basic earnings per share (in cents)	9	**4.74**	5.14
Diluted earnings per share (in cents)	9	**4.70**	5.05

K.J. Lutz
Director (Chairman)
10 August 2012

C.A. Campbell
Director
10 August 2012

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2012 (Unaudited)

	June 2012 $'000 6 months	June 2011 $'000 6 months
Profit for the period	**7,080**	6,929
Other comprehensive (expense) / income		
Exchange differences on translation of foreign operations	**(748)**	(404)
Movement in cash flow hedge reserve, net of tax	**786**	(335)
Other comprehensive income / (expense) for the period	**38**	(739)
Total comprehensive income for the period	**7,118**	6,190
Total comprehensive income for the period is attributable to:		
Equity holders of the parent	**5,480**	5,170
Non-controlling interests	**1,638**	1,020
	7,118	6,190

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2012 (Unaudited)

	Attributable to equity holders of the Parent						
	Share capital $'000	Revaluation reserve $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2011	160,678	59,471	(646)	76,947	296,450	4,379	300,829
Comprehensive income							
Profit for the period	–	–	–	5,909	5,909	1,020	6,929
Other comprehensive (expense)							
Exchange differences on translation of foreign operations	–	–	(404)	–	(404)	–	(404)
Movement in cash flow hedge reserve, net of tax	–	–	(335)	–	(335)	–	(335)
Total other comprehensive (expense)	–	–	(739)	–	(739)	–	(739)
Total comprehensive (expense) / income	–	–	(739)	5,909	5,170	1,020	6,190
Transactions with owners							
Issue of share capital	4,469	–	–	–	4,469	–	4,469
Dividends	–	–	–	(5,127)	(5,127)	(19)	(5,146)
Changes in ownership interests in subsidiaries that do not result in loss of control:							
Investment from non-controlling interests	–	–	–	–	–	302	302
Total transactions with owners	4,469	–	–	(5,127)	(658)	283	(375)
Movement in share option reserve	–	–	12	–	12	–	12
Balance at 30 June 2011	165,147	59,471	(1,373)	77,729	300,974	5,682	306,656
Balance at 1 January 2012	**165,147**	**64,110**	**(175)**	**51,730**	**280,812**	**5,051**	**285,863**
Comprehensive income							
Profit for the period	**–**	**–**	**–**	**5,551**	**5,551**	**1,529**	**7,080**
Other comprehensive (expense) / income							
Exchange differences on translation of foreign operations	**–**	**–**	**(857)**	**–**	**(857)**	**109**	**(748)**
Movement in cash flow hedge reserve, net of tax	**–**	**–**	**786**	**–**	**786**	**–**	**786**
Total other comprehensive (expense) / income	**–**	**–**	**(71)**	**–**	**(71)**	**109**	**38**
Total comprehensive (expense) / income	**–**	**–**	**(71)**	**5,551**	**5,480**	**1,638**	**7,118**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Movement in share option reserve	**–**	**–**	**(401)**	**–**	**(401)**	**–**	**(401)**
Balance at 30 June 2012	**165,147**	**64,110**	**(647)**	**57,281**	**285,891**	**6,689**	**292,580**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2012 (Unaudited)

	Notes	June 2012 $'000	December 2011 $'000	June 2011 $'000
Current assets				
Cash and cash equivalents		**16,920**	12,775	20,716
Trade and other receivables	5	**129,161**	86,547	131,430
Inventories		**91,874**	34,814	81,240
Taxation receivable		**2,564**	3,865	4,835
Biological assets		**4,818**	8,564	5,578
Total current assets		**245,337**	146,565	243,799
Non-current assets				
Trade and other receivables	5	**2,100**	3,556	3,503
Available-for-sale investments		**349**	345	332
Biological assets		**23,423**	23,056	36,402
Property, plant & equipment	6	**277,641**	275,517	277,201
Intangible assets		**17,660**	18,048	18,139
Investments in associates		**17,046**	15,730	15,658
Total non-current assets		**338,219**	336,252	351,235
Total assets		**583,556**	482,817	595,034
Current liabilities				
Trade and other payables		**114,175**	80,309	98,105
Interest bearing loans and borrowings	10	**65,800**	10,028	90,072
Total current liabilities		**179,975**	90,337	188,177
Non-current liabilities				
Trade and other payables		**736**	948	851
Interest bearing loans and borrowings	10	**85,143**	80,143	80,143
Deferred tax liabilities	4	**25,122**	25,526	19,207
Total non-current liabilities		**111,001**	106,617	100,201
Total liabilities		**290,976**	196,954	288,378
Net assets		**292,580**	285,863	306,656
Equity				
Share capital	8	**165,147**	165,147	165,147
Other reserves		**63,463**	63,935	58,098
Retained earnings		**57,281**	51,730	77,729
Total equity attributable to equity holders of the parent		**285,891**	280,812	300,974
Non-controlling interests		**6,689**	5,051	5,682
Total equity		**292,580**	285,863	306,656
Net tangible assets per security		**$2.35**	$2.29	$2.47

The accompanying notes form an integral part of these financial statements.

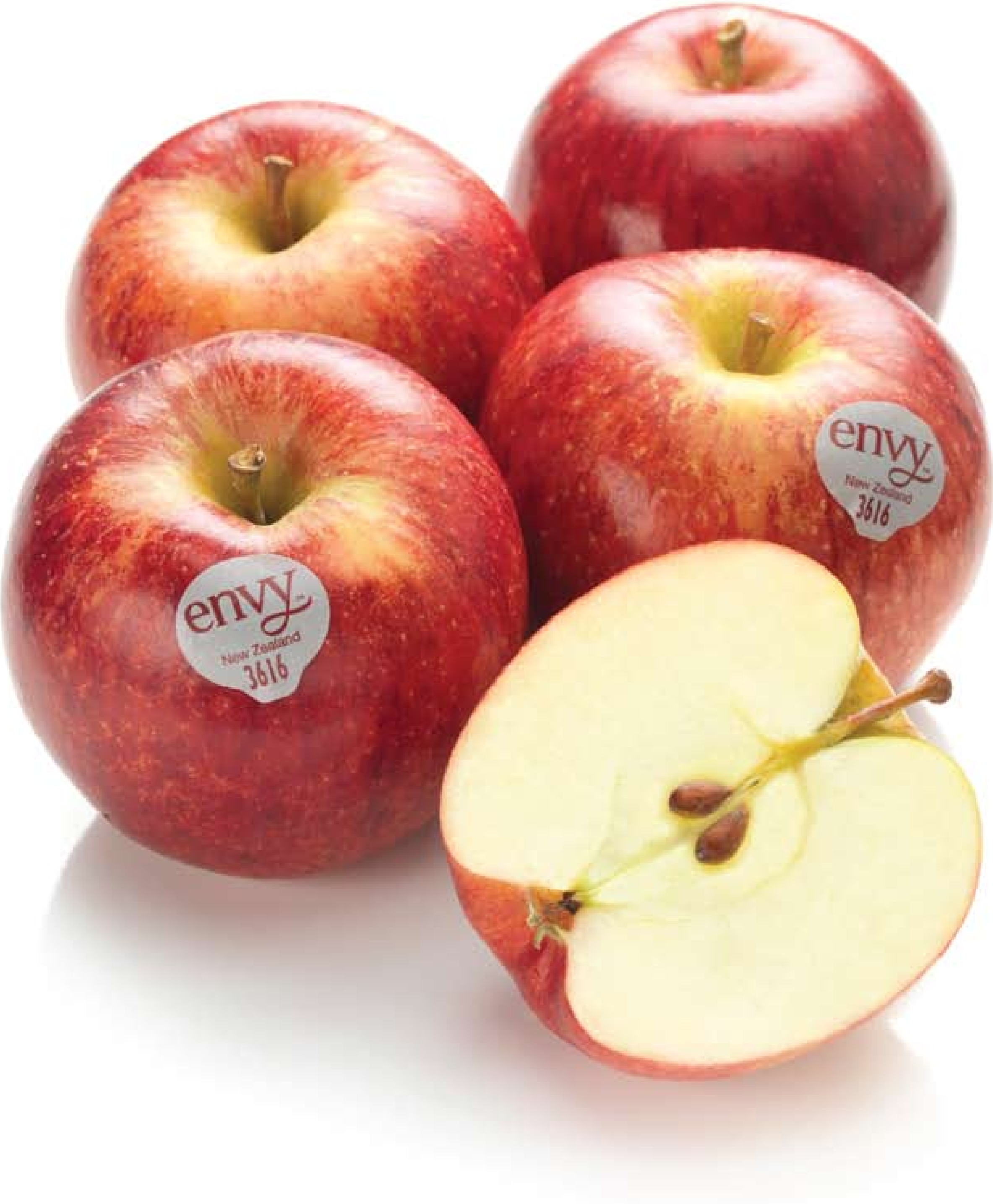
CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2012 (Unaudited)

	Note	**June 2012 6 months $'000**	June 2011 6 months $'000
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from customers		**466,000**	421,363
Interest received		**575**	181
		466,575	421,544
Cash was disbursed to:			
Payments to suppliers and employees		**(507,379)**	(474,658)
Interest paid		**(3,296)**	(3,805)
Income taxes paid		**(1,900)**	(1,355)
		(512,575)	(479,818)
Net cash used in operating activities	15	**(46,000)**	(58,274)
Cash flows from investing activities			
Cash was provided from:			
Dividends received from associates		**685**	383
External loan repayments from suppliers, customers and associates		**38**	–
Proceeds from sale of property, plant & equipment		**74**	1,189
Cash received from non-controlling interests		**–**	302
Cash acquired on purchase of subsidiary		**–**	138
		797	2,012
Cash was disbursed to:			
Purchase of property, plant & equipment		**(9,757)**	(5,249)
Purchase of biological assets		**(370)**	(847)
Purchase of intangible assets		**(742)**	(942)
Purchase of available-for-sale investments		**(3)**	(3)
Purchase of associates		**(137)**	(448)
External loans to suppliers, customers and associates		**–**	(5,690)
		(11,009)	(13,179)
Net cash used in investing activities		**(10,212)**	(11,167)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from bank term loans		**70,800**	125,000
		70,800	125,000
Cash was disbursed to:			
Dividends paid to parent shareholders		**–**	(5,127)
Dividends paid to non-controlling interests		**–**	(19)
Bank commercial bill facility and loan repayments		**(10,120)**	(48,030)
		(10,120)	(53,176)
Net cash used in financing activities		**60,680**	71,824
Net increase in cash and cash equivalents		**4,468**	2,383
Foreign currency translation adjustment		**(323)**	(81)
Cash and cash equivalents at beginning of period		**12,775**	18,414
Cash and cash equivalents at end of period		**16,920**	20,716

The accompanying notes form an integral part of these financial statements.

envy™



enza™

NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 30 June 2012 (Unaudited)

1 STATEMENT OF ACCOUNTING POLICIES

The accounting policies used in the preparation of these half yearly financial statements are consistent with those used in the December 2011 Annual Report. These interim financial statements have been prepared in accordance with NZ IAS 34 'Interim Financial Reporting' and IAS 34 'Interim Financial Reporting' and should be read in conjunction with the 2011 Annual Report. The interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993. The Group is designated as a profit oriented entity for financial reporting purposes.

Standards, amendments and interpretations effective in 2012

There are no standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group. The following amendments have been adopted by the Group and are mandatory for the first time for the financial year beginning 1 January 2012.

IAS 12, 'Amendment to recovery of underlying assets'. The amendment requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying value of the relevant assets or liabilities, that is through use or through sale and introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale.

Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards (Harmonisation Amendments) and FRS 44, 'New Zealand Additional Disclosures'. As part of the objective of harmonising financial reporting Standards in Australia and New Zealand, NZ IFRSs have been closer aligned to IFRS by removing some NZ specific disclosures, reinstating some options previously removed in NZ and relocating the remaining New Zealand-specific disclosures to a specific Standard (FRS 44). FRS 44 prescribes the New Zealand specific disclosures which are required in addition to those required under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs). It contains the New Zealand specific disclosure requirements which have been relocated from existing NZ IFRSs and have been retained because they are considered important in the New Zealand environment. These standards are effective for annual periods beginning on or after 1 July 2011, with early application permitted. FRS 44 has had no impact on the current period.

Standards, amendments and interpretations that are not yet effective

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2012 (Unaudited)

2 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business.

The operating segments have been determined based on the reports reviewed by the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions for the Group, have been identified as the Chief Executive Officer and Chief Financial Officer.

The Group has not reported segment assets and liabilities because this information is not regularly supplied to chief operating decision-makers.

The chief operating decision-makers assess, before share of profit / (loss) of associates, the performance of the operating segments based on earnings before interest, tax and share of profits from associates.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

No single external customer's revenue accounts for 10% or more of the Group's revenue.

Operating segments
The Group comprises the following main business segments:

Domestic – includes Markets, Fruit Case Company and Imports

Exports – includes Pipfruit Exports, Coolstorage, Fruit Packing, the Delica Group, Diversified Exports, Turners & Growers Fiji and offshore Pipfruit Investments

Processing – ENZAFoods New Zealand Limited

Growing operations – includes Pipfruit Orchards, Status Produce Limited, the Kerifresh Group and Inglis Horticulture Limited

Other – ENZACor Pty Limited, Transport, FloraMax and other investments

	Domestic $'000	Exports $'000	Processing $'000	Growing operations $'000	Other $'000	Total $'000
Six months ended 30 June 2012						
Total segment revenue	**68,794**	**216,768**	**27,077**	**41,119**	**35,957**	**389,715**
Inter-segment revenue	**(3,990)**	**(30,776)**	**–**	**(12,097)**	**(5,453)**	**(52,316)**
Revenue from external customers	**64,804**	**185,992**	**27,077**	**29,022**	**30,504**	**337,399**
Depreciation	**2,362**	**1,914**	**1,083**	**1,802**	**397**	**7,558**
Amortisation	**452**	**312**	**21**	**142**	**130**	**1,057**
Other material non-cash items:						
Movement in provision for irrecoverable trade and other receivables	**(42)**	**1,952**	**–**	**(15)**	**450**	**2,345**
Operating profit before financing costs	**2,070**	**6,366**	**1,678**	**86**	**412**	**10,612**
Six months ended 30 June 2011						
Total segment revenue	77,288	185,773	23,898	42,827	36,719	366,505
Inter-segment revenue	(3,893)	(20,373)	(8)	(6,330)	(4,855)	(35,459)
Revenue from external customers	73,395	165,400	23,890	36,497	31,864	331,046
Depreciation	2,494	2,592	1,047	1,646	396	8,175
Amortisation	512	628	25	142	135	1,442
Other material non-cash items:						
Movement in provision for irrecoverable trade and other receivables	59	38	–	–	238	335
Operating profit before financing costs	2,918	4,463	1,013	1,680	2,028	12,102

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2012 (Unaudited)

2 SEGMENT INFORMATION (continued)

A reconciliation of operating profit before financing costs to profit before tax is provided as follows:

	June 2012 6 months $'000	June 2011 6 months $'000
Operating profit before financing costs for reportable segments	**10,200**	10,074
Other segments operating profit before financing costs	**412**	2,028
Net financing costs	**(2,769)**	(3,681)
Share of profit from associates	**2,032**	763
Profit before tax	**9,875**	9,184

Breakdown of revenue from all business operations is as follows:

Analysis of revenue by category		
Sales and commissions	**296,860**	286,870
Services	**36,277**	40,548
Royalties	**3,312**	2,822
Rental income	**950**	806
	337,399	331,046

The Group is domiciled in New Zealand. The total revenues from external customers in New Zealand and other countries are:

Revenue from external customers		
New Zealand	**133,358**	160,884
Other countries	**204,041**	170,162
	337,399	331,046

The total non-current assets other than financial instruments and deferred tax assets located in New Zealand and other countries are:

Total non-current assets		
New Zealand	**324,548**	338,035
Other countries	**11,222**	9,365
	335,770	347,400

3 TOTAL REVENUE AND GROSS TURNOVER

	June 2012 6 months $'000	June 2011 6 months $'000
Gross turnover	**478,363**	469,438
Revenue from sales, commissions, services, royalties and rental income	**337,399**	331,046

The Group's gross turnover represents the gross value (excluding GST) at which produce and services have been sold by the Group as agents, plus revenue from other sources. It does not represent revenue as defined in IAS 18 'Revenue'. The Group has decided to disclose gross turnover as it gives shareholders and interested parties a better appreciation of the size of Turners & Growers' operations.

Revenue from sales, commissions, services, royalties and rental income, as stated above, is determined in accordance with IAS 18 'Revenue'.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2012 (Unaudited)

4 INCOME TAXES

Current tax
Current tax expense for the interim periods presented is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Deferred tax
The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of the assets and liabilities, using the estimated average annual effective income tax rate for the interim periods presented.

5 TRADE AND OTHER RECEIVABLES

During the six months ended 30 June 2012 the movement in provision for irrecoverable trade and other receivables increased by $2,280,000 (six months ended 31 December 2011: ($224,000)).

6 PROPERTY, PLANT & EQUIPMENT

Asset acquisitions and disposals	**June 2012 6 months $'000**	December 2011 6 months $'000
Cost of assets acquired	**9,757**	9,020
Net book value of assets disposed	**48**	678
(Profit) on assets disposed	**(26)**	(106)

7 INVESTMENTS IN ASSOCIATES

Significant associates	Country of incorporation	Held % **June 2012**	Held % June 2011	Contribution to net profit (loss) **June 2012 6 months $'000**	Contribution to net profit (loss) June 2011 6 months $'000
Allen Blair Properties Limited	New Zealand	**33%**	33%	**(82)**	195
David Oppenheimer & Company I, L.L.C.	United States of America	**15%**	15%	**505**	479
Delica Pty Limited	Australia	**30%**	25%	**(24)**	(2)
Fresh Vegetable Packers Limited	New Zealand	**41%**	41%	**33**	2
Fruitmark NV/SA	Belgium	**50%**	50%	**492**	352
McKay Shipping Limited	New Zealand	**25%**	25%	**376**	(206)
Mystery Creek Asparagus Limited	New Zealand	**10%**	10%	**(24)**	(39)
Premier Fruit Company	New Zealand	**50%**	50%	**–**	–
Wawata Limited Partnership	New Zealand	**50%**	50%	**(43)**	–
Worldwide Fruit Limited	United Kingdom	**50%**	50%	**799**	(18)
				2,032	763

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2012 (Unaudited)

8 CAPITAL AND RESERVES

Share capital

During the six months ended 30 June 2012, there was no change to shareholders' equity (six months ended 30 June 2011: shareholders' equity increased by $4,468,249 due to the issue of 2,828,006 shares; six months ended 31 December 2011: no change).

Dividends

There has been no dividend declared or paid in the six months ended 30 June 2012 (six months ended 30 June 2011: the Group had 1,211,667 additional shares allotted and a cash dividend of $5,126,618; six months ended 31 December 2011: no change).

9 EARNINGS PER SHARE

	June 2012 $'000	June 2011 $'000
Net profit for the period after non-controlling interests	**5,551**	5,909

	Number of Shares	
	2012	2011
Basic earnings per share		
Opening shares	**117,010,550**	112,970,877
Inglis Horticulture acquisition shares issued		
– 14 March 2011 (2,828,006 shares)	**–**	115,798,883
Bonus shares issued – 4 May 2011 (1,211,667 shares)	**–**	117,010,550
Weighted average number of ordinary shares	**117,010,550**	115,039,881
Earnings per share (in cents)	**4.74**	5.14
Diluted earnings per share		
Opening number of options	**1,703,333**	1,853,333
Options forfeited	**(1,326,666)**	–
Weighted average number of options	**1,101,684**	1,853,333
Weighted average number of shares and options	**118,112,234**	116,893,214
Diluted earnings per share (in cents)	**4.70**	5.05

10 INTEREST BEARING LOANS AND BORROWINGS

During the six months ended 30 June 2012, term loans of $5 million were issued at an average interest rate of 3.67% by the BNZ and Rabobank and seasonal funding loans of $48 million were issued by the BNZ / Rabobank / Westpac at an average interest rate of 3.46% (six months ended 31 December 2011: seasonal funding loans of $66 million were repaid to BNZ / Rabobank / Westpac, six months ended 30 June 2011: term loans of $35 million were issued at an average interest rate of 3.87% by the BNZ and Rabobank and seasonal funding loans of $66 million were issued by BNZ / Rabobank / Westpac at an average interest rate of 3.45%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2012 (Unaudited)

11 FINANCIAL INSTRUMENTS

Foreign currency
The Group undertakes transactions denominated in foreign currencies and as a result of these activities, exposures in foreign currency arise. It is the Group's policy to hedge foreign currency risks as they arise. The Group uses forward exchange contracts and options to manage these exposures.

Interest rates
The Group is exposed to interest rate risk as it borrows funds at both fixed and floating rates. The Group uses interest rate swaps from time to time to manage these exposures.

The method of recognising the gain or loss on derivatives depends on whether the derivative is designated as a hedging instrument. Changes in the fair value of derivative instruments designated as cash flow hedges are accounted for in the cash flow hedge reserve, and changes in the fair value of derivatives designated as fair value hedges are recorded in the income statement. Changes in the fair value of derivative instruments that do not qualify for the hedge accounting are recognised immediately in the income statement.

The carrying amount and fair value of financial instruments at 30 June 2012 is $812,000 (31 December 2011: carrying amount and fair value of ($251,000) and 30 June 2011: ($949,000)).

12 CAPITAL COMMITMENTS

	June 2012 $'000	June 2011 $'000
Amount committed to capital expenditure	**3,041**	2,409

13 CONTINGENCIES

The following matters have not been recognised in the financial statements because of the uncertainty associated with their outcomes:

Contingent liabilities	**June 2012 $'000**	June 2011 $'000
Maximum amount payable under the guarantees		
Bonds and sundry facilities	**80**	80
Guarantees of bank facilities for associated companies	**2,832**	4,652
	2,912	4,732

14 RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its associates and with its Directors and Executive Officers.

BayWa Aktiengesellschaft (BayWa), the major shareholder and ultimate parent company of Turners & Growers Limited, owns 73.07% (2011: Guinness Peat Group plc. 63.46%) of the ordinary shares of the Parent. Pacific Fruit Group indirectly own 12.26% (2011:12.47%) and Scales Corporation owns 10.31% (2011: nil) of the ordinary shares of the Parent. The balance is owned by the public.

Directors and Executive Officers
All transactions with Directors and Executive Officers are conducted at arm's length and on the Group's normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2012 (Unaudited)

14 RELATED PARTY TRANSACTIONS (continued)

	June 2012 6 months $'000	June 2011 6 months $'000
Directors / Executive Officers (Mr B.M. D'Ath and Mr L.J. Sowerby)		
– Sales value of produce sold through the Group	**3,288**	4,784
– Sale of apples to the Group for processing	**1**	182
– Purchase of packaging, coolstorage, container hire from the Group	**119**	279
Director (Mr B.M. D'Ath)		
– Provision of consultancy services to the Group through a company associated with Mr B.M. D'Ath	**–**	21
Delica Directors / Management		
– Loans owing to Group (including capitalised interest) at 30 June	**1,230**	1,596

Loans are advanced to a director and key management of Delica Limited and a director of Delica Australia Pty Limited, subsidiaries of Turners & Growers Limited, for the purposes of acquiring shares in Delica Limited. The loans are repayable on the fifth anniversary of the date of the advance. The loans are secured over the shares issued in Delica Limited and the borrowers' property. Interest is payable on the loans at 1% above the Group's cost of borrowings.

Fresh Food Exports 2011 Limited Director (Mr A.J. Greensmith)		
– Sales value of produce sold to the Group through a company associated with Mr A.J. Greensmith	**285**	–
– Purchase of services from and commissions paid to the Group through a company associated with Mr A.J. Greensmith	**58**	–
– Balance owing to the Group at 30 June	**7**	–
Alternate Director (Mr L.A. Noboa III)		
– Sale of produce to the Group	**7,117**	7,470

The Group purchases imported bananas, mangoes and pineapples supplied by the Noboa Group of Ecuador of which Mr L. A. Noboa III is an associated person.

Key management personnel compensation	June 2012 6 months $'000	June 2011 6 months $'000
Short-term employee benefits	**1,177**	1,060
Share-based payment transactions	**(325)**	12
Termination benefits	**2,328**	–

Associates

The Group has entered into the following transactions with its associates during the six months ended 30 June:

	June 2012 6 months $'000	June 2011 6 months $'000
– Sales of pipfruit exported by the Group	**18,127**	17,905
– Purchase of pipfruit from associate company	**8,393**	7,613
– Provision of services by the Group	**6**	126
– Provision of services to the Group	**84**	–
– Balance owing to the Group at 30 June	**12,368**	13,338
– Balance owing by the Group at 30 June	**123**	117

All transactions are conducted at arm's length and on the Group's normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2012 (Unaudited)

15 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED PROFIT AFTER TAX

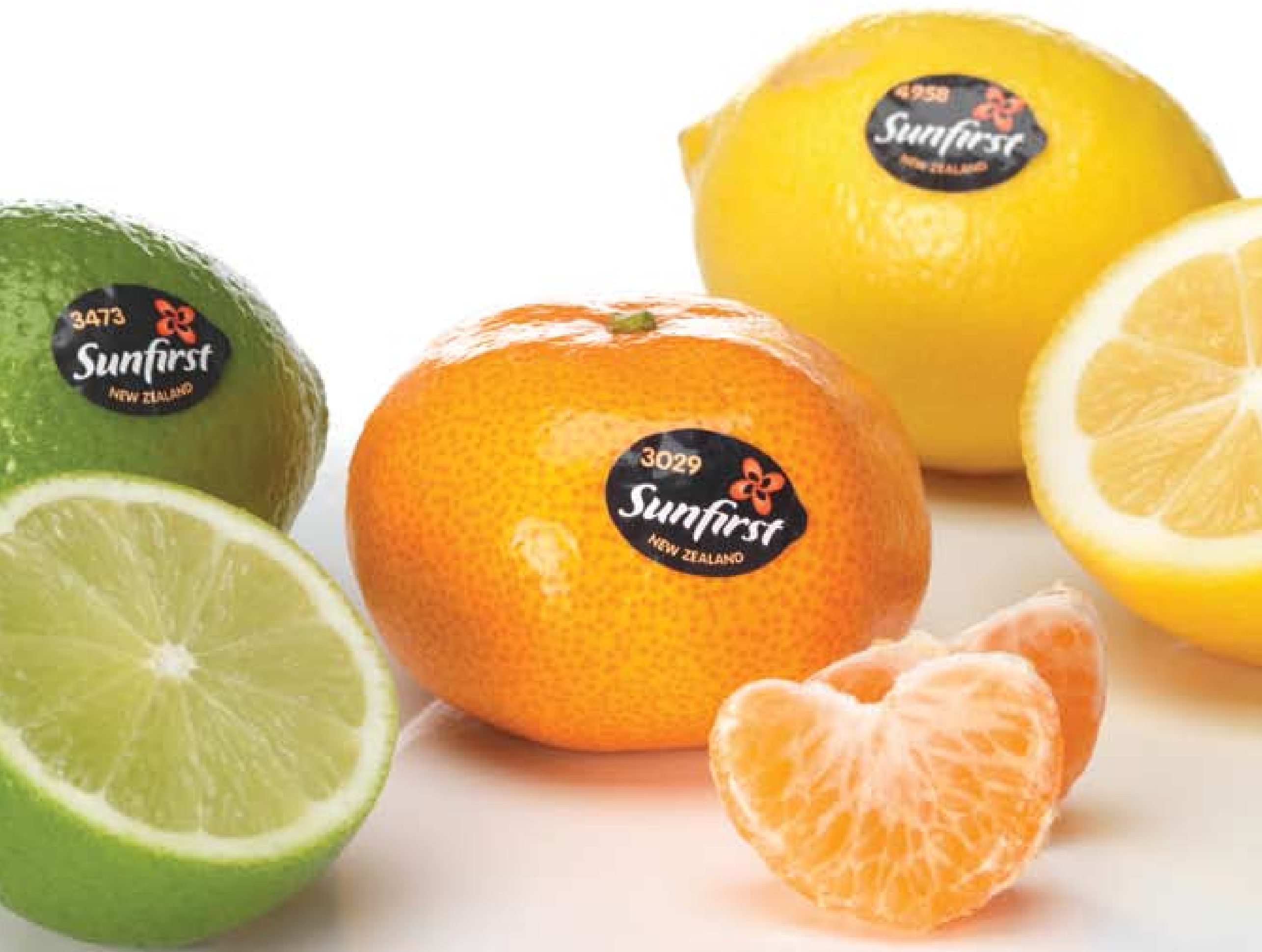
	June 2012 6 months $'000	June 2011 6 months $'000
Profit for period	**7,080**	6,929
Adjusted for:		
Depreciation expense	**7,558**	8,175
Amortisation of intangibles	**1,057**	1,442
Fair value movement in derivatives	**(361)**	(87)
Fair value movement in long term receivables	**2**	(46)
Fair value movement on biological assets	**(99)**	(241)
Movement in provision for trade & other receivables impairment	**2,280**	132
(Profit) on sale of property, plant & equipment	**(26)**	(179)
Movement in provision for share options	**(401)**	12
Share of (profit) from associates	**(2,032)**	(763)
Movement in deferred tax through income statement	**(364)**	(1,180)
Discount on acquisition of subsidiary	**–**	(1)
	14,694	14,193
Impact of changes in working capital items		
(Increase) in debtors and prepayments	**(23,861)**	(57,978)
Increase in creditors and provisions	**21,696**	35,544
(Increase) in inventories	**(57,286)**	(52,113)
(Increase) / decrease in taxation receivable	**(1,243)**	2,080
	(60,694)	(72,467)
Net cash flows from operating activities	**(46,000)**	(58,274)

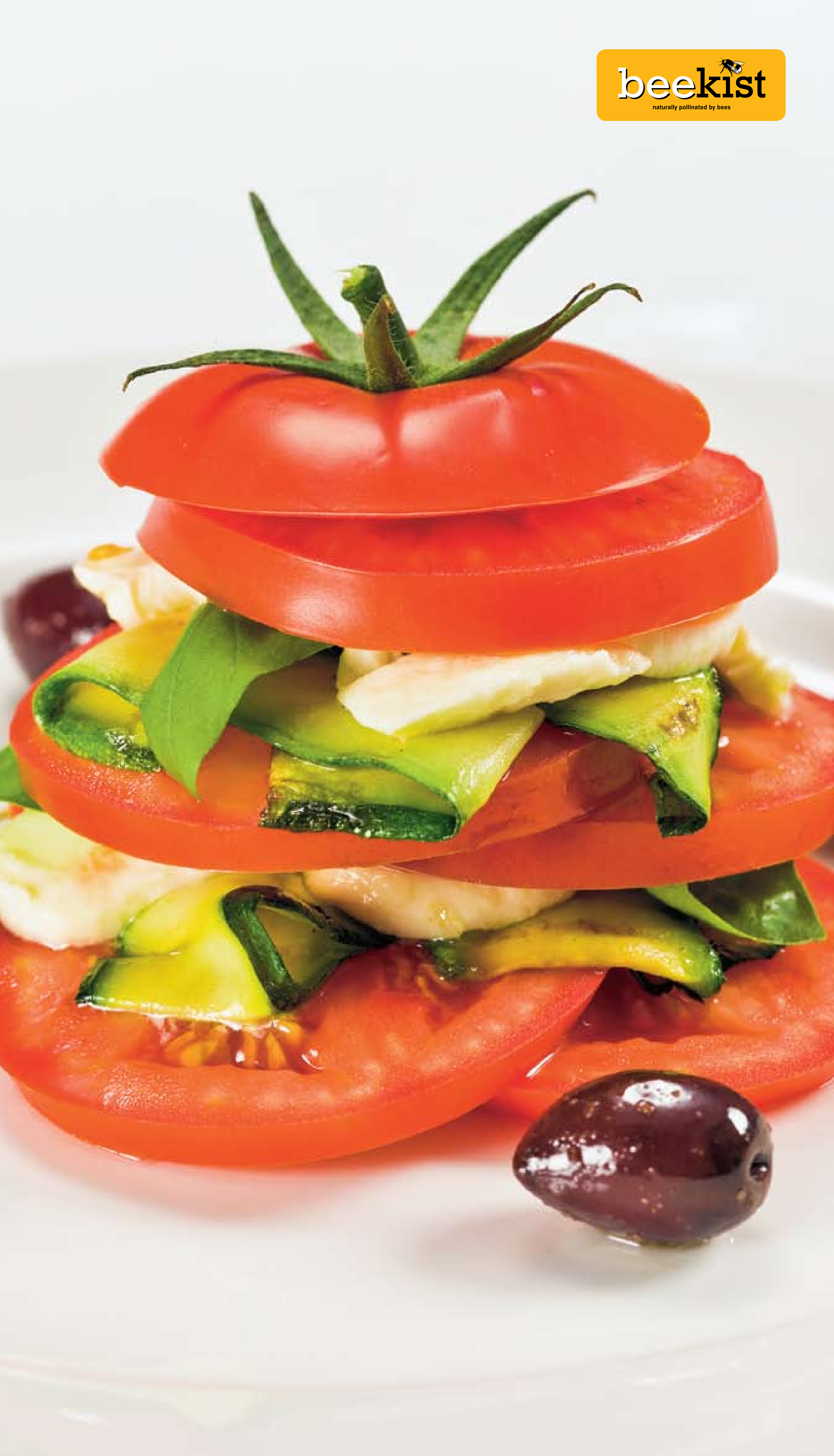
16 POST BALANCE DATE EVENTS

There were no material events post balance date that would require adjustment or disclosure in the financial information presented in this interim financial report.

17 SEASONALITY OF BUSINESS

The pipfruit export and domestic produce businesses are subject to seasonal fluctuations, with a peak demand in the domestic business in the summer months and the completion of the pipfruit export programme before the last quarter of the year.


3473
Sunfirst
NEW ZEALAND
3029
Sunfirst
NEW ZEALAND
4958
Sunfirst
NEW ZEALAND


beekist
naturally pollinated by bees

DIRECTORY

DIRECTORS

K.J. Lutz, Chairman and Non-executive Director
M.R. Dossor, Non-executive Director
A. Helber, Non-executive Director
Dr J. Krapf, Non-executive Director
Sir J.A. Anderson, Independent Non-executive Director
C.A. Campbell, Independent Non-executive Director
R.J. Campbell, Independent Non-executive Director
J.S. Wilson, Independent Non-executive Director

REGISTERED OFFICE

Head Office Building
Mt Wellington Markets Complex
2 Monahan Road
Mt Wellington
Auckland

POSTAL ADDRESS

PO Box 56
Shortland Street
Auckland 1140

Telephone: (09) 573 8700
Website: www.turnersandgrowers.com
Email: info@turnersandgrowers.com

AUDITORS

Deloitte

BANKERS

Bank of New Zealand
Rabobank
Westpac Banking Corporation

PRINCIPAL SOLICITORS

Russell McVeagh

SHARE REGISTRY

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
North Shore City

POSTAL ADDRESS

Private Bag 92119
Victoria Street West
Auckland 1142

Investor enquiries: (09) 488 8700
Email: enquiry@computershare.co.nz

Turners & Growers Limited
Head Office: 2 Monahan Rd Mt Wellington PO Box 56 Auckland 1140 New Zealand
TEL +64 9 573 8700 FAX +64 9 573 8901
EMAIL info@turnersandgrowers.com   www.turnersandgrowers.com