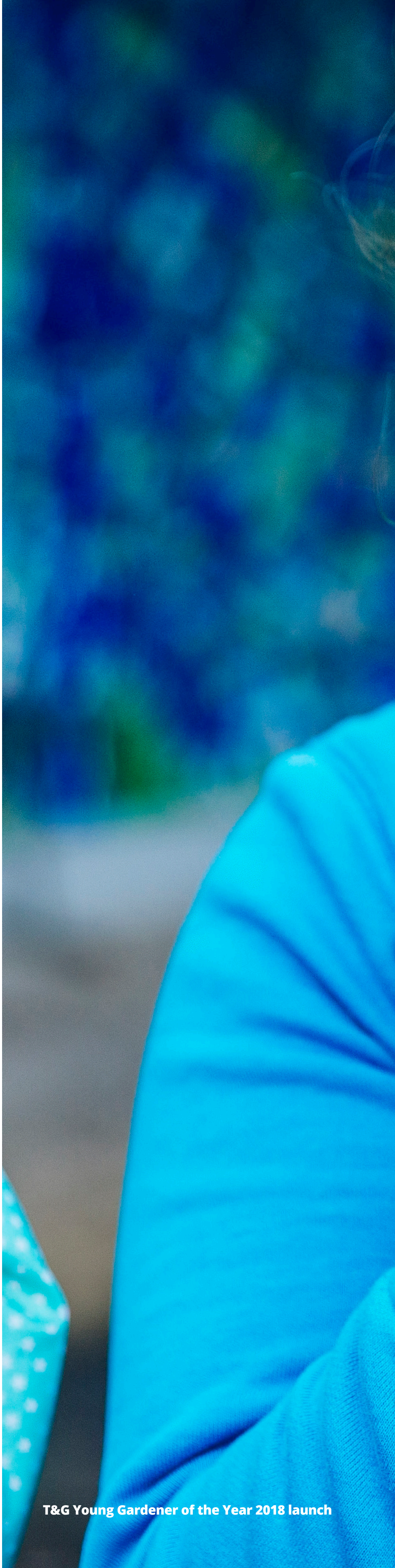
A BayWa Company

HALF YEAR REPORT

JUNE 2018

From tree to table

CONTENTS



T&G Young Gardener of the Year 2018 launch


JAZZ

GROWING TOGETHER

A key strategic pillar for T&G is to focus on growth. That means strengthening key product categories, focusing on growth markets and growing our people.

As growers ourselves, we understand the needs of our thousands of grower partners around the globe and the processes involved in getting fresh produce to market in the best condition for the optimal price, everyday.

We're proud to have worked with growers for 121 years and to be contributing to a healthier world for everyone.

2018 HALF YEAR RESULTS

Revenue	Profit after income tax
$581.7m	**$3.3m**
Total assets	Net tangible assets per share
$998.2m	**$3.04**

DIRECTORS' REPORT

Group

T&G Global Limited and its subsidiary companies (the Group) have recorded an unaudited profit after tax of $3.3 million for the six months ended 30 June 2018. Although this represents a $9.4 million decrease from $12.7 million compared to the first six months of 2017, the prior period result included an $8.2 million gain recognised from the first-time consolidation of Worldwide Fruit Limited into the Group, and a $1.7 million gain from selling the assets of the Group's Floramax business. The Group has also recorded a higher tax expense at June 2018 compared to the prior year as there have been more taxable profits generated in the first six-months of 2018.

At an operating profit level for the first six months of the year, the Group improved $3.0 million from $7.5 million to $10.5 million. Revenue for the first six months of 2018 also improved by $70.6 million from $511.2 million in 2017 to $581.7 million in 2018.

Pipfruit

The Pipfruit division benefited from an earlier harvest in 2018, resulting in fruit moving into the market quicker than in the first six months of 2017. The division was also able to take advantage of European apple shortages caused by frosts in 2017.

These gains were offset by a lack of export quality fruit impacting sales in North America. Combined with lower pricing driven by a smaller fruit size profile, revenue in the North American market decreased from last year.

Overall, the Pipfruit division recorded an increase in revenue of $60.1 million from $269.0 million in the first six months of 2017 to $329.1 million over the same period in 2018. Over the same period operating profit increased by $1.3 million to $13.1 million.

International Produce

The International Produce division also saw an increase in its revenue compared to the same period last year, improving by $13.3 million from $113.4 million to $126.7 million. This improvement was driven mainly by sales of produce exported from South America, particularly grapes, mangoes, and cherries.

Improvements were also seen in Australian export grapes and asparagus due to better weather conditions than in the prior year. There was also an increase in sales in Pacific Island markets due to stronger relationships being fostered with key retailers.

Overall the International Produce division recorded a $1.1 million increase in its operating profit, from $1.0 million in the first six months of 2017 to $2.1 million in 2018.

New Zealand Produce

Revenue of the New Zealand Produce division improved by $3.5 million from $108.4 million in 2017 to $111.9 million in 2018. Despite this revenue improvement, operating profit decreased by $4.6 million from last year when there were exceptionally high prices and margins.

Operating profit has been affected by unusually low prices experienced by the Covered Crop business unit early in 2018 and lower production volumes of high value sweet tomato varieties. This combined with the loss of a blueberry harvest because of rains experienced in Kerikeri have been the major drivers of the reduction in operating profit.

Processed Foods

From April 2018, the Processed Foods division comprises solely of the Group's Fruitmark businesses. The results of T&G Processed Foods Limited (formerly ENZAFOODS New Zealand Limited) are presented as discontinued operations for the six months to 30 June 2018 due to the sale of this business in April 2018. Prior year comparatives have been restated for this segment to ensure comparability to the current year.

Revenue from continuing operations in the Processed Foods division decreased by $5.3 million from a restated amount of $19.1 million in 2017 to $13.8 million in 2018, due mainly to the Australia Fruitmark business losing supply contracts, changes in manufacturers production, and a greater targeting of higher valued and margined products.

Other highlights

As the Group looks towards the future, one of its key strategies is to focus on growing the Group's core businesses. This strategy led to the Group's divestment of several non-core businesses and investments during the first six months of 2018, including ENZAFoods to Cedenco Foods New Zealand Limited and the Group's Kerikeri based kiwifruit orchards, post-harvest facilities, and business assets to Seeka Limited.

In March 2018, the Group declared a fully-imputed dividend of $0.06 per share which was fully paid in cash to shareholders in April.

On behalf of the Board.

Prof. Klaus Josef Lutz
CHAIRMAN

The T&G Global Board

INCOME STATEMENT

For the six months ended 30 June 2018

	NOTES	Unaudited 6 months to 30 Jun 2018 $'000	Restated* 6 months to 30 Jun 2017 $'000	Restated* 12 months to 31 Dec 2017 $'000
Continuing operations				
Revenue		**581,681**	511,192	1,068,145
Other operating income		**7,324**	1,573	8,470
Purchases, raw materials and consumables used		**(439,099)**	(369,816)	(798,084)
Employee benefits expenses		**(85,480)**	(81,695)	(155,494)
Depreciation and amortisation expenses		**(11,289)**	(10,000)	(20,775)
Other operating expenses		**(42,688)**	(43,788)	(75,169)
Operating profit		**10,449**	7,466	27,093
Net financing expenses		**(6,484)**	(5,554)	(11,137)
Share of profit from joint ventures	7	**25**	115	908
Share of profit / (loss) from associates	7	**800**	(69)	435
Other income	5	**1,916**	9,908	25,289
Other expenses	5	**-**	(518)	(634)
Profit before income tax from continuing operations		**6,706**	11,348	41,954
Income tax expense		**(1,373)**	(151)	(1,708)
Profit for the period from continuing operations		**5,333**	11,197	40,246
Discontinued operations				
(Loss) / profit for the period from discontinued operations, net of tax	6	**(1,994)**	1,483	(17,649)
Profit for the period		**3,339**	**12,680**	22,597
Attributable to:				
Equity holders of the Parent		**1,023**	11,261	19,379
Non-controlling interests		**2,316**	1,419	3,218
Profit for the period		**3,339**	12,680	22,597
Earnings per share (in cents)				
Basic and diluted earnings from continuing and discontinued operations		**0.8**	9.1	15.8
Basic and diluted earnings from continuing operations		**2.4**	7.9	30.2

* The prior year comparative numbers have been restated to ensure comparability with current year classifications. The restated comparatives are unaudited.

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

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Unaudited 6 months to 30 Jun 2018 $'000	Unaudited 6 months to 30 Jun 2017 $'000	Restated* 12 months to 31 Dec 2017 $'000
Profit for the period	**3,339**	12,680	22,597
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment:			
Held by subsidiaries of the Group	**-**	-	55,120
Held by equity-accounted associate	**-**	-	600
(Loss) / gain on revaluation of investment in unlisted entity	**(177)**	-	1,265
Deferred tax effect on revaluation of property, plant and equipment	**-**	-	(8,300)
	(177)	-	48,685
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**98**	(713)	3,167
Cash flow hedges:			
Fair value (loss) / gain, net of tax	**(10,840)**	7,952	4,913
Reclassification of net change in fair value to profit or loss	**152**	(1,563)	(8,414)
	(10,590)	5,676	(334)
Other comprehensive (loss) / income for the period	**(10,767)**	5,676	48,351
Total comprehensive (loss) / income for the period	**(7,428)**	18,356	70,948
Total comprehensive (loss) / income for the period attributable to:			
Equity holders of the Parent	**(9,993)**	16,770	66,664
Non-controlling interests	**2,565**	1,586	4,284
	(7,428)	18,356	70,948

* The prior year comparative numbers have been restated to ensure comparability with current year classifications. The restated comparatives are unaudited.

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

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

Unaudited

	NOTES	Share capital $'000	Revaluation and other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2018							
Balance at 1 January 2018 (previously reported)		**176,357**	**128,764**	**108,653**	**413,774**	**11,819**	**425,593**
Adjustment on initial application of NZ IFRS 9		-	-	(300)	(300)	-	(300)
Adjusted balance at 1 January 2018		**176,357**	**128,764**	**108,353**	**413,474**	**11,819**	**425,293**
Profit for the period		-	-	1,023	1,023	2,316	3,339
Other comprehensive income / (expense)							
Revaluation of investment in unlisted entity		-	(177)	-	(177)	-	(177)
Exchange differences on translation of foreign operations		-	(155)	-	(155)	253	98
Movement in cash flow hedge reserve		-	(10,684)	-	(10,684)	(4)	(10,688)
Total other comprehensive income / (expense)		-	(11,016)	-	(11,016)	249	(10,767)
Transactions with owners							
Dividends	8	-	-	(7,353)	(7,353)	(1,576)	(8,929)
Total transactions with owners		-	-	(7,353)	(7,353)	(1,576)	(8,929)
Transfer from asset revaluation reserve due to asset disposal		-	(6,563)	6,563	-	-	-
Transfer from revaluation reserve due to sale of shares in unlisted entity		-	(1,650)	1,650	-	-	-
Balance at 30 June 2018		**176,357**	**109,535**	**110,236**	**396,128**	**12,808**	**408,936**
2017							
Balance at 1 January 2017		176,357	81,289	86,793	344,439	2,383	346,822
Profit for the period		-	-	11,261	11,261	1,419	12,680
Other comprehensive income / (expense)							
Exchange differences on translation of foreign operations		-	(897)	-	(897)	184	(713)
Movement in cash flow hedge reserve		-	6,406	-	6,406	(17)	6,389
Total other comprehensive income / (expense)		-	5,509	-	5,509	167	5,676
Transactions with owners							
Dividends	8	-	-	(7,353)	(7,353)	(632)	(7,985)
Purchase price adjustment to acquisition of non-controlling interest in subsidiary		-	-	387	387	-	387
Total transactions with owners		-	-	(6,966)	(6,966)	(632)	(7,598)
Movement in equity from sale of shares in subsidiary		-	-	9,637	9,637	2,747	12,384
Movement in equity from acquisition of subsidiary		-	(25)	25	-	4,666	4,666
Movement in equity from investment in associates		-	157	586	743	-	743
Balance at 30 June 2017		**176,357**	**86,930**	**101,336**	**364,623**	**10,750**	**375,373**

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

BALANCE SHEET

As at 30 June 2018

	NOTES	Unaudited 30 Jun 2018 $'000	Unaudited 30 Jun 2017 $'000	Audited 31 Dec 2017 $'000
Current assets				
Cash and cash equivalents		**47,054**	33,017	26,400
Trade and other receivables		**229,675**	180,353	153,729
Taxation receivable		**8,039**	-	6,087
Inventories		**182,417**	153,888	37,536
Derivative financial instruments		**1,583**	10,107	3,682
Biological assets		**9,289**	10,409	27,047
Total current assets		**478,057**	387,774	254,481
Non-current assets				
Trade and other receivables		**8,662**	8,995	10,037
Derivative financial instruments		**792**	6,484	1,648
Investments in unlisted entities		**106**	928	2,192
Property, plant and equipment	9	**434,416**	403,115	450,981
Intangible assets		**36,850**	36,579	37,632
Investments in joint ventures	7	**4,568**	5,377	4,543
Investments in associates	7	**34,768**	20,859	37,202
Total non-current assets		**520,162**	482,337	544,235
Total assets		**998,219**	870,111	798,716
Current liabilities				
Trade and other payables		**264,653**	186,721	135,444
Borrowings		**85,496**	90,251	18,497
Taxation payable		**-**	1,891	-
Derivative financial instruments		**6,717**	422	2,018
Total current liabilities		**356,866**	279,285	155,959
Non-current liabilities				
Trade and other payables		**95**	2,226	1,148
Borrowings		**178,616**	170,073	164,162
Derivative financial instruments		**8,580**	3,917	4,976
Deferred tax liabilities		**45,126**	39,237	46,878
Total non-current liabilities		**232,417**	215,453	217,164
Total liabilities		**589,283**	494,738	373,123
Equity				
Share capital		**176,357**	176,357	176,357
Revaluation and other reserves		**109,535**	86,930	128,764
Retained earnings		**110,236**	101,336	108,653
Total equity attributable to equity holders of the Parent		**396,128**	364,623	413,774
Non-controlling interests		**12,808**	10,750	11,819
Total equity		**408,936**	375,373	425,593
Total liabilities and equity		**998,219**	870,111	798,716

Prof. K.J. Lutz
Director (Chairman)
3 August 2018

C.A. Campbell
Director (Chair of Finance, Risk and Investment Committee)
3 August 2018

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

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	NOTES	**Unaudited 6 months to 30 Jun 2018 $'000**	Unaudited 6 months to 30 Jun 2017 $'000	Audited 12 months to 31 Dec 2017 $'000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		**521,321**	460,827	1,111,642
Other		**526**	580	583
Cash was disbursed to:				
Payments to suppliers and employees		**(511,032)**	(479,569)	(1,080,642)
Interest paid		**(4,379)**	(4,328)	(8,952)
Income taxes paid		**(3,151)**	(3,210)	(8,909)
Net cash inflow / (outflow) from operating activities	10	**3,285**	(25,700)	13,722
Cash flows from investing activities				
Cash was provided from:				
Dividends received from joint ventures and associates		**-**	4,073	5,167
External loan repayments from suppliers, customers, joint ventures and associates		**-**	726	228
Proceeds from sale of Floramax		**-**	2,280	2,280
Proceeds from sale of shares in associate		**3,350**	-	-
Proceeds from sale of processed foods business		**4,799**	-	-
Proceeds from sale of kiwifruit post-harvest facilities		**19,472**	-	-
Proceeds from sale of other property, plant and equipment		**110**	37	140
Acquisition of business		**-**	2,094	2,094
Cash was disbursed to:				
Purchase of property, plant and equipment		**(10,497)**	(11,356)	(20,374)
Purchase of intangible assets		**(245)**	(774)	(3,284)
Purchase of equity interests		**-**	(1,051)	(1,045)
Other		**(198)**	(424)	(224)
Net cash inflow / (outflow) from investing activities		**16,791**	(4,395)	(15,018)
Cash flows from financing activities				
Cash was provided from:				
Proceeds from borrowings		**14,626**	43,492	12,100
Proceeds from seasonal funding		**70,000**	62,000	25,000
Cash was disbursed to:				
Dividends paid to non-controlling interests	8	**(1,576)**	(519)	(2,261)
Dividends paid to Parent's shareholders	8	**(7,353)**	(7,353)	(7,353)
Repayment of borrowings		**(2,864)**	(392)	(9,812)
Net advances to growers		**(68,053)**	(44,421)	-
Deferred consideration on purchase of non-controlling interests		**(1,060)**	(3,094)	(3,094)
Deferred consideration on purchase of business		**(593)**	(500)	(500)
Bank facility fees and transaction fees		**(1,967)**	(1,736)	(3,480)
Other		**(309)**	(119)	(514)
Net cash inflow / (outflow) from financing activities		**851**	47,358	10,086
Net increase in cash and cash equivalents		**20,927**	17,263	8,790
Foreign currency translation adjustment		**(273)**	(1,310)	546
Cash and cash equivalents at the beginning of the year		**26,400**	17,064	17,064
Cash and cash equivalents at the end of the period		**47,054**	33,017	26,400

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reporting entity and statutory base

T&G Global Limited (the Parent) and its subsidiary companies (the Group), are recognised as New Zealand's leading grower, distributor, marketer and exporter of premium fresh produce in over 60 countries around the world. Key categories for the Group include apples, pears, grapes, citrus (lemons, mandarins and navel oranges), kiwifruit, asparagus, berries and tomatoes.

These unaudited condensed interim financial statements presented are for the Group which comprises the Parent and its subsidiaries, joint ventures and associates as at 30 June 2018.

The Parent is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Market Conducts Act 2013, and the Financial Reporting Act 2013.

The Parent is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange. The address of its registered office is 1 Clemow Drive, Mount Wellington, Auckland.

BayWa Aktiengesellschaft (the Ultimate Parent) is the ultimate parent of the Group.

2. BASIS OF PREPARATION

These unaudited condensed interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The unaudited condensed interim financial statements should be read in conjunction with the annual report for the year ended 31 December 2017 (2017 Annual Report), which has been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other applicable New Zealand Financial Reporting Standards as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS).

This is the first set of the Group's financial statements where NZ IFRS 15 *Revenue from Contracts with Customers* (NZ IFRS 15) and NZ IFRS 9 *Financial Instruments* (NZ IFRS 9) have been applied. Changes to significant accounting policies are described in Note 3.

These unaudited condensed interim financial statements are expressed in New Zealand dollars which is the presentation currency. All financial information has been rounded to the nearest thousand ($'000) unless otherwise stated.

Other than the first time adoption of NZ IFRS 15 and NZ IFRS 9 (Note 3), there have been no changes to accounting policies subsequent to the presentation of the prior year's unaudited condensed interim financial statements.

Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. The estimates and judgments used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the 2017 Annual Report.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies due to the adoption of new standards are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

New standards adopted by the Group

A number of new standards became applicable for the current reporting period and the Group had to change its accounting policies and make certain adjustments disclosed below as a result of adopting the following standards:

- NZ IFRS 15 *Revenue from Contracts with Customers* (NZ IFRS 15), and
- NZ IFRS 9 *Financial Instruments* (NZ IFRS 9).

The impact of the adoption of these standards and the new accounting policies are disclosed below.

NZ IFRS 15 *Revenue from Contracts with Customers* (NZ IFRS 15)

NZ IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This new standard replaces the guidance in NZ IAS 18 *Revenue* (NZ IAS 18), which covers revenue from contracts for goods and services, and NZ IAS 11 *Construction Contracts* (NZ IAS 11), which covers accounting for revenue earned through construction contracts.

The Group has adopted NZ IFRS 15 using the modified retrospective method, with the effect of initially applying this standard recogonised at the date of initial application at 1 January 2018. Accordingly, the information presented for 2017 has not been restated. It is presented, as previously reported, under NZ IAS 18 and related interpretations.

NZ IFRS 15 is based on the core principle that revenue is recognised when control of goods or services transfers to a customer, and that the amount of revenue recognised reflects the consideration to which an entity expects to be entitled to in exchange for those goods or services which are delivered or performed under contracts with customers.

The Group recognises revenue from the following major sources:

- Sale of fresh fruit and vegetables to local and export markets.
- Provision of coolstore and packhouse services.
- Agency commission earnt on fresh fruit and vegetables and processed food products.
- Royalties based on a percentage of sales of the Group's licensed apple varieties.

Sale of fresh fruit and vegetables to local and export markets

Revenue from sale of fresh fruit and vegetables is recognised either when the goods are dispatched or when goods have reached their destination, depending on the terms and agreements with customers and when documentary evidence supports the customer taking ownership and control of the product. Due to the perishable nature of produce there is the potential of returns, claims and rejects from the customer. The impact of claims and returns have been assessed and found to be not significant to the revenue recognised and hence there are no impacts on the Group's revenue recognition.

The Group's current policy on revenue recognition is in line with the requirements of NZ IFRS 15 and the adoption of NZ IFRS 15 did not have a significant impact on the Group's accounting policies.

There are no significant impacts at 31 December annually due to the seasonality of the business as the Group generates most of its revenue during the middle of the year and completes its seasonal processes before the final quarter of the year.

Provision of coolstore and packhouse services

There are no significant impacts on revenue recognised on provision of services as revenue is recognised simultaneously as services are being performed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NZ IFRS 15 *Revenue from Contracts with Customers* (NZ IFRS 15) (continued)

Principal and agency arrangements

The Group acts as an agent in specific arrangements as it does not have:

- Rights to the title of goods or responsibility in respect of goods sold.
- Credit risk in respect of the supply of the goods.
- Ability to vary the selling prices of the goods.
- Primary responsbility for providing the goods or services to the end-customer or for fulfilling the order.

Under NZ IFRS 15, to determine if the Group is acting as a principal or an agent the Group is required to assess whether it controls a specified good or service before it is transferred to the customer. This is not dissimilar to the Group's previous practice in determining if it is acting as a principal or an agent and there are no significant impacts on the adoption of NZ IFRS 15 on the Group's accounting policies.

Royalty revenue

The Group recognises royalty revenue on its licenced apple varieties when actual sales of those apple varieties occur. This is in line with the requirements of NZ IFRS 15 and the adoption of the new standard did not have a significant impact on the Group's accounting policies.

NZ IFRS 9 *Financial Instruments* (NZ IFRS 9)

NZ IFRS 9 sets out requirements for recognising and measuring financial assets, financial liaiblities and some contracts to buy or sell non-financial items. This standard replaces NZ IAS 39 *Financial Instruments: Recognition and Measurement* (NZ IAS 39).

The Group does not believe that the new classification and measurement requirements of NZ IFRS 9 will have a material impact on its balance sheet or equity. The effect of adopting NZ IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

Corresponding amendments made to NZ IFRS 7 *Financial Instruments: Disclosures* (NZ IFRS 7) as a result of NZ IFRS 9 being effective in the current year will impact the disclosures relating to financial instruments for the full financial statements for the year ending 31 December 2018.

The following table and accompanying notes below explain the original measurement categories at 31 December 2017 under NZ IAS 39, and the new measurement catgories under NZ IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

	Original classification under NZ IAS 39	New classification under NZ IFRS 9	Note	Original carrying amount under NZ IAS 39 $'000	Unaudited New carrying amount under NZ IFRS 9 $'000
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	*(a)*	26,400	26,400
Trade and other receivables	Loans and receivables	Amortised cost	*(a)*	142,445	142,445
Loans receivables	Loans and receivables	Amortised cost	*(a)*	906	906
Investments in unlisted entities	Available-for-sale	FVTOCI	*(b)*	2,192	2,192
Total financial assets				171,943	171,943

(a) The Group's cash and cash equivalents, loans receivable, and trade and other receivables are held to collect contractual cash flows that are expected to represent solely payments of principal and interest. On transition to NZ IFRS 9 these financial assets will continue to be measured at amortised cost and classified as 'Measured at amortised cost'.

(b) The Group has investments in unlisted entities which it intends to hold for the foreseeable future. Fair value movements in the shares has previously been recorded in other comprehensive income and the investments in unlisted entities were classified as 'Available-for-sale'. On transition to NZ IFRS 9, the Group has elected to classify these as 'Fair value through other comprehensive income'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NZ IFRS 9 *Financial Instruments* (NZ IFRS 9) (continued)

There is no significant impact on the Group's accounting for financial liablities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any material financial liabilities that are designated at fair value through profit or loss.

Impairment of financial assets
NZ IFRS 9 introduces a new impairment model that requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as was the case under NZ IAS 39.

The new impairment model applies to the Group's financial assets measured at amortised cost and consequently the Group will be required to record expected credit losses, either on a 12-month or lifetime basis, on all loans receivable and trade and other receivables.

The Group has applied the simplified approach and records lifetime expected losses on all trade receivables. With its loans receivable, the Group applied the general approach recognising 12-month expected credit losses as the Group expects there will not be any significant increases in credit risk for its credit exposures. This will be monitored on an on-going basis.

For assets in the scope of the NZ IFRS 9 impairment model, this has resulted in an earlier recognition of credit losses, and an increased amount of loss allowanced recognised on applicable terms. The Group has determined that the application of NZ IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment as follows:

	Unaudited Impact of adoption of NZ IFRS 9 at 1 January 2018 $'000
Retained Earnings	
31 December 2017 closing balance under NZ IAS 39	108,653
Recognition of expected credit losses under NZ IFRS 9	(300)
Opening balance under NZ IFRS 9 (1 January 2018)	**108,353**

Hedging
The Group has determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under NZ IFRS 9.

For its foreign exchange options, the Group continues to designate both the intrinsic value and time value of the option as the hedging instrument. Changes in the fair value of options continue to be recorded in 'cash flow hedge reserve' within equity.

For its forward exchange contracts, the Group continues to designate both the spot element and the forward element of the forward contract as the hedging instrument. Changes in the fair value of the forward contract continue to be recorded in 'cash flow hedge reserve' within equity.

Hedge ratios are specifically determined for each operating segment within the Group and by referencing the Group's Treasury Policy. Hedge ineffectiveness is measured based on reference to the timing of cashflows and hedge implementation. Any ineffectiveness from the hedge relationship will be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the Chief Executive Officer and the Chief Financial Officer for the Group.

Operating segments

The Group comprises the following main operating segments:

OPERATING SEGMENT	SIGNIFICANT OPERATIONS
Pipfruit	Growing, packing, cool storing, sales and marketing of pipfruit worldwide.
International Produce	International trading activities other than pipfruit. Major markets are Asia, Australia and the Pacific. Product is sourced from New Zealand, Australia, North America, South America and Europe.
New Zealand Produce	Growing, trading and transport activities within New Zealand. This incorporates the New Zealand wholesale markets and the tomato, kiwifruit and citrus growing operations until the sale of the kiwifruit operations in April 2018.
Processed Foods	Includes the sale and marketing of processed foods, and trading activities in Australia, New Zealand and North America.
Other	Includes properties and corporate costs.

Segment information provided to the chief operating decision-makers for the reportable segments is shown in the following tables.

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
Unaudited six months ended 30 June 2018						
Total segment revenue	329,641	129,248	116,770	13,818	50	589,527
Inter-segment revenue	(502)	(2,517)	(4,827)	-	-	(7,846)
Revenue from external customers	329,139	126,731	111,943	13,818	50	581,681
Purchases, raw materials and consumables used	(249,311)	(113,531)	(64,302)	(11,974)	19	(439,099)
Depreciation and amortisation expenses	(6,832)	(288)	(3,343)	(14)	(812)	(11,289)
Net other operating expenses	(59,856)	(10,833)	(44,946)	(2,462)	(2,747)	(120,844)
Segment operating profit / (loss)	13,140	2,079	(648)	(632)	(3,490)	10,449
Net financing expenses						(6,484)
Share of profit from joint ventures						25
Share of profit from associates						800
Net other income						1,916
Profit before income tax from continuing operations						6,706

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
Restated six months ended 30 June 2017						
Total segment revenue	269,535	118,575	114,691	19,109	1,218	523,128
Inter-segment revenue	(530)	(5,144)	(6,262)	-	-	(11,936)
Revenue from external customers	269,005	113,431	108,429	19,109	1,218	511,192
Purchases, raw materials and consumables used	(195,016)	(101,200)	(55,845)	(17,194)	(561)	(369,816)
Depreciation and amortisation expenses	(5,698)	(336)	(3,092)	(14)	(860)	(10,000)
Net other operating expenses	(56,502)	(10,888)	(45,507)	(2,604)	(8,409)	(123,910)
Segment operating profit / (loss)	11,789	1,007	3,985	(703)	(8,612)	7,466
Net financing expenses						(5,554)
Share of profit from joint ventures						115
Share of (loss) from associates						(69)
Other income						9,908
Other expenses						(518)
Profit before income tax from continuing operations						11,348
Restated year ended 31 December 2017						
Total segment revenue	575,897	231,754	242,615	36,336	788	1,087,390
Inter-segment revenue	(672)	(8,357)	(10,216)	-	-	(19,245)
Revenue from external customers	575,225	223,397	232,399	36,336	788	1,068,145
Purchases, raw materials and consumables used	(442,792)	(198,861)	(124,737)	(32,013)	319	(798,084)
Depreciation and amortisation expenses	(11,877)	(749)	(6,341)	(26)	(1,782)	(20,775)
Net other operating expenses	(92,995)	(23,608)	(91,856)	(3,110)	(10,624)	(222,193)
Segment operating profit / (loss)	27,561	179	9,465	1,187	(11,299)	27,093
Net financing expenses						(11,137)
Share of profit from joint ventures						908
Share of profit from associates						435
Other income						25,289
Other expenses						(634)
Profit before income tax from continuing operations						41,954

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. OTHER INCOME AND EXPENSES

Other income for the six months ended 30 June 2018 includes a gain of $1.8 million from the sale of the Group's kiwifruit post-harvest assets in Kerikeri, New Zealand, and a gain of $0.1 million from the sale of the Group's shares in McKay Shipping Limited (six months ended 30 June 2017: $8.2 million gain on revaluation of investment in Worldwide Fruit Limited and $1.7 million gain on disposal of property, plant and equipment in Floramax; year ended 31 December 2017: $15.4 million gain on acquisition of equity interest in Grandview Brokerage LLC, $1.7 million gain on disposal of property, plant and equipment in Floramax, and $8.2 million gain on revaluation of investment in Worldwide Fruit Limited).

There were no other expenses for the six months ended 30 June 2018 (six months ended 30 June 2017: $0.5m impairment of assets; year ended 31 December 2017: $0.6m impairment of assets).

6. DISCONTINUED OPERATIONS

Sale of processed foods business

In line with the Group's strategy to focus on its core business, on 20 April 2018 the Group's processed foods assets in Hastings and the fruit ingredients assets in Nelson were sold to Cedenco Foods New Zealand Limited. In addition, the Group's small fruit pouch assets in Nelson were sold to NZ Apple Products Limited. Together the assets sold comprise the processed foods business of ENZAFOODS New Zealand Limited.

Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations (processed foods segment) included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Unaudited 6 months to 30 Jun 2018 $'000	Unaudited 6 months to 30 Jun 2017 $'000	Unaudited 12 months to 31 Dec 2017 $'000
Profit for the year from discontinued operations			
Revenue	**9,009**	21,633	38,321
Other gains	**-**	139	324
Total revenue	**9,009**	21,772	38,645
Expenses	**(11,877)**	(20,224)	(58,274)
(Loss) / profit before tax	**(2,868)**	1,548	(19,629)
Attributable income tax income / (expense)	**874**	(65)	1,980
(Loss) / profit for the year from discontinued operations (attributable to owners of the Company)	**(1,994)**	1,483	(17,649)

	Unaudited 6 months to 30 Jun 2018 $'000	Unaudited 6 months to 30 Jun 2017 $'000	Unaudited 12 months to 31 Dec 2017 $'000
Cashflows from discontinued operations			
Net cash (outflows) / inflows from operating activities	**(5,134)**	(767)	1,095
Net cash inflows / (outfllows) from investing activities	**4,799**	(1,270)	(562)
Net cash (outflows) / inflows from financing activities	**(100)**	(39)	(36)
Net cash (outflows) / inflows	**(435)**	(2,076)	497

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENTS IN JOINT VENUTRES AND ASSOCIATES

Set out in the table below are the joint ventures and associates of the Group as at 30 June 2018. The joint ventures and associates have share capital consisting solely of ordinary shares which are held directly by the Group.

The Group's investments in joint ventures and assoicates in 2018 and 2017 are:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 30 Jun 2018	30 Jun 2017	31 Dec 2017
Joint Ventures				
Growers Direct Limited	United Kingdom	**50**	50	50
Wawata General Partner Limited	New Zealand	**50**	50	50
Associates				
Allen Blair Properties Limited	New Zealand	**33**	33	33
Grandview Brokerage LLC	United States of America	**39**	39	39
Intelligent Fruit Vision Limited	United Kingdom	**24**	24	24
McKay Shipping Limited (1)	New Zealand	**-**	25	25
Mystery Creek Asparagus Limited (2)	New Zealand	**15**	15	15
N.Z. Kumara Distributors Limited (3)	New Zealand	**-**	20	-
POP Worldwide Limited	United Kingdom	**24**	24	24
The Fruit Firm Limited	United Kingdom	**20**	20	20

(1) On 30 April 2018, the Group sold its 25% ownership in McKay Shipping Limited.

(2) Although the Group holds less than 20% of the ownership of Mystery Creek Asparagus Limited (Mystery Creek), the Group is deemed to have significant influence over this entity. A member of the Group's management sits on the Board of Directors of Mystery Creek, and transactions between Mystery Creek and the Group are significant to its operations.

(3) During 2017, N.Z. Kumara Distributors Limited ceased trading and the Company was liquidated with a final dividend paid to the Group.

Contributions from joint ventures and associates

During the period ended 30 June 2018, contributions from joint ventures and associates included $0.9 million from Grandview Brokerage LLC (30 June 2017: $0.3 million; 31 December 2017: $0.9 million).

8. DIVIDENDS

Dividends to shareholders of the Group

During the six months ended 30 June 2018, the Group declared and paid a dividend of $0.06 per share, resulting in a total cash dividend of $7.4 million (six months ended 30 June 2017 and year ended 31 December 2017: dividend declared of $0.06 per share, resulting in a total cash dividend of $7.4 million).

Dividends to non-controlling interests

During the six months ended 30 June 2018, a dividend of $1.6 million was declared and paid to non-controlling interests (six months ended 30 June 2017: $0.5 million dividend declared and paid, and a dividend of $0.1 million declared; year ended 31 December 2017: $2.3 million dividend declared and paid).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 6 months to 30 Jun 2018 $'000	Unaudited 6 months to 30 Jun 2017 $'000	Audited 12 months to 31 Dec 2017 $'000
Asset acquisitions and disposals			
Cost of assets acquired	10,742	24,410	33,317
Net book value of assets disposed	25,420	795	1,111
(Gain) on assets disposed	(1,714)	(1,725)	(1,478)

10. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	Unaudited 6 months to 30 Jun 2018 $'000	Unaudited 6 months to 30 Jun 2017 $'000	Audited 12 months to 31 Dec 2017 $'000
Profit for the period		3,339	12,680	22,597
Adjusted for non-cash items:				
Amortisation expense		752	766	1,765
Depreciation expense		10,962	10,545	21,614
Effective interest on deferred consideration		(192)	72	102
Movement in deferred tax		(1,843)	(3,485)	(4,081)
Movement in provision for receivables impairment		88	4	69
Share of (profit) of joint ventures	7	(25)	(115)	(908)
Share of (profit) / loss of associates	7	(800)	69	(435)
Other movements		2,150	(209)	2,373
		11,092	7,647	20,499
Adjusted for investing and financing activities:				
Bank facility and line fees		1,967	1,736	3,480
(Gain) on sale of kiwifruit post-harvest facilities		(1,714)	-	-
(Gain) on sale of investments		(216)	-	-
(Gain) on acquisition of equity interest in Grandview Brokerage LLC		-	-	(15,381)
(Gain) on revaluation of investment in Worldwide Fruit Limited		-	(8,206)	(8,206)
(Gain) on reversal of previous property, plant and equipment revaluation changes through profit and loss		-	-	(1,002)
(Gain) on sale of Floramax		-	(1,702)	(1,702)
(Gain) / loss on sale of other property, plant and equipment		-	(23)	224
Impairment of intangible assets		-	599	890
Impairment of property, plant and equipment		-	-	11,351
		37	(7,596)	(10,346)
Impact of changes in working capital items net of effects of non-cash items and investing and financing activities:				
(Increase) in debtors and prepayments		(76,727)	(54,243)	(25,411)
Decrease / (increase) in biological assets		14,713	12,534	(4,104)
Increase in creditors and provisions		197,031	112,791	11,191
(Increase) / decrease in inventories		(144,248)	(108,219)	6,263
(Increase) / decrease in taxation receivable and increase / (decrease) in taxation payable		(1,952)	(1,294)	(6,967)
		(11,183)	(38,431)	(19,028)
Net cash inflow / (outflow) from operating activities		3,285	(25,700)	13,722

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial assets

Unaudited

	Measured at amortised cost $'000	Fair value through profit or loss $'000	Derivatives for hedging $'000	Fair value through OCI $'000	Total $'000
As at 30 June 2018					
Cash and cash equivalents	**47,054**	**-**	**-**	**-**	**47,054**
Trade and other receivables (excluding prepayments and taxes)	**218,936**	**-**	**-**	**-**	**218,936**
Investment in unlisted entities	**-**	**-**	**-**	**106**	**106**
Derivative financial instruments	**-**	**188**	**2,187**	**-**	**2,375**
Total	**265,990**	**188**	**2,187**	**106**	**268,471**
As at 30 June 2017					
Cash and cash equivalents	33,017	-	-	-	33,017
Trade and other receivables (excluding prepayments and taxes)	174,248	-	-	-	174,248
Investment in unlisted entities	-	-	-	928	928
Derivative financial instruments	-	105	16,486	-	16,591
Total	207,265	105	16,486	928	224,784
As at 31 December 2017					
Cash and cash equivalents	26,400	-	-	-	26,400
Trade and other receivables (excluding prepayments and taxes)	143,351	-	-	-	143,351
Investment in unlisted entities	-	-	-	2,192	2,192
Derivative financial instruments	-	105	5,225	-	5,330
Total	169,751	105	5,225	2,192	177,273

Financial liabilities

Unaudited

	Measured at amortised cost $'000	Fair value through profit or loss $'000	Derivatives for hedging $'000	Total $'000
As at 30 June 2018				
Borrowings	**263,572**	**-**	**-**	**263,572**
Trade and other payables (excluding employee entitlements and taxes)	**252,534**	**-**	**-**	**252,534**
Finance lease liabilities	**540**	**-**	**-**	**540**
Derivative financial instruments	**-**	**82**	**15,215**	**15,297**
Total	**516,646**	**82**	**15,215**	**531,943**
As at 30 June 2017				
Borrowings	259,339	-	-	259,339
Trade and other payables (excluding employee entitlements and taxes)	174,660	-	-	174,660
Finance lease liabilities	985	-	-	985
Derivative financial instruments	-	274	4,065	4,339
Total	434,984	274	4,065	439,323
As at 31 December 2017				
Borrowings	181,742	-	-	181,742
Trade and other payables (excluding employee entitlements and taxes)	122,227	-	-	122,227
Finance lease liabilities	917	-	-	917
Derivative financial instruments	-	43	6,951	6,994
Total	304,886	43	6,951	311,880

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

All financial assets and liabilities that use methods and assumptions to estimate fair value at 30 June 2018 are considered to be level 2 in the fair value hierarchy (30 June 2017: level 2; 31 December 2017: level 2).

Valuation techniques used to value financial instruments are consistent with those used in the 2017 Annual Report.

For both 2018 and 2017 financial years, the estimated fair values of all of the Group's other financial assets and liabilities approximate their carrying values.

12. CAPITAL COMMITMENTS

As at 30 June 2018, the Group is committed to the following capital expenditure:

	Unaudited 30 Jun 2018 $'000	Unaudited 30 Jun 2017 $'000	Audited 31 Dec 2017 $'000
Property, plant and equipment	**1,048**	4,073	2,876
Intangible assets	**171**	115	-
Total	**1,219**	4,188	2,876

13. CONTINGENCIES

There has been no material change in contingent liabilities during the period.

14. SEASONALITY OF BUSINESS

The Group's operating segments are subject to seasonal fluctuations. The Pipfruit operating segment generates most of its revenue during the middle of the year and completes its seasonal processes before the final quarter of the year. The Group's other operating segments are also impacted by the availability of fresh produce which varies during the year.

15. EVENTS AFTER THE REPORTING PERIOD

There are no material events that occurred after the reporting date that would require adjustment or disclosure to these unaudited condensed interim financial statements.

DIRECTORY

DIRECTORS

Prof. K.J.Lutz
Chairman and Non-independent Director

C.U.G. Bell
Non-independent Director

C.A. Campbell
Independent Director

A. Helber
Non-independent Director

M.W. Liu
Non-independent Director

R.T. Priske
Non-independent Director

J.S. Wilson
Independent Director

REGISTERED OFFICE

1 Clemow Drive
Mt Wellington, Auckland 1060
New Zealand

REGISTERED OFFICE CONTACT DETAILS

PO Box 290
Shortland Street
Auckland 1140, New Zealand

Telephone: (09) 573 8700
Website: www.tandg.global
Email: info@tandg.global

AUDITORS

Deloitte Limited

PRINCIPAL BANKERS

Bank of New Zealand

HSBC

Rabobank

Westpac New Zealand

PRINCIPAL SOLICITORS

Russell McVeagh

SHARE REGISTRY

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622
New Zealand

SHARE REGISTRY CONTACT DETAILS

Private Bag 92119
Victoria Street West
Auckland 1142, New Zealand

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


Passion for Freshness.
Everyday. Everywhere.
www.tandg.global
A BayWa Company