T&G
A BayWa Company

Annual Report
December 2018

Contents

Chairman's Report

The Board of Directors presents the Annual Report for T&G Global Limited and its subsidiary companies ("T&G" or "the Group") for the year ended 31 December 2018.

While 2018 was a difficult year, the financial results belie the significant efforts made by the management team and the progress made on a number of key initiatives. We have made real progress in our Asian markets, achieved strong results in many of our international trading offices, and invested further in our sustainability programme.

Although much of the adverse impact on the result can be attributed to factors beyond management control, particularly weather events, the 2018 financial performance highlighted the need for improvement and increased efficiency in several operational areas. As a consequence, substantial work has been done over the year in evaluating existing processes across the Group and determining the optimal processes and structures to support the Group's strategy of growth.

Following a global recruitment search, the Board was delighted to appoint Gareth Edgecombe as CEO in June 2018 to lead T&G through the next phase of growth. A number of key areas of focus have been identified, centred around propelling international growth, developing new global categories, and further simplifying T&G's operating model. The scale of these changes will require further investment in our people and in developing a high performance culture.

Leveraging T&G's strong intellectual property, particularly in Jazz™ and Envy™, is fundamental to driving this growth. We have recently announced our investment in the Hot Climate Breeding Programme, a new partnership (with Plant & Food Research, the Institute of Agriculture and Food Research Technology (IRTA) and Fruit Futur) to advance the commercialisation of exciting new apple and pear cultivars designed specifically to tackle challenges associated with a warming global climate. Opportunities for investment in additional brands and varieties are currently being evaluated and the Board looks forward to updating shareholders in the near future.

To fund these growth initiatives, we will continue our programme of divesting underperforming and non-core assets over the medium term. This programme progressed in 2018 with the sale of the ENZAFoods business, the Northland kiwifruit operation and the distribution centre in Christchurch.

Preserving and improving the health and safety of our employees continues to be a critical area of focus, and our investment in this area has resulted in a marked improvement in the reporting and management of critical risks.

While the near-term future global trading environment remains uncertain, particularly with regard to Brexit and the US-Chinese trade dispute, the Board is confident that the changes the Group is making to its structure and processes will provide T&G with the flexibility and resilience to perform strongly in the years ahead.

In Memoriam

It was with great sadness that the Board of Directors received the news of the passing of two former Directors – Sir John Anderson in November 2018 and John Wilson in January 2019.

Sir John Anderson and John Wilson were both appointed independent Directors in April 2012 and made significant contributions to the governance and leadership of T&G. Sir John also served as Deputy Chairman, resigning in December 2017. John Wilson served as Director until August 2018 and was a member of the Human Resources Committee and Finance Risk and Investment Committee.

Thank you

On behalf of the Board, I would like to thank the management and employees of T&G around the world, who have worked so hard in a challenging year to serve our customers and growers.

The Board is very excited about T&G's prospects and opportunities for 2019.

Prof. Klaus Josef Lutz
Chairman

CEO's Report

Overall 2018 was a challenging year for T&G, impacted by adverse market conditions, climatic events including a poor growing season for apples and the impact of Chinese tariffs. In addition to external factors, our financial results could have been improved through tighter operational execution.

On a positive note, we have seen continued strong growth in Asia, excellent apple sales performance in Europe and the UK and solid export results from our export trading offices in New Zealand, Australia, US and Chile.

We also made progress in our commitment to a sustainable future. In December, we launched our key platform for driving sustainability – Kaitiakitanga. Kaitiakitanga expresses our guardianship responsibilities and outlines our commitments to building a sustainable business in our community.

Starting from my commencement in the role in July 2018, the executive team has conducted a comprehensive strategic review, working closely with our Board of Directors to determine a Roadmap for Growth – growth in the expansion of our global business, and growth in our financial performance.

Critically this review has concluded that we have very strong foundations – high quality people, a network of 1,500 staff in offices across 12 countries providing us with a truly global footprint. We have great brands and intellectual property, including an internationally unique position with a large-scale controlled programme of superior apples in Jazz™ and Envy™.

The market opportunities for capturing the growth in premium global produce, particularly in Asia, are very attractive and we are well placed to capitalise on this with our proximity, relationship network and intellectual property.

The strategic review also concluded that our organisation is overly complex with structural duplication, internal transactions, and associated high costs. Relative to performance benchmarks, the business needs to improve margins, reduce costs and increase returns on capital employed.

The Roadmap for Growth that we are now in the process of implementing is focused on the following few key themes:

Driving global growth in apples and building new global category pillars

- We will continue to accelerate our global supply of our Jazz™ and Envy™ brands, focusing on building strong consumer connections with these brands in key markets through closer retail engagement and improved quality and planning execution.
- We will concentrate our international trading on specific categories and in particular we will build out a strong differentiated position in table grapes and blueberries.

Simplifying our operating model, building capability and a high performance culture

- We have taken action to simplify our organisation, reducing the number of standalone business divisions, standardising common processes and reducing overhead cost. This task will continue as we build systems and processes.
- We will continue to build out our in-market capability with increased resources in key markets.

Leveraging a strong New Zealand base

- New Zealand is our heritage and a key source of innovation and talent. We will continue to invest in building our categories through enhanced grower and customer relationships.

Reviewing and streamlining non-core assets

- As we invest to grow in our core global categories, we have identified a range of non-core or low returning assets that will be divested or restructured, providing funding for our growth initiatives.

All of these initiatives are focused on building a stronger and more resilient business with improved customer service, returning better financial results.

Our executive team is clear on priorities and will work with diligence and energy to execute with excellence, delivering results that are worthy of this incredible business.

Gareth Edgecombe
Chief Executive Officer

2018 Financial Summary

During the 2018 financial year T&G increased its revenue by $120.0 million from $1.1 billion in 2017 to $1.2 billion in 2018.

After surpassing a billion dollars of revenue for the first time in 2017, this increase continues T&G's trend of revenue growth over the past five years.

Despite this increase, challenges encountered by T&G in some of its business divisions and markets impacted on both volumes and prices of produce sold. Combined with an $11.6 million increase in other operating expenses from 2017 to 2018, particularly in fleet costs, promotional costs, and quality management costs, T&G saw its operating profit decrease $11.5 million from $27.1 million in 2017 to $15.6 million in 2018.

Growing in a challenging market

Although revenue growth was achieved in the 2018 financial year, T&G faced operational and environmental challenges in key business divisions and markets. T&G's overall gross margin decreased from 25.3% in 2017 to 22.8% in 2018 due to large price reductions in key products in certain markets, particularly North America.

In Europe a strong demand for premium apples was heightened by a lower than average supply of Northern Hemisphere grown fruit. The Pipfruit division capitalised on this demand and returned a strong result from selling into its European markets which partly compensated for the weaker performance from North America.

Adverse weather conditions resulted in a poor cherry season in Australia, and challenging climatic conditions in Peru caused quality issues for our grape harvest. Despite this, the International Trading division saw an increase in its operating profit of $3.1 million from 2017 to 2018 due to favourable trading conditions in most of its markets, particularly in the Pacific Islands.

After a record result in 2017, the New Zealand Produce division saw trading return to more familiar levels. Although revenue only decreased by $0.9 million from 2017 to 2018, poor growing conditions for tomatoes in early 2018 and an oversupply of tomatoes in the New Zealand domestic market in the second half of 2018 contributed to a decline in operating profit of $8.2 million from 2017 to 2018.

Outside of its trading divisions, T&G saw its share of income from associates increase from $0.4 million in 2017 to $2.5 million in 2018, mainly driven by the first full year of returns from its investment in Grandview Brokerage LLC (The Oppenheimer Group). Other income decreased by $18.7 million from $25.3 million in 2017 to $6.6 million in 2018. This decrease was not unexpected as the prior year result included one-off gains from revaluations and the accounting for acquisitions.

T&G's net profit after tax from continuing operations reduced by $29.8 million from $40.2 million in 2017 to $10.4 million in 2018. Earnings per share declined from 15.8 cents per share in 2017 to 2.9 cents in 2018.

Solid financial position

Total assets have reduced by $50.5 million, mainly through the sale of the kiwifruit post-harvest facilities, the sale of assets related to the processed foods business as well as the sale of property in Christchurch. T&G's total borrowings decreased by $32.4 million due to a lower utilisation of available facilities, and higher repayments made possible by proceeds from disposal of these assets.

T&G's capital expenditure during the year was $30.2 million, up by $6.5 million on 2017. This increase related mainly to the significant investment in new bearer plants as part of a focus on key categories and securing long term supply of key apple varieties. The decrease in net assets has seen net tangible assets per share decrease from $3.17 in 2017 to $3.08 in 2018, driven by a lower asset base due to the sale of the assets mentioned above.

Integrate and simplify

T&G's strategic focus is on strengthening the core business and using its knowledge and international networks to build vertically integrated produce categories. A major part of this strategy is to recycle non-core assets and businesses and reinvesting the capital in higher performing business activities.

This was demonstrated during the year with the sale of T&G's processed foods business in April 2018, and its kiwifruit orchards and packhouses around Northland in May 2018. Proceeds from the sales are being reinvested in core operating activities with stronger growth prospects and higher margins.

T&G has a rich history of producing and supplying fresh fruit and vegetables to consumers in New Zealand and around the world. The renewed focus on integration and simplification of core businesses will ensure T&G is well positioned to meet the growing demands of customers across the globe in the coming years.

Bastian von Streit
Chief Financial Officer

Apples

T&G's global apple business has continued to expand on the strength of the premium Jazz™ and Envy™ brands, combined with a global market development network and a global growing programme providing year-round supply.

The 2018 New Zealand growing season was challenging, mainly due to high temperatures late in the growing season which saw reduced fruit pressure and larger sizing of fruit.

Some of the key highlights for the apples business include;

- UK and Europe achieved strong retail pricing as a result of market activation, including consumer promotions and increased ranging with key retailers.
- A review of New Zealand post-harvest operations and quality systems was completed with significant investment earmarked for IT systems and post-harvest processes. This will ensure ongoing increased capacity and quality assurance to meet market growth requirements.
- Sales across all key Asian markets have continued to grow strongly as a result of increased market penetration and enhanced relationships with key customers. Envy™, in particular, has developed a loyal following in many Asian markets and sales are expected to continue to grow strongly in the coming years.
- Partnerships in international apple growing regions continue to build strongly. The recent investment in Envy™ orchards in the US state of Washington are now beginning to demonstrate productive yield. The Envy™ crop in the 2018 US apple season has doubled and will double again for the 2019 year.
- To ensure ongoing innovation and a pipeline of potential new apple varieties, T&G joined Plant & Food Research, the Institute of Agriculture & Food Research Technology (IRTA) and Fruit Futur, as the exclusive partner for the commercialisation of new varieties. The world-class breeding programme is designed specifically to tackle challenges such as sunburn, colour and firmness associated with a warming global climate.
- Our premium apple brands continued their winning run. Envy™ was voted by US consumers as their favourite apple in a consumer competition run by the US Apple Association in 2018. In the UK, Jazz™ took out the 'tastiest apple' title at the UK's National Fruit show, a title it has won four times before.

Milestone for Pioneer of Pipfruit

A key team member and leader of T&G's European business, Tony Fissette, reached a significant milestone marking 45 years of service to the industry.

His role in pioneering a place for New Zealand apples and pears on the European stage was recognised when he was presented with the 2018 New Zealand Apples & Pears award for outstanding contribution at the Horticulture NZ conference in Christchurch.

Mr Fissette, who retires from T&G in 2019, introduced the New Zealand Royal Gala and Braeburn varieties into the European market, and in more recent years premium JAZZ™ and Envy™ apples.

Just 10 years ago, Tony and his team celebrated selling 100 million cartons of New Zealand apples in Europe. In 2018, they reached 10 million carton sales of JAZZ™ alone thanks to his leadership and passion.

Tony Fissette & Christiane Bell

International markets

The International Trading division has progressed well through 2018, establishing a strong platform for further expansion in 2019.

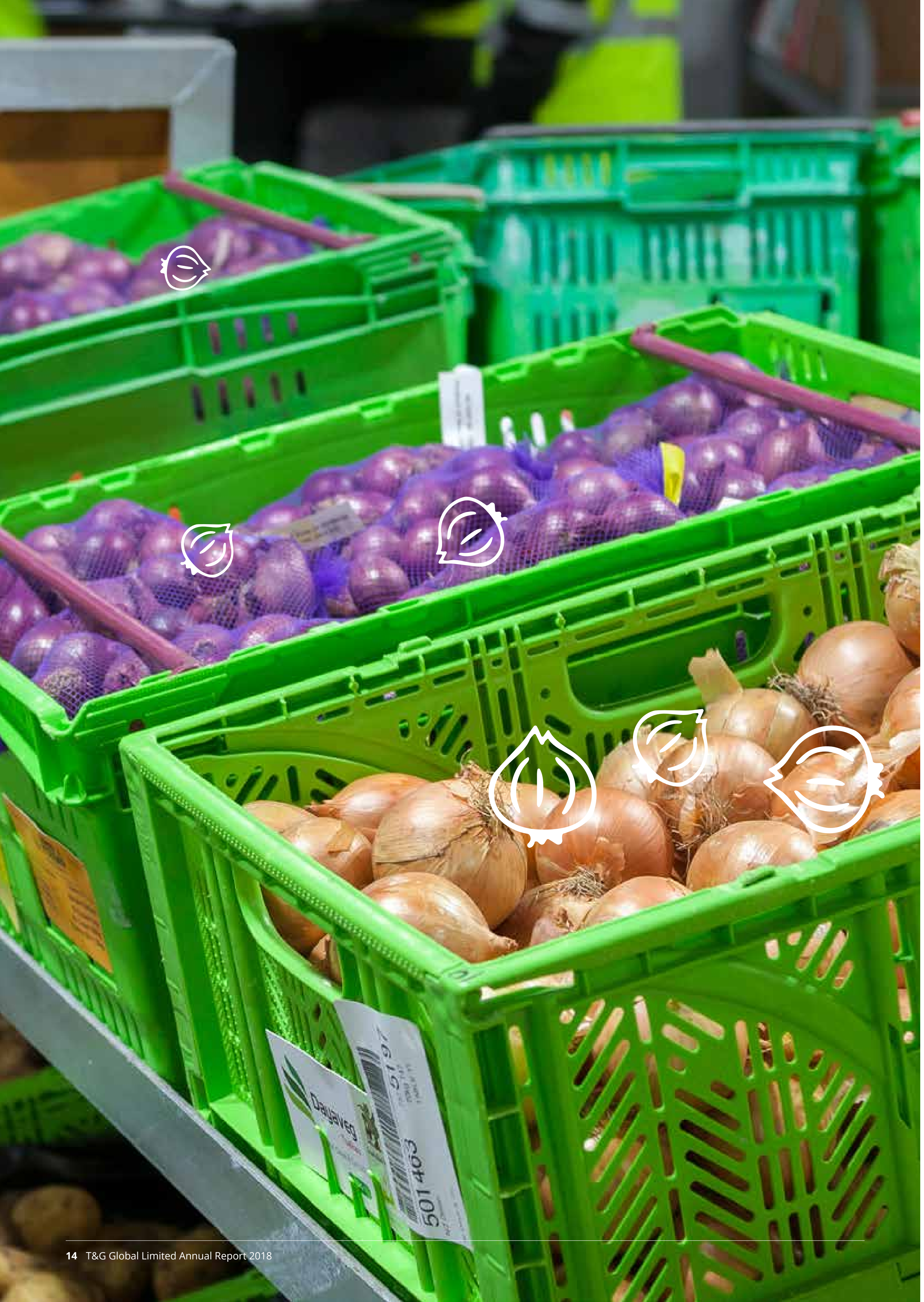
Some of the key highlights in the International Trading portfolio include;

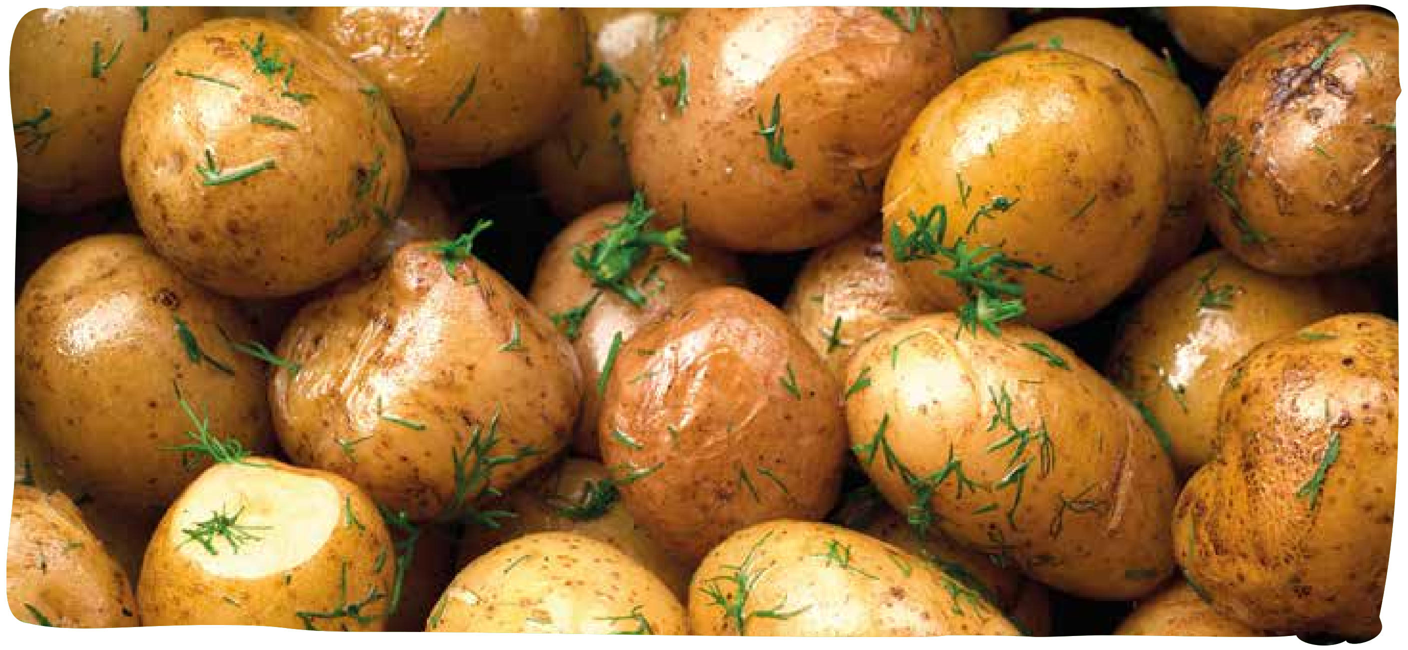
• The Pacific Islands business, primarily involving the export of New Zealand fruit and vegetables, and a marketplace operation in Fiji, has continued to grow strongly both in revenue and profitability.

• In Australia, T&G's partnership with Vizzarri to market asparagus has been a solid performer. T&G has also experienced strong growth in exports of stone fruit and grapes into the Asian market.

• Expansion of the grape category has seen record volumes of US and South American table grapes exported by T&G into the Asian market. This will continue to be a key focus for growth going forward.

• In addition, strong growth continues in the blueberry segment with increasing exports from New Zealand and South America as well as successful early trials of new varieties in Australia through a partnership with Fall Creek.





NZ Produce

New Zealand is the home base of T&G which continues to partner with more than 1,500 domestic and international growers of fruit and vegetables to provide local customers with fresh produce all year-round.

These relationships are complemented with T&G's own growing operations, 12 New Zealand-wide market floors and a 50-strong fleet and transport network, all of which enable the business to continue to source and sell fresh produce throughout the year.

Bee-pollinated tomato brand Beekist® had a packaging makeover in 2018, moving from plastic punnets to 98% cardboard. The cardboard punnets were embraced by consumers and introduced new buyers to Angel®, Tasty Mix™, Jellybean™, Tomato Melody™, Heritage, Farmers Harvest, Sunshine Mix, Chefs Selection and Kumato®.

T&G's own-grown Beekist® tomatoes remain the leading tomatoes in the pre-pack category in New Zealand with the category second only to potatoes in terms of vegetable spend.

Sales of New Zealand's first lower carb and calorie potato brand Lotatoes™ continue to outstrip supply aided by three significant marketing accolades for the brand.

T&G continued its strategy of focusing on its core business in 2018 with the sale of its Northland kiwifruit orchards, packhouse facilities and assets to Seeka Ltd (Seeka). The agreement saw Seeka purchase T&G's post-harvest facilities in Northland for the packing and storing of avocados, kiwifruit and citrus. T&G also sold approximately 80 hectares of orchards in and around Northland to Seeka containing the Hayward, ENZAGold™ and ENZARed™ kiwifruit as well as Zespri Sungold varieties. T&G remains the trademark owner of the kiwifruit brands and has access to fruit grown by Seeka for its customer-base in New Zealand and overseas.

The sale was part of T&G's intention to focus on its key produce categories. As part of this focus, T&G is redeveloping its citrus and berry growing operations in Northland and other parts of the country with a focus on enhanced varieties and protected cropping.

Health, safety and wellbeing continues to be one of the key focus areas for our business, and 2018 saw improvements in traffic management across the network of trading and growing sites.

In terms of technology and innovation, the business has seen steady growth and acceptance of T&G's wholesale online ordering application FirstPick, which will form the basis for further technology enhancements in the future.

Lotatoes™ win!

T&G's marketing team won the PMA Australia-New Zealand 2018 marketer of the year award for its Lotatoes™ potato brand campaign. The awards are the premier celebration for marketing excellence in the Australasian fresh produce and floral industries. In September 2018, T&G also won an award for best campaign at the TVNZ-NZ Marketing awards for Lotatoes™.

new Strategic Pillar Kaitiakitanga

As part of a strategy refresh through to 2025, T&G introduced a new strategic pillar – Kaitiakitanga, which means guardianship, care and protection.

For T&G, Kaitiakitanga means that we treat our land, people, produce, resources and community with the greatest respect and care as guardians of their future.

Kaitiakitanga is essentially how we do business at T&G and holds great significance for the culture being built at T&G, one of care and protection for our people, our resources, our communities and the land on which we work and grow.

T&G held a blessing ceremony on its Mt Wellington market floor which was livestreamed to all sites with the unveiling of a Māori carving that represents Kaitiakitanga.

Our new strategic pillar is supported by eight aspirations for 2025 and outlines the initiatives T&G will take.

"Treat our land, people, produce, resources and community with the greatest respect and care as guardians of their future."

The aspirations are:

- **CARBON NEUTRAL GROWTH**
  To achieve carbon neutral growth, T&G will increase its revenue with no net increase in emissions.
- **LOWER INPUT, SMARTER GROWING**
  Do more and use less through continuous improvement in our resource management.
- **100% ETHICALLY CERTIFIED SOURCING**
  To reach 100% ethically certified sourcing of our produce, all T&G grown or handled produce will be either GRASP or SEDEX certified.
- **PROTECT AND CONSERVE OUR HABITATS**
  Take pride in our wider environment and support surrounding ecosystems.
- **ZERO WASTE TO LANDFILL**
  All T&G sites across New Zealand will send zero waste to landfill by 2025.
- **HOME HEALTHY AND SAFE**
  Home Healthy and Safe is about making health and safety what we do at T&G.
- **OWN BRAND PACKAGING**
  100% recyclable and made from 100% renewable resources.
- **HEALTHY COMMUNITIES**
  T&G encourages everyone to enjoy 'Healthy Eating, Active Living' or as we say, H.E.A.L.

Sustainability

A key aspiration for T&G is to have 100% recyclable, renewable packaging for our own brands by 2025. Our Beekist® brand has started T&G off on our sustainability journey towards establishing more sustainable packaging solutions. Beekist® tomatoes are now packed in cardboard punnets with a soft plastic window, a packaging solution that we are looking at developing further based on feedback from consumers and retail partners.

To achieve carbon neutral growth by 2025, T&G is actively monitoring its natural gas consumption to identify inefficiencies. Through its collaboration with the Energy Efficiency Conservation Authority, T&G is able to develop a proof of concept for machine learning in its glasshouses to increase accuracy of production predictions and reduce food and energy wastage in the supply chain.

T&G is engaging its sites in understanding what solutions are needed to achieve a zero-waste goal.

In early 2018, T&G conducted waste audits at all New Zealand sites to identify waste streams created onsite and increase access to recycling bins. The business built an online waste reporting platform with automated data feeds and site access for managers to ensure progress towards a zero waste to landfill goal is tracked.

Smarter water controls have been developed to support lower input and smarter growing. With the onset of El Niño weather patterns predicted to bring drier summers to New Zealand, conservation and smart use of water is paramount in T&G's orchards.

T&G has partnered with Pessl Instruments from Austria, who has installed an iMetos Eco reader on a trial orchard in Hawke's Bay. This device provides moisture and temperature readings every 10 centimetres through the soil profile via solar powered technologies. It gives growers the ability to read soil moisture directly on their smartphones in combination with weather forecasting from the onsite weather station. T&G is able to use both the real time effect of irrigation and likely rain events to manage tree health including fruit sizing, tree vigour, and nutrient uptake.

T&G is trialling the planting of phacelia down boundary hedges, especially boundaries with crops like potatoes. Phacelia harbours beneficial insects like hover fly, lacewing and parasitic wasps to help protect plants from other pests that are attracted to neighbouring crops.

Health & Safety

T&G is committed to getting its people home safe and helping them be healthy. The business is focused on managing its critical risks, especially those where there is potential for serious harm. T&G has developed a good understanding of these risks and the controls needed to mitigate them.

For 2018, an area of focus was on the risk of pedestrians being hit by forklifts and other site vehicles, as well as machine guarding. This has seen traffic management plans established for all of T&G's New Zealand sites which will be fully implemented early in 2019. T&G's risk reduction programme will continue in 2019, with key areas of focus being falls from heights, general vehicle safety, hazardous substances and psychosocial risks.

Young Gardener of the Year awards 2018

Our Community

T&G continued its strong community support in 2018 including partnering with Garden to Table Charitable Trust, Fruit in Schools (providing fresh fruit to lower decile New Zealand schools), 5+A Day and Kiwi Harvest and supporting more than one hundred community events by supplying healthy produce. It's part of T&G's commitment to promoting healthier futures through fresh fruit and vegetables.

The Garden to Table sponsorship sees T&G work with New Zealand schools to nurture children's passion for growing, harvesting, preparing and sharing fresh fruit and vegetables.

As well as providing garden beds and equipment for schools, T&G also developed a nationwide awards programme - Young Gardener of the Year awards, designed to encourage more schools and kids to take up the school gardening challenge. In 2018, more than 130 entries from 45 primary schools were received from across New Zealand in the eagerly contested awards.

Our Board of Directors

Prof. Klaus Josef Lutz

Chairman & Non-Independent Director

Director since April 2012

Prof. Klaus Josef Lutz has been Chief Executive Officer of BayWa Aktiengesellschaft (BayWa) since July 2008. He began his career initially as a lawyer but soon assumed managerial positions in a number of different sectors which enabled him to gain extensive experience, above all in the restructuring and development of companies.

He is a member of the supervisory boards of a number of listed and private companies including Euro Pool System International B.V. (chairman), RWA Raiffeisen Ware Austria AG, Unser Lagerhaus Warenhandelsgesellschaft m.b.H and Giesecke & Devrient GmbH (chairman).

In 2013, Prof. Lutz was appointed as an honorary professor of Managerial Economics of Co-operative Societies at the Technische Universität München.

Christiane Bell

Non-Independent Director

Director since February 2014

Christiane Bell has sat on T&G's Board as a representative of majority shareholder, BayWa, since 2014.

Ms Bell is the General Manager Fruit at BayWa and responsible for BayWa's Global Produce. She is also currently a director of Obst vom Bodensee Vertriebsgesellschaft m.b.H. and TFC Holland B.V.

Previously, Ms Bell served as head of fruit, vegetables and baked goods at discounters Penny and as Sales Director Germany/Scandinavia with The Greenery.

Carol Campbell

Independent Director

Director since June 2010

Board committees: Chair of the Finance, Risk and Investment Committee, Member of the Human Resources Committee

Carol Campbell is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. Mrs Campbell has extensive financial experience and sound understanding of efficient Board governance.

Previously a partner of Ernst & Young for 25 years she is also director of a number of other companies including NZ Post Ltd, Kingfish Ltd, Marlin Global Ltd, Barramundi Ltd, Kiwibank Ltd and NZME Ltd.

Andreas Helber

Non-Independent Director

Director since April 2012

Board committees: Member of the Finance, Risk and Investment Committee

Andreas Helber has been BayWa's Chief Financial Officer since 2010. Mr Helber began his career at KPMG in Munich where he qualified as a tax consultant and auditor.

Mr Helber is a member of the supervisory boards of a number of private and listed companies including R+V Pensionversicherung AG, RWA Raiffeisen Ware Austria AG, and Unser Lagerhaus Warenhandelsgesellschaft m.b.H.

Rob Hewett

Independent Director

Director since August 2018

Board committees: Chair of the Human Resources Committee, Member of the Finance, Risk and Investment Committee.

Rob Hewett is also co-chair of Silver Fern Farms Ltd and chair of Silver Fern Farms Co-operative Ltd as well as of Clutha Development Incorporated. Furthermore, he is a director of Farmlands Co-operative Society Ltd, Hilton Haulage LP Ltd and Pioneer Energy Ltd.

Mr Hewett holds a Master's Degree in Commerce and Marketing (Hons), a BCom (Ag) Economics and is a chartered member of the New Zealand Institute of Directors.

Mau Wah Liu

Non-Independent Director

Director since April 2017

Mau Wah Liu has more than 30 years of experience in the produce industry and enterprise management. In 1998, he founded Golden Wing Mau Enterprise Development Co. Ltd. He is the Chairman of Golden Wing Mau Agricultural Produce Corporation (Joy Wing Mau Group), which he established in 2003.

Mr Liu has won numerous industry honours and awards including receiving the China Fruit Marketing Association Award – Person of the Year in 2016.

Ralf Tobias Priske

Non-Independent Director

Director since December 2017

Board committees: Member of the Human Resources Committee

Ralf Tobias Priske started working for BayWa in 1998 as a member of the legal department providing advice to the various branches of the company and had a leading role in the acquisition of the majority of the shares of T&G by BayWa in 2012. From 2013 to 2015 he worked for the renewable energy sector of the BayWa Group as Deputy Legal Counsel focusing on establishing the renewable energy business in the US.

In July 2015 Mr Priske was appointed as BayWa's Company Secretary.

CORPORATE GOVERNANCE

The Board is the governing body of T&G Global Limited (the Company) and its subsidiary companies (T&G).

Role of the Board

The Board is responsible to shareholders for the performance of the Company, which includes setting the objectives and the strategies for achieving those objectives, identifying significant areas of business risk and implementing policies to deal with those risks, setting the overall policy framework and monitoring the continuing performance of the Company and its management. The Board also ensures that procedures are in place to provide effective internal financial control.

Responsibility for the day-to-day management of T&G is delegated by the Board to the Chief Executive Officer (CEO). The Board is committed to act with integrity and expects high standards of behaviour and accountability from all staff members.

Board membership

There are no executive directors across the Board but a broad mix of skills and industry experience relevant to the guidance of the Company's businesses. Mrs C.A. Campbell and Mr R. Hewett are independent directors for the purposes of the NZX listing rules.

Conduct of the Board

The Board has adopted a formal Code of Ethics which sets out the expected standards of professional conduct of its members.

The Board meets at regular intervals and conducts its affairs to ensure matters can be discussed openly, frankly and confidentially. Any potential conflicts of interest relating to directors are identified and disclosed. Affected directors are usually not permitted to vote on any related matter where a conflict exists.

The Board operates a code of conduct that forbids directors and other affected parties to deal in the Company's shares at any time when they are in possession of insider information and during periods which are deemed by the Board to be 'closed' periods. These closed periods customarily include the end of the six and 12 month reporting cycles, and until such time as profit announcements have been publicly disclosed. Closed periods include any additional period when the Board is engaged in matters that are likely to have an impact on the market value of the shares.

Board access to advice

All directors have access to the advice and services of the Secretary to the Board and the Board has established a procedure whereby directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, with the prior approval of the chairman.

Independent professional advice includes professional legal and financial advice, but excludes any advice on the personal interests of a director. The Board regularly invites key managers and executives to attend and present at Board meetings, and interaction with directors is routinely encouraged.

Board committees

The Board has two constituted committees, the Finance, Risk and Investment Committee (FRIC) and the Human Resources Committee (HRC), both of which operate under Board approved charters.

The FRIC meets at least four times per year and is responsible for overseeing compliance with statutory financial regulations and related responsibilities, ensuring that effective systems of accounting and internal control are established and maintained, overseeing internal and external audit, and liaising with T&G's independent auditors. This committee is chaired by Mrs C.A. Campbell, and comprises Mr R. Hewett and Mr A. Helber. The FRIC members also meet separately with the auditors as required.

The HRC is responsible for reviewing, approving and monitoring T&G's Health and Safety Policy, Strategy, Annual Plan and programme of work. This ensures the health and safety of all those who work for or come into contact with T&G. Additional responsibilities include ensuring that the remuneration strategy, policies and practices reward fairly and responsibly with a clear link to T&G's strategic objectives and corporate and individual performance; and assisting the Board in succession planning for the CEO and senior management positions which identifies and targets individuals for development. This Committee meets at least four times per year and comprises Mr R. Hewett (chair), Mrs C.A. Campbell and Mr R.T. Priske.

The Board has not at this stage established a Nominations Committee owing to a belief that director appointments are of such significance that they should be a direct responsibility of the full Board. This matter is kept under review.

Interests register

The Company and each subsidiary of the Company are required to maintain an interests register in which particulars of certain transactions and matters involving the directors must be recorded. The interests registers for the Company and its subsidiaries are available for inspection at its registered office.

Details of all matters that have been entered in the interests register of a company by individual directors during the year are outlined in the statutory information section of these accounts, and should be read in conjunction with the individual directors' profiles.

T&G management structure

T&G's organisational structure is focused on its five business divisions being Pipfruit, International Produce, New Zealand Produce, Processed Foods and Other. These operations are managed separately with direct reporting to the CEO and to the Board which exercises overall control.

Risk identification and management

T&G has adopted a system of internal control, based on written procedures, policies and guidelines. To reinforce this, an internal audit function exists that reports to the Board through the FRIC.

The Board acknowledges that it is responsible for the overall internal control framework. In discharging this responsibility the Board has in place a number of strategies designed to safeguard T&G's assets and interests and to ensure the integrity of reporting.

Procedures are in place to identify areas of significant business risk and to remediate and effectively manage those risks. As required, the Board obtains advice from external advisors.

While the Board acknowledges that it is responsible for the overall control framework of T&G, it recognises that no cost effective internal control system will preclude all errors and irregularities.

Directors' and Officers' insurance

The Company has arranged directors' and officers' liability insurance covering directors acting on behalf of the Company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for the Company.

The types of acts that are not covered are dishonest, fraudulent and malicious acts or omissions; wilful breach of statute, regulations or duty to the Company; improper use of information to the detriment of the Company; and breach of professional duty.

Tax strategy and governance

T&G operates within a framework of prudent and proactive tax risk management.

T&G's tax strategy is focused on providing high quality management and governance, which results in ensuring that T&G pays the appropriate amount of tax within each market that it operates.

T&G implements this strategy through the tax risk management principles within its Risk Management Framework.

In conducting its activities in New Zealand and offshore, T&G ensures that it:

- Complies with all relevant tax legislation in each tax jurisdiction in which it operates;
- Meets all its tax obligations on time;
- Pays the correct amount of tax that is due;
- Obtains expert advice as required where complex international transactions are involved.

The statutory corporate tax rate in New Zealand is 28% and on average over the five-year period (2014 to 2018), T&G's effective tax rate was 21%. T&G's average effective tax rate is lower than the statutory corporate tax rate in New Zealand due to the different corporate tax rates applicable for T&G's subsidiaries operating in foreign jurisdictions, and the impact of non-deductible and non-taxable items.

STATUTORY INFORMATION

Auditors
Deloitte Limited has continued to act as the principal auditor of T&G and has undertaken the audit of the financial statements for the year ended 31 December 2018.

Directors' loans
No director is in receipt of any loans from T&G.

Directors' remuneration
The following persons held office as director during the year. Remuneration paid or accrued included incentive payments, vehicles, superannuation and other benefits, where applicable. On top of fees, directors also receive an annual travel allowance of $1,000.

12 months to 31 December 2018

DIRECTORS OF T&G	$'000
Prof. K.J. Lutz	45
C.U.G. Bell	36
C.A. Campbell (director fees)	93
C.A. Campbell (committee work)	10
A. Helber	36
M.W. Liu	36
R.T. Priske	38
J.S. Wilson (resigned on 9 August 2018)	56
R. Hewett (appointed on 9 August 2018)	37

Directors and Officers composition
At 31 December 2018 the gender composition of T&G's directors and officers was as follows:

	MALE	FEMALE
Directors	5	2
Officers	5	3

Employee remuneration
T&G paid remuneration including benefits in excess of $100,000 to employees (other than directors) during the 12 months. The salary banding for the employees is disclosed in the following table:

12 months to 31 December 2018

	NUMBER OF EMPLOYEES	
$'000 NZD EQUIVALENT	2018	2017
100-110	**35**	48
110-120	**34**	30
120-130	**20**	23
130-140	**21**	17
140-150	**22**	27
150-160	**28**	11
160-170	**9**	16
170-180	**7**	13
180-190	**8**	9
190-200	**6**	7
200-210	**5**	5
210-220	**4**	3
220-230	**2**	5
230-240	**5**	4
240-250	**2**	1
250-260	**1**	-
260-270	**3**	4
270-280	**-**	-
280-290	**3**	3
290-300	**2**	2
300-310	**-**	1
310-320	**-**	2
320-330	**3**	-
330-340	**1**	2
340-350	**1**	1
350-360	**2**	1
360-370	**1**	1
380-390	**1**	-
390-400	**-**	1
400-410	**3**	2
420-430	**-**	1
430-440	**-**	1
440-450	**1**	-
460-470	**-**	1
490-500	**-**	2
530-540	**-**	1
570-580	**2**	-
660-670	**-**	1
1,090-1,100	**-**	1
1,260-1,270	**1**	-
Total	**233**	247

The current year total remuneration spread takes into account the impact of exchange rate movements on employees paid in foreign currencies.

CEO remuneration
The CEO remuneration consists of fixed remuneration, short-term incentive and long-term incentive.

Fixed remuneration
Mr Edgecombe commenced employment on 9 July 2018, and received remuneration of $790,145 during the 2018 Financial Year. This amount includes employer kiwisaver contributions, a vehicle allowance and 50% of a signing bonus, the balance of which is payable at the first anniversary of his employment. His base salary for 2018 was $850,000.

Short term incentive
Subject to the achievement of targets set by the Board at the start of each year, Mr Edgecombe will be entitled an annual bonus of up to 40% of base salary. This bonus can be over- and underachieved; no bonus will be paid if the achievement rate is less than 50% and the maximum amount is capped at 150%. The targets are related to profitability, and no bonus will be payable should the relevant targets not be met.

Long term incentive (LTI)
Mr Edgecombe will be entitled to participate in a LTI scheme set by the Board, based on an earnings before interest and tax growth plan. The fulfilment of 100% of the goals under the scheme will entitle Mr Edgecombe to a LTI payment of 50% of his base salary, payable in equal portions over a three year period. The goals relate to long-term shareholder value creation, and can be over- and underachieved; no bonus will be paid if the achievement rate is less than 50% and the maximum amount is capped at 150%.

Details of the previous CEO's remuneration have not been disclosed for reasons outlined in the 2017 Annual Report.

Directors' shareholdings
As at 31 December 2018, no current directors or parties associated with current directors held ordinary shares (2017: nil).

There were no share transactions during the year ended 31 December 2018 in which directors held 'relevant interests'.

Indemnification and insurance of directors and officers
The Company indemnifies all directors named in this report, and current and former executive officers of T&G against all liabilities (other than to the Company or members of T&G) which arise out of the performance of their normal duties as director or executive officer, unless the liability relates to conduct involving lack of good faith. To manage this risk, T&G has indemnity insurance. The total cost of this insurance including directors and officers of offshore companies during the 12 months was $32,000 (2017: $32,000).

Information used by directors
No member of the Board of the Company, or any subsidiary, issued a notice requesting to use information received in their capacity as director which would not otherwise have been available to them.

Interested transactions
No directors disclosed the existence of any transactions with T&G during the 12 months in which they held an interest.

NZX waiver from listing rule 5.2.3
During the year, the Company held a waiver from New Zealand Exchange (NZX) listing rule 5.2.3 Spread that was granted in April 2012. NZX listing rule 5.2.3 provides that an issuer's securities will generally not be considered for quotation on the NZX unless those securities are held by at least 500 members of the public holding at least 25% of the number of securities of that class issued, and those requirements are maintained, or the NZX is otherwise satisfied that the issuer will maintain a spread of security holders sufficient to ensure a sufficiently liquid market in the class of securities.

As BayWa Aktiengesellschaft and Wo Yang Limited are not considered members of the public for the purpose of the listing rules, less than 25% of the quoted securities of T&G are held by members of the public and therefore the Company does not meet the requirements of listing rule 5.2.3.

The NZX granted the Company a waiver from listing rule 5.2.3 under the following conditions:

a. The waiver, its conditions, and its effect on the Company's shareholders are disclosed in each annual report for the year upon which it was relied; and
b. The Company notifies the NZX if there are any material changes to its spread.

The waiver has the effect of ensuring security holders have a ready market to purchase or sell securities.

Substantial shareholders
The following information is given pursuant to Section 26 of the Security Markets Act 1988.

The following parties are recorded by the Company as at 31 January 2019 as substantial security holders in the Company, and have declared the following relevant interest in voting securities under the Securities Markets Act 1988:

BayWa Aktiengesellschaft	90,671,206
Wo Yang Limited	24,496,386

The total number of voting securities issued by the Company as at 31 January 2019 was 122,543,204.

20 largest shareholders
as at 31 January 2019

NAME	UNITS	% OF ISSUED CAPITAL
BayWa Aktiengesellschaft	90,671,206	73.99%
Wo Yang Limited	24,496,386	19.99%
National Nominees New Zealand Limited	1,258,768	1.03%
Bartel Holdings Limited	1,172,997	0.96%
HSBC Nominees (New Zealand) Limited	404,527	0.33%
R.J. Turner, C.E. Turner, Redoubt Trustees Limited & Evans Penell Trustees Limited	202,689	0.17%
FNZ Custodians Limited	139,015	0.11%
H.J. Goodwin	117,986	0.10%
S.J. Turner, C.M. Turner & D.H. Turner	117,283	0.10%
Tribal New Zealand Traders Limited	108,374	0.09%
L.R. Hotham	101,482	0.08%
A.E. Waite	100,802	0.08%
BNP Paribas Nominees (NZ) Limited	96,170	0.08%
P.J.S. Rowland	93,507	0.08%
M.C. Goodson, D.D. Perron, Goodson & Perron Independent Trustee Limited	79,339	0.06%
TEA Custodians Limited Client Property Trust Account	69,000	0.06%
R.M. Scott	63,494	0.05%
Epic Trustees Limited	55,108	0.04%
E.M. Wood, L.A. Wood & B.L. Wood	54,586	0.04%
D.W. Browne, J.F. Browne & M.R. Bangma	50,284	0.04%
	119,453,003	**97.48%**

Spread of security holders
as at 31 January 2019

RANGE	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 to 499	61	10.89%	15,392	0.01%
500 - 999	85	15.18%	62,095	0.05%
1,000 - 1,999	118	21.07%	160,246	0.13%
2,000 - 4,999	109	19.47%	343,039	0.29%
5,000 - 9,999	84	15.00%	574,600	0.47%
10,000 - 49,999	83	14.82%	1,756,224	1.43%
50,000 - 99,999	9	1.61%	546,318	0.45%
100,000 - 499,999	7	1.25%	887,631	0.72%
500,000 - 999,999	-	-	-	-
1,000,000 and above	4	0.71%	118,197,659	96.45%
Total	**560**	**100%**	**122,543,204**	**100%**

Domicile of shareholders
as at 31 January 2019

LOCATION	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS
New Zealand	537	95.89%	7,282,794
Australia	14	2.50%	43,602
Hong Kong	3	0.53%	24,502,941
United Kingdom	2	0.36%	5,247
Germany	1	0.18%	90,693,154
Malaysia	1	0.18%	11,716
United States of America	1	0.18%	2,750
Singapore	1	0.18%	1,000
Total	**560**	**100.00%**	**122,543,204**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Independent Auditor's Report

To the Shareholders of T&G Global Limited

Opinion

We have audited the consolidated financial statements of T&G Global Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 38 to 95, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor including the provision of audit related services, the provision of whistle blower hotline services, and administration of the corporate tax payer group of which the Group is a member, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined the quantitative materiality for our audit of the Group's financial statements as a whole to be $7.0 million.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
Valuation of Biological Assets (Note 14) The Group's biological assets of $28.2 million (2017: $27.0 million) predominantly represent produce like apples, blueberries, citrus fruit and tomatoes growing on bearer plants (e.g. trees and vines) at balance date. Biological assets are measured at fair value less estimated point-of-sale costs. This is determined by the Group using discounted cash flow models. The valuation of biological assets is a key audit matter due to the subjective judgements and assumptions in the valuation models, many of which are specific to the present location and condition of the asset and therefore unobservable in the market. As disclosed in Note 14 of the Group's financial statements, these unobservable inputs and assumptions include the forecast production per hectare per annum by weight, prices expected to be received per season, costs expected to be incurred and a discount rate reflecting the risks inherent in growing the crops. The discount rate takes into account the risk of unknown adverse events including natural events, the possible impact of diseases and other adverse factors that may impact the quality, yield or price of the crop.	We held discussions with management to understand if there were changes in market or environmental conditions, or other risks inherent in the current crop valuations. Our audit procedures were focused on the higher value biological assets, or where in our professional judgement there is a greater level of uncertainty associated with the cash flow forecasts. We engaged our internal valuation specialist to consider whether the valuation methods applied were reasonable. We compared the forecast production per hectare, forecast prices, and forecast costs to the approved budgets for the relevant fruit growing activities, and assessed the historical accuracy of the Group's forecasts. With input from our internal valuation specialist, we assessed the discount rates assumed in the model and evaluated changes from the prior year. We also performed sensitivity analysis to assess the impact that a change in the discount rate has on the valuation of the biological assets. We checked the mechanical accuracy of the discounted cash flow models.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Andrew Dick, Partner
for Deloitte Limited
Auckland, New Zealand

27 February 2019

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INCOME STATEMENT

For the year ended 31 December 2018

	NOTES	2018 $'000	Restated* 2017 $'000
Continuing operations			
Revenue	5	**1,188,203**	1,068,145
Other operating income	6	**14,939**	8,465
Purchases, raw materials and consumables used		**(917,417)**	(798,084)
Employee benefits expenses	7	**(160,113)**	(155,494)
Depreciation and amortisation expenses	7	**(23,246)**	(20,775)
Other operating expenses	7	**(86,741)**	(75,164)
Operating profit		**15,625**	27,093
Financing income	8	**841**	891
Financing expenses	8	**(13,029)**	(12,028)
Share of profit from joint ventures	21	**694**	908
Share of profit from associates	22	**2,534**	435
Other income	6	**6,577**	25,289
Other expenses	7	**-**	(634)
Profit before income tax from continuing operations		**13,242**	41,954
Income tax expense	9	**(2,848)**	(1,708)
Profit after income tax from continuing operations		**10,394**	40,246
Discontinued operations			
Loss for the year from discontinued operations	19	**(2,076)**	(17,649)
Profit for the year		**8,318**	22,597
Attributable to:			
Equity holders of the Parent		**3,581**	19,379
Non-controlling interests		**4,737**	3,218
Profit for the year		**8,318**	22,597
Profit attributable to equity holders of the Parent relates to:			
Profit from continuing operations		**5,657**	37,028
Loss from discontinued operations		**(2,076)**	(17,649)
		3,581	19,379
Earnings per share (in cents)			
Basic and diluted earnings from continuing and discontinued operations	29	**2.9**	15.8
Basic and diluted earnings from continuing operations	29	**4.6**	30.2

* The prior year comparative numbers have been restated as set out in note 19.

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	NOTES	2018 $'000	Restated* 2017 $'000
Profit for the year		**8,318**	22,597
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
(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	27	**(177)**	1,265
Deferred tax effect on revaluation of property, plant and equipment	9	**-**	(8,300)
Deferred tax effect on sale of property, plant and equipment	9	**3,885**	-
		3,708	48,685
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1,165)**	3,167
Cash flow hedges:			
Fair value (loss) / gain, net of tax		**(11,691)**	4,913
Reclassification of net change in fair value to profit or loss		**6,934**	(8,414)
		(5,922)	(334)
Other comprehensive (expense) / income for the year		**(2,214)**	48,351
Total comprehensive income for the year		**6,104**	70,948
Total comprehensive income for the year is attributable to:			
Equity holders of the Parent		**1,495**	66,664
Non-controlling interests		**4,609**	4,284
		6,104	70,948

* The prior year comparative numbers have been restated as set out in note 19.

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	NOTES	Share capital $'000	Revaluation and other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2017							
Balance at 1 January 2017		176,357	81,289	86,793	344,439	2,383	346,822
Profit for the year		-	-	19,379	19,379	3,218	22,597
Other comprehensive income							
Revaluation of property, plant and equipment	27	-	55,720	-	55,720	-	55,720
Deferred tax effect on revaluation of property, plant and equipment	27	-	(8,300)	-	(8,300)	-	(8,300)
Revaluation of investment in unlisted entity	27	-	1,265	-	1,265	-	1,265
Exchange differences on translation of foreign operations		-	2,108	-	2,108	1,059	3,167
Movement in cash flow hedge reserve	27	-	(3,508)	-	(3,508)	7	(3,501)
Total other comprehensive income		-	47,285	-	47,285	1,066	48,351
Transactions with owners							
Dividends	28	-	-	(7,353)	(7,353)	(2,261)	(9,614)
Purchase price adjustment to acquisition of non-controlling interest in subsidiary		-	-	387	387	-	387
Total transactions with owners		-	-	(6,966)	(6,966)	(2,261)	(9,227)
Sale of shares in subsidiary		-	215	9,422	9,637	2,747	12,384
Acquisition of subsidiary		-	(25)	25	-	4,666	4,666
Balance at 31 December 2017		176,357	128,764	108,653	413,774	11,819	425,593
2018							
Balance at 1 January 2018		**176,357**	**128,764**	**108,653**	**413,774**	**11,819**	**425,593**
Adjustment on initial application of NZ IFRS 9	3	**-**	**-**	**(300)**	**(300)**	**-**	**(300)**
Adjusted balance at 1 January 2018		**176,357**	**128,764**	**108,353**	**413,474**	**11,819**	**425,293**
Profit for the year		**-**	**-**	**3,581**	**3,581**	**4,737**	**8,318**
Other comprehensive income / (expense)							
Deferred tax effect on sale of property, plant and equipment	27	**-**	**3,885**	**-**	**3,885**	**-**	**3,885**
Revaluation of investment in unlisted entity	27	**-**	**(177)**	**-**	**(177)**	**-**	**(177)**
Exchange differences on translation of foreign operations		**-**	**(1,003)**	**-**	**(1,003)**	**(124)**	**(1,127)**
Movement in cash flow hedge reserve	27	**-**	**(4,753)**	**-**	**(4,753)**	**(4)**	**(4,757)**
Total other comprehensive expense		**-**	**(2,048)**	**-**	**(2,048)**	**(128)**	**(2,176)**
Transactions with owners							
Dividends	28	**-**	**-**	**(14,708)**	**(14,708)**	**(3,107)**	**(17,815)**
Total transactions with owners		**-**	**-**	**(14,708)**	**(14,708)**	**(3,107)**	**(17,815)**
Transfer from asset revaluation reserve due to asset disposal	27	**-**	**(15,736)**	**15,736**	-	-	-
Transfer from revaluation reserve due to sale of investment in unlisted entity	27	**-**	**(1,650)**	**1,650**	-	-	-
Balance at 31 December 2018		**176,357**	**109,330**	**114,612**	**400,299**	**13,321**	**413,620**

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

BALANCE SHEET

As at 31 December 2018

	NOTES	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents		**36,778**	26,400
Trade and other receivables	11	**152,086**	153,729
Inventories	12	**24,515**	37,536
Taxation receivable		**6,994**	6,087
Derivative financial instruments	13	**1,864**	3,682
Biological assets	14	**28,185**	27,047
Total current assets		**250,422**	254,481
Non-current assets			
Trade and other receivables	11	**8,428**	10,037
Derivative financial instruments	13	**884**	1,648
Investments in unlisted entities		**106**	2,192
Property, plant and equipment	15	**396,546**	450,981
Investment property	16	**15,316**	-
Intangible assets	17	**36,597**	37,632
Investments in joint ventures	21	**4,490**	4,543
Investments in associates	22	**35,380**	37,202
Total non-current assets		**497,747**	544,235
Total assets		**748,169**	798,716
Current liabilities			
Trade and other payables	23	**133,875**	135,444
Borrowings	24	**4,159**	18,497
Derivative financial instruments	13	**5,963**	2,018
Total current liabilities		**143,997**	155,959
Non-current liabilities			
Trade and other payables	23	**237**	1,148
Borrowings	24	**146,100**	164,162
Derivative financial instruments	13	**5,230**	4,976
Deferred tax liabilities	9	**38,985**	46,878
Total non-current liabilities		**190,552**	217,164
Total liabilities		**334,549**	373,123
Equity			
Share capital	27	**176,357**	176,357
Revaluation and other reserves	27	**109,330**	128,764
Retained earnings		**114,612**	108,653
Total equity attributable to equity holders of the Parent		**400,299**	413,774
Non-controlling interests		**13,321**	11,819
Total equity		**413,620**	425,593
Total liabilities and equity		**748,169**	798,716

Approved for and on behalf of the Board

Prof. K.J. Lutz
Director (Chairman)
27 February 2019

C.A. Campbell
Director (Chair of Finance, Risk and Investment Committee)
27 February 2019

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	NOTES	2018 $'000	2017 $'000
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from customers		1,219,371	1,111,642
Income tax refund		-	56
Other		406	527
Cash was disbursed to:			
Payments to suppliers and employees		(1,164,258)	(1,080,642)
Interest paid		(9,128)	(8,952)
Income taxes paid		(7,142)	(8,909)
Net cash inflow from operating activities	10	39,249	13,722
Cash flows from investing activities			
Cash was provided from:			
Dividends received from joint ventures and associates		1,853	5,167
External loan repayments from suppliers, customers, joint ventures and associates		-	228
Proceeds from sale of other property, plant and equipment		104	140
Proceeds from sale of investment in associate		3,350	-
Proceeds from sale of kiwifruit post-harvest and orchard assets		33,436	-
Proceeds from sale of processed foods business		4,799	-
Proceeds from sale of distribution centre		14,851	-
Proceeds from sale of wholesale flower business		-	2,280
Acquisition of business		-	2,094
Cash was disbursed to:			
Purchase of property, plant and equipment	15	(28,875)	(20,374)
Purchase of intangible assets	17	(1,304)	(3,284)
Purchase of equity interest		-	(1,045)
Other		(90)	(224)
Net cash inflow / (outflow) from investing activities		28,124	(15,018)
Cash flows from financing activities			
Cash was provided from:			
Net proceeds from short-term borrowings		-	12,100
Proceeds from long-term borrowings		22,000	25,000
Cash was disbursed to:			
Dividends paid to non-controlling interests	28	(3,107)	(2,261)
Dividends paid to Parent's shareholders	28	(14,708)	(7,353)
Repayment of borrowings		(53,746)	(9,812)
Deferred consideration on purchase of non-controlling interests		(1,060)	(3,094)
Deferred consideration on purchase of business		(593)	(500)
Bank facility fees and transaction fees		(3,721)	(3,480)
Payments on finance leases		(654)	(514)
Net cash (outflow) / inflow from financing activities	26	(55,589)	10,086
Net increase in cash and cash equivalents		11,784	8,790
Foreign currency translation adjustment		(1,406)	546
Cash and cash equivalents at the beginning of the year		26,400	17,064
Cash and cash equivalents at the end of the year		36,778	26,400

The accompanying notes form an integral part of these 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 one of New Zealand's leading growers, distributors, marketers and exporters 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), asparagus, berries and tomatoes.

These consolidated financial statements presented are for the Group which comprises the Parent and its subsidiaries, joint ventures and associates as at 31 December 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 consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards and other applicable New Zealand Financial Reporting Standards as appropriate for profit-oriented entities (NZ IFRS), and International Financial Reporting Standards (IFRS).

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

Measurement basis

The measurement basis adopted in the preparation of these consolidated financial statements is historical cost except for certain assets and liabilities identified in specific accounting policies which are stated at fair value.

Basis of consolidation

In preparing these consolidated financial statements, subsidiaries are fully consolidated from the date on which the Group gains control until the date on which control ceases. All intercompany transactions, balances, income and expenses between the Group's companies are eliminated. Accounting policies of subsidiaries, joint ventures and associates have been aligned where necessary to ensure consistency with policies adopted by the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is initially remeasured at fair value at the acquisition date through profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest and fair value of the acquirer's previously held interest (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Basis of accounting

Significant accounting policies are set out within the notes to which those policies are applicable and are designated with a symbol. All other significant accounting policies are set out on the following page. Other than the first time adoption of NZ IFRS 15 *Revenue from Contracts with Customers* (NZ IFRS 15) and NZ IFRS 9 *Financial Instruments* (NZ IFRS 9) (refer note 3), there have been no changes made to accounting policies during the year.

2. BASIS OF PREPARATION (CONTINUED)

Foreign currency translation

The assets and liabilities of the Group's subsidiaries that do not have New Zealand dollars as their functional currency are translated to New Zealand dollars at foreign exchange rates ruling at balance sheet date. The revenues and expenses of these foreign operations are translated to New Zealand dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to New Zealand dollars at the foreign exchange rate on the dates that the fair value was determined.

Fair value estimation

Where fair value measurement has been applied, a symbol designates the paragraph describing the valuation method used.

The Group uses various valuation methods to determine the fair value of certain assets and liabilities. The inputs to the valuation methods used to measure fair value are categorised into three levels:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Goods and Services Tax (GST)

The income statement, statement of comprehensive income and statement of cash flows have been presented with all items exclusive of GST. All items in the balance sheet are stated net of GST, except for receivables and payables, which include GST invoiced.

Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and judgments that have a potential risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed within the notes to which those judgments are applicable and are designated with a symbol.

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

New standards, amendments and interpretations adopted in the current year

The Group adopted NZ IFRS 9 and NZ IFRS 15 during the current reporting period. As a result of the adoption, the Group had to change its accounting policies and make certain adjustments 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 recognised 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.

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)

New standards, amendments and interpretations adopted in the current year (continued)

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

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 sold on behalf of third parties.
- 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 adoption of NZ IFRS 15 did not have a significant impact on the Group's revenue recognition.

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. Any uncertainty in revenue recognition is eliminated by year-end.

Provision of coolstore and packhouse services
The Group earns revenue through the provision of coolstore and other storage services.

These services involve the Group providing coolstore and other storage space to its partner growers and third parties for the purposes of storing fruit. The fruit is stored, on average, between four to five months depending on market demand and contracts for service are initiated and concluded within the same calendar year. Revenue is recognised over time as these services are being performed.

The Group also provides packing services for its partner growers and third parties. These services relate to the preparation and packing of fruit for distribution. Revenue from these services are recognised at a point-in-time.

There are no other obligations to perform services under such contracts that will impact the revenue being recognised as services are performed.

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

- Primary responsibility for fulfilling the promise to provide the goods or services to the end-customer.
- Inventory risk before goods are transferred to the end-customer.
- The discretion to establish the price of goods and services above.

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 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 liabilities 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 has applied the transition requirements of NZ IFRS 9. No comparative information was restated. Instead, the impact of adopting the new standard is reflected in opening equity on 1 January 2018.

The Group has assessed that the new classification and measurement requirements will not have a material impact on its balance sheet or equity. The impact of the change related solely to the new impairment requirements, as described further on the next page.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)

New standards, amendments and interpretations adopted in the current year (continued)

NZ IFRS 9 *Financial Instruments* (NZ IFRS 9) (continued)
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 have impacted disclosures relating to financial instruments for the year ended 31 December 2018 (refer note 30).

Classification of financial assets and liabilities
There are new measurement categories under NZ IFRS 9 for each class of the Group's financial assets as at 1 January 2018. These changes are listed below -

- 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'.
- The Group has investments in unlisted entities which it intends to hold for the foreseeable future. Fair value movements in the shares have previously been recorded in other comprehensive income and 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' with changes in fair value continuing to be accumulated in the revaluation reserve.

The change in categories does not affect the carrying values of the financial assets with all balances remaining the same as at 1 January 2018.

There is no significant impact on the Group's accounting for financial liabilities.

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 receivables.

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 allowance 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:

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

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS (CONTINUED)

New standards, amendments and interpretations not yet adopted

New standards, amendments and interpretations have been published that will be mandatory for the Group's accounting periods beginning on or after 1 January 2019. The standards that will have an impact on the Group are discussed below. None of these have been early adopted:

NZ IFRS 16 *Leases* (NZ IFRS 16)

NZ IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard deals with the recognition, measurement, presentation and disclosure of leases and replaces the current guidance in NZ IAS 17 *Leases* (NZ IAS 17). The new standard introduces a single model for lessees which recognises all leases on the balance sheet through an asset representing the rights to use the leased item during the lease term and a liability for the obligation to make lease payments. This removes the distinction between operating and finance leases and aims to provide users of the financial statements relevant information to assess the effect that leases have on the balance sheet, income statement and cash flows of the reporting entity. One of the key judgment areas in applying the new requirements relates to the assessment of whether an option to extend or terminate the lease contract will be exercised. Lessor accounting remains largely unchanged from NZ IAS 17 for the Group.

The Group reviewed leases where the Group is the lessee and these leases primarily relate to building leases for properties, and leases of orchards and trucks.

The Group intends to use the modified retrospective approach with the right-of-use (ROU) asset being equal to the lease liability as at commencement date for all existing leases at 1 January 2019.

The ROU assets are subsequently depreciated using the straight line method over the shorter of the estimated useful lives of the ROU assets or the remaining estimated lease term. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. The lease liabilities are initially measured at the present value of the unpaid lease payments at commencement date, discounted using a discount rate.

The discount rates used are the Group's incremental borrowing rates (IBR). The Group's IBR will be the average of the IBR rates obtained from financial institutions for each asset type based on terms similar to the lease term and for similar assets.

The Group will be applying the following practical expedients when applying the new lease standard NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17:

- The use of a single discount rate to a portfolio of leases with similar characteristics.
- Not recognising ROU assets and liabilities for leases with less than 12 months of lease term.
- Not recognising ROU assets and liabilities if the leased asset is considered a low value asset.

The estimated impact of adopting NZ IFRS 16 for the period beginning 1 January 2019 is shown below:

	1 January 2019 $'000
Balance Sheet	
Right-of-use assets	59,400
Lease obligations	(59,400)

Under NZ IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The estimated impact of the changes under NZ IFRS 16 would be to reduce the cash generated by operating activities by $15.4 million and to increase net cash used in financing activities by the same amount.

Other standards, amendments and interpretations
There are other standards, amendments and interpretations which have been approved but are not yet effective. The Group expects to adopt other standards when they become mandatory. None are expected to materially impact the Group's financial statements, although may result in change in disclosure.

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, the Chief Operating Officer and the Chief Financial Officer for the Group.

The chief operating decision-makers assess the performance of the operating segments based on operating profit, which reflects earnings before net financing expenses, share of profit from joint ventures and associates, other income, other expenses and income tax expense. 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 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
2018						
Total segment revenue	663,236	271,032	239,574	27,150	38	1,201,030
Inter-segment revenue	(502)	(4,254)	(8,071)	-	-	(12,827)
Revenue from external customers	662,734	266,778	231,503	27,150	38	1,188,203
Purchases, raw materials and consumables used	(523,579)	(232,826)	(133,138)	(23,004)	(834)	(913,381)
Depreciation and amortisation expenses	(13,765)	(586)	(6,472)	(774)	(1,649)	(23,246)
Net other operating expenses	(97,677)	(30,085)	(90,615)	(9,496)	(8,078)	(235,951)
Segment operating profit / (loss)	27,713	3,281	1,278	(6,124)	(10,523)	15,625
Net financing expenses						(12,188)
Share of profit from joint ventures						694
Share of profit from associates						2,534
Other income						6,577
Profit before income tax from continuing operations						13,242

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
2017 (Restated)						
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

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

	2018 $'000	Restated 2017 $'000
New Zealand	276,619	285,908
Australia and Pacific Islands	117,596	121,469
Asia	316,788	271,464
Americas	92,412	77,711
Europe	384,788	311,593
Total revenues from continuing operations	1,188,203	1,068,145

The total non-current assets other than trade and other receivables, derivative financial instruments and investment in unlisted entities located in New Zealand and other countries are:

	2018 $'000	2017 $'000
New Zealand	438,601	480,086
Other	49,728	50,272
Total	488,329	530,358

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. REVENUE

The Group records revenue from the following sources:

Sale of produce

Revenue from the sale of produce is recognised either on dispatch or when the produce has reached its destination, depending on the terms and agreements with customers and when there is supporting evidence that control and ownership of the produce has transferred to the customer.

Commissions

The Group acts as an agent in certain revenue generating transactions where it facilitates the sale of produce into markets and customers. Commission revenue is recognised in these instances when there is supporting evidence that control and ownership of goods have transferred to the end-customer.

Services

The Group derives the majority of its service revenue through the provision of cool storage and packing services during the growing and selling seasons. Revenue from the provision of services is recognised simultaneously as the services are being performed over the length of the service contract or at a point-in-time depending on the specifics of the contract.

Royalties

The Group recognises revenue from royalties when actual sales of the Group's licenced apple varieties occur.

Principal and agency arrangements

The Group holds arrangements in which it acts as the principal and other arrangements in which it acts as the agent. The following factors have been used by the Group in distinguishing whether it acts as the principal or the agent in specific arrangements:

- Primary responsibility for fulfilling the promise to provide the goods or services to the end-customer.
- Inventory risk before goods are transferred to the end-customer.
- The discretion to establish the price of goods and services above.

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
2018						
Nature of revenue						
Sale of produce	606,385	266,507	172,500	25,875	-	1,071,267
Commissions	15,535	(601)	23,377	1,142	-	39,453
Services	34,659	872	35,565	133	38	71,267
Royalties	6,155	-	61	-	-	6,216
Revenue from external customers	662,734	266,778	231,503	27,150	38	1,188,203
Timing of revenue recognition						
At a point in time						
Sale of produce	606,385	266,507	172,500	25,875	-	1,071,267
Commissions	15,535	(601)	23,377	1,142	-	39,453
Services	25,927	872	35,319	133	38	62,289
Royalties	6,155	-	61	-	-	6,216
	654,002	266,778	231,257	27,150	38	1,179,225
Over time						
Services	8,732	-	246	-	-	8,978
	8,732	-	246	-	-	8,978
Revenue from external customers	662,734	266,778	231,503	27,150	38	1,188,203

5. REVENUE (CONTINUED)

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
2017 (Restated)						
Nature of revenue						
Sale of produce	519,008	222,435	172,011	34,714	531	948,699
Commissions	17,494	(81)	24,872	1,560	376	44,221
Services	32,401	1,043	35,386	62	(119)	68,773
Royalties	6,322	-	130	-	-	6,452
Revenue from external customers	575,225	223,397	232,399	36,336	788	1,068,145
Timing of revenue recognition						
At a point in time						
Sale of produce	519,008	222,435	172,011	34,714	531	948,699
Commissions	17,494	(81)	24,872	1,560	376	44,221
Services	24,534	1,043	35,119	62	(305)	60,453
Royalties	6,322	-	130	-	-	6,452
	567,358	223,397	232,132	36,336	602	1,059,825
Over time						
Services	7,867	-	267	-	186	8,320
	7,867	-	267	-	186	8,320
Revenue from external customers	575,225	223,397	232,399	36,336	788	1,068,145

6. OTHER INCOME

Other income

Other operating income consists of the following:

	NOTES	2018 $'000	Restated 2017 $'000
Net exchange gains		1,180	631
Net gain from changes in fair value of biological assets	14	10,360	3,819
Net gain from reversal of previous property, plant and equipment revaluation changes through profit and loss		600	1,002
Rent		2,584	2,559
Other		215	454
Total		14,939	8,465

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. OTHER INCOME (CONTINUED)

Other income consists of the following non-operating activities:

	2018 $'000	2017 $'000
Gain on sale of kiwifruit post-harvest and orchard assets	4,814	-
Gain on disposal of investment in associate	120	-
Gain on disposal of distribution centre	1,643	-
Gain on acquisition of equity interest in associate	-	15,381
Gain on disposal of wholesale flower business	-	1,702
Gain on revaluation of investment in subsidiary	-	8,206
Total	6,577	25,289

7. EXPENSES

Depreciation and amortisation expenses

	NOTES	2018 $'000	Restated 2017 $'000
Continuing operations			
Depreciation	15	21,765	19,107
Amortisation	17	1,481	1,668
		23,246	20,775
Discontinued operations			
Depreciation	15	298	2,507
Amortisation	17	-	97
		298	2,604
Total		23,544	23,379

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. EXPENSES (CONTINUED)

Other operating expenses

Other operating expenses includes the following:

	NOTES	2018 $'000	Restated 2017 $'000
Directors' fees	31	387	455
Fleet costs		20,548	20,003
Net impairment of trade receivables		131	69
Net loss on disposal of property, plant and equipment		2,077	224
Professional fees		11,578	10,052
Promotion costs		8,194	7,001
Rental and property related costs		21,233	19,995
Repairs and maintenance		9,798	8,544
Research and development		1,373	1,769
Travel and accommodation		4,981	5,497

Employee benefits expenses

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term employee benefits

Employee entitlements to salaries and wages and annual leave, to be settled within twelve months of the reporting date, represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

During the year, contributions of $4.0 million were made by the Group towards employees' superannuation schemes (2017: $3.8 million).

Audit fees

Audit fees of the Group and related services from the Group's auditors consist of the following:

	2018 $'000	2017 $'000
Deloitte Limited and affiliated firms		
Audit of the financial statements	597	679
Audit related services	9	16
Other services	40	36
Other auditors		
Audit services provided	309	314

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. EXPENSES (CONTINUED)

Audit expenses (continued)

Services performed by Deloitte Limited in 2018 comprise the following:

- Audit of statutory financial statements for the Group and individual subsidiary companies, including offshore subsidiaries with local statutory audit requirements where Deloitte Limited, or a member of its network, is the auditor.
- Audit related services including procedures relating to the interim financial statements.
- Review of solvency return for a captive insurance subsidiary.
- Other services including whistleblower hotline services and administration of the corporate tax payer group.

During the year, subsidiaries of the Group engaged other auditors to perform audit services and the fees paid were as follows:

	2018 $'000	2017 $'000
BDO for Delica (Shanghai) Fruit Trading Company Limited	**11**	9
Burgess Hodgson LLP for Worldwide Fruit Limited	**75**	49
HLB Mann Judd for Delica Australia Pty Limited, Delica Domestic Pty Limited and T&G Vizzarri Farms Pty Limited	**74**	95
Hutchinson and Bloodgood LLP for Delica North America, Inc.	**95**	120
Moss Adams LLP for ENZAFRUIT Products Inc.	**54**	41
Total	**309**	314

Other expenses

Other expenses consists of the following non-operating activities:

	NOTES	2018 $'000	Restated 2017 $'000
Impairment of intangible assets			
From continuing operations	17	**-**	634
From discontinued operations	17	**-**	256
Total		**-**	890

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. NET FINANCING EXPENSES

	2018 $'000	Restated 2017 $'000
Finance income		
Interest income	**719**	784
Other	**122**	107
Total	**841**	891
Finance expenses		
Interest expense on borrowings	**(12,342)**	(11,161)
Effective interest on long-term receivables	**(206)**	(252)
Effective interest on deferred consideration	**(16)**	(102)
Interest expense on finance lease liabilities	**(22)**	(32)
Bank fees	**(443)**	(481)
Total	**(13,029)**	(12,028)
Net financing expenses	**(12,188)**	(11,137)

9. TAXATION

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities based on the current period's taxable income and any adjustments in respect of previous years.

Deferred tax

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Income tax is recognised in the income statement apart from when it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

(a) Taxation on profit before income tax

	2018 $'000	Restated 2017 $'000
Current tax expense	**(6,856)**	(5,789)
Deferred tax credit	**4,008**	4,081
Total	**(2,848)**	(1,708)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION (CONTINUED)

(b) Reconciliation of prima facie taxation and tax expense

The taxation expense that would arise at the standard rate of corporation tax in New Zealand is reconciled to the tax expense as follows:

	2018 $'000	Restated 2017 $'000
Profit before income tax	13,242	41,954
Prima facie taxation at 28% (2017: 28%)	(3,708)	(11,747)
(Add) / deduct tax effect of:		
Non-deductible items	(674)	(364)
Non-taxable items	3,685	10,301
(Understatement) / overstatement of prior year's provision	(1,565)	516
Imputation credit / foreign tax credits available for future periods	-	164
Other	(586)	(578)
Total	(2,848)	(1,708)

(c) Deferred taxation

Balance of temporary differences

	Property, plant and equipment $'000	Intangible assets $'000	Biological assets $'000	Provisions and accruals $'000	Other $'000	Total $'000
2017						
Balance as at 1 January	(37,397)	(995)	(6,560)	3,251	88	(41,613)
Recognised in income statement	2,837	(47)	(1,013)	(490)	2,794	4,081
Recognised in equity	(8,300)	-	-	-	-	(8,300)
Recognised on acquisition	(399)	(647)	-	-	-	(1,046)
Balance as at 31 December	(43,259)	(1,689)	(7,573)	2,761	2,882	(46,878)
2018						
Balance as at 1 January	(43,259)	(1,689)	(7,573)	2,761	2,882	(46,878)
Recognised in income statement	(5,033)	(12)	(319)	(1,396)	10,768	4,008
Recognised in equity	3,885	-	-	-	-	3,885
Balance as at 31 December	(44,407)	(1,701)	(7,892)	1,365	13,650	(38,985)

Expected settlement

	2018 $'000	2017 $'000
Deferred tax assets / (liabilities) expected to be settled within 12 months	3,801	(1,930)
Deferred tax (liabilities) expected to be settled in more than 12 months	(42,786)	(44,948)
Total	(38,985)	(46,878)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TAXATION (CONTINUED)

(d) Imputation credits

The Group had a negative imputation credit account balance of $5.6 million as at 31 December 2018 (2017: $0.4 million negative balance) and the Group will be making a voluntary payment before 31 March 2019 to ensure the balance is in credit at that time.

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

	NOTES	2018 $'000	2017 $'000
Profit for the year		8,318	22,597
Adjusted for non-cash items:			
Amortisation expense	17	1,481	1,765
Depreciation expense	15	22,063	21,614
Effective interest on deferred consideration	8	16	102
Movement in deferred tax	9	(4,008)	(4,081)
Movement in provision for loss allowance		131	69
Share of profit of joint ventures	21	(694)	(908)
Share of profit of associates	22	(2,534)	(435)
Other movements		3,629	2,373
		20,084	20,499
Adjusted for investing and financing activities:			
Bank facility and line fees		3,721	3,480
Net gain from reversal of previous property, plant and equipment revaluation changes through profit and loss	6	(600)	(1,002)
Gain on disposal of investment in associate	6	(120)	-
Gain on disposal of distribution centre	6	(1,643)	-
Gain on disposal of wholesale flower business	6	-	(1,702)
Gain on disposal of kiwifruit post-harvest and orchard assets	6	(4,814)	-
Gain on acquisition of equity interests in associate	6	-	(15,381)
Gain on revaluation of investment in subsidiary	6	-	(8,206)
Loss on sale of other property, plant and equipment	7	2,077	224
Impairment of intangible assets		-	890
Impairment of property, plant and equipment	15	-	11,351
		(1,379)	(10,346)
Impact of changes in working capital items net of effects of non-cash items, and investing and financing activities			
Decrease / (increase) in debtors and prepayments		4,021	(25,411)
(Increase) in biological assets		(1,138)	(4,104)
(Decrease) / increase in creditors and provisions		(2,333)	11,191
Decrease in inventories		12,583	6,263
(Increase) in taxation receivable		(907)	(6,967)
Total		12,226	(19,028)
Net cash inflow from operating activities		39,249	13,722

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

The following categories of trade and other receivables are subject to the expected credit loss model:

- Trade receivables
- Related party receivables
- Receivables from joint ventures and associates
- Receivables from the Ultimate Parent and associates of the Ultimate Parent

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all the above receivables as they all display the same risk profile. Related party receivables are mainly trade in nature and are on terms consistent with external customers.

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The Group considers an event of default as occurring when information obtained (internally and externally) indicates a debtor (this includes trade receivables, loan receivables, and receivables from related parties) is unlikely to pay its creditors including the Group. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information relating to the debtor and general economic conditions of the debtors. As for the exposure at default, this is represented by the assets' gross carrying amount at the reporting date.

	NOTES	2018 $'000	2017 $'000
Current			
Gross trade receivables		**121,130**	132,806
Less: provision for loss allowance		**(772)**	(540)
Prepayments		**13,978**	13,748
GST and other taxes		**5,518**	4,990
Receivables from joint ventures	21	**171**	48
Receivables from associates	22	**1,948**	1,768
Receivables from related parties	31	**7,900**	-
Receivables from Ultimate Parent	31	**455**	536
Receivables from Ultimate Parent's associate	31	**-**	83
Other receivables		**1,758**	290
Total		**152,086**	153,729
Non-current			
Trade receivables		**7,501**	7,744
Prepayments		**485**	1,677
Receivables from associates	22	**150**	179
Other receivables		**292**	437
Total		**8,428**	10,037
Total trade and other receivables		**160,514**	163,766

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysis of receivables

	Gross receivables		Impaired receivables	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not past due	**109,868**	121,978	**300**	-
Past due 1-30 days	**42,833**	28,589	**-**	118
Past due 31-60 days	**5,165**	6,610	**-**	-
Past due 61-90 days	**738**	4,469	**-**	76
Past due over 90 days	**2,682**	2,660	**472**	346
Total	**161,286**	164,306	**772**	540

Although the Group has a number of receivables aged more than 30 days past due, the risk of financial loss is mitigated as the Group has a policy of only dealing with creditworthy customers. Credit worthiness and customer limits are determined by reference to credit ratings and country ratings provided the Group's credit insurer. The Group's exposure and the credit ratings of its customers are continuously monitored.

All trade and other receivables are individually reviewed regularly for impairment as part of normal operating procedures and provided for where appropriate.

	2018 $'000	2017 $'000
Analysis of movements in the provision for loss allowance		
Balance at 1 January	**540**	4,190
Expected credit loss on adoption of NZ IFRS 9	**300**	-
Net remeasurement of loss allowance	**131**	69
Amount written off during the year	**(199)**	(3,719)
Balance at 31 December	**772**	540

The Group has numerous credit terms for various customers. These credit terms vary depending on the services provided and the customer relationship. A receivable is considered impaired if there has been any indications of significant financial difficulties for the customer or default or late payments more than 90 days overdue unless there are prior arrangements.

The Group makes advances to customers, suppliers, joint ventures and associates. All advances are within the agreed credit periods. The Group's policy requires security to be taken for advances to third parties. This security ranges from charges over property and assets to personal guarantees. The Group does not hold any collateral over these balances.

Included in the expected credit loss allowance are individually impaired receivables amounting to $0.47 million for certain balances being past due. The remaining loss allowance balance represents the expected amount of default from customers as well as advances made to customers, suppliers, joint ventures and associates over their lifetime based on historical trends of defaults from customers.

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. As the Group's historical credit loss experience does not shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Expected credit loss allowance	
	2018 $'000	2017 $'000
Probability of default	**0.28%**	0.33%
Loss given default rate	**60%**	60%
Estimated exposure at default	**178,105**	143,890
Expected loss allowance as at 31 December	**300**	300

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. INVENTORIES

Inventories are stated at the lower of cost (first in, first out basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

	2018 $'000	2017 $'000
Finished and semi-finished goods	18,752	31,003
Raw materials	290	689
Consumables (including packaging)	5,473	5,844
Balance at 31 December	24,515	37,536

The cost of inventories recognised as an expense and included in 'Purchases, raw materials and consumables used' in the income statement for the year ended 31 December 2018 amounted to $831.0 million (2017 (restated): $727.9 million).

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to hedge exchange rate and interest rate risks. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised at fair value. Any resulting gains or losses are recognised in the income statement unless the derivative financial instrument has been designated into a hedge relationship that qualifies for hedge accounting.

Cash flow hedges

Cash flow hedges are currently applied to forecast transactions that are subject to foreign currency fluctuations and future interest cash flow on loans. The Group recognises the effective portion of changes in the fair value of derivative financial instruments that qualify as cash flow hedges in other comprehensive income. These accumulate as a separate component of equity in the cash flow hedge reserve.

Gains or losses relating to the ineffective portion of a cash flow hedge are recognised in the income statement in other operating expenses. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement in revenue and cost of goods sold.

	2018 $'000	2017 $'000
Current assets		
Cash flow hedges		
Forward foreign exchange contracts	1,461	2,521
Foreign currency options	334	1,056
Fair value through profit or loss (held for trading)		
Forward foreign exchange contracts	69	105
Total	1,864	3,682
Non-current assets		
Cash flow hedges		
Forward foreign exchange contracts	720	1,293
Foreign currency options	164	297
Interest rate swaps	-	58
Total	884	1,648

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2018 $'000	2017 $'000
Current liabilities		
Cash flow hedges		
Forward foreign exchange contracts	5,177	1,256
Foreign currency options	262	466
Interest rate swaps	416	253
Fair value through profit or loss (held for trading)		
Forward foreign exchange contracts	108	43
Total	5,963	2,018
Non-current liabilities		
Cash flow hedges		
Forward foreign exchange contracts	930	963
Foreign currency options	-	250
Interest rate swaps	4,300	3,763
Total	5,230	4,976

14. BIOLOGICAL ASSETS

Biological assets consists of unharvested fruit growing on bearer plants, and are stated at fair value based on their present location and condition less estimated point-of-sale costs. Any gain or loss from changes in the fair value of biological assets is recognised in the income statement.

Point-of-sale costs include all other costs that would be necessary to sell the assets.

The fair value of the Group's apples, blueberries, citrus fruit, kiwifruit and tomatoes is determined by management using a discounted cash flow approach.

Costs are based on current average costs and referenced back to industry standard costs. The costs are variable depending on the location, planting and the variety of the biological asset. A suitable discount rate has been determined in order to calculate the present value of those cash flows. The fair value of biological assets at or before the point of harvest is based on the value of the estimated market price of the estimated volumes produced, net of harvesting and growing costs. Changes in the estimates and assumptions supporting the valuations could have a material impact on the carrying value of biological assets and reported profit.

The following significant assumptions and considerations have been taken into account in determining the fair value of the Group's biological assets:

- Forecasts for the following year based on management's view of projected cash flows, including sales and margins, adjusted for inflation, location and variety of crops.
- The Group has unhedged projected cash flows from sales in foreign currencies. These have been translated to the Group's functional currency at average exchange rates sourced from financial institutions based on forecasted sales profiles.
- Discount rates to adjust for risks inherent to the crop, including natural events, disease or any other adverse factors that may impact the quality, yield or price.
- Any significant changes to management of the crop in the current and following year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. BIOLOGICAL ASSETS (CONTINUED)

Valuation Process

Within the Group's finance team are individuals who work closely with the Group's key biological asset categories during the year. These finance team members are also responsible for performing valuations of the Group's biological assets for financial reporting purposes.

Discussions of valuation processes and results are held between the Chief Financial Officer, the Financial Controller, business division finance managers, and the finance team at least once every six-months in line with the Group's reporting requirements.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Production yields, including tray carton equivalents per hectare and tonnes per hectare, are determined based on historical production trends for each orchard and forecasted expected yields based on the underlying age and health of the orchards.
- Annual gate prices represent management's assessment of expected future returns for the biological assets based on historical trends, current market pricing, and known market factors at reporting date.
- Discount rates are determined by reference to historical trends and loss events, and an assessment of the time value of money and any risks specific for the current crop being valued.

The fair value of biological assets and the level 3 inputs to the fair value model are analysed at the end of each reporting period as part of the half-yearly discussion held with the Chief Financial Officer.

As part of the analysis the level 3 inputs are reviewed and assessed for reasonableness with reference to current market conditions. The calculated fair value of biological assets is also reviewed to determine if it is a fair reflection of management's expected returns for each crop type.

The cash outflows used in the fair value calculation include notional cash flows for land and bearer plants owned by the Group. They are based on market rent payable for orchards of similar size.

	Apples $'000	Tomatoes $'000	Citrus $'000	Grapes $'000	Other $'000	Total $'000
2017						
Balance at 1 January	17,822	1,065	2,236	32	1,788	22,943
Capitalised costs	20,437	2,049	10,384	-	3,703	36,573
Change in fair value less costs to sell	802	3,515	(669)	-	171	3,819
Decrease due to harvest	(19,135)	(4,120)	(9,748)	(32)	(3,253)	(36,288)
Balance at 31 December	19,926	2,509	2,203	-	2,409	27,047
2018						
Balance at 1 January	**19,926**	**2,509**	**2,203**	**-**	**2,409**	**27,047**
Capitalised costs	**30,737**	**1,817**	**8,011**	**1,792**	**4,270**	**46,627**
Change in fair value less costs to sell	**6,137**	**4,014**	**468**	**-**	**(259)**	**10,360**
Decrease due to harvest	**(32,927)**	**(6,160)**	**(8,949)**	**(1,792)**	**(6,021)**	**(55,849)**
Balance at 31 December	**23,873**	**2,180**	**1,733**	**-**	**399**	**28,185**

Kiwifruit has been included in the 'Other' category as the Group is moving away from its kiwifruit operations. Bluberries are a developing operation and therefore have been included in the 'Other' category.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. BIOLOGICAL ASSETS (CONTINUED)

Fair value measurement

Techniques applied by the Group which are used to value biological assets are considered to be level 3 in the fair value hierarchy. Inputs are not based on observable market data (that is, unobservable inputs). There have been no transfers between levels during the year.

The unobservable inputs used by the Group to fair value its biological assets are detailed below:

PRODUCE	UNOBSERVABLE INPUTS	RANGE OF UNOBSERVABLE INPUTS 2018	2017
Apples	Tray carton equivalent (TCE) per hectare per annum	**1,400 to 6,500**	1,800 to 6,000
	Weighted average TCE per hectare per annum	**3,652**	3,848
	Export prices per export TCE	**$10 to $65**	$20 to $60
	Weighted average export prices per export TCE per annum	**$29.22**	$31.31
	Risk-adjusted discount rate	**25%**	25%
Blueberries	Tonnes per hectare per annum	**6.5**	6.1
	Weighted average tonnes per hectare per annum	**6.5**	6.1
	Annual gate price per kilogram (kg) per season	**$8.50 to $28.00**	$12.95 to $19.65
	Weighted average gate price per kg per season	**$19.21**	$18.82
	Risk-adjusted discount rate	**18%**	18%
Citrus	Tonnes per hectare per annum	**29**	16 to 35
	Weighted average tonnes per hectare per annum	**29**	26
	Annual gate price per tonne per season	**$950 to $2,670**	$1,000 to $1,800
	Weighted average gate price per tonne per season	**$2,070**	$1,270
	Risk-adjusted discount rate	**14%**	14%
Kiwifruit	Trays per hectare per annum	**-**	8,500 to 15,000
	Weighted average trays per hectare per annum	**-**	8,656
	Annual gate price per trays per season	**-**	$2.20 to $8.77
	Weighted average gate price per tray per season	**-**	$4.33
	Risk-adjusted discount rate	**-**	18%
Tomatoes	Tonnes per hectare per annum	**180 to 605**	174 to 620
	Weighted average tonnes per hectare per annum	**420**	430
	Annual price per kg per season	**$1.43 to $18.28**	$1.21 to $17.59
	Weighted average price per tonne per season	**$4.10**	$3.50
	Risk-adjusted discount rate	**25%**	25%

As the yield per hectare and gate price or export price per TCE increases, the fair value of biological assets increases. As the discount rate used increases, the fair value of biological assets decreases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. BIOLOGICAL ASSETS (CONTINUED)

Risk

Being involved in agricultural activity, the Group is exposed to financial risks arising from adverse climatic or natural events. Financial risk also arises through adverse changes in market prices or volumes harvested, and adverse movements in foreign exchange rates.

Price risk is mitigated by close monitoring of commodity prices and factors that influence those commodity prices. The Group also takes reasonable measures to ensure that harvests are not affected by climatic and natural events, disease, or any other factors that may negatively impact on the quality and yield of crop. Foreign currency risk is mitigated by using derivative instruments such as foreign currency hedging contracts to hedge foreign currency exposure.

Activity on productive owned and leased land

The productive owned and leased land growing different types of biological assets and by agricultural produce types are detailed in the table below:

	HECTARES		PRODUCTION UNITS		
	2018	**2017**	**2018**	**2017**	**Unit Measure**
Apples	**710**	756	**1,610,435**	1,800,272	TCE
Blueberries	**11**	11	**50,839**	58,996	kg
Citrus	**133**	153	**3,975,307**	3,825,968	kg
Grapes	**74**	48	**99,000**	-	kg
Kiwifruit	**46**	46	**682,168**	340,712	class 1 trays
Tomatoes	**28**	29	**11,889,015**	12,265,000	kg
Other	**1**	1	**20,833**	32,870	kg

15. PROPERTY, PLANT AND EQUIPMENT

Commercial land and improvements, orchard land and improvements, and buildings are stated at their fair value less accumulated depreciation and impairment losses. All other items of property, plant and equipment are stated at their cost less accumulated depreciation and impairment losses.

Revaluations

The Group's policy is to revalue commercial land and improvements, orchard land and improvements, and buildings every three years with valuations being performed by independent registered valuers based on the price that would be received to sell the asset in an orderly transaction between market participants under current market conditions. Valuation assessments are performed earlier than every three years if market evidence suggests that property values have moved materially since the time of the last valuation assessment.

All property valuers used are members of the New Zealand Institute of Valuers, with the exception of the valuers appointed in Belgium, Peru and the United Kingdom who have the appropriate expertise as required in those jurisdictions.

The revaluations are conducted on a systematic basis across the Group so that the asset revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at balance date. Where valuations are not obtained for land and improvements, and buildings, the carrying values of these assets are reassessed for any material change.

Any increase in value that offsets a previous decrease in value of the same asset is charged to the income statement. Any other increase is recognised directly in other comprehensive income and accumulated in the asset revaluation reserve. Any decrease in value that offsets a previous increase in value of the same asset is charged against the revaluation reserve. Any other decrease in value is charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation

Depreciation of property, plant and equipment, other than commercial and orchard land which is not depreciated, is calculated on a straight-line basis so as to expense the cost of the assets, or the revalued amounts, to their expected residual values over their useful lives as follows:

- Commercial land improvements — 15 to 50 years
- Orchard land improvements — 15 to 50 years
- Buildings — 15 to 50 years
- Bearer plants — 7 to 40 years
- Glasshouses — 33 years
- Motor vehicles — 5 to 7 years
- Plant and equipment and hire containers — 3 to 15 years

Impairment

Items of property, plant and equipment are assessed for indicators of impairment at each reporting date. Impairment losses are recognised in profit or loss in the period in which they arise.

	Commercial land and improvements $'000	Orchard land and improvements $'000	Buildings $'000	Bearer plants $'000	Glasshouses $'000	Motor vehicles $'000	Plant and equipment and hire containers $'000	Work in progress $'000	Total $'000
At 1 January 2017									
Cost or valuation	67,745	55,697	152,281	25,495	27,850	6,626	207,651	28,202	571,547
Accumulated depreciation and impairment	(1,057)	(856)	(10,648)	(3,459)	(9,297)	(4,270)	(147,986)	-	(177,573)
Net carrying amounts	66,688	54,841	141,633	22,036	18,553	2,356	59,665	28,202	393,974
Year ended 31 December 2017									
Opening net carrying amounts	66,688	54,841	141,633	22,036	18,553	2,356	59,665	28,202	393,974
Additions and transfers	(1,403)	2,874	3,430	6,947	4	996	7,753	(227)	20,374
Additions through business acquisition	1,725	-	8,323	-	-	-	2,895	-	12,943
Depreciation	(925)	(461)	(6,160)	(1,695)	(1,247)	(629)	(10,497)	-	(21,614)
Impairment through profit or loss	-	-	(1,870)	-	-	(7)	(9,254)	(220)	(11,351)
Disposals	(4)	(6)	(473)	-	-	(103)	(291)	(234)	(1,111)
Revaluations	12,295	15,135	15,999	-	-	-	-	-	43,429
Depreciation write back on revaluations	1,720	594	10,379	-	-	-	-	-	12,693
Foreign exchange movements	221	34	1,107	-	-	(63)	499	(154)	1,644
Closing net carrying amounts	80,317	73,011	172,368	27,288	17,310	2,550	50,770	27,367	450,981
At 31 December 2017									
Cost or valuation	80,564	73,682	178,498	32,652	27,854	7,122	204,422	27,367	632,161
Accumulated depreciation	(247)	(671)	(6,130)	(5,364)	(10,544)	(4,572)	(153,652)	-	(181,180)
Net carrying amounts	80,317	73,011	172,368	27,288	17,310	2,550	50,770	27,367	450,981

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Commercial land and improvements $'000	Orchard land and improvements $'000	Buildings $'000	Bearer plants $'000	Glasshouses $'000	Motor vehicles $'000	Plant and equipment and hire containers $'000	Work in progress $'000	Total $'000
At 1 January 2018									
Cost or valuation	80,564	73,682	178,498	32,652	27,854	7,122	204,422	27,367	632,161
Accumulated depreciation and impairment	(247)	(671)	(6,130)	(5,364)	(10,544)	(4,572)	(153,652)	-	(181,180)
Net carrying amounts	80,317	73,011	172,368	27,288	17,310	2,550	50,770	27,367	450,981
Year ended 31 December 2018									
Opening net carrying amounts	80,317	73,011	172,368	27,288	17,310	2,550	50,770	27,367	450,981
Additions	471	1,324	1,186	3,648	-	377	4,426	17,443	28,875
Reclassifications	97	119	1,992	715	-	63	3,170	(6,156)	-
Transferred to prepayments	-	-	-	-	-	-	-	(4,584)	(4,584)
Transferred to investment property	(6,037)	-	(9,279)	-	-	-	-	-	(15,316)
Depreciation	(1,647)	(691)	(6,217)	(1,662)	(1,244)	(591)	(10,011)	-	(22,063)
Disposals	(5,495)	(8,826)	(15,294)	(2,207)	-	(108)	(3,700)	(5,526)	(41,156)
Reversal of impairment	-	600	-	-	-	-	-	-	600
Depreciation write back on revaluations	-	-	(10)	-	-	-	-	-	(10)
Foreign exchange movements	(83)	23	(1,027)	(280)	-	(45)	424	207	(781)
Closing net carrying amounts	67,623	65,560	143,719	27,502	16,066	2,246	45,079	28,751	396,546
At 31 December 2018									
Cost or valuation	69,391	66,999	156,565	34,151	27,854	6,613	153,031	28,751	543,355
Accumulated depreciation	(1,768)	(1,439)	(12,846)	(6,649)	(11,788)	(4,367)	(107,952)	-	(146,809)
Net carrying amounts	67,623	65,560	143,719	27,502	16,066	2,246	45,079	28,751	396,546

Leased assets

'Glasshouses' and 'Plant and equipment and hire containers' asset classes include the following amounts where the Group is a lessee under a finance lease:

	2018 $'000	2017 $'000
Cost of capitalised finance leases	1,750	3,114
Accumulated depreciation	(1,604)	(2,439)
Carrying amount	146	675

The Group leases glasshouses and other sundry equipment under non-cancellable finance lease agreements. The lease terms are between three and six years, and ownership of the assets lies with the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluations

The methods and valuation techniques used for assessing the current market value of commercial land and improvements, orchard land and improvements, and buildings by external valuers are disclosed on the following page. Changes in the estimates and assumptions underlying the valuation approaches could have a material effect on the carrying amounts of the properties, with changes in value reflected either in other comprehensive income or through the income statement as appropriate in accordance with the Group's accounting policy.

The following table presents the valuers and valuation techniques of the most recent valuation of the Group's commercial land and improvements, and buildings. The last revaluation was carried out in the prior year between September and November 2017.

PROPERTY	VALUER
Depreciation replacement cost / discounted cash flow / income capitalisation approach	
153 Waipapa Road, Kerikeri	Telfer Young
29 Stuart Road, Pukekohe	Telfer Young
20 Mihaere Drive, Roslyn, Palmerston North	Telfer Young
39 Dakota Crescent, Wigram, Christchurch	Telfer Young
484 Nayland Road, Stoke, Nelson	Telfer Young
220 Fryatt Street, Dunedin Central, Dunedin	Telfer Young
Depreciation replacement cost / discounted cash flow / income capitalisation / market comparison approach	
2-6 Monahan Road, Mt Wellington, Auckland	Telfer Young
Depreciation replacement cost / income capitalisation approach	
5125 Roxburgh-Ettrick Road, Ettrick, Roxburgh	Telfer Young
Depreciation replacement cost / market comparison approach	
153 Harrisville Road, Tuakau, Waikato	Telfer Young
292 Harrisville Road, Tuakau, Waikato	Telfer Young
133 Lynd Road, Ohaupo, Waipa	Telfer Young
3057 Broadlands Road, Broadlands, Rotorua	Telfer Young
657 Main Road, Riwaka, Motueka	Telfer Young
99 Swamp Road, Riwaka, Motueka	Telfer Young
83 Swamp Road, Riwaka, Motueka	Telfer Young
101 Motueka River West Bank Road, Brooklyn, Motueka	Telfer Young
Income capitalisation approach	
241 Evenden Road, Twyford, Hastings	Logan Stone
22-32 Whakatu Road, Whakatu, Hastings	Logan Stone
2 Anderson Road, Whakatu, Hastings	Logan Stone
Market comparison approach	
37 Goodall Road, Riwaka, Motueka	Telfer Young
655 Main Road, Riwaka, Motueka	Telfer Young
3800 Sint-Truiden, Belgium	Vangronsveld & Vranken
Apple Way, Pinchbeck, Spalding, United Kingdom	Jones Lang LaSalle

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluations (continued)

The following table presents the valuers and valuation techniques of the most recent valuation of the Group's orchard land and improvements. The last revaluation was carried out in the prior year between October and December 2017.

PROPERTY	VALUER
Depreciation replacement cost / market comparison approach	
Kerikeri orchards, Kerikeri	Logan Stone
Apollo orchards, Heretaunga Plains, Hawke's Bay	Logan Stone
2 Anderson Road, Whakatu	Logan Stone
66 Trotter Road, Twyford, Hastings	Logan Stone
Ormond Road, Twyford, Hastings	Logan Stone
Raupare Road, Twyford, Hastings	Logan Stone
Tambo Grande District, Sullana Province, Piura, Peru	Invalsa

The principal valuation approaches used by the valuers during their valuations of commercial land and improvements, orchard land and improvements, and buildings, and the impact of a change in a significant unobservable valuation input are described below.

PRINCIPAL VALUATION APPROACH AND DESCRIPTION OF APPROACH	RELATIONSHIPS OF UNOBSERVABLE INPUTS TO FAIR VALUE
Depreciation replacement cost approach This approach involves assessing the replacement cost of building and site improvements, adjusting this cost for depreciation and any obsolescence and the market value of land.	The higher the replacement cost after adjustments, the higher the fair value.
Discounted cash flow approach This approach is based on the future projection of rental income cash flows discounted back to their present value, with inputs which include:	
• Discount rates with a range from 8.5% to 13.5%	The higher the discount rate, the lower the fair value.
• Terminal yield rates with a range from 7.5% to 12.3%	The higher the terminal yield rate, the lower the fair value.
• Investment horizon of 10 years	The longer the investment horizon, the higher the fair value.
• Rental growth estimated at between 0.1% to 9.3% per annum.	The higher the rental growth rate, the higher the fair value.
Income capitalisation approach This approach capitalises the actual contract and / or potential income at an appropriate market derived rate of return. Capitalisation rates applied range from 7.3% to 12.0%.	The higher the capitalisation rate, the lower the fair value.
Market comparison approach This approach analyses comparable sales evidence to a sale price per square metre of floor area and makes adjustment to these rates to reflect differences in the location, size and quality of the buildings, together with an adjustment for any market movement since the sales occurred.	The higher the sale price per square metre after adjust-ments, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings at historical cost

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2018 $'000	2017 $'000
Commercial land and improvements		
Cost	**27,761**	36,470
Accumulated depreciation and impairment	**(7,716)**	(6,220)
Net carrying amount	**20,045**	30,250
Orchard land and improvements		
Cost	**65,648**	74,149
Accumulated depreciation and impairment	**(20,296)**	(19,893)
Net carrying amount	**45,352**	54,256
Buildings		
Cost	**134,638**	146,643
Accumulated depreciation and impairment	**(48,909)**	(50,080)
Net carrying amount	**85,729**	96,563

Fair value measurement

Techniques applied by the Group which are used to value certain classes of property, plant and equipment are considered to be **level 3** in the fair value hierarchy. Inputs are not based on observable market data (that is, unobservable inputs). There have been no transfers between levels during the year.

The following values represent fair value at the time of valuation, plus additions and less disposals and accumulated depreciation, since the date of valuations. Management have assessed that these values represent fair value.

	2018 $'000	2017 $'000
Commercial land and improvements	**67,623**	80,317
Orchard land and improvements	**65,560**	73,011
Buildings	**143,719**	172,368
Total	**276,902**	325,696

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. INVESTMENT PROPERTY

Investment properties are properties held either to earn rental income, for capital appreciation or for both.

Investment properties are measured at fair value as determined by property valuers who are members of the New Zealand Institute of Valuers. Revaluations are conducted annually.

The fair value is determined based on quoted market prices and is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Transfers are made to investment properties when there is a change in use of the property. This may be evidenced by ending owner occupation, commencement of an operating lease to another party or commencement of construction or development for future use as investment property.

Investment properties are derecognised when they have been disposed of. Any gains arising from a change in fair value are recognised in the income statement as part of 'other operating income'. Any losses arising from a change in fair value are recognised in the income statement as part of 'other operating expenses'.

Investment property comprises of the commercial property on 490 Nayland Road, Stoke, Nelson which was previously an owner occupied property. During the year this property was leased to external parties for the operation of a food ingredients and juicing business. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

	2018 $'000
At fair value	
Balance at 1 January	**-**
Transfers from property, plant and equipment	**15,316**
Balance at 31 December	**15,316**

Valuation approach

The carrying amount of investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The property was valued by Telfer Young in the prior year between September and November 2017. The property was valued at the average of the depreciation replacement cost, discounted cash flow and income capitalisation approach methods. Refer to note 15 for details of the methods of valuation and key assumptions used.

The property is leased out under an operating lease. Rental income earned by the Group from its investment property amounted to $0.1 million (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. INTANGIBLE ASSETS

Intangible assets, except for goodwill acquired by the Group, are stated at cost less accumulated amortisation and impairment losses.

Software, licences and capitalised costs of developing systems are recorded as intangible assets, unless they are directly related to a specific item of hardware and recorded as property, plant and equipment, and are amortised over a period of three to eight years.

Acquired brands are amortised over their anticipated useful lives of 10 to 25 years where they have a finite life.

Goodwill is recorded at cost less any accumulated impairment losses. Goodwill and any other intangible assets with indefinite useful lives are tested for impairment at each balance date.

	Goodwill $'000	Software $'000	Plant variety rights $'000	Other intangibles $'000	Total $'000
At 1 January 2017					
Cost	14,858	20,892	3,926	5,978	45,654
Accumulated amortisation	-	(14,990)	(3,670)	(659)	(19,319)
Net carrying amounts	14,858	5,902	256	5,319	26,335
Year ended 31 December 2017					
Opening carrying amounts	14,858	5,902	256	5,319	26,335
Additions	-	2,244	709	331	3,284
Additions through business acquisition	5,595	111	-	3,582	9,288
Amortisation	-	(1,338)	(2)	(425)	(1,765)
Impairment through profit or loss from continuing operations	-	(634)	-	-	(634)
Impairment through profit or loss from discontinued operations	-	(256)	-	-	(256)
Disposals	-	47	-	(5)	42
Foreign exchange movements	616	26	1	695	1,338
Net carrying amounts	21,069	6,102	964	9,497	37,632
At 31 December 2017					
Cost	21,069	22,822	4,637	10,632	59,160
Accumulated amortisation	-	(16,720)	(3,673)	(1,135)	(21,528)
Net carrying amounts	21,069	6,102	964	9,497	37,632
Year ended 31 December 2018					
Opening carrying amounts	**21,069**	**6,102**	**964**	**9,497**	**37,632**
Additions	**-**	**1,288**	**3**	**13**	**1,304**
Amortisation	**-**	**(1,031)**	**(5)**	**(445)**	**(1,481)**
Disposals	**-**	**(237)**	**(5)**	**(16)**	**(258)**
Foreign exchange movements	**(253)**	**(10)**	**2**	**(339)**	**(600)**
Net carrying amounts	**20,816**	**6,112**	**959**	**8,710**	**36,597**
At 31 December 2018					
Cost	**20,816**	**22,601**	**4,637**	**10,067**	**58,121**
Accumulated amortisation	**-**	**(16,489)**	**(3,678)**	**(1,357)**	**(21,524)**
Net carrying amounts	**20,816**	**6,112**	**959**	**8,710**	**36,597**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

The discount rate used for the purposes of goodwill impairment testing is based on a calculated weighted average cost of capital adjusted for risks specific to the cash-generating units. The weighted average cost of capital is based on the cost of debt and cost of equity weighted accordingly between the relative percentages of debt and equity. The cost of debt is the actual cost of debt and the cost of equity is calculated using the capital asset pricing model.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as to future profitability of the relevant cash-generating units to which goodwill has been allocated and the choice of a suitable discount rate in order to calculate the present value of those cash flows.

Goodwill held by the Group relates to acquisitions of Status Produce Limited, the Delica Group (including cash-generating units of Delica Limited, Delica Australia Pty Limited and T&G Vizzarri Farms Pty Limited) and Worldwide Fruit Limited.

Goodwill

	2018 $'000	2017 $'000
Delica Limited	**2,104**	2,104
Delica Australia Pty Limited	**3,247**	3,414
Status Produce Limited	**7,989**	7,989
T&G Vizzarri Farms Pty Limited	**1,587**	1,673
Worldwide Fruit Limited	**5,889**	5,889
Total	**20,816**	21,069

The key assumptions used for the value-in-use calculations are as follows:

	EBIT growth rate		Discount rate		Terminal growth rate	
	2018	2017	2018	2017	2018	2017
Cash-generating units						
Delica Limited	**2.00%**	2.00%	**10.60%**	10.60%	**2.00%**	2.00%
Delica Australia Pty Limited	**2.00%**	2.00%	**10.60%**	10.60%	**2.00%**	2.00%
Status Produce Limited	**2.00%**	2.00%	**10.60%**	10.60%	**2.00%**	2.00%
T&G Vizzarri Farms Pty Limited	**2.00%**	2.00%	**10.60%**	10.60%	**2.00%**	2.00%
Worldwide Fruit Limited	**2.00%**	2.00%	**13.00%**	13.00%	**2.00%**	2.00%

The calculations support the carrying amount of recorded goodwill. Management believes that any reasonable change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount.

18. COMMITMENTS

Capital commitments

As at 31 December, the Group is committed to the following capital expenditure:

	2018 $'000	2017 $'000
Property, plant and equipment	**7,166**	2,876
Intangible assets	**3**	-
Total	**7,169**	2,876

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. COMMITMENTS (CONTINUED)

Operating leases

When the Group is the lessee

The Group leases certain property, plant and equipment. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term.

When the Group is the lessor

Rental revenue (net of any incentives given to lessees) is recognised as revenue on a straight-line basis over the lease term. All properties leased to third parties under operating leases are included in 'Property, plant and equipment' on the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment.

Operating leases payable

Operating leases held over properties give the Group the right, in most cases, to renew the lease subject to a redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of the leased operating plant and equipment.

The following amounts have been committed to by the Group as payable to lessors in future periods, but are not recognised in the financial statements:

	2018 $'000	2017 $'000
Within one year	**12,057**	15,940
One to two years	**8,923**	12,417
Two to five years	**17,756**	24,802
Later than five years	**24,181**	25,721
Total	**62,917**	78,880

Operating leases receivable

The following amounts are minimum committed lease payments receivable from tenants / sub-tenants in future periods, but are not recognised in the financial statements:

	2018 $'000	2017 $'000
Within one year	**1,959**	1,584
One to two years	**1,409**	1,060
Two to five years	**1,541**	1,695
Later than five years	**-**	19
Total	**4,909**	4,358

Operating leases receivable amounts are generated from the following classes of assets:

	2018 $'000	2017 $'000
Commercial land and buildings		
Cost or valuation at 31 December	**8,272**	8,654
Accumulated depreciation	**(264)**	(23)
Carrying amounts	**8,008**	8,631
Depreciation charged during the year	**243**	227

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. COMMITMENTS (CONTINUED)

All properties, including those leased to third parties, are revalued on a cyclical basis (refer to note 15). This results in accumulated depreciation up to the date of revaluation being reversed and subsequently the asset is depreciated on the revalued amount from the date of revaluation.

For the properties leased to third parties that are partly occupied by the Group, the proportion leased externally has been estimated based on land area occupied by third party tenants and this estimation method has been applied consistently across all leased properties.

19. 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 food assets in Hastings and the fruit ingredient 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 comprised the processed foods business of ENZAFOODS New Zealand Limited.

Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations included in the Group's income statement for the year are set out below. The comparative profit and loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2018 $'000	2017 $'000
Profit for the year from discontinued operations		
Revenue	**9,249**	38,321
Other gains	**-**	329
	9,249	38,650
Expenses	**(11,325)**	(58,279)
Loss before income tax	**(2,076)**	(19,629)
Attributable income tax benefit	**-**	1,980
Loss for the year from discontinued operations attributable to equity holders	**(2,076)**	(17,649)

	2018 $'000	2017 $'000
Cashflow from discontinued operations		
Net cash inflow from operating activities	**859**	1,095
Net cash inflow / (outflow) from investing activities	**4,799**	(562)
Net cash outflow from financing activities	**(7,926)**	(36)
Net cash (outflow) / inflow	**(2,268)**	497

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. INVESTMENTS IN SUBSIDIARIES

Significant subsidiaries of the Group are listed below:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 2018	2017	PRINCIPAL ACTIVITY
Apollo Apples (2014) Limited (1)	New Zealand	**-**	100	Horticulture operations
Berryfruit New Zealand Limited (2)	New Zealand	**-**	100	Horticulture operations
Delica Limited	New Zealand	**100**	100	Fruit exporter
Delica Australia Pty Limited	Australia	**100**	100	Fruit exporter
Delica Domestic Pty Limited	Australia	**80**	80	Fruit and produce wholesale distributor
Delica North America, Inc.	United States of America	**50**	50	Fruit exporter
Delica (Shanghai) Fruit Trading Company Limited	China	**100**	100	In-market services and fruit importer
ENZAFRUIT New Zealand (CONTINENT)	Belgium	**100**	100	Pipfruit marketing
ENZAFRUIT New Zealand International Limited	New Zealand	**100**	100	Pipfruit sales and marketing
ENZAFRUIT Peru S.A.C	Peru	**100**	100	Horticulture operations
ENZAFRUIT Products Inc.	United States of America	**100**	100	Fruit variety development and propagation
Fruit Distributors Limited	New Zealand	**100**	100	Investment company
Fruitmark NZ Limited (3)	New Zealand	**-**	100	Processed foods broking
Fruitmark Pty Limited	Australia	**100**	100	Processed foods broking
Fruitmark USA Inc.	United States of America	**100**	100	Processed foods broking
Status Produce Limited	New Zealand	**100**	100	Horticulture operations
Status Produce Favona Road Limited	New Zealand	**100**	100	Leased property holding
T&G Fruitmark HK Limited	Hong Kong	**100**	100	Processed foods broking
T&G Insurance Limited	New Zealand	**100**	100	Captive insurance provider
T&G Japan Limited	Japan	**100**	100	In-market services and fruit importer
T&G Processed Foods Limited (4)	New Zealand	**100**	100	Processed foods sales and marketing (4)
T&G South East Asia Limited	Thailand	**100**	100	In-market services and fruit importer
T&G Vizzarri Farms Pty Limited	Australia	**50**	50	Fruit and produce wholesale distributor
Taipa Water Supply Limited	New Zealand	**65**	65	Water supply
Turners & Growers (Fiji) Limited	Fiji	**70**	70	Fresh produce importer
Turners & Growers Fresh Limited	New Zealand	**100**	100	Fresh produce wholesale distributor
Turners & Growers New Zealand Limited	New Zealand	**100**	100	Shared services provider
Turners and Growers Horticulture Limited	New Zealand	**100**	100	Horticulture operations
Worldwide Fruit Limited	United Kingdom	**50**	50	Pipfruit importer and packing services

The balance date of all subsidiaries is 31 December.

(1) On 1 January 2018, Apollo Apples (2014) Limited was amalgamated into ENZAFRUIT New Zealand International Limited.

(2) On 27 July 2018, Berryfruit New Zealand Limited was amalgamated into Turners and Growers Horticulture Limited.

(3) On 18 May 2018, Fruitmark NZ Limited was amalgamated into Berryfruit New Zealand Limited.

(4) On 20 April 2018, ENZAFOODS New Zealand Limited changed its name to T&G Processed Foods Limited with its principal activity changing from manufacturer of processed fruit and vegetable products to the sales and marketing of processed food. Refer to note 19 for further information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS	
		2018	2017
Delica North America, Inc.	United States of America	**50%**	50%
Worldwide Fruit Limited	United Kingdom	**50%**	50%

NAME OF ENTITY	PROFIT ALLOCATED TO NON-CONTROLLING INTERESTS		ACCUMULATED NON-CONTROLLING INTERESTS	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Delica North America, Inc.	**1,178**	233	**3,993**	3,195
Worldwide Fruit Limited	**2,142**	1,796	**6,788**	6,080
Individually immaterial subsidiaries with non-controlling interests	**1,417**	1,189	**2,540**	2,544

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information represents amounts before intragroup eliminations.

Delica North America, Inc.

The terms of the shareholders' agreement of Delica North America, Inc. specify that the Group has the right to appoint three of the entity's five directors. The Group therefore has the ability to approve the annual business plan and annual budget, as well as dictate the direction of other fundamental business matters of the entity.

This satisfies the criteria set out in NZ IFRS 10 *Consolidated Financial Statements* around achieving control over an entity and consequently, Delica North America, Inc. is accounted for as a subsidiary by the Group.

	2018 $'000	2017 $'000
Balance sheet		
Current assets	**31,494**	27,084
Non-current assets	**151**	148
Current liabilities	**24,435**	21,213
Non-current liabilities	**47**	43
Equity attributable to owners of the company	**3,170**	2,780
Non-controlling interests	**3,993**	3,196
Income statement		
Revenue	**113,673**	99,504
Expenses	**(111,317)**	(97,841)
Profit for the year	**2,356**	1,663

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Delica North America, Inc. (continued)

	2018 $'000	2017 $'000
Income statement (continued)		
Profit attributable to owners of the Company	**1,178**	1,430
Profit attributable to non-controlling interests	**1,178**	233
Profit for the year	**2,356**	1,663
Dividends paid to non-controlling interests	**1,170**	1,108
Cashflow		
Net cash inflow from operating activities	**2,374**	773
Net cash outflow from investing activities	**(1,015)**	(881)
Net cash outflow from financing activities	**(70)**	(70)
Total net cash inflow / (outflow)	**1,289**	(178)

Worldwide Fruit Limited

The shareholders' agreement specifies that the Group has the right to approve Worldwide Fruit Limited's annual business plan and annual budget, and the right to approve the appointment of the Chief Executive Officer.

This satisfies the criteria set out in NZ IFRS 10 Consolidated Financial Statements around achieving control over an entity and consequently, Worldwide Fruit Limited is accounted for as a subsidiary by the Group.

	2018 $'000	2017 $'000
Balance sheet		
Current assets	**35,921**	29,349
Non-current assets	**15,615**	16,706
Current liabilities	**35,371**	32,699
Non-current liabilities	**951**	86
Equity attributable to owners of the company	**8,426**	7,190
Non-controlling interests	**6,788**	6,080
Income statement		
Revenue	**258,406**	215,490
Expenses	**(254,122)**	(211,898)
Profit for the year	**4,284**	3,592
Profit attributable to owners of the Company	**2,142**	1,796
Profit attributable to non-controlling interests	**2,142**	1,796
Profit for the year	**4,284**	3,592
Dividends paid to non-controlling interests	**594**	-
Cashflows		
Net cash inflow from operating activities	**7,204**	2,088
Net cash outflow from investing activities	**(1,783)**	(241)
Net cash outflow from financing activities	**(3,170)**	(2,985)
Total net cash inflow / (outflow)	**2,251**	(1,138)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. INVESTMENTS IN JOINT VENTURES

Under the equity method, an investment in a joint venture is initially recognised in the balance sheet at cost. The investment is adjusted for the Group's share of the profit or loss and other comprehensive income of the joint venture which is recognised from the date that joint control begins, until the date that joint control ceases.

Investments in joint ventures are assessed for indicators of impairment at each reporting date.

Set out below are the joint ventures of the Group as at 31 December 2018. The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group.

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

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 2018	OWNERSHIP INTEREST (%) 2017	PRINCIPAL ACTIVITY
Growers Direct Limited	United Kingdom	**50**	50	Pipfruit importer
Wawata General Partner Limited	New Zealand	**50**	50	Horticulture operations

The balance date of all joint ventures is 31 December.

For the purposes of applying the equity method of accounting, management accounts of the companies for the period ended 31 December 2018 have been used. Differences in accounting policies between the Group and the joint ventures have been adjusted for.

None of the Group's joint ventures as at 31 December 2018 are considered to be material to the Group during the period.

The Group's share of profit and the carrying amounts of the Group's interest in all joint ventures are presented below:

	2018 $'000	2017 $'000
Group's share of profit and comprehensive income of joint ventures	**694**	908
Carrying amount of the Group's interest in joint ventures	**4,490**	4,543

Transactions with joint ventures of the Group

The Group has entered into the following transactions with its joint ventures during the year:

	2018 $'000	2017 $'000
Sale of produce to joint ventures	**1,844**	1,726
Purchase of produce from joint ventures	**(63)**	(371)
Services provided to joint ventures	**1,277**	1,040
Current receivables owing from joint ventures	**171**	48
Dividends from joint ventures received by the Group	**750**	950

22. INVESTMENTS IN ASSOCIATES

Under the equity method, an investment in an associate is initially recognised in the balance sheet at cost. The investment is adjusted for the Group's share of the profit or loss and other comprehensive income of the associate which is recognised from the date that significant influence begins, until the date that significant influence ceases.

Investments in associates are assessed for indicators of impairment at each reporting date.

Set out on the following pages are the associates of the Group as at 31 December 2018. The associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

22. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's investments in associates in 2018 and 2017 are:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 2018	OWNERSHIP INTEREST (%) 2017	PRINCIPAL ACTIVITY
Allen Blair Properties Limited	New Zealand	**33**	33	Property investment
Grandview Brokerage LLC	United States of America	**39**	39	Investment company
Intelligent Fruit Vision Limited	United Kingdom	**24**	24	Orchard technology development
McKay Shipping Limited (1)	New Zealand	**-**	25	Shipping
Mystery Creek Asparagus Limited (2)	New Zealand	**15**	15	Horticulture operations
POP Worldwide Limited	United Kingdom	**24**	24	Stonefruit importer
The Fruit Firm Limited	United Kingdom	**20**	20	Stonefruit importer and packing services

(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.

POP Worldwide Limited has a balance date of 28 February, and Allen Blair Properties Limited, Mystery Creek Asparagus Limited and The Fruit Firm Limited have a balance date of 31 March. These were the balance dates established when the companies were incorporated and it is impractical for the companies to change their balance dates. The remaining associates of the Group have a balance date of 31 December.

For the purposes of applying the equity method of accounting, management accounts of the companies for the period ended 31 December 2018 have been used. Differences in accounting policies between the Group and the associates have been adjusted for.

Summarised financial information for material associate

Set out below is the summarised financial information for Grandview Brokerage LLC, the associate considered to be material to the Group for the period.

Grandview Brokerage LLC

	2018 $'000	2017 $'000
Balance sheet		
Current assets	**127,205**	113,303
Non-current assets	**15,673**	17,436
Current liabilities	**(114,121)**	(117,971)
Non-current liabilities	**(13,513)**	-
The above amounts of assets includes the following:		
Cash and cash equivalents	**2,790**	1,609
Income statement		
Revenue	**861,121**	643,292
Depreciation and amortisation expenses	**(258)**	(214)
Interest expense	**(1,238)**	(675)
Income tax expense	**(1,557)**	(1,382)
Profit after tax and total comprehensive income	**4,236**	(1,992)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. INVESTMENTS IN ASSOCIATES (CONTINUED)

Grandview Brokerage LLC (continued)

	2018 $'000	2017 $'000
Group's share of carrying amount		
Carrying amount from Group's share in associate	**6,005**	5,029
Goodwill on acquisition	**26,767**	25,796
Other adjustments	**(3,090)**	(2,176)
Group's adjusted share of carrying amount in associate	**29,682**	28,649
Group's share of profit from continuing operations		
Gain / (loss) from Group's share in associate	**1,700**	(785)
Other adjustments	**368**	1,361
Group's adjusted share of profit from continuing operations in associate	**2,068**	576
Dividend received from associate	**1,036**	-

The Group's share of profit and the carrying amounts of the Group's interest in all associates are presented below:

	2018 $'000	2017 $'000
Group's share of profit and comprehensive income of associates		
Grandview Brokerage LLC	**2,068**	576
David Oppenheimer & Company I, L.L.C.	**-**	108
Other	**466**	(249)
Total	**2,534**	435
Carrying amount of the Group's interest in associates		
Grandview Brokerage LLC	**29,682**	28,649
Other	**5,698**	8,553
Total	**35,380**	37,202

Transactions with associates of the Group

The Group has entered into the following transactions with its associates during the year:

	2018 $'000	2017 $'000
Sale of produce to associates	**43,930**	45,650
Purchase of produce from associates	**(181)**	(20,880)
Services provided to associates	**291**	314
Services received from associates	**(2,613)**	(2,694)
Current receivables owing from associates	**1,948**	1,768
Non-current receivables owing from associates	**150**	179
Current payables owing to associates	**(7,907)**	(8,239)
Dividends received from associates	**1,103**	4,217

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and then subsequently measured at amortised cost.

	NOTES	2018 $'000	2017 $'000
Current			
Trade payables		**88,605**	84,103
Employee entitlements		**11,553**	14,281
Accrued expenses		**25,311**	26,538
Payables to associates	22	**7,907**	8,239
Payables to Ultimate Parent	31	**-**	16
Payables to Ultimate Parent's subsidiary	31	**79**	586
Deferred payments		**-**	611
Deferred payments to related parties	31	**420**	1,070
Total		**133,875**	135,444
Non-current			
Employee entitlements		**103**	84
Deferred payments		**-**	1,064
Deferred payments to related parties	31	**134**	-
Total		**237**	1,148

24. LOANS AND BORROWINGS

Borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method.

	2018 $'000	2017 $'000
Current		
Secured borrowings	**3,865**	17,964
Unsecured borrowings	**-**	-
Finance lease liabilities	**294**	533
Total	**4,159**	18,497
Non-current		
Secured borrowings	**146,046**	163,778
Finance lease liabilities	**54**	384
Total	**146,100**	164,162

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. LOANS AND BORROWINGS (CONTINUED)

Interest rates

As at 31 December 2018 the weighted average interest rate on the secured and unsecured borrowings is 3.3% (2017: 3.1%), fixed for periods up to three months.

	2018 $'000	2017 $'000
Secured and unsecured borrowings repayment schedule		
Within one year	3,865	17,964
Between one and two years	-	163,778
Between two and five years	146,046	-
Total	149,911	181,742

Security and bank facilities

As at 31 December 2018 the Group had a term debt facility from the Bank of New Zealand, HSBC, Rabobank and Westpac amounting to $180.0 million (2017: $200.0 million). The seasonal facility is renewed annually and is not drawn as at 31 December 2018. These facilities are secured by a guarantee from the Ultimate Parent for no consideration.

The banking facilities for the 2019 year are as follows:

	Amount $'000	Expiry date
Banking facilities in New Zealand		
Term debt facility	180,000	July 2021
Seasonal facility	90,000	November 2019
Money market facility	40,000	July 2021
Overdraft facility	3,000	Uncommitted
Banking facilities in the United Kingdom		
Term debt facility	7,597	March 2019
Overdraft facility	3,798	Uncommitted
Banking facilities in Australia		
Overdraft facility	3,253	Uncommitted
Related party facilities		
Term debt facility	5,300	Uncommitted

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. LOANS AND BORROWINGS (CONTINUED)

Gross finance lease liabilities – minimum lease payments

	2018 $'000	2017 $'000
Within one year	330	554
Between one and five years	73	394
	403	948
Future finance charges on finance leases	(55)	(31)
Present value of finance lease liabilities	348	917
The present value of finance lease liabilities is as follows:		
Within one year	294	533
Between one and five years	54	384
Total	348	917

25. CONTINGENCIES

The Group has the following guarantees:

	2018 $'000	2017 $'000
Bonds and sundry facilities	75	80
Guarantees of bank facilities for associated companies	25,801	24,595
Total	25,876	24,675

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The tables on the following pages details changes in the Group's liabilities from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows from financing activities.

	Notes	Balance at 1 January 2017 $'000	Reclassifications $'000	Non-cash changes $'000	Recognised on acquisition $'000	Non-financing cash flows $'000	Financing cash flows [1] $'000	Balance at 31 December 2017 $'000
Current borrowings								
Secured borrowings	24	5,000	864	36	776	-	11,288	17,964
Unsecured borrowings	24	150	-	-	-	(150)	-	-
Finance lease liabilities	24	353	533	161	-	-	(514)	533
Total		5,503	1,397	197	776	(150)	10,774	18,497
Non-current borrowings								
Secured borrowings	24	144,000	(864)	471	4,171	-	16,000	163,778
Finance lease liabilities	24	564	(533)	353	-	-	-	384
Total		144,564	(1,397)	824	4,171	-	16,000	164,162
Other current liabilities								
Deferred payments	23	-	557	554	-	-	(500)	611
Deferred payments to related parties	23	3,445	1,070	(351)	-	-	(3,094)	1,070
Total		3,445	1,627	203	-	-	(3,594)	1,681
Other non-current liabilities								
Deferred payments	23	2,828	(557)	(108)	-	(1,099)	-	1,064
Deferred payments to related parties	23	1,023	(1,070)	47	-	-	-	-
Total		3,851	(1,627)	(61)	-	(1,099)	-	1,064
Total liabilities arising from financing activities		157,363	-	1,163	4,947	(1,249)	23,180	185,404

[1] Financing cash flows are made up of the net cash inflow / (outflow) from financing activities in the statement of cash flows with the exception of dividends paid, bank facility fees and transaction fees, which do not result in liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Notes	Balance at 1 January 2018 $'000	Reclassifications $'000	Non-cash changes $'000	Recognised on acquisition $'000	Non-financing cash flows $'000	Financing cash flows [1] $'000	Balance at 31 December 2018 $'000
Current borrowings								
Secured borrowings	24	17,964	3,001	-	-	-	(17,100)	3,865
Finance lease liabilities	24	533	415	-	-	-	(654)	294
Total		18,497	3,416	-	-	-	(17,754)	4,159
Non-current borrowings								
Secured borrowings	24	163,778	(3,086)	-	-	-	(14,646)	146,046
Finance lease liabilities	24	384	(330)	-	-	-	-	54
Total		164,162	(3,416)	-	-	-	(14,646)	146,100
Other current liabilities								
Deferred payments	23	611	(116)	98	-	-	(593)	-
Deferred payments to related parties	23	1,070	420	(10)	-	-	(1,060)	420
Total		1,681	304	88	-	-	(1,653)	420
Other non-current liabilities								
Deferred payments	23	1,064	(438)	(626)	-	-	-	-
Deferred payments to related parties	23	-	134	-	-	-	-	134
Total		1,064	(304)	(626)	-	-	-	134
Total liabilities arising from financing activities		185,404	-	(538)	-	-	(34,053)	150,813

[1] Financing cash flows are made up of the net cash inflow / (outflow) from financing activities in the statement of cash flows with the exception of dividends paid, bank facility fees and transaction fees, which do not result in liabilities on the balance sheet.

27. CAPITAL AND RESERVES

Share capital

	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Balance at 31 December	122,543,204	122,543,204	176,357	176,357

All ordinary shares on issue are fully paid and have no par value. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. There are no other classes of shares issued and no ordinary shares were issued during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. CAPITAL AND RESERVES (CONTINUED)

Revaluation and other reserves

	2018 $'000	2017 $'000
Asset revaluation reserve		
Balance at 1 January	130,619	83,224
Gain on revaluation of property, plant and equipment, gross of tax	-	55,720
Deferred tax effect on revaluation of property, plant and equipment	-	(8,300)
Transfer to retained earnings due to sale of property, plant and equipment	(15,736)	-
Deferred tax effect on sale of property, plant and equipment	3,885	-
Movements from acquisition of subsidiary	-	(25)
Balance at 31 December	118,768	130,619
Foreign currency translation reserve		
Balance at 1 January	(2,467)	(4,790)
Exchange differences on translation of foreign operations	(1,003)	2,323
Balance at 31 December	(3,470)	(2,467)
Cash flow hedge reserve		
Balance at 1 January	(1,215)	2,293
Movements in fair value	(13,634)	3,552
Reclassification of net change in fair value to income statement	6,938	(8,421)
Taxation on reserve movements	1,943	1,361
Balance at 31 December	(5,968)	(1,215)
Investments in unlisted entities revaluation reserve		
Balance at 1 January	1,827	562
Gain on revaluation of investment in unlisted entities	(177)	1,265
Sale of investment in unlisted entity	(1,650)	-
Balance at 31 December	-	1,827
Total	109,330	128,764

Revaluation and other reserves consists of the following:

RESERVE	PARTICULARS OF RESERVE
Asset revaluation reserve	The revaluation reserve relates to commercial land and improvements, orchard land and improvements, and buildings.
Foreign currency translation reserve	The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the consolidated financial statements of foreign operations into New Zealand dollars.
Cash flow hedge reserve	The cash flow hedge reserve accounts for the fair value movements of hedging instruments designated as cash flow hedges.
Investment in unlisted entities reserve	The investment in unlisted entities reserve accounts for the fair value movements of such investments during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. DIVIDENDS

	2018 $'000	2017 $'000	2018 Cents per share	2017 Cents per share
Ordinary shares				
Final dividend for prior year	7,353	7,353	6	6
Interim dividend	7,355	-	6	-
Dividends to non-controlling interests in Group subsidiaries	3,107	2,261	-	-
Total	17,815	9,614		

29. EARNINGS PER SHARE

	2018 $'000	2017 $'000
Ordinary shares		
From continuing operations	4.6	30.2
From discontinued operation	(1.7)	(14.4)
Total basic and diluted earnings per share	2.9	15.8

The earnings used to calculate basic and diluted earnings per share is net profit after tax attributable to equity holders of the Parent of $3.6 million (2017: $19.4 million).

The weighted average number of shares used to calculate basic and diluted earnings per share is 122,543,204 shares (2017: 122,543,204 shares).

30. FINANCIAL RISK MANAGEMENT

The Group is subject to a number of financial risks which arise as a result of its activities, including importing, exporting and domestic trading. Treasury activities are performed by a central treasury function and the use of derivative financial instruments is governed by the Group's policies approved by the Board. The Group does not engage in speculative transactions.

Market risk

(i) Foreign exchange risk

The Group operates internationally and has exposure to foreign currency risk as a result of transactions denominated in foreign currencies from normal trading activities. Major trading currencies include the Australian dollar, United States dollar, Euro, Japanese yen and British pounds.

The Group's foreign currency risk management policies are designed to protect the Group from exchange rate volatilities as they relate to future foreign currency payments or foreign currency receipts, and the protection of profit margins at the time foreign currency exposures are created or recognised.

To manage foreign currency risk, the Group utilises hedging instruments in the form of spot foreign exchange contracts, forward foreign exchange contracts, and currency options. Any other financial instrument must be specifically approved by the Finance, Risk, and Investment Committee on a case-by-case basis. Contracts are entered into within parameters determined by the Group's Treasury Policy and contracts generally do not exceed two years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(i) Foreign exchange risk (continued)

For the hedges of highly probable forecast sales and purchases as the critical terms of the hedge contracts and the corresponding hedged items are the same, the Group performs a qualitative assessment of hedge effectiveness. It is expected that the value of the contract and the value of the corresponding hedged item will change in opposite directions in response to movements in underlying exchange rates.

The main source of hedge ineffectiveness in the Group's hedging relationships are in the timing of cashflows, and differences in the timing of implementation of hedge contracts.

The Group uses forward foreign exchange contracts and currency options to manage these exposures with the main exposure relating to its Pipfruit export business. As at 31 December 2018, the Group held foreign exchange contracts and currency options with a contract value of $334.0 million (2017: $300.8 million).

The below tables highlight the foreign exchange cover in place, average exchange rate, notional foreign currency and New Zealand dollar value of the contracts as at 31 December:

	% of Forecast Exposure			
	2019		2020	
	Actual	Policy	Actual	Policy
USD	65.51%	31%-75%	33.44%	25%-50%
GBP	66.34%	31%-75%	33.93%	25%-50%
EUR	66.81%	31%-75%	38.24%	25%-50%
JPY	77.51% [1]	31%-75%	35.22%	25%-50%

[1] Contracts are entered into within parameters determined by the Group's Treasury Policy and contracts generally do not exceed two years. Inconsistencies to parameters determined by the Group's Treasury Policy are approved by the Board of Directors.

	Average exchange rates		Notional value: Foreign currency		Notional value: Local currency	
	2018	2017	2018 $'000	2017 $'000	2018 $'000	2017 $'000
USD	0.70	0.71	145,454	133,983	216,481	190,085
GBP	0.51	0.52	16,100	15,250	30,576	29,930
EUR	0.59	0.60	29,673	32,510	50,658	57,755
JPY	75.26	78.48	910,349	697,420	12,365	9,151

Exchange rate sensitivity

Reasonable fluctuations in foreign exchange rates were determined based on a review of the last two years' historical movements. A movement of plus or minus 10% has therefore been applied to the exchange rates to demonstrate the sensitivity to foreign currency risk of the Group.

The following sensitivity is based on the foreign currency risk exposures in existence at the balance date. The impact of a plus or minus 10% foreign exchange movement on New Zealand dollars against all trading currencies, with all other variables held constant, is illustrated below:

	-10%		+10%	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Pre-tax (profit) / loss	**(809)**	220	**662**	(180)
Equity	**(28,145)**	(6,680)	**22,993**	4,003

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

(ii) Interest risk (continued)

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

Interest rate risk is identified by forecasting cash flow requirements, short-term through to long-term. Short-term seasonal funding is provided by a syndicate of three banks. These funding arrangements are negotiated at the start of each season, on behalf of pipfruit growers who bear the interest cost.

The Group has floating rate borrowings used to fund ongoing activities, which are repriced on roll-over dates.

As at 31 December 2018, $146.0 million of interest bearing loans are subject to interest rate repricing within the next 15 months (2017: $181.7 million).

The table below highlights the weighted average interest rate and the currency profile of interest bearing loans and borrowings:

	2018		2017	
	Weighted average interest rate	Loans and borrowings $'000	Weighted average interest rate	Loans and borrowings $'000
Australian dollars	**15%**	**15**	**12%**	23
British pounds	**3%**	**3,948**	**3%**	4,828
New Zealand dollars	**3%**	**146,189**	**3%**	177,621
United States dollars	**6%**	**107**	**5%**	187
Total		**150,259**		182,659

Interest rate derivatives

The Group's treasury policy allows up to 100% (2017: 100%) of forecasted core debt to be fixed via interest rate derivatives to protect the Group from exposure to fluctuations in interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 89% (2017: 70%) of the principal outstanding. The fixed interest rates average 3.6% (2017: 3.8%). The variable rates are set at the bank bill rate 90 day settlement rate, which at balance date was 2.0% (2017: 2.0%). The contracts require settlement of net interest receivable or payable each 90 days as appropriate, and are settled on a net basis. As at 31 December 2018, the Group held swaps with a contract value of $133.9 million (2017: $114.6 million).

Hedge effectiveness is tested by matching critical terms for prospective testing and cumulative dollar offset for retrospective tests. The potential sources of hedge ineffectiveness are timing of cashflows, and differences in timing of implementation of the hedge contract.

Interest rate sensitivity

At year end, $146.0 million (2017: $160.0 million) of loans are at fixed rates for defined periods of up to three months, after which interest rates will be reset. Additionally, the Group has overnight deposits that are subject to fluctuations of interest rates. If the Group's year end loan and deposit balances had remained the same throughout the year and interest rates moved by 1% then the impact would be a $1.5 million gain or loss on pre-tax profits (2017: $1.8 million).

A 1% sensitivity has been used as this is what management estimates is a likely range within which interest rate movement for the year.

(iii) Price / commodity risk

The Group does not trade in commodity instruments and therefore is not exposed to commodity price risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

In the normal course of business, the Group is exposed to counterparty credit risks. The maximum exposure to credit risk at 31 December 2018 is equal to the carrying value for cash and cash equivalents, trade and other receivables, derivative financial instruments and a guarantee claimable of $25.8 million in the event the guarantee in Note 25 is called. Credit risk is managed by restricting the amount of cash and derivative financial instruments which can be placed with any one institution and these institutions are all New Zealand registered banks with at least a Standard & Poor's rating of A. The financial condition and credit evaluation of trade, loan receivables, receivables from joint ventures, associates and related parties are continuously considered.

Due to the nature and dispersion of the Group's customers and growers, the Group's concentration of credit risk is not considered significant.

Liquidity risk

The Group manages liquidity risk by continuously monitoring cash flows and forecasts and matching maturity profiles of financial assets and liabilities. The Group also maintains adequate headroom on its loan facilities.

Policies are established to ensure all obligations are met within a timely and cost effective manner.

The following table analyses the Group's financial liabilities into relevant contractual maturity groupings based on the remaining period at the balance date to the contractual maturity date. For the purpose of this table, it is assumed that year end interest rates applicable to the term loan will apply through to expiry of the term loan facility, even though the Group has the option to repay the loan prior to its expiry date. For cash flow hedges, the impact on the profit and loss is expected to occur at the same time as the cash flows occur.

The amounts disclosed for financial guarantees are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee.

The amounts disclosed below are contractual undiscounted cash flows at balance date:

	Carrying amount $'000	Less than six months $'000	Between six months and one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000	Total $'000
2018							
Borrowings	149,911	6,305	2,440	4,880	143,560	-	157,185
Trade and other payables (excluding employee entitlements)	122,456	122,322	-	134	-	-	122,456
Derivative financial instruments - cash flow hedges:	11,085						
Inflows		(19,449)	(144,009)	(51,254)	(3,567)	-	(218,279)
Outflows		21,344	149,624	53,540	6,135	-	230,643
Derivative financial instruments - fair value through profit or loss:	108						
Inflows		(3,451)	-	-	-	-	(3,451)
Outflows		3,559	-	-	-	-	3,559
Finance lease liabilities	348	230	182	203	20	-	635
Financial guarantees	25,876	25,876	-	-	-	-	25,876
Total	309,784	156,736	8,237	7,503	146,148	-	318,624

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

	Carrying amount $'000	Less than six months $'000	Between six months and one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000	Total $'000
2017							
Borrowings	181,742	20,184	3,066	164,472	-	-	187,722
Trade and other payables (excluding employee entitlements)	122,227	121,239	-	557	579	-	122,375
Derivative financial instruments - cash flow hedges:	6,951						
Inflows		(3,906)	(99,694)	(48,146)	(2,103)	(100)	(153,949)
Outflows		4,955	103,644	51,200	3,739	58	163,596
Derivative financial instruments - fair value through profit or loss:	43						
Inflows		(2,958)	-	-	-	-	(2,958)
Outflows		3,002	-	-	-	-	3,002
Finance lease liabilities	917	229	325	301	93	-	948
Financial guarantees	24,675	24,675	-	-	-	-	24,675
Total	336,555	167,420	7,341	168,384	2,308	(42)	345,411

Capital risk management

The main objective of capital risk management is to ensure the Group operates as a going concern, meeting debts as they fall due, maintaining the best possible capital structure and reducing the cost of capital. Group capital consists of share capital, other reserves and retained earnings. To maintain or alter the capital structure the Group has the ability to review the size of dividends paid to shareholders, return capital or issue new shares, reduce or increase debt, or sell assets.

There are a number of externally imposed bank financial covenants required as part of seasonal and term debt facilities. These covenants are calculated monthly and reported to the banks on a monthly and quarterly basis.

The key covenants are as follows:

FINANCIAL COVENANT	REQUIREMENT IMPOSED
Contingent liabilities	Contingent liabilities of the Group shall not at any time exceed 6% (2017: 6%) of total tangible assets of the Group.
Debt to debt and equity	The debt to debt and equity percentage shall not exceed the specified percentage as at the end of each month. This percentage ranges from 45% to 55% (2017: 45% to 55%).
Tangible net worth	The tangible net worth of the Group shall not be less than $270.0 million (2017: $270.0 million).
Seasonal facility stock and debtors	Seasonal facility stock and debtors of the Group shall at all times be equal to or exceed the specified ratio as at the end of each month. This ratio ranges from 1.1:1 to 1.25:1 (2017: 1.1:1 to 1.25:1).
Total net worth	The total net worth of the Ultimate Parent shall not at any time be less than EUR 750 million (2017: EUR 750 million).

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management (continued)

In addition, the Group also makes the following undertakings:

- At all times, the tangible assets of the Group entities that form part of the guaranteeing group shall not be less than 90% (2017: 90%) of the total tangible assets of the whole Group.
- At all times, the total earnings before interest and tax (EBIT as defined within the banking agreement) of the Group entities that form part of the guaranteeing group shall not be less than 75% for the period up to November 2018 and not less than 80% for the month of December 2018 (2017: not less than 75% for the year) of the total EBIT of the Group.

The Group has complied with all financial covenants during the year.

Seasonality

Due to the seasonal nature of the business the risk profile at year end is not representative of all risks faced during the year. Seasonality causes large fluctuations in the size of borrowings and debtors.

Financial instruments by category

The classification of the Group's financial assets and liabilities depends on the purpose for which the assets were acquired or liabilities were incurred. Management determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at every balance date.

Financial assets and financial liabilities classed as measured at amortised cost are carried at amortised cost less any impairment. Financial assets measured at amortised costs includes cash and cash equivalents which comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in current liabilities in the balance sheet and as a financial liability measured at amortised cost, unless there is a right of offset, and included as a component of cash and cash equivalents in the statement of cash flows.

Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value. Realised and unrealised gains arising from changes in fair value are included in the income statement.

Financial assets and financial liabilities classed as derivatives for hedging are recognised at fair value. The Group recognises the effective portion of changes in the fair value of derivative financial instruments that qualify as cash flow hedges in other comprehensive income. Gains or losses relating to the ineffective portion of a cash flow hedge are recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement.

Investments in unlisted entities are carried at fair value and classified as fair value through other comprehensive income as they are not held for trading. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income, except for dividends from those investments which are recognised in profit or loss. When investments in unlisted entities are sold, the accumulated fair value adjustments are recycled directly through retained earnings.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial assets

	Measured at amortised cost $'000	Fair value through profit or loss (mandatory) $'000	Derivatives for hedging $'000	Equity instruments designated at fair value through OCI $'000	Total $'000
2018					
Cash and cash equivalents	**36,778**	**-**	**-**	**-**	**36,778**
Trade and other receivables (excluding prepayments and taxes)	**140,533**	**-**	**-**	**-**	**140,533**
Investment in unlisted entities	**-**	**-**	**-**	**106**	**106**
Derivative financial instruments	**-**	**69**	**2,679**	**-**	**2,748**
Total	**177,311**	**69**	**2,679**	**106**	**180,165**
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

The Group previously held shares in Zespri Group Limited which were classified as an investment in unlisted entity measured at fair value through other comprehensive income.

On 20 April 2018, these shares were sold to Seeka Limited as part of a wider transaction to sell the Group's kiwifruit orchards and post-harvest facilities. The fair value of the shares at time of the sale was $1.91 million. A gain on sale of $0.09 million was recognised in the income statement by the Group as a result of the sale.

Financial liabilities

	Measured at amortised cost $'000	Fair value through profit or loss (held for trading) $'000	Derivatives for hedging $'000	Total $'000
2018				
Borrowings	**149,925**	**-**	**-**	**149,925**
Trade and other payables (excluding employee entitlements)	**122,456**	**-**	**-**	**122,456**
Finance lease liabilities	**348**	**-**	**-**	**348**
Derivative financial instruments	**-**	**108**	**11,085**	**11,193**
Total	**272,729**	**108**	**11,085**	**283,922**
2017				
Borrowings	181,742	-	-	181,742
Trade and other payables (excluding employee entitlements)	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)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurement

Techniques applied by the Group which use methods and assumptions to estimate the fair value of financial assets and liabilities are considered to be **level 2** in the fair value hierarchy.

The fair value derivative instruments designated in a hedging relationship is determined using the following valuation techniques:

• Foreign currency forward exchange contracts have been fair valued using quoted forward exchange rates and discounted using yield curves from quoted interest rates that match the maturity dates of the contracts.

• Foreign currency option contracts have been fair valued using observable option volatilities, and quoted forward exchange and interest rates that match the maturity dates of the contracts.

• Interest rate swaps are fair valued by discounting the future interest and principal cash flows using current market interest rates that match the maturity dates of the contracts These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Inputs other than quoted prices included within level 1 of the fair value hierarchy are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). There have been no transfers between levels during the year.

The estimated fair values of all of the Group's other financial assets and liabilities approximate their carrying values.

31. RELATED PARTY TRANSACTIONS

Transactions with the Group's related parties comprise of sales and purchases of produce, and services, in the ordinary course of business. Related party sales and purchases of produce are at amounts similar to those with third parties, and services provided and received are agreed at negotiated amounts between the related parties.

Transactions with joint ventures and associates

The Group has related party transactions with its joint ventures and associates. The details of the transactions are contained in notes 21 and 22 respectively.

Transactions with the Ultimate Parent

The Group has related party transactions with the Ultimate Parent as follows:

	2018 $'000	2017 $'000
Services provided to the Ultimate Parent	**183**	259
Services received from the Ultimate Parent	**(123)**	(61)
Current receivables owing from the Ultimate Parent	**455**	536
Current payables owing to the Ultimate Parent	**-**	(16)
Undrawn term debt facility from the Ultimate Parent	**5,300**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with the Ultimate Parent 's subsidiaries and associates

The Group has related party transactions with R.I. Solution GmbH & BayWa Obst GmbH & Co. KG, a wholly-owned subsidiary of the Ultimate Parent, and the transactions with this subsidiary are detailed as follows:

	2018 $'000	2017 $'000
Services received from the Ultimate Parent's subsidiary	**(963)**	(553)
Current payables owing to the Ultimate Parent's subsidiary	**(79)**	(586)

The Group also has related party transactions with Obst vom Bodensee Vertriebsgesellschaft mbH, an associate of the Ultimate Parent, and the transactions with this associate are detailed as follows:

	2018 $'000	2017 $'000
Sale of produce to the Ultimate Parent's associate	**4,767**	4,462
Services provided to the Ultimate Parent's associate	**1**	4
Services received from the Ultimate Parent's associate	**(2,242)**	(3,344)
Current receivables owing from the Ultimate Parent's associate	**-**	83

Transactions with related parties

The Group has related party transactions with M&G Vizzarri Farms and David Oppenheimer & Company I, L.L.C and the transactions with the subsidiary are detailed as follows:

	2018 $'000	2017 $'000
Purchase of produce from related parties	**36,868**	-
Services provided to related parties	**17**	-
Services received from related parties	**228**	-
Current receivables owing from related parties	**7,900**	-

All related party amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the current or prior years for expected credit losses in respect of the amounts owed by related parties.

Key management personnel compensation

	2018 $'000	2017 $'000
Short-term employee benefits	**3,767**	3,612
Long-term employee benefits	**220**	236
Termination benefits	**186**	1,611
Directors' remuneration	**387**	455
Total	**4,560**	5,914

At 31 December 2018, the Group had outstanding deferred payments to key management personnel of $0.5 million (2017: $1.1 million).

32. EVENTS OCCURRING AFTER THE BALANCE DATE

There are no material events that occurred after the balance date that would require adjustment or disclosure in these accounts.

FIVE YEAR FINANCIAL REVIEW

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Revenue					
Continuing activities	**1,188,203**	1,068,145	871,771	812,764	727,022
Profit					
Pre-tax profit	**13,242**	41,954	42,095	24,669	16,840
Net profit after tax	**10,394**	40,246	32,436	19,450	10,614
Funds employed					
Paid up capital	**176,357**	176,357	176,357	170,317	165,147
Retained earnings and reserves	**223,942**	237,417	168,082	147,933	110,058
Non-controlling interests	**13,321**	11,819	2,383	2,696	1,761
Non-current liabilities	**190,552**	217,164	194,853	214,855	167,951
Current liabilities	**143,997**	155,959	108,911	118,167	106,531
	748,169	798,716	650,586	653,968	551,448
Assets					
Property, plant and equipment	**396,546**	450,981	393,974	401,395	338,299
Other non-current assets	**101,201**	93,254	60,008	57,426	34,937
Current assets	**250,422**	254,481	196,604	195,147	178,212
	748,169	798,716	650,586	653,968	551,448

	2018	2017	2016	2015	2014
Statistics					
Number of ordinary shares on issue	**122,543,204**	122,543,204	122,543,204	119,803,316	117,010,550
Earnings per share - cents	**4.6**	30.2	25.1	15.4	8.4
Net tangible assets per security	**$3.08**	$3.17	$2.62	$2.47	$2.27
Percentage of equity holders funds to total assets	**55%**	53%	53%	49%	50%
Ratio of current assets to current liabilities	**1.74**	1.63	1.81	1.65	1.67
Ratio of debt to equity (1)	**0.81**	0.88	0.88	1.04	0.99
Dividends					
Cents per share on paid up capital	**12 (2)**	6	6	6	5
Total dividend paid	**$14,707,592**	$7,352,592	$7,188,199	$7,020,633	5,850,528

(1) Debt includes trade payables.

(2) An interim dividend and final dividend were paid out at 6 cents each during the year.

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

R.J. Hewett
Independent Director

M.W. Liu
Non-independent Director

R.T. Priske
Non-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

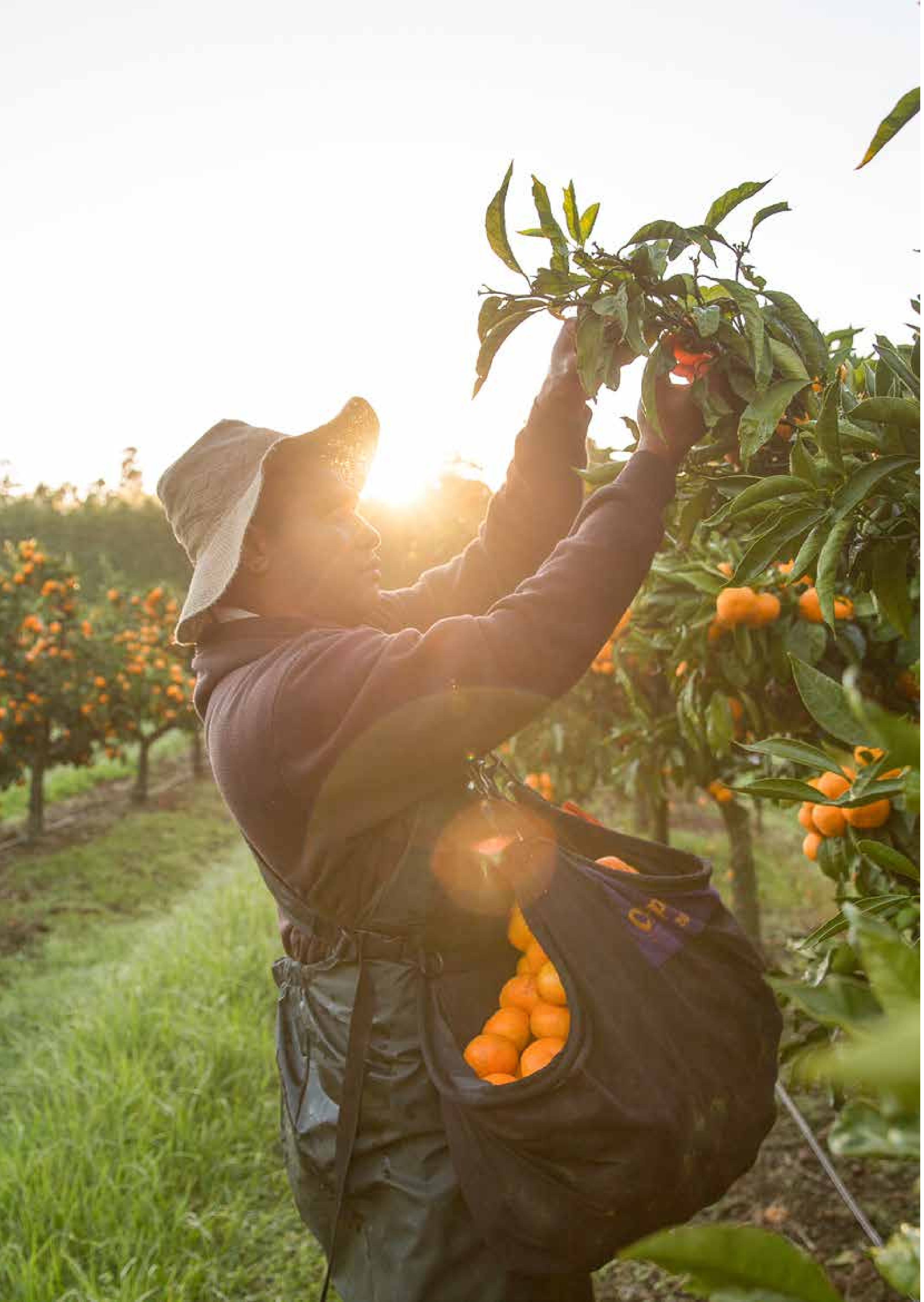
SHARE REGISTRY

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



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