ANNUAL REPORT 2019

tandg.global

T&G A BayWa Company

CONTENTS

ABOUT THIS REPORT

BACKGROUND & METHODOLOGY

T&G Global Limited's (T&G) 2019 Annual Report marks a significant step as the Company transitions from a more traditional annual reporting format towards the Integrated Reporting framework <IR>, incorporating Environmental, Social and Governance (ESG) principles.

In late 2018, T&G published its sustainability strategy 'Kaitiakitanga'.

Kaitiakitanga is aligned with the sustainability strategy and activities of the BayWa Group, to both contribute to Group-wide targets and maximise sustainability synergies.

T&G annually contributes to the Global Reporting Initiative (GRI) Reports for parent company BayWa AG.

T&G has developed its business strategy to respond to market issues relevant to its internal and external stakeholders. Kaitiakitanga sets out its sustainability intention and goals, incorporating the most material environmental and social topics.

To embed its strategy and establish targets, T&G has embarked on a mission to introduce sustainable initiatives and programmes through the business. It is one of only a few New Zealand companies committed to climate targets that follow the science based targets initiative.

T&G has incorporated non-financial information into this Annual Report, referencing the Integrated Reporting <IR> framework. The focus of the 2019 report is to demonstrate how the Company creates value in all areas of its business, across its six capitals – human, intellectual, financial, physical, natural and social, and to demonstrate progress against its strategy.

ABOUT THE <IR> FRAMEWORK

<IR> is an ideal framework for T&G as it focuses on value creation for shareholders and stakeholders. It looks to demonstrate how an organisation utilises its six capitals and, through integrated thinking and process, creates value for shareholders and stakeholders.

<IR> was developed initially for resource-intensive businesses. It has evolved and been adopted by a wider range of businesses and organisations which seek to tell a value creation and an integrated strategy story. <IR> can be used in conjunction with GRI principles and indicators.

SUSTAINABLE DEVELOPMENT GOALS

T&G GLOBAL SUPPORTS THE UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS

T&G recognises the important role businesses play in helping to achieve the Sustainable Development Goals (SDGs). The SDG framework provides a blueprint to achieve a better and more sustainable future for all. This report matches the Company's strategic goals with the relevant SDGs as shown below.

For more information on the SDGs, **please visit www.un.org/sustainabledevelopment**

CHAIRMAN'S REPORT

"The 2019 financial year has been a period of transition for the T&G Group as it builds a strong platform for growth."

PROF. KLAUS JOSEF LUTZ
CHAIRMAN

On behalf of the Board of Directors, I am pleased to present the Annual Report for T&G Global Limited and its subsidiary companies (T&G) for the year ended 31 December 2019.

The 2019 financial year has been a period of transition for the Group as it builds a strong platform for growth. While a number of factors have adversely impacted the overall financial result, the underlying performance of the organisation is beginning to improve.

In New Zealand, it was a difficult apple season with smaller fruit size and quantities, however trading conditions improved over the second half of the year, particularly in the international arena. Costs that impacted the results included restructuring and transaction-related costs, and the replanting of some of our orchards.

FOUNDATIONS FOR FUTURE GROWTH

The Board has worked closely with management throughout the year and is fully supportive of its strategic priorities and continued transformation of the business and its culture.

In 2019, good progress was made to set T&G up for the future. This included significant asset disposals to free up capital for further investment, improving operational efficiency through restructuring, development of our in-market sales teams, and further expansion of our Plant Variety Rights (PVR) and genetics business.

The Board was pleased to announce in December the planned acquisition of the New Zealand domestic fresh produce division of Freshmax New Zealand Limited. While the transaction currently remains subject to Commerce Commission approval, the acquisition will enhance trading relationships and strengthen ongoing supply across key categories in New Zealand. The symbiotic nature of these two businesses is expected to yield efficiency improvements in the short to medium term.

We are continually exploring and evaluating global opportunities for investment in other businesses and varieties which offer significant growth potential and complement our existing business. T&G has significantly reduced its debt level over the last year, largely through divestment of non-core assets to provide headroom to act on potential investment opportunities. Particularly noteworthy in this regard was the sale of our 5.8 hectare Mt Wellington site, announced in September. T&G is leasing back the site for a period of up to four years while we consider alternative options for the future. Other disposals during the year included our Dunedin cool store facility and additional Northland kiwifruit operations. The Board continues to monitor the efficiency of capital allocation.

HEALTH AND SAFETY

Looking after our people and ensuring everyone gets home safely, every day, are critical priorities. We are continually improving our management of critical risks and developing the right systems and culture to ensure that safety is everyone's responsibility. Our behavioural safety programme (CARE) was introduced in the second half of the year and is designed to deliver real behavioural change across the Group.

LOOKING AHEAD

T&G's business is not immune to current heightened global economic risks, including the impacts of Brexit, Chinese trade negotiations, political uncertainties and most recently the potential effect of the coronavirus (COVID-19). Additionally, climatic changes and the intensity of weather events continue to test our operations. We are confident that the strategic and structural changes we have implemented will ensure T&G is well-positioned to respond and optimise outcomes for its stakeholders.

While it has been a difficult year, I would like to acknowledge the commitment and hard work of the management team and all of our people. Through their efforts in supporting our growers and customers, T&G is positioning itself for a sustainable strong future.

CEO REVIEW

GARETH EDGECOMBE
CHIEF EXECUTIVE OFFICER

BUILDING FOR THE FUTURE

2019 was an important year for T&G as we set a clear direction for future growth and continued our transformation to create the foundation to become the world's leading premium fresh produce company. However, it was not without its challenges.

We sit in a position with significant potential, fuelled by consumers increasingly seeking out healthier foods, the growing global population, and the premiumisation of global produce. But we're coming from a low base. Over the past few years our financial performance has been weak, with market forces putting pressure on our operating model and our investments for the long term yet to see yields.

To unleash our full potential, we had to evolve. This hasn't been easy and some of the decisions we've made have been tough, but they were needed.

We're now one year into our three-year roadmap for growth, and a lot of hard work by our people has resulted in significant progress and many green shoots coming through, including:

- Operating profit increasing to $16.5 million, from $15.6 million in 2018. This increase came despite incurring $7.1 million of costs in the current year associated with the reorganisation of the business, strategic transactional initiatives, and Holidays Act remediation. Current year operating profit also includes a $3.9 million lower change in the fair value of biological assets.
- Achieving strong sales and margin growth in key export markets, including Asia, Australia, the United States, United Kingdom and Pacific Islands.
- Building an enviable premium position in the United States for Envy™, with sales revenues increasing by 43%.
- Continuing the transition to premium apples, including the re-planting of some orchards. While this has had a cost impact, it's vital for setting us up for the future.
- Divesting low returning or non-core assets so we can use our cash more productively and re-invest it into capability and infrastructure to support our future growth. This included the sale of our Mt Wellington site in Auckland for $65 million, a strong result when benchmarked against industry standards.
- Harnessing our vertical model strengths to develop two new categories – blueberries and grapes. We're one year into this plan and expect it to take another few years to see the value. We see a strong future for these emerging categories.
- Boosting our in-market sales presence in Asia and moving us globally towards a world-class sales model.
- Progressing towards acquiring the New Zealand domestic fresh produce division of Freshmax New Zealand, which will provide us with a significant opportunity to expand and strengthen our presence in New Zealand.

- Winning the inaugural Sustainability Award at Countdown's annual Suppliers Awards, in New Zealand.
- Investing in leadership and building new capabilities across our global team.
- Focussing investment in creating a high-performance culture, as part of our commitment to make T&G a great place to work.

However, our 2019 annual results have been impacted by a number of factors.

Our Apples division experienced a number of challenges. Adverse weather conditions in New Zealand led to reduced apple volumes and smaller size apples. And with an oversupply of non-PVR apples in Europe, it made it difficult to get our apples into the market. Likewise, New Zealand tomatoes experienced a mild winter, price volatility and an oversupply in the market. This resulted in a disappointing financial performance and will be a key area of focus in the year ahead.

Throughout the year, we've worked closely with BayWa, benefiting from the collaboration and opportunities which our global network provides. We look forward to continuing this close partnership in years to come.

LOOKING AHEAD

2020 will see us focused on delivering on our commitments and continuing our transformation to future-proof our business. It will be the second year for our new strategy, and we expect to see strong momentum across the business. Key areas of focus include:

- Subject to Commerce Commission approval, bolstering our New Zealand market proposition with the acquisition and integration of Freshmax New Zealand.
- Investing in new genetics and partnerships.
- Continuing Envy's™ growth trajectory.
- Executing our blueberry and grape emerging category strategies.
- Capturing greater growth and value across Asia.
- Embedding Kaitiakitanga in our business.

T&G is an incredible business with great potential, talented and passionate people and growers, premium genetics and fresh produce, and an unrivalled global reach. We have a healthy future ahead of us. The foundations laid in 2019 will help set us up for the future, well positioned to deliver increased value to our shareholders.

CFO REVIEW

BASTIAN VON STREIT
CHIEF FINANCIAL OFFICER

In 2019, T&G was able to maintain its revenue at the previous year's level of $1.2 billion, despite challenges with its Apples and New Zealand Produce businesses.

However, the overall profit for the year has decreased by $1.7 million, from $8.3 million to $6.6 million, largely due to a number of items. These included expenses of $7.1 million, comprising transaction-related costs, costs relating to the reorganisation of the business and costs related to Holidays Act remediation. The full benefit of the restructure will be realised from 2020 onwards. Also, the replanting of some of our orchards in premium varieties caused a reduction of the fair value of our biological assets in the short term.

Additionally, the initial application of the new lease standard (NZ IFRS 16) has resulted in an increase in depreciation of $15.9 million and interest expenses of $2.6 million, partially offset by a $15.3 million reduction in lease and rental expenses.

INCREASING OPERATING PERFORMANCE IN CHALLENGING MARKETS

APPLES

The Apples business experienced another challenging year, as late frost in the 2018 spring negatively impacted volumes and sizes of New Zealand grown apples. The result was also affected by an oversupply of commodity varieties in the European market resulting in the extended availability of Northern Hemisphere apples, with an associated impact on prices.

These effects were partly offset by a strong performance of the North American business and Worldwide Fruit in the United Kingdom.

Overall, revenue for the Apples business declined by 1% to $657.0 million. Operating profit decreased from $27.7 million in 2018 to $19.7 million in 2019 as the division's overheads related to growing costs remained constant despite lower volumes.

The decrease in operating profit was also driven by a reduction of the fair value of the biological assets due to the replanting of some orchards.

INTERNATIONAL PRODUCE

The International Produce division saw a 14% uplift of revenue, from last year's $266.8 million to $305.1 million in 2019. This was largely driven by our Asian trading business which increased its revenue by $40.6 million as a result of significantly increasing traded volumes, especially in Thailand.

Additionally, both the Australian and Pacific Island operations finished the year strongly, offsetting unfavourable trading conditions in our North and South American business. The prior year's challenges for the Peruvian grape operation were successfully addressed in 2019, with a resultant increase in harvested and sold volumes.

As a result of increased revenue and the delivery of cost savings from the restructuring of our Australian operations, the International Produce division increased its operating profit from $3.3 million in 2018 to $8.1 million in 2019.

NEW ZEALAND PRODUCE

Revenue for the New Zealand Produce business slightly declined by 2% to $227.0 million. This was largely driven by our tomatoes business which, due to weather-related oversupply, experienced lower pricing for a large part of the year. Pressure on margins in the wholesale business also presented challenges for the New Zealand Produce business during the year. Despite these impacts, cost savings across the division saw operating profit increase from $1.3 million in 2018 to $3.6 million in 2019.

PROCESSED FOODS AND OTHER BUSINESSES

After selling the former ENZAFOODS business in 2018, the company's Processed Foods segment solely comprises the remaining Fruitmark business in Australia and the United States. The segment reported an improvement of $6.9 million in its result, with the loss from the sale of the ENZAFOODS business impacting last year's operating result.

The Other business division contains the overhead expenses not allocated to the company's business divisions, and its operating loss of $15.8 million is comparable to the previous year.

Outside of its trading divisions, T&G saw its share of profit from associates and joint ventures slightly increase from $3.2 million in 2018 to $3.3 million in 2019. Other income decreased by $2.7 million to $3.8 million, as the prior year result included gains from the sale of assets, particularly the sale of the post-harvest facility and orchards in Kerikeri.

Due to the aforementioned adoption of NZ IFRS 16, interest expenses on lease arrangements of $2.6 million have increased T&G's financing expenses, which were partly offset by a reduction of interest on banking facilities due to reduced borrowings.

T&G's overall profit for the year decreased by $1.7 million, from $8.3 million in 2018 to $6.6 million 2019. Earnings per share declined from 2.9 cents per share in 2018 to 0.7 cents per share in 2019.

FINANCIAL POSITION IMPACTED BY CAPITAL RECYCLE

Total assets increased from $753.7 million at the end of 2018, to $854.2 million at 31 December 2019. This was primarily driven by the adoption of NZ IFRS 16, which added $60.1 million of right-of-use assets to non-current assets. Other contributing factors included additions to our fixed assets and intangibles, as well as the cyclical revaluation of assets, offsetting the effect of the sales of the Mt. Wellington site in Auckland, the Dunedin facility and the land in Northland. Current assets increased by $37.9 million compared to last year as a result of higher trade receivables, partly offset by a reduction in the fair value of biological assets.

Total liabilities increased by $39.7 million, reflecting the adoption of NZ IFRS 16 with additional lease liabilities of $61.6 million. The proceeds from the sale of the Mt. Wellington site and other smaller properties were used to reduce long-term borrowings by $61.2 million.

The equity of the T&G Group increased by $60.4 million, with the gain from the sale of the Mt. Wellington site included in retained earnings and the revaluation gains from the cyclical revaluation included in the revaluation reserve.

T&G's capital expenditure during the year was $36.4 million, up by $7.5 million on 2018. 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 increase in net assets has seen net tangible assets per share increase from $3.08 in 2018 to $3.56 in 2019.

GROWING HEALTHIER FUTURES

We are passionate about growing healthier futures. That's why we insist on delivering the highest quality fresh produce to consumers. We grow in multiple continents across multiple time zones, sourcing the best produce from across the world, year-round.

Our story began in Auckland, New Zealand, in 1897 when Edward Turner started a fruit auction business which went on to become the city's largest.

Today, we're a kiwi-based company with a global footprint, and we're still keeping it fresh thanks to a team of dedicated growers, valued customers and a passionate team of people around the world.

We are one of the largest growers of fresh produce in New Zealand and one of the largest exporters of apples to the world, responsible for a third of the country's annual crop.

With a focus on technology and innovation, T&G continues to invest extensively in new varieties while driving growth of our premium apple brands and forging new global categories, including blueberries and grapes.

We're proud to work alongside more than a thousand growers around the globe. Like us, they love fresh food and thrive on growing world-class fruit and vegetables that are helping to grow healthier futures.

OUR FRESH PRODUCE IS EATEN IN

60 COUNTRIES

ENVY™ WAS VOTED THE #1 APPLE IN THE US

CONSUMER RESEARCH 2019

WE EMPLOY

1,500 PEOPLE

IN 13 COUNTRIES

12,000

BUMBLE BEES POLLINATE OUR BEEKIST® TOMATOES EVERYDAY

OUR LOTATOES™ HAVE

40% LOWER CARBS

THAN STANDARD POTATOES

WE IMPORT

ONE MILLION

BOXES OF BANANAS EVERY YEAR

OUR CARDBOARD PUNNETS REPLACE

5.5 MILLION

PUNNETS OF PLASTIC

FROM NEW ZEALAND SUPERMARKET SHELVES EVERY YEAR

HOW WE CREATE VALUE

INPUTS

SOCIAL CAPITAL

T&G relies on strong and trusted relationships with growers, distributors, customers and external stakeholders around the world to enable year-round supply of key varieties into global markets.

INTELLECTUAL CAPITAL

Intellectual property, including PVRs and premium brands, and in-market expertise are key to our competitive advantage and future growth.

FINANCIAL CAPITAL

We invest financial capital across our operations (including land, glasshouses, orchards and post-harvest infrastructure), support growers and invest in genetics and facilities.

PHYSICAL CAPITAL

Tangible assets including land, packhouses, cool stores, trucks, post-harvest facilities, 12 market locations, vehicles, equipment and our in-market presence enables us to supply key global markets.

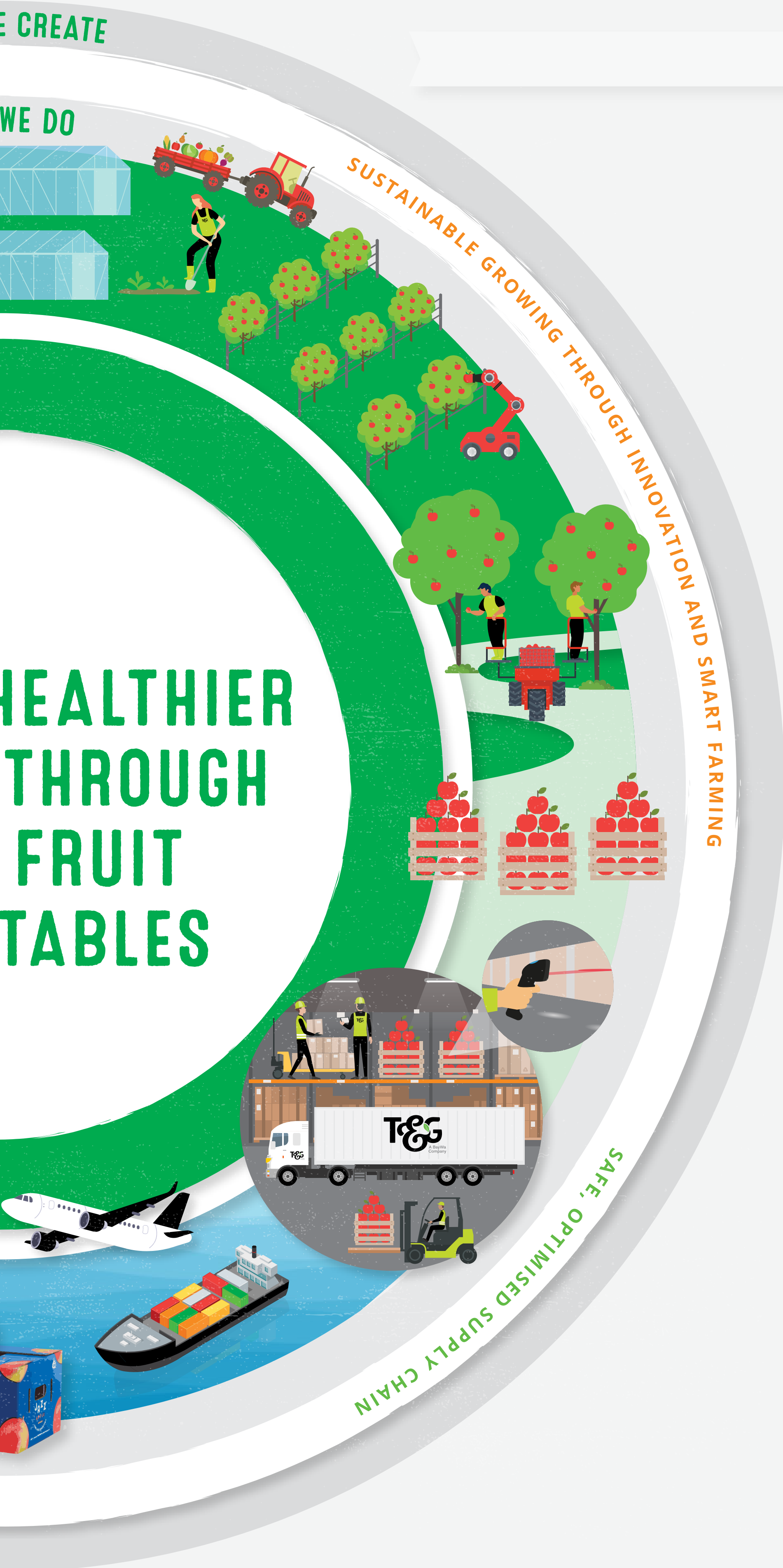
HUMAN CAPITAL

A diverse, talented, global workforce, with the best knowledge and insights, ensures we have the skills to develop, grow, pick, sell and deliver our produce to the world's consumers.

NATURAL CAPITAL

Natural resources are fundamental to our business and future prosperity. Soil, water, atmosphere, energy and sunshine, and our precious pollinators are utilised to grow healthy and nutritious produce.

We grow, partner, source and supply high quality fresh produce which is desired by consumers and customers around the world.



OUTCOMES

GROWING HEALTHIER FUTURES

LEADERSHIP

Creating a sustainable business model creates prosperity for our growers, employment in our communities and year-round supply of fresh produce for our customers.

LOYALTY

Meeting consumer and customer needs through high quality premium produce and brands, and the rights to unique PVRs, drives loyalty from our customers and consumers and enhanced returns for our growers.

FUEL FOR GROWTH

Recycling capital is future-proofing our business for a more sustainable future, including improved efficiencies, stronger yields, enhanced returns and fit-for-purpose assets.

GLOBAL REACH

Our infrastructure gives us the scope to drive sustainable performance across our supply chain, and provide a secure global network for year-round supply of healthy produce and our premium brands.

GREAT WORKPLACE

Creating a high performing, exciting, global workplace that attracts the best talent armed with the best global knowledge, invests in its people, has efficient processes and is a safe place to work.

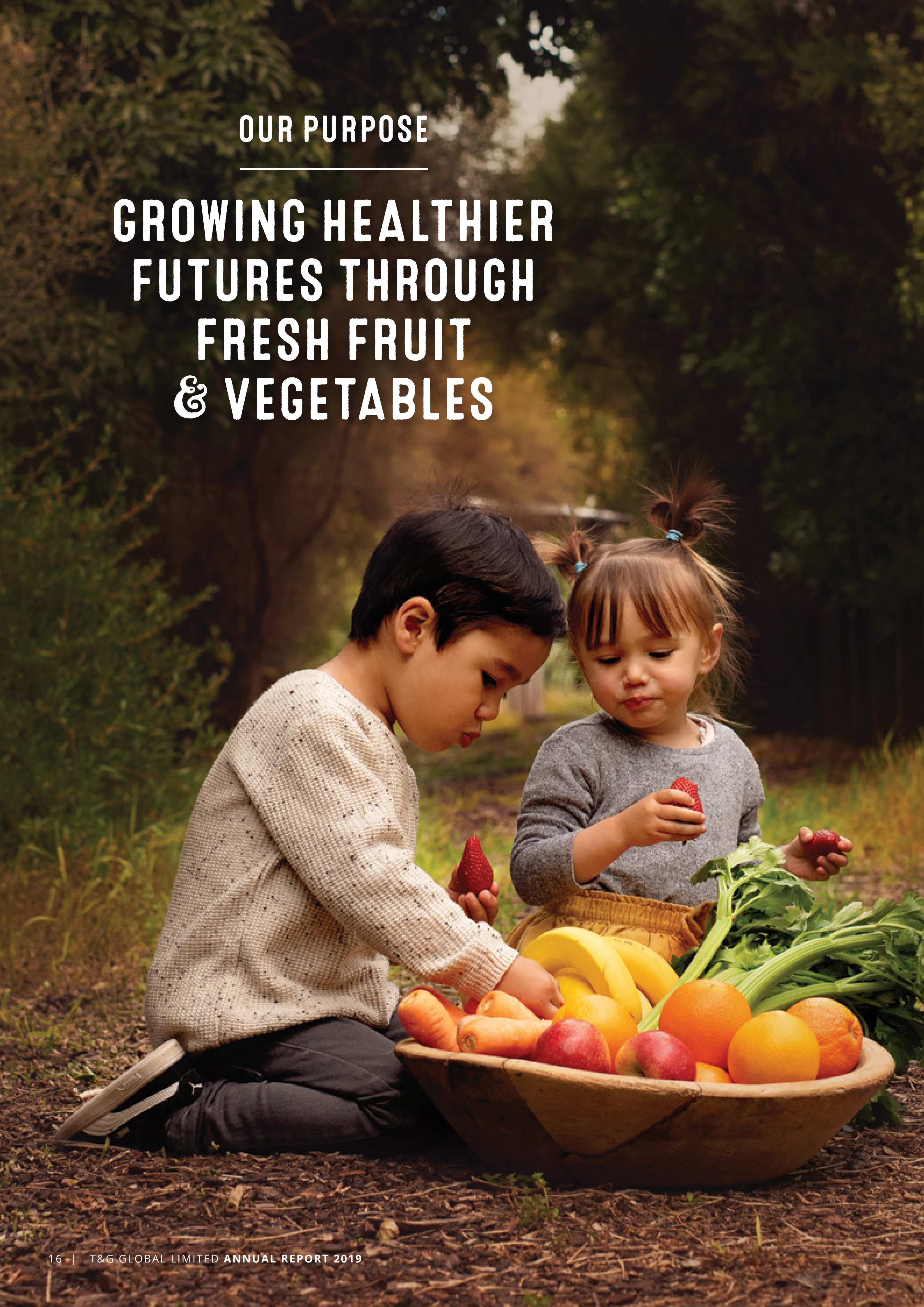
GUARDIANSHIP

Land that is healthy and continues to support fresh produce production.

A strong focus on conserving water, reducing our greenhouse gas emissions and reusing resources, while providing healthy and nutritious produce to the world.

OUR PURPOSE

GROWING HEALTHIER FUTURES THROUGH FRESH FRUIT & VEGETABLES



OUR VISION

THE WORLD'S LEADING PREMIUM FRESH PRODUCE COMPANY

OUR STRATEGIC PRIORITIES

REALISE GLOBAL APPLE POTENTIAL

BUILD NEW GLOBAL CATEGORIES

LEVERAGE STRONG NEW ZEALAND BASE

SIMPLIFY OPERATING MODEL

BUILD CAPABILITY & PERFORMANCE CULTURE

FREE UP CAPITAL FOR GROWTH

KAITIAKITANGA

OUR MINDSETS

We're GROUNDED

We're RESILIENT

We're open

we're winning

REALISE GLOBAL APPLE POTENTIAL

T&G is one of the largest exporters of New Zealand apples to the world, with around 95% of its crop picked and packed for international markets.

With its premium Envy™ and JAZZ™ brands, and its ability to maximise opportunities across its global network, the future growth potential of T&G's apple category is significant.

The Company has two protected premium apple varieties which trade under the Envy™ and JAZZ™ brands. These are exclusively licenced by T&G and grown by the Company or under licence by 1,100 growers across multiple continents.

In 2019, T&G distributed more than 14 million cartons of apples, including Envy™ and JAZZ™, globally. Forty two percent of this, equating to $284 million in sales revenue, was supplied by T&G's New Zealand business.

To drive increased growth and stronger customer partnerships, this year T&G invested in building sales and supply chain expertise in Asia and the United States – the key growth regions for its apples business.

By bolstering sales and marketing expertise in the United States, an integrated sales and marketing programme was implemented in the last quarter of 2019. This accelerated the growth of T&G's premium brands, delivering 43% growth in Envy™ apple sales – a significant result in a saturated market.

GROWTH OF ENVY™

Since its introduction, Envy™ has emerged as the apple with everything: a large apple with beautiful skin, sweet flavour, and bright, crisp flesh, which remains white even after being cut.

Today, Envy™ is seen by growers, customers and consumers alike as arguably the best apple in the world. In the United States, it was the fastest growing premium apple brand in 2019, helping grow the overall category.

This year, as part of independent research undertaken in the United States, the apple was ranked No.1 for flavour, texture, aroma and appearance, after being tested against category stalwarts. Consumers viewed Envy™ as 'the ideal eating experience'.

Envy™ is grown in the United States, United Kingdom, Europe, South Africa, South America and South Korea, as well as in Gisborne, Hawke's Bay and Nelson, in New Zealand.

This year, four million cartons of Envy™ were produced and T&G's global production is expected to increase to 15 million cartons by 2030.

JAZZ™ TIME

T&G celebrates JAZZ™ Apple Anniversary Day in Japan annually. JAZZ™ apples are now the number one premium imported apple in Japan.

This year, the snack-sized JAZZ™ Snackers were launched into Asian markets with an integrated marketing campaign, while an even smaller apple, JAZZ™ Juniors, were trialled in the New Zealand market as a healthy addition to the lunchbox. Due to the sales success of JAZZ™ Juniors, the apple could appear on supermarket shelves in international markets in the future.

WORLD-FIRST ROBOTIC HARVEST

In a world-first, T&G trialled a robotic harvester for the Hawke's Bay apple harvest in 2019, reflecting the Company's commitment to innovation-led growth.

Working with US-based technology company Abundant Robotics, of which BayWa is an investor, the robot was used to pick a range of apple varieties, including the Envy™ and JAZZ™ brands. High density planting and specific pruning methods were used at the orchards to make them suitable for the technology.

Developing an automated apple harvester requires solving a number of complex technical issues, from visually identifying harvestable fruit and physically manipulating it to pick without bruising, to safely navigating the orchard.

While it may be some years before all T&G orchards are harvested in this way, this first pilot with Abundant Robotics is an exciting step forward.

BUILD NEW GLOBAL CATEGORIES

As part of future-proofing T&G, significant growth opportunities have been identified by leveraging the Company's vertical business model into new categories.

Commencing at the end of 2018, development began for two new global categories - blueberries and table grapes.

These emerging categories have a strong future, with the strategic goal of maintaining an advantage over global competitors and supplying high quality, premium blueberries and grapes 365 days of the year in key markets around the world.

With another few years until the strategy is fully implemented, this year production agreements were secured with growers, with more contracts and initiatives to be announced in 2020.

Over the past year, the Company has also invested in its sales team, and supply chain and logistics within its major markets. With additional capacity and capability, and increased investment in marketing, T&G is well positioned to trial new products and extend its market and seasonal reach.

GROWING A GRAPE BUSINESS

T&G made its move into the global grape category under its Orchard Rd brand, with the launch of the first grapes into South East Asia in September 2019.

Since then, Orchard Rd grapes have appeared in retail stores throughout South East Asia, as well as Australia, New Zealand, Fiji, South Korea, Japan, Taiwan and China.

As a trader, the Company has shipped grapes to Asia for many years and is able to take advantage of this position and evolve into a vertical grower and marketer.

To help create a differentiated position, new varieties are being explored, producing grapes which grow, taste and transport better.

Along with growers in South America and Australia, the Company is partnering with reputable, high-calibre growers in the West Coast of the United States, selecting market-leading growers who can deliver the highest quality fruit.

BACKING BLUEBERRIES

This year, the Company made great progress with its emerging blueberry category, bringing together genetics, growing, partnerships and the aggregation of its markets and brands.

Discussions commenced with potential grower partners in the United States, Australia and South America, with the view to establishing strategic sourcing partnerships. The Company's Orchard Rd brand was successfully rolled out to new markets across Asia, including Singapore and China. And in June 2019, T&G was one of the first companies to service the newly opened Vietnamese market out of the United States, with its Orchard Rd blueberries.

The Company has continued to commercialise its blueberry genetics as part of its partnership with Oregon-based Fall Creek Farm & Nursery, and Plant & Food Research in New Zealand. This programme is looking to provide Australian consumers with high quality, locally-produced blueberries at different times of the year – thereby helping extend the availability of blueberries in Australia.

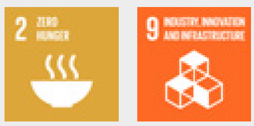
In 2020, T&G will continue to build-out its blueberry category with further partnerships throughout its supply chain.

INTERNATIONAL MARKETING SUCCESS

An innovative campaign for the Orchard Rd brand was named a National Winner at the 2019 Australian Marketing Institute Awards.

Launched in 2018 in selected Australian fruit stores, and across ALDI stores, the Orchard Rd brand, which includes blueberries, cherries, gold kiwifruit, citrus, sugar plums and grapes, has had an outstanding response from consumers.

The marketing campaign created brand awareness, achieving outstanding sales growth.



LEVERAGE STRONG NEW ZEALAND BASE

In order to provide New Zealanders with high quality, year-round fruit and vegetables, T&G's New Zealand Produce division partners with more than 700 domestic and international growers.

Favourable growing conditions throughout 2019 resulted in an abundance of supply which adversely affected sales values across most product groups. In the case of tomatoes, strong volumes were available throughout the year, resulting in high volumes available for export markets, but at lower prices.

Across all products market share was maintained, with a significant increase in volumes traded throughout the year. However, the average price achieved per unit on key products was around $1-$1.50 lower than the previous year.

On the other hand, the higher volumes of produce available boosted the division's non-apple export businesses. Both the Diversified Export and Pacific Island Export business units performed above expectations, as they benefited from favourable exchange rates, increased volumes of product available and high-quality produce due to good growing conditions.

This year T&G's Pacific Island Export business was boosted by the opening of the Company's third branch in Lautoka, Fiji. This will support the growth of T&G's business in Fiji and better service customers.

A focus early in the year was to reorganise management teams to provide greater functional expertise across the New Zealand Produce division. This resulted in improved cost control, yields and quality across the Company's growing operations.

T&G's recognised brands of Beekist®, Lotatoes™ and JAZZ™ continued to perform well, with Beekist® recognised as the number one tomato brand in New Zealand. The low-calorie potato brand Lotatoes™ continued to gain momentum, providing a challenge in meeting growing consumer demand.

A highlight of the year was winning the inaugural Sustainability Award at Countdown's annual Suppliers Award. T&G was praised for its commitment to Kaitiakitanga. The award recognised the Company's efforts on recycling, sustainable packaging, carbon reductions, reduced waste and lower impact growing.

WITH SEASONAL CHALLENGES COMES OPPORTUNITY

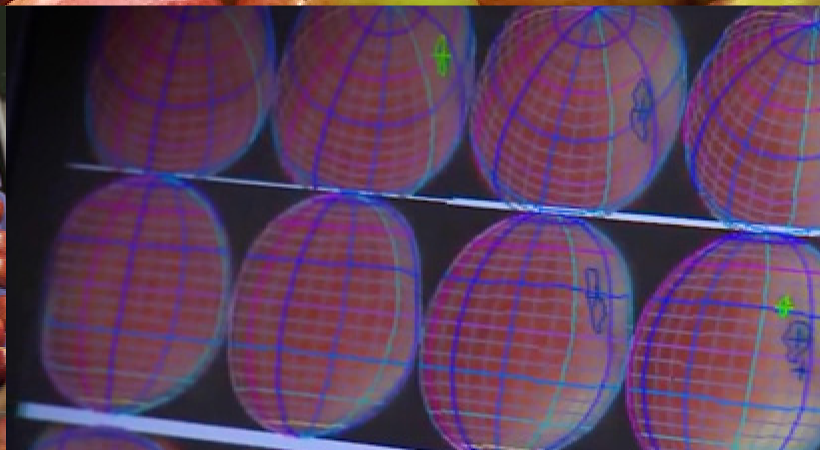
This year, an unusual apple growing season in New Zealand resulted in a high proportion of small fruit. However, through the development of JAZZ™ Juniors as an ideal apple for lunchboxes, T&G was able to move high volumes of the small sized fruit and dominate the small apple category.

A successful JAZZ™ Junior market has now been established, providing the Company and its contract growers with an outlet for small fruit which may have been left unpicked in the past. Creating a higher yield for JAZZ™ is a win-win for the environment, consumers, growers and T&G.

ACQUISITION HELPS JOURNEY TO BECOME PARTNER OF CHOICE

At the end of 2019, T&G entered into an agreement to acquire the domestic fresh produce division of Freshmax New Zealand.

The acquisition, which is subject to Commerce Commission approval, is a significant opportunity to expand and strengthen T&G's presence in New Zealand. It will deliver better service to growers and customers, provide a platform for an enhanced supply chain, and supply the highest quality fresh produce to customers year-round.



SIMPLIFY OPERATING MODEL

T&G has made a number of acquisitions and divestments in recent years which resulted in inefficiencies in some parts of its business.

At the same time, as the grower base and consumer market increases, the Company's historical trading model is facing increasing pressure.

To help address this, in 2019 T&G was reorganised to deliver efficiencies and get closer to markets and customers. In-market expertise was boosted, and changes in Information Technology will lead to more robust data and analytics to help inform better decisions.

Project Reshape was also initiated. By standardising and simplifying the way the Company does business, the project will remove complexity for growers, customers and employees. Going forward, continued investment in automation and standardisation will continue.

During the year, low returning or non-core assets were divested to free up capital for growth. This included the sale and subsequent leaseback of the Company's Mt Wellington site in Auckland.

BUILD CAPABILITY AND PERFORMANCE CULTURE

Creating a high-performance culture where everyone is in the right role, has the right skills, and is focused on delivering the business strategy has been a major focus in 2019.

In order to ready the business for future growth, the Company needs the right structure and leadership to move the business forward.

During the first quarter of 2019, T&G underwent a significant structural change as it reset the operating model and aligned the broader leadership teams with the new executive team structure, which had been set in late 2018.

The restructure removed duplication of roles and created functional heads for both the global and New Zealand Produce businesses.

A key focus of the year has been recruiting external talent to build skills and capabilities in a number of strategic areas: category management, sales and operational planning (matching supply to demand), and continuous improvement. At the same time, the Company has bolstered the resources and scope of its critically important genetics and IP management function.

In the second quarter, the Company focused on performance and leadership development for around 60 senior leaders across the business.

A performance management philosophy focusing on key performance goals was introduced, along with a Reward and Recognition programme to reward people who are delivering against strategic and cultural objectives, including the Kaitiakitanga aspirations.

In the third quarter, T&G introduced a targeted programme focused on building a performance-oriented culture.

With many company-owned orchards and glasshouses in New Zealand, T&G employs a relatively high number of seasonal workers who come to the country under the Recognised Seasonal Employer (RSE) scheme.

RSE workers are critical to the operations of T&G and are employed throughout growing operations in New Zealand. The Company provides accommodation and pastoral care for the workers and encourages their community and cultural activities.

Many of the RSE workers are into their eighth or ninth season with T&G. Their earnings, along with their skills and knowledge, are often reinvested back into building new enterprises in their home villages in the Pacific Islands.

FROM A SMALL SEED TO BIG SUCCESS

Being out of the workforce for 20 years, Keri-ann Rapira found the thought of getting a job after such a long time out of work daunting. For over three years, she has now been working at the T&G Evenden Road orchard, after entering the Company's SEED programme.

SEED is a programme helping Hawke's Bay locals, many of them solo parents, back into work. The joint project, with the Ministry of Social Development, has been running for the past eight years, helping break the cycle of unemployment and get locals back into work.

Another SEED member, Dani Gibson had been raising her two children at home but wanted to get back into work. Through the programme, working on T&G orchards and in a packhouse, she was given the opportunity to work flexible hours so she was able to drop off and pick up her children from school. Four years later, Dani is a Compliance Administrator for the New Zealand growing team and loves her job.

SEED offers flexible working hours and wrap-around support, which is key. The programme also enables access to a health nurse, literacy and numeracy training, and computer skills.

Around 1,000 seasonal workers work at T&G during peak season, with over 100 having participated in the SEED programme over the past eight years. The remainder are made up largely of locals and RSE workers.

T&G's Kristen Nash (left) and Maurice Windle (back right) with SEED programme participants.

FAREWELL TO BRUCE BEATON

Following the merger of T&G and family-owned Apollo Apples in 2014, and after 20 years in the apple industry, Bruce Beaton finished working with the Company in late 2019.

Bruce made a huge contribution to the apple industry over the past two decades. His industry knowledge and experience, along with the respect he commands in the industry, has been greatly valued by T&G, and we wish him well in the future.

FREE UP CAPITAL FOR GROWTH

To provide necessary fuel for growth, T&G freed up capital in 2019 by selling low returning or non-core assets.

The 5.8 hectare Mt Wellington site in Auckland, which includes a significant logistics centre, trading market and corporate office, was sold to Goodman Property in September 2019. Planning work is underway on future property requirements.

Other New Zealand divestments included the sale and leaseback of a cool store in Dunedin and land in Northland.

This divestment programme has enabled the business to reinvest in capability and infrastructure to support future growth opportunities.

In 2019, T&G invested significantly in its people. A new senior executive team was assembled over the year to provide the bench-strength and expertise to implement the Company's strategic agenda.

Significant investment into the wider leadership group has begun, with new high-performance frameworks providing the business with the capabilities it needs to excel in the future.

The Company has also invested in its intellectual capital, securing PVRs. T&G has rights to several premium PVRs, including JAZZ™ and Envy™, and is continuing to invest in new varieties - the building blocks of future global growth.

Blueberries are an emerging global category and a key strategic priority for T&G. To support the significant growth potential, the Company is looking into strategic partnerships with plant breeders and large-scale global growers, so it can secure exclusive rights to the best varieties. T&G is focused on bringing the best blueberries to the world and creating consumer demand through strong brands.

A number of new cultivars of blueberries, licensed from Fall Creek Farm & Nursery in Oregon, USA, and Plant & Food Research in New Zealand, are part of large-scale commercial trials in Australia. Full production of these cultivars is expected in 2020.

From left to right, Moisés González (a berry fruit breeder), Peter Landon-Lane (T&G), Janice Turner (Berry Fruit Team Leader) and David Hughes (CEO Plant & Food Research) discussing new blueberry cultivars.

KAITIAKITANGA

Kaitiakitanga is an integral part of how T&G does business. For T&G, it means treating the land, people, produce, resources and community with the greatest of respect and care, as guardians of their future. It was introduced as a key strategic pillar in 2018 and holds great significance for the culture at T&G.

Kaitiakitanga is guided by eight aspirations:

- CARBON NEUTRAL
- ZERO WASTE TO LANDFILL
- RESPONSIBLE PACKAGING
- LOWER INPUT, SMARTER GROWING
- PROTECT & CONSERVE OUR HABITATS
- SOCIALLY RESPONSIBLE SOURCING
- PROTECT & GROW
- HEALTHY COMMUNITIES

CARBON NEUTRAL

T&G's Carbon Neutral aspiration aims to limit global warming with reduction targets for CO_2 emissions and energy consumption.

The aspiration and targets follow the climate strategy developed by the BayWa Group. The BayWa Group was guided by the Intergovernmental Panel on Climate Change (IPCC) Special Report on 1.5°C global warming and the criteria of the Science Based Targets Initiative of 2018.

The climate strategy comprises four climate targets which are relevant to the operations of T&G:

CO_2 EMISSIONS

- Reduce CO_2 emissions (Scope 1 and 2 [*1]) by 22%, compared to 2017, by 2025
- Carbon neutrality (Scope 1 and 2) by 2030

RENEWABLE ELECTRICITY

- Use of 100% renewable electricity by the end of 2020

ENERGY CONSUMPTION

- Reduce energy consumption by 11%, compared to 2017, by 2025

To achieve these targets, T&G is implementing a strategy focused on energy efficiency, replacing fossil fuels with renewable energy alternatives, and ensuring electricity is sourced from renewable energy.

REDUCING CO_2 EMISSIONS

Removing refrigerants with high global warming potentials (GWP) and reducing leakage from market floors is a key component of the Company's emissions reduction strategy.

In 2019, T&G achieved a 66% decrease in CO_2 emissions from refrigerant leakage, compared to 2017. A replacement strategy for high GWP refrigerants has been developed and in 2019 the Company completed replacements at the Pukekohe packhouse and Mt Wellington market floor.

Another initiative T&G is implementing across its New Zealand sites is the replacement of LPG forklifts with electric forklifts. There are now 43 electric forklifts, with only 14 LPG forklifts remaining on sites where higher load capacities are required.

**1. Under the Greenhouse Gas (GHG) Protocol of the World Resources Institute and the World Business Council for Sustainable Development, Scope 1 and 2 emissions are:*

- *Scope 1: Direct GHG emissions from sources owned or controlled by the company. For example, emissions from combustion of fuel in vehicles owned or controlled by the company.*
- *Scope 2: Indirect GHG emissions from the generation of purchased energy (in the form of electricity, heat or steam) that the organisation uses.*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

REDUCE ENERGY CONSUMPTION

Progress is being made in reducing the use of energy across the business, from lighting to refrigeration to glasshouse heating.

T&G invested $1.4 million in replacing end-of-life automation equipment at its apple packhouse operations in Whakatu in the Hawke's Bay, as well as investing $480,000 in new sealing technology for controlled atmosphere rooms in the cool store facility. These investments are expected to deliver an energy reduction of up to 10% for the site.

Process changes have been made to reduce the refrigeration load and energy demand in the storage of late season fruit across Hawke's Bay sites. These changes have delivered electricity savings of approximately $80,000 in the last quarter of 2019. The Company has also invested in new rapid roller door technology to further reduce electricity demand, minimising loss of refrigerated air, improving temperature maintenance, and providing greater quality control.

From left to right, Andrew Keaney (T&G) and Minister Shane Jones, announcing Provincial Growth Funding to develop the biogas project at T&G's Reporoa site.

FROM WASTE TO ENERGY

Every year, in excess of 327,000 tonnes of food waste and organic products go to landfill in New Zealand. Approximately a third of all waste sent to landfill is organic matter. With over 134 consented landfills in New Zealand, this presents a sizeable opportunity to turn it into biogas and use it as an energy source, and at the same time reduce carbon emissions.

To source renewable energy, T&G is working with Ecogas LP, who are building and operating New Zealand's first commercial-scale, fully-integrated, biogas-to-energy plant, also referred to as an anaerobic digestor facility.

The facility will take more than 50,000 tonnes of food waste and 20,000 tonnes of commercial organic waste and convert this into biogas and biofertiliser.

The proposed Reporoa anaerobic digestor facility will be built on T&G owned land, in proximity to its tomato glasshouse operation, however accessed independently and operated in isolation from T&G's current operations. T&G would buy the renewable energy from Ecogas and supply its own organic waste back to the facility, both at commercial terms.

The Ecogas anaerobic digestor would also support T&G's sustainability and low emissions targets, by using biogas as a renewable energy supply for glasshouse heating and producing CO^2 to enhance growing conditions.

GROWING PRODUCE IN THE FACE OF A CHANGING CLIMATE

As the climate changes, T&G is also actively pursuing strategies to respond to climate change.

The increasing number of extreme weather events in New Zealand and abroad, such as hail and storms, are an immediate challenge for T&G's growing activities.

Damage from storms and flooding can impact crop quality, power networks, transport routes and irrigation equipment. Sudden power outages can destroy an entire crop through physical damage, lack of irrigation or damage produce in cool stores.

The strategies T&G is pursuing are:

1. Adapt and mitigate risk by investing in infrastructure, such as protective netting or water recycling, to increase self-sufficiency and protect against adverse impacts;
2. Implement innovative growing solutions, such as breeding new varieties to cope with hotter or dryer conditions.

APPLES BRED FOR HOT CLIMATES

T&G has joined Plant & Food Research, the Institute of Agriculture and Food Research Technology (IRTA) and Fruit Futur as the exclusive partner for the commercialisation of new apple cultivars, designed specifically to tackle challenges such as sunburn, colour and firmness, associated with a hotter global climate.

The Hot Climate Programme (HCP) was initiated in 2002 by Plant & Food Research and IRTA to address challenges that were being experienced by Spanish growers, particularly those of the Catalan region, with traditional apple and pear varieties.

As the global climate continues to change, it was recognised that other apple growing regions would begin to experience these issues, and that varieties developed for these niche environments would be in increasing demand worldwide.

Several new varieties have been identified in the HCP with potential for commercialisation, and the programme partners have selected T&G as the preferred partner for managing the commercialisation of the varieties worldwide.

These hot climate-tolerant new varieties will ensure that consumers continue to enjoy crisp, tasty apples and that growers have a promising option to keep producing apples and make a living despite climate change.

ZERO WASTE TO LANDFILL

Resource waste is a growing global concern. With a broad business spanning growing, packing and distribution, there are multiple locations that create food and packaging waste which can be reduced, reused and recycled. T&G is committed to finding sustainable solutions where it can.

GROWING TOMATOES WHILE REDUCING LANDFILL WASTE

The Company is trialling and implementing initiatives to deliver on its target to reduce, reuse or recycle its resources, and send zero waste to landfill by 2025.

As New Zealand's largest producer of tomatoes, growing 12 million kilograms each year, T&G is testing commercially compostable string alternatives to find the best solution to replace the metres of plastic string used to keep the 12-metre high tomato vines upright in glasshouses.

INVESTIGATING CROP WASTE

To help achieve T&G's zero waste goal, the Company investigated food (crop) waste volumes and improvement opportunities at tomato growing and root vegetable packing operations.

Tomato production waste (which is sent to compost) was found to sit within the industry standard of 2 to 5%. This waste is derived from cropping and fruit dropping to the ground, as well as T&G's quality requirements. T&G is actively working to further reduce this, including exploring opportunities for lower grade fruit. These actions have the additional benefit of contributing to T&G's carbon neutral goal.

Food waste is a very small part of T&G's carbon footprint.

HAWKE'S BAY PACKHOUSE HEADS TOWARD ZERO WASTE

Staff at T&G's packhouses in Whakatu, Hawke's Bay, are on a mission to reduce waste from their operations and implement circular systems for resources. Within the first month, the site reduced the use of daily hair nets by two-thirds, increased paper recycling, and doubled tray reuse in the packhouse. Tray wastage has declined from 5,000 trays to 2,355 per month.

In the staff cafeteria, utensils are compostable, cardboard packaging has replaced plastic, and empty milk bottles are recycled into fence posts. Individual rubbish bins in the offices have been removed, and more than 3,000 plastic bin liners used each year have been replaced by compostable bags.

KAITIAKITANGA

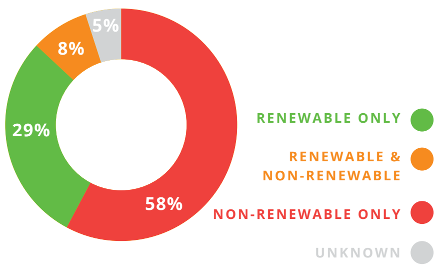
RESPONSIBLE PACKAGING

Packaging is vital for protecting fresh produce and keeping it safe and fresh. It is also a component of T&G's direct and indirect waste.

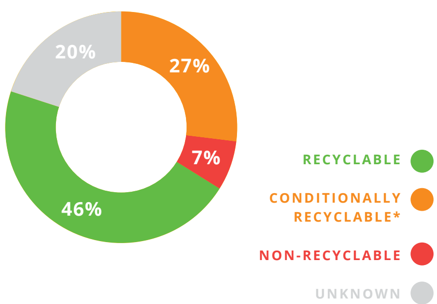
The Company aims to minimise the impact of packaging by being resource efficient and embracing low impact materials made from renewable and recyclable resources.

Following a packaging audit of T&G brands, it was found that 46% of T&G's packs (by SKU) are recyclable and 29% are made from renewable resources. The Company is actively working with customers, suppliers and in-market teams to identify alternatives to the non-renewable packs and implement those across its brands.

PERCENTAGE OF PACKS (SKUS) THAT ARE RENEWABLE



PERCENTAGE OF PACKS (SKUS) THAT ARE RECYCLABLE



**Recycling facilities exist but are not available curbside.*

BEING RESOURCE EFFICIENT WITH PACKAGING

T&G supplies loose apples in wooden bulk bins to several markets, including the United Kingdom, however it is becoming increasingly difficult to find second use opportunities for wooden bins in-market. To address this, the Company has begun trialling collapsible plastic bins. These bins are returned for re-use to help minimise waste in the supply chain. T&G hopes to extend the bin return and re-use trials in its United States and Asian markets in 2020.

EMBRACING LOW IMPACT MATERIALS

JAZZ™ apple prepack Snackers (1kg) and newly launched JAZZ™ Juniors 6 packs have transitioned to PEFC-certified cardboard punnets and trays.

PEFC is the Programme for the Endorsement of Forest Certification and is a leading global alliance of national forest certification systems which promotes sustainable forest management through independent third-party certification.

T&G is transitioning all of its global grape shipping cartons from styrofoam to fully recyclable corrugated cardboard. Orchard Rd started with the majority of its United States grapes when it launched in Asia, and this will be followed by the Australian and South American grape seasons.

QUARTERLY PACKAGING FORUM

T&G has established a quarterly internal packaging forum. The forum aims to better understand current packaging materials, share global innovations in produce packaging, and provide a forum to discuss market pressures and opportunities.

CONSUMER AWARENESS

T&G was identified as a brand leader in sustainability in the 2019 Colmar Brunton Better Futures Report.

The report is an annual survey of attitudes towards sustainability, and highlights the value New Zealanders place on their natural environment. Of the 1,000 people surveyed, when prompted, 68% named T&G as a brand leader in sustainability.

An example of the Company's commitment to sustainability was the 2018 introduction of new cardboard punnets for its Beekist® tomato brand, removing 5.5 million plastic punnets from supermarket shelves - or 100 tonnes less plastic that Kiwis take home every year.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

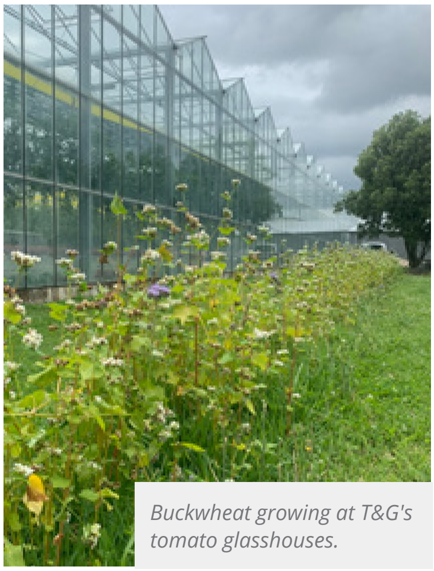
LOWER INPUT, SMARTER GROWING

T&G is committed to lower impact and smarter growing by harnessing innovation and increasing efficiencies with its resources. To do this, the Company is currently focused on three key areas: promoting and increasing the use of beneficial insects; increasing water use efficiency; and improving soil quality and structure.

PROMOTING THE USE OF BENEFICIAL INSECTS

Insects, such as whitefly, are an ongoing threat to the health of tomato plants. To reduce whitefly populations and increase local populations of beneficial insects (enemies of whitefly), the Company has planted 'insectary' plants, including Buckwheat, Phacelia and Alyssum. Insectary plants are plants with high volumes of quality nectar or pollen which make them highly attractive food sources for beneficial insects. These plants are being established on land surrounding tomato glasshouses to attract a diversity of beneficial insects and increase their population, longevity and effectiveness.

Inside the glasshouses, a small innovation is making a big difference. Yellow bug tape has been used as a natural deterrent directly above the crops for some time and now additional tape is being placed at the end of the rows of crop to target whitefly, which has already led to a notable decrease in populations.



Buckwheat growing at T&G's tomato glasshouses.

INCREASING WATER SELF-SUFFICIENCY

A number of T&G's glasshouses utilise water capture systems from the roof, coupled with water recycling systems to minimise their demand for water.

In 2019, as part of a continued focus on water self-sufficiency, the Ohaupo glasshouse invested in a water reservoir on-site. This enabled the site to minimise water required from the local water scheme and supported its ability to recycle water from the glasshouse.

KAITIAKITANGA

PROTECT & CONSERVE OUR HABITATS

T&G's business relies on healthy soil and waterways, so protecting and giving back to the land is critical. A key part of this is land management which supports biodiversity. The Company's target is to keep its water clean and pollinators healthy.

T&G protects its waterways by using barriers, setbacks, buffers and riparian planting, and protects local biodiversity by implementing integrated pest management, supporting pollination services and bee-safe protocols.

INTEGRATED PEST MANAGEMENT

Its orchards utilise Integrated Pest Management technology. This reduces the application of agrichemicals by spraying only when the number of pests exceeds prescribed thresholds, thereby minimizing the risk of the pest adapting to the spray and protecting local biodiversity. The pesticides used do not harm natural predators of the targeted pests, and monitoring is undertaken for the presence of pests and diseases on the crops.

In 2019, T&G made further improvements to its approach for controlling apple leaf curling midge, a pest to New Zealand apples. The approach involves luring midge directly to an insecticide by applying pheromones at the base of each tree. If the results from these trials are positive, the Company hopes to further reduce usage of agrichemical control for the pest.

To improve the utilisation of pollination services, T&G supported Plant & Food Research to assess the role insects (other than managed honeybees) play in the pollination of New Zealand apple orchards. Pollinator diversity is known to improve yields in many crops because different insects can be more active when honeybees aren't active. Utilising T&G's JAZZ™ orchards in the Hawke's Bay and Nelson, the study found the presence of bumble bees, other bee species, flies and beetles. The next steps will assess their efficiency as pollinators and determine whether there are potential strategies available to boost their numbers.

SOCIALLY RESPONSIBLE SOURCING

Socially responsible sourcing is caring for the welfare and safety of all workers across the supply chain. It's about being aware of the impact a business has on the world beyond its own operations, and making sure products and services are produced and sourced ethically and sustainably throughout each level of the supply chain.

T&G is aware that socially responsible sourcing is an increasingly important commercial driver for large retailers. While price and fruit quality remain the leading considerations for buyers, increasingly, they look at sustainable environmental and labour practices.

THIRD PARTY CERTIFICATION IN SUPPLY CHAIN

Several years ago, the T&G New Zealand apple business achieved Sedex membership for all packers. Sedex supports companies to improve their responsible and sustainable business practices, and to source responsibly. This year, the Company has increased the number of growers utilising Sedex to meet customer requirements for both the Self-Assessment Questionnaire and Farm Sustainability Assessment compliance under Sedex.

8 DECENT WORK AND ECONOMIC GROWTH

Shane O'Brien (T&G) fourth from left, visiting banana growers in Ecuador.

Over the past two years, T&G has also ensured all apple growers have GRASP certification. The Company proactively works with its customers to meet their certification requirements.

BEYOND CERTIFICATION – ACTIVE ENGAGEMENT WITH SUPPLIERS

In November 2019, T&G's Head of Imports, Shane O'Brien, visited the All Good Organics banana growers in El Guabo, Ecuador.

All Good Organics is a New Zealand organisation that has been importing sustainably grown bananas directly from small, independent growers for nine years. Through All Good Organics, New Zealand consumers pay a small premium for the bananas which is returned to the grower communities to fund social projects.

During the trip, Shane and the All Good Organics founders visited grower farms, met their families and witnessed first-hand the positive impact that the social projects are having on the communities. The New Zealand group visited Escuela fiscal mixta Francia, a school that the All Good Fairtrade Premium has supported. The visit was marked with the opening of a new classroom. Other key social projects visited, included a plastic recycling centre and a bio plant - a site that manufactures organic pesticide made from natural resources.

KAITIAKITANGA

PROTECT & GROW

3 GOOD HEALTH AND WELL-BEING

T&G is committed to addressing health and safety as a critical priority. It is unwavering in its focus that everyone gets home safely, every day.

To help achieve this, in 2019 the Company commissioned an independent WorkSafe SafePlus review, which highlighted a range of improvement areas with a particular focus on the identification and mitigation of key risks. At the same time, T&G also internally reviewed its health and safety performance and supporting framework.

The Company has since reset its health and safety strategy based on these findings and developed a roadmap for improvement. The new strategy is focused on three key areas: leadership, worker engagement and risk management.

The 'CARE' programme, which is focused on safety conversations, was introduced in the second half of 2019. This is the first module in an on-going programme to deliver meaningful behavioural change throughout the organisation and will be followed by further modules in 2020, including incident management and investigation.

This year, T&G also introduced a new leadership development programme, high performing culture principles and reinstated key performance indicators. Health and safety is a performance goal metric for all operational leaders.

It also introduced autosense cameras to a number of its truck fleet, helping its truck drivers get home safely. The cameras can sense if a driver's eyes are off the road for more than four seconds or closed for more than one and a half seconds, alerting the driver by vibrating the driver's seat and making an alarm-sound to regain the driver's attention. Following the trial, the cameras will now be rolled out across T&G's entire fleet.

For T&G, safety is not a compliance and process-driven exercise, it's a change in people's behaviour to ensure that safety is everyone's responsibility.

	2018	2019
LOST TIME INJURIES	134	137
LTIFR[1]	6.2	7.2
RECORDABLE INJURIES (LTI+MTI+RWI)[2]	214	190
TRIFR[3]	9.8	9.9

[1] Lost time injury frequency rate (LTIFR) = number of LTIs/number of hours worked x 200,000.
[2] LTI = Lost time injury, MTI = Medical treatment injury, RWI = Restricted work injury
[3] Total recordable injury frequency rate (TRIFR) = number of LTI+MTI+RWI/ number of hours worked 200,000

KAITIAKITANGA

HEALTHY COMMUNITIES

Every week, the Company provides fresh fruit and vegetables to more than 120,000 New Zealand school children in regions of high social and health need via the Ministry of Health's Fruit in Schools Programme. That's more than 23 million servings of fresh fruit and vegetables every year. The weekly contribution is part of T&G's commitment to growing healthier communities.

The Company partners with a range of community groups and programmes to promote healthy nutrition and distribute fresh produce to communities-in-need.

T&G is a proud supporter of the following initiatives:

- 5+A Day, a charitable trust that runs a nationwide education and promotional campaign in New Zealand to encourage more fresh fruit and vegetables as part of a daily diet.
- Waste Not Kitchen. This Trust provides healthy, nutritious soups for New Zealand Women's Refuges. T&G contributes fresh vegetables to the Trust's kitchen for the soups.
- KiwiHarvest collects surplus food from growers, retailers and wholesalers, including T&G, and distributes it to New Zealand families-in-need.
- Garden to Table is a charity that works with thousands of New Zealand primary school children, helping them discover a love for fresh food by learning how to grow, harvest, prepare and share fresh, seasonal food. T&G is a national supporting partner of Garden to Table.

The Company also supports the growing horticulture industry and helps nurture young talent via sponsorship of various events and awards, such as the annual Young Horticulturist of the Year and Horticulture New Zealand's Grower of the Year awards.

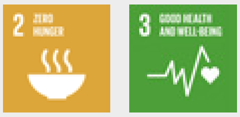
SUPPORTING COMMUNITIES

T&G provides its employees with a volunteer day per year to support their community. In 2019, this opportunity was supported by a number of employees who took up the opportunity to help a cause they're passionate about.

FEEDING FAMILIES

T&G's Australian team used their volunteer day to pack food boxes for Foodbank Australia. The charity is Australia's largest hunger-relief organisation, servicing over 2,600 charities and enabling them to provide food to 710,000 people every month.

The team packed 13,862 kilograms of food orders. That's equivalent to approximately 24,978 meals - or feeding a family of four three meals a day, for over five and a half years.



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.

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 Chartered Member of the Institute of Directors. She was a partner at Ernst & Young for over 25 years and has been a professional Director for the last nine years. Carol has extensive financial experience and a sound understanding of efficient board governance.

She is a director of NZ Post Limited, Kiwibank Limited, Asset Plus Limited, Chubb Insurance Limited and a number of other private companies.

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 chair of Farmlands Co-operative Ltd, co-chair of Silver Fern Farms Ltd and director and immediate past chair of Silver Fern Farms Co-operative Ltd. He is a director and chair-elect of Pioneer Energy Ltd, a director of Southern Generation Partnership Ltd, Pulse Energy Ltd and the Lincoln University Council.

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. He won the 2019 Outstanding Contribution to New Zealand Co-operatives award.

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.

BENEDIKT MANGOLD
NON-INDEPENDENT DIRECTOR
Director since September 2019

Benedikt Mangold joined BayWa in 2011, working initially in the Agricultural Equipment Business Unit. In 2016, Benedikt moved to New Zealand, working for T&G Global Ltd as an export trader before moving into the role as Head of Strategic Planning and Transformation for T&G's International Business Unit. Since returning to BayWa in early 2019, Benedikt has been recently appointed Head of Global Produce at BayWa AG.

Mr Mangold is a director of Al Dahra BayWa Agriculture LLC and Afrupro Investments (Pty) Ltd.

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. He is a director of Al Dahra BayWa Agriculture LLC.

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.J. 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 three 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.J. 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.J. 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 the 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 Apples, 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 (2015 to 2019), T&G's effective tax rate was 22%. 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.

OUR BUSINESS LEADS

GARETH EDGECOMBE
CHIEF EXECUTIVE OFFICER

Gareth joined T&G as Chief Executive Officer in July 2018. He has extensive experience in business turnarounds, building high performing teams and developing brands across the Asia Pacific region. Prior to joining T&G he was CEO of Comfort Group, President of the Campbell Soup Company for the Asia Pacific region, and President of The Coca-Cola Company's South Pacific business. A former general manager of Puhoi Valley Cheese, Gareth has also served on the board of the Australian Food and Grocery Council.

BASTIAN VON STREIT
CHIEF FINANCIAL OFFICER

Bastian joined T&G as Chief Financial Officer from his homeland Germany in October 2018. He leads T&G's global finance team across 12 countries. Previously, he was Head of Group Accounting at parent company BayWa AG, and Director of Finance and Accounting at Willy Bogner GmbH & Co KGaA in Munich, responsible for financial and group accounting, credit control, taxes and treasury. Bastian is a graduate of Ludwig Maximilians University in Munich.

RACHEL STOTTER
DIRECTOR INTERNATIONAL SALES

As Director International Sales, Rachel leads an international sales team who sell apples, grapes, berries and a number of other categories into more than 40 countries. She joined T&G in March 2019, having previously been Head of Sales and General Manager Dairy Category at Goodman Fielder New Zealand. Prior to that, Rachel held a number of sales and transformation roles across a ten-year period with Fonterra, including Director New Zealand Ingredients and General Manager Sales Excellence.

PETER LANDON-LANE
DIRECTOR INNOVATION & TECHNICAL

As Director Innovation and Technical, Peter leads T&G's team responsible for identifying and commercialising new plant varieties and technologies. Peter joined in April 2018 as Chief Operating Officer, having previously been CEO of Plant & Food Research for nine years. Peter has significant international experience, having led Fonterra businesses in Europe, Japan and Taiwan. Earlier in his career he served as the New Zealand Trade Commissioner in the Philippines and in Beijing.

HEATHER KEAN
DIRECTOR PEOPLE & CULTURE

Heather joined T&G as Director People & Culture in June 2018, with overall responsibility for shaping the change programme to transform T&G into a high performance organisation. Heather also leads the Health & Safety function at T&G. With over thirty years of HR experience, she deeply understands the role of organisational culture in driving business success. Previously, Heather was Head of HR with Goodman Fielder NZ, and before that Director Global HR at Fonterra. She was a founding partner of New Zealand recruitment agency, Pohlen Kean.

ANDREW KEANEY
MANAGING DIRECTOR NZ PRODUCE

As Managing Director New Zealand Produce, Andrew leads a team responsible for partnering with domestic and international growers and customers to provide year-round fresh, safe, sustainable produce to New Zealand and global consumers. Andrew joined T&G in May 2014 with extensive experience in the industry, having previously held senior roles with Foodstuffs New Zealand, Freshmax and Primor Produce.

CRAIG BETTY
DIRECTOR OPERATIONS

Craig joined T&G as Director Operations in October 2019. Based at its Hawke's Bay site at Whakatu, Craig is responsible for leading T&G's apple business, including its growing, packing and distribution operations. Prior to this, he was Chief Operating Officer for Westland Milk Products, and General Manager Operations for Fonterra. Craig has extensive operations and supply chain management experience across a broad range of industries, including agribusiness.

JODI REDDELL
DIRECTOR CATEGORY & MARKETING

Jodi is responsible for driving the growth for T&G's apple category and its premium brands, including JAZZ™ and Envy™, along with building new global categories in blueberries and grapes. Prior to joining in May 2019, Jodi was Global Senior Marketing Director - McVities for United Biscuits/pladis, based in London. She has previously worked with both GSK and Frucor Suntory as Regional Marketing Director Asia (Beverages) and Category Marketing Manager China and Asia Pacific for Lucozade and Ribena.

TIM CLARKSON
DIRECTOR STRATEGY

Tim joined T&G as Director Strategy in November 2013, with responsibility for the Company's group strategy, M&A investments, divestments, joint ventures and sustainability. He leads a team focused on building long term growth for T&G's key produce categories and major trading activities in domestic and international markets. Previously, Tim was Executive Director, Leader M&A with EY, and held senior roles with KPMG, Interesource and Kaupthing Singer & Friedlander.

MONIQUE MALLON
DIRECTOR IT

Monique joined T&G in September 2018, and has more than 25 years' experience in IT and large-scale business transformation programmes. Having spent nine years as a senior consultant and 14 years working in lead roles with New Zealand businesses, Monique understands the need to deliver value through robust technology solutions which enable businesses to achieve their strategic objectives.

ADRIENNE SHARP
HEAD OF CORPORATE AFFAIRS

Adrienne joined T&G in January 2020 and has overall responsibility for protecting and enhancing T&G's reputation with its stakeholders. She leads internal and external communications, government and industry engagement, and brand marketing. Adrienne has previously held senior communications roles at Fonterra, including General Manager Innovation Communications and General Manager News and Content. Prior to that, she was the Australian Managing Director for Baldwin Boyle Group.

STATUTORY INFORMATION

AUDITORS

Deloitte 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 2019.

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 2019

DIRECTORS OF T&G	$'000
Prof. K.J. Lutz	45
C.A. Campbell (director fees)	93
C.A. Campbell (Committee work)	11
A. Helber	36
R.J. Hewett (Director fees)	93
R.J. Hewett (Committee work)	3
M.W. Liu	36
R.T. Priske	36
B.J. Mangold (appointed on 6 September 2019)	12
C.U.G. Bell (resigned on 31 July 2019)	21

DIRECTORS AND OFFICERS COMPOSITION

At 31 December 2019 the gender composition of T&G's directors and officers was as follows:

	MALE	FEMALE
Directors	6	1
Officers	6	4

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 2019

	NUMBER OF EMPLOYEES	
$'000 NZD EQUIVALENT	2019	2018
100-110	**45**	35
110-120	**33**	34
120-130	**22**	20
130-140	**22**	21
140-150	**19**	22
150-160	**17**	28
160-170	**10**	9
170-180	**6**	7
180-190	**9**	8
190-200	**8**	6
200-210	**4**	5
210-220	**5**	4
220-230	**2**	2
230-240	**4**	5
240-250	**1**	2
250-260	**2**	1
260-270	**-**	3
270-280	**3**	-
280-290	**1**	3
290-300	**-**	2
300-310	**3**	-
320-330	**-**	3
330-340	**2**	1
340-350	**1**	1
350-360	**1**	2
360-370	**-**	1
370-380	**2**	-
380-390	**-**	1
400-410	**-**	3
420-430	**2**	-
440-450	**-**	1
450-460	**1**	-
460-470	**1**	-
470-480	**1**	-
480-490	**2**	-
570-580	**-**	2
1,260-1,270	**-**	1
1,300-1,399	**1**	-
Total	**230**	233

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 received remuneration of $1,327,199 during the 2019 Financial Year. This amount includes employer kiwisaver contributions, a vehicle allowance and the balance of a signing bonus which was payable at the first anniversary of his employment. His base salary for 2019 was $884,000.

Short term incentive

Subject to the achievement of profitability 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 with a maximum payment of 150%.

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.

From 2020, the LTI payment will partially vest in year three (50%) and close out in year five (50%). No bonus will be paid if the achievement rate is less than 90% and the maximum amount is capped at 150%.

DIRECTORS SHAREHOLDINGS

As at 31 December 2019, no current directors or parties associated with current directors held ordinary shares (2018: nil).

There were no share transactions during the year ended 31 December 2019 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 $38,500 (2018: $35,000).

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

The Company was granted a waiver from the previous NZX listing rule 5.2.3 on 23 April 2012. NZX listing rule 5.2.3 provided that an issuer's securities would generally not be considered for quotation on the NZX unless those securities were 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 were maintained, or the NZX was otherwise satisfied that the issuer would maintain a spread of security holders sufficient to ensure a sufficiently liquid market in the class of securities.

The Company required a waiver from the previous listing rule 5.2.3 as BayWa Aktiengesellschaft and Wo Yang Limited are not considered members of the public for the purposes of the listing rules and, therefore, less than 25% of the quoted securities of T&G are held by members of the public.

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

- 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
- The Company notifies the NZX if there are any material changes to its spread.

On 19 November 2018, NZX granted a class ruling to all issuers transitioning to the new listing rules. Pursuant to this class ruling, waivers granted prior to 1 January 2019 will continue to have effect from a transitioning issuer's transition date to 30 June 2020, in respect of the application of such waivers and/or rulings to the comparable new listing rule.

The Company was notified by NZX that new listing rule 1.1.1(b)(ii) (being the equivalent to the previous listing rule 5.2.3) only applies to new issuers. Therefore, as an existing issuer, the Company is not subject to the quotation thresholds.

Therefore, the existing waiver will not be re-documented and, from 30 June 2020, the Company will not be relying on the waiver described above.

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 30 January 2020 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 30 January 2020 was 122,543,204.

20 LARGEST SHAREHOLDERS

as at 30 January 2020

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	1,232,078	1.01%
Bartel Holdings Limited	1,172,997	0.96%
HSBC Nominees (New Zealand) Limited	400,733	0.33%
R.J. Turner, C.E. Turner, Redoubt Trustees Limited & Evans Penell Trustees Limited	202,689	0.17%
FNZ Custodians Limited	127,479	0.10%
BNP Paribas Nominees (NZ) Limited	125,170	0.10%
H.J. Goodwin	117,986	0.10%
S.J. Turner, C.M. Turner & D.H. Turner	113,696	0.09%
Tribal New Zealand Traders Limited	108,374	0.09%
L.R. Hotham	101,482	0.08%
A.E. Waite	100,802	0.08%
Tribal Nominees Limited	98,535	0.08%
P.J.S. Rowland	93,507	0.08%
Aotearoa Rental Enterprises Limited	82,500	0.07%
TEA Custodians Limited Client Property Trust Account	80,737	0.07%
M.C. Goodson, D.D. Perron, Goodson & Perron Independent Trustee Limited	79,339	0.06%
R.M. Scott	63,494	0.05%
Penmaen Limited	60,000	0.05%
Total	**119,529,190**	**97.54%**

SPREAD OF SECURITY HOLDERS

as at 30 January 2020

RANGE	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 to 499	63	11.50%	15,495	0.01%
500 - 999	78	14.23%	57,045	0.05%
1,000 - 1,999	115	20.99%	156,522	0.13%
2,000 - 4,999	106	19.34%	334,039	0.27%
5,000 - 9,999	77	14.05%	528,073	0.43%
10,000 - 49,999	86	15.69%	1,762,146	1.44%
50,000 - 99,999	10	1.83%	718,806	0.59%
100,000 - 499,999	9	1.64%	1,398,411	1.14%
500,000 - 999,999	-	-	-	-
1,000,000 and above	4	0.73%	117,572,667	95.94%
Total	**548**	**100%**	**122,543,204**	**100%**

DOMICILE OF SHAREHOLDERS

as at 30 January 2020

LOCATION	TOTAL HOLDERS	% OF TOTAL HOLDERS	UNITS
New Zealand	522	95.26%	7,261,382
Australia	16	2.92%	65,014
Hong Kong	3	0.55%	24,502,941
United Kingdom	2	0.36%	5,247
Germany	2	0.36%	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	**548**	**100.00%**	**122,543,204**

Deloitte.

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 2019, 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 58 to 119, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, 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 8) The Group's biological assets of $22.6 million (2018: $28.2 million) predominantly represent produce such as apples, grapes, 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 8 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.
Valuation of Land and Improvements and Buildings (Note 9) Commercial and orchard land, improvements and buildings ('land and buildings') of the Group amounting to $259.3 million (2018: $276.9 million) are measured at fair value less accumulated depreciation and impairment losses at balance date. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value. Land and buildings have been revalued this year and have increased by $61.8 million. As disclosed in Note 9, land and buildings were valued using a combination of market comparison, income capitalisation and depreciated replacement cost methodologies. The valuation of land and buildings is a key audit matter because changes to key assumptions used in the valuation methods could have a material impact on the carrying amount of land and buildings, with changes recognised in either other comprehensive income or profit or loss, as appropriate.	Our procedures have focused on the appropriateness of the valuation methodologies and the reasonableness of the underlying inputs and assumptions. We obtained an understanding of the Group's process for valuing the commercial and orchard land and buildings as at 31 December 2019. We evaluated the independence and competence of the Group's external valuers engaged to perform the valuation of land and buildings. On a sample basis: • We considered whether the underlying assumptions used by the external valuers were consistent with our knowledge of the properties in their specific locations; and • We compared capitalisation rates used to market reports to check that those rates were within reasonable range of those market reports. We also performed sensitivity analysis to assess the robustness of the methods used by the Group's external valuers on valuation of the land and buildings.

Key audit matters	How our audit addressed the key audit matters
Adoption of new accounting standards – NZ IFRS 16 This is the first year of adoption for NZ IFRS 16: Leases ('NZ IFRS 16') which will require all operating leases to be recognised on the balance sheet. At 1 January 2019, the Group recognised $58.5 million of right-of-use assets and lease liabilities on the balance sheet so application of NZ IFRS 16 has had a significant impact on the financial statements. The Group applied the standard using the modified retrospective method of application. The adoption of NZ IFRS 16 is a key audit matter because of the significance of the right-of-use asset and lease liability balances to the financial statements as a whole and the level of judgement that was required when applying the requirements of the standard to the Group's contractual arrangements, these judgements being: • Determining whether extension or termination options are reasonably certain to be exercised when identifying the lease term, and • Determining the incremental borrowing rate to be used to discount each lease.	We reviewed the accounting papers prepared by management and updated our understanding of the Group's processes and controls for leases with respect to NZ IFRS 16. We obtained an understanding of the Group's accounting policy and assessed compliance with the requirements of NZ IFRS 16. We obtained an understanding of how the required data has been captured in the Group's leasing software and how the software was set up in order to calculate lease balances in accordance with the standard. We agreed a sample of leases to the original lease contract terms or other supporting documentation. We recalculated the expected right-of-use asset and lease liability for each of those leases included in our sample to assess the accuracy of management's calculation as at 1 January 2019. We tested completeness of management's calculation by: • Reconciling the Group's existing lease commitments as at 31 December 2018 to management's calculation; • Selecting a sample of assets from outside the lease software to trace through to management's calculation; and • Reviewing transaction level breakdowns of rent expense general ledger accounts for any leases that should be recognised on the balance sheet. • We evaluated and challenged the assumptions used in determining the impact of NZ IFRS 16 which included: • Determining lease terms including extension options that are reasonably certain to be exercised; and • Assessing the appropriateness and consistency of the incremental borrowing rate used. We challenged the appropriateness of including extension options by, for a sample of arrangements, assessing whether the contract was enforceable and also whether the lessee would be reasonably certain to exercise such options by corroborating supporting information. We performed sensitivity analyses over the incremental borrowing rates applied by the Group to assess the impact that a change in discount rate would have on the recorded lease liability. We evaluated whether the financial statements include the required disclosures regarding leases, including disclosures on transition.

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

28 February 2020

TABLE OF CONTENTS

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 $'000	2018 $'000
Continuing operations			
Revenue	4	**1,216,409**	1,188,203
Other operating income	5	**14,299**	14,939
Purchases, raw materials and consumables used		**(931,807)**	(917,417)
Employee benefits expenses	6	**(155,347)**	(160,113)
Depreciation and amortisation expenses	6	**(37,753)**	(23,246)
Other operating expenses	6	**(89,300)**	(86,741)
Operating profit		**16,501**	15,625
Financing income	13	**748**	841
Financing expenses	13	**(14,084)**	(13,029)
Share of profit from joint ventures	22	**14**	694
Share of profit from associates	23	**3,302**	2,534
Other income	5	**3,830**	6,577
Profit before income tax from continuing operations		**10,311**	13,242
Income tax expense	7	**(3,700)**	(2,848)
Profit after income tax from continuing operations		**6,611**	10,394
Discontinued operations			
Loss for the year from discontinued operations, net of tax		**-**	(2,076)
Profit for the year		**6,611**	8,318
Attributable to:			
Equity holders of the Parent		**901**	3,581
Non-controlling interests		**5,710**	4,737
Profit for the year		**6,611**	8,318
Profit attributable to equity holders of the Parent relates to:			
Profit from continuing operations		**901**	5,657
Loss from discontinued operations		**-**	(2,076)
		901	3,581
Earnings per share (in cents)			
Basic and diluted earnings from continuing and discontinued operations	15	**0.7**	2.9
Basic and diluted earnings from continuing operations	15	**0.7**	4.6

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 $'000	2018 $'000
Profit for the year		**6,611**	8,318
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment:			
Held by subsidiaries of the Group	14	**57,481**	-
Loss on revaluation of investment in unlisted entity	14	**-**	(177)
Deferred tax effect on revaluation of property, plant and equipment	14	**(10,505)**	-
Deferred tax effect on sale of property, plant and equipment	14	**6,988**	3,885
		53,964	3,708
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(328)**	(1,165)
Cash flow hedges:			
Fair value loss, net of tax		**(4,854)**	(11,691)
Reclassification of net change in fair value to profit or loss		**11,057**	6,934
		5,875	(5,922)
Other comprehensive income / (expense) for the year		**59,839**	(2,214)
Total comprehensive income for the year		**66,450**	6,104
Total comprehensive income for the year is attributable to:			
Equity holders of the Parent		**60,407**	1,495
Non-controlling interests		**6,043**	4,609
		66,450	6,104

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	Share capital $'000	Revaluation and other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2019							
Balance at 1 January 2019		**176,357**	**109,330**	**114,612**	**400,299**	**13,321**	**413,620**
Profit for the year		**-**	**-**	**901**	**901**	**5,710**	**6,611**
Other comprehensive income / (expense)							
Revaluation of property, plant and equipment	14	**-**	**57,481**	**-**	**57,481**	**-**	**57,481**
Deferred tax effect on revaluation of property, plant and equipment	14	**-**	**(10,505)**	**-**	**(10,505)**	**-**	**(10,505)**
Deferred tax effect on sale of property, plant and equipment	14	**-**	**6,988**	**-**	**6,988**	**-**	**6,988**
Exchange differences on translation of foreign operations	14	**-**	**(648)**	**-**	**(648)**	**320**	**(328)**
Movement in cash flow hedge reserve	14	**-**	**6,190**	**-**	**6,190**	**13**	**6,203**
Total other comprehensive income		**-**	**59,506**	**-**	**59,506**	**333**	**59,839**
Transactions with owners							
Dividends	16	**-**	**-**	**-**	**-**	**(5,667)**	**(5,667)**
Total transactions with owners		**-**	**-**	**-**	**-**	**(5,667)**	**(5,667)**
Transfer from asset revaluation reserve due to asset disposal	14	**-**	**(57,213)**	**57,213**	**-**	**-**	**-**
Balance at 31 December 2019		**176,357**	**111,623**	**172,726**	**460,706**	**13,697**	**474,403**
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		-	-	(300)	(300)	-	(300)
Adjusted balance at 1 January 2019		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	14	-	3,885	-	3,885	-	3,885
Revaluation of investment in unlisted entity	14	-	(177)	-	(177)	-	(177)
Exchange differences on translation of foreign operations	14	-	(1,003)	-	(1,003)	(124)	(1,127)
Movement in cash flow hedge reserve	14	-	(4,753)	-	(4,753)	(4)	(4,757)
Total other comprehensive expense		-	(2,048)	-	(2,048)	(128)	(2,176)
Transactions with owners							
Dividends	16	-	-	(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	14	-	(15,736)	15,736	-	-	-
Transfer from revaluation reserve due to sale of investment in unlisted entity	14	-	(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 2019

	NOTES	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents		**36,208**	36,778
Trade and other receivables	18	**188,574**	152,086
Inventories	19	**28,316**	24,515
Taxation receivable		**11,842**	10,204
Derivative financial instruments	27	**3,929**	1,864
Biological assets	8	**22,633**	28,185
Total current assets		**291,502**	253,632
Non-current assets			
Trade and other receivables	18	**21,575**	8,428
Derivative financial instruments	27	**4,035**	884
Deferred tax assets	7	**1,804**	2,302
Investments in unlisted entities		**93**	106
Property, plant and equipment	9	**386,079**	396,546
Right-of-use assets	11	**60,066**	-
Investment property	24	**15,000**	15,316
Intangible assets	10	**38,576**	36,597
Investments in joint ventures	22	**4,006**	4,490
Investments in associates	23	**31,496**	35,380
Total non-current assets		**562,730**	500,049
Total assets		**854,232**	753,681
Current liabilities			
Trade and other payables	20	**174,744**	133,875
Loans and borrowings	12	**6,557**	4,159
Lease liabilities	11	**13,547**	-
Taxation payable		**2,025**	3,210
Derivative financial instruments	27	**1,680**	5,963
Total current liabilities		**198,553**	147,207
Non-current liabilities			
Trade and other payables	20	**42**	237
Loans and borrowings	12	**84,895**	146,100
Lease liabilities	11	**48,016**	-
Derivative financial instruments	27	**5,617**	5,230
Deferred tax liabilities	7	**42,706**	41,287
Total non-current liabilities		**181,276**	192,854
Total liabilities		**379,829**	340,061
Equity			
Share capital	14	**176,357**	176,357
Revaluation and other reserves	14	**111,623**	109,330
Retained earnings		**172,726**	114,612
Total equity attributable to equity holders of the Parent		**460,706**	400,299
Non-controlling interests		**13,697**	13,321
Total equity		**474,403**	413,620
Total liabilities and equity		**854,232**	753,681

Approved for and on behalf of the Board

Prof. K.J. Lutz
Director (Chairman)

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

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 $'000	2018 $'000
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from customers		**1,220,136**	1,219,371
Other		**406**	406
Cash was disbursed to:			
Payments to suppliers and employees		**(1,152,104)**	(1,164,258)
Interest paid		**(10,959)**	(9,128)
Income taxes paid		**(6,470)**	(7,142)
Net cash inflow from operating activities		**51,009**	39,249
Cash flows from investing activities			
Cash was provided from:			
Dividends received from joint ventures and associates		**7,617**	1,853
Sale of cool store and packhouse		**9,918**	-
Sale of distribution centre		**-**	14,851
Sale of kiwifruit post-harvest and orchard assets		**9,774**	33,436
Sale of Mt. Wellington site		**65,000**	-
Sale of processed foods business		**-**	4,799
Sale of shares in associate		**-**	3,350
Sale of other property, plant and equipment		**62**	104
Cash was disbursed to:			
Purchase of property, plant and equipment	9	**(36,422)**	(28,875)
Purchase of intangible assets	10	**(3,106)**	(1,304)
Loans to suppliers, customers, associates, and joint ventures		**(15,657)**	(90)
Net cash inflow from investing activities		**37,186**	28,124
Cash flows from financing activities			
Cash was provided from:			
Net proceeds from short-term borrowings		**1,364**	-
Proceeds from long-term borrowings		**-**	22,000
Loans from related parties		**5,000**	-
Cash was disbursed to:			
Dividends paid to non-controlling interests	16	**(5,667)**	(3,107)
Dividends paid to Parent's shareholders	16	**-**	(14,708)
Repayment of borrowings		**(65,094)**	(53,746)
Payment of lease liabilities		**(21,242)**	-
Deferred consideration on purchase of non-controlling interests		**-**	(1,060)
Deferred consideration on purchase of business		**-**	(593)
Bank facility fees and transaction fees		**(3,303)**	(3,721)
Other		**-**	(654)
Net cash outflow from financing activities	17	**(88,942)**	(55,589)
Net (decrease) / increase in cash and cash equivalents		**(747)**	11,784
Foreign currency translation adjustment		**177**	(1,406)
Cash and cash equivalents at the beginning of the year		**36,778**	26,400
Cash and cash equivalents at the end of the year		**36,208**	36,778

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

STATEMENT OF CASH FLOWS (CONTINUED)

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

	NOTES	2019 $'000	2018 $'000
Profit for the year		**6,611**	8,318
Adjusted for non-cash items:			
Amortisation expense	6	**1,470**	1,481
Depreciation expense	6	**36,283**	22,063
Effective interest on deferred consideration	13	**-**	16
Movement in deferred tax	7	**(3,951)**	(4,008)
Movement in expected credit loss allowance	18	**293**	131
Share of profit of joint ventures	22	**(14)**	(694)
Share of profit of associates	23	**(3,302)**	(2,534)
Other movements		**3,106**	3,629
		33,885	20,084
Adjusted for investing and financing activities:			
Bank facility and line fees		**3,303**	3,721
Gain on sale of kiwifruit post-harvest and orchard assets	5	**(3,137)**	(4,814)
Gain on disposal of investment in associate	5	**-**	(120)
Gain on disposal of distribution centre	5	**-**	(1,643)
Gain on sale and leaseback of cool store	5	**(693)**	-
Net gain from reversal of previous property, plant and equipment revaluation changes through profit and loss	5	**(4,419)**	(600)
Loss on sale of other property, plant and equipment	6	**2,327**	2,077
Fair value adjustment of investment property	24	**316**	-
Impairment of loans to associates		**791**	-
		(1,512)	(1,379)
Impact of changes in working capital items net of effects of non-cash items, and investing and financing activities			
(Increase) / decrease in debtors and prepayments		**(35,915)**	4,021
Decrease / (increase) in biological assets		**5,552**	(1,138)
Increase / (decrease) in creditors and provisions		**49,012**	(2,333)
(Increase) / decrease in inventories		**(3,801)**	12,583
(Increase) in net taxation receivable		**(2,823)**	(907)
Total		**12,025**	12,226
Net cash inflow from operating activities		**51,009**	39,249

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

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

This section describes the principles and general accounting policies used in the preparation of the financial statements. Accounting policies that relate to specific line items on the income statement and balance sheet are described in their respective notes.

1. BASIS OF PREPARATION

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. Key categories for the Group include apples, grapes, berries, citrus (lemons, mandarins and navel oranges) 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 2019.

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 and is based in Munich, Germany.

STATEMENT OF COMPLIANCE

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 16 *Leases* (NZ IFRS 16) (refer Note 2) and early adoption of the amendments to NZ IAS 1 *Presentation of Financial Statements* (NZ IAS 1), there have been no changes made to accounting policies during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. 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.

Area of estimate and judgement	**Note**
Fair value of biological assets	Note 8 Biological assets
Valuation of property, plant and equipment	Note 9 Property, plant and equipment
Carrying value of intangible assets	Note 10 Intangible assets
Calculation of lease liabilities	Note 11 Leases

2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The Group adopted NZ IFRS 16 and early adopted the amendment to NZ IAS 1 during the current reporting period. As a result of these adoptions, the Group had to change its accounting policies and make certain adjustments as disclosed below.

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 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.

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 leases for commercial properties, glasshouses, orchard land, motor vehicles and plant and machinery.

The Group adopted NZ IFRS 16 using 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 on 1 January 2019. The Group has made use of the practical expedient available on the transition to NZ IFRS 16 and has chosen not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with NZ IAS 17 will continue to be applied to those leases entered or modified before 1 January 2019. Comparative numbers have not been restated.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR (CONTINUED)

NZ IFRS 16 *Leases* (NZ IFRS 16) (continued)

The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. An additional depreciation expense of $15.9 million has been recognised in relation to the adoption of NZ IFRS 16. Lease liabilities are initially measured at the present value of the unpaid lease payments at the commencement date, discounted using a discount rate.

Lease incentives are recognised as part of the measurement of the ROU assets and lease liabilities whereas under NZ IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under NZ IFRS 16, ROU assets are tested for impairment in accordance with NZ IAS 36 *Impairment of Assets.* This replaces the previous requirements to recognise a provision for onerous leases.

The main difference between NZ IFRS 16 and NZ IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. NZ IFRS 16 requires the Group to recognise as part of its lease liability the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by NZ IAS 17.

This change did not have a material effect on the Group's financial statements.

Key judgment areas in applying the new standard are:

- The use of discount rates; and
- The assessment of whether options to extend or terminate a lease will be exercised.

Discount rates used are the Group's incremental borrowing rates (IBR). The Group's IBR is the average of the borrowing rates obtained from financial institutions as if the Group had purchased the leased asset, with the term of the borrowing similar to the lease term. The weighted average rate applied for each leased asset class are:

	Weighted average IBR %
Commercial properties	5.22%
Glasshouses	5.22%
Orchard land	5.22%
Motor vehicles	6.01%
Plant and machinery	6.18%

The assessment of whether a lease contract will be extended or terminated at the end of the lease contract is dependent on the asset class and type. For property leases, this will be determined by the Group's intention to exercise a contractual right of renewal at the end of the initial lease term. For motor vehicles, an extension of two months has been applied to all vehicles expiring in the 2019 financial year as this is the average time taken to either return the vehicle to the lessor, or to extend the lease contract.

The Group has applied the following practical expedients when applying 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 the lease term remaining;
- Not recognising ROU assets and liabilities if the underlying leased asset is considered a low-value asset; and
- Relying on initial assessments of whether a lease is considered onerous by applying NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (NZ IAS 37).

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line bases as permitted by NZ IFRS 16. This expense is presented within other operating expenses in the income statement.

Reconciliation of lease commitments to opening lease liability as at 1 January 2019:

	$'000
Operating lease commitments at 31 December 2018	62,917
Add: leases not contained in the lease commitments schedule	7,863
Effect of discounting using incremental borrowing rates at 1 January 2019	(21,364)
Finance lease liabilities recognised as at 31 December 2018	348
Recognition exemption for:	
- short-term leases	(130)
- low-value leases	(291)
Extension and termination options reasonably certain to be exercised	9,117
Lease liabilities recognised at 1 January 2019	**58,460**

As part of the Group's adoption of NZ IFRS 16, certain operating lease commitments were identified that were not included as part of the 2018 financial statements. The Group has determined the impact of this exclusion to be not material due to the size and non-cash nature of this item. The non-disclosure had no impacts on the balance sheet, income statement or statement of cash flows with the only impact being in the 2018 commitments note.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR (CONTINUED)

NZ IFRS 16 *Leases* (NZ IFRS 16) (continued)

Impact on the statement of cash flows for the reporting period 31 December 2019

Under NZ IFRS 16, lessees must present:

- Short-term lease payments and payments for leases of low-value assets as part of operating activities;
- Cash payment for the interest portion of lease liability as operating activities; and
- Cash payments for the principal portion of lease liabilities, as part of financing activities.

Under NZ IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities.

Consequently, for the reporting period to 31 December 2019 the net cash from operating activities has increased by $21.2 million and net cash from financing activities decreased by the same amount. Comparative numbers have not been restated.

The adoption of NZ IFRS 16 did not have an impact on net cash flows.

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Group recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as a separate line in the balance sheet and are subsequently measured by increasing the carrying amount to reflect interest on the lease (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability if:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- Lease payments changing due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

ROU assets

ROU assets comprise of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Wherever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37. The costs are included in the related ROU asset, unless those costs are incurred to produce inventories.

ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. Depreciation starts at the commencement date of the lease.

ROU assets are presented as a separate line in the balance sheet.

The Group applies NZ IAS 36 to determine whether a ROU asset is impaired and accounts for any identified loss under the same policy adopted for property, plant and equipment.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in other operating expenses in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR (CONTINUED)

NZ IFRS 16 *Leases* (NZ IFRS 16) (continued)

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Amendment to NZ IAS 1 *Presentation of Financial Statements* (NZ IAS 1)

NZ IAS 1 prescribes the basis for the presentation of general purpose financial statements to ensure the comparability of financial information. The amendments to this standard are effective for annual periods beginning on or after 1 January 2020 with the purpose to clarify the existing NZ IAS 1 disclosure requirements relating to materiality and structure of the notes to the financial statements. Consequential amendments have been made to NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* NZ IAS 10 *Events after the Reporting Period* and NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to clarify the definition of material.

Adopting these amendments did not result in significant changes in disclosure for the Group's financial statements.

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 changes in disclosure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL PERFORMANCE

This section explains the performance of the Group and details the contributions made by the Group's operating segments. It also describes how the Group earns its revenue and addresses other areas that impact on profitability such as other income, other expenses, and taxation.

3. 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 Financial Officer and the business leads of the Group.

The chief operating decision-makers assess the performance of the operating segments based on operating profit, which reflects earnings before financing income and 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
Apples	Growing, packing, cool storing, sales and marketing of apples worldwide.
International Produce	International trading activities other than apples. 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 and citrus growing operations.
Processed Foods	Includes the sale and marketing of processed foods, and trading activities in Australia 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:

	Apples $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
2019						
Total segment revenue	692,487	310,750	233,218	27,313	56	1,263,824
Inter-segment revenue	(35,576)	(5,643)	(6,196)	-	-	(47,415)
Revenue from external customers	656,911	305,107	227,022	27,313	56	1,216,409
Purchases, raw materials and consumables used	(509,811)	(270,155)	(128,007)	(23,826)	(8)	(931,807)
Depreciation and amortisation expenses	(17,843)	(1,070)	(16,367)	(370)	(2,103)	(37,753)
Net other operating expenses	(109,531)	(25,764)	(79,062)	(2,289)	(13,702)	(230,348)
Segment operating profit / (loss)	19,726	8,118	3,586	828	(15,757)	16,501
Financing income						748
Financing expenses						(14,084)
Share of profit from joint ventures						14
Share of profit from associates						3,302
Other income						3,830
Profit before income tax from continuing operations						10,311

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENT INFORMATION (CONTINUED)

	Apples $'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	(527,615)	(232,826)	(133,138)	(23,004)	(834)	(917,417)
Depreciation and amortisation expenses	(13,765)	(586)	(6,472)	(774)	(1,649)	(23,246)
Net other operating expenses	(93,641)	(30,085)	(90,615)	(9,496)	(8,078)	(231,915)
Segment operating profit / (loss)	27,713	3,281	1,278	(6,124)	(10,523)	15,625
Financing income						841
Financing expenses						(13,029)
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

Prior year comparatives have been restated to match current year presentation. This had no impact on the income statement or other primary statements with the only impact being in the 2018 segment information note.

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

	2019 $'000	2018 $'000
New Zealand	**245,437**	276,619
Australia and Pacific Islands	**118,587**	117,596
Asia	**386,995**	316,788
Americas	**84,760**	92,412
Europe	**380,630**	384,788
Total revenue from continuing operations	**1,216,409**	1,188,203

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

	2019 $'000	2018 $'000
New Zealand	**481,560**	438,601
Other	**53,663**	49,728
Total	**535,223**	488,329

4. 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 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.

	Apples $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
2019						
Nature of revenue						
Sale of produce	600,477	303,594	168,611	25,493	-	1,098,175
Commissions	17,666	520	21,620	1,671	-	41,477
Services	30,840	993	36,569	149	56	68,607
Royalties	7,928	-	222	-	-	8,150
Revenue from external customers	656,911	305,107	227,022	27,313	56	1,216,409
Timing of revenue recognition						
At a point in time						
Sale of produce	600,477	303,594	168,611	25,493	-	1,098,175
Commissions	17,666	520	21,620	1,671	-	41,477
Services	22,892	993	36,556	149	56	60,646
Royalties	7,928	-	222	-	-	8,150
	648,963	305,107	227,009	27,313	56	1,208,448
Over time						
Services	7,948	-	13	-	-	7,961
	7,948	-	13	-	-	7,961
Revenue from external customers	656,911	305,107	227,022	27,313	56	1,216,409

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

	Apples $'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. OTHER INCOME

OTHER INCOME

The Group recognised income from other operating and non-operating activities during the year.

Other operating income consists of the following:

	NOTES	2019 $'000	2018 $'000
Net exchange gains		**-**	1,180
Change in fair value of biological assets	8	**6,439**	10,360
Net gain from reversal of previous property, plant and equipment revaluation changes through profit and loss		**4,419**	600
Rent		**1,451**	1,262
Rent from subleases		**1,457**	1,322
Other		**533**	215
Total		**14,299**	14,939

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. OTHER INCOME (CONTINUED)

Other income consists of the following non-operating activities:

	2019 $'000	2018 $'000
Gain on sale of kiwifruit post-harvest and orchard assets	**3,137**	4,814
Gain on disposal of investment in associate	**-**	120
Gain on disposal of distribution centre	**-**	1,643
Gain on sale and leaseback of cool stores	**693**	-
Total	**3,830**	6,577

6. OTHER EXPENSES

DEPRECIATION AND AMORTISATION EXPENSES

	NOTES	2019 $'000	2018 $'000
Continuing operations			
Depreciation of property, plant and equipment	9	**20,409**	21,765
Depreciation of right-of-use assets	11	**15,874**	-
Amortisation	10	**1,470**	1,481
		37,753	23,246
Discontinued operations			
Depreciation of property, plant and equipment	9	**-**	298
		-	298
Total		**37,753**	23,544

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. OTHER EXPENSES (CONTINUED)

OTHER OPERATING EXPENSES

Other operating expenses includes the following:

	NOTES	2019 $'000	2018 $'000
Directors' fees	25	**386**	387
Fleet costs		**11,515**	20,548
Net exchange losses		**7,657**	-
Net loss on disposal of property, plant and equipment		**2,327**	2,077
Professional fees		**13,196**	11,578
Promotion costs		**9,437**	8,194
Rental and property related costs		**13,592**	21,233
Repairs and maintenance		**9,405**	9,798
Research and development		**1,624**	1,373
Travel and accommodation		**4,747**	4,981

Net exchange losses do not include a net realised foreign exchange gain of $12.8m (2018: $4.6m) recognised as part of revenue and purchases, raw materials and consumables used. The total impact of exchange differences in the current financial year was a net gain of $5.1m (2018: $5.8m)

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 $3.9 million were made by the Group towards employees' superannuation schemes (2018: $4.0 million).

AUDIT FEES

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

	2019 $'000	2018 $'000
Deloitte Limited and affiliated firms		
Audit of the financial statements	**676**	597
Audit related services	**9**	9
Other services	**39**	40
Other auditors		
Audit services provided	**412**	309
Other services	**100**	98

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. OTHER EXPENSES (CONTINUED)

AUDIT FEES (CONTINUED)

Services performed by Deloitte Limited in 2019 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:

	2019 $'000	**2018 $'000**
BDO for Delica (Shanghai) Fruit Trading Company Limited	**13**	11
Burgess Hodgson LLP for Worldwide Fruit Limited	**89**	75
HLB Mann Judd for Delica Australia Pty Limited, Delica Domestic Pty Limited and T&G Vizzarri Farms Pty Limited	**61**	74
Hutchinson and Bloodgood LLP for Delica North America, Inc.	**137**	95
Moss Adams LLP for ENZAFRUIT Products Inc.	**86**	54
JPAC for T&G South East Asia Limited	**26**	-
Total	**412**	309

7. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION (CONTINUED)

(A) TAXATION ON PROFIT BEFORE INCOME TAX

	2019 $'000	2018 $'000
Current tax expense	**(7,651)**	(6,856)
Deferred tax credit	**3,951**	4,008
Total	**(3,700)**	(2,848)

(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:

	2019 $'000	2018 $'000
Profit before income tax	**10,311**	13,242
Prima facie taxation at 28% (2018: 28%)	**(2,887)**	(3,708)
(Add) / deduct tax effect of:		
Non-deductible items	**(2,812)**	(1,339)
Effect of tax rates in foreign jurisdictions	**883**	540
Tax on share of profit from joint ventures and associates	**683**	2,719
Recognition of losses previously not recognised	**203**	142
Deferred tax assets not recognised	**(861)**	(17)
Non-taxable items	**2,217**	966
Adjustments in respect of prior periods	**(48)**	(1,565)
Unutilised foreign tax credits not available for future periods	**(1,078)**	-
Other	**-**	(586)
Total	**(3,700)**	(2,848)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION (CONTINUED)

(C) DEFERRED TAXATION

Balance of temporary differences

	Property, plant and equipment $'000	Intangible assets $'000	Biological assets $'000	Provisions and accruals $'000	Unrelieved trading losses $'000	Other $'000	Total $'000
2018							
Balance as at 1 January	(43,502)	(1,689)	(7,573)	2,761	242	2,883	(46,878)
Recognised in income statement	(4,916)	(12)	(319)	(1,396)	10,312	339	4,008
Recognised in equity	3,885	-	-	-	-	-	3,885
Balance as at 31 December	(44,533)	(1,701)	(7,892)	1,365	10,554	3,222	(38,985)
2019							
Balance as at 1 January	**(44,533)**	**(1,701)**	**(7,892)**	**1,365**	**10,554**	**3,222**	**(38,985)**
Prior year adjustments recognised in the income statement	**4,434**	**(341)**	**(393)**	**482**	**870**	**(3,859)**	**1,193**
Recognised in income statement	**1,597**	**39**	**1,605**	**957**	**(1,422)**	**(18)**	**2,758**
Recognised in equity	**(3,517)**	**-**	**-**	**84**	**(2,501)**	**58**	**(5,876)**
Foreign exchange movements	**(13)**	**(12)**	**-**	**(3)**	**35**	**1**	**8**
Balance as at 31 December	**(42,032)**	**(2,015)**	**(6,680)**	**2,885**	**7,536**	**(596)**	**(40,902)**

Net deferred tax balance of $40.9 million (2018: $39.0 million) is represented by deferred tax assets of $1.8 million (2018: $2.3 million) and deferred tax liabilities of $42.7 million (2018: $41.3 million).

Expected settlement

	2019 $'000	2018 $'000
Deferred tax assets expected to be settled within 12 months	**3,741**	3,801
Deferred tax liabilities expected to be settled in more than 12 months	**(44,643)**	(42,786)
Total	**(40,902)**	(38,985)

(D) IMPUTATION CREDITS

The Group had a negative imputation credit account balance of $0.6 million as at 31 December 2019 (2018: $5.6 million negative balance) and the Group will be making a voluntary payment before 31 March 2020 to ensure the balance is in credit at that time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

OPERATING ASSETS

This section describes the assets used to operate the business and generate revenue for the Group. Operating assets include biological assets, property, plant and equipment, and intangible assets.

8. 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, grapes, berries, citrus fruit and tomatoes are 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.

Valuation process
Fair value assessments of the Group's biological assets are undertaken internally. Discussions of valuation processes and results of the assessments are held between the Chief Financial Officer and business division finance managers 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. BIOLOGICAL ASSETS (CONTINUED)

	Apples $'000	Tomatoes $'000	Citrus $'000	Grapes $'000	Other $'000	Total $'000
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
2019						
Balance at 1 January	**23,873**	**2,180**	**1,733**	**-**	**399**	**28,185**
Capitalised costs	**28,505**	**1,655**	**5,661**	**7,313**	**902**	**44,036**
Change in fair value less costs to sell	**3,196**	**3,555**	**(59)**	**-**	**(253)**	**6,439**
Decrease due to harvest	**(37,214)**	**(5,536)**	**(5,358)**	**(6,702)**	**(1,217)**	**(56,027)**
Balance at 31 December	**18,360**	**1,854**	**1,977**	**611**	**(169)**	**22,633**

In the prior year, kiwifruit and blueberries have been classified in the 'Other' category. In the current year, the 'Other' category only represents blueberries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. 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	
		2019	**2018**
Apples	Tray carton equivalent (TCE) per hectare per annum	**1,400 to 6,500**	1,400 to 6,500
	Weighted average TCE per hectare per annum	**3,366**	3,652
	Export prices per export TCE	**$10 to $70**	$10 to $65
	Weighted average export prices per export TCE per annum	**$35.19**	$29.22
	Risk-adjusted discount rate	**25%**	25%
Tomatoes	Tonnes per hectare per annum	**171 to 628**	180 to 605
	Weighted average tonnes per hectare per annum	**431**	420
	Annual price per kilogram (kg) per season	**$1.49 to $18.78**	$1.43 to $18.28
	Weighted average price per kg per season	**$3.60**	$4.10
	Risk-adjusted discount rate	**25%**	25%
Citrus	Tonnes per hectare per annum	**29**	29
	Weighted average tonnes per hectare per annum	**29**	29
	Annual gate price per tonne per season	**$950 to $2,670**	$950 to $2,670
	Weighted average gate price per tonne per season	**$1,888**	$2,070
	Risk-adjusted discount rate	**14%**	14%
Blueberries	Tonnes per hectare per annum	**6.5**	6.5
	Weighted average tonnes per hectare per annum	**6.5**	6.5
	Annual gate price per kg per season	**$8.50 to $16.92**	$8.50 to $28.00
	Weighted average gate price per kg per season	**$16.50**	$19.21
	Risk-adjusted discount rate	**18%**	18%

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)

8. 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		
	2019	**2018**	**2019**	**2018**	**Unit Measure**
Apples	**779**	710	**1,622,308**	1,610,435	TCE
Tomatoes	**28**	28	**12,248,314**	11,899,015	kg
Citrus	**101**	133	**2,644,000**	3,975,307	kg
Grapes	**130**	74	**270,414**	99,000	kg
Blueberries	**11**	11	**73,182**	50,839	kg
Kiwifruit	**-**	46	**-**	682,168	class 1 trays
Other	**-**	1	**-**	20,833	kg

9. 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)

9. 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 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 and transfers	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. 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 2019									
Cost or valuation	69,391	66,999	156,565	34,151	27,854	6,613	153,031	28,751	543,355
Accumulated depreciation and impairment	(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
Year ended 31 December 2019									
Opening net carrying amounts	67,623	65,560	143,719	27,502	16,066	2,246	45,079	28,751	396,546
Additions and transfers	502	140	835	5,253	61	432	4,254	24,945	36,422
Reclassifications	596	-	1,483	170	-	-	4,273	(6,522)	-
Depreciation	(1,376)	(669)	(5,915)	(1,597)	(1,105)	(595)	(9,152)	-	(20,409)
Disposals	(41,259)	(3,901)	(29,925)	(2,484)	-	(124)	(3,349)	(7,380)	(88,422)
Revaluations	18,503	18,502	11,913	-	-	-	-	246	49,164
Depreciation write back on revaluations	2,393	825	9,369	-	-	-	-	-	12,587
Foreign exchange movements	64	35	250	(376)	-	38	60	120	191
Closing net carrying amounts	47,046	80,492	131,729	28,468	15,022	1,997	41,165	40,160	386,079
At 31 December 2019									
Cost or valuation	47,394	81,705	140,883	36,547	27,915	6,487	140,576	40,160	521,667
Accumulated depreciation	(348)	(1,213)	(9,154)	(8,079)	(12,893)	(4,490)	(99,411)	-	(135,588)
Net carrying amounts	47,046	80,492	131,729	28,468	15,022	1,997	41,165	40,160	386,079

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, carried out between September and November 2019. Overall uplift from the revaluation of property amount to $42.5 million.

PROPERTY	VALUER
Depreciation replacement cost / discounted cash flow / income capitalisation approach	
29 Stuart Road, Pukekohe	Telfer Young
20 Mihaere Drive, Roslyn, Palmerston North	Telfer Young
484 Nayland Road, Stoke, Nelson	Telfer Young

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

REVALUATIONS (CONTINUED)

PROPERTY	VALUER
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
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

The following table presents the valuers and valuation techniques of the most recent valuation of the Group's orchard land and improvements, carried out between October and December 2019. Overall uplift from the revaluation of orchards amount to $19.3 million.

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
657 Main Road, Riwaka, Motueka	Logan Stone
99 Swamp Road, Riwaka, Motueka	Logan Stone
83 Swamp Road, Riwaka, Motueka	Logan Stone
101 Motueka River West Bank Road, Brooklyn, Motueka	Logan Stone

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

REVALUATIONS (CONTINUED)

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 6.75% 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 9.5%.	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 adjustments, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

LAND AND BUILDINGS AT HISTORICAL COST

If land and buildings were carried under the cost model, their carrying amounts would be as follows:

	2019 $'000	2018 $'000
Commercial land and improvements		
Cost	**20,995**	27,761
Accumulated depreciation and impairment	**(6,541)**	(7,716)
Net carrying amount	**14,454**	20,045
Orchard land and improvements		
Cost	**63,068**	65,648
Accumulated depreciation and impairment	**(20,368)**	(20,296)
Net carrying amount	**42,700**	45,352
Buildings		
Cost	**111,421**	134,638
Accumulated depreciation and impairment	**(38,071)**	(48,909)
Net carrying amount	**73,350**	85,729

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.

	2019 $'000	2018 $'000
Commercial land and improvements	**47,046**	67,623
Orchard land and improvements	**80,492**	65,560
Buildings	**131,729**	143,719
Total	**259,267**	276,902

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. 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 2018					
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
Year ended 31 December 2019					
Opening carrying amounts	**20,816**	**6,112**	**959**	**8,710**	**36,597**
Additions	**-**	**3,013**	**2**	**91**	**3,106**
Amortisation	**-**	**(1,051)**	**(6)**	**(413)**	**(1,470)**
Disposals	**-**	**(50)**	**-**	**(5)**	**(55)**
Foreign exchange movements	**324**	**7**	**-**	**67**	**398**
Net carrying amounts	**21,140**	**8,031**	**955**	**8,450**	**38,576**
At 31 December 2019					
Cost	**21,140**	**25,571**	**4,638**	**9,630**	**60,979**
Accumulated amortisation	**-**	**(17,540)**	**(3,683)**	**(1,180)**	**(22,403)**
Net carrying amounts	**21,140**	**8,031**	**955**	**8,450**	**38,576**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. 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.

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

	2019 $'000	2018 $'000
Delica Limited	**2,104**	2,104
Delica Australia Pty Limited	**3,223**	3,247
Status Produce Limited	**7,989**	7,989
T&G Vizzarri Farms Pty Limited	**1,576**	1,587
Worldwide Fruit Limited	**6,248**	5,889
Total	**21,140**	20,816

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.

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

	EBIT growth rate		Discount rate		Terminal growth rate	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Cash-generating units						
Delica Limited	**2.00%**	2.00%	**11.00%**	10.60%	**2.00%**	2.00%
Delica Australia Pty Limited	**2.00%**	2.00%	**11.00%**	10.60%	**2.00%**	2.00%
Status Produce Limited	**2.00%**	2.00%	**11.00%**	10.60%	**2.00%**	2.00%
T&G Vizzarri Farms Pty Limited	**2.00%**	2.00%	**11.00%**	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FUNDING

This section focuses on how the Group funds its operations and manages its capital structure.

11. LEASES

The Group as a lessee

The Group leases certain property, plant and equipment. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Group recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease.

RIGHT-OF-USE ASSETS

	Orchard land $'000	Property $'000	Glasshouses $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
As at 1 January 2019	15,976	22,448	3,507	14,923	1,606	58,460
Additions	1,033	9,022	1,071	7,107	2,227	20,460
Terminations (net)	(89)	(2,618)	(2)	(326)	-	(3,035)
Depreciation expense	(1,975)	(4,525)	(914)	(7,896)	(564)	(15,874)
Foreign exchange movements	-	13	-	30	12	55
As at 31 December 2019	14,945	24,340	3,662	13,838	3,281	60,066

LEASE LIABILITIES - MATURITY ANALYSIS

	2019 $'000
Lease liabilities under NZ IFRS 16	
Less than one year	13,547
Between one and five years	28,463
More than five years	19,553
Total lease payable	61,563
Current	13,547
Non-current	48,016

The Group leases various property, plant and equipment under non-cancellable leases expiring within three months to 26 years. The leases have varying terms and have no option to purchase in respect of the leased operating plant and equipment in the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. LEASES (CONTINUED)

SALE AND LEASEBACK

As part of the Group's strategy to redirect capital to support the future growth of the business, the Group sold the Mt Wellington site on 2-6 Monahan Road, Auckland on 26 September 2019 to Goodman Property Trust, and 220 Fryatt Street, Dunedin on 2 December 2019 to Port Otago Limited.

The Mt Wellington site with warehouses and offices has an initial lease term of two years with two further renewals of one year each. The Group has recognised a right-of-use asset from its leaseback of the Mt Wellington site based on a two year lease term, as initial assessments are that the site will be occupied for two years. The Fryatt Street site with cool stores has an initial lease term of three years with two further renewals of one year each. The Group has recognised a right-of-use asset from its leaseback of the Fryatt Street site based on a three year lease term, as initial assessments are that the site will be occupied for three years.

Total right-of-use asset additions recognised in the current year for the two properties amount to $8.4 million. The sale and leaseback transactions contain fixed rent review clauses in the event that the Group exercises its option to renew.

Proceeds from the sale of the site and associated lease payments are included in the statement of cash flows. Refer to Note 5 for gains arising from sale and leaseback transactions.

AMOUNT RECOGNISED IN THE INCOME STATEMENT

	Notes	2019 $'000
Expenses		
Depreciation of right-of-use assets	6	**15,874**
Interest on lease liabilities		**3,190**
Short-term leases		**4,067**
Leases of low-value assets		**592**

The total cash outflow for leases in 2019 was $21.2 million (2018: $16.6 million).

12. 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.

	2019 $'000	2018 $'000
Current		
Secured borrowings	**1,364**	3,865
Lease liabilities	**-** (1)	294 (2)
Loans from related party	**5,193**	-
Total	**6,557**	4,159
Non-current		
Secured borrowings	**84,895**	146,046
Lease liabilities	**-** (1)	54 (2)
Total	**84,895**	146,100

Loans from related party relates to a loan from the Ultimate Parent of the Group. The loan is repayable on demand with interest charged at a rate of 6.25% per annum.

(1) Refer to Note 11 for current year lease liabilities recognised under NZ IFRS 16 *Leases*
(2) Lease liabilities previously recognised under NZ IAS 17 *Leases*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. LOANS AND BORROWINGS (CONTINUED)

INTEREST RATES

As at 31 December 2019 the weighted average interest rate on the secured and unsecured borrowings is 2.8% (2018: 3.3%), fixed for periods up to three months.

	2019 $'000	2018 $'000
Secured and unsecured borrowings repayment schedule		
Within one year	**6,557**	3,865
Between one and two years	**84,895**	-
Between two and five years	**-**	146,046
Total	**91,452**	149,911

SECURITY AND BANK FACILITIES

As at 31 December 2019 the Group had a term debt facility from the Bank of New Zealand, HSBC, Rabobank and Westpac amounting to $160.0 million (2018: $180.0 million), subject to certain cancellation obligations in respect on proceeds from recent asset sales. A revised $140.0 million term debt facility was executed in February 2020 with the same banks. The seasonal facility is renewed annually and is not drawn as at 31 December 2019. These facilities are secured by a guarantee from the Ultimate Parent for no consideration.

The banking facilities for the 2020 year are as follows:

	Amount $'000	Expiry date
Banking facilities in New Zealand		
Term debt facility	**140,000**	27 Feb 2023
Seasonal facility	**80,000**	30 Nov 2020
Money market facility	**40,000**	27 Feb 2023
Overdraft facility	**3,000**	Uncommitted
Banking facilities in the United Kingdom		
Term debt facility	**3,791**	01 Mar 2022
Overdraft facility	**3,939**	01 Apr 2020
Banking facilities in Australia		
Overdraft facility	**3,230**	Uncommitted
Related party facilities		
Term debt facility	**5,300**	Uncommitted

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. NET FINANCING EXPENSES

	2019 $'000	2018 $'000
Finance income		
Interest income	**748**	719
Other	**-**	122
Total	**748**	841
Finance expenses		
Interest expense on borrowings	**(10,950)**	(12,342)
Effective interest on long-term receivables	**(117)**	(206)
Effective interest on deferred consideration	**-**	(16)
Interest expense on lease liabilities	**(3,190)**	(22) [1]
Capitalised interest	**581**	-
Bank fees	**(408)**	(443)
Total	**(14,084)**	(13,029)
Net financing expenses	**(13,336)**	(12,188)

[1] Lease liabilities previously recognised under NZ IAS 17 *Leases*

14. CAPITAL AND RESERVES

SHARE CAPITAL

	2019 Shares	2018 Shares	2019 $'000	2018 $'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)

14. CAPITAL AND RESERVES (CONTINUED)

REVALUATION AND OTHER RESERVES

	2019 $'000	2018 $'000
Asset revaluation reserve		
Balance at 1 January	**118,768**	130,619
Gain on revaluation of property, plant and equipment	**57,481**	-
Deferred tax effect on revaluation of property, plant and equipment	**(10,505)**	-
Transfer to retained earnings due to sale of property, plant and equipment	**(57,213)**	(15,736)
Deferred tax effect on sale of property, plant and equipment	**6,988**	3,885
Balance at 31 December	**115,519**	118,768
Foreign currency translation reserve		
Balance at 1 January	**(3,470)**	(2,467)
Exchange differences on translation of foreign operations	**(648)**	(1,003)
Balance at 31 December	**(4,118)**	(3,470)
Cash flow hedge reserve		
Balance at 1 January	**(5,968)**	(1,215)
Movements in fair value	**(2,492)**	(13,634)
Reclassification of net change in fair value to income statement	**11,044**	6,938
Taxation on reserve movements	**(2,362)**	1,943
Balance at 31 December	**222**	(5,968)
Investment in unlisted entities revaluation reserve		
Balance at 1 January	**-**	1,827
Loss on revaluation of investment in unlisted entities	**-**	(177)
Sale of investment in unlisted entity	**-**	(1,650)
Balance at 31 December	**-**	-
Total	**111,623**	109,330

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. CAPITAL AND RESERVES (CONTINUED)

RESERVE	PARTICULARS OF RESERVE
Asset revaluation reserve	The revaluation reserve accounts for the fair value movements of 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 revaluation reserve	The investment in unlisted entities revaluation reserve accounts for the fair value movements of such investments during the year.

15. EARNINGS PER SHARE

	2019 Cents	**2018 Cents**
Ordinary shares		
From continuing operations	**0.7**	4.6
From discontinued operation	**-**	(1.7)
Total basic and diluted earnings per share	**0.7**	2.9

The earnings used to calculate basic and diluted earnings per share is net profit after tax attributable to equity holders of the Parent of $0.9 million (2018: $3.6 million).

The weighted average number of shares used to calculate basic and diluted earnings per share is 122,543,204 shares (2018: 122,543,204 shares).

16. DIVIDENDS

	2019 $'000	**2018 $'000**	**2019 Cents per share**	**2018 Cents per share**
Ordinary shares				
Final dividend for prior year	**-**	7,353	**-**	6
Interim dividend	**-**	7,355	**-**	6
Dividends to non-controlling interests in Group subsidiaries	**5,667**	3,107	**-**	-
Total	**5,667**	17,815		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. 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 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	12	17,964	3,001	-	-	-	(17,100)	3,865
Lease liabilities (NZ IAS 17)	12	533	415	-	-	-	(654)	294
Total		18,497	3,416	-	-	-	(17,754)	4,159
Non-current borrowings								
Secured borrowings	12	163,778	(3,086)	-	-	-	(14,646)	146,046
Lease liabilities (NZ IAS 17)	12	384	(330)	-	-	-	-	54
Total		164,162	(3,416)	-	-	-	(14,646)	146,100
Other current liabilities								
Deferred payments	20	611	(116)	98	-	-	(593)	-
Deferred payments to related parties	20	1,070	420	(10)	-	-	(1,060)	420
Total		1,681	304	88	-	-	(1,653)	420
Other non-current liabilities								
Deferred payments	20	1,064	(438)	(626)	-	-	-	-
Deferred payments to related parties	20	-	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Notes	Balance at 1 January 2019 $'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 2019 $'000
Current borrowings								
Secured borrowings	12	3,865	(3,865)	-	-	-	1,364	1,364
Loans from related parties	12	-	-	193	-	-	5,000	5,193
Lease liabilities	11	294	-	34,495 [2]	-	-	(21,242)	13,547
Total		4,159	(3,865)	34,688	-	-	(14,878)	20,104
Non-current borrowings								
Secured borrowings	12	146,046	3,865	78	-	-	(65,094)	84,895
Lease liabilities	11	54	-	47,962 [2]	-	-	-	48,016
Total		146,100	3,865	48,040	-	-	(65,094)	132,911
Other current liabilities								
Deferred payments	20	-	(10)	10	-	-	-	-
Deferred payments to related parties	20	420	144	(420)	-	-	-	144
Total		420	134	(410)	-	-	-	144
Other non-current liabilities								
Deferred payments	20	-	-	-	-	-	-	-
Deferred payments to related parties	20	134	(134)	-	-	-	-	-
Total		134	(134)	-	-	-	-	-
Total liabilities arising from financing activities		150,813	-	82,318	-	-	(79,972)	153,159

[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.

[2] Non-cash changes relate to NZ IFRS 16 *Leases*.

WORKING CAPITAL

This section reviews the level of working capital the Group generates through its operating activities. The working capital items described below include trade and other receivables, inventories, and trade and other payables.

18. 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 expected credit loss allowance.

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

- Trade receivables
- Loan 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 estimated 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 estimated exposure at default, this is represented by the assets' gross carrying amount at the reporting date.

	NOTES	2019 $'000	2018 $'000
Current			
Gross trade receivables		**144,800**	121,130
Less: expected credit loss allowance		**(997)**	(772)
Prepayments		**14,063**	13,978
GST and other taxes		**8,452**	5,518
Receivables from joint ventures	22	**288**	171
Receivables from associates	23	**1,448**	1,948
Receivables from related parties	25	**16,635**	7,900
Receivables from Ultimate Parent	25	**654**	455
Other receivables		**3,231**	1,758
Total		**188,574**	152,086

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

	NOTES	2019 $'000	2018 $'000
Non-current			
Trade receivables		**6,779**	7,501
Prepayments		**600**	485
Receivables from associates	23	**150**	150
Other receivables		**14,046**	292
Total		**21,575**	8,428
Total trade and other receivables		**210,149**	160,514

Included in non-current 'other receivables' is a loan receivable from a growing partner of $13.7m (2018: $nil). The loan is expected to fund joint activities in new growing ventures between the Group and the growing partner. Repayment of the loan is expected annually over 5 years with interest charged at rates between 5.7% to 6.3% per annum.

Analysis of receivables

	Gross receivables		Impaired receivables	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Not past due	**146,464**	109,868	**-**	-
Past due 1-30 days	**40,646**	42,833	**-**	-
Past due 31-60 days	**14,296**	5,165	**1**	-
Past due 61-90 days	**2,828**	738	**21**	4
Past due over 90 days	**6,912**	2,682	**975**	768
Total	**211,146**	161,286	**997**	772

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 by 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.

	2019 $'000	2018 $'000
Analysis of movements in the expected credit loss allowance		
Balance at 1 January	**772**	540
Expected credit loss on adoption of NZ IFRS 9	**-**	300
Net remeasurement of expected credit loss allowance	**156**	131
Change in expected credit loss allowance due to new trade and other receivables	**137**	-
Amount written off during the year	**(68)**	(199)
Balance at 31 December	**997**	772

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 $0.54 million (2018: $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 expected credit loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade receivables - days past due					
	Not past due $'000	**Past due 1-30 days $'000**	**Past due 31-60 days $'000**	**Past due 61-90 days $'000**	**Past due over 90 days $'000**	**Total $'000**
At 31 December 2019						
Expected credit loss rate	**0.00%**	**0.00%**	**0.01%**	**1.24%**	**10.48%**	**2.35%**
Loss given default rate	**60%**	**60%**	**60%**	**60%**	**60%**	**60%**
Estimated total gross carrying amount at default	**146,464**	**40,646**	**14,296**	**2,828**	**6,912**	**211,146**
Lifetime ECL	**-**	**-**	**1**	**21**	**434**	**456**
At 31 December 2018						
Expected credit loss rate	0.00%	0.00%	0.01%	0.90%	18.38%	3.86%
Loss given default rate	60%	60%	60%	60%	60%	60%
Estimated total gross carrying amount at default	109,868	42,833	5,165	738	2,682	161,286
Lifetime ECL	-	-	-	4	296	300

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. 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.

	2019 $'000	2018 $'000
Finished and semi-finished goods	**22,657**	18,752
Raw materials	**-**	290
Consumables (including packaging)	**5,659**	5,473
Balance at 31 December	**28,316**	24,515

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 2019 amounted to $847.3 million (2018 : $831.0 million).

20. TRADE AND OTHER PAYABLES

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

	NOTES	2019 $'000	2018 $'000
Current			
Trade payables		**103,895**	88,605
Employee entitlements		**11,736**	11,553
Accrued expenses		**37,053**	25,311
Payables to associates	23	**19,447**	7,907
Payables to related party	25	**1,938**	-
Payables to Ultimate Parent's subsidiary	25	**531**	79
Deferred payments to related parties	25	**144**	420
Total		**174,744**	133,875
Non-current			
Employee entitlements		**42**	103
Deferred payments to related parties	25	**-**	134
Total		**42**	237

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

GROUP STRUCTURE

This section provides information on the Group's structure and the subsidiaries, joint ventures, and associates included in the consolidated financial statements.

21. INVESTMENTS IN SUBSIDIARIES

Significant subsidiaries of the Group are listed below:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%)		PRINCIPAL ACTIVITY
		2019	**2018**	
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	Apple marketing
ENZAFRUIT New Zealand International Limited	New Zealand	**100**	100	Apple sales, marketing and growing
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 Pty Limited	Australia	**100**	100	Processed foods broking
Fruitmark USA Inc.	United States of America	**100**	100	Processed foods broking
Status Produce Limited (1)	New Zealand	**-**	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	New Zealand	**100**	100	Processed foods sales and marketing
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 and horticulture operations
Turners & Growers New Zealand Limited	New Zealand	**100**	100	Shared services provider
Turners and Growers Horticulture Limited (2)	New Zealand	**-**	100	Horticulture operations
Worldwide Fruit Limited	United Kingdom	**50**	50	Apple importer and packing services

The balance date of all subsidiaries is 31 December.

(1) On 1 September 2019, Status Produce Limited was amalgamated into Turners & Growers Fresh Limited.

(2) On 1 May 2019, Turners and Growers Horticulture Limited was amalgamated into Turners & Growers Fresh Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. 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	
		2019	**2018**
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	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Delica North America, Inc.	**1,599**	1,178	**4,322**	3,993
Worldwide Fruit Limited	**2,532**	2,142	**6,950**	6,788
Individually immaterial subsidiaries with non-controlling interests	**1,579**	1,417	**2,425**	2,540
	5,710	4,737	**13,697**	13,321

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.

	2019 $'000	**2018 $'000**
Balance sheet		
Current assets	**51,209**	31,494
Non-current assets	**130**	151
Current liabilities	**(43,451)**	(24,435)
Non-current liabilities	**(73)**	(47)
Equity attributable to owners of the Company	**(3,493)**	(3,170)
Non-controlling interests	**(4,322)**	(3,993)
Income statement		
Revenue	**127,827**	113,673
Expenses	**(124,629)**	(111,317)
Profit for the year	**3,198**	2,356

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

DELICA NORTH AMERICA, INC. (CONTINUED)

	2019 $'000	2018 $'000
Income statement (continued)		
Profit attributable to owners of the Company	**1,599**	1,178
Profit attributable to non-controlling interests	**1,599**	1,178
Profit for the year	**3,198**	2,356
Dividends paid to non-controlling interests	**1,240**	1,170
Cashflows		
Net cash inflow from operating activities	**8,053**	2,374
Net cash outflow from investing activities	**(2,557)**	(1,015)
Net cash outflow from financing activities	**(140)**	(70)
Total net cash inflow	**5,356**	1,289

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.

	2019 $'000	2018 $'000
Balance sheet		
Current assets	**38,265**	35,921
Non-current assets	**17,035**	15,615
Current liabilities	**(36,216)**	(35,371)
Non-current liabilities	**(3,063)**	(951)
Equity attributable to owners of the company	**(9,070)**	(8,426)
Non-controlling interests	**(6,951)**	(6,788)
Income statement		
Revenue	**267,468**	258,406
Expenses	**(262,404)**	(254,122)
Profit for the year	**5,064**	4,284
Profit attributable to owners of the Company	**2,532**	2,142
Profit attributable to non-controlling interests	**2,532**	2,142
Profit for the year	**5,064**	4,284
Dividends paid to non-controlling interests	**2,486**	594
Cashflows		
Net cash inflow from operating activities	**7,475**	7,204
Net cash outflow from investing activities	**(2,549)**	(1,783)
Net cash outflow from financing activities	**(4,012)**	(3,170)
Total net cash inflow	**914**	2,251

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. 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 2019. 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 2019 and 2018 are:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 2019	OWNERSHIP INTEREST (%) 2018	PRINCIPAL ACTIVITY
Growers Direct Limited	United Kingdom	**50**	50	Apples 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 2019 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 2019 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:

	2019 $'000	2018 $'000
Group's share of profit and comprehensive income of joint ventures	**14**	694
Carrying amount of the Group's interest in joint ventures	**4,006**	4,490

TRANSACTIONS WITH JOINT VENTURES OF THE GROUP

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

	2019 $'000	2018 $'000
Sale of produce to joint ventures	**2,555**	1,844
Purchase of produce from joint ventures	**-**	(63)
Services provided to joint ventures	**766**	1,277
Services received from joint ventures	**(9)**	-
Current receivables owing from joint ventures	**288**	171
Dividends from joint ventures received by the Group	**500**	750

23. 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 2019. The associates have share capital consisting solely of ordinary shares, which are held directly by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's investments in associates in 2019 and 2018 are:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 2019	OWNERSHIP INTEREST (%) 2018	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
Mystery Creek Asparagus Limited [1]	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] 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 2019 have been used. Differences in accounting policies between the Group and its 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

	2019 $'000	2018 $'000
Balance sheet		
Current assets	**121,110**	127,205
Non-current assets	**21,284**	15,673
Current liabilities	**(113,681)**	(114,121)
Non-current liabilities	**(14,620)**	(13,513)
The above amounts of assets includes the following:		
Cash and cash equivalents	**1,673**	2,790
Income statement		
Revenue	**945,878**	861,121
Depreciation and amortisation expenses	**(862)**	(258)
Interest expense	**(1,243)**	(1,238)
Income tax expense	**(1,334)**	(1,557)
Profit after tax and total comprehensive income	**3,168**	4,236

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

GRANDVIEW BROKERAGE LLC (CONTINUED)

	2019 $'000	2018 $'000
Group's share of carrying amount		
Carrying amount from Group's share in associate	**5,551**	6,005
Goodwill on acquisition	**26,692**	26,767
Other adjustments	**(2,366)**	(3,090)
Group's adjusted share of carrying amount in associate	**29,877**	29,682
Group's share of profit from continuing operations		
Gain from Group's share in associate	**1,248**	1,700
Other adjustments	**799**	368
Group's adjusted share of profit from continuing operations in associate	**2,047**	2,068
Dividend received from associate	**1,850**	1,036

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

	2019 $'000	2018 $'000
Group's share of profit and comprehensive income of associates		
Grandview Brokerage LLC	**2,047**	2,068
Other	**1,255**	466
Total	**3,302**	2,534
Carrying amount of the Group's interest in associates		
Grandview Brokerage LLC	**29,877**	29,682
Other	**1,619**	5,698
Total	**31,496**	35,380

TRANSACTIONS WITH ASSOCIATES OF THE GROUP

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

	2019 $'000	2018 $'000
Sale of produce to associates	**35,686**	43,930
Purchase of produce from associates	**(23)**	(181)
Services provided to associates	**-**	291
Services received from associates	**(1,420)**	(2,613)
Current receivables owing from associates	**1,448**	1,948
Non-current receivables owing from associates	**150**	150
Current payables owing to associates	**(19,447)**	(7,907)
Dividends received from associates	**7,117**	1,103

Dividends received from associates includes $5.3m (2018: $0.06m) received from Allen Blair Properties Limited (Allen Blair Properties). During the current financial year, Allen Blair Properties sold investment property it was holding and the dividend partially represents a capital redistribution to shareholders as Allen Blair Properties is wound up. A final dividend in respect of the capital redistribution is expected in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

OTHER DISCLOSURES

This section presents disclosures required to provide readers with an understanding of the Group's activities during the financial year.

24. 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 in Nelson which was previously an owner occupied property. This property is now leased to external parties for the operation of a food ingredients and juicing business. Subsequent renewals are negotiated with lessees. No contingent rents are charged.

	2019 $'000	2018 $'000
At fair value		
Balance at 1 January	**15,316**	-
Transfers from property, plant and equipment	**-**	15,316
Net loss from fair value adjustment	**(316)**	-
Balance at 31 December	**15,000**	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 current year in November 2019. The property was valued at the average of the depreciation replacement cost, discounted cash flow and income capitalisation methods. Refer to Note 9 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 $0.3 million (2018: $0.1 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. RELATED PARTY TRANSACTIONS

Transactions with the Group's related parties comprise of sales and purchases of produce and services provided and received 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 22 and 23 respectively.

TRANSACTIONS WITH THE ULTIMATE PARENT

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

	2019 $'000	2018 $'000
Purchase of produce from Ultimate Parent	**(87)**	-
Services provided to the Ultimate Parent	**199**	183
Interest on loan charged by the Ultimate Parent	**(193)**	-
Services received from the Ultimate Parent	**(279)**	(123)
Current receivables owing from the Ultimate Parent	**654**	455
Undrawn term debt facility from the Ultimate Parent	**300**	5,300
Drawn term debt facility from the Ultimate Parent	**(5,000)**	-

TRANSACTIONS WITH THE ULTIMATE PARENT'S SUBSIDIARIES AND ASSOCIATES

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

	2019 $'000	2018 $'000
Sale of produce to the Ultimate Parent's subsidiary	**4**	-
Purchase of produce from the Ultimate Parent's subsidiary	**(80)**	-
Services received from the Ultimate Parent's subsidiary	**(1,540)**	(963)
Current payables owing to the Ultimate Parent's subsidiary	**(531)**	(79)

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:

	2019 $'000	2018 $'000
Sale of produce to the Ultimate Parent's associate	**582**	4,767
Services provided to the Ultimate Parent's associate	**-**	1
Services received from the Ultimate Parent's associate	**(622)**	(2,242)

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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 related parties are detailed as follows:

	2019 $'000	2018 $'000
Sale of produce to related parties	**931**	-
Purchase of produce from related parties	**32,256**	36,868
Services provided to related parties	**8**	17
Services received from related parties	**-**	228
Current receivables owing from related parties	**16,635**	7,900
Current payables owing to related parties	**1,938**	-

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

	2019 $'000	2018 $'000
Short-term employee benefits	**4,997**	3,767
Long-term employee benefits	**-**	220
Termination benefits	**386**	186
Directors' remuneration	**386**	387
Total	**5,769**	4,560

At 31 December 2019, the Group had outstanding deferred payments to key management personnel of $0.1 million (2018: $0.5 million).

26. 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 Great 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)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

MARKET RISK (CONTINUED)

(i) Foreign exchange risk (continued)

For 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 Apples export business. As at 31 December 2019, the Group held foreign exchange contracts and currency options with a contract value of $311.0 million (restated 2018: $307.0 million). The prior year comparative has been restated to take into account mechanical inaccuracies in the previous calculation. This had no impact on the balance sheet, income statement, or other primary statements with the only impact being in the 2018 financial risk management note.

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			
	2020		2021	
	Actual	Policy	Actual	Policy
USD	62.67%	31%-75%	32.73%	25%-50%
GBP	67.01%	31%-75%	35.25%	25%-50%
EUR	62.62%	31%-75%	40.09%	25%-50%
JPY	49.15%	31%-75%	26.88%	25%-50%

	Average exchange rates		Notional value: Foreign currency		Notional value: Local currency	
	2019	2018	2019 $'000	2018 $'000	2019 $'000	2018 $'000
USD	**0.66**	0.70	**142,908**	145,454	**215,309**	216,481
GBP	**0.51**	0.51	**14,650**	16,100	**28,853**	30,576
EUR	**0.56**	0.59	**29,950**	29,673	**47,999**	50,658
JPY	**69.71**	75.26	**554,244**	910,349	**7,951**	12,365

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

MARKET RISK (CONTINUED)

Exchange rate sensitivity (continued)

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%	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Pre-tax (profit) / loss	**(720)**	(809)	**590**	662
Equity	**(29,788)**	(28,145)	**24,826**	22,993

(ii) Interest risk

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 four banks. These funding arrangements are negotiated at the start of each season, on behalf of 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 2019, $83.1 million of interest bearing loans are subject to interest rate repricing within the next 15 months (2018: $146.0 million).

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

	2019		2018	
	Weighted average interest rate	**Loans and borrowings $'000**	**Weighted average interest rate**	**Loans and borrowings $'000**
Australian dollars	**-**	**-**	15%	15
British pounds	**3%**	**3,159**	3%	3,948
New Zealand dollars	**3%**	**88,293**	3%	146,189
United States dollars	**-**	**-**	6%	107
Total		**91,452**		150,259

Interest rate derivatives

The Group's treasury policy allows up to 100% (2018: 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 75% (2018: 89%) of the forecasted core debt. The fixed interest rates average 3.6% (2018: 3.6%). The variable rates are set at the bank bill rate 90 day settlement rate, which at balance date was 1.1% (2018: 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 2019, the Group held swaps with a contract value of $105.0 million (2018: $133.9 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

MARKET RISK (CONTINUED)

Interest rate derivatives (continued)

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 31 December 2019, $83.1 million (2018: $146.0 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 loan and deposit balances at 31 December had remained the same throughout the year and interest rates moved by 1% then the impact would be a $0.8 million gain or loss on pre-tax profits (2018: $1.5 million gain or loss on pre-tax profits).

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

(iii) Price / commodity risk

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

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 2019 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 28 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 and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK (CONTINUED)

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
2019							
Borrowings	**91,452**	**6,283**	**1,084**	**89,636**	**-**	**-**	**97,003**
Trade and other payables (excluding employee entitlements)	**163,008**	**163,008**	**-**	**-**	**-**	**-**	**163,008**
Derivative financial instruments - cash flow hedges:	**7,261**	**-**	**-**	**-**	**-**	**-**	**-**
Inflows	**-**	**(17,012)**	**(54,287)**	**(8,030)**	**-**	**-**	**(79,329)**
Outflows	**-**	**18,405**	**56,354**	**9,961**	**2,744**	**-**	**87,464**
Derivative financial instruments - fair value through profit or loss:	**36**	**-**	**-**	**-**	**-**	**-**	**-**
Inflows	**-**	**(2,924)**	**-**	**-**	**-**	**-**	**(2,924)**
Outflows	**-**	**2,968**	**-**	**-**	**-**	**-**	**2,968**
Lease liabilities	**61,563**	**8,508**	**8,472**	**14,932**	**20,620**	**26,454**	**78,986**
Financial guarantees	**25,803**	**25,803**	**-**	**-**	**-**	**-**	**25,803**
Total	**349,123**	**205,039**	**11,623**	**106,499**	**23,364**	**26,454**	**372,979**

	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
Lease liabilities (NZ IAS 17)	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

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% (2018: 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% (2018: 45% to 55%).
Tangible net worth	The tangible net worth of the Group shall not be less than $270 million (2018: $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 (2018: 1.1:1 to 1.25:1).
Total net worth of the Ultimate Parent	The total net worth of the Ultimate Parent shall not at any time be less than EUR 750 million (2018: EUR 750 million).

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% (2018: 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 year of the total EBIT of the Group (2018: not less than 75% for the period up to November and not less than 80% for the month of December).

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

SEASONALITY

Due to the seasonal nature of the business the risk profile at 31 December is not representative of all risks faced during the year. Seasonality causes large fluctuations in the size of borrowings and debtors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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
2019					
Cash and cash equivalents	**36,208**	**-**	**-**	**-**	**36,208**
Trade and other receivables (excluding prepayments and taxes)	**187,034**	**-**	**-**	**-**	**187,034**
Investment in unlisted entities	**-**	**-**	**-**	**93**	**93**
Derivative financial instruments	**-**	**635**	**7,329**	**-**	**7,964**
Total	**223,242**	**635**	**7,329**	**93**	**231,299**
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liabilities

	Measured at amortised cost $'000	Fair value through profit or loss (held for trading) $'000	Derivatives for hedging $'000	Total $'000
2019				
Borrowings	**91,452**	**-**	**-**	**91,452**
Trade and other payables (excluding employee entitlements)	**163,008**	**-**	**-**	**163,008**
Lease liabilities	**61,563**	**-**	**-**	**61,563**
Derivative financial instruments	**-**	**36**	**7,261**	**7,297**
Total	**316,023**	**36**	**7,261**	**323,320**
2018				
Borrowings	149,925	-	-	149,925
Trade and other payables (excluding employee entitlements and taxes)	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

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 of 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. 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.

	2019 $'000	2018 $'000
Current assets		
Cash flow hedges		
Forward foreign exchange contracts	**2,680**	1,461
Foreign currency options	**614**	334
Fair value through profit or loss (held for trading)		
Forward foreign exchange contracts	**635**	69
Total	**3,929**	1,864
Non-current assets		
Cash flow hedges		
Forward foreign exchange contracts	**3,441**	720
Foreign currency options	**594**	164
Total	**4,035**	884
Current liabilities		
Cash flow hedges		
Forward foreign exchange contracts	**1,274**	5,177
Foreign currency options	**183**	262
Interest rate swaps	**187**	416
Fair value through profit or loss (held for trading)		
Forward foreign exchange contracts	**36**	108
Total	**1,680**	5,963
Non-current liabilities		
Cash flow hedges		
Forward foreign exchange contracts	**119**	930
Foreign currency options	**24**	-
Interest rate swaps	**5,474**	4,300
Total	**5,617**	5,230

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. CONTINGENCIES

The Group has the following guarantees:

	2019 $'000	2018 $'000
Bonds and sundry facilities	**75**	75
Guarantees of bank facilities for associated companies	**25,728**	25,801
Total	**25,803**	25,876

29. COMMITMENTS

CAPITAL COMMITMENTS

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

	2019 $'000	2018 $'000
Property, plant and equipment	**12,274**	7,166
Intangible assets	**300**	3
Total	**12,574**	7,169

NON-CANCELLABLE OPERATING LEASES RECEIVABLE

The Group as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease. 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. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2019 $'000	2018 $'000
Within one year	**1,573**	1,959
One to two years	**905**	1,409
Two to five years	**730**	1,541
Total	**3,208**	4,909

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. EVENTS OCCURING AFTER THE BALANCE DATE

On 17 December 2019 the Group entered into an agreement to acquire Freshmax NZ Limited, a New Zealand domestic fresh produce business, for $30.0m on a debt-free and cash-free basis.

The agreement is subject to a number of conditions including review by the Commerce Commission.

Subject to these conditions being satisfied, the transaction will settle in the upcoming financial year.

FIVE YEAR FINANCIAL REVIEW

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Revenue					
Continuing activities	**1,216,409**	1,188,203	1,068,145	871,771	812,764
Profit					
Pre-tax profit	**10,311**	13,242	41,954	42,095	24,669
Net profit after tax	**6,611**	10,394	40,246	32,436	19,450
Funds employed					
Paid up capital	**176,357**	176,357	176,357	176,357	170,317
Retained earnings and reserves	**284,349**	223,942	237,417	168,082	147,933
Non-controlling interests	**13,697**	13,321	11,819	2,383	2,696
Non-current liabilities	**181,276**	192,854	217,164	194,853	214,855
Current liabilities	**198,553**	147,207	155,959	108,911	118,167
	854,232	753,681	798,716	650,586	653,968
Assets					
Property, plant and equipment	**386,079**	396,546	450,981	393,974	401,395
Other non-current assets	**176,651**	103,503	93,254	60,008	57,426
Current assets	**291,502**	253,632	254,481	196,604	195,147
	854,232	753,681	798,716	650,586	653,968

	2019	2018	2017	2016	2015
Statistics					
Number of ordinary shares on issue	**122,543,204**	122,543,204	122,543,204	122,543,204	119,803,316
Earnings per share - cents	**0.7**	4.6	30.2	25.1	15.4
Net tangible assets per security	**$3.56**	$3.08	$3.17	$2.62	$2.47
Percentage of equity holders funds to total assets	**56%**	55%	53%	53%	49%
Ratio of current assets to current liabilities	**1.47**	1.74	1.63	1.81	1.65
Ratio of debt to equity [1]	**0.80**	0.81	0.88	0.88	1.04
Dividends					
Cents per share on paid up capital	**-**	12 [2]	6	6	6
Total dividend paid	**-**	$14,707,592	$7,352,592	$7,188,199	7,020,633

[1] Debt includes trade payables.
[2] An interim dividend and final dividend were paid out at 6 cents each in 2018.

DIRECTORY

DIRECTORS

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Chairman and Non-independent Director

B.J. Mangold
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
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