
Report of Directors

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

RESULTS IN BRIEF

Currency: NZ\$'000	June 2012	June 2011	Dec 2011
EBIT (Earnings before Interest and Tax)	12,643	12,865	
Profit after Tax	7,080	6,929	
Total Equity	292,580		285,863

DOMESTIC

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

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

EXPORTS

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

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

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

PROCESSING

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

GROWING OPERATIONS

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

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

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

OTHER

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

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

OUTLOOK

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

K.J. Lutz
CHAIRMAN

C.A. Campbell
DIRECTOR

Turners and Growers Limited	
Results for announcement to the market	
(Unaudited)	
Reporting Period	6 months to June 2012
Previous Reporting Period	6 months to June 2011

	Amount (000s)	Percentage change
Revenue from Ordinary Activities	\$337,399	1.9%
Profit after tax from ordinary activities after tax attributable to security holder	\$5,551	-6.1%
Net profit attributable to security holders	\$5,551	-6.1%

Final Dividend	Amount per security	Imputed amount per security
N/A	N/A	N/A

Record Date	N/A
Dividend Payment Date	N/A

There has been no dividend declared or paid in the six months to June 2012.

Comments	Refer to the attached documents
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TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES

Consolidated income statement

For the six months ended 30 June 2012 (Unaudited)

	June 2012 6 months \$'000	June 2011 6 months \$'000	Variance %
Gross turnover	478,363	469,438	1.9%
Revenue	337,399	331,046	1.9%
Cost of sales	(241,102)	(238,749)	1.0%
Gross profit	96,297	92,297	4.3%
Other operating income	486	316	53.8%
Administration expenses	(12,581)	(10,179)	23.6%
Other operating expenses	(73,590)	(70,332)	4.6%
Operating profit	10,612	12,102	-12.3%
Financial income	748	399	87.5%
Financial expenses	(3,517)	(4,080)	-13.8%
Net financing costs	(2,769)	(3,681)	-24.8%
Share of profit from associates	2,032	763	166.3%
Profit before income tax	9,875	9,184	7.5%
Income tax expense	(2,795)	(2,255)	23.9%
Profit for the period from continuing operations	7,080	6,929	2.2%
Attributable to:			
Equity holders of the parent	5,551	5,909	-6.1%
Non-controlling interests	1,529	1,020	49.9%
Profit for the period	7,080	6,929	2.2%
Earnings per share			
Basic earnings (in cents)	4.74	5.14	
Diluted earnings (in cents)	4.70	5.05	

TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES

Consolidated statement of comprehensive income

For the six months ended 30 June 2012 (Unaudited)

	June 2012 \$'000	June 2011 \$'000
Profit for the period	7,080	6,929
Other comprehensive income		
Exchange differences on translation of foreign operations	(748)	(404)
Movement in cash flow hedge reserve, net of tax	786	(335)
Other comprehensive income	38	(739)
Total comprehensive income for the period	7,118	6,190
Total comprehensive income for the period is attributable to:		
Equity holders of the parent	5,480	5,182
Non-controlling interests	1,638	1,020
	7,118	6,202

TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES

Consolidated balance sheet

As at 30 June 2012 (Unaudited)

	June 2012 \$'000	June 2011 \$'000
Current assets		
Cash and cash equivalents	16,920	20,716
Trade and other receivables	129,161	131,430
Inventories	91,874	81,240
Taxation receivable	2,564	4,835
Biological assets	4,818	5,578
Total current assets	<u>245,337</u>	<u>243,799</u>
Non-current assets		
Trade and other receivables	2,100	3,503
Available-for-sale investments	349	332
Biological assets	23,423	36,402
Property, plant & equipment	277,641	277,201
Intangible assets	17,660	18,139
Investments in associates	17,046	15,658
Total non-current assets	<u>338,219</u>	<u>351,235</u>
Total assets	<u><u>583,556</u></u>	<u><u>595,034</u></u>
Current liabilities		
Trade and other payables	114,175	98,105
Interest bearing loans and borrowings	65,800	90,072
Total current liabilities	<u>179,975</u>	<u>188,177</u>
Non-current liabilities		
Trade and other payables	736	851
Interest bearing loans and borrowings	85,143	80,143
Deferred tax liabilities	25,122	19,207
Total non-current liabilities	<u>111,001</u>	<u>100,201</u>
Total liabilities	<u><u>290,976</u></u>	<u><u>288,378</u></u>
Net assets	<u><u>292,580</u></u>	<u><u>306,656</u></u>
Equity		
Share capital	165,147	165,147
Other reserves	63,463	58,098
Retained earnings	57,281	77,729
Total equity attributable to equity holders of the parent	<u>285,891</u>	<u>300,974</u>
Non-controlling interests	6,689	5,682
Total equity	<u><u>292,580</u></u>	<u><u>306,656</u></u>

TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES

Consolidated statement of cash flows

For the six months ended 30 June 2012 (Unaudited)

	June 2012 \$'000	June 2011 \$'000
Cash flows from operating activities		
Cash was provided from:		
Cash receipts from customers	466,000	421,363
Interest received	575	181
	<u>466,575</u>	<u>421,544</u>
Cash was disbursed to:		
Payments to suppliers and employees	(507,379)	(474,658)
Interest paid	(3,296)	(3,805)
Income taxes paid	(1,900)	(1,355)
	<u>(512,575)</u>	<u>(479,818)</u>
Net cash used in operating activities	<u>(46,000)</u>	<u>(58,274)</u>
Cash flows from investing activities		
Cash was provided from:		
Dividends received from associates	685	383
External loan repayments from customers, suppliers and associates	38	-
Proceeds from sale of property, plant & equipment	74	1,189
Cash received from non-controlling interests	-	302
Cash acquired on purchase of subsidiary	-	138
	<u>797</u>	<u>2,012</u>
Cash was disbursed to:		
Purchase of property, plant & equipment and biological assets	(10,127)	(6,096)
Purchase of intangible assets	(742)	(942)
Purchase of available-for-sale investments	(3)	(3)
Purchase of associates	(137)	(448)
External loans to suppliers, customers and associates	-	(5,690)
	<u>(11,009)</u>	<u>(13,179)</u>
Net cash used in investing activities	<u>(10,212)</u>	<u>(11,167)</u>
Cash flows from financing activities		
Cash was provided from:		
Proceeds from bank loans	70,800	125,000
	<u>70,800</u>	<u>125,000</u>
Cash was disbursed to:		
Dividends paid to parent shareholders	-	(5,127)
Dividends paid to non-controlling interests	-	(19)
Bank commercial bill facility and loan repayments	(10,120)	(48,030)
	<u>(10,120)</u>	<u>(53,176)</u>
Net cash used in financing activities	<u>60,680</u>	<u>71,824</u>
Net increase in cash and cash equivalents	4,468	2,383
Foreign currency translation adjustment	(323)	(81)
Cash and cash equivalents at beginning of period	<u>12,775</u>	<u>18,414</u>
Cash and cash equivalents at end of period	<u>16,920</u>	<u>20,716</u>

TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES
Consolidated statement of changes in equity

For the six months ended 30 June 2012 (Unaudited)

	Attributable to equity holders of the Parent				Non-controlling interests	Total equity
	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total \$'000	\$'000
Balance at 1 January 2011	160,678	59,471	(646)	76,947	296,450	300,829
Comprehensive income	-	-	-	5,909	5,909	6,929
Profit for the period	-	-	-	5,909	5,909	6,929
Other comprehensive income	-	-	(404)	-	(404)	(404)
Exchange differences on translation of foreign operations	-	-	(335)	-	(335)	(335)
Movement in cashflow hedge reserve, net of tax	-	-	(739)	-	(739)	(739)
Total other comprehensive income	-	-	(739)	-	(739)	(739)
Total comprehensive income	-	-	(739)	5,909	5,170	6,190
Transactions with owners	4,469	-	-	-	4,469	4,469
Issue of share capital	-	-	-	(5,127)	(5,127)	(5,146)
Dividends	-	-	-	-	-	302
Investment from non-controlling interests	4,469	-	-	(5,127)	(658)	(375)
Total transactions with owners	4,469	-	-	(5,127)	(658)	(375)
Movement in share option reserve	-	-	12	-	12	12
Balance at 30 June 2011	165,147	59,471	(1,373)	77,729	300,974	306,656
Balance at 1 January 2012	165,147	64,110	(175)	51,730	280,812	285,863
Comprehensive income	-	-	-	5,551	5,551	7,080
Profit for the period	-	-	-	5,551	5,551	7,080
Other comprehensive income	-	-	(857)	-	(857)	(748)
Exchange differences on translation of foreign operations	-	-	786	-	786	786
Movement in cashflow hedge reserve, net of tax	-	-	(71)	-	(71)	38
Total other comprehensive income	-	-	(71)	-	(71)	38
Total comprehensive income	-	-	(71)	5,551	5,480	7,118
Transactions with owners	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Movement in share option reserve	-	-	(401)	-	(401)	(401)
Balance at 30 June 2012	165,147	64,110	(647)	57,281	285,891	292,580

TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES

Details of associates

For the six months ended 30 June 2012 (Unaudited)

Name	Percentage of ordinary shares held at end of the half year		Contribution to net surplus (deficit)	
	Current Half year	Previous Corresponding Half year	Current Half year NZ\$'000	Previous Corresponding Half year NZ\$'000
Equity Accounted Associates			<i>Equity Accounted in current year</i>	
Allen Blair Properties Ltd - (NZ)	33%	33%	(82)	195
David Oppenheimer & Co - (USA)	15%	15%	505	479
Delica Pty Ltd - (AUS)	30%	25%	(24)	(2)
Fresh Vegetable Packers Ltd - (NZ)	41%	41%	33	2
Fruitmark NV/SA - (Belgium)	50%	50%	492	352
McKay Shipping Ltd - (NZ)	25%	25%	376	(206)
Mystery Creek Asparagus - (NZ)	10%	10%	(24)	(39)
Premier Fruit Company - (NZ)	50%	50%	-	-
Wawata Ltd Partnership - (NZ)	50%	50%	(43)	-
Worldwide Fruit Ltd - (UK)	50%	50%	799	(18)
			2,032	763
Other Material Interests			<i>Not Equity Accounted in current year</i>	
			Nil	Nil

	Current Half year \$NZ'000	Previous Corresponding Half year \$NZ'000
Equity carrying value of investments at the beginning of the period	15,730	19,440
Share of changes in associates' post acquisition surplus / (deficit) and reserves:		
- Surplus / (deficit)	2,032	763
- Foreign currency translation movements	(168)	(141)
- New investment in associates	137	447
- Associate acquired as subsidiary	-	(4,468)
- Dividends received during the period	(685)	(383)
Equity carrying value of investments at the end of the period	17,046	15,658

TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES

Supplementary information

For the six months ended 30 June 2012 (Unaudited)

	Current Half year	Previous Corresponding Half year
Net tangible assets per security	\$2.35	\$2.47
Shares issued under distribution plan	-	1,211,667
Share value	-	\$1.50
Basic earnings per share (cents)	4.74	5.14
Diluted earnings per share (cents)	4.70	5.05

TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES
Segment Reporting
For the six months ended 30 June 2012 (Unaudited)

Primary reporting format - Business segments

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

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

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

Breakdown of revenue from all business operations is as follows:

	June 2012 6 months \$'000	June 2011 6 months \$'000
Analysis of revenue by category		
Sales and commissions	296,860	286,870
Services	36,277	40,548
Royalties	3,312	2,822
Rental income	950	806
	<u>337,399</u>	<u>331,046</u>

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

	June 2012 6 months \$'000	June 2011 6 months \$'000
Revenue from external customers		
New Zealand	133,358	160,884
Other countries	204,041	170,162
	<u>337,399</u>	<u>331,046</u>

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

	June 2012 6 months \$'000	June 2011 6 months \$'000
Total non-current assets		
New Zealand	324,548	338,035
Other countries	11,222	9,365
	<u>335,770</u>	<u>347,400</u>