



Fresh taste
to the world



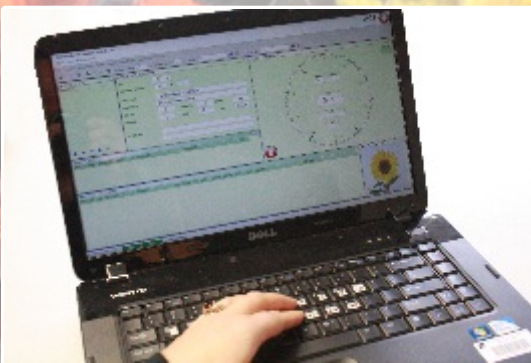
FLORAMAX
FLOWER AUCTIONS

The floral connection within Turners & Growers

FloraMax is New Zealand's largest specialist flower auction company with three business units around the country in Auckland, Wellington and Christchurch. FloraMax is unique to Turners & Growers in that it is the only division which auctions product.

The FloraMax Auckland auction uses the Dutch system and is run electronically via a descending clock, three times a week at 6am. Remote buying has recently been introduced by FloraMax. What this means is that buyers at the FloraMax auction don't have to physically attend, as remote buying can be done from anywhere in New Zealand, and in effect, anywhere in the world.

The remote buyer logs in via a special application on their computer and can take part in the FloraMax auction process in real time. Images of the auction's product for sale that day, together with a total supply file, can be downloaded to ensure correct buying decisions are made. The purchased product can then be picked up later at the buyers' convenience or couriered out to their stores. With this unique selling feature, and the ever growing range of top quality flowers, FloraMax continues to lead New Zealand's flower industry into the future.



Half Year Report - June 2011

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REPORT OF DIRECTORS

Profit after tax at \$6.9m was \$4.7m up on June 2010. The 2010 half year was affected by a one-off, non-cash adjustment to tax expense caused by a legislation change which removed the ability to depreciate buildings for tax purposes.

Operating profit (earnings before interest and tax) was \$498k up on the same period last year.

RESULTS IN BRIEF

	June 2011 \$'000	June 2010 \$'000
Earnings before interest and tax	12,865	12,367
Profit after tax	6,929	2,249
Total equity	306,656	295,363

DOMESTIC

Domestic markets are trading reasonably well and as happens in most years there are mixed returns for different products depending on volume and competition in the market place. Tomato prices have been high for most of the year due to reduced imported Australian product, offset by moderate banana profits caused by increased volume and large discounting from competitors.

The Fruit Case Company continues to explore new business opportunities in a changing environment and to concentrate on providing a cost effective service to growers. This division is marginally behind last year, however with a recent increase in hireage charges, the first increase in over four years, it is expected to catch up before the end of the year.

The fresh flower industry has had consistent consumer demand over the last few years and our FloraMax operation is trading in line with 2010. The online buying facility introduced in 2010 is operating effectively with an increasing number of operators buying remotely, ensuring FloraMax is the leading flower auctioneer in New Zealand using the latest technology and practices.

EXPORTS

The season got off to an earlier start this year owing to more favourable climatic factors, with no significant hail or frost issues, and with increased quantity of Jazz™ coming online there will be more volume exported through ENZA in 2011. At this stage of the year ENZA is forecasting to have a marginally improved performance over 2010, though it will still fall below expectations due primarily to the record high New Zealand Dollar against most major currencies.

The pipfruit industry, being predominantly export focused, is going through a tough time with the high New Zealand Dollar adversely impacting grower returns. In some cases grower returns are below the cost of production and this could result in further industry rationalisation. The traditional pipfruit markets including the US, UK and Europe are all suffering from economic pressures and this is impacting on prices, particularly for commodity varieties.

On a brighter note, the Australian market for apples will open in 2011, and with sensible industry co-operation this market, which has a favourable exchange rate, should provide profitable returns to growers. There has also been a loosening of Chinese protocols for New Zealand pipfruit and as a result product will have direct access into this region after having had an industry stand down for a number of years. ENZA exported a small number of containers of Jazz™ to Japan this year, a market with a high cost of compliance, initial feedback is positive and ENZA will attempt to increase this programme in future years.

Asia, with its close proximity to New Zealand, is a more natural market for our exports and due to the economic woes in historic western locations, Asia will become our most important market with product shifting from traditional markets into this region.

In-market Jazz™ prices in the UK and Europe have lifted in 2011 along-side increased volumes which is a positive sign. Growers in these regions are getting good returns for their apples and this has resulted in demand for increased allocation of Jazz™ trees for planting.

The Delica Group, which now includes Delica New Zealand, Australia and North and South America, is trading well and up on the previous half year. Most of the increase is due to Delica New Zealand who had a record blueberry season with good volume and excellent prices, combined with a strong Australian Dollar and increased exports of mandarins and apples. By contrast Delica Australia had a poor first half result following the disastrous grape season in Australia with little or no crop available due to adverse climatic conditions.

ENZAFOODS

ENZAFOODS will have a much better year in 2011 due to increased global apple juice concentrate prices caused by a reduction in Chinese product as an increasing amount of apples are consumed domestically rather than juiced. Demand for ENZAFOODS fruit ingredient products continues to grow, particularly in the Australian market, and this is forming a larger part of the ENZAFOODS product mix.

GROWING OPERATIONS

Status Produce has had an excellent first six months and is likely to produce a record profit for the year. Prices have been high in recent months due to a good export season and the lack of imported product from Australia which has faced adverse weather conditions. Management at Status have had an increased focus on exporting from New Zealand and have invested significant time in perfecting the logistics of sea freight rather than air. This has enabled Status to export product for a reasonable return when there is excess volume on the market floor.

Pipfruit orchards, including the Inglis operation which Turners & Growers now owns 100%, are having a difficult year as are most pipfruit growers in New Zealand. Grower returns for apples will be low due to extraordinarily high foreign exchange rates. These operations are trading significantly behind 2010.

The citrus and kiwifruit operation in Kerikeri, trading as Kerifresh, had a good first half and is progressing ahead of 2010. Kerifresh was unprofitable before merging with the Group, now it is consistently producing profits and expectations are for increased growth. The kiwifruit conversion activity is progressing well and management are watchful for any sign of the "PSA" disease which is affecting growers in the Bay of Plenty. There have been no reported out-breaks of the disease in Northland.

FRUITMARK (trading name of ENZACor Pty)

ENZA's trader of processed produce is performing steadily in line with expectations and is up on last year. The investment in a similar operation in Belgium is also performing beyond expectations.

PROPERTIES & OVERHEADS

Apart from a modest investment in a fruit ingredients plant for ENZAFOODS, there has been no large scale property investments during the period. An administration building for ENZA staff in the Hawkes Bay has been approved by the Board on the company owned site at Whakatu and building has recently commenced on the property.

Overheads have increased from 2010 due mainly to higher than expected professional fees. These are one-off in nature and not expected to continue in future years.

OUTLOOK

Outside of the pipfruit operations, which has been subject to depressed market conditions, the remainder of the Group is performing well and it is anticipated that Turners & Growers will produce an improved operating result for the full year.



R.J. Campbell
CHAIRMAN



CONSOLIDATED INCOME STATEMENT

For the 6 months ended 30 June 2011 (Unaudited)

		June 2011 6 months \$'000	June 2010 6 months \$'000
	Notes		
Gross turnover	4	469,438	408,456
Revenue	4	331,046	291,956
Cost of sales		(238,749)	(207,053)
Gross profit		92,297	84,903
Other operating income		316	83
Administration expenses		(10,179)	(9,727)
Other operating expenses		(70,332)	(63,417)
Operating profit		12,102	11,842
Financial income		399	952
Financial expenses		(4,080)	(3,234)
Net financing costs		(3,681)	(2,282)
Share of profit from associates	8	763	525
Profit before income tax		9,184	10,085
Income tax expense		(2,255)	(2,985)
Building depreciation tax expense	5	-	(4,851)
Total income tax expense		(2,255)	(7,836)
Profit for the year from continuing operations		6,929	2,249
Profit for the year		6,929	2,249
Attributable to:			
Equity holders of the parent		5,909	1,744
Non-controlling interests		1,020	505
Profit for the year		6,929	2,249
Earnings per share			
Basic earnings (in cents)	10	5.14	1.59
Diluted earnings (in cents)	10	5.05	1.56



R.J. Campbell
Director (Chairman)
29 August 2011



J.M. Wesley
Managing Director
29 August 2011

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2011 (Unaudited)

	June 2011 \$'000 6 months	June 2010 \$'000 6 months
Profit for the period	6,929	2,249
Other comprehensive income		
Movement in share option reserve	12	32
Exchange differences on translation of foreign operations	(404)	(356)
Movement in cash flow hedge reserve, net of tax	(335)	–
Other comprehensive income for the period	(727)	(324)
Total comprehensive income for the period	6,202	1,925
Total comprehensive income for the period is attributable to:		
Equity holders of the parent	5,182	1,420
Non-controlling interests	1,020	505
	6,202	1,925

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2011 (Unaudited)

	Attributable to equity holders of the Parent				Non-controlling		Total equity
	Share capital	Revaluation reserve	Other reserves	Retained earnings	Total	interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010	<u>160,678</u>	<u>57,796</u>	<u>(136)</u>	<u>72,414</u>	<u>290,752</u>	<u>3,196</u>	<u>293,948</u>
Comprehensive income							
Profit for the period	–	–	–	1,744	1,744	505	2,249
Other comprehensive income							
Movement in share option reserve	–	–	32	–	32	–	32
Exchange differences on translation of foreign operations	–	–	(356)	–	(356)	–	(356)
Total other comprehensive income	–	–	(324)	–	(324)	–	(324)
Total comprehensive income	<u>–</u>	<u>–</u>	<u>(324)</u>	<u>1,744</u>	<u>1,420</u>	<u>505</u>	<u>1,925</u>
Transactions with owners							
Dividends	–	–	–	(420)	(420)	(90)	(510)
Total transactions with owners	<u>–</u>	<u>–</u>	<u>–</u>	<u>(420)</u>	<u>(420)</u>	<u>(90)</u>	<u>(510)</u>
Balance at 30 June 2010	<u>160,678</u>	<u>57,796</u>	<u>(460)</u>	<u>73,738</u>	<u>291,752</u>	<u>3,611</u>	<u>295,363</u>
Balance at 1 January 2011	<u>160,678</u>	<u>59,471</u>	<u>(646)</u>	<u>76,947</u>	<u>296,450</u>	<u>4,379</u>	<u>300,829</u>
Comprehensive income							
Profit for the period	–	–	–	5,909	5,909	1,020	6,929
Other comprehensive income							
Movement in share option reserve	–	–	12	–	12	–	12
Exchange differences on translation of foreign operations	–	–	(404)	–	(404)	–	(404)
Movement in cashflow hedge reserve, net of tax	–	–	(335)	–	(335)	–	(335)
Total other comprehensive income	–	–	(727)	–	(727)	–	(727)
Total comprehensive income	<u>–</u>	<u>–</u>	<u>(727)</u>	<u>5,909</u>	<u>5,182</u>	<u>1,020</u>	<u>6,202</u>
Transactions with owners							
Acquisition of subsidiary	4,469	–	–	–	4,469	–	4,469
Non-controlling interests investments	–	–	–	–	–	302	302
Dividends	–	–	–	(5,127)	(5,127)	(19)	(5,146)
Total transactions with owners	<u>4,469</u>	<u>–</u>	<u>–</u>	<u>(5,127)</u>	<u>(658)</u>	<u>283</u>	<u>(375)</u>
Balance at 30 June 2011	<u>165,147</u>	<u>59,471</u>	<u>(1,373)</u>	<u>77,729</u>	<u>300,974</u>	<u>5,682</u>	<u>306,656</u>

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

CONSOLIDATED BALANCE SHEET

As at 30 June 2011 (Unaudited)

	Notes	June 2011 \$'000	June 2010 \$'000	December 2010 \$'000
Current assets				
Cash and cash equivalents		20,716	17,509	18,414
Trade and other receivables		131,430	104,702	75,161
Inventories		81,240	95,756	29,234
Taxation receivable		4,835	6,966	6,621
Biological assets		5,578	4,015	7,026
Total current assets		243,799	228,948	136,456
Non-current assets				
Trade and other receivables		3,503	3,873	3,550
Available-for-sale investments		332	329	329
Biological assets		36,402	10,626	13,283
Property, plant & equipment	6	277,201	257,049	256,069
Intangible assets		18,139	18,544	18,386
Investments in associates		15,658	19,313	19,440
Total non-current assets		351,235	309,734	311,057
Total assets		595,034	538,682	447,513
Current liabilities				
Trade and other payables		98,105	105,965	61,436
Interest bearing loans and borrowings	11	90,072	66,700	17,752
Total current liabilities		188,177	172,665	79,188
Non-current liabilities				
Trade and other payables		851	787	144
Interest bearing loans and borrowings	11	80,143	50,188	45,597
Deferred tax liabilities	5	19,207	19,679	21,755
Total non-current liabilities		100,201	70,654	67,496
Total liabilities		288,378	243,319	146,684
Net assets		306,656	295,363	300,829
Equity				
Share capital	9	165,147	160,678	160,678
Other reserves		58,098	57,336	58,825
Retained earnings		77,729	73,738	76,947
Total equity attributable to equity holders of the parent		300,974	291,752	296,450
Non-controlling interests		5,682	3,611	4,379
Total equity		306,656	295,363	300,829
Net tangible assets per security		\$2.47	\$2.45	\$2.50

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2011 (Unaudited)

	June 2011 6 months \$'000	June 2010 6 months \$'000
Note		
Cash flows from operating activities		
Cash was provided from:		
Cash receipts from customers	421,363	380,109
Interest received	181	797
	<u>421,544</u>	<u>380,906</u>
Cash was disbursed to:		
Payments to suppliers and employees	(474,658)	(413,168)
Interest paid	(3,805)	(2,907)
Income taxes paid	(1,355)	(3,838)
	<u>(479,818)</u>	<u>(419,913)</u>
Net cash used in operating activities	16 <u>(58,274)</u>	<u>(39,007)</u>
Cash flows from investing activities		
Cash was provided from:		
Dividends received from associates	383	326
External loan repayments from suppliers, customers and associates	–	350
Proceeds from sale of property, plant & equipment	1,189	116
Cash received from non-controlling interests	302	–
Cash acquired from purchase of subsidiary	138	–
	<u>2,012</u>	<u>792</u>
Cash was disbursed to:		
Purchase of property, plant & equipment	(5,249)	(8,172)
Purchase of biological assets	(847)	(196)
Purchase of intangible assets	(942)	(537)
Purchase of available-for-sale investments	(3)	(16)
Purchase of associates	(448)	(1,266)
External loans to suppliers, customers and associates	(5,690)	(736)
	<u>(13,179)</u>	<u>(10,923)</u>
Net cash used in investing activities	<u>(11,167)</u>	<u>(10,131)</u>
Cash flows from financing activities		
Cash was provided from:		
Proceeds from bank term loans	125,000	61,523
	<u>125,000</u>	<u>61,523</u>
Cash was disbursed to:		
Dividends paid to parent shareholders	(5,127)	(420)
Dividends paid to non-controlling interests	(19)	(90)
Bank commercial bill facility and loan repayments	(48,030)	(5,100)
	<u>(53,176)</u>	<u>(5,610)</u>
Net cash used in financing activities	<u>71,824</u>	<u>55,913</u>
Net increase in cash and cash equivalents	2,383	6,775
Foreign currency translation adjustment	(81)	(511)
Cash and cash equivalents at beginning of period	18,414	11,245
Cash and cash equivalents at end of period	<u>20,716</u>	<u>17,509</u>

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



NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 30 June 2011 (Unaudited)

1 STATEMENT OF ACCOUNTING POLICIES

The accounting policies used in the preparation of these half yearly financial statements are consistent with those used in the December 2010 Annual Report. These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and IAS 34 'Interim Financial Reporting' and should be read in conjunction with the 2010 Annual Report. The interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993. The Group is designated as a profit oriented entity for financial reporting purposes. To ensure consistency with the current period, comparative figures have been restated where appropriate.

Standards, amendments and interpretations effective in 2011

The following new standards and amendments to standards are mandatory for the first time for the financial period beginning 1 January 2011.

IAS 24 (revised), 'Related party disclosures'. It supersedes IAS 24, 'Related party disclosures', issued in 2003.

Standards, amendments and interpretations that are not yet effective

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial period beginning 1 January 2011 and have not been early adopted.

IFRS 9, 'Financial instruments' (issued in December 2009). This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Investment in Inglis Horticulture Limited

On 14 March 2011 Turners & Growers purchased the balance of Inglis Horticulture Limited shares from our joint venture partners by issuing 2,828,006 shares in Turners & Growers at a price of \$1.58 per share.

Included within the Group's net deferred tax liability is a deferred tax asset acquired from Inglis Horticulture, representing the tax effect of accumulated tax losses, of \$8.0 million. The tax losses have been recognised as an asset on the basis that it is considered probable that sufficient taxable profits will be earned in the future to absorb the losses, and that the ultimate 49% shareholder continuity requirements will continue to be met over the period in which tax losses are expected to be utilised. In the event that there are sufficient shareholding changes within the Group, which may occur should the ultimate parent company, Guinness Peat Group Plc., divest its shareholding in Turners & Growers Limited, the unused tax losses would be forfeited.

Directors have exercised judgement in concluding that it is probable that ultimate shareholder continuity will be maintained over a period sufficient to utilise the tax losses, on the basis that the timing and form of any potential divestment by Guinness Peat Group Plc. is uncertain. For this reason, Directors have concluded that it is appropriate to recognise the tax losses as a deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

3 SEGMENT INFORMATION

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

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

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

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

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

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

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

Operating segments

The Group comprises the following main business segments:

Domestic – includes Markets, Fruit Case Company and Imports

Exports – includes Pipfruit Exports, Coolstorage, Fruit Packing, Delica Limited, Diversified Exports and offshore Pipfruit Investments

Processing – ENZAFoods New Zealand Limited

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

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

	Domestic \$'000	Exports \$'000	Processing \$'000	Growing operations \$'000	Other \$'000	Con- solidated \$'000
Six months ended 30 June 2011						
Total segment revenue	77,288	185,773	23,898	42,827	36,719	366,505
Inter-segment revenue	(3,893)	(20,373)	(8)	(6,330)	(4,855)	(35,459)
Revenue from external customers	<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	2,918	4,463	1,013	1,680	2,028	12,102
Six months ended 30 June 2010						
Total segment revenue	81,624	153,792	20,474	26,289	33,367	315,546
Inter-segment revenue	(4,013)	(14,666)	(106)	(1,298)	(3,507)	(23,590)
Revenue from external customers	<u>77,611</u>	<u>139,126</u>	<u>20,368</u>	<u>24,991</u>	<u>29,860</u>	<u>291,956</u>
Depreciation	2,580	2,700	1,107	1,660	427	8,474
Amortisation	518	518	35	151	110	1,332
Operating profit before financing costs	3,904	4,044	221	1,807	1,866	11,842

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

3 SEGMENT INFORMATION (continued)

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

	June 2011 6 months \$'000	June 2010 6 months \$'000
Operating profit before financing costs for reportable segments	10,074	9,976
Other segments operating profit before financing costs	2,028	1,866
Net financing costs	(3,681)	(2,282)
Share of profit from associates	763	525
Profit before tax	9,184	10,085

Breakdown of revenue from all business operations is as follows:

Analysis of revenue by category

Sales and commissions	286,870	251,528
Services	40,548	37,514
Royalties	2,822	2,153
Rental income	806	761
	331,046	291,956

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

Revenue from external customers

New Zealand	160,884	146,414
Other countries	170,162	145,542
	331,046	291,956

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

Total non-current assets

New Zealand	338,035	301,532
Other countries	9,365	4,001
	347,400	305,533

4 TOTAL REVENUE AND GROSS TURNOVER

	June 2011 6 months \$'000	June 2010 6 months \$'000
Gross turnover	469,438	408,456
Revenue from sales, commissions, services, royalties and rental income	331,046	291,956

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

5 INCOME TAXES

Current tax

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

Deferred tax

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

Building depreciation tax expense

The Government's budget announcement on 20 May 2010 resulted in the removal of the ability to depreciate buildings for tax purposes. The budget announcement impacted the accounting value of deferred tax and also the reported earnings for the period ended 30 June 2010.

Under the requirements of New Zealand Equivalent to International Accounting Standard 12, the Group increased its deferred tax liability and reduced the reported net profit after tax for the period ended 30 June 2010. The deferred tax liability adjustment is a one-off, non-cash accounting entry and has no impact on the company's underlying profitability, cash flows or dividend policy.

6 PROPERTY, PLANT AND EQUIPMENT

	June	June
Asset acquisitions and disposals	2011	2010
	\$'000	\$'000
Cost of assets acquired	5,249	8,172
Net book value of assets disposed	1,010	33
(Profit) / loss on assets disposed	(179)	(83)

7 ACQUISITION OF SUBSIDIARIES

Inglis Horticulture Limited

On 14 March 2011 the Group acquired control of Inglis Horticulture Limited. Details of net assets acquired and discount are as follows (these are provisional numbers which will be finalised by the end of the year):

	Fair value \$'000
Assets acquired	
Cash and cash equivalents	138
Trade and other receivables	548
Biological assets – current	4,002
Biological assets – non-current	20,824
Property, plant & equipment	24,816
Deferred tax assets	8,036
	<u>58,364</u>
Liabilities acquired	
Trade and other payables	(475)
Interest bearing loans and borrowings	(42,139)
Deferred tax liabilities	(6,813)
	<u>(49,427)</u>
Net assets acquired	<u>8,937</u>
Fair value of previously held interest in associate	(4,468)
Purchase consideration – shares issued	(4,468)
Discount on acquisition of subsidiary	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

7 ACQUISITION OF SUBSIDIARIES (continued)

Inglis Horticulture Limited (continued)

The acquired business contributed revenues of \$6.9 million and a net loss of \$2.8 million to the Group for the period from 14 March to 30 June 2011. If the acquisition had occurred on 1 January 2011 the acquired business would have contributed an additional \$1.8 million revenue and a \$2k net loss. Inglis Horticulture Limited reported a net loss of \$560k for the first half of 2010 of which 50% was included in the Group's result as part of the share of associate loss.

During the year Inglis Horticulture Limited contributed \$248,000 to the Group's net operating cash flows, paid \$82,000 in respect of investments and servicing of finance, and utilised \$182,000 for capital expenditure.

Turners & Growers (Fiji) Limited

On 2 March 2011 the Group commenced operations in a new subsidiary Turners & Growers (Fiji) Limited. The Group has a 70% share in this entity. The results for the period to 30 June 2011 are immaterial to the Group.

Fresh Food Exports 2011 Limited

On 23 March 2011 the Group commenced operations in a new subsidiary Fresh Food Exports 2011 Limited. The Group has a 75% share in this entity. The results for the period to 30 June 2011 are immaterial to the Group.

8 INVESTMENTS IN ASSOCIATES

Significant associates	Country of incorporation	Held %		Contribution to net profit (loss)	
		June 2011	June 2010	June 2011 6 months \$'000	June 2010 6 months \$'000
Allen Blair Properties Limited	New Zealand	33%	33%	195	100
David Oppenheimer & Company I, L.L.C.	United States of America	15%	15%	479	507
Delica Pty Limited	Australia	25%	–	(2)	–
Fresh Vegetable Packers Limited	New Zealand	41%	41%	2	(31)
Fruitmark NV/SA	Belgium	50%	–	351	10
Inglis Horticulture Limited	New Zealand	–	50%	1	(267)
McKay Shipping Limited	New Zealand	25%	25%	(206)	206
Mystery Creek Asparagus Limited	New Zealand	10%	–	(39)	–
Premier Fruit Company	New Zealand	50%	–	–	–
Wawata Limited Partnership	New Zealand	50%	–	–	–
Worldwide Fruit Limited	United Kingdom	50%	50%	(18)	–
				<u>763</u>	<u>525</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

9 CAPITAL AND RESERVES

Share capital

During the six months ended 30 June 2011, the Group increased shareholders' equity by issuing 2,828,006 shares on 14 March 2011 to acquire Inglis Horticulture Limited to the value of \$4,468,249 (six months ended 30 June 2010 there was no change to shareholders' equity).

Dividends

On 27 April 2011 bonus fully paid ordinary shares (Bonus Shares) were issued under the Turners & Growers Distribution Plan, together with an offer from the Company to buy back and cancel those Bonus Shares in exchange for cash. The payments made to shareholders who accepted the offer to buy back their Bonus Shares were treated as unimputed dividends. The net position resulted in 1,211,667 additional shares allotted and a cash dividend of \$5,126,618 (six months ended 30 June 2010: the Group had 7,598,948 additional shares allotted and a cash dividend of \$419,785).

10 EARNINGS PER SHARE

	June 2011 \$'000	June 2010 \$'000
Net profit for the period after non-controlling interests	5,909	1,744
	Number of Shares	
	2011	2010
Basic earnings per share		
Opening shares	112,970,877	106,583,596
Inglis Horticulture acquisition shares issued – 14 March 2011 (2,828,006 shares)	115,798,883	–
Bonus shares issued – 4 May 2011 (1,211,667 shares)	117,010,550	–
Bonus shares issued – 26 April 2010 (7,598,948 shares)	–	114,182,544
Weighted average number of ordinary shares	115,039,881	109,438,449
Earnings per share (in cents)	5.14	1.59
Diluted earnings per share		
Opening number of shares	2,000,000	2,000,000
Weighted average number of options	2,000,000	2,000,000
Weighted average number of shares and options	117,039,881	111,438,449
Diluted earnings per share (in cents)	5.05	1.56

*Following the requirement in IAS 33 'Earnings per Share' the 2010 comparative has been re-stated as if the bonus share issue occurring during 2011, which was without consideration, had occurred at the beginning of the earliest period presented, i.e. 1 January 2010.

11 INTEREST BEARING LOANS AND BORROWINGS

During the six months ended 30 June 2011, term loans of \$35 million were issued at an average interest rate of 3.87% by the BNZ and Rabobank and seasonal funding loans of \$66 million were issued by the BNZ / Rabobank / Westpac at an average interest rate of 3.45% (six months ended 30 June 2010: seasonal funding loans of \$61.5 million were issued by the banks at an average rate of 3.92%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

12 FINANCIAL INSTRUMENTS

Foreign currency

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

Interest rates

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

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

The carrying amount and fair value of financial instruments at 30 June 2011 is (\$949,000) (31 December 2010: carrying amount and fair value of (\$560,000); and 30 June 2010: \$177,000).

13 CAPITAL COMMITMENTS

	June 2011 \$'000	June 2010 \$'000
Amount committed to capital expenditure	2,409	1,173

14 CONTINGENCIES

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

	June 2011 \$'000	June 2010 \$'000
Contingent losses		
Maximum amount payable under the guarantees		
Bonds and sundry facilities	80	80
Guarantees of bank facilities for associated companies	4,652	18,736
Guarantees of bank facilities for subsidiary companies	4,207	5,838
Guarantees of letters of credit for a subsidiary company	60	72
Guarantees in respect of VAT liabilities for a subsidiary company	42	42
	<u>9,041</u>	<u>24,768</u>

15 RELATED PARTY TRANSACTIONS

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

Guinness Peat Group plc. (GPG plc.), the major shareholder and ultimate parent company of Turners & Growers Limited, indirectly owns approximately 63.46% (2010: 65.75%) of the ordinary shares of the Parent. Pacific Fruit Group indirectly own approximately 12.47% (2010: 12.42%) of the ordinary shares of the Parent. The balance is owned by the public.

Directors and Executive Officers

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

15 RELATED PARTY TRANSACTIONS (continued)

	June 2011 6 months \$'000	June 2010 6 months \$'000
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Directors / Executive Officer (Mr A.I. Gibbs and Mr B.M. D'Ath / Mr L.J. Sowerby)

– Sales value of produce sold through the Group	4,784	7,579
– Sale of apples to the Group for processing	182	50
– Purchase of packaging, coolstorage, container hire from the Group	279	730
– Balance owing to the Group at 30 June	–	8
– Balance owing by the Group at 30 June	–	14

Director (Mr B.M. D'Ath)

– Provision of consultancy services to the Group through a company associated with Mr B.M. D'Ath	21	50
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Delica Directors / Management

– Loans owing to Group (including capitalised interest) at 30 June	1,596	1,589
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Loans were advanced to two directors and key management of Delica Limited, a subsidiary of Turners & Growers Limited, for the purposes of acquiring shares in Delica Limited. The loans are repayable on the fifth anniversary of the date of the advance. The loans are secured over the shares issued in Delica Limited and the borrowers' property. Interest is payable on the loans at 1% above the Group's cost of borrowings.

Alternate Director (Mr L.A. Noboa III)

– Sale of produce to the Group	7,470	9,549
– Balance owing by the Group at 30 June	–	281

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

	June 2011 6 months \$'000	June 2010 6 months \$'000
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Key management personnel compensation

Short-term employee benefits	1,060	863
Share-based payment expense	12	32

Associates

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

	June 2011 6 months \$'000	June 2010 6 months \$'000
– Sales of pipfruit exported by the Group	17,905	11,443
– Purchase of pipfruit from associate company	7,613	4,529
– Provision of services by the Group	126	3,257
– Balance owing to the Group at 30 June	13,338	12,359
– Balance owing by the Group at 30 June	117	90

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2011 (Unaudited)

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

	June 2011 6 months \$'000	June 2010 6 months \$'000
Profit for period	6,929	2,249
Adjusted for:		
Depreciation expense	8,175	8,474
Amortisation of intangibles	1,442	1,332
Fair value movement in derivatives	(87)	22
Fair value movement in long term receivables	(46)	(65)
Fair value movement in biological assets	(241)	(226)
Movement in provision for trade receivables impairment	132	(31)
(Profit) on sale of property, plant & equipment	(179)	(83)
Movement in provision for share options	12	32
Share of (profit) from associates	(763)	(525)
Movement in deferred tax through income statement	(1,180)	4,742
Discount on acquisition of subsidiary	(1)	–
	14,193	15,921
Impact of changes in working capital items		
(Increase) in debtors and prepayments	(57,978)	(41,463)
Increase in creditors and provisions	35,544	50,467
(Increase) in inventories	(52,113)	(63,071)
Decrease / (increase) in taxation receivable	2,080	(861)
	(72,467)	(54,928)
Net cash flows from operating activities	(58,274)	(39,007)

17 POST BALANCE DATE EVENTS

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

18 SEASONALITY OF BUSINESS

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

DIRECTORY

DIRECTORS

R.J. Campbell, Chairman and Non-executive Director
 J.M. Wesley, Managing Director
 B.M. D'Ath, Executive Director
 M.R. Dossor, Non-executive Director
 C.A. Campbell, Independent Non-executive Director
 C.J. Symmans, Independent Non-executive Director

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 Website: www.turnersandgrowers.com
 Email: info@turnersandgrowers.com

AUDITORS

PricewaterhouseCoopers

BANKERS

Bank of New Zealand
 Rabobank
 Westpac Banking Corporation

PRINCIPAL SOLICITORS

Russell McVeagh

SHARE REGISTRY

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 Takapuna
 North Shore City

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 Victoria Street West
 Auckland, 1142

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



Flowers Work Wonders unique promotional campaign

FloraMax introduced the 'Flowers Work Wonders' promotional campaign in 2006. This campaign is funded by a promotional charge paid by both suppliers and retailers of FloraMax with the aim to increase the use of fresh cut flowers in New Zealand. In its initial years, the campaign resulted in a strong increase in awareness of flowers as an everyday purchase option.



Currently the campaign's main focus is to streamline these purchases through the retailers that buy product at FloraMax auctions. Along with social media, radio and print campaigns, the most successful and integral campaign tools are the promotional representatives who visit retailers on a regular basis. These experienced representatives advise and assist retailers with improved retailing

options, as well as helping to spread the message that indeed "Flowers Work Wonders".





THE & IS AT THE
HEART OF OUR BRAND.

Essentially, it's about us:

& Growers
& Marketers
& Retailers
& Customers

It's about fresh taste

& Advice
& Logistics
& Marketing
& Know-How

www.turnersandgrowers.com
