Half Year Report - June 2013

Contents

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REPORT OF DIRECTORS

Profit after tax for the Turners & Growers Group is ahead of last year's result for the six months to June 2013.

RESULTS IN BRIEF

	June 2013 $'000	June 2012 $'000	Dec 2012 $'000
Revenue	**369,031**	337,399	669,137
Profit / (loss) before tax	**21,006**	9,875	(18,054)
Profit / (loss) after tax (before non-controlling interests)	**17,755**	7,080	(13,278)
Total Equity	**266,938**	292,580	279,530

DOMESTIC

The Domestic division has traded at a similar level to last year. Prices have rebounded from the low levels of 2012, however the volumes sold have decreased slightly. Bonita bananas, sold exclusively though Turners & Growers' sites, have made a strong contribution to the Domestic result. Offsetting this has been the low prices attained on tomato sales, particularly through the summer period.

The Fruit Case Company business unit has had an improved year to date. Crate hireage revenue has improved from last year due to the availability of new crates.

EXPORTS

The 2013 New Zealand apple season has had a strong start with increased volumes and favourable market pricing compared to last year. In particular the Group's flagship varieties, Jazz™ and Envy™, are forecasted to improve on 2012.

ENZA's global apple programme has delivered increased returns to the Group, particularly from the North American market which has seen price and volume increases on 2012 levels, even after a severe hail storm affected the crop harvest. There is continuing demand from apple growers globally to plant ENZA varieties.

Exports of stonefruit from Australia and USA through Delica have increased markedly in comparison to 2012 volumes. However poor growing seasons for New Zealand citrus and stonefruit have led to export volumes being less than the prior year.

Delica's import business in Australia, which is mainly involved in trading apricots, blueberries, asparagus and kiwifruit, has continued to grow in its second year of operation.

Turners & Growers Fiji has experienced solid growth during the first half of 2013. Volumes of fresh produce imported from New Zealand, Australia and USA have increased significantly in comparison to 2012.

PROCESSING

The strength of export returns for fresh New Zealand apples has resulted in a smaller portion of the national crop being available for processing. The reduced volume, combined with the very high New Zealand dollar against the Australian dollar, has had a negative effect on the Apple Juice Concentrate sector of the business. The recent investment into small format and food ingredient processing capability has resulted in very positive sales results.

GROWING OPERATIONS

Status Produce, the specialist hothouse tomato growing operation, has had a less profitable six months than 2012 despite volumes and growing costs being in line with expectations. The long hot summer in New Zealand was ideal for growing tomatoes, resulting in additional volume from competitors, particularly outdoor growers. The increased supply, in conjunction with reduced demand from consumers "home-growing", had a negative effect on market prices.

The Group's New Zealand pipfruit orchards have achieved significantly improved results compared to the prior period. The 2013 New Zealand apple growing season was characterised by dry conditions resulting in smaller fruit sizes, however this was offset by strong market returns and increased production volumes from maturing plantings.

The extended drought throughout the summer made for a challenging six months for Kerifresh. The small size profile as a result of the growing conditions has impacted the prices attained for citrus. Despite the same issue affecting the kiwifruit crop, returns have been higher due to a successful export programme to Australia.

OTHER

The Transport and Floramax businesses have both traded in line with the same period in 2012. Fruitmark (the trading name of the Australian subsidiary ENZACor Pty Limited) has had a marked improvement in operating profit over last year. In addition, a one-off gain has been recorded in relation to the sale of its share in a Belgian joint venture.

OTHER ITEMS OF NOTE

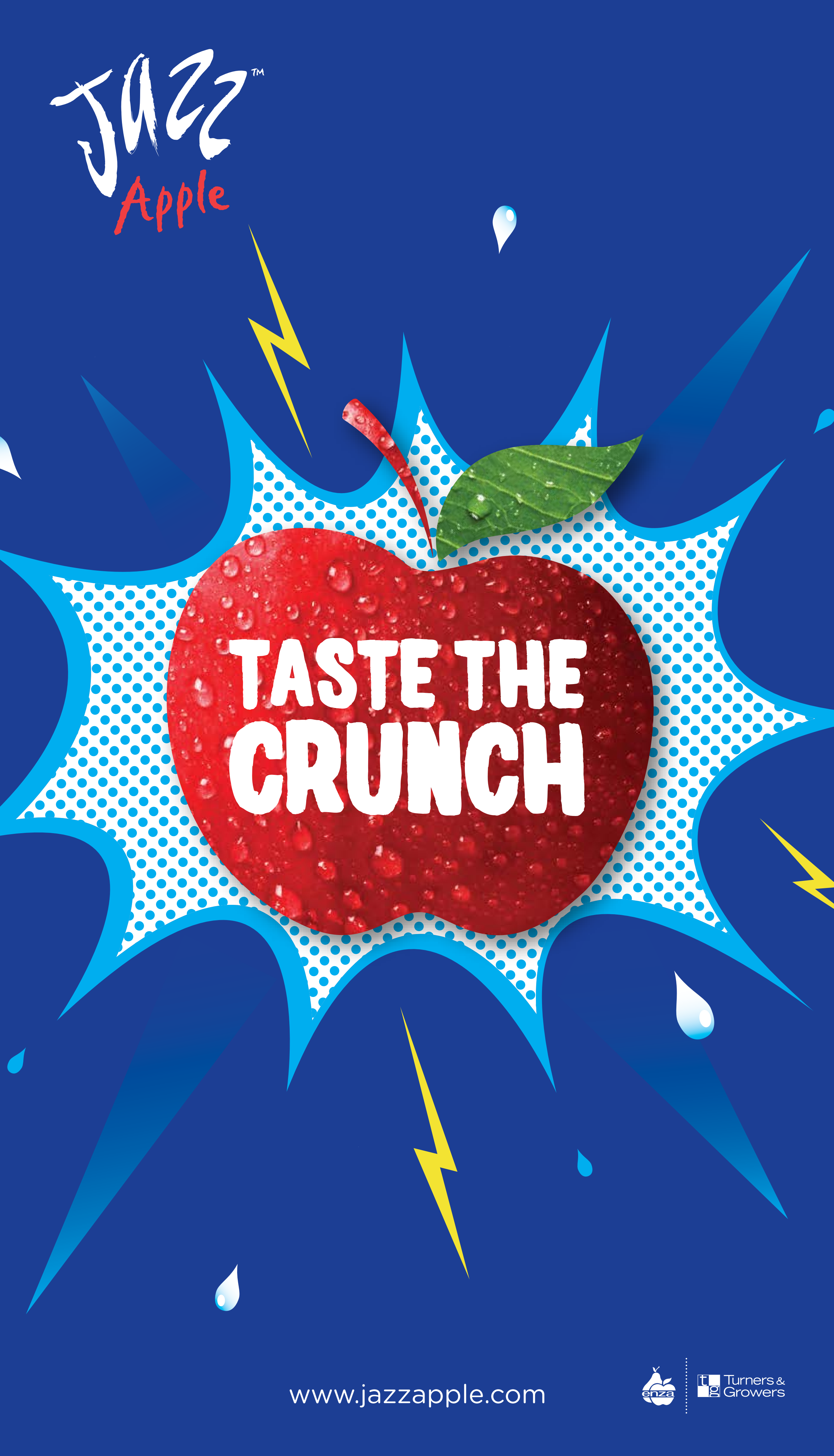
Turners & Growers acquired the remaining minority shareholding in Delica Limited in May 2013. The acquisition is a strategic step towards a fully integrated export division and provides a significant opportunity to grow the Group's trading to and within Asia.

The Group has recorded gains on the sale of two of its Auckland properties during the first half of the year. The Floramax building in Mount Wellington and the Status site in Mangere have both been leased back from their new owners.

OUTLOOK

The Group is on track to exceed the profitability of 2012.

K.J. Lutz
CHAIRMAN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CONSOLIDATED INCOME STATEMENT

For the 6 months ended 30 June 2013 (Unaudited)

	Notes	**June 2013 6 months $'000**	June 2012 6 months $'000
Revenue	6	**369,031**	337,399
Cost of sales		**(275,279)**	(250,690)
Gross profit		**93,752**	86,709
Other operating income		**8,376**	4,219
Administration expenses		**(13,535)**	(12,581)
Other operating expenses		**(66,661)**	(67,735)
Operating profit		**21,932**	10,612
Financial income		**277**	748
Financial expenses		**(3,045)**	(3,517)
Net financing costs		**(2,768)**	(2,769)
Share of profit from associates and joint ventures	11	**1,842**	2,032
Profit before income tax		**21,006**	9,875
Income tax expense	7	**(3,251)**	(2,795)
Profit for the period from continuing operations		**17,755**	7,080
Attributable to:			
Equity holders of the parent		**16,640**	5,551
Non-controlling interests		**1,115**	1,529
Profit for the period		**17,755**	7,080
Earnings per share			
Basic earnings (in cents)	14	**14.2**	4.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2013 (Unaudited)

	June 2013 $'000 6 months	June 2012 $'000 6 months
Profit for the period	**17,755**	7,080
Other comprehensive income / (expense)		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation reserve transferred to the income statement	**140**	–
Exchange differences on translation of foreign operations	**(815)**	(748)
Effective portion of changes in fair value of cash flow hedges, net of tax	**(3,079)**	697
Net change in fair value of cash flow hedges reclassified from equity to income statement	**(266)**	89
Other comprehensive (expense) / income for the period	**(4,020)**	38
Total comprehensive income for the period	**13,735**	7,118
Total comprehensive income for the period is attributable to:		
Equity holders of the parent	**12,679**	5,480
Non-controlling interests	**1,056**	1,638
	13,735	7,118

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2013 (Unaudited)

		Attributable to equity holders of the Parent						
		Share capital $'000	Revaluation reserve $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2012		165,147	64,110	(175)	51,730	280,812	5,051	285,863
Comprehensive income								
Profit for the period		–	–	–	5,551	5,551	1,529	7,080
Other comprehensive (expense) / income								
Currency translation differences		–	–	(857)	–	(857)	109	(748)
Movement in cash flow hedge reserve		–	–	786	–	786	–	786
Total other comprehensive (expense) / income		–	–	(71)	–	(71)	109	38
Total comprehensive (expense) / income		–	–	(71)	5,551	5,480	1,638	7,118
Movement in share option reserve		–	–	(401)	–	(401)	–	(401)
Balance at 30 June 2012		165,147	64,110	(647)	57,281	285,891	6,689	292,580
Balance at 1 January 2013		**165,147**	**69,100**	**(1,195)**	**40,046**	**273,098**	**6,432**	**279,530**
Comprehensive income								
Profit for the period		**–**	**–**	**–**	**16,640**	**16,640**	**1,115**	**17,755**
Other comprehensive (expense) / income								
Currency translation differences		**–**	**–**	**(756)**	**–**	**(756)**	**(59)**	**(815)**
Movement in cash flow hedge reserve		**–**	**–**	**(3,345)**	**–**	**(3,345)**	**–**	**(3,345)**
Foreign currency translation reserve transferred to the income statement		**–**	**–**	**140**	**–**	**140**	**–**	**140**
Total other comprehensive (expense) / income		**–**	**–**	**(3,961)**	**–**	**(3,961)**	**(59)**	**(4,020)**
Total comprehensive (expense) / income		**–**	**–**	**(3,961)**	**16,640**	**12,679**	**1,056**	**13,735**
Transactions with owners								
Dividends	13	**–**	**–**	**–**	**–**	**–**	**(504)**	**(504)**
Acquisition of non-controlling interest's share in subsidiary	15	**–**	**–**	**–**	**(20,682)**	**(20,682)**	**(5,141)**	**(25,823)**
Total transactions with owners		**–**	**–**	**–**	**(20,682)**	**(20,682)**	**(5,645)**	**(26,327)**
Transfer from asset revaluation reserve due to asset disposal		**–**	**(9,641)**	**–**	**9,641**	**–**	**–**	**–**
Balance at 30 June 2013		**165,147**	**59,459**	**(5,156)**	**45,645**	**265,095**	**1,843**	**266,938**

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

CONSOLIDATED BALANCE SHEET

As at 30 June 2013 (Unaudited)

	Notes	**June 2013 $'000**	December 2012 $'000	June 2012 $'000
Current assets				
Cash and cash equivalents		**22,604**	15,994	16,920
Trade and other receivables	8	**161,814**	75,997	129,161
Inventories		**99,294**	43,103	91,874
Taxation receivable		**1,178**	3,498	2,564
Biological assets		**1,029**	1,111	2,133
Non-current assets classified as held for sale	9	**436**	16,712	–
Total current assets		**286,355**	156,415	242,652
Non-current assets				
Trade and other receivables	8	**1,182**	2,142	2,100
Available-for-sale investments		**210**	201	349
Biological assets		**14,086**	16,847	26,108
Property, plant and equipment	10	**251,153**	253,816	277,641
Intangible assets		**12,451**	12,960	17,660
Investments in associates and joint ventures	11	**15,579**	16,314	17,046
Total non-current assets		**294,661**	302,280	340,904
Total assets		**581,016**	458,695	583,556
Current liabilities				
Trade and other payables		**146,620**	79,034	114,175
Interest bearing loans and borrowings	12	**64,460**	1,186	65,800
Total current liabilities		**211,080**	80,220	179,975
Non-current liabilities				
Trade and other payables		**6,531**	501	736
Interest bearing loans and borrowings	12	**78,767**	80,185	85,143
Deferred tax liabilities	7	**17,700**	18,259	25,122
Total non-current liabilities		**102,998**	98,945	111,001
Total liabilities		**314,078**	179,165	290,976
Net assets		**266,938**	279,530	292,580
Equity				
Share capital	13	**165,147**	165,147	165,147
Other reserves		**54,303**	67,905	63,463
Retained earnings		**45,645**	40,046	57,281
Total equity attributable to equity holders of the parent		**265,095**	273,098	285,891
Non-controlling interests		**1,843**	6,432	6,689
Total equity		**266,938**	279,530	292,580
Net tangible assets per share		**$2.17**	$2.28	$2.35

K.J. Lutz
Director (Chairman)
3 September 2013

C.A. Campbell
Director
3 September 2013

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2013 (Unaudited)

	Note	**June 2013 6 months $'000**	June 2012 6 months $'000
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from customers		**444,274**	466,000
Dividends received		**1**	–
Interest received		**212**	575
Cash was disbursed to:			
Payments to suppliers and employees		**(494,950)**	(507,379)
Interest paid		**(2,767)**	(3,296)
Income taxes paid		**(1,515)**	(1,900)
Net cash (used in) operating activities	20	**(54,745)**	(46,000)
Cash flows from investing activities			
Cash was provided from:			
Dividends received from associates and joint ventures		**702**	685
External loan repayments from suppliers, customers and associates and joint ventures		**492**	38
Proceeds from sale of property, plant and equipment		**1,938**	74
Proceeds from disposal of non-current assets held for sale		**17,864**	–
Proceeds from sale of joint venture		**3,666**	–
Cash was disbursed to:			
Purchase of property, plant and equipment		**(5,085)**	(9,757)
Purchase of biological assets		**(235)**	(370)
Purchase of intangible assets		**(608)**	(742)
Purchase of available-for-sale investments		**(10)**	(3)
Purchase of non-controlling interest's share in subsidiary		**(16,985)**	–
Purchase of additional investment in joint venture		**(225)**	(137)
Net cash generated by / (used in) investing activities		**1,514**	(10,212)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from bank term loans		**70,300**	70,800
Cash was disbursed to:			
Dividends paid to non-controlling interests		**(504)**	–
Bank commercial bill facility and term loan repayments		**(10,032)**	(10,120)
Net cash generated by financing activities		**59,764**	60,680
Net increase in cash and cash equivalents		**6,533**	4,468
Foreign currency translation adjustment		**77**	(323)
Cash and cash equivalents at beginning of period		**15,994**	12,775
Cash and cash equivalents at end of period		**22,604**	16,920

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

NOTES TO THE FINANCIAL STATEMENTS

For the 6 months ended 30 June 2013 (Unaudited)

1 GENERAL INFORMATION

Turners & Growers Limited (the Company) and Subsidiary Companies (the Group) market and distribute selected horticultural products both domestically and internationally. The Group is domiciled in New Zealand and listed on the New Zealand Stock Exchange.

2 BASIS OF PREPARATION

The Company is a registered company under the Companies Act 1993 and an issuer in terms of the Securities Act 1978.

These condensed interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with generally accepted accounting practice in New Zealand, NZ IAS 34 'Interim Financial Reporting' and IAS 34 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the 2012 Annual Report, which has been prepared in accordance with NZ IFRS.

The interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993. The Group is designated as a profit oriented entity for financial reporting purposes.

The reporting currency used in the preparation of these condensed interim financial statements is New Zealand dollars, rounded to the nearest thousand.

3 STATEMENT OF ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim financial statements are consistent with those used in the December 2012 Annual Report. To ensure consistency with the current period, comparative figures have been reclassified where appropriate. The adjustments made include:

Biological assets

a) During the six months ended 30 June 2013, it was determined that agricultural produce should be fair valued immediately before harvest. This has led to a restatement of prior year cost of goods sold of $9,588k, other operating income of $3,733k, and other operating expenses of $5,855k in the income statement. These restatements did not have any impact on the net profit reported in the prior year.

b) In December 2012, it was determined that only tomatoes were to be shown as current assets. This has led to a restatement of $2,685k from current to non-current assets to account for the reclassification of all other biological assets.

Standards, amendments and interpretations effective in 2013

There are no standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Group.

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

5 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 Executive Officer and Chief Financial Officer 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 the performance of the operating segments based on earnings before interest, tax and share of profit / (loss) from associates and joint ventures, referred to as operating profit / (loss).

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, Cool Storage, Fruit Packing, the Delica Group, Diversified Exports, Turners & Growers Fiji and offshore Pipfruit Investments

Processing – ENZAFoods New Zealand Limited

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

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

The segment information provided to the chief operating decision-makers for the reportable segments is as follows:

	Domestic $'000	Exports $'000	Processing $'000	Growing operations $'000	Other $'000	Total $'000
Six months ended 30 June 2013						
Total segment revenue	**71,462**	**258,412**	**30,460**	**42,524**	**37,267**	**440,125**
Inter-segment revenue	**(4,196)**	**(44,855)**	**–**	**(16,608)**	**(5,435)**	**(71,094)**
Revenue from external customers	**67,266**	**213,557**	**30,460**	**25,916**	**31,832**	**369,031**
Depreciation	**2,280**	**1,824**	**1,163**	**1,566**	**300**	**7,133**
Amortisation	**383**	**341**	**23**	**114**	**112**	**973**
Other material non-cash items:						
Movement in provision for irrecoverable trade and other receivables	**(7)**	**3**	**–**	**(1)**	**10**	**5**
Operating profit	**1,881**	**14,069**	**1,376**	**2,078**	**2,528**	**21,932**
Six months ended 30 June 2012						
Total segment revenue	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	64,804	185,992	27,077	29,022	30,504	337,399
Depreciation	2,362	1,914	1,083	1,802	397	7,558
Amortisation	452	312	21	142	130	1,057
Other material non-cash items:						
Movement in provision for irrecoverable trade and other receivables	(42)	1,952	–	(15)	450	2,345
Operating profit	2,070	6,366	1,678	86	412	10,612

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

5 SEGMENT INFORMATION (continued)

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

Reconciliation to profit before tax	June 2013 6 months $'000	June 2012 6 months $'000
Operating profit for reportable segments	**19,404**	10,200
Other segments operating profit	**2,528**	412
Net financing costs	**(2,768)**	(2,769)
Share of profit from associates and joint ventures	**1,842**	2,032
Profit before tax	**21,006**	9,875

Breakdown of revenue from all business operations is as follows:

Analysis of revenue by category		
Sales and commissions	**330,011**	296,860
Services	**35,635**	36,277
Royalties	**2,592**	3,312
Rental income	**793**	950
	369,031	337,399

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	**137,195**	133,358
Australia	**47,161**	44,457
Other countries	**184,675**	159,584
	369,031	337,399

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	**282,912**	327,233
Australia	**3,589**	6,272
Other countries	**6,768**	4,950
	293,269	338,455

6 TOTAL REVENUE AND GROSS TURNOVER

	June 2013 6 months $'000	June 2012 6 months $'000
Revenue from sales, commissions, services, royalties and rental income	**369,031**	337,399
Gross turnover	**504,087**	478,363

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 NZ 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 NZ IAS 18 'Revenue'.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

7 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 and adjusted for any estimated permanent and timing differences.

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.

8 TRADE AND OTHER RECEIVABLES

During the six months ended 30 June 2013 the provision for irrecoverable trade and other receivables decreased by $1,931k (six months ended 31 December 2012: $243k decrease; six months ended 30 June 2012: $2,280k increase).

An amount of $1,940k owing to the Group from our trading representative in China has been deemed unrecoverable and was written off during the six months ended 30 June 2013. The full amount was provided for in the six months ended 30 June 2012 therefore there is no impact to the profit and loss for this write-off. There were no material bad debts written off for the six months ended 30 June 2012.

9 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(i) 3 Monahan Road, Mt Wellington
On 23 January 2013 the land and building was sold for $8,163k. A gain on disposal of $800k was recognised in other operating income as a result of the sale.

(ii) 42 and 60 Favona Road, Mangere
On 28 June 2013 the land and buildings were sold for $10,340k. A gain on disposal of $352k was recognised in other operating income as a result of the sale.

10 PROPERTY, PLANT AND EQUIPMENT

Asset acquisitions and disposals	**June 2013 6 months $'000**	June 2012 6 months $'000
Cost of assets acquired	**5,085**	9,757
Net book value of assets disposed	**533**	48
(Profit) on assets disposed	**(15)**	(26)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Significant associates and joint ventures	Country of incorporation	Held % June 2013	Held % June 2012	Contribution to net profit / (loss) June 2013 6 months $'000	Contribution to net profit / (loss) June 2012 6 months $'000
Associates					
Allen Blair Properties Limited	New Zealand	**33%**	33%	**129**	(82)
David Oppenheimer & Company I, L.L.C	United States of America	**15%**	15%	**436**	328
David Oppenheimer Transport Inc.	United States of America	**15%**	15%	**85**	177
Fresh Vegetable Packers Limited	New Zealand	**41%**	41%	**9**	33
McKay Shipping Limited	New Zealand	**25%**	25%	**391**	376
Mystery Creek Asparagus Limited	New Zealand	**15%**	10%	**(20)**	(24)
				1,030	808
Joint ventures					
Delica Pty Limited	Australia	**43%**	30%	**(22)**	(24)
Fruitmark NV/SA	Belgium	**0%**	50%	**64**	492
Premier Fruit New Zealand Limited	New Zealand	**50%**	50%	**–**	–
Wawata General Partner Limited	New Zealand	**50%**	50%	**176**	(43)
Worldwide Fruit Limited	United Kingdom	**50%**	50%	**594**	799
				812	1,224
				1,842	2,032

On 23 May 2013 the Group's investment in its joint venture Fruitmark NV/SA was sold for $3,666k with a gain on sale of $1,638k recorded in the income statement.

Due to the purchase of the remaining non-controlling interest in Delica Limited, the Group's share in its associate Mystery Creek Asparagus Limited has increased from 10% to 15% and the Group's share in its joint venture Delica Pty Limited has increased from 30% to 43%.

12 INTEREST BEARING LOANS AND BORROWINGS

During the six months ended 30 June 2013, term loans of $10 million were repaid and $7 million issued at an interest rate of 3.74% by the BNZ and Rabobank, money market loans of $14.3 million were issued at an interest rate of 4.35% by the BNZ and seasonal funding loans of $49 million were issued by the BNZ, Rabobank and Westpac at an average interest rate of 3.56% (six months ended 31 December 2012: seasonal funding loans of $48 million were repaid to BNZ, Rabobank and Westpac, money market loans of $17.8 million were repaid to BNZ and term loans of $5 million were repaid to BNZ and Rabobank, six months ended 30 June 2012: term loans of $5 million were issued at an average interest rate of 3.67% by the BNZ and Rabobank and seasonal funding loans of $48 million were issued by the BNZ, Rabobank and Westpac at an average interest rate of 3.46%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

13 CAPITAL AND RESERVES

Share capital
During the six months ended 30 June 2013, there was no change to shareholders' equity (six months ended 31 December 2012: no change; six months ended 30 June 2012: no change).

Dividends
During the six months ended 30 June 2013, no dividend was declared and no other payment was made to shareholders (six months ended 31 December 2012: no dividend declared or paid to shareholders; six months ended 30 June 2012: no dividend declared or paid to shareholders).

During the six months ended 30 June 2013, a dividend of $504k was paid to non-controlling interests by a Group subsidiary on 30 May 2013; (six months ended 31 December 2012, a dividend of $29k was paid to non-controlling interests by a Group subsidiary on 13 July 2012, $556k on 7 September 2012 and $40k on 30 October 2012; six months ended 30 June 2012: no dividend was paid to non-controlling interests by a Group subsidiary).

14 EARNINGS PER SHARE

	June 2013 $'000	June 2012 $'000
Net profit for the year attributable to equity holders of the parent	**16,640**	5,551

	June 2013	June 2012
	Number of Shares	
Basic earnings per share		
Opening shares	**117,010,550**	117,010,550
Weighted average number of ordinary shares	**117,010,550**	117,010,550
Earnings per share (in cents)	**14.2**	4.7
Options		
Opening number of options	**166,667**	1,703,333
Options forfeited	**–**	(1,326,666)
Weighted average number of options	**166,667**	1,101,684
Weighted average number of shares and options	**117,177,217**	118,112,234

The options do not have a dilutive effect as the average market price of ordinary shares does not exceed the exercise price of the options.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

15 ACQUISITION OF NON-CONTROLLING INTEREST SHARE IN SUBSIDIARY

On 31 May 2013, the Group acquired the remaining 30% of the issued shares of Delica Limited for a purchase consideration of $25,800k. The carrying amount of the non-controlling interests in Delica Limited on the date of acquisition was $5,141k. The Group derecognised non-controlling interests of $5,141k and recorded a decrease in equity attributable to owners of the Group of $20,659k.

Additional costs of $23k were incurred as part of the acquisition of Delica Limited and these costs have also been recorded as a decrease in equity attributable to owners of the Group.

The effect of changes in the ownership interest of Delica Limited on the equity attributable to owners of the Group is summarised as follows:

	June 2013 6 months $'000
Carrying amount of non-controlling interests acquired	**5,141**
Consideration paid to non-controlling interests	**(16,962)**
Repayment of loans by Delica Limited directors	**(582)**
Deferred consideration	**(8,256)**
Excess of consideration paid recognised in equity	**(20,659)**
Acquisition related legal fees	**(23)**
Net effect in equity	**(20,682)**

There were no acquisitions of non-controlling interests' shares in subsidiaries during 2012.

16 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 other comprehensive income and accumulated 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 hedge accounting are recognised immediately in the income statement.

The carrying amount and fair value of financial instruments at 30 June 2013 is ($3,605k) (31 December 2012: carrying amount and fair value of $623k; and 30 June 2012: $812k).

a) Fair value
The fair value of the following financial assets and liabilities approximate their carrying amount:

- Cash and cash equivalents
- Available-for-sale investments
- Trade and other receivables
- Balances owing by and to associates and joint ventures
- Derivative financial instruments – held-for-trading
- Derivative financial instruments – cash flow hedges
- Interest bearing loans and borrowings
- Trade and other payables

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

16 FINANCIAL INSTRUMENTS (continued)

b) Fair value measurement hierarchy

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013 and 31 December 2012.

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 assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs).

At 30 June 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through profit or loss	**–**	**138**	**–**	**138**
Derivative financial instruments – cash flow hedges	**–**	**666**	**–**	**666**
Available-for-sale investments				
– Equity securities	**–**	**210**	**–**	**210**
Total assets	**–**	**1,014**	**–**	**1,014**
Liabilities				
Financial liabilities at fair value through profit or loss	**–**	**1,181**	**–**	**1,181**
Derivative financial instruments – cash flow hedges	**–**	**3,228**	**–**	**3,228**
Total liabilities	**–**	**4,409**	**–**	**4,409**

At 31 December 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss	–	86	–	86
Foreign currency options – cash flow hedges	–	217	–	217
Derivative financial instruments – cash flow hedges	–	520	–	520
Available-for-sale investments				
– Equity securities	–	201	–	201
Total assets	–	1,024	–	1,024
Liabilities				
Financial liabilities at fair value through profit or loss	–	184	–	184
Derivative financial instruments – cash flow hedges	–	16	–	16
Total liabilities	–	200	–	200

17 CAPITAL COMMITMENTS

	June 2013 $'000	June 2012 $'000
Amount committed to capital expenditure	**2,479**	3,041

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

18 CONTINGENCIES

The Group have the following guarantees:

Contingent liabilities	**June 2013 $'000**	June 2012 $'000
Maximum amount payable under the guarantees		
Bonds and sundry facilities	**80**	80
Guarantees of bank facilities for associated companies	**2,884**	2,832
	2,964	2,912

19 RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its associates and joint ventures, and with its Directors. The Group also have related party relationships with its ultimate parent BayWa Aktiengesellschaft (BayWa) and with BayWa's subsidiaries and associated companies.

BayWa Aktiengesellschaft (BayWa), the major shareholder and ultimate parent company of Turners & Growers Limited, owns 73.07% (2012: 73.07%) of the ordinary shares of the Parent. Pacific Fruit Group indirectly own 12.26% (2012: 12.26%) and Scales Corporation own 10.31% (2012: 10.31%) of the ordinary shares of the Parent. The balance is owned by the public.

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

	June 2013 6 months $'000	June 2012 6 months $'000
Directors (Mr B.M. D'Ath)		
Mr B.M. D'Ath resigned as a Director on 7 March 2012.		
– Sales value of produce sold through the Group	**–**	3,288
– Sale of apples to the Group for processing	**–**	1
– Purchase of packaging, cool storage, container hire from the Group	**–**	119
Delica Directors / Management		
– Loans owing to Group (including capitalised interest) at 30 June	**–**	1,230

Loans were advanced to a director and key management of Delica Limited and a director of Delica Australia Pty Limited, subsidiaries of Turners & Growers Limited, for the purpose of acquiring shares in Delica Limited. The loans were repaid on 31 May 2013 following the purchase of the remaining shares in Delica Limited by the Group.

Fresh Food Exports 2011 Limited Director (Mr A.J. Greensmith)		
– Sales value of produce sold to the Group through a company associated with Mr A.J. Greensmith	**195**	285
– Purchase of services from and commissions paid to the Group through a company associated with Mr A.J. Greensmith	**45**	58
– Balance owing to the Group at 30 June	**4**	7
– Balance owing by the Group at 30 June	**201**	–
Alternate Director (Mr L.A. Noboa Icaza)		
– Sale of produce to the Group	**7,858**	7,117

The Noboa Group indirectly owns approximately 12.26% (2012: 12.26%) of the ordinary shares of the Parent.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 6 months ended 30 June 2013 (Unaudited)

19 RELATED PARTY TRANSACTIONS (continued)

Key management personnel compensation	**June 2013 6 months $'000**	June 2012 6 months $'000
Short-term employee benefits	**1,774**	1,177
Share-based payment expense	**–**	(325)
Termination benefits	**450**	2,328

Associates and joint ventures
The Group has entered into transactions with its associates and joint ventures during the year (refer note 11 for a listing of associates and joint ventures).

	June 2013 6 months $'000	June 2012 6 months $'000
Associates		
– Sales of pipfruit exported by the Group	**12,557**	10,787
– Purchase of pipfruit from associates	**6,566**	7,302
– Provision of services by the Group	**3**	6
– Provision of services to the Group	**29**	84
– Balance owing to the Group at 30 June	**8,722**	7,262
– Balance owing by the Group at 30 June	**17**	123
Joint ventures		
– Sales of pipfruit exported by the Group	**8,382**	7,340
– Purchase of pipfruit from associates	**1,156**	1,091
– Provision of services by the Group	**37**	–
– Provision of services to the Group	**33**	–
– Balance owing to the Group at 30 June	**5,424**	5,106
– Balance owing by the Group at 30 June	**144**	–
Associates of BayWa		
– Sale of pipfruit exported by the Group	**3,105**	1,585
– Provision of services to the Group	**506**	258
– Balance owing to the Group at 30 June	**2,947**	–
– Balance owing by the Group at 30 June	**532**	–
BayWa		
– Provision of services to the Group	**74**	–

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 2013 (Unaudited)

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

	June 2013 6 months $'000	June 2012 6 months $'000
Profit for period	**17,755**	7,080
Adjusted for:		
Depreciation expense	**7,133**	7,558
Amortisation of intangibles	**973**	1,057
Fair value movement in derivatives	**(153)**	(361)
Fair value movement in long term receivables	**–**	2
Fair value movement on biological assets	**(3,850)**	(3,733)
Movement in provision for receivables impairment	**(1,931)**	2,280
(Profit) on sale of property, plant and equipment	**(1,153)**	(26)
(Profit) on sale of joint venture	**(1,638)**	–
Movement in provision for share options	**–**	(401)
Share of (profit) from associates and joint ventures	**(1,842)**	(2,032)
Movement in deferred tax through income statement	**(742)**	(364)
	14,552	11,060
Impact of changes in working capital items		
(Increase) in debtors and prepayments*	**(65,779)**	(23,861)
Increase in creditors and provisions*	**56,544**	25,330
(Increase) in inventories	**(56,690)**	(57,286)
(Increase) in taxation receivable	**(3,372)**	(1,243)
	(69,297)	(57,060)
Net cash flows (used in) operating activities	**(54,745)**	(46,000)

*Excludes investing activities.

21 EVENTS OCCURRING AFTER THE BALANCE DATE

There were no events post balance date that would cause a material misstatement to the financial information presented in this interim financial report.

22 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.

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