

INTERIM REPORT 2020







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Chairman and CEO Review

PLATFORM FOR GROWTH

Over the last two years, we have focused on transforming T&G Global from a commodity exporter to a customer-led premium fresh produce business. While the journey is by no means finished, the Group's financial performance for the six months to 30 June 2020 demonstrates our team's hard work is starting to deliver the right results and setting us up for future growth.

Across the world, our 2,500 people are united by our purpose to grow healthier futures through fresh fruit and vegetables. It is pleasing to see our ongoing transformation not only growing healthier futures for our people, customers and communities, but also a healthier financial future for our business.

The results have been delivered in what has been a very challenging start to 2020. Across the world, people, industries and countries are being significantly affected by COVID-19, and this volatility and uncertainty will continue into the future. Throughout this time, our number one focus has been the safety of our people and our communities.

We were privileged to operate as an essential service during New Zealand's lockdown, and this ensured fresh produce flowed to Kiwis and consumers across the world. In all of our markets, we maintained continuous operations.

Our vertically integrated supply chain, combined with our people's expertise and determination, and our on-the-ground presence in key markets, meant we were able to respond quickly to COVID-19 while maintaining a steadfast focus on delivering our financial targets.

Good financial progress

For the first six months of 2020, total revenue for the Group increased by 20% to \$671.3 million, compared to the same period last year, and operating profit lifted to \$19.5 million, from \$6.2 million. Net profit before tax increased to \$13.7 million, up from \$3.0 million, and net assets increased to \$479.8 million.

A key driver of these results was the performance of our Apples division and our New Zealand domestic business.

The Apples business increased revenue for the period to \$440.5 million, from \$315.4 million.

The 2020 New Zealand growing season produced a good harvest, with conducive weather in autumn and summer contributing to 6.3 million TCEs of apples picked by our growers and ourselves. To mitigate any potential supply chain challenges arising in light of COVID-19, we moved quickly to hire a charter ship to transport apples to Europe and the United Kingdom. This strategic decision paid off. Our fruit arrived in-market early and this was a key factor behind our uplift in apple sales in the first half of the year.



T&G Global Chairman Prof. Klaus Josef Lutz (left) and Chief Executive Officer Gareth Edgcombe (right)

Following the acquisition of Freshmax New Zealand on 30 April, we have integrated it with our local New Zealand business to create T&G Fresh. This strengthened our position as the backbone of Aotearoa's fresh fruit and vegetable sector. Synergies have begun to be realised from this transaction, and we expect significant benefits over the coming years as we work through the integration of these two businesses.

While some of our New Zealand customers were impacted by not being able to physically operate during New Zealand's lockdown, the Freshmax New Zealand acquisition and increased sales through retail channels contributed to a 14% increase in T&G Fresh's revenue to \$153.8 million, from \$135.4 million in 2019.

Strong team driving our business forward

We are very proud of what our people have achieved. The ongoing transformation of our business has required some tough decisions. It hasn't always been easy as we've reorganised ourselves, built new capabilities, and introduced new processes, ways of working and a tight control on costs. However, these results reflect our team's hard work and the momentum in our business.

Together, our people have worked tirelessly to adapt quickly to the impact of COVID-19. They kept our business running by making fast decisions, responding to opportunities and

challenges, working collaboratively, and keeping each other and our communities safe at every step of the way.

Across many of our markets, we supported communities facing food insecurity. Fresh produce was donated to food hubs, rescue agencies and charities, and we supported the repurposing of New Zealand's Fruit in Schools programme during lockdown, providing fruit and vegetable boxes to those in need.

Looking ahead in an uncertain world

The second half of the year will continue to be volatile and uncertain. Across many markets, there are risks outside our control. This is particularly the case in Asia, where sales continue to be impacted by the full or partial closure of wholesale markets, and large quantities of domestic commodity apples remain unsold. To help us navigate potential challenges, we are managing costs tightly.

It is too early to see the full effects of COVID-19 on our business, and while apple sales are largely to plan, we still have a sizeable percentage to sell for the season. Notwithstanding this, we are very positive about the long-term future of T&G.

In a world where consumers are seeking out sustainable nutrition which is safe and trusted, both T&G and New Zealand have everything in their favour. With T&G's increasingly strong financial position, we are well placed to maximise this opportunity and deliver increased value to our shareholders.

A handwritten signature in black ink, appearing to read 'Klaus Lutz'.

PROF. KLAUS JOSEF LUTZ
CHAIRMAN

A handwritten signature in black ink, appearing to read 'Gareth Edgcombe'.

GARETH EDGECOMBE
CHIEF EXECUTIVE OFFICER





Income statement

For the six months ended 30 June 2020

	NOTES	Unaudited 6 months to 30 Jun 2020 \$'000	Unaudited 6 months to 30 Jun 2019 \$'000	Audited 12 months to 31 Dec 2019 \$'000
Revenue	3	671,313	560,835	1,216,409
Other operating income		6,077	6,173	14,299
Purchases, raw materials and consumables used		(505,372)	(418,149)	(931,807)
Employee benefits expenses		(88,789)	(85,881)	(155,347)
Depreciation and amortisation expenses		(21,279)	(18,473)	(37,753)
Other operating expenses		(42,446)	(38,327)	(89,300)
Operating profit		19,504	6,178	16,501
Financing income		741	257	748
Financing expenses		(7,503)	(7,427)	(14,084)
Share of profit / (loss) from joint ventures	8	160	(5)	14
Share of profit from associates	8	842	855	3,302
Other income		-	3,137	3,830
Profit before income tax		13,744	2,995	10,311
Income tax (expense) / credit	4	(4,243)	977	(3,700)
Profit after income tax		9,501	3,972	6,611
Attributable to:				
Equity holders of the Parent		6,613	1,412	901
Non-controlling interests		2,888	2,560	5,710
Profit for the period		9,501	3,972	6,611
Earnings per share (in cents)				
Basic and diluted earnings		5.4	1.2	0.7

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

Statement of comprehensive income

For the six months ended 30 June 2020

	Unaudited 6 months to 30 Jun 2020 \$'000	Unaudited 6 months to 30 Jun 2019 \$'000	Audited 12 months to 31 Dec 2019 \$'000
Profit for the period	9,501	3,972	6,611
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment:			
Held by subsidiaries of the Group	-	-	57,481
Deferred tax effect on revaluation of property, plant and equipment	-	-	(10,505)
Deferred tax effect on sale of property, plant and equipment	-	-	6,988
	-	-	53,964
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	1,877	(1,371)	(328)
Cash flow hedges:			
Fair value loss, net of tax	(4,420)	(545)	(4,854)
Reclassification of net change in fair value to profit or loss	(102)	1,424	11,057
	(2,645)	(492)	5,875
Other comprehensive expense for the period	(2,645)	(492)	59,839
Total comprehensive income for the period	6,856	3,480	66,450
Total comprehensive income for the period is attributable to:			
Equity holders of the Parent	4,014	959	60,407
Non-controlling interests	2,842	2,521	6,043
	6,856	3,480	66,450

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

Statement of changes in equity

For the six months ended 30 June 2020

		Unaudited					
	NOTES	Share capital \$'000	Revaluation and other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
2020							
Balance at 1 January 2020		176,357	111,623	172,726	460,706	13,697	474,403
Profit for the period		-	-	6,613	6,613	2,888	9,501
Other comprehensive income / (expense)							
Exchange differences on translation of foreign operations		-	1,911	-	1,911	(34)	1,877
Movement in cash flow hedge reserve		-	(4,510)	-	(4,510)	(12)	(4,522)
Total other comprehensive expense		-	(2,599)	-	(2,599)	(46)	(2,645)
Transactions with owners							
Dividends	6	-	-	-	-	(1,059)	(1,059)
Acquisition of non-controlling interest in subsidiary		-	-	(309)	(309)	(62)	(371)
Total transactions with owners		-	-	(309)	(309)	(1,121)	(1,430)
Balance at 30 June 2020		176,357	109,024	179,030	464,411	15,418	479,829
2019							
Balance at 1 January 2019		176,357	109,330	114,612	400,299	13,321	413,620
Profit for the period		-	-	1,412	1,412	2,560	3,972
Other comprehensive income / (expense)							
Exchange differences on translation of foreign operations		-	(1,332)	-	(1,332)	(39)	(1,371)
Movement in cash flow hedge reserve		-	879	-	879	-	879
Total other comprehensive income / (expense)		-	(453)	-	(453)	(39)	(492)
Transactions with owners							
Dividends	6	-	-	-	-	(2,153)	(2,153)
Total transactions with owners		-	-	-	-	(2,153)	(2,153)
Transfer from asset revaluation reserve due to asset disposal		-	(83)	83	-	-	-
Balance at 30 June 2019		176,357	108,794	116,107	401,258	13,689	414,947

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

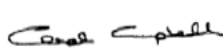
Balance sheet

As at 30 June 2020

	NOTES	Unaudited 30 Jun 2020 \$'000	Unaudited 30 Jun 2019 \$'000	Audited 31 Dec 2019 \$'000
Current assets				
Cash and cash equivalents		66,386	44,566	36,208
Trade and other receivables		224,862	207,669	188,574
Inventories		175,102	156,170	28,316
Taxation receivable		11,653	13,799	11,842
Derivative financial instruments		2,444	2,598	3,929
Biological assets		10,717	8,148	22,633
Non-current assets classified as held for sale		-	9,447	-
Total current assets		491,164	442,397	291,502
Non-current assets				
Trade and other receivables		21,364	9,353	21,575
Derivative financial instruments		3,484	2,239	4,035
Deferred tax assets		2,800	-	1,804
Investments in unlisted entities		93	106	93
Property, plant and equipment	5	396,227	379,292	386,079
Right-of-use assets		94,313	53,739	60,066
Investment property		15,000	14,700	15,000
Intangible assets		74,780	37,354	38,576
Investments in joint ventures	8	4,185	4,484	4,006
Investments in associates	8	32,311	36,054	31,496
Total non-current assets		644,557	537,321	562,730
Total assets		1,135,721	979,718	854,232
Current liabilities				
Trade and other payables		275,997	227,640	174,744
Borrowings		106,240	90,926	6,557
Lease liabilities		19,652	9,710	13,547
Taxation payable		2,153	-	2,025
Derivative financial instruments		4,049	5,499	1,680
Total current liabilities		408,091	333,775	198,553
Non-current liabilities				
Trade and other payables		179	82	42
Loans and borrowings		120,529	142,731	84,895
Lease liabilities		77,340	45,068	48,016
Derivative financial instruments		7,686	6,494	5,617
Deferred tax liabilities	4	42,067	36,621	42,706
Total non-current liabilities		247,801	230,996	181,276
Total liabilities		655,892	564,771	379,829
Equity				
Share capital		176,357	176,357	176,357
Revaluation and other reserves		109,024	108,794	111,623
Retained earnings		179,030	116,107	172,726
Total equity attributable to equity holders of the Parent		464,411	401,258	460,706
Non-controlling interests		15,418	13,689	13,697
Total equity		479,829	414,947	474,403
Total liabilities and equity		1,135,721	979,718	854,232



Prof. K.J. Lutz
Director (Chairman)
6 August 2020



C.A. Campbell
Director (Chair of Finance, Risk and Investment Committee)
6 August 2020

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

Statement of cash flows

For the six months ended 30 June 2020

	NOTES	Unaudited 6 months to 30 Jun 2020 \$'000	Unaudited 6 months to 30 Jun 2019 \$'000	Audited 12 months to 31 Dec 2019 \$'000
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		644,582	528,064	1,220,136
Other		173	103	406
<i>Cash was disbursed to:</i>				
Payments to suppliers and employees		(632,631)	(522,182)	(1,152,104)
Interest paid		(4,778)	(5,485)	(10,959)
Income taxes paid		(62)	(6,122)	(6,470)
Net cash inflow / (outflow) from operating activities		7,284	(5,622)	51,009
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Dividends received from joint ventures and associates		-	182	7,617
Loan repayments from suppliers, customers, associates and joint ventures		2,339	-	-
Proceeds from sale of coolstore and packhouse		-	-	9,918
Proceeds from sale of kiwifruit orchard		-	-	9,774
Proceeds from sale of Mt. Wellington site		-	-	65,000
Proceeds from sale of other property, plant and equipment		213	8	62
Proceeds from sale of kiwifruit post-harvest and orchard assets		-	9,774	-
<i>Cash was disbursed to:</i>				
Purchase of Freshmax New Zealand Limited	7	(27,904)	-	-
Purchase of property, plant and equipment	5	(13,675)	(13,782)	(36,422)
Purchase of intangible assets		(2,105)	(1,586)	(3,106)
Purchase of non-controlling interest in subsidiary		(371)	-	-
Loans to suppliers, customers, associates and joint ventures		-	-	(15,657)
Net cash (outflow) / inflow from investing activities		(41,503)	(5,404)	37,186
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Net proceeds from short-term borrowings		25,800	27,100	1,364
Proceeds from long-term borrowings		47,654	-	-
Proceeds from seasonal funding		75,000	60,000	-
Loans from related party		-	5,000	5,000
<i>Cash was disbursed to:</i>				
Dividends paid to non-controlling interests	6	(1,059)	(2,153)	(5,667)
Repayment of long-term borrowings		(13,311)	(7,000)	(65,094)
Repayment of lease liabilities		(10,974)	(6,852)	(21,242)
Seasonal advances to growers		(58,350)	(54,418)	-
Bank facility fees and transaction fees		(1,776)	(1,596)	(3,303)
Net cash inflow / (outflow) from financing activities		62,984	20,081	(88,942)
Net increase in cash and cash equivalents		28,765	9,055	(747)
Foreign currency translation adjustment		1,413	(1,267)	177
Cash and cash equivalents at the beginning of the year		36,208	36,778	36,778
Cash and cash equivalents at the end of the period		66,386	44,566	36,208

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

Statement of cash flows (continued)

For the six months ended 30 June 2020

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

	Unaudited 6 months to 30 Jun 2020 \$'000	Unaudited 6 months to 30 Jun 2019 \$'000	Audited 12 months to 31 Dec 2019 \$'000
Profit for the period	9,501	3,972	6,611
Adjusted for non-cash items:			
Amortisation expense	834	738	1,470
Depreciation expense	20,445	17,735	36,283
Effective interest on deferred consideration	-	(154)	-
Movement in deferred tax	(1,411)	(2,085)	(3,951)
Movement in provision for receivables impairment	15	54	293
Share of (profit) / loss of joint ventures	(160)	5	(14)
Share of (profit) / loss of associates	(842)	(855)	(3,302)
Other movements	461	328	3,106
	19,342	15,766	33,885
Adjusted for investing and financing activities:			
Bank facility and line fees	1,776	1,596	3,303
Gain on sale of kiwifruit post-harvest and orchard assets	-	(3,137)	(3,137)
Gain on sale and leaseback of coolstore	-	-	(693)
Net gain from reversal of previous property, plant and equipment revaluation changes through profit and loss	-	-	(4,419)
Loss on sale of other property, plant and equipment	488	234	2,327
Impairment of investment property	-	616	316
Loan write off from investment in Intelligent Fruit Vision	-	-	791
	2,264	(691)	(1,512)
Impact of changes in working capital items net of effects of non-cash items, and investing and financing activities:			
(Increase) in debtors and prepayments	(36,091)	(56,506)	(35,915)
Decrease in biological assets	11,916	20,037	5,552
Increase in creditors and provisions	147,455	150,260	49,012
(Increase) in inventories	(146,786)	(131,655)	(3,801)
(Increase) in net taxation receivable	(317)	(6,805)	(2,823)
	(23,823)	(24,669)	12,025
Net cash inflow from operating activities	7,284	(5,622)	51,009

Notes to the financial statements

1. BASIS OF PREPARATION

Reporting entity and statutory base

T&G Global Limited (the Parent) and its subsidiary companies (the Group), are recognised as one of New Zealand's leading growers, distributors, marketers and exporters of premium fresh produce in over 45 countries around the world. Key categories for the Group include apples, grapes, berries, citrus (lemons, mandarins and navel oranges) and tomatoes.

These unaudited condensed interim financial statements presented are for the Group which comprises the Parent and its subsidiaries, joint ventures and associates, as at 30 June 2020.

The Parent is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Market Conducts Act 2013, and the Financial Reporting Act 2013.

The Parent is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange. The address of its registered office is 1 Clemow Drive, Mount Wellington, Auckland.

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The unaudited condensed interim financial statements should be read in conjunction with the annual report for the year ended 31 December 2019 (2019 Annual Report), which has been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other applicable New Zealand Financial Reporting Standards as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS).

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

Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and judgments used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the 2019 Annual Report.

COVID-19 Pandemic

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19.

To combat the spread of the virus in New Zealand, the New Zealand Government moved the country into a full lockdown of non-essential services from Wednesday 25 March 2020 to Monday 27 April 2020. The Group's New Zealand operations were classified as an essential service, and continued operations with strict safety procedures implemented. However, the lockdown did impact the Group's operations.

As the spread of the virus slowed in New Zealand, lockdown measures eased between Tuesday 28 April 2020 and Tuesday 12 May 2020 allowing for more activity to resume. Social distancing measures continued easing until Tuesday 9 June, when activity largely resumed as normal, with border controls.

The Group has assessed the impact of COVID-19 on items on the balance sheet, specifically considering the carrying value of items held at fair value, or where management judgment is applied in the valuation of an asset or liability. This assessment is based on information available at the time of preparing these interim financial statements.

Trade receivables

The Group did not see a significant increase in local customer default during the lockdown or post-lockdown period to 30 June 2020. There were also no significant increases in instances of customer default in the Group's international customer base during this time. Because of this, there were no material changes in the inputs used in the recalculation of the Group's allowance for expected credit losses, namely the Probability of Default and the Loss Given Default.

The recalculation showed no additional allowances for expected credit losses were required at 30 June 2020 and the carrying value of trade receivables is assessed as appropriate.

The Group continues to monitor customer activity and any changes that may affect the allowance for expected credit losses and the carrying value of trade receivables.

Notes to the financial statements (continued)

1. BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates and judgments (continued)

COVID-19 Pandemic (continued)

Inventory

The Group noted no significant impact on ageing of inventory or inventory written off during the lockdown period. There has been a normal turnaround of produce in the domestic market, and produce can be moved internationally despite early logistical challenges. Once fruit is in-market internationally, the Group's current experience is that produce can be moved given demand for fresh produce and that the sale of produce internationally is occurring.

The carrying value of inventories at 30 June 2020 is assessed as appropriate and will be reviewed on an ongoing basis throughout the year.

Carrying value of commercial land and buildings, orchard land and improvements, and investment property

The Group holds these assets at fair value with valuations provided by independent valuers. COVID-19 may have an impact on the carrying value of property though there is currently limited transactional activity in the market to draw conclusions from.

In assessing the carrying value of property, management has looked at market conditions existing prior to COVID-19, the most recent valuations carried out during November 2019 and consulted with external parties. This assessment has not uncovered any indicators that fair values have materially changed at 30 June 2020 and the carrying value of commercial land and buildings, orchard land and improvements, and investment property is assessed as appropriate at balance date.

The carrying value of these assets will be assessed in line with the Group's policy and developing market trends throughout the rest of the financial year.

Carrying value of biological assets

The carrying value of biological assets at 30 June 2020 represents initial growing costs incurred to grow the upcoming season's apple crop, and the fair value of citrus and tomatoes. The fair values of citrus and tomatoes are based on expected volume yields and forecasted market prices based on current market evidence at 30 June 2020.

The fair value of apples is considered as part of the valuation exercise towards the end of the financial year when there is more measurable biological transformation. This valuation relies on unobservable inputs such as Export Prices per Tray Carton Equivalent (TCE), volumes of TCE's per hectare, and a risk adjusted discount rate. COVID-19 may negatively impact on these inputs though at 30 June 2020 the extent of that impact is uncertain. An assessment of the carrying value of the Group's apple crop will be made in the full-year financial statements.

Goodwill

The carrying value of goodwill was assessed to consider the impacts of COVID-19. This was done using discounted cash flow (DCF) models consistent with those used in the Group's impairment tests for the 2019 financial year. Assumptions used in the DCF model reflected forecasted impacts of COVID-19 on the profitability of the Group's cash-generating units to which goodwill is allocated.

The calculations at 30 June 2020 supported the carrying value of goodwill. The Group continues to monitor market conditions on an ongoing basis and any impact this may have on the carrying value of goodwill.

Investments in associates and joint ventures

Carrying values of the Group's material investments in associates and joint ventures were assessed to consider the impact of COVID-19 on these investees. In the six months to 30 June 2020, these investees have returned positive share of income to the Group, and reviews of forecasted profitability have indicated no significant downturns in trading that would give rise to indicators of impairment.

The carrying value of material investments in associates and joint ventures is assessed as appropriate at 30 June 2020 and will continue to be monitored through the rest of the financial year.

Borrowings

The Group's seasonal and term debt facilities are subject to a number of externally imposed bank financial covenants. These covenants are calculated monthly and reported to the banks on a monthly and quarterly basis. As an essential service provider, the Group traded during the lockdown period and generated the required cashflow and earnings to meet its covenants at 30 June 2020.

The Group's seasonal facilities are expected to be repaid before the end of the financial year, and the Group's classification of its term borrowings as non-current liabilities is appropriate at 30 June 2020.

Notes to the financial statements (continued)

2. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the Chief Executive Officer, the Chief Financial Officer and the Business Leads of the Group.

The chief operating decision-makers assess the performance of the operating segments based on operating profit, which reflects earnings before financing income and expenses, share of profit from joint ventures and associates, other income, other expenses and income tax expense. Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Operating segments

The Group comprises the following main operating segments:

OPERATING SEGMENT	SIGNIFICANT OPERATIONS
Apples	Growing, packing, cool storing, sales and marketing of apples worldwide.
International Trading	International trading activities other than apples. Major markets are Asia, Australia and the Pacific. Product is sourced from New Zealand, Australia, North America, South America and Europe.
T&G Fresh	Growing, trading and transport activities within New Zealand. This incorporates the New Zealand wholesale markets, the newly acquired Freshmax New Zealand business, and the tomato and citrus growing operations.
Other	Includes property and corporate costs.

In line with the Group's strategy to focus on its core business, Processed Foods is not considered a main operating segment for the Group in 2020. Results from the business units that previously formed this segment have been included in the International Trading and Other operating segment in the current year. There have been other changes made to the composition of business segments to reflect the Group's internal reporting. Prior year segment results have been re-presented to ensure consistency with the current period.

Segment information provided to the chief operating decision-makers for the reportable segments is shown in the following tables.

	Apples \$'000	International Trading \$'000	T&G Fresh \$'000	Other \$'000	Total \$'000
Unaudited six months ended 30 June 2020					
Total segment revenue	440,500	85,747	160,109	122	686,478
Inter-segment revenue	-	(8,826)	(6,339)	-	(15,165)
Revenue from external customers	440,500	76,921	153,770	122	671,313
Purchases, raw materials and consumables used	(343,601)	(68,916)	(93,852)	997	(505,372)
Depreciation and amortisation expenses	(9,833)	(393)	(9,849)	(1,204)	(21,279)
Net other operating expenses	(56,246)	(5,688)	(42,606)	(20,618)	(125,158)
Segment operating profit / (loss)	30,820	1,924	7,463	(20,703)	19,504
Financing income					741
Financing expenses					(7,503)
Share of loss from joint ventures					160
Share of profit from associates					842
Profit before income tax					13,744

Notes to the financial statements (continued)

2. SEGMENT INFORMATION (CONTINUED)

	Apples \$'000	International Trading \$'000	T&G Fresh \$'000	Other \$'000	Total \$'000
Unaudited six months ended 30 June 2019 (restated)					
Total segment revenue	315,355	112,632	139,919	74	567,980
Inter-segment revenue	-	(2,621)	(4,524)	-	(7,145)
Revenue from external customers	315,355	110,011	135,395	74	560,835
Purchases, raw materials and consumables used	(238,602)	(98,415)	(80,989)	(142)	(418,148)
Depreciation and amortisation expenses	(8,928)	(392)	(7,989)	(1,164)	(18,473)
Net other operating expenses	(50,968)	(11,340)	(39,124)	(16,604)	(118,036)
Segment operating profit / (loss)	16,857	(136)	7,293	(17,836)	6,178
Financing income					257
Financing expenses					(7,427)
Share of profit from joint ventures					(5)
Share of profit from associates					855
Net other income					3,137
Profit before income tax					2,995
Audited year ended 31 December 2019 (restated)					
Total segment revenue	742,583	232,179	288,912	150	1,263,824
Inter-segment revenue	(35,576)	(5,643)	(6,196)	-	(47,415)
Revenue from external customers	707,007	226,536	282,716	150	1,216,409
Purchases, raw materials and consumables used	(559,976)	(203,681)	(168,142)	(8)	(931,807)
Depreciation and amortisation expenses	(19,354)	639	(16,765)	(2,273)	(37,753)
Net other operating expenses	(94,203)	(22,635)	(70,504)	(43,006)	(230,348)
Segment operating profit / (loss)	33,474	859	27,305	(45,137)	16,501
Financing income					748
Financing expenses					(14,084)
Share of profit from joint ventures					14
Share of profit from associates					3,302
Net other income					3,830
Profit before income tax					10,311

Notes to the financial statements (continued)

3. REVENUE

	Apples \$'000	International Trading \$'000	T&G Fresh \$'000	Other \$'000	Total \$'000
Unaudited six months ended 30 June 2020					
Nature of revenue					
Sale of produce	404,250	75,419	121,746	-	601,415
Commissions	11,908	838	10,480	-	23,226
Services	19,932	664	21,544	122	42,262
Royalties	4,410	-	-	-	4,410
Revenue from external customers	440,500	76,921	153,770	122	671,313
Timing of revenue recognition					
<i>At a point in time</i>					
Sale of produce	404,250	75,419	121,746	-	601,415
Commissions	11,908	838	10,480	-	23,226
Services	13,870	664	21,531	122	36,187
Royalties	4,410	-	-	-	4,410
	434,438	76,921	153,757	122	665,238
<i>Over time</i>					
Services	6,062	-	13	-	6,075
	6,062	-	13	-	6,075
Revenue from external customers	440,500	76,921	153,770	122	671,313
Unaudited six months ended 30 June 2019 (restated)					
Nature of revenue					
Sale of produce	282,706	109,195	106,200	-	498,101
Commissions	10,201	427	11,252	-	21,880
Services	17,919	389	17,930	74	36,312
Royalties	4,529	-	13	-	4,542
Revenue from external customers	315,355	110,011	135,395	74	560,835
Timing of revenue recognition					
<i>At a point in time</i>					
Sale of produce	282,706	109,195	106,200	-	498,101
Commissions	10,201	427	11,252	-	21,880
Services	13,060	389	17,918	74	31,441
Royalties	4,529	-	13	-	4,542
	310,496	110,011	135,383	74	555,964
<i>Over time</i>					
Services	4,859	-	12	-	4,871
	4,859	-	12	-	4,871
Revenue from external customers	315,355	110,011	135,395	74	560,835

Notes to the financial statements (continued)

3. REVENUE (CONTINUED)

	Apples \$'000	International Trading \$'000	T&G Fresh \$'000	Other \$'000	Total \$'000
Audited year ended 31 December 2019 (restated)					
Nature of revenue					
Sale of produce	650,756	223,005	224,414	-	1,098,175
Commissions	17,478	2,537	21,462	-	41,477
Services	30,845	994	36,618	150	68,607
Royalties	7,928	-	222	-	8,150
Revenue from external customers	707,007	226,536	282,716	150	1,216,409
Timing of revenue recognition					
<i>At a point in time</i>					
Sale of produce	650,756	223,005	224,414	-	1,098,175
Commissions	17,478	2,537	21,462	-	41,477
Services	22,897	994	36,605	150	60,646
Royalties	7,928	-	222	-	8,150
	699,059	226,536	282,703	150	1,208,448
<i>Over time</i>					
Services	7,948	-	13	-	7,961
	7,948	-	13	-	7,961
Revenue from external customers	707,007	226,536	282,716	150	1,216,409

4. TAXATION

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 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.

COVID-19 Pandemic

The tax impact of the reinstatement of tax depreciation on buildings which was passed in the COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act 2020 is yet to be determined.

Notes to the financial statements (continued)

5. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 6 months to 30 Jun 2020 \$'000	Unaudited 6 months to 30 Jun 2019 \$'000	Audited 12 months to 31 Dec 2019 \$'000
Asset acquisitions and disposals			
Cost of assets acquired	13,675	13,782	36,422
Net book value of assets disposed	701	8,829	88,422
Net (loss) / gain on assets disposed	(488)	2,903	1,503

6. DIVIDENDS

	Unaudited 6 months to 30 Jun 2020 \$'000	Unaudited 6 months to 30 Jun 2019 \$'000	Audited 12 months to 31 Dec 2019 \$'000
Dividends to non-controlling interests in Group subsidiaries	1,059	2,153	5,667

7. BUSINESS COMBINATIONS

Summary of acquisition

On 17 December 2019, the Group announced the acquisition of Freshmax New Zealand Limited (Freshmax NZ), subject to a number of conditions. These conditions were satisfied on 2 April 2020 with the acquisition being approved by New Zealand Commerce Commission on the same date. The Group completed the transaction and acquired 100 per cent of Freshmax NZ on 30 April 2020.

Freshmax NZ consists of three market sites and distribution services throughout New Zealand. A large proportion of Freshmax NZ's business is the sale of fresh produce and provision of distribution services to its customers, which is complementary to the Group's T&G Fresh business.

Freshmax NZ was acquired to grow the Group's domestic fresh produce business and supply chain. The acquisition will bring enhanced trading and strong ongoing supply relationships in key categories.

The acquisition qualifies as a business as defined in NZ IFRS 3.

Freshmax NZ contributed \$18.2 million to revenue and \$0.6 million to the Group's profit after tax for the period between the date of acquisition and the reporting date.

If the acquisition of Freshmax NZ had been completed on the first day of the financial year, the Group's revenue for the year would have been \$712.1 million and profit after tax would have been \$11.5 million.

Preliminary goodwill arose from the acquisition of Freshmax NZ because the cost of combination included amounts relating to its future profitability expectations, forecast revenue growth, future market development, and synergies with existing Group operations. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for income tax purposes.

The gross value of trade and other receivables is \$5.2 million which also represents the fair value of trade and other receivables. At acquisition date, it is estimated that all amounts are collectable. The fair value of other identifiable assets and liabilities is assessed as their carrying value at 30 April 2020.

Acquisition related costs have been excluded from the consideration transferred and recognised in 'Other operating expenses' in the income statement for the period ended 30 June 2020.

On the following page is a preliminary analysis of the identifiable assets acquired and liabilities assumed at the acquisition date. At the date of finalisation of these unaudited condensed interim financial statements, some of the necessary calculations related to intangible assets, right-of-use assets and lease liabilities had not been finalised and have only been provisionally determined based on best estimates of the likely values.

Notes to the financial statements (continued)

7. BUSINESS COMBINATIONS (CONTINUED)

	30 Apr 2020 \$'000
Current assets	
Cash and cash equivalents	605
Trade and other receivables	5,176
Inventories	1,559
Derivatives financial instruments	14
Total current assets	7,354
Non-current assets	
Deferred tax assets	737
Property, plant and equipment	3,379
Right-of-use assets	23,304
Intangible assets	5,476
Total non-current assets	32,896
Current liabilities	
Trade and other payables	(16,414)
Employee entitlements	(1,084)
Lease liabilities	(3,126)
Total current liabilities	(20,624)
Non-current liabilities	
Employee entitlements	(3)
Lease liabilities	(20,378)
Deferred tax liabilities	(1,533)
Total non-current liabilities	(21,914)
Total identifiable net assets	(2,288)
Preliminary goodwill on acquisition	30,192
Total consideration	27,904

Purchase consideration - cash outflow

	30 Apr 2020 \$'000
Net cash outflow arising on acquisition	
Cash consideration	30,000
Less: Working capital adjustment	(2,096)
Total consideration transferred	27,904
Less: Cash and cash equivalent balances acquired	(605)
Net outflow of cash - investing activities	27,299

Notes to the financial statements (continued)

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Set out in the table below are the joint ventures and associates of the Group as at 30 June 2020. The joint ventures and associates have share capital consisting solely of ordinary shares which are held directly by the Group.

The Group's investments in joint ventures and associates in 2020 and 2019 are:

NAME OF ENTITY	PLACE OF BUSINESS AND COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%)		
		30 Jun 2020	30 Jun 2019	31 Dec 2019
Joint ventures				
Growers Direct Limited	United Kingdom	50	50	50
Wawata General Partner Limited	New Zealand	50	50	50
Associates				
Allen Blair Properties Limited	New Zealand	33	33	33
Grandview Brokerage LLC	United States of America	39	39	39
Intelligent Fruit Vision Limited	United Kingdom	24	24	24
Mystery Creek Asparagus Limited ⁽¹⁾	New Zealand	15	15	15
POP Worldwide Limited	United Kingdom	-	24	24
The Fruit Firm Limited	United Kingdom	20	20	20

⁽¹⁾ Although the Group holds less than 20% of the ownership of Mystery Creek Asparagus Limited, a member of the Group's management sits on the Board of Directors of this entity, and transactions between this entity and the Group are significant to its operations. Therefore, the Group is deemed to have significant influence over this entity and accounts for it as an associate of the Group.

Contributions from joint ventures and associates

During the period ended 30 June 2020, contributions from joint ventures and associates include \$0.7 million from Grandview Brokerage LLC (30 June 2019: \$0.8 million; 31 December 2019: \$2.0 million).

Notes to the financial statements (continued)

9. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial assets

	Measured at amortised cost \$'000	Fair value through profit or loss (mandatory) \$'000	Derivatives for hedging through OCI \$'000	Equity instruments designated at fair value through OCI \$'000	Total \$'000
As at 30 June 2020 (unaudited)					
Cash and cash equivalents	66,386	-	-	-	66,386
Trade and other receivables (excluding pre-payments and taxes)	227,340	-	-	-	227,340
Investment in unlisted entities	-	-	-	93	93
Derivative financial instruments	-	719	5,209	-	5,928
Total	293,726	719	5,209	93	299,747
As at 30 June 2019 (unaudited)					
Cash and cash equivalents	44,566	-	-	-	44,566
Trade and other receivables (excluding pre-payments and taxes)	199,044	-	-	-	199,044
Investment in unlisted entities	-	-	-	106	106
Derivative financial instruments	-	81	4,756	-	4,837
Total	243,610	81	4,756	106	248,553
As at 31 December 2019 (audited)					
Cash and cash equivalents	36,208	-	-	-	36,208
Trade and other receivables (excluding pre-payments and taxes)	187,034	-	-	-	187,034
Investment in unlisted entities	-	-	-	93	93
Derivative financial instruments	-	635	7,329	-	7,964
Total	223,242	635	7,329	93	231,299

Financial liabilities

	Measured at amortised cost \$'000	Fair value through profit or loss (held for trading) \$'000	Derivatives for hedging through OCI \$'000	Total \$'000
As at 30 June 2020 (unaudited)				
Borrowings	226,769	-	-	226,769
Trade and other payables (excluding employee entitlements and taxes)	261,384	-	-	261,384
Lease liabilities	96,992	-	-	96,992
Derivative financial instruments	-	52	11,683	11,735
Total	585,145	52	11,683	596,880
As at 30 June 2019 (unaudited)				
Borrowings	233,657	-	-	233,657
Trade and other payables (excluding employee entitlements and taxes)	214,577	-	-	214,577
Lease liabilities	54,778	-	-	54,778
Derivative financial instruments	-	73	11,920	11,993
Total	503,012	73	11,920	515,005
As at 31 December 2019 (audited)				
Borrowings	91,452	-	-	91,452
Trade and other payables (excluding employee entitlements and taxes)	163,008	-	-	163,008
Lease liabilities	61,563	-	-	61,563
Derivative financial instruments	-	36	7,261	7,297
Total	316,023	36	7,261	323,320

Notes to the financial statements (continued)

9. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

All financial assets and liabilities that use methods and assumptions to estimate fair value at 30 June 2020 are considered to be level 2 in the fair value hierarchy (30 June 2019: level 2; 31 December 2019: level 2).

Valuation techniques used to value financial instruments are consistent with those used in the 2019 Annual Report.

For the six months ended 30 June 2020 and for the financial year ended 31 December 2019, the estimated fair values of all of the Group's other financial assets and liabilities approximate their carrying values.

10. CONTINGENCIES

There has been no material change in contingent liabilities during the period.

11. CAPITAL COMMITMENTS

As at 30 June 2020, the Group is committed to the following capital expenditure:

	Unaudited 30 Jun 2020 \$'000	Unaudited 30 Jun 2019 \$'000	Audited 31 Dec 2019 \$'000
Property, plant and equipment	3,287	8,271	12,274
Intangible assets	80	410	300
Total	3,367	8,681	12,574

12. SEASONALITY OF BUSINESS

The Group's operating segments are subject to seasonal fluctuations. The Apples operating segment generates most of its revenue during the middle of the year and completes its seasonal programmes before the final quarter of the year. The Group's other operating segments are also impacted by the availability of fresh produce which varies during the year.

13. EVENTS AFTER THE REPORTING PERIOD

There are no material events that occurred after the reporting date that would require adjustment or disclosure in these unaudited condensed interim financial statements.



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1 CLEMOW DRIVE, MT WELLINGTON, AUCKLAND 1060
TEL: +64 9 573 8700
INFO@TANDG.GLOBAL

