T&G
A BayWa Company

HALF YEAR FINANCIAL STATEMENTS

JUNE 2019

INCOME STATEMENT

For the six months ended 30 June 2019

	NOTES	**Unaudited 6 months to 30 Jun 2019 $'000**	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000
Continuing operations				
Revenue	5	**560,835**	581,681	1,188,203
Other operating income		**6,173**	7,324	14,939
Purchases, raw materials and consumables used		**(418,149)**	(439,099)	(917,417)
Employee benefits expenses		**(85,881)**	(85,480)	(160,113)
Depreciation and amortisation expenses		**(18,473)**	(11,289)	(23,246)
Other operating expenses		**(37,711)**	(42,688)	(86,741)
Operating profit		**6,794**	10,449	15,625
Financing income		**257**	404	841
Financing expenses		**(7,427)**	(6,888)	(13,029)
Share of (loss) / profit from joint ventures		**(5)**	25	694
Share of profit from associates		**855**	800	2,534
Other income	6	**3,137**	1,916	6,577
Other expenses	6	**(616)**	-	-
Profit before income tax from continuing operations		**2,995**	6,706	13,242
Income tax credit / (expense)	7	**977**	(1,373)	(2,848)
Profit for the period from continuing operations		**3,972**	5,333	10,394
Discontinued operations				
(Loss) for the period from discontinued operations, net of tax		**-**	(1,994)	(2,076)
Profit for the period		**3,972**	3,339	8,318
Attributable to:				
Equity holders of the Parent		**1,412**	1,023	3,581
Non-controlling interests		**2,560**	2,316	4,737
Profit for the period		**3,972**	3,339	8,318
Profit attributable to equity holders of the Parent relates to:				
Profit from continuing operations		**1,412**	3,017	5,657
Loss from discontinued operations		**-**	(1,994)	(2,076)
		1,412	1,023	3,581
Earnings per share (in cents)				
Basic and diluted earnings from continuing and discontinued operations		**1.2**	0.8	2.9
Basic and diluted earnings from continuing operations		**1.2**	2.4	4.6

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

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Unaudited 6 months to 30 Jun 2019 $'000	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000
Profit for the period	**3,972**	3,339	8,318
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
(Loss) / gain on revaluation of investment in unlisted entity	**-**	(177)	(177)
Deferred tax effect on sale of property, plant and equipment	**-**	-	3,885
	-	(177)	3,708
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(1,371)**	98	(1,165)
Cash flow hedges:			
Fair value loss, net of tax	**(545)**	(10,840)	(11,691)
Reclassification of net change in fair value to profit or loss	**1,424**	152	6,934
	(492)	(10,590)	(5,922)
Other comprehensive expense for the period	**(492)**	(10,767)	(2,214)
Total comprehensive income / (expense) for the period	**3,480**	(7,428)	6,104
Total comprehensive income / (expense) for the period is attributable to:			
Equity holders of the Parent	**959**	(9,993)	1,495
Non-controlling interests	**2,521**	2,565	4,609
	3,480	(7,428)	6,104

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

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	NOTES	Share capital $'000	Revaluation and other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Unaudited					
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 expense		-	(453)	-	(453)	(39)	(492)
Transactions with owners							
Dividends	9	-	-	-	-	(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
2018							
Balance at 1 January 2018		176,357	128,764	108,653	413,774	11,819	425,593
Adjustment on initial application of NZ IFRS 9		-	-	(300)	(300)	-	(300)
Adjusted balance at 1 January 2018		176,357	128,764	108,353	413,474	11,819	425,293
Profit for the period		-	-	1,023	1,023	2,316	3,339
Other comprehensive income / (expense)							
Revaluation of investment in unlisted entity		-	(177)	-	(177)	-	(177)
Exchange differences on translation of foreign operations		-	(155)	-	(155)	253	98
Movement in cash flow hedge reserve		-	(10,684)	-	(10,684)	(4)	(10,688)
Total other comprehensive income / (expense)		-	(11,016)	-	(11,016)	249	(10,767)
Transactions with owners							
Dividends	9	-	-	(7,353)	(7,353)	(1,576)	(8,929)
Total transactions with owners		-	-	(7,353)	(7,353)	(1,576)	(8,929)
Transfer from asset revaluation reserve due to asset disposal		-	(6,563)	6,563	-	-	-
Transfer from revaluation reserve due to sale of shares in unlisted entity		-	(1,650)	1,650	-	-	-
Balance at 30 June 2018		176,357	109,535	110,236	396,128	12,808	408,936

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

BALANCE SHEET

As at 30 June 2019

	NOTES	**Unaudited 30 Jun 2019 $'000**	Unaudited 30 Jun 2018 $'000	Audited 31 Dec 2018 $'000
Current assets				
Cash and cash equivalents		**44,566**	47,054	36,778
Trade and other receivables		**207,669**	229,675	152,086
Taxation receivable		**13,799**	8,039	6,994
Inventories		**156,170**	182,417	24,515
Derivative financial instruments		**2,598**	1,583	1,864
Biological assets		**8,148**	9,289	28,185
Non-current assets classified as held for sale	11	**9,447**	-	-
Total current assets		**442,397**	478,057	250,422
Non-current assets				
Trade and other receivables		**9,353**	8,662	8,428
Derivative financial instruments		**2,239**	792	884
Investments in unlisted entities		**106**	106	106
Property, plant and equipment		**379,292**	434,416	396,546
Right-of-use assets	12	**53,739**	-	-
Investment property		**14,700**	-	15,316
Intangible assets		**37,354**	36,850	36,597
Investments in joint ventures		**4,484**	4,568	4,490
Investments in associates		**36,054**	34,768	35,380
Total non-current assets		**537,321**	520,162	497,747
Total assets		**979,718**	998,219	748,169
Current liabilities				
Trade and other payables		**227,640**	264,653	133,875
Borrowings		**90,926**	85,496	4,159
Lease liabilities	12	**9,710**	-	-
Derivative financial instruments		**5,499**	6,717	5,963
Total current liabilities		**333,775**	356,866	143,997
Non-current liabilities				
Trade and other payables		**82**	95	237
Borrowings		**142,731**	178,616	146,100
Lease liabilities	12	**45,068**	-	-
Derivative financial instruments		**6,494**	8,580	5,230
Deferred tax liabilities		**36,621**	45,126	38,985
Total non-current liabilities		**230,996**	232,417	190,552
Total liabilities		**564,771**	589,283	334,549
Equity				
Share capital		**176,357**	176,357	176,357
Revaluation and other reserves		**108,794**	109,535	109,330
Retained earnings		**116,107**	110,236	114,612
Total equity attributable to equity holders of the Parent		**401,258**	396,128	400,299
Non-controlling interests		**13,689**	12,808	13,321
Total equity		**414,947**	408,936	413,620
Total liabilities and equity		**979,718**	998,219	748,169

Prof. K.J. Lutz
Director (Chairman)
8 August 2019

C.A. Campbell
Director (Chair of Finance, Risk and Investment Committee)
8 August 2019

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

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	NOTES	**Unaudited 6 months to 30 Jun 2019 $'000**	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		**528,064**	521,321	1,219,371
Other		**103**	526	406
Cash was disbursed to:				
Payments to suppliers and employees		**(522,182)**	(511,032)	(1,164,258)
Interest paid		**(5,485)**	(4,379)	(9,128)
Income taxes paid		**(6,122)**	(3,151)	(7,142)
Net cash (outflow) / inflow from operating activities	13	**(5,622)**	3,285	39,249
Cash flows from investing activities				
Cash was provided from:				
Dividends received from joint ventures and associates		**182**	-	1,853
Proceeds from sale of shares in associate		**-**	3,350	3,350
Proceeds from sale of processed foods business		**-**	4,799	4,799
Proceeds from sale of kiwifruit post-harvest and orchard assets		**9,774**	19,472	33,436
Proceeds from sale of other property, plant and equipment		**8**	110	104
Proceeds from sale of distribution centre		**-**	-	14,851
Cash was disbursed to:				
Purchase of property, plant and equipment		**(13,782)**	(10,497)	(28,875)
Purchase of intangible assets		**(1,586)**	(245)	(1,304)
Other		**-**	(198)	(90)
Net cash (outflow) / inflow from investing activities		**(5,404)**	16,791	28,124
Cash flows from financing activities				
Cash was provided from:				
Net proceeds from borrowings		**27,100**	14,626	22,000
Proceeds from seasonal funding		**60,000**	70,000	-
Proceeds from Parent entity loan		**5,000**	-	-
Cash was disbursed to:				
Dividends paid to non-controlling interests	9	**(2,153)**	(1,576)	(3,107)
Dividends paid to Parent's shareholders	9	**-**	(7,353)	(14,708)
Repayment of borrowings		**(7,000)**	(2,864)	(53,746)
Repayment of lease liabilities		**(6,852)**	-	-
Net advances to growers		**(54,418)**	(68,053)	-
Deferred consideration on purchase of non-controlling interests		**-**	(1,060)	(1,060)
Deferred consideration on purchase of business		**-**	(593)	(593)
Bank facility fees and transaction fees		**(1,596)**	(1,967)	(3,721)
Other		**-**	(309)	(654)
Net cash inflow / (outflow) from financing activities		**20,081**	851	(55,589)
Net increase in cash and cash equivalents		**9,055**	20,927	11,784
Foreign currency translation adjustment		**(1,267)**	(273)	(1,406)
Cash and cash equivalents at the beginning of the year		**36,778**	26,400	26,400
Cash and cash equivalents at the end of the period		**44,566**	47,054	36,778

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reporting entity and statutory base

T&G Global Limited (the Parent) and its subsidiary companies (the Group), are recognised as New Zealand's leading grower, distributor, marketer and exporter of premium fresh produce in over 60 countries around the world. Key categories for the Group include apples, grapes, berries, citrus (lemons, mandarins and navel oranges), asparagus 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 2019.

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

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

BayWa Aktiengesellschaft, Munich, Germany (the Ultimate Parent) is the ultimate parent of the Group.

2. BASIS OF PREPARATION

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 2018 (2018 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).

This is the first set of the Group's financial statements where NZ IFRS 16 *Leases* (NZ IFRS 16) has been applied. Changes from the application of NZ IFRS 16 are described in Note 3.

Operating lease commitments have been restated by $7.9 million from the 2018 Annual Report to account for leases not previously disclosed.

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.

Other than the first time adoption of NZ IFRS 16, there have been no changes to accounting policies subsequent to the presentation of the 2018 unaudited condensed interim financial statements and Annual Report.

Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. Apart from the judgments used in the first time adoption of NZ IFRS 16 (refer Note 3), the estimates and judgments used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the 2018 Annual Report.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these unaudited condensed interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies due to the adoption of new standards are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

New standards adopted by the Group

The following standard is mandatory for the Group's current accounting period:

- NZ IFRS 16 *Leases* (NZ IFRS 16)

The impact of the adoption of NZ IFRS 16 and the accompanying new accounting policies are disclosed on the next page and Note 12.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NZ IFRS 16 *Leases* (NZ IFRS 16)

NZ IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard deals with the recognition, measurement, presentation and disclosure of leases and replaces the current guidance in NZ IAS 17 *Leases* (NZ IAS 17). The new standard introduces a single model for lessees which recognises all leases on the balance sheet through an asset representing the rights to use the leased item during the lease term and a liability for the obligation to make lease payments. This removes the distinction between operating and finance leases and aims to provide users of the financial statements relevant information to assess the effect that leases have on the balance sheet, income statement and cash flows of the reporting entity. Lessor accounting remains largely unchanged from NZ IAS 17 for the Group.

The Group reviewed leases where the Group is the lessee and these leases primarily relate to leases for properties, glasshouses, orchard land, motor vehicles and plant and machinery.

The Group adopted NZ IFRS 16 using the modified retrospective approach with the right-of-use (ROU) asset being equal to the lease liability as at commencement date for all existing leases at 1 January 2019. The Group has made use of the practical expedient available on transition to NZ IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with NZ IAS 17 will continue to be applied to those leases entered or modified before 1 January 2019. Comparative numbers have not been restated.

The ROU assets are subsequently depreciated using the straight line method over the shorter of the estimated useful lives of the ROU assets or the remaining estimated lease term. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. An additional depreciation expense of $7.4 million has been recognised in relation to the adoption of NZ IFRS 16. The lease liabilities are initially measured at the present value of the unpaid lease payments at commencement date, discounted using a discount rate.

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

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

The main difference between NZ IFRS 16 and NZ IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. NZ IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by NZ IAS 17. This change did not have a material effect on the Group's financial statements.

Key judgment areas in applying the new standards are:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Group has applied the following practical expedients when applying NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17:

- The use of a single discount rate to a portfolio of leases with similar characteristics;
- Not recognising ROU assets and liabilities for leases with less than 12 months of lease term; and
- Not recognising ROU assets and liabilities if the underlying leased asset is considered a low-value asset.

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

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

	$'000
Restated operating lease commitments at 31 December 2018	70,780
Effect of discounting using incremental borrowing rates at 1 January 2019	(19,824)
Finance lease liabilities recognised as at 31 December 2018	348
Recognition exemption for:	
- short-term leases	(130)
- leases of low-value assets	(291)
Extension and termination options reasonably certain to be exercised	9,116
Lease liabilities recognised at 1 January 2019	**59,999**

Impact on the statement of cash flows for the six months ended 30 June 2019

Under NZ IFRS 16, lessees must present:

- Short-term lease payments and payments for leases of low-value assets as part of operating activities. The Group has included these payments as part of payments to suppliers and employees;
- Cash paid for the interest portion of lease liability as operating activities; and
- Cash payments for the principal portion of lease liabilities, as part of financing activities.

Under NZ IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, for the 6 months to 30 June 2019, the net cash generated by operating activities has increased by $6.9 million and net cash used in financing activities increased by the same amount. Comparative numbers have not been restated.

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

New accounting policies adopted by the Group

The Group as a lessee

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group as a lessee (continued)

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

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

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

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability if:

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

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

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

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

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

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

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

The Group as a lessor

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. 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 Operating Officer and the Chief Financial Officer for the Group.

The chief operating decision-makers assess the performance of the operating segments based on operating profit, which reflects earnings before financing income, financing 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
Pipfruit	Growing, packing, cool storing, sales and marketing of pipfruit worldwide.
International Produce	International trading activities other than pipfruit. Major markets are Asia, Australia and the Pacific. Product is sourced from New Zealand, Australia, North America, South America and Europe.
New Zealand Produce	Growing, trading and transport activities within New Zealand. This incorporates the New Zealand wholesale markets and the tomato and citrus growing operations.
Processed Foods	Includes the sale and marketing of processed foods, and trading activities in Australia and North America.
Other	Includes property and corporate costs.

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

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
Unaudited six months ended 30 June 2019						
Total segment revenue	298,099	147,013	109,804	13,037	27	567,980
Inter-segment revenue	-	(2,621)	(4,524)	-	-	(7,145)
Revenue from external customers	298,099	144,392	105,280	13,037	27	560,835
Purchases, raw materials and consumables used	(220,455)	(129,435)	(58,670)	(11,247)	(143)	(418,149)
Depreciation and amortisation expenses	(8,911)	(497)	(7,799)	(192)	(1,074)	(18,473)
Net other operating expenses	(57,339)	(12,175)	(39,285)	(1,802)	(5,017)	(117,419)
Segment operating profit / (loss)	11,394	2,285	(474)	(204)	(6,207)	6,794
Financing income						257
Financing expenses						(7,427)
Share of loss from joint ventures						(5)
Share of profit from associates						855
Other income						3,137
Other expenses						(616)
Profit before income tax from continuing operations						2,995

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENT INFORMATION (CONTINUED)

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
Unaudited six months ended 30 June 2018						
Total segment revenue	329,641	129,248	116,770	13,818	50	589,527
Inter-segment revenue	(502)	(2,517)	(4,827)	-	-	(7,846)
Revenue from external customers	329,139	126,731	111,943	13,818	50	581,681
Purchases, raw materials and consumables used	(249,311)	(113,531)	(64,302)	(11,974)	19	(439,099)
Depreciation and amortisation expenses	(6,832)	(288)	(3,343)	(14)	(812)	(11,289)
Net other operating expenses	(59,856)	(10,833)	(44,946)	(2,462)	(2,747)	(120,844)
Segment operating profit / (loss)	13,140	2,079	(648)	(632)	(3,490)	10,449
Financing income						404
Financing expenses						(6,888)
Share of profit from joint ventures						25
Share of profit from associates						800
Net other income						1,916
Profit before income tax from continuing operations						6,706
Audited year ended 31 December 2018						
Total segment revenue	663,236	271,032	239,574	27,150	38	1,201,030
Inter-segment revenue	(502)	(4,254)	(8,071)	-	-	(12,827)
Revenue from external customers	662,734	266,778	231,503	27,150	38	1,188,203
Purchases, raw materials and consumables used	(523,579)	(232,826)	(133,138)	(23,004)	(834)	(913,381)
Depreciation and amortisation expenses	(13,765)	(586)	(6,472)	(774)	(1,649)	(23,246)
Net other operating expenses	(97,677)	(30,085)	(90,615)	(9,496)	(8,078)	(235,951)
Segment operating profit / (loss)	27,713	3,281	1,278	(6,124)	(10,523)	15,625
Financing income						841
Financing expenses						(13,029)
Share of profit from joint ventures						694
Share of profit from associates						2,534
Net other income						6,577
Profit before income tax from continuing operations						13,242

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. REVENUE

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
Unaudited six months ended 30 June 2019						
Nature of revenue						
Sale of produce	**265,403**	**144,557**	**76,021**	**12,122**	**(2)**	**498,101**
Commissions	**10,253**	**(502)**	**11,315**	**814**	**-**	**21,880**
Services	**17,914**	**337**	**17,931**	**101**	**29**	**36,312**
Royalties	**4,529**	**-**	**13**	**-**	**-**	**4,542**
Revenue from external customers	**298,099**	**144,392**	**105,280**	**13,037**	**27**	**560,835**
Timing of revenue recognition						
At a point in time						
Sale of produce	**265,403**	**144,557**	**76,021**	**12,122**	**(2)**	**498,101**
Commissions	**10,253**	**(502)**	**11,315**	**814**	**-**	**21,880**
Services	**13,055**	**337**	**17,919**	**101**	**29**	**31,441**
Royalties	**4,529**	**-**	**13**	**-**	**-**	**4,542**
	293,240	**144,392**	**105,268**	**13,037**	**27**	**555,964**
Over time						
Services	**4,859**	**-**	**12**	**-**	**-**	**4,871**
	4,859	**-**	**12**	**-**	**-**	**4,871**
Revenue from external customers	**298,099**	**144,392**	**105,280**	**13,037**	**27**	**560,835**
Unaudited six months ended 30 June 2018						
Nature of revenue						
Sale of produce	291,958	126,699	81,141	12,823	(19)	512,602
Commissions	10,947	(278)	12,229	932	-	23,830
Services	22,495	310	18,562	63	69	41,499
Royalties	3,739	-	11	-	-	3,750
Revenue from external customers	329,139	126,731	111,943	13,818	50	581,681
Timing of revenue recognition						
At a point in time						
Sale of produce	291,958	126,699	81,141	12,823	(19)	512,602
Commissions	10,947	(278)	12,229	932	-	23,830
Services	16,697	310	18,360	63	69	35,499
Royalties	3,739	-	11	-	-	3,750
	323,341	126,731	111,741	13,818	50	575,681
Over time						
Services	5,798	-	202	-	-	6,000
	5,798	-	202	-	-	6,000
Revenue from external customers	329,139	126,731	111,943	13,818	50	581,681

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. REVENUE (CONTINUED)

	Pipfruit $'000	International Produce $'000	New Zealand Produce $'000	Processed Foods $'000	Other $'000	Total $'000
Audited year ended 31 December 2018						
Nature of revenue						
Sale of produce	606,385	266,507	172,500	25,875	-	1,071,267
Commissions	15,535	(601)	23,377	1,142	-	39,453
Services	34,659	872	35,565	133	38	71,267
Royalties	6,155	-	61	-	-	6,216
Revenue from external customers	662,734	266,778	231,503	27,150	38	1,188,203
Timing of revenue recognition						
At a point in time						
Sale of produce	606,385	266,507	172,500	25,875	-	1,071,267
Commissions	15,535	(601)	23,377	1,142	-	39,453
Services	25,927	872	35,319	133	38	62,289
Royalties	6,155	-	61	-	-	6,216
	654,002	266,778	231,257	27,150	38	1,179,225
Over time						
Services	8,732	-	246	-	-	8,978
	8,732	-	246	-	-	8,978
Revenue from external customers	662,734	266,778	231,503	27,150	38	1,188,203

6. OTHER INCOME AND EXPENSES

	Unaudited 6 months to 30 Jun 2019 $'000	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000
Gain on sale of kiwifruit post-harvest and orchard assets	**3,137**	1,796	4,814
Gain on disposal of investment in associate	**-**	120	120
Gain on disposal of distribution centre	**-**	-	1,643
Total	**3,137**	1,916	6,577

For the six months ended 30 June 2019 there were $0.6m of other expenses from the impairment of assets (six months ended 30 June 2018: nil; year ended 31 December 2018: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX

The taxation expense that would arise at the standard rate of corporation tax in New Zealand is reconciled to the tax expense as follows:

	Unaudited 6 months to 30 Jun 2019 $'000	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000
Profit before income tax	**2,995**	6,706	13,242
Prima facie taxation at 28% (2018: 28%)	**(839)**	(1,878)	(3,708)
(Add) / deduct tax effect of:			
Non-deductible items	**(103)**	(72)	(674)
Non-taxable items	**1,919**	577	3,685
(Understatement) of prior year's provision	**-**	-	(1,565)
Other	**-**	-	(586)
Total	**977**	(1,373)	(2,848)

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 2019. 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 2019 and 2018 are:

		OWNERSHIP INTEREST (%)		
NAME OF ENTITY	**PLACE OF BUSINESS AND COUNTRY OF INCORPORATION**	**30 Jun 2019**	30 Jun 2018	31 Dec 2018
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	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 (Mystery Creek), the Group is deemed to have significant influence over this entity. A member of the Group's management sits on the Board of Directors of Mystery Creek, and transactions between Mystery Creek and the Group are significant to its operations.

Contributions from joint ventures and associates
During the period ended 30 June 2019, contributions from joint ventures and associates included $0.8 million from Grandview Brokerage LLC (30 June 2018: $0.9 million; 31 December 2018: $2.1 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DIVIDENDS

	Unaudited 6 months to 30 Jun 2019 $'000	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000	**Unaudited 6 months to 30 Jun 2019 Cents per share**	Unaudited 6 months to 30 Jun 2018 Cents per share	Audited 12 months to 31 Dec 2018 Cents per share
Ordinary shares						
Final dividend for prior year	**-**	7,353	7,353	**-**	6	6
Interim dividend	**-**	-	7,355	**-**	-	6
Dividends to non-controlling interests in Group subsidiaries	**2,153**	1,576	3,107	**-**	-	-
Total	**2,153**	8,929	17,815			

10. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 6 months to 30 Jun 2019 $'000	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000
Asset acquisitions and disposals			
Cost of assets acquired	**13,782**	10,497	28,875
Net book value of assets disposed	**8,829**	25,420	41,156
Net gain on assets disposed	**2,903**	1,714	4,284

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In June 2019, the Group's management committed to sell the commercial building and certain plant and machinery at 220 Fryatt Street, Dunedin. The sale is expected to be settled before 31 December 2019.

12. LEASES

Right-of-use assets

	Orchard Land $'000	**Properties $'000**	**Glasshouses $'000**	**Motor Vehicles $'000**	**Plant and equipment $'000**	**Total $'000**
As at 1 January 2019	**17,015**	**23,063**	**3,507**	**12,131**	**4,283**	**59,999**
Additions	**-**	**44**	**-**	**761**	**363**	**1,168**
Depreciation expense	**(979)**	**(1,920)**	**(390)**	**(2,797)**	**(1,342)**	**(7,428)**
As at 30 June 2019	**16,036**	**21,187**	**3,117**	**10,095**	**3,304**	**53,739**

Lease liabilities - Maturity analysis

	Unaudited 6 months to 30 Jun 2019 $'000
Less than one year	**9,710**
Between one and five years	**19,217**
More than five years	**25,851**
Total lease payable	**54,778**
Current	**9,710**
Non-current	**45,068**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 LEASES (CONTINUED)

Amounts recognised in the income statement

	Unaudited 6 months to 30 Jun 2019 $'000
Rent expense on short-term leases	**647**
Rent expense on leases of low-value assets	**392**
Interest expense on lease liabilities	**1,613**

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

	Notes	**Unaudited 6 months to 30 Jun 2019 $'000**	Unaudited 6 months to 30 Jun 2018 $'000	Audited 12 months to 31 Dec 2018 $'000
Profit for the period		**3,972**	3,339	8,318
Adjusted for non-cash items:				
Amortisation expense		**738**	752	1,481
Depreciation expense		**17,735**	10,962	22,063
Effective interest on deferred consideration		**(154)**	(192)	16
Movement in deferred tax		**(2,085)**	(1,843)	(4,008)
Movement in provision for receivables impairment		**54**	88	131
Share of loss / (profit) of joint ventures		**5**	(25)	(694)
Share of profit of associates		**(855)**	(800)	(2,534)
Other movements		**328**	2,150	3,629
		15,766	11,092	20,084
Adjusted for investing and financing activities:				
Bank facility and line fees		**1,596**	1,967	3,721
Gain on sale of kiwifruit post-harvest and orchard assets	6	**(3,137)**	(1,714)	(4,814)
Gain on disposal of investments		**-**	(216)	(120)
Gain on disposal of distribution centre		**-**		(1,643)
Gain on reversal of previous property, plant and equipment revaluation changes through profit and loss		**-**	-	(600)
Loss on sale of other property, plant and equipment		**234**	-	2,077
Impairment of assets	6	**616**	-	-
		(691)	37	(1,379)
Impact of changes in working capital items net of effects of non-cash items and investing and financing activities:				
(Increase) / decrease in debtors and prepayments		**(56,506)**	(76,727)	4,021
Decrease / (increase) in biological assets		**20,037**	14,713	(1,138)
Increase / (decrease) in creditors and provisions		**150,260**	197,031	(2,333)
(Increase) / decrease in inventories		**(131,655)**	(144,248)	12,583
(Increase) in taxation receivable		**(6,805)**	(1,952)	(907)
		(24,669)	(11,183)	(12,226)
Net cash (outflow) / inflow from operating activities		**(5,622)**	3,285	39,249

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial assets

	Measured at amortised cost $'000	Fair value through profit or loss (mandatory) $'000	Derivatives for hedging $'000	Equity instruments designated at fair value through OCI $'000	Total $'000
As at 30 June 2019 (unaudited)					
Cash and cash equivalents	**44,566**	**-**	**-**	**-**	**44,566**
Trade and other receivables (excluding prepayments 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 30 June 2018 (unaudited)					
Cash and cash equivalents	47,054	-	-	-	47,054
Trade and other receivables (excluding prepayments and taxes)	218,936	-	-	-	218,936
Investment in unlisted entities	-	-	-	106	106
Derivative financial instruments	-	188	2,187	-	2,375
Total	265,990	188	2,187	106	268,471
As at 31 December 2018 (audited)					
Cash and cash equivalents	36,778	-	-	-	36,778
Trade and other receivables (excluding prepayments and taxes)	140,533	-	-	-	140,533
Investment in unlisted entities	-	-	-	106	106
Derivative financial instruments	-	69	2,679	-	2,748
Total	177,311	69	2,679	106	180,165

Financial liabilities

	Measured at amortised cost $'000	Fair value through profit or loss (held for trading) $'000	Derivatives for hedging $'000	Total $'000
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 30 June 2018 (unaudited)				
Borrowings	263,572	-	-	263,572
Trade and other payables (excluding employee entitlements and taxes)	252,534	-	-	252,534
Lease liabilities (NZ IAS 17)	540	-	-	540
Derivative financial instruments	-	82	15,215	15,297
Total	516,646	82	15,215	531,943
As at 31 December 2018 (audited)				
Borrowings	149,925	-	-	149,925
Trade and other payables (excluding employee entitlements and taxes)	122,456	-	-	122,456
Lease liabilities (NZ IAS 17)	348	-	-	348
Derivative financial instruments	-	108	11,085	11,193
Total	272,729	108	11,085	283,922

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

All financial assets and liabilities that use methods and assumptions to estimate fair value at 30 June 2019 are considered to be level 2 in the fair value hierarchy (30 June 2018: level 2; 31 December 2018: level 2).

Valuation techniques used to value financial instruments are consistent with those used in the 2018 Annual Report.

For both the 2019 and 2018 financial years, the estimated fair values of all of the Group's other financial assets and liabilities approximate their carrying values.

15. CAPITAL COMMITMENTS

As at 30 June 2019, the Group is committed to the following capital expenditure:

	Unaudited 30 Jun 2019 $'000	Unaudited 30 Jun 2018 $'000	Audited 31 Dec 2018 $'000
Property, plant and equipment	**8,271**	1,048	7,166
Intangible assets	**410**	171	3
Total	**8,681**	1,219	7,169

16. CONTINGENCIES

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

17. SEASONALITY OF BUSINESS

The Group's operating segments are subject to seasonal fluctuations. The Pipfruit 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.

18. 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.