

12 August 2010  
News Release

## Turners & Growers posts positive half-year profit in tough conditions

Turners & Growers today announced a pre-tax profit of \$10.1 million for the six month period ended 30 June 2010, an increase of \$1.5 million on the same period last year.

Net profit after tax was impacted by the Government's Budget announcement that removed the ability to depreciate buildings for tax purposes. Turners & Growers is a large property holder and the change has caused a one-off, non-cash accounting entry to tax expense and deferred tax of \$4.9 million.

After adjusting for the depreciation anomaly, the net profit after tax is \$7.1 million compared to \$6.0 million reported for the six months to June 2009.

### Key Highlights

- Domestic markets produced an outstanding result in the first quarter with firm sale prices and reasonable volumes passing through the markets.
- The high New Zealand Dollar, particularly against the US, has had a positive impact on Turners & Growers Imports division.
- The expansion of Turners Transport division into the South Island has been very successful leading to the division's overall contribution being more than double that of the previous year.
- Fruitmark, ENZA's trader of dehydrates, apple juice concentrate, frozen fruits and fresh cut produce continues to grow rapidly and now has a joint venture in Belgium trading frozen fruit products.

"While the fresh produce industry has been impacted by events outside our control, at this stage we expect the year end forecast, excluding one-off tax adjustments, to be up on last year," said Turners & Growers Chairman, Tony Gibbs.

"The large hail event in the Hawkes Bay at the beginning of the season severely affected ENZA's pipfruit orchards and considerably reduced the national crop available to export. Fortunately our costs were covered by hail insurance and the impact on profit was not significant."

Mr Gibbs also highlighted the impact of the appreciating dollar on New Zealand exporters saying that any gains from in-market prices have been eroded by the high dollar.



Turners & Growers Asian focused exporter Delica and Status Produce glasshouse tomato business have both performed well in 2010. The Delica business has expanded in Peru and North America and the company expects continued offshore growth.

Status Produce has also increased its export programme to Australia, Canada and Japan with excellent product quality and strong prices leading to an increased profit forecast.

Turners & Growers citrus and kiwifruit growing operation in Kerikeri, Kerifresh, is performing well following comprehensive restructuring in 2008 and 2009.

“Our Kerifresh business has had a better six months than last year, but the results are below expectations due to the low mandarin crop caused by drought and the subsequent drop in packhouse throughput,” said Mr Gibbs.

Large tracks of kiwifruit at the Kerifresh facility are being grafted with ENZA’s new exclusive kiwifruit varieties and will be fully producing within the next couple of years.

Turners & Growers is continuing its strong campaign to ensure that these innovative new kiwifruit varieties are able to be exported without restriction and the company has welcomed a Private Members Bill lodged by the Government’s support Party, Act that will allow the unrestricted export of new PVR kiwifruit varieties.

This week the World Trade Organisation (WTO) ruled against Australia’s ban on New Zealand apples and said that restrictions on imports of New Zealand apples into Australia should be amended as soon as possible. The WTO ruling was extremely positive for the New Zealand apple industry. It is disappointing but does not come as a surprise that the Australians have appealed the WTO decision. Turners & Growers is already growing ENZA apple varieties in Australia to supply Australian markets.

As Turners & Growers welcomed the WTO’s ruling against Australia’s apple export ban, it also stepped up its own campaign for the New Zealand government to lift the ban on the export of kiwifruit varieties not owned by Zespri with new high profile billboards going up in Wellington to highlight the need for the government to ‘walk-the-talk’ on free-trade.

Pictured below: The second in Turners & Growers ‘Yes, minister’ series of billboards near the Beehive in central Wellington.





**-ENDS-**

**About Turners & Growers:**

Turners & Growers is New Zealand's leading distributor, marketer and exporter of premium fresh produce and the largest corporate horticulture investor in New Zealand. Turners & Growers is also a large-scale grower of several fruit varieties including citrus, apples and kiwifruit.

**Contacts for more information:**

For any media enquiries please contact Trish Sherson on 021 570 803 or e-mail [trish@shersonwillis.com](mailto:trish@shersonwillis.com)

For more information on Turners & Growers new Kiwifruit varieties visit: [www.turnersandgrowers.com](http://www.turnersandgrowers.com)

