



— 2017 —
INTERIM REPORT

National coverage.

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An aerial photograph of a container ship's deck, showing a dense grid of multi-colored shipping containers (red, blue, white, orange, and grey). The ship's wake is visible in the dark, choppy water to the right. The text "Global presence." is overlaid in a large, bold, black sans-serif font.

Global presence.

Directors' Report

The Board is pleased to report a net profit after tax of \$29.0 million for the six months ended 30 June 2017. Whilst this was down 14 per cent on the record 2016 half year net profit, this result highlights the resilience of the group, and the efforts of the Scales team, to achieve this level of profitability in light of a challenging growing season.



Tim Goodacre
Chairman



Andy Borland
Managing Director

Highlights

- Combined Mr Apple export volumes consistent with last year noting like-for-like production is only 5% less than 2016 record volumes.
- Acquisition of the business and assets of OceanAir Limited, and acquisition of OceanAir Freight Pty Limited (together OceanAir) completed 1 August 2017 adds Auckland and Melbourne ports as well as further perishable goods expertise to our growing freight forwarding and logistics business.
- Storage & Logistics and Food Ingredients divisions on track for year-end targets.
- Petfood ingredients sales volumes up 8 per cent on 1H16.

Hawke's Bay experienced double the average rainfall in two months of the growing season as well as being impacted by ex-Cyclone Cook. This inclement weather resulted in increased on-orchard costs, such as higher spray costs, storage costs and additional labour in picking and thinning. These costs were incurred to ensure that in a very difficult season customers' expectations were met as far as practicable in terms of quality and volume. Accordingly, EBITDA of \$48.4 million and EBIT of \$42.2 million are down 11 per cent and 12 per cent respectively on the 30 June 2016 record results.

During the period, we have continued to strengthen our relationship with our key strategic shareholder, China Resources Ng Fung Limited (China Resources Ng Fung). Volumes sold through this channel have increased and we believe that additional benefits will continue to flow over the forthcoming periods.

Our balance sheet continues to show a strong financial position. Net tangible assets per share as at 30 June 2017 were \$1.56 compared to \$1.28 as at 30 June 2016, and the ratio of net debt to equity was 29 per cent, comparable to the 30 June 2016 position of 27 per cent. Average net debt (being the average of the 30 June and 31 December net debt balances) was \$51.8 million, an increase of \$17.6 million on average net debt as at 30 June 2016. This increase was primarily due to the purchase of Longview Group Holdings Limited (Longview) in November 2016.

On 1 August 2017 we announced the purchase of OceanAir, a freight forwarding business with offices in Auckland and Melbourne. We are delighted to welcome Russell Pope and his team into the Scales family and believe the business will provide excellent synergetic opportunities for Scales Logistics as we broaden our relationships with existing customers. We continue to investigate other suitable acquisitions for the group.

Divisions

Horticulture

In addition to maintaining export volumes (supported by approximately 200,000 TCEs from the Longview acquisition), Mr Apple achieved a packout of 76%. This is in line with long-term averages and illustrates the resilience of our orcharding expertise. Producing this volume in such a challenging growing year is an excellent result and is testament to the skill of everyone in the business.

The packhouse facilities provided by the acquisition of Longview last year proved invaluable during our packing period, significantly increasing efficiencies in our post-harvest infrastructure. We are delighted with the addition, and integration, of this business.

Premium apple variety volumes were in line with the prior year, with high colour varieties influenced by inclement weather. We delivered a slight increase in Traditional variety volumes.

We continued to invest in the Mr Apple products, packaging and brand, particularly in the Middle East and Asia, and are continuing to innovate to meet emerging needs, including the launch of new brands and varieties, such as Dazzle®. This, together with the strength of our relationship with China Resources Ng Fung, continues to deliver sales growth in these key markets.

Storage & Logistics

The Storage & Logistics division performed well. The coldstores saw steady volumes and were aided by a turnaround in industry conditions.

This, together with the addition of OceanAir, is expected to provide the division with revenue opportunities in the second half of the year and position it for longer term growth in freight forwarding activities.

Food Ingredients

Meateor Foods Limited (Meateor) continued its strong growth with an 8% increase in volumes sold, to 12,900 metric tonnes. Whilst margins were impacted by product mix and industry competition, Meateor continues to add value to its products and seek out new protein sources.

Difficult growing conditions saw a reduction in the supply of conventional apple volumes for processing for our joint venture partner, Profruit (2006) Limited (Profruit). Resultant processing volumes were down around 16% on the first half of 2016. However, continued diversification of markets and customers has mitigated increased competition in existing export markets.

We expect the Food Ingredients division to continue to deliver positively to our full year results.

Outlook

Notwithstanding the challenging conditions that we have experienced over the last 6 months, we remain positive in our outlook for the Scales group.

Hard work, resilience, flexibility and investment in technology and relationships have resulted in a strong performance in the Horticulture division despite difficult weather. We will continue to invest in new orchard varieties and we will continue to develop the Mr Apple brand in the key Middle East and Asia markets.

We are reaping the benefit of investment and patience in our Storage & Logistics division. And our Food Ingredients division, while facing more challenging market conditions for sourcing specific products, delivered impressive increases in volumes and sales, highlighting the strength of our key customer relationships.

Our strong balance sheet will allow us to seize organic growth opportunities and acquisitions that meet our investment criteria.

As ever, the Board would like to acknowledge the Scales team. We noted in our 2016 Annual Report that we are extremely lucky to have a stable, experienced and hard-working team of people and this continues to be the case. We send a heartfelt thank you to each individual who contributed to another successful period in Scales' history.



Tim Goodacre
Chairman



Andy Borland
Managing Director



FINANCIAL STATEMENTS



INDEPENDENT REVIEW REPORT TO THE SHAREHOLDERS OF SCALES CORPORATION LIMITED

We have reviewed the condensed consolidated interim financial statements of Scales Corporation Limited and its subsidiaries ('the Group') which comprise the condensed consolidated statement of financial position as at 30 June 2017, and the condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information on pages 8 to 17.

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of Scales Corporation Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditor, we have no relationship with or interests in Scales Corporation Limited or its subsidiaries. These services have not impaired our independence as auditor of the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2017 and its financial performance and cash flows for the period ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Chartered Accountants
23 August 2017
Christchurch, New Zealand

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2017



	NOTE	UNAUDITED		AUDITED
		Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
		\$000's	\$000's	\$000's
Revenue		216,748	209,518	373,927
Cost of sales		(141,271)	(126,368)	(257,038)
		75,477	83,150	116,889
Share of profit of entity accounted for using the equity method		393	666	1,612
Administration and operating expenses		(28,070)	(29,337)	(50,197)
Other income		833	50	275
Other losses		(227)	(342)	(1,258)
EBITDA		48,406	54,187	67,321
Depreciation and amortisation		(6,222)	(6,013)	(12,099)
EBIT		42,184	48,174	55,222
Finance revenue		34	41	167
Finance cost		(1,679)	(1,454)	(2,533)
PROFIT BEFORE INCOME TAX EXPENSE		40,539	46,761	52,856
Income tax expense		(11,506)	(12,985)	(14,678)
PROFIT FOR THE PERIOD		29,033	33,776	38,178
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Gain on cash flow hedges		6,868	13,229	9,382
Income tax relating to cash flow hedges		(1,923)	(3,704)	(2,627)
		4,945	9,525	6,755
Items that will not be reclassified to profit or loss:				
Revaluation of land and buildings		-	-	26,945
Income tax relating to buildings		-	-	(3,041)
Revaluation of apple trees		-	-	11,839
Income tax relating to apple trees		-	-	(3,315)
		-	-	32,428
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		4,945	9,525	39,183
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		33,978	43,301	77,361
Profit for the period attributable to:				
Equity holders of the Company		28,899	33,603	37,772
Non-controlling Interests		134	173	406
		29,033	33,776	38,178
Total comprehensive income for the period attributable to:				
Equity holders of the Company		33,762	42,998	76,955
Non-controlling Interests		216	303	406
		33,978	43,301	77,361
EARNINGS PER SHARE:				
Basic and diluted earnings per share (cents)	5	20.7	24.0	27.0

The notes to the financial statements on pages 13 to 17 form part of and should be read in conjunction with this statement.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2017

	NOTE	Share Capital	Revaluation Reserve	Hedging Reserve	Equity-settled Employee Benefits Reserve	Retained Earnings	Attributable to Owners of the Company	Non - controlling Interests	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unaudited									
Six months ended 30 June 2017									
Balance at 1 January 2017		89,748	57,717	8,965	503	57,251	214,184	406	214,590
Profit for the period		-	-	-	-	28,899	28,899	134	29,033
Other comprehensive income for the period		-	-	4,863	-	-	4,863	82	4,945
Total comprehensive income for the period		-	-	4,863	-	28,899	33,762	216	33,978
Recognition of share-based payments		-	-	-	203	-	203	-	203
Treasury stock sold		106	-	-	-	-	106	-	106
Dividends paid	4	-	-	-	-	-	-	(406)	(406)
Dividends declared	4	-	-	-	-	(13,811)	(13,811)	-	(13,811)
Balance at 30 June 2017		89,854	57,717	13,828	706	72,339	234,444	216	234,660
Six months ended 30 June 2016									
Balance at 1 January 2016		90,755	25,289	2,210	233	39,498	157,985	-	157,985
Profit for the period		-	-	-	-	33,603	33,603	173	33,776
Other comprehensive income for the period		-	-	9,395	-	-	9,395	130	9,525
Total comprehensive income for the period		-	-	9,395	-	33,603	42,998	303	43,301
Recognition of share-based payments		-	-	-	113	-	113	-	113
Treasury stock purchased		(525)	-	-	-	-	(525)	-	(525)
Dividends declared	4	-	-	-	-	(9,528)	(9,528)	-	(9,528)
Balance at 30 June 2016		90,230	25,289	11,605	346	63,573	191,043	303	191,346
Audited									
Year ended 31 December 2016									
Balance at 1 January 2016		90,755	25,289	2,210	233	39,498	157,985	-	157,985
Profit for the year		-	-	-	-	37,772	37,772	406	38,178
Other comprehensive income for the year		-	32,428	6,755	-	-	39,183	-	39,183
Total comprehensive income for the year		-	32,428	6,755	-	37,772	76,995	406	77,361
Recognition of share-based payments		-	-	-	270	-	270	-	270
Treasury stock purchased		(1,007)	-	-	-	-	(1,007)	-	(1,007)
Dividends paid	4	-	-	-	-	(8,974)	(8,974)	-	(8,974)
Dividends declared	4	-	-	-	-	(11,045)	(11,045)	-	(11,045)
Balance at 31 December 2016		89,748	57,717	8,965	503	57,251	214,184	406	214,590

The notes to the financial statements on pages 13 to 17 form part of and should be read in conjunction with this statement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2017



	NOTE	UNAUDITED 30 June 2017 \$000's	UNAUDITED 30 June 2016 \$000's	AUDITED 31 December 2016 \$000's
EQUITY				
Share capital		89,854	90,230	89,748
Revaluation reserve		57,717	25,289	57,717
Hedging reserve		13,828	11,605	8,965
Equity-settled employee benefits reserve		706	346	503
Retained earnings		72,339	63,573	57,251
Equity attributable to Scales Corporation Limited Shareholders		234,444	191,043	214,184
Equity attributable to Non-controlling Interests		216	303	406
TOTAL EQUITY		234,660	191,346	214,590
Represented By:				
CURRENT ASSETS				
Cash and bank balances		15,124	6,801	6,355
Trade and other receivables		66,232	53,572	17,529
Other financial assets	7	8,565	8,925	8,464
Agricultural produce		64,750	63,833	18,433
Inventories		22,398	19,521	16,365
Prepayments		2,268	2,367	3,655
TOTAL CURRENT ASSETS		179,337	155,019	70,801
NON-CURRENT ASSETS				
Property, plant and equipment		225,862	167,393	226,652
Investments accounted for using the equity method		4,024	3,685	4,131
Goodwill		16,222	11,021	16,222
Other financial assets	7	15,716	14,170	11,561
Computer software		674	1,162	745
TOTAL NON-CURRENT ASSETS		262,498	197,431	259,311
TOTAL ASSETS		441,835	352,450	330,112
CURRENT LIABILITIES				
Trade and other payables		63,178	55,313	22,047
Dividend declared	4	14,006	9,528	11,045
Borrowings	10	44,000	29,000	11,000
Current tax liabilities		16,076	14,445	5,009
Other financial liabilities	7	1,715	1,503	3,357
TOTAL CURRENT LIABILITIES		138,975	109,789	52,458
NON-CURRENT LIABILITIES				
Borrowings	10	40,000	30,000	30,000
Deferred tax liabilities		24,821	16,507	28,187
Other financial liabilities	7	3,379	4,808	4,877
TOTAL NON-CURRENT LIABILITIES		68,200	51,315	63,064
TOTAL LIABILITIES		207,175	161,104	115,522
NET ASSETS		234,660	191,346	214,590

The notes to the financial statements on pages 13 to 17 form part of and should be read in conjunction with this statement.

	UNAUDITED		AUDITED
	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	\$000's	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers	168,068	171,753	373,223
Dividends received	500	-	525
Interest received	34	41	167
	168,602	171,794	373,915
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees	(178,993)	(176,063)	(315,413)
Interest paid	(1,679)	(1,454)	(2,533)
Income tax paid	(5,728)	(8,277)	(14,627)
	(186,400)	(185,794)	(332,573)
NET CASH (USED IN) GENERATED BY OPERATING ACTIVITIES	(17,798)	(14,000)	41,342
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Advances repaid	81	856	1,100
Sale of property, plant and equipment and computer software	66	93	216
	147	949	1,316
<i>Cash was applied to:</i>			
Net cash outflow on acquisition of businesses	-	(414)	(16,414)
Purchase of computer software	(147)	(609)	(445)
Purchase of shares in unlisted companies	-	(49)	(53)
Purchase of property, plant and equipment	(5,283)	(6,856)	(19,715)
	(5,430)	(7,928)	(36,627)
NET CASH USED IN INVESTING ACTIVITIES	(5,283)	(6,979)	(35,311)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from borrowings	43,000	29,000	11,000
Treasury stock sold	106	-	-
	43,106	29,000	11,000
<i>Cash was applied to:</i>			
Dividends paid	(10,850)	(14,527)	(23,501)
Dividends paid to non-controlling interest	(406)	-	-
Shares purchased	-	(525)	(1,007)
	(11,256)	(15,052)	(24,508)
NET CASH GENERATED BY (USED IN) FINANCING ACTIVITIES	31,850	13,948	(13,508)
NET INCREASE (DECREASE) IN NET CASH	8,769	(7,031)	(7,477)
Cash and cash equivalents at the beginning of the period	6,355	13,832	13,832
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,124	6,801	6,355
<i>Represented by:</i>			
Cash and bank balances	15,124	6,801	6,355
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,124	6,801	6,355

The notes to the financial statements on pages 13 to 17 form part of and should be read in conjunction with this statement.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017 (continued)



	UNAUDITED		AUDITED
	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	\$000's	\$000's	\$000's
NET CASH (USED IN) GENERATED BY OPERATING ACTIVITIES			
Reconciliation of profit for the period to net cash generated by operating activities:			
Profit for the period	29,033	33,776	38,178
<i>Add non-cash items:</i>			
Hedge ineffectiveness on cash flow hedges	(832)	343	1,258
Deferred tax	(5,289)	(5,130)	36
Depreciation and amortisation	6,222	6,013	12,099
Share of equity accounted results	(393)	(666)	(1,612)
Share-based payments	203	113	270
Change in gross liability on Fern Ridge Produce Limited put option	224	-	-
<i>Add items classified as investing and financing activities:</i>			
Working capital amounts included in acquisition of businesses	-	(1,517)	(1,162)
Dividends received from equity accounted company	500	-	500
Loss (gain) on disposal of property, plant and equipment	3	(50)	(50)
<i>Changes in net assets and liabilities:</i>			
Trade and other receivables	(48,704)	(38,891)	(2,848)
Agricultural produce	(46,317)	(46,438)	(2,940)
Inventories	(6,033)	(5,207)	(2,051)
Prepayments	1,387	599	(689)
Trade and other payables	41,131	33,037	(229)
Current tax	11,067	10,018	582
NET CASH (USED IN) GENERATED BY OPERATING ACTIVITIES	(17,798)	(14,000)	41,342

For and on behalf of the Board, who authorised the issue of these interim financial statements on 23 August 2017.

Tim Goodacre
Chairman

Andy Borland
Managing Director

The notes to the financial statements on pages 13 to 17 form part of and should be read in conjunction with this statement.

1. GENERAL INFORMATION

Scales Corporation Limited (the Company) is a for-profit entity domiciled and registered under the Companies Act 1993 in New Zealand. It is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Group consists of Scales Corporation Limited, its subsidiaries and joint venture. The principal activities of the Group are to provide logistics services, grow apples, export products, provide insurance services to companies within the Group and operate storage and processing facilities.

2. FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice ("GAAP"). They comply with the New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) "Interim Financial Reporting" and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting", as applicable for profit orientated entities. Significant accounting policies applied by the Group during the period have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

The same accounting policies and estimates are applied in the interim financial statements as were applied in the financial statements for the year ended 31 December 2016. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 31 December 2016. The information is presented in thousands of New Zealand dollars unless otherwise stated.

3. SEASONALITY OF BUSINESS

All business segments are subject to seasonal fluctuation. The apple crop has been picked and packed and the export programme is well under way in the first half year. Higher volumes are processed through the food ingredients plants in the first half of the year due to the seasonal nature of the meat industry and there is greater utilisation of storage and logistics services over the first half year as seasonal products are stored and then shipped to export markets.

At 30 June the harvested crop held in inventory is valued at fair value less estimated costs to sell. At 31 December the unharvested crop is at fair value less estimated costs to sell. Both the harvested crop at 30 June and the unharvested crop at 31 December are included in agricultural produce.

4. DIVIDENDS

During the six months ended 30 June 2017 the Directors paid an interim dividend of 8.0 cents per share and resolved to pay a final dividend of 10.0 cents per share in respect of the year ended 31 December 2016. This final dividend was paid on 7 July 2017.

During the six months ended 30 June 2016 the Directors paid an interim dividend of 6.5 cents per share and a special dividend of 4.0 cents per share in respect of the year ended 31 December 2015. These dividends were paid on 20 January 2016. Also during this period the Directors resolved to pay a final dividend of 6.5 cents per share in respect of the year ended 31 December 2015. This dividend was paid on 8 July 2016.

Dividends totalling \$23.501 million were paid during the year ended 31 December 2016. All dividends were fully imputed.

5. EARNINGS PER SHARE

	UNAUDITED		AUDITED
	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	\$000's	\$000's	\$000's
Profit attributable to equity holders of the Company - used in the calculation of earnings per share	28,899	33,603	37,772
Basic and diluted earnings per share			
Weighted average number of ordinary shares	139,882,718	139,779,006	139,779,006
Basic and diluted earnings per share (cents)	20.7	24.0	27.0

6. SEGMENT INFORMATION

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. All non-current assets are located in New Zealand.

The Group comprises the following operating segments:

Food Ingredients: processing and marketing of food ingredients such as pet food ingredients and juice concentrate. Meateor Foods Limited, Meateor Foods Australia Pty Limited and Profruit (2006) Limited.

Horticulture: orchards, fruit packing and marketing. Mr Apple New Zealand Limited, New Zealand Apple Limited, Fern Ridge Produce Limited, Longview Group Holdings Limited, Longview New Zealand Limited and Longview Packhouse Limited.

Storage & Logistics: cool, cold and bulk liquid storage and logistics services. Liqueo Bulk Storage Limited, Polarcold Stores Limited, Scales Logistics Limited and Whakatu Coldstores Limited.

Other: Scales Corporation Limited, Geo. H. Scales Limited, Scales Employees Limited, Scales Holdings Limited and Selacs Insurance Limited.

	Food Ingredients \$000's	Horticulture \$000's	Storage & Logistics \$000's	Other \$000's	Eliminations \$000's	Total \$000's
Six months ended 30 June 2017						
Total segment revenue	33,978	131,470	67,551	1,934	(18,185)	216,748
Inter-segment revenue	-	-	(16,594)	(1,591)	18,185	-
Revenue from external customers	33,978	131,470	50,957	343	-	216,748
Segment profit (loss) before income tax	3,930	32,824	8,813	(5,028)	-	40,539
Segment assets	29,850	296,415	117,977	(2,407)	-	441,835
Segment liabilities	6,762	96,651	21,105	82,657	-	207,175
Six months ended 30 June 2016						
Total segment revenue	31,064	130,697	65,487	1,648	(19,378)	209,518
Inter-segment revenue	-	-	(18,109)	(1,269)	19,378	-
Revenue from external customers	31,064	130,697	47,378	379	-	209,518
Segment profit (loss) before income tax	4,615	35,997	9,242	(3,093)	-	46,761
Segment assets	27,485	234,460	96,628	(6,123)	-	352,450
Segment liabilities	5,659	80,974	22,992	51,479	-	161,104
Year ended 31 December 2016						
Total segment revenue	58,038	230,077	108,383	3,525	(26,096)	373,927
Inter-segment revenue	-	(212)	(23,131)	(2,753)	26,096	-
Revenue from external customers	58,038	229,865	85,252	772	-	373,927
Segment profit (loss) before income tax	8,514	39,125	10,867	(5,650)	-	52,856
Segment assets	27,327	185,423	109,971	7,391	-	330,112
Segment liabilities	6,325	44,781	20,777	43,639	-	115,522

7. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

	UNAUDITED		AUDITED
	30 June 2017	30 June 2016	31 December 2016
	\$000's	\$000's	\$000's
Current financial assets:			
<i>At fair value:</i>			
Foreign currency derivative instruments	8,542	8,846	8,409
<i>At amortised cost:</i>			
Advances to other entities	23	79	55
	8,565	8,925	8,464
Non-current financial assets:			
<i>At fair value:</i>			
Foreign currency derivative instruments	15,406	13,633	11,231
Shares in unlisted companies	206	193	206
<i>At amortised cost:</i>			
Employee loans	104	344	124
	15,716	14,170	11,561
Current financial liabilities at fair value:			
Foreign currency derivative instruments	496	530	2,047
Interest rate swap contracts and forward rate agreements	150	33	371
Fern Ridge Produce Limited put option	1,069	940	939
	1,715	1,503	3,357
Non-current financial liabilities at fair value:			
Foreign currency derivative instruments	1,310	2,070	3,111
Interest rate swap contracts and forward rate agreements	1,005	1,798	826
Fern Ridge Produce Limited put option	1,064	940	940
	3,379	4,808	4,877

8. RELATED PARTY DISCLOSURES

(a) Transactions with Related Parties

Certain Directors and senior management have relevant interests in companies with which Scales has transactions in the normal course of business. A number of Scales directors are also non-executive directors of other companies. Any transactions undertaken with these entities have been entered in the ordinary course of business on a third party arm's-length basis.

(b) Key Management Personnel Remuneration

The compensation of the directors and executives, being the key management personnel of the Group, is as follows:

	UNAUDITED		AUDITED
	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	\$000's	\$000's	\$000's
Short-term employee benefits	1,885	1,756	2,742
Post-employment benefits	53	54	85
	1,938	1,810	2,827

(c) Transactions with Equity Accounted Entity

	UNAUDITED		AUDITED
	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	\$000's	\$000's	\$000's
Revenue from sale of goods	700	859	1,128
Revenue from services	351	-	1,222
Dividends received	500	-	500
Trade receivables at balance date	4	-	349

9. CAPITAL COMMITMENTS

Commitments entered into as at reporting date were:

	UNAUDITED		AUDITED
	30 June 2017	30 June 2016	31 December 2016
	\$000's	\$000's	\$000's
Biological assets	1,389	2,047	1,577
Plant and equipment	-	231	150
	1,389	2,278	1,727

10. BORROWINGS

The level of term and seasonal borrowings has increased largely due to the acquisition of Longview, a Hawke's Bay grower, packer and marketer of apples, on 2 November 2016. Total seasonal borrowing facilities as at 30 June 2017 were \$50.0 million.

11. EVENTS OCCURRING AFTER THE REPORTING DATE

On 1 August 2017 Scales Corporation Limited through its wholly owned subsidiary Scales Logistics Limited completed the purchase of the assets and the business of OceanAir Limited and all of the shares in OceanAir Freight Pty Limited (collectively OceanAir), a freight forwarding business with offices in Auckland and Melbourne.

OceanAir specialises in sea and air freight for perishable produce, specifically kiwifruit and avocado exports, which account for about 50% of its activity.

There have been no other significant post reporting date events.

DIRECTORY

Board of Directors

Tim Goodacre (Chairman)
 Andy Borland (Managing Director)
 Nick Harris
 Mark Hutton
 Alan Isaac
 Weiyong Wang

Audit and Risk Management Committee

Alan Isaac (Chairman)
 Nick Harris
 Mark Hutton

Nominations and Remuneration Committee

Mark Hutton (Chairman)
 Tim Goodacre

Registered Office

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Postal Address

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Telephone

64-3-379-7720

Website

www.scalescorporation.co.nz

Auditor

Deloitte Limited

Level 4
 151 Cambridge Terrace
 Christchurch 8013

Bankers

ANZ Bank New Zealand Limited

665 Colombo Street
 Christchurch 8011

Rabobank New Zealand Limited

Level 23
 157 Lambton Quay
 Wellington 6011

Westpac New Zealand Limited

Level 2
 2 Show Place
 Christchurch 8024

Solicitors

Anthony Harper

Level 9
 HSBC Tower
 62 Worcester Boulevard
 Christchurch 8011

Chapman Tripp

23 Albert Street
 Auckland 1140

Corporate Advisor

Mahe & Associates

17 Albert Street
 Auckland 1010

Share Registry

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Level 2, 159 Hurstmere Road
 Takapuna
 North Shore City
 Auckland 0622



