Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2023

Scales Corporation Limited Contents

Directory	3
Consolidated statement of comprehensive income	4
Consolidated statement of changes in equity	6
Consolidated statement of financial position	7
Consolidated statement of cash flows	8
Notes to the condensed consolidated interim financial statements	10

Directory

Board of Directors

Mike Petersen (Chair) (Appointed 28 April 2023)

Andrew Borland (Managing Director)
Tony Batterton (Appointed 22 August 2023)

Miranda Burdon Nick Harris Alan Isaac Nadine Tunley

Qi Xin

Mark Hutton (Resigned 7 June 2023) Tim Goodacre (Resigned 28 April 2023)

Audit and Risk Management Committee

Alan Isaac (Chair) Nick Harris Tony Batterton

Nominations and Remuneration Committee

Tony Batterton (Chair)

Mike Petersen

Finance and Treasury Committee

Tony Batterton (Chair) Andrew Borland

Health & Safety and Sustainability Committee

Nadine Tunley (Chair) Andrew Borland Miranda Burdon

Registered Office 52 Cashel Street Christchurch 8013

New Zealand

Postal Address PO Box 1590 Christchurch 8140 New Zealand

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

Level 3 ANZ Centre 267 High Street Christchurch 8011

Coöperatieve Rabobank U.A., New Zealand Branch

Level 4

32 Hood street

Hamilton 3204

Westpac New Zealand Limited

Level 4 The Terrace 83 Cashel Street Christchurch 8011

Solicitors

Anthony Harper

Level 9

Anthony Harper Tower 62 Worcester Boulevard Christchurch 8013

Chapman Tripp 23 Albert Street

Auckland 1010

Corporate Advisor Maher & Associates 17 Albert Street Auckland 1010

Share Registry

Computershare Investor Services Limited

Level 2

159 Hurstmere Road

Takapuna North Shore City Auckland 0622

Scales Corporation Limited
Consolidated statement of comprehensive income for the six months ended 30 June 2023

		Unaud		Audited Year ended
			Six months ended	
		30 June	30 June	31 December
	Nata	2023	2022	2022
	Note	\$000's	\$000's	\$000's
Revenue	5	309,368	309,308	619,173
Cost of sales		(242,972)	(228,710)	(492,547)
		66,396	80,598	126,626
Administration and operating expenses		(31,415)	(25,496)	(53,003)
Impairment of property, plant and equipment	12	(4,015)	(20/170)	(3,729)
Impairment of goodwill	12	(8,531)	_	-
Share of profit of entities accounted for using the equity method		2,794	1,293	4,624
Other income	12	5,798	27	67
Other losses		(554)	-	(6,069)
EBITDA	•	30,473	56,422	68,516
	•			
Amortisation		(246)	(162)	(379)
Depreciation		(5,283)	(5,019)	(10,220)
Depreciation of right-of-use asset		(4,484)	(4,471)	(9,087)
EBIT	•	20,460	46,770	48,830
Finance revenue		879	472	1,045
Finance cost		(1,532)	(502)	(1,284)
Finance cost of lease liability		(1,532)	(1,447)	(2,953)
Thance cost of lease hability		(1,313)	(1,447)	(2,755)
PROFIT BEFORE INCOME TAX EXPENSE	•	18,292	45,293	45,638
Income tax expense		(4,017)	(10,211)	(7,407)
PROFIT FOR THE PERIOD		14,275	35,082	38,231
Des Cit Constitution and a distribution to				
Profit for the period is attributable to: Equity holders of the Company		2.004	24.050	19,412
Non-controlling interests		3,896 10,379	26,059 9,023	19,412
Non-controlling interests		14,275	35,082	38,231
	•	14,273	33,002	30,231
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPA	ANY:			
Basic earnings per share (cents)	8	2.7	18.5	13.7
Diluted earnings per share (cents)	8	2.7	18.4	13.7

Scales Corporation Limited Consolidated statement of comprehensive income for the six months ended 30 June 2023 (continued)

	Unaudited		Audited
	Six month 30 June	s ended 30 June	Year ended
	2023	2022	31 December 2022
	\$000's	\$000's	\$000's
	<u> </u>	\$000 S	\$000.3
PROFIT FOR THE PERIOD	14,275	35,082	38,231
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Loss on cash flow hedges	(8,987)	(24,203)	(10,704)
Income tax relating to cash flow hedges	2,516	6,777	2,997
Share of other comprehensive income of joint ventures	(690)	(506)	817
Income tax relating to share of other comprehensive income of joint ventures	160	142	(229)
Foreign exchange gain on translating foreign operations	1,069	1,289	330
	(5,932)	(16,501)	(6,789)
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings	(13,416)	-	10,355
Income tax relating to buildings	671	-	(331)
Revaluation of apple trees	(1,818)	-	(3,873)
Income tax relating to apple trees	509	-	1,084
Remeasurement of net defined benefit liability	-	-	372
Income tax relating to remeasurement of net defined benefit liability		-	(44)
	(14,054)	-	7,563
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(19,986)	(16,501)	774
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(5,711)	18,581	39,005
Total comprehensive income for the period attributable to:			
Equity holders of the Company	(16,090)	9,558	20,037
Non-controlling interests	10,379	9,023	18,968
Tion some simily into outs	(5,711)	18,581	39,005
	(0,711)	.0,001	37,000

Scales Corporation Limited Consolidated statement of changes in equity for the six months ended 30 June 2023

					Attributable to	Non-	
		Share		Retained	owners of the	controlling	
		capital	Reserves	earnings	Company	interests	Total
	Note	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Unaudited							
Six months ended 30 June 2023							
At 1 January 2023		101,975	92,590	189,875	384,440	7,374	391,814
Profit for the year		-	-	3,896	3,896	10,379	14,275
Other comprehensive loss for the period		-	(19,986)	-	(19,986)	-	(19,986)
Total comprehensive loss for the period		-	(19,986)	3,896	(16,090)	10,379	(5,711)
Recognition of share-based payments		-	248	-	248	-	248
Shares sold		96	-	-	96	-	96
Shares fully vested		1,374	(499)	(145)	730	-	730
Dividends	6	-	-	(18,451)	(18,451)	(6,407)	(24,858)
Balance at 30 June 2023		103,445	72,353	175,175	350,973	11,346	362,319
Unaudited							
Six months ended 30 June 2022							
At 1 January 2022		99,588	92,160	192,644	384,392	5,922	390,314
Profit for the year		-	-	26,059	26,059	9,023	35,082
Other comprehensive loss for the period		-	(16,501)	-	(16,501)	-	(16,501)
Total comprehensive income for the period		-	(16,501)	26,059	9,558	9,023	18,581
Decompition of share based normants			200		200		200
Recognition of share-based payments		11/	289	-	289	-	289
Shares sold		116	- (E04)	(120)	116 524	-	116 524
Shares fully vested Dividends	,	1,236	(584)	(128)		- (7.741)	
Balance at 30 June 2022	6	100,940	75,364	(13,445) 205,130	(13,445) 381,434	(7,741) 7,204	(21,186) 388,638
balance at 50 June 2022		100,940	73,304	200,130	301,434	7,204	300,030
Audited							
Year ended 31 December 2022							
At 1 January 2022		99,588	92,160	192,644	384,392	5,922	390,314
Profit for the year		-	-	19,412	19,412	18,819	38,231
Other comprehensive income for the period		-	625	-	625	149	774
Total comprehensive income for the period		-	625	19,412	20,037	18,968	39,005
Recognition of share-based payments		-	609	-	609	-	609
Shares sold		116	-	-	116	-	116
Shares fully vested		2,271	(804)	(234)	1,233	-	1,233
Dividends	6	-	-	(21,947)	(21,947)	(17,516)	(39,463)
Balance at 31 December 2022		101,975	92,590	189,875	384,440	7,374	391,814

Scales Corporation Limited Consolidated statement of financial position as at 30 June 2023

Page			Unaudited Six months ended		Audited Year ended
POUNTY Share capital Sha					
Pubmishant Pub		NI - 4 -			
103,445 100,940 101,975 Reserves 7 27,353 53,44 92,590 Retained earnings 175,175 205,130 189,875 175,175 205,130 189,875 175,175 205,130 189,875 175,175 205,130 189,875 175,175 205,130 189,875 175,175 205,130 189,875 175,175 173,174 173,174 173,175 173	EQUITY	Note	\$000°S	\$000's	\$000°S
Reserves 7 72,333 75,364 92,590 Equity attributable to Scales Corporation Limited shareholders 350,973 381,434 384,407 Equity attributable to Scales Corporation Limited shareholders 350,973 381,343 384,407 CURRIVIT ASSETS 362,373 362,267 7,376 Cash and bank balances 37,733 36,264 68,144 Frem deposits 9,73,15 101,568 42,102 Current tax assets 528 5,28 5,334 Other financial assets 9 2,333 4,088 4,538 Agricultural produce 40,703 38,727 42,647 Prepayments 5,842 3,532 4,789 TOTAL CURRENT ASSETS 252,862 363,37 3,532 4,789 Property, plant and equipment 20,309 214,497 221,204 Investments accounted for using the equity method 5,889 6,538 5,474 Goodwill 36,837 74,912 5,542 36,383 5,474 Goodwill 36,837 <td></td> <td></td> <td>102 445</td> <td>100.040</td> <td>101 075</td>			102 445	100.040	101 075
Retaining Equity attributable to Scales Corporation Limited shareholders 175.175 205.130 18.948 Equity attributable to Scales Corporation Limited shareholders 350.93 381.43 32.44 Equity attributable to non-controlling interests 11,346 7.204 7.374 TOTAL EQUITY 362.31 386.638 391.814 CURRENT ASSETS 37,733 36.264 681.44 Each and bank balances 97.315 10,568 42,102 Current Lax assets 97.315 10,568 42,102 Current Lax assets 9 2.383 40,88 49,78 Other innacial assets 9 2.383 40,88 49,78 Inventories 46,703 38,272 42,61 Prepayments 5,49 35,25 47,83 TOTAL CURRENT ASSETS 252,863 289,52 193.09 TOWN CURRENT ASSETS 203,090 214,497 221,204 Froperty, plant and equipment 56,893 26,338 54,743 Froperty, plant and equipment 56,893 74,318	·	7			
Equity attributable to Scales Corporation Limited shareholders 350,073 381,344 344/40 Equity attributable to non-controlling interests 362,319 386,383 391,814 CURRENT ASSETS To a significant of the controlling and the controlling an		,			
Equity attributable to non-controlling interests 11,346 7,204 37,374 TOTAL EQUITY 362,319 388,638 391,814 CURRENT ASSETS 37,733 36,264 68,144 Eem deposits 97,315 20,000 - Trade and other receivables 97,315 15,88 42,102 Current tax assets 9 2,383 40,88 49,38 Agricultural produce 62,709 85,36 25,144 Inventories 46,703 38,272 42,647 Prepayments 5,92 35,32 47,83 TOTAL CURRENT ASSETS 252,863 289,542 193,007 NON-CURRENT ASSETS 203,009 214,497 221,204 Investments accounted for using the equity method 56,893 26,335 54,743 Goodwill 5,893 26,335 54,743 36,663 13,497 22,120 Investments accounted for using the equity method 56,893 26,335 54,743 36,663 74,497 22,104 Computer software					
TOTAL EQUITY 382,319 388,638 391,814 CURRENT ASSETS 37,733 36,264 68,144 Farm deposits 97,315 101,568 42,102 Current tax assets 97,315 101,568 42,102 Current tax assets 97 2,383 4,088 4,938 Agricultural produce 62,709 85,363 25,149 Inventories 64,0703 38,72 42,647 Prepayments 5,492 3,532 4,783 TOTAL CURRENT ASSETS 252,863 289,542 193,097 NON-CURRENT ASSETS 203,090 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,742 Conduit 38,251 46,098 45,527 Other financial assets 9 15,526 12,374 15,511 Computer software 11,84 670 1332 Riptor use asset 5 18,93 74,935 49,944 TOTAL NON-CURRENT LASETS 61,900		•			
Cash and bank balances 37,733 36,244 68,144 Term deposits 97,315 101,568 42,102 Current tax assets 528 - 5,334 Other financial assets 9 23,833 4,088 4,938 Agricultural produce 62,709 85,363 25,149 Inventories 46,703 38,727 42,647 Prepayments 5,492 3,552 4,783 TOTAL CURRENT ASSETS 89,542 193,097 NON-CURRENT ASSETS 223,090 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,743 Goodwill 38,251 46,098 45,527 Other financial assets 9 15,562 12,34 15,511 Computer software 1,184 670 1,332 49,44 TOTAL NON-CURRENT ASSETS 51,893 74,933 34,94 TOTAL LASSETS 51,893 74,935 34,94 TOTAL LASSETS 619,700 664,454 <td< td=""><td>, ,</td><td>•</td><td></td><td></td><td></td></td<>	, ,	•			
Cash and bank balances 37,733 36,244 68,144 Term deposits 97,315 101,568 42,102 Current tax assets 528 - 5,334 Other financial assets 9 23,833 4,088 4,938 Agricultural produce 62,709 85,363 25,149 Inventories 46,703 38,727 42,647 Prepayments 5,492 3,552 4,783 TOTAL CURRENT ASSETS 89,542 193,097 NON-CURRENT ASSETS 223,090 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,743 Goodwill 38,251 46,098 45,527 Other financial assets 9 15,562 12,34 15,511 Computer software 1,184 670 1,332 49,44 TOTAL NON-CURRENT ASSETS 51,893 74,933 34,94 TOTAL LASSETS 51,893 74,935 34,94 TOTAL LASSETS 619,700 664,454 <td< td=""><td></td><td>ļ</td><td></td><td></td><td></td></td<>		ļ			
Term deposits - 20,000 - Current tax assets 528 - 5,33 Other financial assets 9 2,333 4,088 4,938 Agricultural produce 66,2709 85,363 25,149 Inventories 46,703 38,727 42,647 Prepayments 5492 3,532 4,783 TOTAL CURRENT ASSETS 252,863 289,542 193,097 NON-CURRENT ASSETS 203,000 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,743 Goodwill 5,893 26,338 54,743 15,511 Computer software 9 15,526 12,374 15,511 Right-of-use asset 9 15,526 12,374 15,511 Computer software 1,184 670 1,332 Right-of-use asset 9 15,526 12,374 15,511 Computer software 6 1,374 13,415 15,614 ToTal ANON-CURRENT	CURRENT ASSETS				
Trade and other receivables 97,315 101,568 42,102 Current tax assets 528 - 5,334 Other financial assets 9 2,333 4,088 4,938 Agricultural produce 62,709 85,363 25,149 Inventories 46,703 38,727 42,644 Prepayments 5,492 3,532 4,783 TOTAL CURRENT ASSETS 252,863 289,542 193,097 NON-CURRENT ASSETS 203,090 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,743 Goodwill 38,251 46,098 45,227 Other financial assets 9 15,526 12,374 15,511 Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,044 TOTAL NON-CURRENT ASSETS 51,893 74,935 49,044 TOTAL CURRENT LIABILITIES 74,383 85,265 37,226 Dividend declared 6 <td< td=""><td>Cash and bank balances</td><td></td><td>37,733</td><td>36,264</td><td>68,144</td></td<>	Cash and bank balances		37,733	36,264	68,144
CURRENT LIABILITIES 528 - 5334 CURRENT LIABILITIES 9 2,383 4,088 4,938 Agricultural produce 62,709 85,363 25,149 Inventories 46,703 38,727 42,647 Propayments 5,492 3,532 4,783 TOTAL CURRENT ASSETS 252,863 289,542 193,097 NON-CURRENT ASSETS 203,090 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,743 Goodwill 38,251 46,098 45,527 Other financial assets 9 15,566 12,374 15,511 Computer software 1,184 670 1,332 14,048 45,527 Other financial assets 9 15,566 12,374 15,511 236,81 14,049 14,349 14,949 14,949 14,949 14,949 14,949 14,949 14,949 14,949 14,949 14,949 14,949 14,949 14,949 14,945	Term deposits		-	20,000	-
Other financial assets 9 2,383 4,088 4,938 Agricultural produce 62,709 85,363 25,149 Inventories 46,703 38,272 42,647 Prepayments 5,492 3,532 4,783 TOTAL CURRENT ASSETS 8 252,663 289,542 193,097 NON-CURRENT ASSETS 8 203,090 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,743 Goodwill 38,251 46,098 45,527 Other financial assets 9 15,526 12,374 15,517 Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,045 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,261 TOTAL ASSETS 3 40,043 45,526 CURRENT LIABILITIES 2 2 8 Bank overdrafts 2 2 8 2 2 8 37,225 2	Trade and other receivables		97,315	101,568	42,102
Agricultural produce Inventories 62,709 85,363 25,149 Inventories 46,703 38,727 42,647 47,83 76,722 42,647 47,83 70,722 42,647 42,647 42,647 17,83 20,309 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 214,497 221,204 200,009 45,527 200,009 214,497 221,204 200,009 45,527 200,009 45,527 200,009 45,527 200,009 45,527 200,009 45,527 200,009 45,527 200,009 45,527 200,009 45,527 200,009 40,009 200,009 30,009 200,009 30,009 200,009 30,009 200,009 30,009 200,009 30,009 200,009 30,009				-	
Inventories 46,703 38,727 42,647 Prepayments 25,863 289,542 193,097 NON-CURRENT ASSETS 25,863 289,542 193,097 Property, plant and equipment 203,090 214,497 221,204 Investments accounted for using the equity method 56,893 26,338 54,743 Goodwill 38,251 46,098 45,527 Other financial assets 9 15,526 12,374 15,181 Computer software 51,893 74,935 40,048 Right-For Lasses 51,893 74,935 40,04 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 366,837 374,912 387,361 TOTAL ASSETS 51,893 74,938 85,65 37,226 CURRENT LIABILITIES 74,833 85,65 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 9 20,309 15,963 15,45 Lease liabi		9			
Prepayments	· ·				
TOTAL CURRENT ASSETS 252,863 289,542 193,097 NON-CURRENT ASSETS Property, plant and equipment Investments accounted for using the equity method Goodwill 203,090 214,497 221,204 Investments accounted for using the equity method Goodwill 38,251 46,098 45,527 Other financial assets 9 15,526 12,374 15,511 Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,044 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 619,700 664,454 580,458 CURRENT LIABILITIES 74,383 85,665 37,226 Bank overdrafts 74,383 85,665 37,226 Current tax liabilities 2,922 8,728 - Current tax liabilities 2,922 8,728 - Current tax liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 5,911					
NON-CURRENT ASSETS 203,090 214,497 221,204 Property, plant and equipment Investments accounted for using the equity method Goodwill 56,893 26,338 54,743 Goodwill Odder in a special spec		,			
Property, plant and equipment Investments accounted for using the equity method Goodwill 203,090 214,497 221,204 (21,204) Goodwill 38,251 46,098 45,277 Other financial assets 9 15,526 12,374 15,511 Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,044 A9,044 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 619,700 664,454 580,458 580,458 580,458 TOTAL ASSETS 619,700 664,454 580,458 580,458 TOTAL ASSETS 366,837 374,912 387,361 580,458	TOTAL CURRENT ASSETS	,	252,863	289,542	193,097
Property, plant and equipment Investments accounted for using the equity method Goodwill 203,090 214,497 221,204 (21,204) Goodwill 38,251 46,098 45,277 Other financial assets 9 15,526 12,374 15,511 Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,044 TOTAL NON-CURRENT ASSETS 366,837 37,4915 380,458 TOTAL ASSETS 619,700 664,454 580,458 CURRENT LIABILITIES 386,837 374,912 387,361 Trade and other payables 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 5,911 9,386 17,821 Borrowings 67,535 39,448 38,732 Defined benefit plan net liability 178 470 170	NON CUIDDENT ACCETS				
Divestments accounted for using the equity method Goodwill 38,251 46,098 45,527 (2004) 38,251 46,098 45,527 (2004) 38,251 46,098 45,527 (2004) 38,251 46,098 45,527 (2004) 38,251 46,098 45,527 (2004) 38,251 46,098 45,527 (2004) 38,251 (200			202 000	214 407	221 204
Goodwill 38,251 46,098 45,272 Other financial assets 9 15,526 12,374 15,517 Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,044 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 619,700 664,454 580,458 CURRENT LIABILITIES - - 2,368 Trade and other payables 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability					
Other financial assets 9 15,526 12,374 15,511 Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,044 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 619,700 664,454 580,458 CURRENT LIABILITIES 8 7 2.368 Bank overdrafts 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 9 20,309 15,588 15,445 Lease liability 9 20,309 15,588 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 5,911 9,386 17,821 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liab	· · ·				
Computer software 1,184 670 1,332 Right-of-use asset 51,893 74,935 49,044 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 619,700 664,454 580,458 CURRENT LIABILITIES \$\$\$-\$\$-\$\$-\$\$-\$\$ \$\$\$-\$\$-\$\$ 2,986 Bank overdrafts 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,099 24,628 13,388 Lease liability 46,955 68,391 44,066 Other financial liabiliti		9			
Right-of-use asset 51,893 74,935 49,044 TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 619,700 664,454 580,458 CURRENT LIABILITIES Sank overdrafts - - 2,368 Trade and other payables 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 9 20,302 8,728 - Current tax liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 178 470 170 Other financial liabilities 9 14,095 68,931 44,066<		,			
TOTAL NON-CURRENT ASSETS 366,837 374,912 387,361 TOTAL ASSETS 619,700 664,454 580,458 CURRENT LIABILITIES 8 - - 2,368 Bank overdrafts 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,099 24,628 13,388 Lease liability 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644					
CURRENT LIABILITIES 619,700 664,454 580,458 Bank overdrafts - - 2,368 Trade and other payables 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644	· ·	•			
Bank overdrafts - - 2,368 Trade and other payables 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Defirred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644		·			
Bank overdrafts - - 2,368 Trade and other payables 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Defirred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644		:			
Trade and other payables 74,383 85,265 37,226 Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644	CURRENT LIABILITIES				
Dividend declared 6 13,491 13,445 8,503 Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644	Bank overdrafts		-	-	2,368
Current tax liabilities 2,922 8,728 - Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5,911 9,386 17,821 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644	Trade and other payables		74,383	85,265	
Other financial liabilities 9 20,309 15,958 15,445 Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5 39,448 38,732 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644		6			8,503
Lease liability 10,788 10,097 10,925 TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 5 39,448 38,732 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644					-
TOTAL CURRENT LIABILITIES 121,893 133,493 74,467 NON-CURRENT LIABILITIES 67,535 39,448 38,732 Berrowings 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644		9			
NON-CURRENT LIABILITIES Borrowings 67,535 39,448 38,732 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644					
Borrowings 67,535 39,448 38,732 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644	TOTAL CURRENT LIABILITIES		121,893	133,493	/4,46/
Borrowings 67,535 39,448 38,732 Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644	NON CUDDENT LIARILITIES				
Deferred tax liabilities 5,911 9,386 17,821 Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644			67 535	30 110	32 73 2
Defined benefit plan net liability 178 470 170 Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644					
Other financial liabilities 9 14,909 24,628 13,388 Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644					
Lease liability 46,955 68,391 44,066 TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644		9			
TOTAL NON-CURRENT LIABILITIES 135,488 142,323 114,177 TOTAL LIABILITIES 257,381 275,816 188,644		-			
TOTAL LIABILITIES <u>257,381</u> <u>275,816</u> <u>188,644</u>		•			
NET ASSETS 362,319 388,638 391,814		•	·		
NET ASSETS 362,319 388,638 391,814		•			
	NET ASSETS		362,319	388,638	391,814

Scales Corporation Limited
Consolidated statement of cash flows for the six months ended 30 June 2023

March Marc			Unaudited Six months ended		Audited Year ended	
Note \$000%						
CASH FLOWS FROM DEPARTING ACTIVITIES 260 600 240,217 606,293 600 600 600 600 600 600 600 600 6		Note				
Cash provided from: 260,660 (2000) 40,217 (2000) 606,293 (2000) Government grants received 1,388 (2000) 1,300 (2000) Dividends and distributions received 768 (2000) 1,300 (2000) Dividends and distributions received 263,310 (2014) 2015,300 (2014) Cash was disbursed to: 263,310 (2014) (2015) (245,400) Payments to suppliers and employees (279,741) (2018) (545,477) (215,988) (30,400) (41,723) Increase paid (41,224) (2000) (41,988) (30,400) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,988) (30,407) (41,989) (41,988) (41,989) (41,989) (41,989) (41,989) (41,989) (41,989) (41,989) (41,989) (41		-	ψ000 3	ψ000 3	Ψ000 3	
Receipts from customers 200,600 240,27 606,293 Coverment grains received 5,00 1,388 - Interest received 768 705 1,393 Losh was disbursed to: 263,316 241,422 609,562 Cash was disbursed to: 2(279,741) (261,543) (545,477) Interest paid (3,047) (1,498) (44,794) (4,198) Income tax paid (4,444) (8,496) (14,983) NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES 33,096 30,505 564,697 CASH ELOWS FROM INVESTING ACTIVITIES 2 65,000 85,000 CASH ELOWS FROM INVESTING ACTIVITIES 2 65,000 85,000 CASH ELOWS FROM INVESTING ACTIVITIES 156 65,000 85,000 CASH ELOWS FROM INVESTING ACTIVITIES 2 65,000 85,000 CASH ELOWS FROM INVESTING ACTIVITIES 156 65,000 85,000 CASH ELOWS FROM INVESTING ACTIVITIES 156 65,000 85,000 Cash was applied to: 2 16,000 16						
Government grants received 1,388 . . Interest received 500 500 1,876 Interest received 768 768 20,535 Cash was disbursed to: 263,316 241,422 609,562 Payments to suppliers and employees (27,714) (261,543) (54,472) Increest paid (3,047) (1,949) (4,23) Increest paid (287,712) (21,798) (564,697) NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES 2(287,712) (21,988) (564,697) CASH FLOWS FROM INVESTING ACTIVITIES 5 40 116 114 112 112 <t< td=""><td>·</td><td></td><td>260,660</td><td>240,217</td><td>606,293</td></t<>	·		260,660	240,217	606,293	
Interest received 7.88 7.05 1.305 Cash was disbursed for 26.3316 24.14.22 0.055.25 Payments to supplies and employees (27.74) (26.15.43) (54.74) Interest paid (3.04) (1.049) (3.04) Interest paid (3.04) (21.79) (3.064) NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES (28.72) (3.086) (3.066) NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES **** **** \$4.00 \$8.000 CASH AWAS provided from: **** *** \$1.00 \$8.000 \$8.000 Proceeds from matured term deposits *** \$6.500 \$8.000 <td></td> <td></td> <td>1,388</td> <td>-</td> <td>-</td>			1,388	-	-	
Cash was disbursed for 263,316 241,422 609,562 Payments to suppliers and employees (279,741) (261,543) (545,477) Interest paid (3,047) (1,949) (4,237) Income tax paid (287,212) (271,988) (56,697) NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES (28,782) (271,988) (56,607) CASH FLOWS FROM INVESTING ACTIVITIES 2 65,000 85,000 CASH FLOWS FROM INVESTING ACTIVITIES 156 610 810,000 Cash was provided from: 156 610 810,000 Proceeds from matured term deposits 156 610 810,000 Cash was applied to: 156 610 810,000 Cash was applied to: 156 65,000 810,000 Purchase of property, plant and equipment (4,795) (5,256) (14,592) Purchase of property, plant and equipment (4,795) (5,256) (12,606) Purchase of property, plant and equipment interest in joint ventures (2,705) (2,506) (2,506) Advances repaid	Dividends and distributions received		500	500	1,876	
Payments to suppliers and employees (279,741) (261,542) (54,477) Interest paid (3,047) (1,949) (4,247) Income tax paid (4,424) (8,849) (1,948) NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES (23,896) (30,566) 44,865 CASH FLOWS FROM INVESTING ACTIVITIES S 56,000 85,000 Advances regald 156 41 112 Ash was applied to: 156 65,004 85,273 Purchase of property, plant and equipment (4,795) (5,256) 14,592 Purchase of property, plant and equipment (4,795) (5,256) 14,592 Purchase of property, plant and equipment (4,795) (5,256) 14,592 Purchase of property, plant and equipment (4,795) (5,256) 14,592 Purchase of property, plant and equipment (4,795) (5,256) 14,592 Purchase of property, plant and equipment (4,795) (5,256) 14,592 Purchase of property, plant and equipment (4,795) (5,256) 14,592 Purchase of	Interest received	_				
Payments or suppliers and employees (279,741) (26,143) (34,447) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247) (1149) (4,247)		_	263,316	241,422	609,562	
Interest paid (3,047 (1,949 4,237 1,000 1,			(070 744)	(0 (4 5 40)	(5.45.477)	
Income tax paid (4.424) (8.496) (1.498) NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES (287.212) (271.988) 564.697 CASH FLOWS FROM INVESTING ACTIVITIES (23.896) 30.560 44.865 Proceeds from matured erm deposits - 65.000 85.000 Advances repaid 156 41 112 Sale of property, plant and equipment (4.795) 65.044 85.273 Purchase of computer software (98) (115) (94) Purchase of computer software (98) (715) (2180) Advances to joint ventures (2,145) (2,186) Advances to joint ventures (2,745) 7,573 38,721 P	· · · · · · · · · · · · · · · · · · ·					
C287_112 C271_088 C64.097 C23.989 C30.566 C43.097 C3.989 C30.566 C43.097 C3.989 C30.566 C44.087 C3.989 C30.566 C45.087 C3.989 C45.087 C3.989 C45.087 C3.989 C45.087 C3.989 C45.087 C4.989 C45.087 C	·					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES Cash was provided from: Forceasts from matured term deposits	income tax paid	-				
CASH FLOWS FROM INVESTING ACTIVITIES Cash was provided from: 500 85,000 Proceeds from matured term deposits 56,500 85,000 Advances repaid 156 41 112 Sale of property, plant and equipment 156 65,004 85,273 Cash was applied to: 156 (4,795) (5,256) (14,529) Purchase of property, plant and equipment (4,795) (5,256) (14,592) Purchase of non-controlling shareholding 98 (115) (994) Purchase of non-controlling shareholding 2,245) 2,2180 (2,180) Acquisition of interest in joint ventures (2,455) 2,2818 (2,456) 2,2180 Advances to joint ventures (2,455) 2,5968 38,721 CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,638) 7,5151 46,552 NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES 27,306 2 2 Cash was applied to: 27,402 116 116 Cash was applied to: 27,402 116 116	NET CASH (LISED IN) DDOVIDED BY ODEDATING ACTIVITIES	-				
Cash was provided from: 6 5,000 85,000 Proceceds from matured term deposits 156 41 112 Sale of property, plant and equipment 156 41 112 Sale of property, plant and equipment 156 65,044 85,273 Purchase of property, plant and equipment (4,795) (5,26) (14,592) Purchase of property, plant and equipment (4,795) (2,160) (4,795) (94,692) Purchase of non-controlling shareholding 2 (2,180)	NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	=	(23,090)	(30,300)	44,000	
Proceeds from matured term deposits 1.5 65,000 85,000 Advances repaid of property, plant and equipment 1.5 4.1 12.2 Sale of property, plant and equipment 15.6 65.044 85.273 Cash was applied to: (4,795) (5,256) (14,592) Purchase of property, plant and equipment (4,795) (5,256) (14,592) Purchase of computer software (98) (115) (994) Purchase of non-controlling shareholding 2 (2,180) (2,180) Advances to joint ventures (2,745) - (2,818) Advances to joint ventures (7,482) 57,493 37,513 Advances to joint ventures (2,745) - (2,818) Advances to joint ventures (7,482) 57,493 37,513 Advances to joint ventures (7,482) 57,493 37,513 Advances to joint ventures (7,482) 57,493 37,512 Advances to joint ventures (7,482) 57,493 38,721 Advances to joint ventures (7,482) 57,493 <td></td> <td></td> <td></td> <td></td> <td></td>						
Advances repaid 156 41 112 Sale of property, plant and equipment 156 65.44 85.273 Cash was applied to: """"""""""""""""""""""""""""""""""""	·		-	65,000	85,000	
Cash was applied to: 156 65.044 85.273 Purchase of property, plant and equipment (4,795) (5,256) (14,592) Purchase of computer software (98) (115) (994) Purchase of non-controlling shareholding - (2,180) (2,180) Acquisition of interest in joint ventures (2,745) - (2,818) Advances to joint ventures (2,745) - (2,818) Advances to joint ventures (2,745) - (2,818) NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,638) (7,551) (46,552) NET CASH RIAMNCING ACTIVITIES 27,306 - - Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 116 116 116 116 Cash was applied to: 9 116 116 Proceeds from seasonal facility borrowings (3,143) (13,443) (13,419) (26,863) Dividends paid (6,407) (7,71) (17,516)	Advances repaid		156	41	112	
Cash was applied to: (4,795) (5,256) (14,792) Purchase of property, plant and equipment (98) (115) (994) Purchase of computer software (98) (115) (994) Purchase of computer software (2,180) (2,180) (2,180) Acquisition of interest in joint ventures (2,745) - (2,818) Advances to joint ventures (2,745) - (2,818) Advances to joint ventures (7,638) (7,551) (46,552) NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,482) 57,493 38,721 CASH FLOWS FROM FINANCING ACTIVITIES 27,306 -	Sale of property, plant and equipment	_	=	3	161	
Purchase of property, plant and equipment (4,795) (5,256) (14,592) Purchase of computer software (98) (115) (994) Purchase of non-controlling shareholding (2,180) (2,180) (2,180) Acquisition of interest in joint ventures (2,745) - (2,818) Advances to joint ventures (2,745) - (2,818) Advances to joint ventures (2,748) - (2,818) NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,638) (7,551) (46,552) CASH FLOWS FROM FINANCING ACTIVITIES 27,306 - - - Proceeds from seasonal facility borrowings 27,306 - - - Treasury stock sold 96 116 116 -		_	156	65,044	85,273	
Purchase of computer software (98) (115) (994) Purchase of non-controlling shareholding - (2,180) (2,180) Acquisition of interest in joint ventures - (2,598) Advances to joint ventures (2,745) - (2,818) NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,638) (7,551) (46,552) NET CASH FLOWS FROM FINANCING ACTIVITIES - - - Cash was provided from: - - - Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 Cash was applied to: - - - Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (55,565) (55,660) NET (DECREASE) INCREASE IN NET CASH 28,265 1,678 </td <td></td> <td></td> <td></td> <td></td> <td></td>						
Purchase of non-controlling shareholding Acquisition of interest in joint ventures - (2,180) (2,180) Acquisition of interest in joint ventures 2,745) - (2,548) Advances to joint ventures (7,638) (7,551) (46,552) NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,482) 57,493 38,721 CASH FLOWS FROM FINANCING ACTIVITIES 27,306 - - Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 Cash was applied to: - - - Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (6,407) (7,741) (17,516) Repayments of lease liabilities (24,289) (25,365) (52,660) NET (DECREASE) INCREASE IN NET CASH 28,265) 1,678 31,042 NET (DECREASE) INCREASE IN NET CASH 28,265 1,678 31,042 Cash and cash equiv						
Acquisition of interest in joint ventures - (25,968) Advances to joint ventures (2,745) - (2,818) NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,482) 57,493 38,721 CASH FLOWS FROM FINANCING ACTIVITIES Cash was provided from: Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 Cash was applied to: 1 16 116 Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (52,660) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,545) (52,660) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,022 33,022 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 Cash and cash equivalents at the beginning of the period 65,776 33,202			(98)			
Advances to joint ventures (2,745) - (2,818) NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,638) (7,551) (46,552) CASH FLOWS FROM FINANCING ACTIVITIES (7,482) 57,493 38,721 CASH FLOWS FROM FINANCING ACTIVITIES 27,306			-	(2,180)		
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,638) (7,551) (46,552) CASH FLOWS FROM FINANCING ACTIVITIES 38,721 Cash was provided from: 27,306 - - Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 Cash was applied to: 27,402 116 116 Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,565) (52,660) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: 25,2			- (0.745)	-		
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES (7,482) 57,493 38,721 CASH FLOWS FROM FINANCING ACTIVITIES 38,721 38,721 38,721 Cash was provided from: 27,306 - - - Proceeds from seasonal facility borrowings 27,306 -	Advances to joint ventures	_		- (7.551)		
CASH FLOWS FROM FINANCING ACTIVITIES Cash was provided from: 27,306 - - Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 Cash was applied to: - - Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,565) (52,660) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: 2 2 1,384 68,144 Bank overdrafts - - (2,368)	NET CASH (LISED IN) DDOVIDED BY INIVESTIMA ACTIVITIES	-				
Cash was provided from: Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 Cash was applied to: 27,402 116 116 Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,546) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 NET foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: 2 2 1,384 65,776 Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - (2,368)	INET CASH (USED IIV) PROVIDED BY INVESTING ACTIVITIES	=	(7,482)	57,493	38,721	
Proceeds from seasonal facility borrowings 27,306 - - Treasury stock sold 96 116 116 Cash was applied to: 27,402 116 116 Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,544) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)						
Treasury stock sold 96 116 116 Cash was applied to: 27,402 116 116 Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,546) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - (2,368)	•		27.306	_	_	
Cash was applied to: Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,560) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)	· · · · · · · · · · · · · · · · · · ·			116	116	
Dividends paid (13,463) (13,419) (26,863) Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,566) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - - (2,368)	,	-	27,402		116	
Dividends paid to non-controlling interests (6,407) (7,741) (17,516) Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,560) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)		-				
Repayments of lease liabilities (4,419) (4,205) (8,281) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (24,289) (25,365) (52,660) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)						
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (24,289) (25,365) (52,660) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: 37,733 36,264 68,144 Bank overdrafts - - (2,368)						
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 3,113 (25,249) (52,544) NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)	Repayments of lease liabilities	_				
NET (DECREASE) INCREASE IN NET CASH (28,265) 1,678 31,042 Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: 222 1,384 1,532 </td <td>NET CACH DOOMDED DV (LICED IN) FINANCING ACTIVITIES</td> <td>_</td> <td></td> <td></td> <td></td>	NET CACH DOOMDED DV (LICED IN) FINANCING ACTIVITIES	_				
Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)	INET CASH PROVIDED BY (OSED III) FINANCING ACTIVITIES	=	3,113	(25,249)	(52,544)	
Net foreign exchange difference 222 1,384 1,532 Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)	NET (DECDEASE) INCOEASE IN NET CASH	=	(20 245)	1 470	21 0/2	
Cash and cash equivalents at the beginning of the period 65,776 33,202 33,202 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)		=				
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 37,733 36,264 65,776 Represented by: Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - - (2,368)						
Represented by: 37,733 36,264 68,144 Bank overdrafts - - - (2,368)		_				
Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - (2,368)	CASITATIVE CASITECTIVALETATE THE FIND OF THE LEVICE	=	31,133	30,204	00,770	
Cash and bank balances 37,733 36,264 68,144 Bank overdrafts - - (2,368)	Represented by:					
Bank overdrafts (2,368)			37.733	36.264	68.144	
			-	-		
		-	37,733	36,264		
		=	,	,	,	

Scales Corporation Limited Consolidated statement of cash flows for the six months ended 30 June 2023 (continued)

		Unaudited Six months ended		Audited Year ended	
		30 June	30 June	31 December	
		2023	2022	2022	
	Note	\$000's	\$000's	\$000's	
NET CASH GENERATED BY OPERATING ACTIVITIES	•				
Reconciliation of profit for the year to net cash generated by operating activities:					
Profit for the year		14,275	35,082	38,231	
Non-cash items:					
Hedging instruments		2,361	157	192	
Loss on hedge instruments recycled to profit or loss		2,301	2,856	172	
Share-based payments		248	2,630	609	
Change in gross liability on put options		554	(24)	4,215	
(Gain) loss on lease modification		(162)	(24)	1,854	
Impairment (reversal of impairment) on revaluation		4,015	-	3,729	
Impairment of goodwill		8,531	-	3,727	
Share of equity accounted results		(2,794)	(1,293)	(4,624)	
Amortisation		246	162	379	
Depreciation (including on right-of-use asset)		9,767	9,490	19,307	
Gain on disposal of property, plant and equipment		(3,159)	(3)	(66)	
Deferred tax		(8,159)	(6,801)	(1,774)	
Interest capitalised into loans		(111)	(0,001)	(24)	
JV purchase price receivable		(1,089)	_	(24)	
TV parenase price receivable		(1,007)			
Operating cash receipts not included in profit for the period:					
Dividends received from equity accounted entities		500	500	1,875	
Changes in net assets and liabilities:					
Trade and other receivables		(50,994)	(71,886)	(12,812)	
Agricultural produce		(37,560)	(60,802)	(588)	
Inventories		(3,739)	(8,579)	(12,553)	
Prepayments		(700)	539	(712)	
Trade and other payables		36,322	61,231	13,429	
Current tax assets and liabilities		7,752	8,516	(5,802)	
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	• -	(23,896)	(30,566)	44,865	

For and on behalf of the Board of Directors who authorised the issue of these interim financial statements on 22 August 2023.

Mike Petersen, Chair

Andy Borland, Managing Director

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

1. GENERAL INFORMATION

Scales Corporation Limited (the "Company" or "Scales") 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 and the Financial Reporting Act 2013. The Group consists of Scales, its subsidiaries and joint ventures. The principal activities of the Group are to grow apples, provide logistics services, export products, manufacture and trade food ingredients, provide insurance services to companies within the Group and operate processing facilities.

2. BASIS OF PREPARATION

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. The 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. 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 2022.

The information is presented in thousands of New Zealand dollars unless otherwise stated.

3. 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 and the United States of America.

Change in segments:

The Food Ingredients segment name has been changed to Global Proteins, which includes the new entities acquired during the year ended 31 December 2022 and shifting Profruit (2006) Limited to the Horticulture segment. This impacts the share of profit in entities accounted for using the equity method and the carrying value of investments accounted for using the equity method. The prior year figures have been restated to reflect this change in segments.

The Group's operations comprise the following operating segments:

Global Proteins: processing and marketing of proteins such as petfood ingredients, edible meat and offal products. Meateor Foods Limited, Meateor Foods Australia Pty Limited, Meateor Group Limited, Meateor US LLC, Shelby JV LLC Group (Shelby Cold Storage LLC, Shelby Exports Inc, Shelby Foods LLC, Shelby JV LLC, Shelby Properties LLC, Shelby Trucking LLC), Meateor GP Limited, Meateor Pet Foods Limited Partnership, Scales FI Group Holdings Pty Limited, Meateor Australia Pty Limited, FI Group Holdings Pty Limited Group (FI Group Holdings Pty Limited, Fayman International Group Pty Limited and Fayman New Zealand Limited) and ANZ Exports Pty Limited. Horticulture: orchards, fruit packing, juice concentrate processing and marketing. Mr Apple New Zealand Limited, New Zealand Apple Limited, Fern Ridge Produce Limited, Longview Group Holdings Limited and Profruit (2006) Limited. Logistics: logistics services. Scales Logistics Limited and Scales Logistics Australia Pty Ltd.

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

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

3. SEGMENT INFORMATION (CONTINUED)

	Global Proteins \$000's	Horticulture \$000's	Logistics \$000's	Other \$000's	Eliminations \$000's	Total \$000's
Unaudited	Ψ000 3	Ψ000 3	Ψ000 3	Ψ000 3	Ψ000 3	Ψ000 3
Six months ended 30 June 2023						
Total segment revenue	151,128	122,551	54,363	1,802	(20,476)	309,368
Inter-segment revenue		-	(19,157)	(1,319)	20,476	-
Revenue from external customers	151,128	122,551	35,206	483	-	309,368
Segment profit (loss) before income tax	30,277	(2,093)	2,273	(12,165)	-	18,292
Segment assets	179,903	405,809	22,026	11,962	-	619,700
Segment liabilities	30,081	139,721	11,945	75,634	-	257,381
Unaudited						
Six months ended 30 June 2022						
Total segment revenue	151,692	117,339	67,885	1,332	(28,940)	309,308
Inter-segment revenue	-	-	(27,409)	(1,531)	28,940	-
Revenue from external customers	151,692	117,339	40,476	(199)	-	309,308
Segment profit (loss) before income tax	29,525	15,709	3,490	(3,431)	-	45,293
Segment assets	124,391	467,824	28,708	43,531	-	664,454
Segment liabilities	34,653	197,583	17,486	26,094	-	275,816
Audited						
Year ended 31 December 2022						
Total segment revenue	319,923	228,854	123,338	2,893	(55,835)	619,173
Inter-segment revenue		-	(52,894)	(2,941)	55,835	
Revenue from external customers	319,923	228,854	70,444	(48)	-	619,173
Segment profit (loss) before income tax	58,099	(10,413)	5,544	(7,592)	-	45,638
Segment assets	169,018	345,096	29,032	37,312	-	580,458
Segment liabilities	46,398	107,850	15,967	18,429	-	188,644

4. SEASONALITY OF BUSINESS

The Horticulture business segment is subject to seasonal fluctuation. The apple crop has been picked, with packing and the export programme well under way as at 30 June. 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 valued 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.

Higher volumes are processed through the petfood ingredients plants in the first half of the year due to the seasonal nature of the meat industry. There is greater utilisation of logistics services over the first half of the year as seasonal products are shipped to export markets.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

5. REVENUE

	Unaudited Six months ended		Audited Year ended	
	30 June 2023	30 June 2022	31 December 2022	
	\$000's	\$000's	\$000's	
By nature:				
Revenue from the sale of goods	264,884	256,586	525,298	
Revenue from the rendering of services	46,172	50,874	88,990	
Fees and commission	(5)	(5)	13	
Net foreign exchange (loss) gain	(4,708)	(1,565)	(544)	
Rental revenue	3,025	3,418	5,416	
	309,368	309,308	619,173	
By segment and type:				
Horticulture - sale of agricultural produce	112,726	107,652	214,084	
Horticulture - agricultural produce related services	6,805	6,274	9,363	
Horticulture - other	3,020	3,413	5,407	
Global Proteins - sale of petfood ingredients	146,923	147,343	310,517	
Global Proteins - other	4,205	4,349	9,406	
Logistics services	35,206	40,476	70,444	
Other	483	(199)	(48)	
	309,368	309,308	619,173	

6. DIVIDENDS

During the six months ended 30 June 2023 the Company paid interim dividends totalling 9.5 cents per share and declared a final dividend of 9.5 cents per share in respect of the year ended 31 December 2022. This final dividend was paid on 7 July 2023.

During the six months ended 30 June 2022 the Company paid an interim dividend of 9.5 cents per share and declared a final dividend of 9.5 cents per share in respect of the year ended 31 December 2021. This final dividend was paid on 8 July 2022.

Scales Corporation Limited
Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

7. RESERVES

	Revaluation \$000's	Cash flow hedge \$000's	Share of joint ventures \$000's	Equity- settled employee benefits \$000's	Foreign exchange translation \$000's	Pension plan reserve \$000's	Total reserves \$000's
Unaudited							
Six months ended 30 June 2023 At 1 January 2023	93,545	(2,686)		1,082	162	(31)	92,590
Other comprehensive (loss) income Recognition of share-based payments	(14,054)	(6,471)	(530)	248	1,069	-	(19,986) 248
Shares fully vested	-	-	-	(499)	-	-	(499)
Balance at 30 June 2023	79,491	(9,157)	(12)	831	1,231	(31)	72,353
Unaudited							
Six months ended 30 June 2022			()			4 1	
At 1 January 2022	86,310	5,021	(70)	1,277	(168)	(210)	92,160
Other comprehensive income (loss) Recognition of share-based payments	-	(17,426)	(364)	289	1,289	-	(16,501) 289
Shares fully vested	-	-	-	(584)	_	-	(584)
Balance at 30 June 2022	86,310	(12,405)	(434)	982	1,121	(210)	75,364
Audited							
Year ended 31 December 2022							
At 1 January 2022	86,310	5,021	(70)	1,277	(168)	(210)	92,160
Other comprehensive income (loss)	7,235	(7,707)	588	-	330	179	625
Recognition of share-based payments	-	-	-	609	-	-	609
Shares fully vested Balance at 31 December 2022	93,545	(2,686)	518	(804) 1,082	162	(31)	(804) 92,590
Data location Document Local	70,010	(2,000)	510	1,002	102	(01)	72,070

8. EARNINGS PER SHARE

	Unaudited Six months ended 30 June 30 June 2023 2022		Audited Year ended 31 December 2022
Profit attributable to equity holders of the Company (\$000's):	3,896	26,059	19,412
Weighted average number of shares: Ordinary shares Effect of dilutive ordinary shares (non-vested Senior Executive Share Scheme) Weighted average number of ordinary shares for diluted earnings per share	141,729,183	140,900,047	141,413,787
	-	351,554	302,534
	141,729,183	141,251,601	141,716,321
Earnings per share (cents): Basic Diluted	2.7	18.5	13.7
	2.7	18.4	13.7

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

9. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

	Unauc Six month 30 June	Audited Year ended 31 December	
	2023	30 June 2022	2022
	\$000's	\$000's	\$000's
Current financial assets at fair value:			_
Foreign currency derivative instruments	1,644	3,912	4,435
Interest rate swap contracts and forward rate agreements	739	176	503
	2,383	4,088	4,938
Non-current financial assets:			
At fair value:			
Foreign currency derivative instruments	6,583	10,259	9,853
Interest rate swap contracts and forward rate agreements	793	941	1,004
Shares in unlisted companies	184	184	184
At amortised cost:			
Employee loans	2,202	990	1,628
Related party loans	5,764	-	2,842
	15,526	12,374	15,511
Current financial liabilities at fair value:			
Foreign currency derivative instruments	9,497	11,069	7,209
Put option	10,812	4,889	8,236
	20,309	15,958	15,445
Non-current financial liabilities at fair value:			
Foreign currency derivative instruments	14,909	23,840	11,802
Put option	-	788	1,586
·	14,909	24,628	13,388

Foreign currency derivative instruments

The Group is exposed to currency risk as a result of normal trading transactions denominated in foreign currencies. The Group uses foreign currency derivative financial instruments to manage its currency risk. The fair value of foreign currency derivative financial instruments at the reporting date is determined on a discounted cash flow basis whereby future cash flows are estimated based on forward exchange rates and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The Group's forward foreign exchange contracts and foreign exchange options are classified as Level 2 in the fair value hierarchy.

These foreign currency instruments are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from movements in foreign currency exchange rates on anticipated future transactions. It is anticipated that the sales will take place during the 2023 to 2028 financial years at which stage the amount deferred in equity will be released into profit or loss.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

9. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES (CONTINUED)

Interest rate swap contracts and forward rate agreements

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. Management monitors the level of interest rates on an ongoing basis and uses interest rate swaps and forward rate agreements to manage interest rate risk.

Under interest rate swap contracts and forward rate agreements, the Group agrees to exchange the difference between fixed and floating interest rate amounts calculated on agreed notional principal amounts. Such contracts, some of which may commence in future reporting years, enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued floating rate debt. The fair value of these contracts at the reporting date is determined by discounting the future cash flows using the forward interest rate curves at reporting date and the credit risk inherent in the contracts. The average contracted fixed interest rate is based on the notional principal amount at balance date. The Group's interest rate swap contracts and forward rate agreements are classified as Level 2 in the fair value hierarchy.

These interest rate swap contracts and forward rate agreements, exchanging floating rate interest amounts for fixed rate interest amounts, are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from floating interest rates on borrowings. The interest rate swap and forward rate agreement payments, and the interest payments on the loans occur simultaneously, and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

10. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

Certain directors or 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 into in the ordinary course of business on a third party arm's-length basis.

	Unaudited Six months ended		Audited Year ended
	30 June	30 June	31 December
	2023	2022	2022
	\$000's	\$000's	\$000's
(b) Key management personnel remuneration			
The compensation of the directors and executives, being the key management personnel of the Group, is as follows:			
Short-term employee benefits and directors' fees	2,403	1,764	3,445
Share-based payments	133	386	574
Post-employment benefits	75	57	113
	2,611	2,207	4,132
(c) Transactions with equity accounted entities			
Revenue from sale of goods	2,052	1,235	2,428
Revenue from services	3,973	2,897	·
Dividends and distributions received	500	500	
Interest received	111	-	24
Materials and services received	(479)	(311)	(998)
Trade receivables at balance date	267	584	, ,
Purchase of property, plant and equipment	-	-	15
Related party loans	5,764	-	2,842

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

11. CAPITAL COMMITMENTS

		Unaudited Six months ended	
	30 June	30 June	31 December
	2023	2022	2022
	\$000's	\$000's	\$000's
Commitments entered into in respect of apple trees	1,830	3,180	2,530
Commitments entered into in respect of property, plant and equipment	363	441	371
	2,193	3,621	2,901

12. CYCLONE GABRIELLE IMPACT

In February 2023, Cyclone Gabrielle struck the Hawke's Bay region. This impacted the Group's operations, in particular our orchards. The specific impact of the cyclone on the Group is disclosed below.

(a) Land, buildings and apple trees carried at fair value

Land and buildings shown at valuation were valued at fair value as at 31 December 2022 by independent registered valuers Added Valuation Limited and Logan Stone Limited. The valuations were arrived at by reference to market evidence of transaction prices for similar properties.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform valuations.

Due largely to the impacts of Cyclone Gabrielle on Hawke's Bay, no additional market-observable sales data was available subsequent to the valuations carried out as at 31 December 2022. The Group obtained advice from independent valuers which included market sentiment, changes in rental rates and income capitalisation rates.

As at 30 June 2023, an estimated range of reduced orchard values of 10% to 15% was determined based on market sentiment, changes in orchard land rental rates and increased interest rates. The decrease in valuation of 12.5%, reflecting the midpoint of the indicated range, was adopted and applied to each orchard's 31 December 2022 valuation, after considering any specific impairment of assets.

An estimated range of changes in coolstore and packhouse values of +1% to -10% was determined based on market sentiment, current rental rates and increased interest rates. The weighted average decrease in valuation of 4.4%, reflecting the midpoint of the indicated range, was adopted and applied to each coolstore and packhouse's 31 December 2022 valuation.

(b) Leases

Some leases of orchards damaged by Cyclone Gabrielle were not renewed, at their renewal dates, prior to 30 June 2023. The impact of not renewing these leases was the derecognition of the lease liability and right-of-use asset relating to these leases. The difference has been recorded as a gain on lease modification in the statement of comprehensive income.

(c) Plant and equipment impairment

Orchard plant, equipment and motor vehicles damaged or lost due to the flooding caused by Cyclone Gabrielle were fully impaired. The impairment has been recorded as an impairment of property plant and equipment in the statement of comprehensive income.

Any insurance proceeds relating to these assets are recognised when it is virtually certain that the related insurance claim is accepted and the value of the claim can be reliably measured. Accordingly, the Group recognised a \$3.2m insurance receivable as at 30 June 2023. Insurance proceeds are included in other income in the statement of financial performance.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

12. CYCLONE GABRIELLE IMPACT (CONTINUED)

(d) Goodwill

The directors have determined that there is an impairment of the Mr Apple CGU ("cash generating unit") as at 30 June 2023, as the carrying value exceeded the recoverable amount.

The directors estimated the recoverable amount of the Mr Apple CGU based on a value in use calculation which uses future cash flows covering a 5-year period.

Mr Apple CGU	\$000's
Recoverable amount	211,978
Carrying value	220,509
Impairment	(8,531)

Key assumptions:

Post-tax discount rate – 9.02%

Terminal growth rate beyond year 5 – 2.10%

The post-tax discount rate was determined based on the weighted average cost of capital which utilises past experience and external sources.

The sensitivity of the recoverable amount of the Mr Apple CGU to reasonably possible changes is set out below:

	\$000's	\$000's
	+0.5%	-0.5%
Post-tax discount rate	(14,784)	17,007
Terminal growth rate	12,214	(10,568)
-		
	+5%	-5%
Forecast earnings	16,781	(16,781)
<u>o</u>		

As a result of the impairment testing, the impairment was wholly allocated to the Mr Apple CGU goodwill.

(e) Government grants

The Group recognised a total of \$1.4m government grant revenue related to cyclone Gabrielle relief programs, included in other income.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2023

13. EVENTS OCCURRING AFTER BALANCE DATE

Receivable in respect of Fayman JV acquisition

The Group has accrued a net \$1.1m receivable in respect of the purchase price for the shareholdings in FI Group Holding Pty Limited and ANZ Exports Pty Limited that the Group acquired in October 2022. This represents a purchase price adjustment as defined in the sale and purchase agreement that was conditional on actual financial performance of the acquired companies, including collection of overdue trade debtors outstanding as of the acquisition date.

Investment in European petfood ingredients

The Group subscribed for a 50% shareholding in a newly established petfood ingredient processing operation, Esro Petfood BV on 10 August 2023. This joint venture will be based in Europe alongside Esro Food Group ("Esro"), who will hold the other 50% shareholding. Esro is a key player in Europe's animal by-product processing, with factories in The Netherlands, Belgium and Spain.

The Group is providing lending facilities to the joint venture company for a combined €15 million to fund capital expenditure for two petfood ingredient processing plants in Europe.

Other

There were no other events occurring subsequent to balance date which require adjustment to, or disclosure, in the financial statements.