

**ZESPRI GROUP LIMITED AND SUBSIDIARIES – CORE BUSINESS**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**ADDITIONAL DISCLOSURES**  
**FOR THE YEAR ENDED 31 MARCH 2018**

# ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS

## SPECIAL PURPOSE FINANCIAL STATEMENTS

### Additional Disclosures

#### FOR THE YEAR ENDED 31 MARCH 2018

The Special Purpose Financial Statements comprise the attached Zespri Group Limited (ZGL) Annual Report for the year ended 31 March 2018 and the additional disclosures below.

During the year a change was made to the definition of the "core business" within the Kiwifruit Export Regulations 1999 ("the Regulations"). These regulations require that ZGL publically disclose financial statements in respect of each of the business activities defined in the Kiwifruit Information Disclosure Handbook ("the Handbook") and that the financial statements are prepared in accordance with the allocation methodology in the Handbook. Government has not yet updated the Handbook to incorporate the new definition of "core business" that exists in the Regulations and therefore the Handbook refers to the old definition of "core business". Due to this ambiguity and to ensure consistency with how the financial statements were prepared in prior years, the financial statements have been prepared in accordance with the Handbook.

#### 1. Exemption from Separate Accounting for "Other" Business

ZGL has obtained exemption from Kiwifruit New Zealand for the following requirements:

- to 'Mark-to-market' gains/losses on derivatives related to 'Other' business; and
- to disclose as 'Other' business all sales, expenses, assets and liabilities of the New Zealand sourced fresh Kiwifruit into Australia and New Zealand.

ZGL's 'other' business relates to the following activities:

- New cultivar research and development, R&D (excluding new cultivars);
- Non-New Zealand grown Kiwifruit; and
- Corporate Services.

Please note that the business is run on an amalgamated basis and therefore all cash is held centrally, and dividends, tax charges and financial hedges cannot be allocated to separate business segments.

#### 2. Alternative Revenue Statement

The Alternative Revenue statement is detailed on pages 6 to 7 and the related footnotes on page 8 of the Zespri Group Limited Annual Report.

##### Pool costs as a percentage of pool revenue

Total pool costs as a percentage of total pool revenue are detailed on page 8 of the Zespri Group Limited Annual Report. Refer to note 5 below for cost as a percentage of revenue by class 1 pool.

#### 3. Cause of Change

|   | 2018<br>\$000 | 2017<br>\$000 | 2016<br>\$000 |
|---|---------------|---------------|---------------|
| Prior year Fruit and Service Payments (including Loyalty Premium) | 1,380,030     | 1,143,052     | 938,968       |
| Prior year ZGL profit for the year                                | 73,701        | 35,828        | 34,621        |
| Total prior year return   | 1,453,731     | 1,178,880     | 973,589       |
| Changes due to volume increase                                    | (162,286)     | 292,898       | 329,074       |
| Changes due to market and profile mix <sup>1</sup>                | 98,824        | (25,909)      | (21,320)      |
| Total volume change <sup>2</sup>                                  | (63,462)      | 266,989       | 307,754       |
| Changes due to change in price <sup>3</sup>                       | 194,169       | (22,374)      | (137,128)     |
| Changes due to foreign exchange <sup>4</sup>                      | (11,637)      | (15,098)      | 22,918        |
| Changes due to Non NZ Fruit Profit                                | (2,643)       | 1,436         | 1,424         |
| Changes due to Freight movements                                  | (15,278)      | 26,024        | 22,080        |
| Changes due to change in tax expense                              | (10,494)      | (22,686)      | 5,618         |
| Changes due to other income movements                             | 36,383        | 70,556        | (10,681)      |
| Changes due to other cost movements                               | (10,870)      | (29,996)      | (6,694)       |
| Total current year return   | 1,569,899     | 1,453,731     | 1,178,880     |
| Represented by:   |               |               |               |
| Fruit and Service Payments  | 1,433,956     | 1,343,983     | 1,113,410     |
| Loyalty Premium   | 34,101        | 36,047        | 29,642        |
| ZGL profit for the year   | 101,842       | 73,701        | 35,828        |
| Total current year return   | 1,569,899     | 1,453,731     | 1,178,880     |

<sup>1</sup> Changes due to reallocation of kiwifruit between markets reflect the impact of change in market mix. This is calculated by calculating the total movement in year on year volumes on a region by region basis and changes in movement in year on year volumes by size.

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- <sup>2</sup> Changes due to volume are the sum of changes in volume by size by variety for New Zealand-grown kiwifruit between the prior year season multiplied by the corresponding NZD market contribution per tray for the prior season.
- <sup>3</sup> Changes due to price are calculated by size on a region by region basis where prices for individual product groups of New Zealand-grown fruit have changed between seasons. This is calculated using the following formula:
- ((Current year's average tray price per sales region (in sales currency) – prior year's average tray price per sales region (in sales currency)) / (prior year's effective FX rate)) \* (current year's volume per sales region).
- <sup>4</sup> Changes due to foreign exchange reflect exchange movements in respect to the supply and sale of New Zealand-grown kiwifruit, and are calculated based on the total of:
- the movement in current year's sales and expenses versus prior year by size on a line by line basis calculated by the difference between the current year figures translated into New Zealand dollars at the transaction date exchange rate versus prior year's transaction date exchange rates;
  - the movement between current and prior year realised gain or loss on forward cover contracts; and
  - the difference between prior year and current year unrealised exchange gains or losses which are determined by the revaluation of foreign currency denominated assets and liabilities at year end exchange rates.

### 4. New Zealand-grown kiwifruit revenue by pool

|  | 2018<br>\$000 | 2017<br>\$000 | 2016<br>\$000 |
|--|---------------|---------------|---------------|
| Zespri® Green kiwifruit                  | 929,204       | 1,025,529     | 1,002,182     |
| Zespri® Organic Green kiwifruit          | 45,747        | 54,816        | 55,538        |
| Zespri® Gold/Organic Gold kiwifruit      | 1,106,261     | 933,832       | 628,836       |
| Zespri® Sweet Green kiwifruit            | 17,750        | 22,997        | 22,973        |
| Class 2 Green Kiwifruit*                 | 6,292         | 3,565         | 5,885         |
| Class 2 Organic Green kiwifruit*         | 806           | 575           | 314           |
| Class 2 Gold / Organic Gold kiwifruit*   | 11,870        | -             | -             |
| Family Kiwi™/K1W1™ Sweet Green Kiwifruit | -             | -             | 151           |
| Non Standard Supply                      | 10,171        | 5,018         | 7,424         |
| Net Sales of New Zealand-grown kiwifruit | 2,128,101     | 2,046,332     | 1,723,303     |

\* includes Family Kiwi™ and Zespri® brands

### 5. New Zealand-grown kiwifruit costs as a percentage of revenue by class 1 pool

| New Zealand-grown Kiwifruit Costs<br>as a Percentage of Revenue | Zespri® Green kiwifruit |               |               |
|---|-------------------------|---------------|---------------|
|   | 2017/18                 | 2016/17       | 2015/16       |
| Zespri margin   | 7.7%                    | 6.8%          | 6.9%          |
| Freight   | 7.5%                    | 7.9%          | 9.3%          |
| Insurance   | 0.3%                    | 0.2%          | 0.4%          |
| Duty and customs  | 4.1%                    | 4.1%          | 4.4%          |
| Other onshore direct costs                                      | 1.4%                    | 1.9%          | 1.9%          |
| Other offshore direct costs                                     | 3.5%                    | 4.2%          | 3.1%          |
| Promotion   | 4.4%                    | 5.7%          | 5.2%          |
| Interest  | 0.1%                    | 0.0%          | 0.2%          |
| KNZ/NZKGI   | 0.1%                    | 0.1%          | 0.1%          |
| Purchase of Kiwifruit   | 70.9%                   | 69.1%         | 68.5%         |
| <b>TOTAL</b>  | <b>100.0%</b>           | <b>100.0%</b> | <b>100.0%</b> |
| Revenue attributable to Zespri Green Kiwifruit (\$'000)         | 929,204                 | 1,025,529     | 1,002,182     |





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| New Zealand-grown Kiwifruit Costs<br>as a Percentage of Revenue    | Zespri® ORGANIC GREEN kiwifruit |               |               |
|--|---------------------------------|---------------|---------------|
|  | 2017/18                         | 2016/17       | 2015/16       |
| Zespri margin  | 8.6%                            | 8.4%          | 7.6%          |
| Freight  | 6.7%                            | 7.2%          | 7.7%          |
| Insurance  | 0.2%                            | 0.2%          | 0.2%          |
| Duty and customs   | 4.3%                            | 3.7%          | 4.5%          |
| Other onshore direct costs   | 1.5%                            | 1.6%          | 1.6%          |
| Other offshore direct costs  | 4.6%                            | 3.8%          | 3.4%          |
| Promotion  | 3.4%                            | 4.5%          | 4.0%          |
| Interest   | 0.1%                            | 0.0%          | 0.1%          |
| KNZ/NZKGI  | 0.1%                            | 0.1%          | 0.1%          |
| Purchase of Kiwifruit  | 70.5%                           | 70.5%         | 70.8%         |
| <b>TOTAL</b>   | <b>100.0%</b>                   | <b>100.0%</b> | <b>100.0%</b> |
| Revenue attributable to Zespri Green<br>Organic Kiwifruit (\$'000) | 45,747                          | 54,816        | 55,538        |

| New Zealand-grown Kiwifruit Costs<br>as a Percentage of Revenue | Zespri® Gold/Organic Gold kiwifruit |               |               |
|---|-------------------------------------|---------------|---------------|
|   | 2017/18                             | 2016/17       | 2015/16       |
| Zespri margin   | 8.6%                                | 8.3%          | 7.8%          |
| Freight   | 5.3%                                | 5.1%          | 6.1%          |
| Insurance   | 0.4%                                | 0.5%          | 0.4%          |
| Duty and customs  | 3.4%                                | 3.7%          | 4.8%          |
| Other onshore direct costs                                      | 4.1%                                | 4.2%          | 4.3%          |
| Other offshore direct costs                                     | 2.9%                                | 3.3%          | 2.9%          |
| Promotion   | 7.8%                                | 9.2%          | 10.9%         |
| Interest  | 0.1%                                | 0.0%          | 0.1%          |
| KNZ/NZKGI   | 0.1%                                | 0.1%          | 0.1%          |
| Purchase of Kiwifruit   | 67.3%                               | 65.6%         | 62.6%         |
| <b>TOTAL</b>  | <b>100.0%</b>                       | <b>100.0%</b> | <b>100.0%</b> |
| Revenue attributable to Zespri Gold<br>Kiwifruit (\$'000)       | 1,106,261                           | 933,832       | 628,836       |

| New Zealand-grown Kiwifruit Costs<br>as a Percentage of Revenue  | Zespri® GREEN14 kiwifruit |               |               |
|--|---------------------------|---------------|---------------|
|  | 2017/18                   | 2016/17       | 2015/16       |
| Zespri margin  | 8.0%                      | 8.2%          | 8.1%          |
| Freight  | 8.8%                      | 6.0%          | 7.0%          |
| Insurance  | 0.3%                      | 0.3%          | 0.3%          |
| Duty and customs   | 5.1%                      | 2.8%          | 3.3%          |
| Other onshore direct costs                                       | 4.4%                      | 4.7%          | 5.4%          |
| Other offshore direct costs                                      | 4.8%                      | 4.3%          | 3.4%          |
| Promotion  | 7.6%                      | 10.5%         | 10.3%         |
| Interest   | 0.1%                      | 0.0%          | 0.1%          |
| KNZ/NZKGI  | 0.1%                      | 0.1%          | 0.1%          |
| Purchase of Kiwifruit  | 60.8%                     | 63.1%         | 62.0%         |
| <b>TOTAL</b>   | <b>100.0%</b>             | <b>100.0%</b> | <b>100.0%</b> |
| Revenue attributable to Zespri Sweet<br>Green Kiwifruit (\$'000) | 17,750                    | 22,997        | 22,973        |



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**6. New Zealand-grown kiwifruit Supplier Return Analysis**

Total Fruit and Service Payments (including Loyalty Premium) are detailed in Appendix B.

The allocation of revenue and cost between Pools and Corporate (non-pool) is based on the Annual Supply Agreement between Zespri Group Limited and Suppliers. The allocation between pools has been applied as follows:

- Sales are directly allocated to individual pools.
- Where expenses are directly attributable to one pool, they are allocated to that pool.
- Where expenses relate to more than one pool, amounts are allocated to pools based on allocation methods disclosed and agreed annually with the 'Industry Advisory Council' ('IAC'), captured in the Pool Policy Manual.

**7. New Zealand Registered Number of Suppliers**

|                     | 2018        | 2017        | 2016        |
|---------------------|-------------|-------------|-------------|
| Number of Suppliers | 15          | 12          | 13          |
| Trays Supplied      | 124,433,259 | 145,871,274 | 120,144,633 |

**8. Regional Production Analysis**

The Regional Production Analysis is shown in Appendix C.

The average trays per hectare in the tables in Appendix C equals Class 1 volumes submitted divided by productive hectares. The source data for productive hectares is derived from KPIN registrations and other returns by growers stating the number of producing hectares. While Zespri reviews this data for reasonableness, the information has not been audited and its integrity is reliant on the accurate completion of returns by growers. The trays per hectare may be distorted by the inclusion of orchards in the first years of production in the calculation.

**9. Non-New Zealand-grown kiwifruit revenue by pool**

|  | 2018<br>\$000  | 2017<br>\$000  | 2016<br>\$000  |
|--|----------------|----------------|----------------|
| Zespri® Green kiwifruit                      | 124,218        | 108,503        | 104,312        |
| Zespri® Gold/Organic Gold kiwifruit          | 133,715        | 103,861        | 76,923         |
| Family Kiwi™ Gold / Organic Gold kiwifruit   | 5,341          | 3,206          | 2,381          |
| Net Sales of non-New Zealand-grown kiwifruit | <u>263,274</u> | <u>215,570</u> | <u>183,616</u> |

**10. Non-New Zealand-grown kiwifruit Supplier Return Analysis**

|   | 2018<br>\$000  | 2017<br>\$000  | 2016<br>\$000  |
|---|----------------|----------------|----------------|
| Zespri® Green kiwifruit                         | 104,112        | 81,468         | 80,717         |
| Zespri® Gold/Organic Gold kiwifruit             | 95,902         | 76,208         | 59,168         |
| Family Kiwi™ Gold / Organic Gold kiwifruit      | 3,461          | 2,457          | 1,782          |
| Non-New Zealand-grown kiwifruit supplier return | <u>203,475</u> | <u>160,133</u> | <u>141,667</u> |

**11. Disclosure of Transfer Payments**

In accordance with Regulation 13(e) of the Kiwifruit Export Regulations transfer payments between business segments are detailed in Appendix D. All transfers relate to goods or services performed in the year ended 31 March 2018.

During the year ended 31 March 2018 no inter-segment amounts have been written off or forgiven (2017: Nil).



# ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS SPECIAL PURPOSE FINANCIAL STATEMENTS

## Additional Disclosures FOR THE YEAR ENDED 31 MARCH 2018

### 12. Zespri Group Limited Shareholder Statistics

Shareholder statistics are detailed on pages 26, 27 and 46 of the Zespri Group Limited Annual Report.

Please note the following in relation to the statistics detailed on page 46 of the Annual Report:

- The share price is the last price paid for shares on or before 31 March 2018 as per Unlisted share trading platform.
- The number of shares sold represents the number of shares transferred as advised by Computershare Investor Services Limited. This figure excludes off market share transfers, shares transferred with property sales and shares transferred within family entities which are separately disclosed.

### 13. Other Fresh Kiwifruit costs as a percentage of revenue

| Other Fresh Kiwifruit Costs<br>as a Percentage of<br>Revenue | 2017/18       | 2016/17       | 2015/16       |
|--|---------------|---------------|---------------|
| Zespri margin  | 11.1%         | 12.9%         | 12.2%         |
| Freight  | 3.3%          | 4.1%          | 4.3%          |
| Insurance  | 0.0%          | 0.0%          | 0.0%          |
| Duty and customs   | 2.2%          | 2.6%          | 0.0%          |
| Other onshore direct costs                                   | 0.0%          | 0.0%          | 0.0%          |
| Other offshore direct costs                                  | 3.6%          | 3.5%          | 3.3%          |
| Promotion  | 2.4%          | 2.6%          | 3.1%          |
| Interest   | 0.0%          | 0.0%          | 0.0%          |
| KNZ/NZKGI  | 0.0%          | 0.0%          | 0.0%          |
| Purchase of Kiwifruit  | 77.4%         | 74.3%         | 77.1%         |
| <b>TOTAL</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| Revenue attributable to Other<br>Fresh Kiwifruit (\$'000)    | 263,274       | 215,570       | 183,616       |

The Additional Disclosures to the financial statements were authorised for issue by the Directors of Zespri Group Limited on 27 June 2018.

Authorised for and on behalf of the Board:



**J P Mason**  
Director





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**Appendix A – Business Segment Analysis**

TOTAL ASSETS BY SEGMENT 2017-18

As at 31 March 2018

|  | NZ Fresh kiwifruit<br>\$'000 | Non-NZ<br>fresh<br>kiwifruit<br>\$'000 | R & D<br>\$'000 | Corporate<br>services<br>\$'000 | New<br>Cultivars<br>\$'000 | TOTAL<br>\$'000 |
|--|------------------------------|--|-----------------|---------------------------------|----------------------------|-----------------|
| <b>Current assets:</b>   |                              |  |                 |                                 |                            |                 |
| Bank, cash, short-term investments                                   | -                            | 21                                     | -               | 153,693                         | -                          | 153,714         |
| Trade debtors  | 11,634                       | 27,245                                 | 1,370           | 32,558                          | 779                        | 73,586          |
| Other debtors / current assets                                       | -                            | -                                      | -               | 4,335                           | -                          | 4,335           |
| Other financial assets   | 51,588                       | -                                      | -               | -                               | -                          | 51,588          |
| Inventory / stock  | 35,783                       | 10,484                                 | -               | 541                             | -                          | 46,808          |
| Prepayments  | 20,281                       | 503                                    | 862             | 14,472                          | -                          | 36,118          |
| Total current assets   | 119,286                      | 38,253                                 | 2,232           | 205,599                         | 779                        | 366,149         |
| <b>Fixed Assets:</b>   |                              |  |                 |                                 |                            |                 |
| Information system assets  | -                            | 60                                     | -               | 930                             | -                          | 990             |
| Motor vehicles   | -                            | 16                                     | -               | 450                             | -                          | 466             |
| Office equipment   | -                            | 103                                    | 66              | 1,235                           | -                          | 1,404           |
| Land   | -                            | -                                      | -               | 9,568                           | -                          | 9,568           |
| Buildings  | -                            | -                                      | -               | 323                             | -                          | 323             |
| Leasehold improvements   | -                            | 121                                    | -               | 1,110                           | -                          | 1,231           |
| Capital work in progress   | -                            | -                                      | -               | 13,234                          | -                          | 13,234          |
| Total fixed assets   | -                            | 300                                    | 66              | 26,850                          | -                          | 27,216          |
| <b>Intangibles</b>   |                              |  |                 |                                 |                            |                 |
| Development costs  | -                            | -                                      | -               | 3,173                           | -                          | 3,173           |
| Information systems  | -                            | 2                                      | -               | 20,710                          | -                          | 20,712          |
| Intangibles work in progress   | -                            | -                                      | -               | 9,730                           | -                          | 9,730           |
| Total intangibles  | -                            | 2                                      | -               | 33,613                          | -                          | 33,615          |
| <b>Other non - current assets</b>                                    |                              |  |                 |                                 |                            |                 |
| Other financial assets   | 57,473                       | -                                      | -               | -                               | -                          | 57,473          |
| Prepayments  | -                            | -                                      | -               | 6,666                           | -                          | 6,666           |
| Other  | -                            | -                                      | -               | 36,496                          | -                          | 36,496          |
| Total other non-current assets                                       | 57,473                       | -                                      | -               | 43,162                          | -                          | 100,635         |
| <b>TOTAL ASSETS</b>  | <b>176,759</b>               | <b>38,555</b>                          | <b>2,298</b>    | <b>309,224</b>                  | <b>779</b>                 | <b>527,615</b>  |
| <b>Current Liabilities</b>   |                              |  |                 |                                 |                            |                 |
| Accounts payable   | (94,375)                     | (53,710)                               | (2,689)         | (22,400)                        | (3,703)                    | (176,877)       |
| Accrued payroll  | -                            | (794)                                  | (219)           | (16,411)                        | -                          | (17,424)        |
| Provisions and insurance liabilities                                 | -                            | (77)                                   | -               | (42,345)                        | -                          | (42,422)        |
| Other financial liabilities  | (51,588)                     | -                                      | -               | -                               | -                          | (51,588)        |
| Other current liabilities  | -                            | 3                                      | -               | (9,065)                         | -                          | (9,062)         |
| Total current liabilities  | (145,963)                    | (54,578)                               | (2,908)         | (90,221)                        | (3,703)                    | (297,373)       |
| <b>Long term liabilities</b>   |                              |  |                 |                                 |                            |                 |
| Accrued payroll  | -                            | (468)                                  | -               | (1,445)                         | -                          | (1,913)         |
| Provisions and insurance liabilities                                 | -                            | -                                      | -               | (149)                           | -                          | (149)           |
| Other financial liabilities  | (57,473)                     | -                                      | -               | -                               | -                          | (57,473)        |
| Other long term liabilities  | -                            | -                                      | -               | (2,367)                         | -                          | (2,367)         |
| Total long term liabilities  | (57,473)                     | (468)                                  | -               | (3,961)                         | -                          | (61,902)        |
| <b>Equity</b>  |                              |  |                 |                                 |                            |                 |
| Total equity & liabilities   | (203,436)                    | (55,046)                               | (2,908)         | (262,522)                       | (3,703)                    | (527,615)       |
| Segment receivable / (loan)<br>(before tax & dividend distributions) | 26,677                       | 16,491                                 | 610             | (46,702)                        | 2,924                      | -               |

All share capital, reserves and retained earnings are held by Corporate Services. Taxation expense and dividend distributions are not allocated to segments.



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TOTAL ASSETS BY SEGMENT 2016-17

As at 31 March 2017

|  | NZ Fresh kiwifruit<br>\$'000 | Non-NZ<br>fresh<br>kiwifruit<br>\$'000 | R & D<br>\$'000 | Corporate<br>services<br>\$'000 | New<br>Cultivars<br>\$'000 | TOTAL<br>\$'000  |
|--|------------------------------|--|-----------------|---------------------------------|----------------------------|------------------|
| <b>Current assets:</b>   |                              |  |                 |                                 |                            |                  |
| Bank, cash, short-term investments                                   | -                            | 21                                     | -               | 186,989                         | -                          | 187,010          |
| Trade debtors  | 22,303                       | 23,895                                 | 2,134           | 17,451                          | 1,565                      | 67,348           |
| Other debtors / current assets                                       | -                            | -                                      | -               | 21,317                          | -                          | 21,317           |
| Other financial assets   | 51,964                       | 57                                     | -               | -                               | -                          | 52,021           |
| Inventory / stock  | 50,600                       | 5,492                                  | -               | (260)                           | -                          | 55,832           |
| Prepayments  | 11,164                       | 98                                     | 848             | 8,344                           | -                          | 20,454           |
| <b>Total current assets</b>  | <b>136,031</b>               | <b>29,563</b>                          | <b>2,982</b>    | <b>233,841</b>                  | <b>1,565</b>               | <b>403,982</b>   |
| <b>Fixed Assets:</b>   |                              |  |                 |                                 |                            |                  |
| Information system assets  | -                            | 57                                     | 1               | 1,265                           | -                          | 1,323            |
| Motor vehicles   | -                            | 22                                     | -               | 525                             | -                          | 547              |
| Office equipment   | -                            | 51                                     | 121             | 1,061                           | -                          | 1,233            |
| Land   | -                            | -                                      | -               | 9,587                           | -                          | 9,587            |
| Buildings  | -                            | -                                      | -               | 1,680                           | -                          | 1,680            |
| Leasehold improvements   | -                            | 133                                    | -               | 1,246                           | -                          | 1,379            |
| Capital work in progress   | -                            | -                                      | -               | 2,514                           | -                          | 2,514            |
| <b>Total fixed assets</b>  | <b>-</b>                     | <b>263</b>                             | <b>122</b>      | <b>17,878</b>                   | <b>-</b>                   | <b>18,263</b>    |
| <b>Intangibles</b>   |                              |  |                 |                                 |                            |                  |
| Development costs  | -                            | -                                      | -               | 4,243                           | -                          | 4,243            |
| Information systems  | -                            | 3                                      | -               | 24,093                          | -                          | 24,096           |
| Intangibles work in progress   | -                            | 7                                      | -               | 2,929                           | -                          | 2,936            |
| <b>Total intangibles</b>   | <b>-</b>                     | <b>10</b>                              | <b>-</b>        | <b>31,265</b>                   | <b>-</b>                   | <b>31,275</b>    |
| <b>Other non - current assets</b>                                    |                              |  |                 |                                 |                            |                  |
| Other financial assets   | 44,305                       | -                                      | -               | -                               | -                          | 44,305           |
| Prepayments  | -                            | -                                      | -               | 603                             | -                          | 603              |
| Other  | -                            | -                                      | -               | 54,952                          | -                          | 54,952           |
| <b>Total other non-current assets</b>                                | <b>44,305</b>                | <b>-</b>                               | <b>-</b>        | <b>55,555</b>                   | <b>-</b>                   | <b>99,860</b>    |
| <b>TOTAL ASSETS</b>  | <b>180,336</b>               | <b>29,836</b>                          | <b>3,104</b>    | <b>338,539</b>                  | <b>1,565</b>               | <b>553,380</b>   |
| <b>Current Liabilities</b>   |                              |  |                 |                                 |                            |                  |
| Accounts payable   | (128,717)                    | (40,093)                               | (4,322)         | (23,409)                        | (3,921)                    | (200,462)        |
| Accrued payroll  | -                            | (644)                                  | (163)           | (14,486)                        | -                          | (15,293)         |
| Provisions and insurance liabilities                                 | (4,609)                      | (68)                                   | -               | (26,249)                        | -                          | (30,926)         |
| Other financial liabilities  | (51,964)                     | (3)                                    | -               | -                               | -                          | (51,967)         |
| Other current liabilities  | -                            | -                                      | -               | (35,346)                        | -                          | (35,346)         |
| <b>Total current liabilities</b>                                     | <b>(185,290)</b>             | <b>(40,808)</b>                        | <b>(4,485)</b>  | <b>(99,490)</b>                 | <b>(3,921)</b>             | <b>(333,994)</b> |
| <b>Long term liabilities</b>   |                              |  |                 |                                 |                            |                  |
| Accrued payroll  | -                            | (347)                                  | -               | (1,136)                         | -                          | (1,483)          |
| Provisions and insurance liabilities                                 | -                            | -                                      | -               | (593)                           | -                          | (593)            |
| Other financial liabilities  | (44,305)                     | -                                      | -               | -                               | -                          | (44,305)         |
| Other long term liabilities  | -                            | -                                      | -               | (1,032)                         | -                          | (1,032)          |
| <b>Total long term liabilities</b>                                   | <b>(44,305)</b>              | <b>(347)</b>                           | <b>-</b>        | <b>(2,761)</b>                  | <b>-</b>                   | <b>(47,413)</b>  |
| <b>Equity</b>  | <b>-</b>                     | <b>-</b>                               | <b>-</b>        | <b>(171,973)</b>                | <b>-</b>                   | <b>(171,973)</b> |
| <b>Total equity &amp; liabilities</b>                                | <b>(229,595)</b>             | <b>(41,155)</b>                        | <b>(4,485)</b>  | <b>(274,224)</b>                | <b>(3,921)</b>             | <b>(553,380)</b> |
| Segment receivable / (loan)<br>(before tax & dividend distributions) | 49,259                       | 11,319                                 | 1,381           | (64,315)                        | 2,356                      | -                |

All share capital, reserves and retained earnings are held by Corporate Services. Taxation expense and dividend distributions are not allocated to segments.





# ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS SPECIAL PURPOSE FINANCIAL STATEMENTS

## Additional Disclosures FOR THE YEAR ENDED 31 MARCH 2018

### Net profit/(loss) by business segment for the year ended 31 March 2018

| 2017/18   | OTHER BUSINESS                 |                          |                                  |                       |                  | Eliminations     | Total            |
|---|--------------------------------|--------------------------|----------------------------------|-----------------------|------------------|------------------|------------------|
|   | New Zealand<br>Fresh Kiwifruit | Other Fresh<br>Kiwifruit | R&D (Excluding<br>New Cultivars) | Corporate<br>Services | New<br>Cultivars |                  |                  |
|   | \$'000                         | \$'000                   | \$'000                           | \$'000                | \$'000           | \$'000           | \$'000           |
| Revenue from sale of NZ kiwifruit (exc transfers)       | 2,128,720                      | -                        | -                                | -                     | -                | -                | 2,128,720        |
| Revenue from sale of Non-NZ kiwifruit                   | -                              | 263,274                  | -                                | -                     | -                | -                | 263,274          |
| Transfer payment: Collaborative Marketing Commission    | (619)                          | -                        | -                                | -                     | -                | -                | (619)            |
| <b>Total Sales revenue - external customers</b>         | <b>2,128,101</b>               | <b>263,274</b>           | <b>-</b>                         | <b>-</b>              | <b>-</b>         | <b>-</b>         | <b>2,391,375</b> |
| Transfer revenue: Sale of NZ Kiwifruit to R&D           | 178                            | -                        | -                                | -                     | -                | (178)            | -                |
| Transfer revenue: Funding - Corporate                   | -                              | -                        | 3,304                            | -                     | 12,068           | (21,372)         | -                |
| <b>Inter-segment revenue</b>                            | <b>178</b>                     | <b>-</b>                 | <b>3,304</b>                     | <b>-</b>              | <b>12,068</b>    | <b>(21,550)</b>  | <b>-</b>         |
| <b>ZGL Commission from NZ Kiwifruit</b>                 | <b>-</b>                       | <b>-</b>                 | <b>-</b>                         | <b>203,757</b>        | <b>-</b>         | <b>(203,757)</b> | <b>-</b>         |
| Transfer revenue: Collaborative Marketing Commission    | -                              | -                        | -                                | 619                   | -                | -                | 619              |
| Transfer revenue: New Cultivar Royalties NZ Kiwifruit   | -                              | -                        | -                                | 20,723                | -                | (20,723)         | -                |
| Revenue from insurance claims *                         | 147                            | 229                      | -                                | -                     | -                | -                | 376              |
| GOLD licences issued                                    | -                              | -                        | -                                | 101,746               | -                | -                | 101,746          |
| Other   | 245                            | 185                      | -                                | 2,573                 | -                | -                | 3,003            |
| Research grant co-funding                               | -                              | -                        | 3,040                            | -                     | 2,318            | -                | 5,358            |
| External Royalties                                      | -                              | -                        | -                                | 52                    | -                | -                | 52               |
| <b>Other revenue *</b>                                  | <b>392</b>                     | <b>414</b>               | <b>3,040</b>                     | <b>125,713</b>        | <b>2,318</b>     | <b>(20,723)</b>  | <b>111,154</b>   |
| <b>Total revenue (exc interest)</b>                     | <b>2,128,671</b>               | <b>263,688</b>           | <b>12,344</b>                    | <b>335,470</b>        | <b>14,386</b>    | <b>(252,030)</b> | <b>2,502,529</b> |
| Freight   | 135,621                        | 8,682                    | -                                | -                     | -                | -                | 144,303          |
| Insurance (onshore and offshore)                        | 8,043                          | -                        | -                                | -                     | -                | -                | 8,043            |
| Duty and customs  | 78,563                         | 5,321                    | -                                | -                     | -                | -                | 84,484           |
| Promotion   | 134,090                        | 6,283                    | -                                | -                     | -                | -                | 140,373          |
| Other direct costs - offshore *                         | 66,387                         | 3,958                    | -                                | -                     | -                | -                | 78,345           |
| Other direct costs - onshore                            | 40,103                         | -                        | -                                | -                     | -                | -                | 40,103           |
| KNZ/NZKGI/KYH costs                                     | 3,792                          | -                        | -                                | -                     | -                | -                | 3,792            |
| Purchase of Kiwifruit                                   | 1,433,356                      | 203,475                  | -                                | -                     | -                | -                | 1,637,431        |
| Loyalty premium   | -                              | -                        | -                                | 34,101                | -                | -                | 34,101           |
| <b>Transfer Payments:</b>                               |                                |                          |                                  |                       |                  |                  |                  |
| Funding R&D (excluding New Cultivars)                   | -                              | -                        | -                                | 3,304                 | -                | (3,304)          | -                |
| Funding New Cultivars                                   | -                              | -                        | -                                | 12,068                | -                | (12,068)         | -                |
| ZGL Commission from NZ Kiwifruit                        | 203,757                        | -                        | -                                | -                     | -                | (203,757)        | -                |
| Inter-segment Purchase of NZ Kiwifruit                  | -                              | -                        | 178                              | -                     | -                | (178)            | -                |
| Inter-segment service charge                            | -                              | 7,529                    | (438)                            | (8,769)               | 1,678            | -                | -                |
| ZGL Royalty new cultivars                               | 18,723                         | 2,000                    | -                                | -                     | -                | (20,723)         | -                |
| Research & Development                                  | -                              | 635                      | 10,478                           | -                     | 12,118           | -                | 23,231           |
| Information system expenses                             | -                              | -                        | -                                | 13,260                | -                | -                | 13,260           |
| Depreciation  | -                              | 71                       | 52                               | 2,654                 | -                | -                | 2,777            |
| Amortisation / impairment of intangible assets          | -                              | (5)                      | -                                | 10,364                | -                | -                | 10,359           |
| Corporate & Admin expenses                              | -                              | 1,156                    | 342                              | 22,764                | 302              | -                | 24,564           |
| Land & Building expenses                                | -                              | 137                      | -                                | 3,339                 | -                | -                | 3,476            |
| Motor Vehicle Expenses                                  | -                              | 280                      | 11                               | 307                   | -                | -                | 1,198            |
| Other Travel  | -                              | 1,295                    | 233                              | 8,559                 | 46               | -                | 10,193           |
| Office equipment maintenance                            | -                              | 7                        | -                                | 249                   | -                | -                | 256              |
| Human resource expense                                  | -                              | 5,432                    | 1,428                            | 63,317                | 242              | -                | 71,079           |
| Marketing/advertising                                   | -                              | 780                      | -                                | 6,762                 | -                | -                | 7,542            |
| Consultancy & Legal                                     | -                              | 783                      | -                                | 18,589                | -                | -                | 19,372           |
| Green Class 2 subsidy                                   | -                              | -                        | -                                | 36                    | -                | -                | 96               |
| Foreign exchange hedging relating to Offshore Overheads | -                              | -                        | -                                | 2,141                 | -                | -                | 2,141            |
| <b>Total expense</b>                                    | <b>2,131,035</b>               | <b>254,479</b>           | <b>12,344</b>                    | <b>200,905</b>        | <b>14,386</b>    | <b>(252,030)</b> | <b>2,361,119</b> |
| <b>Net profit before interest &amp; taxation</b>        | <b>(2,364)</b>                 | <b>3,209</b>             | <b>-</b>                         | <b>134,565</b>        | <b>-</b>         | <b>-</b>         | <b>141,410</b>   |
| Interest revenue on short term deposits                 | 2,571                          | -                        | -                                | 1,821                 | -                | -                | 4,392            |
| Interest expense  | (93)                           | -                        | -                                | -                     | -                | -                | (93)             |
| Transfer payment: Interest charge from Corporate        | (114)                          | -                        | -                                | 114                   | -                | -                | -                |
| <b>Net profit after interest before tax</b>             | <b>-</b>                       | <b>3,209</b>             | <b>-</b>                         | <b>136,500</b>        | <b>-</b>         | <b>-</b>         | <b>145,710</b>   |

\* In the segment note of the statutory accounts, the New Zealand pool offshore insurance revenue is treated as negative cost, it is included in other direct cost - offshore.

"Other Fresh Kiwifruit" comprises non-New Zealand grown kiwifruit.

Revenues, direct costs, promotion and overheads are identified and recognised for each business unit under the application of NZ IFRS. The internal management information on which the segment results above are based uses a different method for allocating realised gains and losses on treasury activities. For internal management reporting, realised gains and losses from the management of foreign exchange risk are allocated to the business unit. Where material, these gains and losses are allocated against individual revenue and expense lines based on the underlying currencies of the transactions to affect what would be a 'hedged' rate on the cumulative transactions. Foreign exchange gains/losses that cannot be allocated are shown separately. For financial reporting purposes these net realised foreign exchange gains/(losses) on derivatives are disclosed separately from the operating revenue and operating expense within other net gains/(losses) (refer Note 5, Annual Report 2017/18).

# ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS SPECIAL PURPOSE FINANCIAL STATEMENTS

## Additional Disclosures FOR THE YEAR ENDED 31 MARCH 2018

### Net profit/(loss) by business segment for the year ended 31 March 2017

| 2016/17   | OTHER BUSINESS                 |                          |                                  |                       |               |                  | Total            |
|---|--------------------------------|--------------------------|----------------------------------|-----------------------|---------------|------------------|------------------|
|   | New Zealand<br>Fresh Kiwifruit | Other Fresh<br>Kiwifruit | R&D (Excluding<br>New Cultivars) | Corporate<br>Services | New Cultivars | Eliminations     |                  |
|   | \$'000                         | \$'000                   | \$'000                           | \$'000                | \$'000        | \$'000           | \$'000           |
| Revenue from sale of NZ kiwifruit (exc transfers)       | 2,046,563                      | -                        | -                                | -                     | -             | -                | 2,046,563        |
| Revenue from sale of Non-NZ kiwifruit                   | -                              | 215,570                  | -                                | -                     | -             | -                | 215,570          |
| Transfer payment: Collaborative Marketing Commission    | (231)                          | -                        | -                                | -                     | -             | -                | (231)            |
| <b>Total Sales revenue - external customers</b>         | <b>2,046,332</b>               | <b>215,570</b>           | <b>-</b>                         | <b>-</b>              | <b>-</b>      | <b>-</b>         | <b>2,261,902</b> |
| Transfer revenue: Sale of NZ Kiwifruit to R&D           | 83                             | -                        | -                                | -                     | -             | (83)             | -                |
| Transfer revenue: Funding - Corporate                   | -                              | -                        | 9,359                            | -                     | 8,029         | (17,388)         | -                |
| <b>Inter-segment revenue</b>                            | <b>83</b>                      | <b>-</b>                 | <b>9,359</b>                     | <b>-</b>              | <b>8,029</b>  | <b>(17,471)</b>  | <b>-</b>         |
| <b>ZGL Commission from NZ Kiwifruit</b>                 | <b>-</b>                       | <b>-</b>                 | <b>-</b>                         | <b>195,016</b>        | <b>-</b>      | <b>(195,016)</b> | <b>-</b>         |
| Transfer revenue: Collaborative Marketing Commission    | -                              | -                        | -                                | 231                   | -             | -                | 231              |
| Transfer revenue: New Cultivar Royalties NZ Kiwifruit   | -                              | -                        | -                                | 16,673                | -             | (16,673)         | -                |
| Revenue from insurance claims *                         | 563                            | 907                      | -                                | -                     | -             | -                | 1,470            |
| GOLD licences issued                                    | -                              | -                        | -                                | 67,178                | -             | -                | 67,178           |
| Other   | 1,096                          | 56                       | -                                | 2,004                 | -             | -                | 3,156            |
| Research grant co-funding                               | -                              | -                        | 4,198                            | -                     | 3,763         | -                | 7,961            |
| External Royalties                                      | -                              | -                        | -                                | 150                   | -             | -                | 150              |
| <b>Other revenue *</b>                                  | <b>1,659</b>                   | <b>963</b>               | <b>4,198</b>                     | <b>86,236</b>         | <b>3,763</b>  | <b>(16,673)</b>  | <b>80,146</b>    |
| <b>Total revenue (exc interest)</b>                     | <b>2,048,074</b>               | <b>216,533</b>           | <b>13,557</b>                    | <b>281,252</b>        | <b>11,792</b> | <b>(229,160)</b> | <b>2,342,048</b> |
| Freight   | 135,107                        | 8,917                    | -                                | -                     | -             | -                | 144,024          |
| Insurance (onshore and offshore)                        | 6,658                          | (1)                      | -                                | -                     | -             | -                | 6,657            |
| Duty and customs  | 80,168                         | 5,613                    | -                                | -                     | -             | -                | 85,781           |
| Promotion   | 149,597                        | 5,659                    | -                                | -                     | -             | -                | 155,256          |
| Other direct costs - offshore *                         | 76,541                         | 7,609                    | -                                | -                     | -             | -                | 84,150           |
| Other direct costs - offshore: Human resource expense   | 222                            | -                        | -                                | -                     | -             | -                | 222              |
| Other direct costs - onshore                            | 41,944                         | -                        | -                                | -                     | -             | -                | 41,944           |
| KNZ/NZKGV/KVH costs                                     | 4,430                          | -                        | -                                | -                     | -             | -                | 4,430            |
| Purchase of Kiwifruit                                   | 1,343,983                      | 160,133                  | -                                | -                     | -             | -                | 1,504,116        |
| Loyalty premium   | -                              | -                        | -                                | 36,047                | -             | -                | 36,047           |
| <b>Transfer Payments:</b>                               |                                |                          |                                  |                       |               |                  |                  |
| Funding R&D (excluding New Cultivars)                   | -                              | -                        | -                                | 9,359                 | -             | (9,359)          | -                |
| Funding New Cultivars                                   | -                              | -                        | -                                | 8,029                 | -             | (8,029)          | -                |
| ZGL Commission from NZ Kiwifruit                        | 195,016                        | -                        | -                                | -                     | -             | (195,016)        | -                |
| Inter-segment Purchase of NZ Kiwifruit                  | -                              | -                        | 83                               | -                     | -             | (83)             | -                |
| Inter-segment service charge                            | -                              | 7,072                    | -                                | (7,072)               | -             | -                | -                |
| ZGL Royalty new cultivars                               | 15,218                         | 1,455                    | -                                | -                     | -             | (16,673)         | -                |
| Research & Development                                  | -                              | -                        | 11,979                           | -                     | 11,615        | -                | 23,594           |
| Information system expenses                             | -                              | -                        | -                                | 11,720                | -             | -                | 11,720           |
| Depreciation  | -                              | 68                       | 57                               | 2,460                 | -             | -                | 2,585            |
| Amortisation / impairment of Intangible assets          | -                              | 10                       | -                                | 9,278                 | -             | -                | 9,288            |
| Corporate & Admin expenses                              | -                              | 519                      | 46                               | 24,803                | 177           | -                | 25,545           |
| Land & Building expenses                                | -                              | 81                       | -                                | 2,400                 | -             | -                | 2,481            |
| Motor Vehicle Expenses                                  | -                              | 165                      | -                                | 833                   | -             | -                | 998              |
| Other Travel  | -                              | 1,230                    | 308                              | 8,275                 | -             | -                | 9,813            |
| Office equipment maintenance                            | -                              | 9                        | -                                | 254                   | -             | -                | 263              |
| Human resource expense                                  | -                              | 4,380                    | 1,084                            | 55,546                | -             | -                | 61,010           |
| Marketing/advertising                                   | -                              | 1,041                    | -                                | 7,337                 | -             | -                | 8,378            |
| Consultancy & Legal                                     | -                              | 721                      | -                                | 17,417                | -             | -                | 18,138           |
| Green Class 2 subsidy                                   | -                              | -                        | -                                | 10                    | -             | -                | 10               |
| Foreign exchange hedging relating to Offshore Overheads | -                              | -                        | -                                | 1,757                 | -             | -                | 1,757            |
| <b>Total expense</b>                                    | <b>2,048,884</b>               | <b>204,681</b>           | <b>13,557</b>                    | <b>188,453</b>        | <b>11,792</b> | <b>(229,160)</b> | <b>2,238,207</b> |
| <b>Net profit before interest &amp; taxation</b>        | <b>(810)</b>                   | <b>11,852</b>            | <b>-</b>                         | <b>92,799</b>         | <b>-</b>      | <b>-</b>         | <b>103,841</b>   |
| Interest revenue on short term deposits                 | 1,408                          | -                        | -                                | 2,209                 | -             | -                | 3,617            |
| Interest expense  | (383)                          | -                        | -                                | -                     | -             | -                | (383)            |
| Transfer payment: Interest charge from Corporate        | (215)                          | -                        | -                                | 215                   | -             | -                | -                |
| <b>Net profit after interest before tax</b>             | <b>-</b>                       | <b>11,852</b>            | <b>-</b>                         | <b>95,223</b>         | <b>-</b>      | <b>-</b>         | <b>107,075</b>   |

\* In the segment note of the statutory accounts, the New Zealand pool offshore insurance revenue is treated as negative cost, it is included in other direct cost - offshore.

"Other Fresh Kiwifruit" comprises non-New Zealand grown kiwifruit.

Revenues, direct costs, promotion and overheads are identified and recognised for each business unit under the application of NZ IFRS. The internal management information on which the segment results above are based uses a different method for allocating realised gains and losses on treasury activities. For internal management reporting, realised gains and losses from the management of foreign exchange risk are allocated to the business unit. Where material, these gains and losses are allocated against individual revenue and expense lines based on the underlying currencies of the transactions to affect what would be a 'hedged' rate on the cumulative transactions. Foreign exchange gains/losses that cannot be allocated are shown separately. For financial reporting purposes these net realised foreign exchange gains/(losses) on derivatives are disclosed separately from the operating revenue and operating expense within other net gains/(losses) (refer Note 5, Annual Report 2016/17).





**ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**Additional Disclosures**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**Appendix B – Total Fruit and Service Payments (including Loyalty Premium)**

|  | RETURN \$m<br>2017/18 | \$ PER TE<br>2017/18 | \$ PER TE<br>2016/17 | \$ PER TE<br>2015/16 | \$ PER TE<br>2014/15 | \$ PER TE<br>2013/14 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Zespri® Green Kiwifruit</b>                               |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 65.1                 | 90.8                 | 80.7                 | 69.6                 | 69.3                 |
| Fruit payments   | 348.2                 | 5.35                 | 4.19                 | 5.30                 | 5.69                 | 4.73                 |
| Fruit incentives   | 192.7                 | 2.96                 | 1.84                 | 1.42                 | 1.93                 | 1.97                 |
| Service payments   | 101.2                 | 1.55                 | 1.52                 | 1.54                 | 1.11                 | 1.20                 |
| Loyalty premium  | 18.3                  | 0.28                 | 0.25                 | 0.25                 | 0.25                 | 0.25                 |
| Total fruit and service payments (including loyalty premium) | 660.4                 | 10.14                | 7.80                 | 8.51                 | 8.98                 | 8.15                 |
| <b>Zespri® Organic Green Kiwifruit</b>                       |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 2.8                  | 3.9                  | 3.9                  | 3.5                  | 3.2                  |
| Fruit payments   | 21.3                  | 7.72                 | 5.96                 | 6.36                 | 6.24                 | 5.87                 |
| Fruit incentives   | 7.8                   | 2.84                 | 2.54                 | 2.41                 | 2.66                 | 2.80                 |
| Service payments   | 2.4                   | 0.87                 | 1.07                 | 1.09                 | 0.79                 | 0.86                 |
| Loyalty premium  | 0.8                   | 0.28                 | 0.25                 | 0.25                 | 0.25                 | 0.25                 |
| Total fruit and service payments (including loyalty premium) | 32.3                  | 11.71                | 9.82                 | 10.11                | 9.94                 | 9.78                 |
| <b>Zespri® Gold Kiwifruit</b>                                |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 52.6                 | 48.5                 | 32.6                 | 18.7                 | 11.1                 |
| Fruit payments   | 360.8                 | 6.86                 | 6.00                 | 5.39                 | 5.90                 | 7.69                 |
| Fruit incentives   | 302.7                 | 5.76                 | 4.98                 | 5.08                 | 5.92                 | 6.90                 |
| Service payments   | 67.4                  | 1.28                 | 1.39                 | 1.36                 | 1.36                 | 1.60                 |
| Loyalty premium  | 14.7                  | 0.28                 | 0.25                 | 0.25                 | 0.25                 | 0.25                 |
| Total fruit and service payments (including loyalty premium) | 745.6                 | 14.18                | 12.62                | 12.08                | 13.43                | 16.44                |
| <b>Zespri® Green14 Kiwifruit</b>                             |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 1.2                  | 1.5                  | 1.4                  | 0.9                  | 0.4                  |
| Fruit payments   | 6.9                   | 5.68                 | 6.68                 | 6.34                 | 5.94                 | 7.53                 |
| Fruit incentives   | 3.3                   | 2.70                 | 2.11                 | 3.41                 | 3.68                 | 4.79                 |
| Service payments   | 0.3                   | 0.22                 | 0.46                 | 0.47                 | 0.70                 | 0.69                 |
| Loyalty premium  | 0.3                   | 0.28                 | 0.25                 | 0.25                 | 0.25                 | 0.25                 |
| Total fruit and service payments (including loyalty premium) | 10.8                  | 8.88                 | 9.50                 | 10.47                | 10.57                | 13.26                |
| <b>FAMILY KIWI Green Kiwifruit</b>                           |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 0.7                  | 0.4                  | 0.7                  | 1.0                  | 1.0                  |
| Fruit payments   | 4.3                   | 6.18                 | 5.00                 | 5.06                 | 5.19                 | 4.63                 |
| Service payments   | -                     | -                    | 0.10                 | 0.02                 | 0.03                 | 0.10                 |
| Total fruit and service payments                             | 4.3                   | 6.18                 | 5.10                 | 5.08                 | 5.22                 | 4.73                 |
| <b>FAMILY KIWI Organic Green Kiwifruit</b>                   |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 0.1                  | 0.1                  | 0.0                  | 0.1                  | 0.0                  |
| Fruit payments   | 0.6                   | 9.67                 | 7.15                 | 6.30                 | 6.67                 | 6.19                 |
| Service payments   | -                     | 0.22                 | 0.18                 | 0.22                 | 0.14                 | 0.10                 |
| Total fruit and service payments                             | 0.6                   | 9.89                 | 7.33                 | 6.52                 | 6.81                 | 6.29                 |
| <b>FAMILY KIWI Gold Kiwifruit</b>                            |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 1.1                  | -                    | -                    | 0.4                  | 0.3                  |
| Fruit payments   | 6.6                   | 6.20                 | -                    | -                    | 7.37                 | 8.88                 |
| Service payments   | 0.1                   | 0.13                 | -                    | -                    | 0.48                 | 0.57                 |
| Total fruit and service payments                             | 6.7                   | 6.33                 | -                    | -                    | 7.85                 | 9.45                 |
| <b>FAMILY KIWI Green14 Kiwifruit</b>                         |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | -                    | -                    | 0.0                  | 0.0                  | 0.0                  |
| Fruit payments   | -                     | -                    | -                    | 4.71                 | 4.77                 | 2.95                 |
| Service payments   | -                     | -                    | -                    | 0.04                 | 0.01                 | 0.20                 |
| Total fruit and service payments                             | -                     | -                    | -                    | 4.75                 | 4.78                 | 3.15                 |
| <b>Non-Standard Supply</b>                                   |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 1.0                  | 0.6                  | 0.8                  | 1.4                  | 1.1                  |
| Fruit payments   | 7.3                   | 7.66                 | 6.24                 | 5.97                 | 4.76                 | 4.20                 |
| Fruit incentives   | -                     | -                    | -                    | -                    | 0.74                 | 2.96                 |
| Service payments   | 0.1                   | 0.05                 | -                    | -                    | 0.25                 | 0.96                 |
| Total fruit and service payments                             | 7.4                   | 7.71                 | 6.24                 | 5.97                 | 5.75                 | 8.12                 |
| <b>Total All Pools</b>                                       |                       |                      |                      |                      |                      |                      |
| Total tray equivalents supplied (m)                          |                       | 124.4                | 145.9                | 120.1                | 95.7                 | 86.5                 |
| Fruit payments   | 756.0                 | 6.08                 | 4.88                 | 5.38                 | 5.74                 | 5.17                 |
| Fruit incentives   | 506.5                 | 4.07                 | 2.89                 | 2.45                 | 2.71                 | 2.63                 |
| Service payments   | 171.5                 | 1.38                 | 1.44                 | 1.44                 | 1.12                 | 1.22                 |
| Loyalty premium  | 34.1                  | 0.27                 | 0.25                 | 0.24                 | 0.24                 | 0.24                 |
| Total fruit and service payments (including loyalty premium) | 1,468.1               | 11.80                | 9.46                 | 9.51                 | 9.81                 | 9.26                 |
| Total fruit and service payments 2016/17 (NZ IFRS)           | 1,380.0               |                      |                      |                      |                      |                      |
| Total fruit and service payments 2015/16 (NZ IFRS)           | 1,143.0               |                      |                      |                      |                      |                      |
| Total fruit and service payments 2014/15 (NZ IFRS)           | 939.0                 |                      |                      |                      |                      |                      |





# ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS SPECIAL PURPOSE FINANCIAL STATEMENTS

## Additional Disclosures FOR THE YEAR ENDED 31 MARCH 2018

### Appendix C – Regional Production Analysis – New Zealand-grown kiwifruit (trays supplied to Zespri FOBS)

|   | 2018               |                    | 2017               |                    | 2016               |                    | 2015               |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Producing Hectares | TE supplied per ha | Producing Hectares | TE supplied per ha | Producing Hectares | TE supplied per ha | Producing Hectares | TE supplied per ha |
| <b>Zespri Green kiwifruit</b>                             |                    |                    |                    |                    |                    |                    |                    |                    |
| Northland   | 109                | 5,779              | 113                | 9,559              | 116                | 7,666              | 124                | 7,852              |
| Auckland  | 273                | 7,719              | 272                | 9,502              | 273                | 8,099              | 304                | 8,805              |
| Bay of Plenty   |                    |                    |                    |                    |                    |                    |                    |                    |
| - Katikati  | 940                | 7,678              | 966                | 11,972             | 973                | 9,748              | 1,015              | 9,224              |
| - Opotiki   | 457                | 8,917              | 464                | 11,758             | 469                | 10,756             | 477                | 9,691              |
| - Tauranga  | 1,086              | 9,193              | 1,116              | 12,533             | 1,090              | 10,135             | 1,109              | 9,295              |
| - Te Puke   | 3,419              | 9,641              | 3,508              | 13,088             | 3,524              | 12,204             | 3,586              | 9,486              |
| - Waihi   | 100                | 6,569              | 100                | 8,701              | 105                | 7,604              | 115                | 6,957              |
| - Whakatane   | 402                | 7,728              | 439                | 9,889              | 438                | 8,248              | 466                | 4,840              |
| Waikato   | 200                | 8,339              | 204                | 9,664              | 206                | 8,867              | 209                | 7,462              |
| Poverty Bay   | 54                 | 8,366              | 54                 | 5,828              | 55                 | 6,605              | 59                 | 5,558              |
| Hawkes Bay  | 43                 | 6,620              | 45                 | 7,290              | 47                 | 8,265              | 51                 | 7,554              |
| Lower North Island  | 70                 | 8,696              | 65                 | 7,056              | 69                 | 6,186              | 70                 | 7,750              |
| South Island  | 229                | 5,663              | 258                | 7,246              | 250                | 6,158              | 309                | 5,591              |
| <b>Total producing hectares</b>                           | <b>7,382</b>       |                    | <b>7,604</b>       |                    | <b>7,614</b>       |                    | <b>7,892</b>       |                    |
| <b>Average TE supplied per hectare</b>                    |                    | <b>8,812</b>       |                    | <b>11,933</b>      |                    | <b>10,590</b>      |                    | <b>8,812</b>       |
| <b>Zespri Green Organic kiwifruit</b>                     |                    |                    |                    |                    |                    |                    |                    |                    |
| Northland   | -                  | -                  | -                  | -                  | -                  | -                  | 3                  | 2,473              |
| Auckland  | 1                  | 2,614              | 1                  | 5,856              | 1                  | 3,983              | 1                  | 4,376              |
| Bay of Plenty   |                    |                    |                    |                    |                    |                    |                    |                    |
| - Katikati  | 30                 | 6,593              | 31                 | 9,208              | 30                 | 8,037              | 31                 | 7,274              |
| - Opotiki   | 22                 | 5,786              | 22                 | 8,616              | 22                 | 7,404              | 22                 | 7,407              |
| - Tauranga  | 203                | 6,033              | 210                | 8,652              | 231                | 8,054              | 261                | 5,994              |
| - Te Puke   | 42                 | 6,979              | 38                 | 10,408             | 57                 | 8,841              | 77                 | 6,953              |
| - Waihi   | 19                 | 3,964              | 20                 | 4,219              | 20                 | 4,808              | 20                 | 4,099              |
| - Whakatane   | 4                  | 4,197              | 4                  | 5,323              | 3                  | 5,171              | 3                  | 1,834              |
| Waikato   | 151                | 5,310              | 151                | 6,536              | 153                | 6,148              | 156                | 5,428              |
| Poverty Bay   | 1                  | 3,676              | 2                  | 4,637              | 2                  | 5,284              | 3                  | 5,817              |
| Hawkes Bay  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Lower North Island  | 2                  | 5,552              | 2                  | 6,524              | 2                  | 6,365              | 2                  | 6,533              |
| South Island  | -                  | -                  | 21                 | 4,516              | 16                 | 2,873              | 19                 | 3,593              |
| <b>Total producing hectares</b>                           | <b>475</b>         |                    | <b>502</b>         |                    | <b>537</b>         |                    | <b>597</b>         |                    |
| <b>Average TE supplied per hectare</b>                    |                    | <b>5,802</b>       |                    | <b>7,841</b>       |                    | <b>7,254</b>       |                    | <b>5,908</b>       |
| <b>Zespri Gold &amp; Organic Gold kiwifruit (Hort16A)</b> |                    |                    |                    |                    |                    |                    |                    |                    |
| Northland   | 11                 | 8,615              | 52                 | 12,721             | 172                | 12,133             | 213                | 14,522             |
| Auckland  | -                  | -                  | 1                  | 5,822              | 15                 | 12,969             | 38                 | 11,327             |
| Bay of Plenty   |                    |                    |                    |                    |                    |                    |                    |                    |
| - Katikati  | -                  | -                  | -                  | -                  | 1                  | 10,618             | 10                 | 8,975              |
| - Opotiki   | -                  | -                  | -                  | -                  | -                  | -                  | 12                 | 3,730              |
| - Tauranga  | -                  | -                  | -                  | -                  | 1                  | 4,712              | 5                  | 4,249              |
| - Te Puke   | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| - Waihi   | -                  | -                  | -                  | -                  | 1                  | 13,777             | 3                  | 6,706              |
| - Whakatane   | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Waikato   | -                  | -                  | 1                  | 9,394              | 15                 | 8,802              | 31                 | 7,931              |
| Poverty Bay   | -                  | -                  | 48                 | 9,245              | 69                 | 8,365              | 105                | 8,251              |
| Hawkes Bay  | 2                  | 7,793              | 12                 | 11,484             | 55                 | 11,667             | 67                 | 13,722             |
| Lower North Island  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| South Island  | 17                 | 10,647             | 47                 | 9,349              | 64                 | 10,796             | 71                 | 9,853              |
| <b>Total producing hectares</b>                           | <b>30</b>          |                    | <b>161</b>         |                    | <b>394</b>         |                    | <b>555</b>         |                    |
| <b>Average TE supplied per hectare</b>                    |                    | <b>9,689</b>       |                    | <b>10,561</b>      |                    | <b>11,077</b>      |                    | <b>11,586</b>      |



**ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS**  
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**Appendix C – Regional Production Analysis – New Zealand-grown kiwifruit (trays supplied to Zespri FOBS)**  
**continued**

| <b>Zespri SunGold and Organic SunGold (Gold3)</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Northland   | 319                       | 8,044                     | 189                       | 9,069                     | 122                       | 6,104                     | 62                        | 5,585                     |
| Auckland  | 206                       | 10,701                    | 187                       | 8,928                     | 139                       | 5,694                     | 48                        | 7,688                     |
| Bay of Plenty                                     |                           |                           |                           |                           |                           |                           |                           |                           |
| - Katikati  | 525                       | 11,299                    | 501                       | 12,302                    | 423                       | 7,521                     | 205                       | 7,416                     |
| - Opotiki   | 506                       | 12,172                    | 478                       | 11,028                    | 403                       | 8,298                     | 213                       | 5,041                     |
| - Tauranga  | 437                       | 12,320                    | 413                       | 12,484                    | 367                       | 8,073                     | 195                       | 6,229                     |
| - Te Puke   | 1,655                     | 12,390                    | 1,516                     | 12,746                    | 1,262                     | 9,220                     | 786                       | 4,702                     |
| - Waihi   | 53                        | 9,168                     | 51                        | 11,027                    | 43                        | 8,828                     | 26                        | 5,065                     |
| - Whakatane                                       | 211                       | 13,211                    | 206                       | 11,175                    | 167                       | 8,861                     | 101                       | 6,514                     |
| Waikato   | 183                       | 7,937                     | 157                       | 7,029                     | 125                       | 3,295                     | 26                        | 2,966                     |
| Poverty Bay                                       | 208                       | 9,740                     | 146                       | 8,728                     | 103                       | 8,586                     | 62                        | 8,826                     |
| Hawkes Bay  | 149                       | 8,263                     | 131                       | 6,815                     | 80                        | 9,562                     | 52                        | 10,865                    |
| Lower North Island                                | 2                         | 7,799                     | 2                         | 5,349                     | 1                         | 5,227                     | 1                         | 4,436                     |
| South Island                                      | 176                       | 8,693                     | 139                       | 9,635                     | 103                       | 8,758                     | 37                        | 7,124                     |
| <b>Total producing hectares</b>                   | <b>4,630</b>              |                           | <b>4,116</b>              |                           | <b>3,339</b>              |                           | <b>1,814</b>              |                           |
| <b>Average TE supplied per hectare</b>            |                           | <b>11,292</b>             |                           | <b>11,366</b>             |                           | <b>8,234</b>              |                           | <b>5,770</b>              |
| <b>Zespri Charm kiwifruit (Gold 9)</b>            | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> |
| Northland   | -                         | -                         | -                         | -                         | 9                         | 10,413                    | 20                        | 14,568                    |
| Auckland  | -                         | -                         | -                         | -                         | 15                        | 8,907                     | 20                        | 13,111                    |
| Bay of Plenty                                     |                           |                           |                           |                           |                           |                           |                           |                           |
| - Katikati  | -                         | -                         | -                         | -                         | 14                        | 9,135                     | 25                        | 12,479                    |
| - Opotiki   | -                         | -                         | -                         | -                         | 11                        | 11,537                    | 14                        | 14,121                    |
| - Tauranga  | -                         | -                         | -                         | -                         | 8                         | 8,820                     | 13                        | 10,073                    |
| - Te Puke   | -                         | -                         | -                         | -                         | 7                         | 11,413                    | 18                        | 9,463                     |
| - Waihi   | -                         | -                         | -                         | -                         | 1                         | 7,963                     | 1                         | 12,676                    |
| - Whakatane                                       | -                         | -                         | -                         | -                         | 1                         | 7,304                     | 3                         | 10,656                    |
| Waikato   | -                         | -                         | -                         | -                         | 4                         | 9,449                     | 11                        | 7,547                     |
| Poverty Bay                                       | -                         | -                         | -                         | -                         | 1                         | 9,570                     | 2                         | 11,034                    |
| Hawkes Bay  | -                         | -                         | -                         | -                         | 1                         | 7,664                     | 1                         | 13,655                    |
| Lower North Island                                | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| South Island                                      | -                         | -                         | -                         | -                         | 1                         | 5,199                     | 25                        | 6,914                     |
| <b>Total producing hectares</b>                   | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>73</b>                 | <b>9,690</b>              | <b>154</b>                | <b>11,106</b>             |
| <b>Average TE supplied per hectare</b>            |                           | <b>-</b>                  |                           | <b>-</b>                  |                           | <b>9,690</b>              |                           | <b>11,106</b>             |
| <b>Zespri Sweet Green kiwifruit (Green 14)</b>    | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> | <b>Producing Hectares</b> | <b>TE supplied per ha</b> |
| Northland   | 1                         | 3,041                     | 1                         | 7,210                     | 1                         | 4,243                     | 1                         | 3,611                     |
| Auckland  | 14                        | 5,238                     | 14                        | 6,256                     | 13                        | 5,336                     | 13                        | 4,576                     |
| Bay of Plenty                                     |                           |                           |                           |                           |                           |                           |                           |                           |
| - Katikati  | 11                        | 7,377                     | 15                        | 8,571                     | 16                        | 6,331                     | 17                        | 3,928                     |
| - Opotiki   | 12                        | 7,790                     | 14                        | 9,758                     | 18                        | 6,507                     | 19                        | 3,848                     |
| - Tauranga  | 6                         | 5,845                     | 8                         | 6,899                     | 10                        | 5,892                     | 12                        | 5,180                     |
| - Te Puke   | 80                        | 7,711                     | 88                        | 9,148                     | 115                       | 6,564                     | 106                       | 3,813                     |
| - Waihi   | -                         | -                         | -                         | -                         | -                         | -                         | 1                         | 8,270                     |
| - Whakatane                                       | 18                        | 7,550                     | 20                        | 5,984                     | 15                        | 4,960                     | 19                        | 3,792                     |
| Waikato   | 15                        | 5,428                     | 18                        | 5,686                     | 16                        | 3,175                     | 17                        | 2,743                     |
| Poverty Bay                                       | 4                         | 6,985                     | 4                         | 6,072                     | 4                         | 6,888                     | 4                         | 4,640                     |
| Hawkes Bay  | 8                         | 4,415                     | 8                         | 4,363                     | 8                         | 8,358                     | 8                         | 7,969                     |
| Lower North Island                                | 4                         | 6,486                     | 4                         | 3,679                     | 4                         | 5,505                     | 4                         | 2,800                     |
| South Island                                      | 2                         | 2,789                     | 1                         | 6,506                     | 1                         | 5,280                     | 2                         | 3,700                     |
| <b>Total producing hectares</b>                   | <b>175</b>                |                           | <b>195</b>                |                           | <b>223</b>                |                           | <b>223</b>                |                           |
| <b>Average TE supplied per hectare</b>            |                           | <b>6,925</b>              |                           | <b>7,813</b>              |                           | <b>6,109</b>              |                           | <b>4,020</b>              |



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**Appendix D – Transfer Payments**

**2017/18**

| Item  | Recipient of Transfer income  | Recipient of Transfer Expense | Description of transfer item   | \$'000  |
|---|-------------------------------|-------------------------------|--|---------|
| Sale of NZ kiwifruit to R&D                     | NZ fresh kiwifruit (Core)     | R&D (excluding new cultivars) | Sale of New Zealand-grown kiwifruit for use in research and development projects.                            | 178     |
| Funding - corporate                             | R&D (excluding new cultivars) | Corporate Services            | Corporate provides funding for research and development projects.  | 9,304   |
| Funding - corporate                             | New Cultivars                 | Corporate Services            | Corporate provides funding for research and development projects in respect of New Cultivars.                | 12,068  |
| ZGL Commission from NZ kiwifruit                | Corporate Services            | NZ fresh kiwifruit (Core)     | This is the margin from New Zealand-grown kiwifruit sales that the corporate retains to fund its operations. | 209,757 |
| Inter-segment service charge                    | Corporate Services            | Other fresh kiwifruit         | Recharge of costs incurred by corporate on Non-New Zealand-grown kiwifruit behalf e.g. salary costs.         | 7,529   |
| Collaborative Marketing Commission              | Corporate Services            | NZ fresh kiwifruit (Core)     | Commission paid to the corporate for sales made through Collaborative Marketing programmes.                  | 619     |
| New Cultivar Royalty payments from NZ kiwifruit | Corporate Services            | NZ fresh kiwifruit (Core)     | Payment made to the corporate, based on sales value, for funding of the new cultivar program.                | 20,723  |
| Interest charge from Corporate                  | Corporate Services            | NZ fresh kiwifruit (Core)     | Interest is charged on the corporate equity used by New Zealand-grown kiwifruit to fund submit payments.     | 114     |
| Profit before tax transferred to corporate      | Corporate Services            | Other fresh kiwifruit         | Profit is transferred to corporate equity.   | 9,209   |

Note:

1. All material transfers between segments have a fair value assigned. No nil value or nominal value transfers representing a material underlying fair value have occurred.
2. All inter-segment transfers have been fully settled within the year. No transfer balances are outstanding at 31 March 2018.





**ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS**  
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2016/17

| Item  | Recipient of Transfer<br>Income | Recipient of Transfer<br>Expense | Description of transfer item   | \$'000  |
|---|---------------------------------|----------------------------------|--|---------|
| Sale of NZ kiwifruit to R&D                     | NZ fresh kiwifruit (Core)       | R&D (excluding new cultivars)    | Sale of New Zealand-grown kiwifruit for use in research and development projects.                            | 83      |
| Funding - corporate                             | R&D (excluding new cultivars)   | Corporate Services               | Corporate provides funding for research and development projects.  | 9,359   |
| Funding - corporate                             | New Cultivars                   | Corporate Services               | Corporate provides funding for research and development projects in respect of New Cultivars.                | 8,029   |
| ZGL Commission from NZ kiwifruit                | Corporate Services              | NZ fresh kiwifruit (Core)        | This is the margin from New Zealand-grown kiwifruit sales that the corporate retains to fund its operations. | 195,016 |
| Inter-segment service charge                    | Corporate Services              | Other fresh kiwifruit            | Recharge of costs incurred by corporate on Non-New Zealand-grown kiwifruit behalf e.g. salary costs.         | 7,072   |
| Collaborative Marketing Commission              | Corporate Services              | NZ fresh kiwifruit (Core)        | Commission paid to the corporate for sales made through Collaborative Marketing programmes.                  | 231     |
| New Cultivar Royalty payments from NZ kiwifruit | Corporate Services              | NZ fresh kiwifruit (Core)        | Payment made to the corporate, based on sales value, for funding of the new cultivar program.                | 16,673  |
| Interest charge from Corporate                  | Corporate Services              | NZ fresh kiwifruit (Core)        | Interest is charged on the corporate equity used by New Zealand-grown kiwifruit to fund submit payments.     | 215     |
| Profit before tax transferred to corporate      | Corporate Services              | Other fresh kiwifruit            | Profit is transferred to corporate equity.   | 11,852  |

Note:

1. All material transfers between segments have a fair value assigned. No nil value or nominal value transfers representing a material underlying fair value have occurred.
2. All inter-segment transfers have been fully settled within the year. No transfer balances are outstanding at 31 March 2017.



# Independent Auditor's Report

To the Directors of Zespri Group Limited

## Report on the special purpose consolidated financial statements

### Opinion

In our opinion, the accompanying special purpose consolidated financial statements of Zespri Group Limited (the Company) and its subsidiaries (the Group) on pages 2 to 15:

- i. Present, in all material respects the Group's financial position as at 31 March 2018 and its financial performance for the year ended on that date in compliance with the financial reporting provisions required by the Kiwifruit Export Information Disclosure Handbook (the "Handbook") under the Kiwifruit Export Regulations 1999 (the Regulations); and
- ii. Are correctly referenced to the audited consolidated financial statements of Zespri Group Limited upon which we have issued an unqualified opinion.

We have audited the accompanying special purpose consolidated financial statements which comprise:

- The Zespri Group Limited financial statements as at 31 March 2018; and
- The additional disclosures included in pages 2 to 15.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the special purpose consolidated financial statements section of our report.

Our firm has also provided other services to the Group in relation to statutory audit, other assurance, review, taxation advice and services. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



## Use of this independent auditor's report

This independent auditor's report is made solely to the Directors as a body. Our audit work has been undertaken so that we might state to the Directors those matters we are required to state to them in the independent auditor's 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 Directors as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the consolidated special purpose financial statements

The Directors, on behalf of the Company, are responsible for:

- The preparation of the consolidated special purpose financial statements that comply with the Handbook under the Regulations;
- Implementing necessary internal control to enable the preparation of a consolidated special purpose set of financial statements that is free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the consolidated special purpose financial statements

Our objective is:

- To obtain reasonable assurance about whether the consolidated special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated special purpose financial statements.

A further description of our responsibilities for the audit of these consolidated special purpose financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-5/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Ian Proudfoot

For and on behalf of



Auckland

27 June 2018