ANNUAL REPORT

2014/15

Zespri®
Kiwifruit

SEASON OVERVIEW

The past year has seen the New Zealand kiwifruit industry back on track and revitalised for the strong growth outlook ahead, following the impact of Psa.

Total New Zealand-grown fruit and service payments, including loyalty premiums, are up 17 percent to $939 million. The volume of New Zealand-grown kiwifruit sales is up 11 percent to 95.2 million trays. Zespri's global kiwifruit sales are up 16 percent to $1.568 billion.

Zespri also announced the full-year dividend is 12 cents per share, up from 11 cents per share in 2013/14. Zespri's corporate net profit after tax of $34.6 million reflects an exceptional one-off factor which is the inclusion of Gold license revenue that had been deferred from prior seasons. Had the prior year's new cultivar licence revenue of $19.6 million (before taxation and fair value adjustments) not been included, our net profit after tax (normalised profit) would have been $21.5 million.

These strong headline results were achieved because of the effort of growers, the post-harvest sector and the Zespri team onshore and in the markets. Zespri's currency hedging policy has offset the impact on grower returns due to the strong New Zealand dollar, which has been at record highs against the Yen and the Euro.

An important feature is the remarkable rebound in Gold kiwifruit production, driven by SunGold. The increase from 11.1 million trays in 2013/14 to 18.6 million trays in 2014/15 contributed to a reduction in per-tray and per-hectare returns, as the supply and demand balance stabilises.

The story of Green kiwifruit over the last season is startling for different reasons. Average orchard gate return per tray exceeded six dollars and we achieved the highest-ever average per-hectare Green return for the industry of $53,884. This outcome owes a great deal to sales performance and to productivity increases with average yields now at nearly 9,000 trays per hectare. The shortage of Chilean kiwifruit in the market, following severe frosts in Chile, also contributed to the strong Green returns.

Looking ahead, Zespri will remain focused on delivering strong, sustainable returns to growers and shareholders. There are notable headwinds weighing on performance, including the pressure of the strong New Zealand dollar and the recovery in supply of kiwifruit from Chile. Growers and shareholders should note also that Zespri's products interact in the market and SunGold's rapid volume growth will inevitably have some impact on Green demand and returns.

There are many exciting opportunities as we look to develop new markets and continue to innovate to grow the kiwifruit category.

CONTENTS

FINANCIAL HIGHLIGHTS

	2014/15	2013/14
New Zealand-grown fruit and service payments (including loyalty premium)	$939.0 million	$800.8 million
– Per tray supplied	$9.81	$9.26
Net profit after tax	**$34.6 million**	**$17.2 million**
Normalised profit after tax*	**$21.5 million**	**$17.2 million**
New Zealand-grown Orchard Gate Return (OGR) per hectare	$57,369 (average)	$49,385 (average)
– Green	$53,884	$42,659
– Organic Green	$43,996	$40,989
– Gold	$73,890	$90,813
– Green14	$29,682	$25,438
Equity	**$109.6 million**	**$89.4 million**
Dividend per share (cents)		
– Interim	5.0	4.0
– Final	7.0	7.0
– Total	12.0	11.0
Percentage of available profit	85%	80%
Zespri global kiwifruit sales	**$1.568 billion**	**$1.349 billion**
Export earnings (New Zealand-grown)	**$1.086 billion**	**$0.921 billion**
Zespri global volume (trays sold)	108.4 million	97.3 million
New Zealand-grown	**95.2 million**	**86.1 million**
– Green	69.3 million	68.9 million
– Organic Green	3.5 million	3.1 million
– Gold	18.6 million	11.1 million
– Green14	0.9 million	0.4 million
– Other	2.9 million	2.6 million
Non-New Zealand-grown	**13.2 million**	**11.2 million**
– Green	10.7 million	9.0 million
– Gold	2.5 million	2.2 million

* Normalised profit after tax for 2014/15 excludes $13.1 million that relates to new cultivar license income from licenses issued in prior years. No adjustment was made for the 2013/14 year.

Financial Calendar

Financial year-end: 31 March 2015

Annual Report circulated: 24 June 2015

Deadline for receipt of proxies for Annual Meeting: 1pm, 20 July 2015

Annual Meeting: 22 July 2015

Indicative dates for dividend payments: December (interim) and August (final)

Notice of Annual Meeting

The Annual Meeting of Shareholders of Zespri Group Limited will take place at 1pm on Wednesday 22 July 2015 at ASB Arena Baypark, 81 Truman Lane, Mount Maunganui.

CHAIRMAN & CEO'S REPORT

PETER McBRIDE & LAIN JAGER

Zespri was created to deliver strong, sustainable returns to our growers and shareholders. To deliver on this, Zespri's strategy is to market the world's leading portfolio of kiwifruit products 12 months of the year.

Our future growth will come from bringing new products to market through our new cultivar breeding programme; promoting the powerful health benefits of Zespri Kiwifruit to consumers; and building market penetration 12 months of the year.

We have a particular focus on rapidly-developing economies – including China, Southeast Asia and the Middle East – to target the fast-growing numbers of middle-income earners who want tasty, safe, fresh, healthy produce. Delivering on our strategy also means working with our partners to run the most effective and efficient supply chain possible.

A key objective of our strategy is to grow the size of the global kiwifruit category. Kiwifruit makes up less than half a percent of internationally-traded fruit. Approximately 820 million tonnes of fruit were produced in 2014 and kiwifruit accounts for around 2.5 million tonnes of that. This provides enormous opportunities for growth but also creates a significant challenge to build excitement around the relatively small kiwifruit category. Thanks to many years of investment in the brand, the development of the Zespri System and the creation of our outstanding products, Zespri is at the top-quality end of the kiwifruit market and offers a premium, healthy choice for consumers.

This report outlines our performance for the year as well as how we propose to sell the rapidly-increasing volumes of Zespri SunGold Kiwifruit around the world, and continue to deliver sustainable returns to our growers and shareholders.

Results

Category performance

The 2014/15 season was extraordinary due to the shortage of Chilean kiwifruit in the market, following a severe frost event in Chile. This shortage – together with strong end-of-season sales and great work from growers, the post-harvest sector, the Zespri team onshore and in the markets, and our retail and trade partners – meant a strong season for Zespri Kiwifruit. Zespri sold 69 million trays of Zespri Green Kiwifruit earning record per-hectare returns of $53,884 for growers, up 26 percent on the previous year. SunGold continues to deliver, with 11 million trays in 2014/15 and is on track to reach over 60 million trays by 2019/20. Gold returns reduced to $73,890 per hectare and $9.80 per tray, down from last year's $90,813 per hectare and $12.91 per tray, driven largely by supply shortage in prior years. Organic Green volumes remain at around 3.5 million trays and per-hectare returns are up by seven percent from $40,989 per hectare ($7.07 per tray) in 2013/14 to $43,996 per hectare ($7.37 per tray) for 2014/15.

Overview and global economic environment

Zespri delivered a strong season against the backdrop of a worldwide economy still struggling to gain momentum. Many high-income countries continue to grapple with the legacies of the global financial crisis, while growth in emerging economies is trending lower than in the past.

Global growth in 2014 was slower than initially expected, picking up only marginally to 2.6 percent, from 2.5 percent in 2013, with increasingly divergent trends under way in major economies. While the US gathers momentum, recovery has been slow in Europe and Japan, and China is undergoing a carefully-managed slow-down.

The World Bank is predicting growth of three percent for 2015, with lower oil prices leading to differing prospects for oil-producing and oil-purchasing countries.

In the context of slower growth in some of our key markets and the potential for continued economic turbulence globally, Zespri's strategy is to invest strongly in developing markets. This is to mitigate the risk of centralisation of supply and to maintain demand ahead of worldwide supply.

ZGS results

The Zespri Global Supply (ZGS) business is a key part of our competitive advantage – having premium-quality Zespri-branded fruit on shop shelves year-round reinforces our brand with consumers and provides value for retail and distribution partners.

ZGS volumes are up 17 percent on the previous year, with Zespri Green Kiwifruit up 1.7 million trays to 10.7 million trays and Gold up 276,000 trays to 2.5 million trays. Almost all of the increase in Green volumes came from Italy. Zespri SunGold volumes from Italy are expected to increase significantly over the next few seasons, as newly-grafted vines come into full production.

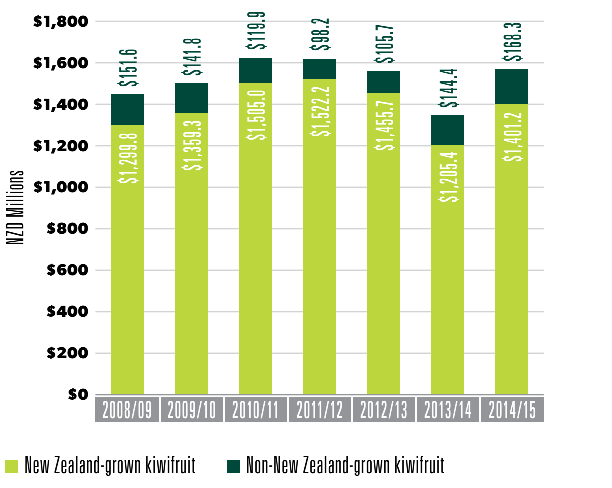
ZGS kiwifruit sales revenue continues to increase, up to $168.3 million from $144.4 million in 2013/14. Profit before tax for ZGS supply decreased in the period, to $8.99 million from $9.85 million in 2013/14. This reduction is due to increased inter-company recharges and adverse foreign exchange, particularly the EUR against the NZD.

We maintain our strong focus on ensuring that fruit supplied from offshore growers delivers the quality promise of the Zespri Brand, and we expect both volume and profitability to continue to grow over the coming years.

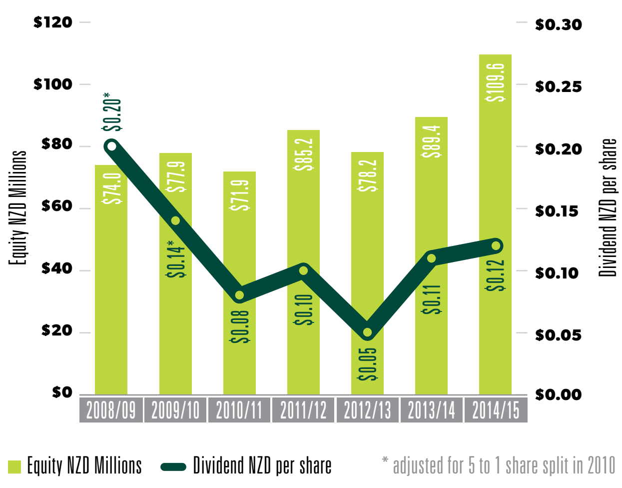
Collaborative marketing

Zespri continues to support the important role collaborative marketing plays in the

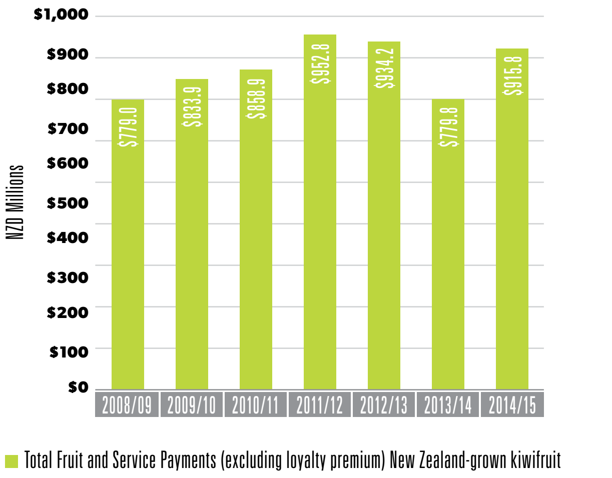
GLOBAL KIWIFRUIT SALES – 7 YEARS



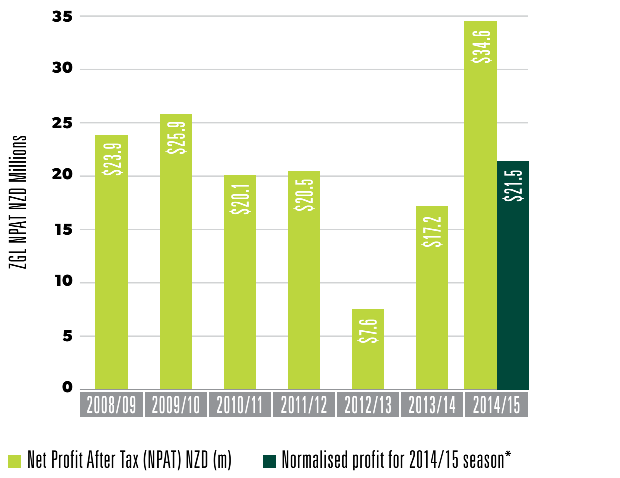
EQUITY AND DIVIDEND RETURNED – 7 YEARS



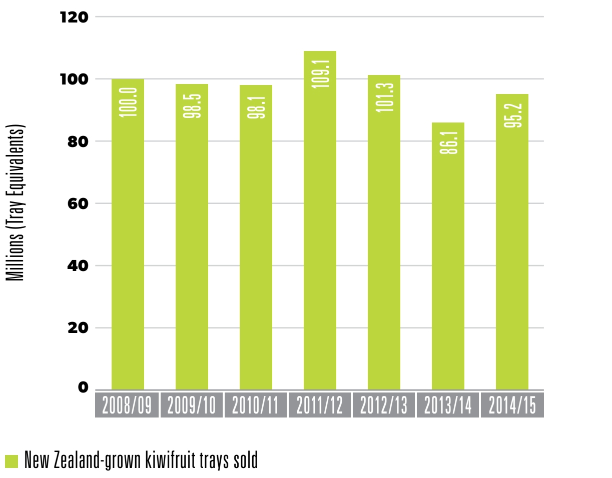
TOTAL FRUIT AND SERVICE PAYMENTS – 7 YEARS



ZESPRI GROUP LIMITED PROFITABILITY – 7 YEARS



NEW ZEALAND VOLUME TRAYS SOLD – 7 YEARS



ZESPRI GLOBAL SUPPLY VOLUME SOLD – 7 YEARS

* Normalised profit after tax which excludes license income from licenses issued in prior years.

structure of the industry. In 2014/15, 13 companies operated 17 sales programmes, selling just under 1.5 million trays of New Zealand kiwifruit.

Corporate results

Zespri's global kiwifruit sales revenue is up 16 percent, from $1.35 billion last year to $1.57 billion in 2014/15, as volumes continue to recover from the impact of Psa.

Our net profit after tax has doubled, from $17.2 million in 2013/14 to $34.6 million this year. A significant contributor to this was the inclusion of unpaid prior year new cultivar license revenue of $19.6 million, which must now be recognised as uncertainty around the new cultivars' performance in the Psa environment diminishes. Had the prior year's new cultivar licence revenue of $19.6 million (before taxation and fair value adjustments) not been included, our net profit after tax (normalised profit) would have been $21.5 million, which is more reflective of current volumes and our strong investment in future growth.

For the reported period, revenue per employee increased – from $4.8 million last year to $5.1 million – while trays per employee increased slightly from 340,210 trays per employee to 341,955 trays.

Our people and systems

The most valuable asset for any organisation is its people and Zespri is investing strongly in our team to manage increasing volumes of Zespri SunGold over the next few years. This means that the revenue per-employee metric is expected to deteriorate for the next few seasons as Zespri increases headcount.

Zespri launched a new graduate recruitment scheme, taking on two high-potential graduates who will complete placements with key functions of the business over an 18-month period.

An organisational development programme is being implemented to strengthen Zespri's culture and working environment through investing in our people, systems and processes. This multifaceted programme includes improving internal communications, defining organisational values, strengthening compliance, and enhancing and better communicating global policies and procedures.

Another major project for the 2014/15 year was the roll-out of an enhanced planning and order management system. This involves not only Zespri planning staff but also New Zealand post-harvest suppliers, enabling them to provide their 2015 crop estimate data directly into the Zespri planning systems via the SAP system. These systems are complex and it will take the company a season or two to fully unlock the benefits of this investment, which are expected to include reduced order lead-time, better decision-support information and more transparency of information along the supply chain. This will ultimately improve delivery and ensure the best use of the available inventory.

Looking ahead

KISP

On the back of a very strong voter turnout, representing 80 percent of production, New Zealand growers overwhelmingly supported the recommendations of the Kiwifruit Industry Strategy Project (KISP) in the March 2015 grower referendum. With over 90 percent grower support for each of the referendum questions, Zespri has been given a clear signal from growers as to how they want the future ownership and control of their marketer structured. Our focus is now firmly on implementing the KISP recommendations.

One material impact of KISP on Zespri is that our commission arrangements with New Zealand kiwifruit growers will be subject to an enduring commission structure which will reduce uncertainty of Zespri commission arrangements for shareholders. Under this structure Zespri's after-tax profit on the New Zealand supply business should not exceed one percent or fall below half a percent of sales for the New Zealand supply business. This new commission structure is planned to be operational from 1 April 2016.

Zespri is working closely with New Zealand Kiwifruit Growers Incorporated (NZKGI) on the KISP implementation process and will keep growers and shareholders updated on progress as this work continues.

Taking into account the regulatory change, legal, compliance and financial processes, which need to be followed to implement the KISP recommendations, particularly those relating to the share cap recommendations, we hope to be in a position to put the related resolutions to shareholders at the 2016 Annual Meeting. Alternatively, we may need to schedule a special general meeting of shareholders later in 2016 if we are unable to make this time frame.

Foreign exchange

Zespri's foreign exchange (FX) hedging policy is designed to take the peaks and troughs out of currency fluctuations, mitigating against some of the volatility in the New Zealand dollar and the impact this can have on growers.

While FX movements reduced New Zealand grower returns by $58.1 million in the 2014/15 season compared to the 2013/14 season, our hedging policy for the New Zealand grower pools offset the strength of the New Zealand dollar by $103.7 million compared to the spot rate.

The New Zealand dollar remains at historically high rates against the Yen and Euro and this will continue to have a negative impact on grower returns as Zespri's hedging cover erodes over time. Conversely we are seeing some weakening in the NZD/USD rate, which is positive for New Zealand growers.

Gold growth

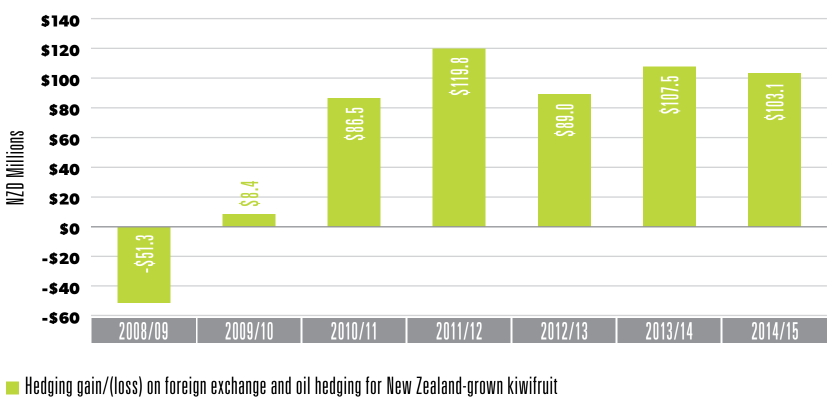
Gold volumes are expected to increase strongly, from 18.7 million trays in 2014/15 to around 30 million trays in 2015/16 to over 60 million trays by 2019/20. This solid growth in our higher-value product is an outstanding opportunity for the industry and we are driving Gold sales in our high-volume markets of Europe, Japan and China, as well building demand in rapidly-developing economies around the world.

Growth like this requires additional infrastructure and the post-harvest sector is investing heavily in the coolstores and processing equipment needed to manage the increasing volumes of SunGold.

While the growth ahead of us is positive, it is important to recognise that the rapid expansion will inevitably create pressure throughout the supply chain and the next three or four seasons will be challenging until SunGold volumes stabilise in 2019/20.

It is also important to acknowledge that Zespri's products interact in the market and SunGold's rapid volume growth will inevitably have some impact on Green demand and returns. This is to be expected; ultimately we are creating a much stronger business as all growers will benefit from developing the world's leading portfolio of kiwifruit products.

HEDGING GAIN/(LOSS) - 7 YEARS



New cultivars

More than $10 million was invested in the new cultivar breeding programme last year by Zespri, Plant & Food Research and the New Zealand Government. With over $4 billion added to the New Zealand economy by Hort16A and SunGold since their commercialisation, we are committed to offering the leading portfolio of kiwifruit varieties.

The value of the world's largest kiwifruit breeding programme is clear. Adding new products to Zespri's portfolio attracts new consumers to the kiwifruit category, earns more shelf space with retailers and offers growers the opportunity to expand or diversify their businesses and improve profitability.

Zespri has a red and a green kiwifruit cultivar in pre-commercial trials. If these have the attributes we need for a successful Zespri cultivar – great taste, good yield, size and storage, Psa tolerance, strong health attributes, consumer liking – then commercialisation will be considered from 2017.

In our view, there is strong market potential for a high-quality, great-tasting red cultivar. However, the red kiwifruit category globally is challenged by small-sized fruit which do not store well. Red kiwifruit are also typically sensitive to Psa, resulting in some promising red cultivars in our breeding programme not being commercially viable.

Zespri and Plant & Food Research are focused on developing a truly commercial red kiwifruit by fast-tracking clonal trials of potential cultivars to accelerate the learning curve and speed up delivery to market. Progress is positive, with Psa-tolerant parents identified and evaluation work under way on the next generation of Psa-tolerant red kiwifruit.

Work continues on developing a high-yielding, great-tasting green kiwifruit with strong health benefits, with efforts focused on learning across post-harvest, in the orchard, and in-market.

ZGS forecast

Zespri's supply of non-New Zealand fruit is set to grow substantially over the next five years, reflecting the establishment of SunGold to replace Hort16A in France and Italy, and our success in procuring Zespri Green Kiwifruit from Italy to meet rising global demand.

ZGS Gold volumes are set to increase strongly, from 2.5 million trays in 2014/15 to around 15 million trays in 2019/20 – matching the increase in New Zealand volumes to provide consistent year-round supply.

Matters in 2014/15

Zespri is a large business sourcing fruit from multiple supply locations and selling in more than 50 markets globally. During 2014/15, Zespri was involved in managing and responding to a number of issues.

Biosecurity

Zespri is continuing to support Kiwifruit Vine Health (KVH) on biosecurity matters in the industry. During the past year, we have worked to assist growers with on-orchard advice in managing Psa through our Orchard Productivity Centre (OPC). While Psa still impacts individual growers, we are pleased to report that this season saw growers across the board continue to increase the productivity of Gold and Green vines.

In February, the Ministry for Primary Industries (MPI) responded to an isolated population of Queensland fruit fly in Auckland, along with its Government Industry Agreement biosecurity partners, KVH, HortNZ and Pipfruit New Zealand. At the time of print, MPI had found a total of 14 flies and expects the operation to continue for several more months. This event underlines the significant biosecurity and associated market access risks inherent in fruit production and export from New Zealand and highlights the importance of continued investment and focus on this critical area of risk management.

Taiwan

Zespri decided to change importers in Taiwan early in the 2014/15 season after becoming aware of business practices that we considered non-compliant. We appointed new importers before the season start and achieved successful results, increasing revenue by 40 percent, up from USD53.2 million last year to USD74.9 million in 2014/15.

Serious Fraud Office

The Serious Fraud Office (SFO) investigation is still ongoing and Zespri continues to fully cooperate. The SFO has declined to communicate the focus of its investigation but has requested several terabytes of information and around 2.6 million historical emails. Providing this information has required extensive legal review.

Zespri has incurred costs of $4.9 million so far, with a further $1.4 million provisioned in the 2014/15 accounts. These costs are attributed to Zespri corporate and not the New Zealand grower pools.

China importer

In January 2015, it was reported that the Chinese customs authorities were investigating a meat and fruit importer known as Dalian Yidu, used by Zespri in 2014 to import kiwifruit into northern China. Dalian Yidu accounted for less than five percent of Zespri volumes sold in China. We have no financial exposure to Dalian Yidu and ceased trading with the company when the allegations arose. The investigation does not appear to relate to the import of Zespri Kiwifruit.

Governance

The Zespri Board recognises the importance of recruiting the right skill sets, expertise, backgrounds and diversity represented at director level.

Over the past two years, three new directors have been appointed to the Zespri Board. The Board appointed Teresa Ciprian, an independent director, last year to replace Tony Marks. Teresa is the first woman appointed to the Zespri Board and brings strong skills in global branding, health marketing and business development. Jonathan Mason was appointed as an independent director in 2013, and Paul Jones was elected as a grower director at the 2014 Annual Meeting.

The Board has continued its focus on strengthening grower returns and compliance frameworks within Zespri, following on from the historical issues in China. This includes improving our global policies and due diligence processes, and supporting compliance training for all employees across the company. Zespri has also established an external China Advisory Board to provide counsel and strategic advice on managing risk and opportunity as the business grows in China. The Board represents a cross-section of experience in the China market and is made up of Sam Shih – CEO of Pepsi China, Anning Wei – Partner of the Gueva Fund and former Director of Rabobank Agrifood Research, and David Mahon – founder and principal of Mahon China.

Outlook

After emerging from the impact of Psa, the industry is back on track for growth. As well as growth, Zespri is committed to preserving and building our position as the category leader, delivering high-quality product through a premium, branded strategy. Through Zespri, the New Zealand industry has created one of the most recognised fruit brands in the world.

Zespri's five-year plan foresees strong growth, with total New Zealand-grown volumes increasing from 95.2 million trays in 2014/15 to around 130 million trays in 2019/20. Our key focus at Zespri is to develop demand ahead of the expected supply growth.

More broadly, Zespri will continue to grow the kiwifruit category through marketing the health, taste and convenience of kiwifruit. We will focus on consistently delivering the premium quality and taste that Zespri Kiwifruit is known for, growing productivity, developing our supply chain and service offering, and leading the category in our commitment to food safety and sustainability.

Peter McBride
Chairman

Lain Jager
Chief Executive Officer

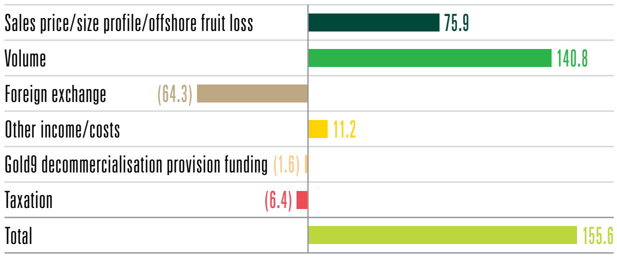
ZESPRI ALTERNATIVE REVENUE STATEMENT

	2014/15 $'000		2013/14 $'000		2012/13 $'000	
Gross sales of New Zealand-grown kiwifruit		**1,458,678**		1,256,298		1,519,707
Promotional rebates, claims and discounts		**(69,448)**		(62,305)		(78,417)
Net sales of New Zealand-grown kiwifruit		**1,389,230**		1,193,993		1,441,290
Net fruit return through collaborative marketers		**11,861**		10,528		14,437
Other pool income		**126**		922		2,120
Revenue attributable to New Zealand pools [1]		**1,401,217**		1,205,443		1,457,847
Less pool costs:						
Freight	**116,894**		114,221		134,555	
Insurance (onshore and offshore excluding hail)	**1,923**		1,873		2,551	
Hail self-insurance	**2,162**		168		378	
Duty and customs	**68,116**		58,917		76,143	
Other direct pool costs – onshore [2]	**30,892**		24,286		30,302	
Other direct pool costs – offshore	**46,467**		40,867		55,019	
KVH funding [3]	**1,144**		980		-	
Promotion	**82,749**		68,549		89,288	
Interest income [4]	**(2,801)**		(867)		(373)	
KNZ fees [5]	**453**		318		285	
NZKGI funding [5]	**857**		770		902	
Total pool costs		**348,856**		310,082		389,050
Return from fruit sales		**1,052,361**		895,361		1,068,797
New Zealand fruit and service payments		**915,776**		779,793		934,157
Zespri margin [6]		**136,585**		115,568		134,640
Other non-pool revenue		**509**		623		1,012
Royalty income from new cultivars [2]		**2,747**		844		461
Research grant co-funding		**4,041**		3,059		4,311
Zespri income attributable to New Zealand-grown kiwifruit		**143,882**		120,094		140,424
Onshore costs:						
Innovation	**15,928**		12,381		13,198	
Class 2 mainpack subsidy/Green 46 top-up [7]	**(713)**		43		382	
Gold9 de-commercialisation provision funding/Psa funding [7]	**1,551**		-		4,205	
Amortisation of new cultivars	**1,491**		1,148		304	
Onshore overheads	**46,229**		35,749		32,205	
		64,486		49,321		50,294
Offshore costs		**43,721**		40,434		57,454
		35,675		30,339		32,676
Add operating surplus from other business activities:						
Non-New Zealand-grown supply (before taxation) [8]		**8,992**		9,853		5,266
Gold defence fund (before taxation)		**2,076**		805		524
Income from sale of Zespri licences (before taxation) [9]		**24,175**		3,660		3,537
EBIT before loyalty premium		**70,918**		44,657		42,003
Net interest income		**3,200**		3,443		4,355
Zespri profit before tax and loyalty premium		**74,118**		48,100		46,358
Loyalty premium		**23,192**		20,999		24,991
Zespri Group profit before taxation		**50,926**		27,101		21,367
Tax expense		**16,305**		9,856		13,798
Zespri Group profit after taxation		**34,621**		17,245		7,569
Total fruit and service payments		**915,776**		779,793		934,157
Loyalty premium		**23,192**		20,999		24,991
Total fruit and service payments (including loyalty premium)		**938,968**		800,792		959,148

The Alternative Revenue Statement is used for management information and is the basis for the calculation of the Supplier Return. Foreign exchange gains and losses are allocated differently from the way that they are allocated in the Financial Statements in that they are apportioned to the relevant line items above. The Alternative Revenue Statement is consistent with the business segment analysis in Note 31 of the Financial Statements.

Notes 1 to 9: Refer to page 7

CAUSE OF CHANGE 2014/15 VS 2013/14



The 'Cause of Change' chart above outlines the increase in the return to the industry this season to $974 million, from $818 million in 2013/14.

	$'000
Total fruit and service payments 2013/14 (including loyalty premium)	**800,792**
Add Zespri net profit after tax 2013/14	**17,245**
Return to industry 2013/14	**818,037**
Movements due to change in:	
Sales price/size profile/offshore fruit loss	75,925
Volume	140,766
Foreign exchange	(64,341)
Other income/costs	11,202
Gold9 decommercialisation funding	(1,551)
Taxation	(6,449)
Return to industry 2014/15	**973,589**
Total fruit and service payments 2014/15	915,776
Add Zespri loyalty premium 2014/15	23,192
Total including loyalty premium 2014/15	938,968
Add Zespri net profit after tax 2014/15	34,621
Return to industry 2014/15	**973,589**

Notes (from previous page)

1 Net revenue attributable to the pools includes sales of New Zealand-grown kiwifruit, income from New Zealand collaborative marketing programmes and other pool income as noted in the Alternative Revenue Statement.

2 Within 'Other direct pool costs-onshore' is the 3.0 percent royalty on net sales for Gold3, Gold9 and Green14 pools. This royalty is made up of three components: 1.35 percent of this royalty is paid to The New Zealand Institute for Plant & Food Research Limited, 0.65 percent transferred to a defence fund reserve in Zespri Group Limited, and 1.0 percent royalty income in Zespri Group Limited. Also included is the 1.5 percent royalty for Hort16A solely paid to The New Zealand Institute for Plant & Food Research Limited.

3 From 2013/14, the New Zealand pool funded the Kiwifruit Vine Health Incorporated (KVH) levy. The rate was $0.01 per tray Class 1 Green and $0.02 per tray Class 1 Gold exported to markets other then Australia.

4 The interest income is made up of the following: interest income of $3.08 million, interest paid of $Nil and an interest charge from Zespri of $0.28 million. This results in an overall interest income to the pools of $2.80 million.

5 Kiwifruit New Zealand (KNZ) is the statutory board funded under regulation 39 of the Kiwifruit Export Regulations 1999. New Zealand Kiwifruit Growers Incorporated (NZKGI) is the kiwifruit grower representation body and Zespri Group Limited is required by the Commodity Levies (Kiwifruit) Order 2012 to pay a levy to NZKGI on behalf of New Zealand growers. The rate for the 2014/15 year was $0.009 per tray of kiwifruit exported to markets other than Australia.

6 Zespri margin is calculated in accordance with the New Zealand Supply Agreement, being 5.0 percent of net sales (excluding collaborative marketing programmes) and 7.75 percent of fruit payments to suppliers. Prior to 2013/14 the Zespri margin was calculated as 6.0 percent of net sales (excluding collaborative marketing programmes) and 6.0 percent of fruit payments to suppliers.

7 Green 46 top-up and Psa funding only applied to the 2012/13 season.

8 Further analysis of non-New Zealand-grown supply is available within the segment reporting in Note 31 of the Financial Statements.

9 In prior years, the sale of new variety licences has included deferred payments, hardship or surrender clauses that result in uncertainty as to the collectibility of the outstanding consideration. As such, this revenue has not been previously recognised until cash proceeds have been received. In 2014/15 the revenue for the sale of new variety licences in prior years has been recognised as the Directors consider the uncertainty regarding collection has been removed. This is due to initial licence payments due in August 2014 being received, the industry response to Psa being substantially successful, and the historical sales of the Gold3 variety being strong.

NEW ZEALAND POOL COSTS AS A PERCENTAGE OF POOL REVENUE

	2014/15	2013/14	2012/13
Zespri margin (net of loyalty premium) [6] [6]	**8.1%**	7.8%	7.5%
Freight	**8.3%**	9.5%	9.2%
Insurance	**0.3%**	0.2%	0.2%
Duty and customs	**4.9%**	4.9%	5.2%
Other direct pool costs – onshore [2]	**2.2%**	2.0%	2.1%
Other direct pool costs – offshore	**3.3%**	3.4%	3.8%
KVH funding [3]	**0.1%**	0.1%	0.0%
Promotion	**5.9%**	5.7%	6.1%
Interest income [4]	**(0.2%)**	(0.1%)	(0.0%)
KNZ/NZKGI [5]	**0.1%**	0.1%	0.1%
Total fruit and service payments (including loyalty premium)	**67.0%**	66.4%	65.8%
	100.0%	100.0%	100.0%
Revenue attributable to New Zealand pools ($'000) [1]	**1,401,217**	1,205,443	1,457,847

CORPORATE GOVERNANCE

Good corporate governance is not only about written policies and procedures – it is about acting and leading with integrity and maintaining a high standard of business ethics. The Board considers it essential that a high standard of corporate governance practices are in place across the organisation, starting with the Directors themselves at Board level. This section provides an overview of the key elements of the Company's corporate governance framework.

Legislative and regulatory framework

Zespri Group Limited is regulated by the provisions of the Companies Act 1993 and other relevant legislation governing the duties of directors, including financial reporting obligations, offering and trading in securities, employment, environment, and health and safety. As the Company also issues shares, it is required to comply with all requirements of applicable securities legislation, including the Financial Markets Conduct Act 2013, and therefore share transactions and some company publications are subject to scrutiny by the Financial Markets Authority.

The Company and its Directors are bound by the Zespri Group Limited Constitution, which contains more detail regarding shares in the Company, transfer and voting of shares, procedures for shareholder meetings, and director election and tenure (among other matters). The Kiwifruit Export Regulations 1999 also contain provisions that impact on the governance of the Company, which are monitored and enforced by the industry regulator, Kiwifruit New Zealand. Under the Regulations:

- Zespri must not discriminate between suppliers and potential suppliers in relation to the decision to purchase kiwifruit or the terms of purchase, other than on commercially justifiable grounds;
- Zespri must not carry out any activity, nor own nor operate assets, that are not necessary for the core business of exporting kiwifruit, unless approved by the majority of providers of capital (being the shareholders or the kiwifruit suppliers as the case may be), and only if the risks of the activity are minimised for those who have not given approval;
- Zespri must comply with certain specific information disclosure requirements regarding its activities; and
- Zespri must publish disclosure accounts which are audited and available on request.

The Company has policies and procedures in place to ensure compliance with all of the above obligations and, at the end of each financial year, both the Chief Financial Officer and the General Counsel provide an assurance to the Board regarding legislative and regulatory compliance.

The Zespri Group Limited Constitution also contains provisions regarding confidentiality of shareholder proxy and voting information which exceed legal and regulatory requirements, and reflect standards of corporate governance in relation to shareholder democracy that go beyond those required of publicly listed companies.

The Board

The Company's eight-member Board is made up of five Directors drawn from the kiwifruit industry and three independent Directors. The convention of having at least three independent Directors is in line with good governance practice, and collectively eight Directors bring together a wide range of experience, from international marketing and agribusiness, to kiwifruit industry knowledge and financial expertise. One of the outcomes of the Kiwifruit Industry Strategy Project (KISP) process conducted in 2014, was that this convention should become a formal requirement under the Zespri Group Limited Constitution.

Background profiles of each Director are on the Company's corporate website (www.zespri.com) and the Company's grower website, The Canopy (www.zespricanopy.com). The Board's task is to govern the Company, in particular by providing strong strategic direction to achieve maximum returns for shareholders while, at the same time, safeguarding the interests of shareholders and other relevant stakeholders as appropriate.

Each Board member is issued with a comprehensive Director's Manual which contains detailed information on the corporate governance regime that applies to the Company, and the Directors' duties and responsibilities in that regard. This Manual is kept up to date by the General Counsel and recirculated to Directors periodically.

Under the Zespri Group Limited Constitution, at least one-third of the Directors must retire by rotation at each Annual Meeting. The Board has generally sought to organise the rotation of Directors so that one independent and two grower Directors retire each year. Since 2012, the Board has adopted a policy of formally reviewing the contribution of each independent Director, the desired mix of skills for the future that should be contributed by the independent Directors and the general desirability of rotation among the independent Directors. This process of formally assessing the skill sets required, permits the Board to undertake an objective assessment of whether or not incumbent independent Directors fulfil the requirements of the Board overall, as well as to conduct targeted recruitment initiatives focused on identifying the best candidates for the Board. In 2014, following the resignation of Tony Marks as a Director, the Board sought a director with strong skills in commercialisation, innovation, marketing and business development of branded consumer foods. This led to the appointment of Teresa Ciprian as a Director in November 2014. In line with the Zespri Group Limited Constitution, Teresa Ciprian is standing for re-election at the 2015 Annual Meeting and the Board fully endorses her candidacy as an independent Director.

Details of Directors' remuneration and interests are recorded on pages 52 to 55, under Directors' Disclosures and Director and Employee Remuneration.

Board committees

The Board has an Audit and Risk Management Committee which reviews and monitors the Company's overall risk (both financial and non-financial) and its risk management strategies. It reviews the effectiveness of, and monitors compliance with, all internal controls including those relevant to finance and treasury, and supports management in reviewing key accounting judgements and that the financial statements are consistent with NZ GAAP. The Committee also reviews and monitors both the internal and the external audit processes. Jonathan Mason has chaired this Committee since January 2014. Mr Mason has 30 years of work experience as a finance executive with multinational companies including Exxon Mobil, International Paper, and Fonterra.

The Board's Organisation and Administration Committee oversees the appointment and remuneration of senior executives and strategic employment matters, such as general employee remuneration and incentive policies, and organisational development strategies. Bruce Cameron has been Chairman of this Committee since September 2014.

In 2011, the Board determined that much of the work of the Innovation Advisory Forum was overlapping with the Psa R&D Steering Group, and accordingly adopted a smaller subcommittee for Board oversight of innovation activities in areas other than Psa. This subcommittee is known as the Board Innovation Subcommittee. David Pilkington is Chairman of the Board Innovation Subcommittee.

The Supply Chain Committee was created in 2012 to oversee the multi-year supply chain change programme to develop the best kiwifruit supply chains globally by drawing on world class supply chain knowledge and practice to the New Zealand Kiwifruit supply chains both globally, and by market for the purpose of maximising grower returns. This Committee is chaired by Tony De Farias and consists of at least three Directors, and up to five external members appointed for their supply chain, logistics, consultancy, post-harvest, growing, or fruit handling expertise. David Pilkington and Peter McBride are current Board representatives, and external members of this committee are John Shaskey, Tony Hawken, Michael Franks, Alister Hawkey and Tim Chrisp.

Minutes are kept of all Board and Board Committee meetings, and all Directors receive copies of the Board Committee papers.

A table showing frequency of meetings of the Board and its Committees, and attendance by Zespri Directors at those meetings, is shown on page 52.

Directors also represent the Company in other industry bodies including the Industry Advisory Council (IAC) and Kiwifruit Vine Health Incorporated (KVH).

Conflicts of interest

With five industry Directors on the Board, governance of the Company is partly in the hands of individuals who have their own private interests in the wider kiwifruit industry. The Company benefits greatly from the industry experience that these Directors bring to the boardroom table. However, it also means that conflicts of interest need to be managed carefully.

The Company has comprehensive policies and practices to manage actual and potential conflicts of interest that meet, and in some cases exceed, Companies Act 1993 requirements:

- All Directors, including independent Directors, are required to declare actual or potential conflicts of interest as soon as they arise. These are discussed and managed as necessary at the beginning of each Board meeting, and are recorded in the Company's Interests Register. Details of all relevant matters to 31 March 2015 which have been entered in the Interests Register by individual Directors, are set out under Directors' Disclosures on pages 52 to 55.
- As a matter of good governance practice at Board meetings, Directors with any relevant interests excuse themselves from the meetings while issues which may present significant conflicts are discussed or decided upon. Where a significant conflict exists with matters being considered by the Board, Board papers and minutes are edited for the applicable Director to remove references to any such matters.

In certain circumstances, a conflict of interest may not be manageable using the steps noted above. In these cases a Director may need to choose between continuing as a Zespri Director and their other business interests.

A Conflicts of Interest Policy is also in place for employees. Like Directors, employees are required to declare actual or potential conflicts of interest on a regular basis to ensure these are managed appropriately, and an interests register is maintained and monitored.

Share trading

Comprehensive approval and disclosure policies and procedures are in place for trading in Zespri Group Limited shares by Directors and employees, which ensure that Directors and employees only complete such transactions in a market where potential stakeholders have had a reasonable opportunity to be fairly informed of knowledge which may affect the price of Zespri shares. Pursuant to the policy, Directors may transact:

- only with the approval of an independent Director acting as Approval Officer (currently David Pilkington); and
- only when no information which may impact on the share price is known to Directors or employees but not known to the industry as a whole.

At the end of each Board meeting, the Board considers whether there is any price-sensitive information known to the Board which should preclude Directors or employees from transacting in securities. Any approvals previously granted are suspended where the Board believes that there may be price-sensitive information known to the Directors or employees. Director trading was suspended at various times through the year when information material to the share price may have been known to the Board. Further, trading by those Directors involved in KISP working groups was suspended for much of the year pending finalisation of the working group deliberations.

Details of all share trading by Directors and their relevant interests are published on the Company's grower website, The Canopy (www.zespricanopy.com).

Ethics

High ethical standards are of critical importance to the Company, and the Board periodically receives presentations and/or training in respect of ethical issues for Directors. In addition to these sessions, the Director's Manual addresses ethical issues across a number of areas such as legislative requirements, conflicts of interest and best-practice guidance. Directors and employees are governed by a Code of Conduct which is periodically reviewed and updated to ensure the maintenance of high standards.

Confidentiality

In order to support compliance for both Directors and employees with their obligations under law, comprehensive policies on confidential information and privacy are in place.

Delegation of Board power

Under the Companies Act 1993, management of a company rests with its directors. However, decision-making on all but a few critical matters may be delegated to management. The Company maintains a comprehensive Delegated Authorities Policy which is a key governance document specifying the kinds of decisions and approvals that can be made by managers at various levels within the Company, and identifies those which are reserved for the Board or one of its Committees. A number of other internal policies are in place which guide certain aspects of day-to-day management of the business and sit below the Delegated Authorities Policy.

Evaluating Board performance

The Board reviews its performance so that it may continuously monitor and improve the quality of its meetings and meeting support. The Board undertakes an extensive self-evaluation process to assess performance on an annual basis, and works with the Institute of Directors to provide training and evaluation of individual Directors. Feedback from both the self-evaluation and the Institute of Directors is discussed with a view to continuously improving performance. Any individual Director's training requirements may be identified at this time also.

Remuneration of Directors

The Company's Constitution provides that shareholders shall from time to time set the maximum total amount payable to Directors as Directors' fees. The amount actually paid to Directors is determined by the Board up to the maximum set by shareholders, and the total Directors' fees may be distributed among them in such manner as the Board determines periodically. Details of Director remuneration are set out on page 52.

Consideration of Directors' fees is undertaken by the Director Remuneration Committee, which comprises three elected shareholder members – John Bourke (Chair), John Cook and John Griffin, and one independent member appointed by the Board, Warren Larsen.

The Director Remuneration Committee considers Director remuneration and governance succession issues, including mechanisms for the identification and guidance of future industry leaders.

The Board works closely with the Director Remuneration Committee in respect of initiatives around succession planning for the industry as a whole, including supporting participation by future young leaders in governance and leadership programmes such as the Kellogg Rural Leadership Programme operated by Lincoln University, and the Fonterra Governance Development programme.

Insurance

During the year, the Board resolved to continue with Directors' and Officers' liability insurance cover, with the premium costs met by Zespri Group Limited.

Approval of major transactions

At the 2010 Annual Meeting, the Company obtained a five-year approval to enter into certain major transactions. Such transactions are: acquisitions or disposal of assets whose value is more than half the value of the Company's assets before the transaction; or a transaction that has the effect of the Company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than half the value of the Company's assets before the transaction. The Board will seek approval for the next five years from shareholders at the 2015 Annual Meeting.

Transactions identified under this authority include entering into the seasonal funding facility with our banking syndicate, conversion of foreign currency into New Zealand dollars, entering into the annual New Zealand Supply Agreement and entering into freight contracts with shipping companies.

Information disclosure requirements under the Kiwifruit Regulations

Regulation 12 of the Kiwifruit Export Regulations 1999 requires that the Company must publically disclose financial statements as defined in the Kiwifruit Export Information Disclosure Handbook. The principal disclosures required are included within the New Zealand Industry Performance Section of the Annual Review, or within the Financial Statements of the Annual Report. Further disclosures are contained in the special purpose financial statements, including the certificate from the auditors, that are available from Kiwifruit New Zealand, as required under the Regulations.

Compliance issues

Zespri maintains an internal audit function which regularly monitors compliance with all of the above policies and procedures, with any exceptions being reported to the Audit and Risk Management Committee.

In the past, non-compliance issues have arisen around the world in relation to the distribution of New Zealand kiwifruit. While these issues have primarily resulted from the improper actions of independent third parties, the Board is committed to ensuring that the Zespri reputation and business is not adversely affected by such types of incidents, and that the Company and the business partners are legally compliant. This means improving internal processes and understanding of the legal obligations throughout the distribution chain to ensure that opportunities for unlawful conduct by third parties are mitigated as far as possible, and that the Company's business and culture are consistent with the operations of multinational businesses, and the laws of the countries in which Zespri Kiwifruit is sold.

In this regard, the Company has an in-house audit and compliance function with responsibility for conducting audits and managing a compliance framework, as well as auditing and monitoring on a risk basis customs and duty declarations by customers in all markets where Zespri is not the importer of record, and for all new customers. In addition, training on compliance related topics is provided both internally and by external providers during the year for all global Zespri staff, focusing on areas which are potentially of heightened risk due to Zespri's global business profile. As Zespri enters new markets, a formal market assessment is conducted to ensure that the Company has a good understanding of applicable legal and regulatory requirements, and these assessments are revisited periodically to ensure that the business is aware of any changes to the legal and business environment in such markets, and is conducting its business in compliance with applicable laws.

China customs litigation

Zespri continues to work on settling outstanding matters arising from the litigation in China following failures by Zespri's former Chinese importers to pay import duty on Zespri Kiwifruit in prior seasons. Provision has been made in the financial accounts pending a final determination on illegal gains payable. In 2014, proceedings were initiated against Zespri in the New Zealand High Court by Shanghai Neuhof Trade Company Limited, and Shanghai Hui Zhang Logistic Limited, claiming damages in the amount of NZD33.5 million relating to losses they suffered in China resulting from failure to pay duty. Following a successful motion to strike part of the claim in 2014, the claim was reduced to NZD25.5 million and is proceeding through normal court processes but is unlikely to be heard before 2016.

As a consequence of our assessment of the risks following the China customs matters, but also in consideration of the context of industry growth, global financial markets and the industry's exposure to emerging markets, the Company is moving to rebalance the emphasis in systems and authorities to strengthen the global compliance framework without losing our execution capability. Initiatives which form part of this workstream include a customs audit of all direct sale markets/customers to ensure that all Zespri importers are acting in accordance with international best customs practice, and an organisational development initiative to ensure there is improved oversight of the intersections between different business teams and their functions.

Serious Fraud Office (SFO) investigation

In October 2013, the New Zealand SFO advised that it had commenced an investigation into Zespri Group Limited, and served the Company with two very broad-ranging notices requiring the production of electronic and physical information. The Company has engaged experienced senior counsel in respect of this matter, and a subcommittee of the Board has been established to oversee this issue, together with the Company's General Counsel. The Board subcommittee and Chief Executive Officer met with the Director of the SFO in April 2015 to discuss the investigation, but the SFO declined to provide any further information or details regarding the focus or timeframes for their inquiry. Advice from independent experts suggests that based on the breadth of the information requests, work on this issue will continue through the 2015/16 financial year.

FINANCIAL STATEMENTS AND STATUTORY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2015

Your Directors take pleasure in presenting the Financial Statements of the Company and its subsidiaries (collectively Zespri Group) and Statutory Information for the year ended 31 March 2015.

For and on behalf of the Board of Directors

P J McBride
Chairman

J P Mason
Director

Page left intentionally blank.

AUDITOR'S REPORT

Report on the Company and Group financial statements

We have audited the accompanying financial statements of Zespri Group Limited (''the Company'') and the Group, comprising the Company and its subsidiaries, on pages 14 to 50. The financial statements comprise the balance sheet as at 31 March 2015, the income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the Company and the Group.

Directors' responsibility for the Company and Group financial statements

The directors are responsible for the preparation of Company and Group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of Company and Group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Company and Group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Company and Group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Company and Group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company and Group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the Company and Group in relation to advisory, compliance and regulatory services. Subject to certain restrictions, partners and employees of our firm may also deal with the Company and Group on normal terms within the ordinary course of trading activities of the business of the Company and Group. These matters have not impaired our independence as auditor of the Company and Group. The firm has no other relationship with, or interest in, the Company and Group.

Opinion

In our opinion the financial statements on pages 14 to 50:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the Company and the Group as at 31 March 2015 and of the financial performance and cash flows of the Company and the Group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Zespri Group Limited as far as appears from our examination of those records.

KPMG

20 May 2015
Auckland

Income Statements and Statements of Comprehensive Income

Income Statements	Notes	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Operating revenue	2(a)	**1,458,942**	1,218,641	**1,002,876**	836,630
Other revenue	2(b)	**9,746**	6,383	**5,153**	2,074
Operating expenses	3	**(1,531,281)**	(1,309,794)	**(991,655)**	(839,839)
Other net gains/(losses)	5	**108,528**	108,228	**(315)**	(622)
Operating profit/(loss) before taxation		**45,935**	23,458	**16,059**	(1,757)
Finance revenue	6(a)	**6,000**	5,188	**5,862**	4,848
Finance expense	6(b)	**(1,009)**	(1,545)	**(2)**	(14)
Net profit before taxation		**50,926**	27,101	**21,919**	3,077
Taxation expense	7(a)	**(16,305)**	(9,856)	**(6,112)**	(878)
Net profit after taxation		**34,621**	17,245	**15,807**	2,199
Earnings per share: basic and diluted	8	**$0.287**	$0.143	**$0.131**	$0.018

Statements of Comprehensive Income	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Profit for the year	**34,621**	17,245	**15,807**	2,199
Other comprehensive income in the year	**-**	-	-	-
Total comprehensive income for the year	**34,621**	17,245	**15,807**	2,199

The above Income Statements and Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheets

Balance Sheets at 31 March	Notes	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Current assets					
Cash and cash equivalents	24(b)	**146,996**	132,725	**122,946**	109,802
Accounts receivable	12	**44,571**	36,071	**108,336**	96,259
Income tax receivable		**12,711**	7,933	**-**	-
Other financial assets	15(a)	**107,054**	106,833	**88,939**	105,278
Prepayments	13	**15,302**	20,076	**9,606**	14,745
Inventories	16	**19,718**	16,973	**-**	-
		346,352	320,611	**329,827**	326,084
Non-current assets					
Accounts receivable	12	**13,746**	2,898	**13,746**	2,898
Other financial assets	15(a)	**62,019**	97,963	**56,092**	97,828
Property, plant and equipment	17	**4,330**	2,649	**-**	-
Intangibles	18	**30,269**	16,422	**5,715**	5,279
Deferred tax assets	7(b)	**3,511**	3,616	**-**	-
Investments in subsidiary companies	19	**-**	-	**44**	44
Prepayments	13	**1,052**	405	**-**	-
		114,927	123,953	**75,597**	106,049
Total assets		**461,279**	444,564	**405,424**	432,133
Current liabilities					
Accounts payable and accruals	20	**127,133**	111,700	**176,943**	157,888
Income tax payable		**10,968**	4,620	**3,359**	2,456
Provisions	21	**31,844**	30,222	**16,345**	15,458
Insurance liabilities from insurance offered	14(b)	**4,007**	-	**4,007**	-
Other financial liabilities	15(b)	**106,896**	106,423	**88,939**	105,278
		280,848	252,965	**289,593**	281,080
Non-current liabilities					
Accounts payable and accruals	20	**1,455**	1,322	**-**	-
Deferred tax liabilities	7(b)	**7,409**	2,886	**5,411**	203
Other financial liabilities	15(b)	**62,019**	97,963	**56,092**	97,828
		70,883	102,171	**61,503**	98,031
Equity					
Share capital	10(b)	**18,017**	18,017	**18,017**	18,017
Other reserves	9(a)	**2,744**	1,263	**2,744**	1,263
Retained earnings	9(b)	**88,787**	70,148	**33,567**	33,742
		109,548	89,428	**54,328**	53,022
Total liabilities and equity		**461,279**	444,564	**405,424**	432,133

The above Balance Sheets should be read in conjunction with the accompanying notes.

The Financial Statements were authorised for issue by the Directors of Zespri Group Limited on 20 May 2015.

Authorised for, and on behalf of, the Board:

P J McBride
Chairman

J P Mason
Director

Statements of Changes in Equity

Statements of Changes in Equity	Notes	Share capital 2015 $'000	Share capital 2014 $'000	Retained earnings 2015 $'000	Retained earnings 2014 $'000	Other reserves 2015 $'000	Other reserves 2014 $'000	Total 2015 $'000	Total 2014 $'000
Group									
Attributable to shareholders:									
Balance at 1 April		**18,017**	18,017	**70,148**	59,525	**1,263**	683	**89,428**	78,225
Comprehensive income:									
Net profit after taxation		**-**	-	**34,621**	17,245	**-**	-	**34,621**	17,245
Transfers to/(from) retained earnings	9	**-**	-	**(1,481)**	(580)	**1,481**	580	**-**	-
Total comprehensive income for the year		**-**	-	**33,140**	16,665	**1,481**	580	**34,621**	17,245
Transactions with owners:									
Dividends paid during the year	11	**-**	-	**(14,501)**	(6,042)	**-**	-	**(14,501)**	(6,042)
Total transactions with owners in their capacity as owners		**-**	-	**(14,501)**	(6,042)	**-**	-	**(14,501)**	(6,042)
Balance at 31 March		**18,017**	18,017	**88,787**	70,148	**2,744**	1,263	**109,548**	89,428

	Notes	Share capital 2015 $'000	Share capital 2014 $'000	Retained earnings 2015 $'000	Retained earnings 2014 $'000	Other reserves 2015 $'000	Other reserves 2014 $'000	Total 2015 $'000	Total 2014 $'000
Parent									
Attributable to shareholders:									
Balance at 1 April		**18,017**	18,017	**33,742**	38,165	**1,263**	683	**53,022**	56,865
Comprehensive income:									
Net profit after taxation		**-**	-	**15,807**	2,199	**-**	-	**15,807**	2,199
Transfers to/(from) retained earnings	9	**-**	-	**(1,481)**	(580)	**1,481**	580	**-**	-
Total comprehensive income for the year		**-**	-	**14,326**	1,619	**1,481**	580	**15,807**	2,199
Transactions with owners:									
Dividends paid during the year	11	**-**	-	**(14,501)**	(6,042)	**-**	-	**(14,501)**	(6,042)
Total transactions with owners in their capacity as owners		**-**	-	**(14,501)**	(6,042)	**-**	-	**(14,501)**	(6,042)
Balance at 31 March		**18,017**	18,017	**33,567**	33,742	**2,744**	1,263	**54,328**	53,022

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

Statements of Cash Flows	Notes	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Cash flows from operating activities					
Cash was provided from:					
Receipts from sales [1]		**1,437,865**	1,208,439	**978,469**	832,236
Receipts from sales of Zespri licences		**7,602**	4,117	**7,602**	4,117
Receipts from research co-funding		**3,063**	2,563	**4,823**	-
Other sundry items		**960**	3,201	**292**	2,320
Insurance receipts – reinsurance assets	14(b)	**-**	27	**-**	-
Proceeds from derivatives	5	**103,137**	107,483	**-**	-
Proceeds from inter-company derivatives		**-**	-	**103,137**	107,483
Taxation refunded		**633**	1,206	**-**	-
		1,553,260	1,327,036	**1,094,323**	946,156
Cash was applied to:					
Payments to contracted suppliers – New Zealand-grown fruit		**925,491**	811,725	**926,753**	813,524
Payments to contracted suppliers – non-New Zealand-grown fruit		**136,196**	114,764	**-**	-
Payments to other suppliers and employees		**436,900**	387,021	**140,519**	157,043
Insurance claims - reinsurance liabilities	14(b)	**3,167**	168	**3,167**	168
Taxation paid		**10,740**	14,253	**-**	-
		1,512,494	1,327,931	**1,070,439**	970,735
Net cash available from/(used in) operating activities	23	**40,766**	(895)	**23,884**	(24,579)
Cash flows from investing activities					
Cash was provided from:					
Dividends received		**-**	-	**9**	-
Proceeds from sale of property, plant and equipment and intangibles		**7**	29	**-**	-
		7	29	**9**	-
Cash was applied to:					
Investments in subsidiaries	19	**-**	-	**-**	470
Purchase of intangible assets		**17,482**	13,121	**1,939**	5,151
Purchase of property, plant and equipment		**2,365**	682	**-**	-
		19,847	13,803	**1,939**	5,621
Net cash used in investing activities		**(19,840)**	(13,774)	**(1,930)**	(5,621)
Cash flows from financing activities					
Cash was provided from:					
Interest received		**5,955**	5,070	**5,691**	4,730
		5,955	5,070	**5,691**	4,730
Cash was applied to:					
Interest paid		**-**	90	**-**	2
Dividend payments	11	**14,501**	6,042	**14,501**	6,042
		14,501	6,132	**14,501**	6,044
Net cash used in financing activities		**(8,546)**	(1,062)	**(8,810)**	(1,314)
Net increase/(decrease) in cash held		**12,380**	(15,731)	**13,144**	(31,514)
Effect of exchange rate changes on foreign currency cash balances		**1,891**	(7,232)	**-**	-
Add opening cash brought forward		**132,725**	155,688	**109,802**	141,316
Ending cash carried forward		**146,996**	132,725	**122,946**	109,802
Represented by:					
Cash and cash equivalents	24(b)	**146,996**	132,725	**122,946**	109,802
		146,996	132,725	**122,946**	109,802

[1] Cash receipts from sales includes inter-company sales for the parent.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

Statement of compliance

The Financial Statements are those of the parent company, Zespri Group Limited (the Company), and its subsidiaries (collectively Zespri Group). The Company is domiciled in New Zealand and is a profit-oriented entity incorporated under the Companies Act 1993 of New Zealand. Zespri Group's primary activity is the purchase, export and marketing of fresh kiwifruit.

The Financial Statements of the Group have been prepared in accordance with the Financial Reporting Act 1993.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS).

The Financial Statements and Notes to the Financial Statements are presented in New Zealand dollars, the functional currency of the Company and presentational currency of the Group.

Basis of preparation

The following accounting principles have been followed in the preparation of the consolidated Financial Statements:

- Historical cost basis, modified by the revaluation of certain items as identified in the specific accounting policies below; and
- Accrual accounting.

The Directors and management have reviewed the Zespri Group current business plans, financial forecasts and related assumptions for the next 12 months and beyond, and are satisfied that it is appropriate for reliance to be placed on the fact that Zespri Group is a going concern.

Use of estimates and judgements

The preparation of Financial Statements and related disclosures that conform with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements. Judgement is applied in determining estimates and the application of accounting standards.

Critical accounting estimates in applying significant accounting policies

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because judgement is applied, actual results could differ from estimates made. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the Income Statement.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in accounting for new variety licence revenue, taxation, insurance, provisions, derivatives and contingent liabilities. Assumptions applied, methods used and uncertainties pertaining to these areas are discussed in the related specific accounting policies below, and in Notes 2, 7, 12, 14, 15, 21, 24 and 25.

The key judgement considered by management relates to licence fee revenue recognition. This relates to the timing of revenue recognition for licence fees. This is discussed further in Note 2.

Specific accounting policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below:

(a) Basis of consolidation

The consolidated Financial Statements include the results and balances of all entities over which the Company and its subsidiary companies (refer Note 19) have control. All companies in Zespri Group are wholly owned by companies within the Group and, as such, are ultimately fully controlled by the Company.

All subsidiaries have been incorporated and consolidated at inception by Zespri Group companies. No subsidiaries have been obtained by acquisition. The results and balances of subsidiaries are included in consolidated Financial Statements of Zespri Group from the date of inception.

All significant inter-company transactions are eliminated on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(b) Indirect tax

The Income Statements, Statements of Comprehensive Income, Statements of Cash Flows, Statements of Changes in Equity and Balance Sheets have been presented so that all components are stated net of indirect tax (such as Goods and Services Tax (GST) and Value Added Tax (VAT)) where such taxes can be reclaimed from the relevant authorities with the exception of receivables and payables, which include indirect tax invoiced.

(c) Revenue recognition

Revenue is recognised as follows:

(i) Sale of goods and licences: Sales revenue (including collaborative marketing sales) is recognised when the risks and rewards of ownership of the goods or licences have passed to the customer. Sales revenue reflects the fair value of the sale of goods, net of rebates and discounts.

(ii) Interest: Interest income is recognised on a time-proportion basis using the effective interest method.

(iii) Dividends: Dividend income is recognised when the right to receive payment is established.

(iv) Sale of services: Revenue from the provision of services is recognised to the extent that the service has been provided. Services revenue reflects the fair value for the sale of services, net of rebates and discounts.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for the intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Income Statements in the period in which they have been incurred.

(e) Co-funding

Co-funding is recognised as follows:

(i) Research co-funding including research co-funding from government grants, relating to research and development costs is recognised over the period necessary to match it with the costs that it is intended to compensate.

Where research and development expenditure is expensed in the Income Statements, co-funding income to which it relates is shown separately as income. Where research and development costs are capitalised as intangible assets, co-funding income is netted off the expenses being capitalised.

(ii) Co-funding income is recognised only when there is reasonable assurance that any conditions attached to the co-funding have been complied with, and that the co-funding will be received.

(f) Earnings per share

Basic earnings per share are calculated by dividing net profit after tax by the weighted average number of shares outstanding during the year. In the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming conversion of all potential dilutive shares.

(g) Taxation

(i) Current tax payable or receivable:

Current tax is calculated by reference to the amount of income taxes payable or receivable in respect of the taxable profit or tax loss for the period in the tax jurisdictions in which Zespri Group's companies operate. It is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Income taxes payable or receivable are shown net where there is a legal right of offset for balances recognised in the same tax jurisdiction.

(ii) Deferred tax:

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets or liabilities are shown net where there is a legal right of offset for balances recognised in the same tax jurisdiction.

(iii) Current and deferred tax for the period:

Current and deferred tax is recognised as an expense or income in the Income Statements, except when it relates to items credited or debited directly to equity, in which case the related tax is also recognised directly in equity.

(h) Foreign currency translation

(i) Functional and presentation currency:

Transactions in each of Zespri Group's entities are measured using the currency of the primary economic environment in which the entity operates. The functional currency of foreign operations is also considered in light of its dependence on the Company. All Zespri Group companies are currently deemed to have New Zealand dollars as both their functional and presentational currencies.

(ii) Transactions and balances in functional currency:

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions during the year and from the translation of monetary assets and liabilities at balance date are recognised in the Income Statements.

Non-monetary items held at historical cost are translated using the historical exchange rate at the date of the transaction.

(i) Share capital

On the issue of shares, the value of the shares issued at the issue price is recognised in shareholders' equity.

Costs associated with the issue of shares are recognised (net of any tax deduction) as a deduction from the amount collected from the share issue.

(j) Dividends

Dividends are reported as a movement in shareholders' equity in the period in which they are declared by the Board of Directors.

(k) Other reserves

Retained earnings are set aside in other reserves where the Board of Directors resolves to separate certain funds from those able to be distributed from retained earnings. A separate defence fund reserve has been transferred from retained earnings to hold funds for use in defending any challenges on Plant Variety Rights (PVR's). This fund will be increased by a royalty equivalent of between 0.50% and 0.65% of the sales value of the fruit under PVR protection, less any associated costs. This reserve transfer will be reviewed by the Directors on a yearly basis.

Any movement in other reserves is by transfer to or from retained earnings as related revenues are earned and costs are incurred.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits, and short-term investments that are readily convertible to known amounts of cash.

Bank overdrafts are shown within borrowings in current liabilities.

(m) Accounts receivable and payable

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts.

Collectability of accounts receivable is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

The movement in the provision is recognised in the Income Statements. When a receivable is uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statements.

Accounts payable are initially measured at fair value and subsequently measured at amortised cost.

(n) Inventories

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing inventory to its present location and condition are accounted for at purchased cost on a first-in first-out basis. Borrowing costs are excluded.

(o) Derivatives

Zespri Group may reduce its exposure to fluctuations in foreign currency exchange rates and commodity prices affecting operating costs, through the use of derivatives. Derivatives are not entered into for speculative purposes.

Derivatives able to be utilised under the Treasury Management Policy include interest rate swaps, oil swaps, foreign exchange options and forward contracts.

Zespri Group's policy is to manage risk from an economic perspective. As a result, Zespri Group manages the risks of net positions subject to market risks. Hedge accounting has not been applied. As a result, all derivatives are required to be classified as 'held for trading', and are measured at fair value with changes recognised through the Income Statements.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedging derivative is for more than 12 months, and as a current asset or liability when the remaining maturity of the hedging derivative is for less than 12 months.

(i) Recognition and derecognition:

Derivatives are recognised initially and subsequently at fair value. Revenues and expenses relating to changes in fair value of derivatives are recognised in the Income Statements. The fair value of all financial instruments is recorded in the Balance Sheets. Derivatives are de-recognised when the contractual rights or obligations relating to the cash flow expire.

(ii) Embedded derivatives:

Embedded derivatives are derivatives that are included within the terms of a non-derivative host contract. They affect the cash flows of the combined instrument in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified index, price, rate or other variable.

Companies within Zespri Group enter into contracts in the normal course of their operations. Within some of these contracts are embedded derivatives. Where the embedded derivatives are deemed to be closely related to the host contract, they are not valued or recognised separately from the accounting required for the host contract in the Financial Statements. Embedded derivatives deemed not to be closely related to the host contract are accounted for as if they were stand-alone derivatives.

(iii) Fair value estimation:

The fair value of derivatives traded in an active market is based on the current bid price for assets, and the current ask price for liabilities (refer Note 15).

The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at balance date.

The fair value of derivatives that are not traded in an active market is determined by using valuation techniques as specified at Note 24 adjusted for credit risk of the counter-party.

(p) Property, plant and equipment

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use.

The cost of assets constructed by Zespri Group includes the cost of all materials used in construction and direct labour on the project, and financing costs that are directly attributable to the project. Costs cease to be capitalised as soon as the asset is ready for productive use.

The major asset classes are leasehold improvements, plant and equipment, motor vehicles and capital work in progress.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(q) Depreciation

Depreciation is provided on a straight-line basis at rates calculated to allocate the cost of assets over their estimated useful lives. Capital work in progress is not depreciated until the work is complete and the asset is fit for its intended use. The estimated useful lives used for depreciation purposes are as follows:

Leasehold improvements	Lower of 10 years or unexpired portion of lease
Plant and equipment	2 – 10 years
Motor vehicles	5 years

The useful life and residual value of property, plant and equipment are reviewed annually. Any change required as a result in the change of these estimates is recognised in the Income Statements during the period.

(r) Intangibles

(i) Research and development costs:

Research expenditure is expensed in the period incurred. Development costs are capitalised as internally generated intangible assets where future benefits are expected to exceed those costs; otherwise, development costs are expensed in the period incurred.

Development costs include costs relating to the development and production for Zespri-developed cultivars. Costs capitalised include those of budwood, legal fees and costs of obtaining Plant Variety Rights less any research co-funding received in respect of this expenditure. Development costs capitalised as an internally generated intangible asset have finite useful lives and are carried at cost less accumulated amortisation.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of five years.

(ii) Computer software:

Zespri Group purchases and develops software for use in its own business only. Because the software is without physical substance and is not linked to a producing asset with substance, it is classified as an intangible asset.

The cost of computer software acquired is the value of the purchase price to acquire the assets, and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended use.

The cost of software developed by, and for the use of, Zespri Group includes the cost of all materials used in construction, direct labour on the project, and financing costs that are directly attributable to the project. Computer software has a definite useful life and is carried at cost less accumulated amortisation.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

(iii) Intangibles work in progress:

Intangibles work in progress is not amortised until work is complete and the asset is fit for its intended use.

The useful life and residual value of intangibles are reviewed annually. Any change required as a result in the change of these estimates is recognised in the Income Statements during the period.

(s) Impairment of non-financial assets

Non-financial assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(t) Employee benefits

Employee entitlements to salaries and wages, bonuses, annual leave, contributions to defined-contribution pension schemes and other accumulating benefits are recognised when they accrue to employees. Liabilities for employee benefits are carried at the value of the estimated future cash flows required to settle the obligation arising from services rendered by employees up until balance date.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(u) Provisions

Zespri Group records provisions when: it has a legal or constructive obligation to satisfy a claim as the result of a past event; it is more likely than not that an outflow of resources will be required to satisfy the obligation; and a reliable estimate of the amount can be made. The amount recognised as a provision is the net present value of the best estimate of the outflows required to settle the obligation.

(v) Insurance cover offered

(i) Marine cargo insurance:

The Company insures New Zealand contractors to the New Zealand Supply Agreement for loss of kiwifruit resulting from specific risks between picking and 'Free on board stowed' (FOBS). The annual period of cover is from 1 April to 31 March the following year. Zespri Group purchases marine cargo insurance as reinsurance of this risk.

An insurance liability is recognised to the extent of the estimated future cash flows that may be required to settle claims to New Zealand-contracted suppliers and related costs. An expense is recognised for known liabilities under the terms of insurance, and estimated for claims made but not yet settled. Claims are expected to be settled within one year. There is no discounting or inflation adjustment in measuring the liability because of the short settlement period.

An insurance asset and resultant revenue, relating to claims made pre-FOBS, are recognised to the extent of the estimated future cash flows that may be receivable from Zespri Group's insurer as a result of known claims made against the reinsurance policy.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(v) Insurance cover offered (continued)

(ii) Hail insurance:

The Company insures New Zealand contractors to the New Zealand Supply Agreement annually for kiwifruit lost as a result of hail during the New Zealand growing period. The period of cover is from 1 August to 30 June the following year.

An insurance liability is recognised to the extent of the estimated future cash flows that may be required to settle claims and related costs. An expense is recognised for known liabilities under the terms of insurance, and estimated for claims made but not yet settled. Claims are settled at the end of the insurance period. There is no discounting or inflation adjustment in measuring the liability because of the short settlement period.

(w) Leases

Zespri Group leases land, buildings, certain plant and equipment, and motor vehicles. Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are included in the Income Statements in equal instalments over the lease term. Lease payments are shown net of any receipts earned from the subleases of these assets.

The cost of improvements to leasehold property is capitalised, disclosed as leasehold improvements and depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

(x) Statements of Cash Flows

The following definitions are the terms used in the Statements of Cash Flows:

(i) Cash and cash equivalents are considered to be cash on hand, current accounts and short-term money market deposits in banks, net of bank overdrafts.

(ii) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and investments. Investments can include securities not falling within the definition of cash.

(iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of Zespri Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

(iv) Operating activities include all transactions and other events that are not investing or financing activities.

(y) Segment reporting

Zespri Group determines its reportable segments by reference to the internal reporting of the activities of the Group to the Board of Directors, the chief operating decision-maker, as defined in NZ IFRS 8 (Operating Segments). Reportable segments have been determined to follow the strategic business lines of the Group, which also reflect groups of similar products and services. Zespri Group has four reportable segments:

(i) New Zealand fresh kiwifruit: the marketing and sale of New Zealand-grown kiwifruit

(ii) Non-New Zealand fresh kiwifruit: the marketing and sale of kiwifruit supplied from countries other than New Zealand

(iii) Research and development: research activities undertaken by Zespri Group to develop new cultivars and to improve kiwifruit production, storage and handling practices; and

(iv) Corporate services: the servicing and administration of all of the activities above, including the operation and support of supply chain functions, grower and shareholder services, legal and secretarial services, information systems, central treasury and cash management, finance and other typical head-office-type functions.

(z) Changes in accounting policies, disclosures and legislation

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") has come into force replacing the Financial Reporting Act 1993. The FRA 2013 is effective for companies with financial periods beginning on or after 1 April 2014 unless they meet the definition of a FMC reporting entity under the Financial Markets Conduct Act ("FMC Act") and meet the transitional provision requirements of the FMC Act that require them to apply the Financial Reporting Act 1993. As Zespri meets the requirements of an entity operating under the transitional provisions of the FMC Act, Zespri will be required to report under the FRA 2013 at the earlier of making an issue of securities under the FMC Act, opting into the FMC Act, becoming a recipient of funds from a conduit issuer, or at Zespri's next balance date after 1 December 2016 (i.e. 31 March 2017).

The change in legislation has no material impact on the entity's obligation to prepare general-purpose financial statements. Neither the FRA 2013 nor the FMC Act require the preparation of parent financial statements where group financial statements are prepared. Accordingly on adoption of the FMC Act and the FRA 2013 Zespri will no longer be required to prepare separate financial statements for the Company.

The External Reporting Board of New Zealand ("XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. Under the new XRB framework the entity has continued to apply NZ IFRS as applicable for Tier 1 for-profit entities. This has had no material impact on the preparation and disclosures included in the financial statements.

Certain new standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and the Accounting Standards Review Board in New Zealand (ASRB) have been published which will be mandatory for the Company in the accounting period beginning on or after 1 April 2015.

The following standards are not yet effective and have not been early adopted by the Group but will be applicable to the Group:

- NZ IFRS 9 (Financial Instruments) - Effective on or after 1 January 2018. This standard will eventually replace NZ IAS 39 (Financial Instruments: Recognition and Measurement), and is expected to be adopted by the Group in the Financial Statements for the year ending 31 March 2019. This standard simplifies how an entity should classify and measure financial assets. This will result in revised disclosure but does not affect recognition or measurement of any balances within the Financial Statements.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(z) Changes in accounting policies, disclosures and legislation (continued)

- NZ IFRS 15 (Revenue from Contracts with Customers) - Effective on or after 1 January 2017. This standard impacts on how and when revenue is recognised. Additionally there will be changes in disclosure requirements.

Management has not yet completed its full assessment of the impact of the above mentioned accounting policies but it is expected that these changes will not materially affect the Group's Financial Statements. The Group does not intend to adopt these standards early.

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these Financial Statements. None of these are expected to have significant effect on the consolidated Financial Statements of the Group.

2. Revenue

(a) Operating revenue	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Sale of kiwifruit (at spot foreign exchange rates):				
– New Zealand-grown kiwifruit	**1,253,648**	1,058,209	**-**	-
– Inter-company New Zealand-grown kiwifruit	**-**	-	**966,462**	822,465
– Non-New Zealand-grown kiwifruit	**167,747**	144,935	**-**	-
– Collaborative marketing	**12,072**	10,652	**12,007**	10,505
Total revenue from kiwifruit product sales	**1,433,467**	1,213,796	**978,469**	832,970
Sale of Zespri variety licences [1]	**24,407**	3,660	**24,407**	3,660
Revenue from branding royalties	**64**	38	**-**	-
Insurance revenue [2]	**1,004**	1,147	**-**	-
	1,458,942	1,218,641	**1,002,876**	836,630

[1] The sale of Zespri variety licences is recognised when the risks and rewards of ownership of the licences have passed to the customer. In 2014/15 additional licences were issued for new varieties that were commercialised in previous financial years. The total licence fee receivable at 31 March 2015 is $22,184,655 (2014: $12,313,754) with payment due over five years. In 2013/14 revenue from the sale of new variety licenses that include deferred payments, hardship or surrender clauses that result in uncertainty as to the collectability of the outstanding consideration, were not recognised. In 2014/15 the revenue from the sale of new variety licences in prior years has been recognised as the Directors consider the uncertainty regarding material collection has been removed. This is due to initial licence payments due in August 2014 being received, the industry response to Psa being substantially successful, and the historical sales of the Gold3 variety being strong.

[2] Insurance revenue includes revenue received or receivable on policies taken out for pre-FOBS (refer Note 14) and post-FOBS kiwifruit losses.

(b) Other revenue	Note	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Gain on sale of assets		**7**	29	**-**	-
Plant Variety Right royalty income		**2,747**	844	**2,747**	844
Defence fund income	9(b)	**2,076**	805	**2,076**	805
Co-funding for new cultivar research [1]		**2,060**	2,426	**-**	-
Co-funding from Kiwifruit Vine Health Incorporated for Psa research		**1,489**	496	**-**	-
Co-funding for other projects		**492**	137	**-**	-
Other income		**875**	1,646	**330**	425
		9,746	6,383	**5,153**	2,074

[1] On 1 October 2009, Zespri International Limited entered into a co-funding research agreement with the New Zealand Government entity Foundation for Research, Science and Technology (FRST). The agreement for new cultivar pre-commercial research and development co-funding has a term of seven years, and a FRST contribution value of up to $13,511,111 (excluding GST). The Zespri Group recognises FRST contributions as co-funding sundry revenue only when all the contractual conditions have been met. As at 31 March 2015 $10,615,542 has been recognised over the life of the agreement by the Zespri Group (2014: $8,555,542), and $Nil has been received from FRST for which contractual obligations are outstanding (2014: $130,176). As such, the amount for which contractual obligations are outstanding is recorded as income in advance (refer Note 20).

Notes to the Financial Statements (continued)

3. Operating expenses

	Notes	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Zespri Group's operating expenses include the following (at spot foreign exchange rates):					
Amortisation	18	**3,832**	2,615	**1,491**	1,148
Commissions		**12,613**	12,840	**-**	-
Depreciation		**1,401**	1,576	**-**	-
Directors' fees		**759**	691	**-**	-
Employee remuneration and benefits		**44,791**	39,321	**-**	-
Employee defined contribution plan		**1,097**	938	**-**	-
Freight, distribution and insurance		**147,137**	139,578	**2,226**	169
Gold9 decommercialisation provision funding	21	**1,551**	-	**1,551**	-
Inter-company charges		**-**	-	**31,937**	26,880
Investment write-off	19	**-**	-	**-**	520
Loss on sale of assets		**135**	41	**-**	-
Other selling and direct costs		**123,644**	97,330	**12,978**	7,906
Payments for kiwifruit including:					
– Fruit and service payments – New Zealand-grown kiwifruit [1]		**915,776**	779,793	**917,038**	781,592
– Fruit purchases – non-New Zealand-grown kiwifruit		**136,008**	114,987	**-**	-
– Loyalty premium – New Zealand-grown kiwifruit	21	**23,192**	20,999	**23,192**	20,999
Promotion		**78,727**	63,454	**-**	-
Research – New Zealand-grown kiwifruit [2]		**15,928**	12,381	**-**	-
Serious Fraud Office (SFO) investigation costs		**3,501**	2,818	**-**	-

1 Contracted-supplier fruit returns by means of fruit and service payments reflect the value of sales from New Zealand-grown kiwifruit after deducting those expenses defined under the annual New Zealand Supply Agreement, including derivative gains and losses. The expense in the parent includes inter-company inventory movements for the future season's kiwifruit shipped prior to year-end.

2 For 2014/15, Psa research conducted in conjunction with KVH of $1,488,808 (2014: $496,027) is included in the New Zealand-grown kiwifruit research figure.

4. Fees to auditors

Fees are paid to the auditors of the Company and its subsidiaries for the audit of the Financial Statements and for other services. The auditor of the Company is KPMG.

	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Audit of the Financial Statements of the Group	**193**	171	**78**	71
Audit of the Financial Statements of the Group's subsidiaries	**82**	64	**-**	-
	275	235	**78**	71
Regulatory compliance	**27**	12	**-**	-
Electronic discovery services [1]	**71**	114	**-**	-
Financial reporting advisory on IFRS13	**31**	9	**-**	-
Other advisory [2]	**30**	13	**-**	-
Total fees paid to the Company's auditors	**434**	383	**78**	71

1 Electronic discovery services relates to the provision of documents relating to the Serious Fraud Office investigation.

2 Other advisory relates to audit of key cost to pools in 2015 (2014: customs duty).

Other audit fees of $129,564 (2014: $103,227) have been paid to other auditors to meet local audit requirements.

Notes to the Financial Statements (continued)

5. Other net gains/(losses)

	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Net gains from derivatives	**103,137**	107,483	**-**	-
Net foreign exchange gains/(losses) from non-derivatives	**5,391**	745	**(315)**	(622)
Total other net gains/(losses)	**108,528**	108,228	**(315)**	(622)

6. Finance revenue and expense

(a) Finance revenue	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Interest revenue	**6,000**	5,188	**5,853**	4,848
Inter-company dividend income	**-**	-	**9**	-
Total finance revenue	**6,000**	5,188	**5,862**	4,848

(b) Finance expense	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Interest expense	**-**	90	**-**	2
Fee expense	**1,009**	1,455	**2**	12
Total finance expense	**1,009**	1,545	**2**	14

7. Taxation

(a) Taxation expense	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Net profit before taxation	**50,926**	27,101	**21,919**	3,077
Taxation at 28%	**14,259**	7,588	**6,137**	862
Tax effect of:				
– Non-deductible or non-assessable items	**576**	1,195	**(17)**	139
– Translation differences on foreign tax	**871**	(125)	**-**	-
– Tax under/(over) provided in prior year	**56**	(477)	**(8)**	(123)
– Foreign income at different tax rates	**1,059**	1,561	**-**	-
– Movement in distribution of accumulated retained earnings of subsidiaries	**(516)**	114	**-**	-
Taxation expense	**16,305**	9,856	**6,112**	878
Effective tax rate (%)	**32.0%**	36.4%	**27.9%**	28.5%
Taxation expense is represented by:				
Current taxation expense:				
– Current income tax charge	**11,565**	9,263	**911**	299
– Adjustments of prior years	**56**	(477)	**(8)**	(123)
Deferred taxation expense:				
– Origination and reversal of temporary differences	**4,684**	1,070	**5,209**	702
Taxation expense	**16,305**	9,856	**6,112**	878

The 28 percent tax rate used above is the corporate tax rate payable by New Zealand corporate entities on taxable profit under New Zealand tax law.

Notes to the Financial Statements (continued)

7. Taxation (continued)

(b) Components of deferred taxation	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Property, plant and equipment, and intangibles	**(1,144)**	(557)	**(1,238)**	(1,041)
Inventories and receivables	**(6,344)**	(112)	**(6,138)**	(41)
Retained earnings in subsidiaries	**(1,759)**	(2,622)	**-**	-
Provisions and accruals	**4,057**	2,829	**1,965**	879
Other financial assets and liabilities	**(143)**	(27)	**-**	-
Employee entitlements	**1,435**	1,219	**-**	-
Net deferred (liabilities)/assets	**(3,898)**	730	**(5,411)**	(203)
Deferred tax assets	**3,511**	3,616	**-**	-
Deferred tax liabilities	**(7,409)**	(2,886)	**(5,411)**	(203)
Net deferred (liabilities)/assets	**(3,898)**	730	**(5,411)**	(203)

(c) Net change in deferred tax balances	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Net deferred assets/(liabilities) at 1 April	**730**	1,974	**(203)**	499
Charged to Income Statements	**(4,683)**	(1,063)	**(5,208)**	(702)
Exchange differences and other	**55**	(181)	**-**	-
Net deferred (liabilities)/assets at 31 March	**(3,898)**	730	**(5,411)**	(203)

All movements have been charged to the Income Statements. No movements have been recorded directly within equity.

(d) Tax credits available to shareholders	Group 2015 $'000	Group 2014 $'000
New Zealand imputation credit account		
Balance at 1 April credit	**8,656**	1,256
Income tax payments made to New Zealand tax authorities during the year	**4,000**	3,050
Imputation credits attached to dividends paid	**(5,618)**	(2,341)
Transfers/refunds	**(633)**	(1,206)
Other credits [1]	**-**	7,897
Balance at 31 March credit	**6,405**	8,656
Adjustments required under FRS-44: [2]		
Imputation credits available to refund excess tax	**(5,272)**	(4,932)
Total tax credits available for use at 31 March	**1,133**	3,724

[1] The 'other credits' in 2014 relates to the elimination of a debit balance upon removal of a subsidiary from the Company Register, increasing the imputation credits available for use. The debit balance did not give rise to further tax payments or tax penalty.

[2] Effective for reporting periods beginning on or after 1 July 2011 an entity is required to adjust imputation credits available for use for income tax refunds due.

On 20 May 2015, the Board of Directors announced an intention to declare a dividend of 7.0 cents per share which will not be recognised in the Financial Statements until July 2015, when it is declared. It is intended that the dividend will be fully imputed and imputation credits of $3,286,194 will be required to fully impute the dividend.

8. Earnings per share

	Group 2015	Group 2014	Parent 2015	Parent 2014
Net profit after taxation attributable to shareholders ($'000)	**34,621**	17,245	**15,807**	2,199
Weighted average shares ('000)	**120,717**	120,717	**120,717**	120,717
Basic and diluted earnings per share ($)	**0.287**	0.143	**0.131**	0.018

Notes to the Financial Statements (continued)

9. Reconciliation of movements in reserves

(a) Other reserves

	Group and Parent Defence fund reserve 2015 $'000	2014 $'000
Balance at 1 April	**1,263**	683
Revenue transferred from retained earnings	**2,076**	805
Expenses transferred from retained earnings	**(19)**	-
Income tax effect on items transferred from retained earnings	**(576)**	(225)
Balance at 31 March	**2,744**	1,263

In 2014/15, $1,480,897 (2014: $579,658) was transferred from retained earnings to the defence fund reserve. The transfer amounts to the net after taxation levied amount from new cultivar royalties (Gold3, Gold9, Green14) and offshore Hort16A proceeds less costs incurred defending Zespri PVRs.

(b) Retained earnings

	Note	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Balance at 1 April		**70,148**	59,525	**33,742**	38,165
Dividend paid during the year	11	**(14,501)**	(6,042)	**(14,501)**	(6,042)
Net profit after taxation attributable to shareholders		**34,621**	17,245	**15,807**	2,199
Revenue attributed to defence fund transferred to other reserves		**(2,076)**	(805)	**(2,076)**	(805)
Expenses attributed to defence fund transferred to other reserves		**19**	-	**19**	-
Income tax effect on items transferred to other reserves		**576**	225	**576**	225
Balance at 31 March		**88,787**	70,148	**33,567**	33,742

10. Share capital

(a) Number of shares issued

	Group and Parent 2015 No. of shares	2014 No. of shares
Number of authorised and fully paid issued ordinary shares at 31 March, at no par value	**120,717,335**	120,717,335

(b) Share capital value

	Group and Parent 2015 $'000	2014 $'000
Balance at 31 March	**18,017**	18,017

Ordinary shares: All ordinary shares rank equally subject to the voting cap. Each shareholder is entitled to one vote per ordinary share up to a maximum that is calculated by reference to that shareholder's share of total New Zealand production supplied to Zespri Group.

(c) Capital management

The Company's activities are restricted under the Kiwifruit Export Regulations 1999 in order to protect shareholders and contracted suppliers. The providers of capital must agree to the use of capital for any non-core activities and those who have not agreed cannot be exposed to more than minimal risk.

Because Zespri Group is a short-term borrower, capital management is restricted to the management of authorised and issued share capital, retained earnings and other reserves.

Under its Constitution, the Company may issue, buy back, consolidate or subdivide shares. Since incorporation in 2000, the Company has:

- issued shares under the Kiwifruit Industry Restructuring Act 1999 in line with the production of New Zealand kiwifruit vines existing at the time;
- issued shares in a pro-rata offer in 2001 to obtain equity required to support activities stemming from increases in new plantings in New Zealand;
- issued shares in 2005 in a targeted offer to growers to realign shareholdings with levels of production of growers, while offering a voluntary share buy-back to dry shareholders or growers holding more shares than their proportion of production;
- transferred retained earnings to other reserves (refer Notes 1(k) and 9(a)) to separate funds from those available for distribution to shareholders;
- performed a share split in September 2010 to achieve a better alignment between trays supplied and total shares; and
- transferred other reserves to retained earnings to cover Psa-related funding.

Notes to the Financial Statements (continued)

10. Share capital (continued)

Share capital

The Regulations do not restrict the levels of share capital able to be authorised for issue by the Company. The Company's Constitution provides some restriction over the scale of individual offers for shares. To date, in line with the Kiwifruit Export Regulations 1999, shares have been issued by the Company to producing New Zealand kiwifruit growers.

As noted in (b) above, voting rights of shareholders are capped by reference to the individual shareholder's share of total New Zealand production supplied to the Company during the year. Divergence between shareholdings and production can occur through the production impact of new plantings, and as growers enter or exit the industry in New Zealand. This divergence is monitored by the Company at least annually, through the process of determining the voting caps of shareholders prior to the Annual Meeting of the Company.

Future issues or buy-backs may occur to support increases in core or other approved activities, or to achieve a closer alignment between production levels and shareholdings of shareholders.

Payment of dividends

Capital levels are monitored as part of the solvency tests required under the Companies Act 1993 to approve the payment of dividends to shareholders. Capital retained in the Company is measured for solvency purposes, and to determine whether the minimum level of equity retained in Zespri Group, as agreed by the Board of Directors, is maintained.

11. Dividends paid

	Group and Parent	
	2015 $'000	2014 $'000
Ordinary dividends:		
On ordinary shares – final (prior year)	**8,450**	1,207
On ordinary shares – interim (current year)	**6,036**	4,829
Supplementary dividends (to non-residents)	**15**	6
Total dividends paid	**14,501**	6,042

The dividends are fully imputed. Supplementary dividends of $14,893 (2014: $6,119) were paid to shareholders not tax resident in New Zealand, for which Zespri Group received a foreign investor tax credit entitlement.

On 20 May 2015, the Board of Directors announced an intention to pay a fully imputed final dividend of 7.0 cents per share (2014: 7.0 cents per share), totalling $8,450,213 (2014: $8,450,213). This dividend will be paid in August 2015. Because the intention was announced after balance date, the financial effect has not been recognised in the Financial Statements. During the year, the 2014 final dividend declared on 22 July 2014 of 7.0 cents per share and the 2015 interim dividend declared on 22 October 2014 of 5.0 cents per share were paid and recognised in the Financial Statements.

12. Accounts receivable

	Group		Parent	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current:				
Trade receivables [1]	**26,855**	25,027	**7,179**	1,222
Other receivables [2]	**8,736**	1,330	**4,327**	120
	35,591	26,357	**11,506**	1,342
Receivables from subsidiaries	**-**	-	**92,095**	88,501
Indirect taxation	**8,980**	9,714	**4,735**	6,416
Total current receivables	**44,571**	36,071	**108,336**	96,259
Non-current:				
Trade receivables [1]	**13,746**	2,898	**13,746**	2,898
Total non-current receivables	**13,746**	2,898	**13,746**	2,898
Total receivables	**58,317**	38,969	**122,082**	99,157

[1] The increase in receivables is due to the full recognition of licence revenue in 2014/15 that related to licences issued in prior years. Related receivables have deferred payment terms for up to five years.

[2] Other receivables include an amount of $4.0m (2014: $Nil) of 'hail' receivable against the New Zealand pool to offset the insurance liability. This is a result of the hail event in November 2014 (refer Note 14).

The carrying value of the items above has been determined by the Board of Directors as representative of the fair value of the assets.

Notes to the Financial Statements (continued)

12. Accounts receivable (continued)

The fair value of licence revenue receivables has been determined on a discounted cash flow basis.

Amounts receivable from related parties are disclosed at Note 28.

A provision for doubtful debts is recognised where there is evidence that an individual trade receivable is impaired. As at 31 March 2015, $Nil trade receivables (2014: $Nil) were impaired and provided for.

	Group		Parent	
(a) Movement in provision for doubtful debts	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Balance at 1 April	**-**	1,440	**-**	-
Bad debts written off	**-**	(1,428)	**-**	-
Reversal of provision	**-**	(12)	**-**	-
Balance at 31 March	**-**	-	**-**	-

	Group		Parent	
(b) Accounts receivable past due but not impaired	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Less than 3 months overdue	**5,723**	7,039	**60**	170
Between 3 and 6 months overdue	**569**	142	**49**	-
Between 6 and 12 months overdue	**64**	41	**64**	19
More than 12 months overdue	**5**	251	**3**	250
Accounts receivable past due but not impaired at 31 March	**6,361**	7,473	**176**	439

In certain regions a portion of accounts receivable amounts are secured by bank guarantees or other collateral, with all others being unsecured.

13. Prepayments

	Group		Parent	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current:				
Prepaid submit payments for next season's fruit not recorded in inventory	**9,430**	14,543	**9,430**	14,543
Insurance	**2,502**	2,238	**176**	180
Other	**3,370**	3,295	**-**	22
Total current prepayments	**15,302**	20,076	**9,606**	14,745
Non-current:				
Other	**1,052**	405	**-**	-
Total non-current prepayments	**1,052**	405	**-**	-
Total prepayments	**16,354**	20,481	**9,606**	14,745

Notes to the Financial Statements (continued)

14. Insurance cover offered

(a) Insurance offered revenue and insurance offered expense	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Insurance revenue from insurance offered: [1]				
Included in operating revenue:				
– Marine cargo pre-FOBS for current season	**-**	27	**-**	-
– Marine cargo pre-FOBS for prior season	**-**	491	**-**	-
	-	518	**-**	-
Insurance expense from insurance offered: [1]				
Included in operating expenses 'freight, distribution and insurance':				
Insurance claims and costs for current season:				
– Hail	**(2,162)**	-	**(2,162)**	-
– Marine cargo pre-FOBS	**(922)**	(981)	**(922)**	(981)
– Other insurance pre-FOBS	**(83)**	-	**-**	-
Insurance claims and costs for next season:				
– Hail	**(4,007)**	(168)	**(4,007)**	(168)
	(7,174)	(1,149)	**(7,091)**	(1,149)
Net insurance expense from insurance cover offered [2]	**(7,174)**	(631)	**(7,091)**	(1,149)

[1] The disclosures above relate only to the pre-FOBS activities of the Company with the New Zealand-contracted suppliers. As such, the balances exclude any effect of insurance purchased by Zespri Group to cover risks post-FOBS whether ultimately attributed to New Zealand-contracted suppliers' fruit return under the New Zealand Supply Agreement or to the results of Zespri Group.

[2] The net insurance expense is a cost to the New Zealand-contracted suppliers under the New Zealand Supply Agreement.

(b) Insurance assets and insurance liabilities from insurance offered	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Movements in assets:				
Balance at 1 April	**-**	-	**-**	-
Additional claims	**-**	(27)	**-**	-
Amounts received	**-**	27	**-**	-
Insurance assets from insurance offered at 31 March	**-**	-	**-**	-
Movements in liabilities:				
Balance at 1 April	**-**	-	**-**	-
Additional claims and costs	**7,174**	168	**7,174**	168
Claims and costs settled	**(3,167)**	(168)	**(3,167)**	(168)
Insurance liabilities from insurance offered at 31 March	**4,007**	-	**4,007**	-

(c) Terms and conditions of insurance

Hail cover

An annual policy is offered to New Zealand-contracted suppliers on approval by the Company's Board of Directors and the Industry Advisory Council (IAC). The terms of cover are contained in the *Insurance Update* published annually circa August, and the annual New Zealand Supply Agreement.

Marine cargo cover pre-FOBS

Cover for marine cargo insurance offered to New Zealand-contracted suppliers is dependent on the terms of cover able to be obtained annually by the Company as reinsurance. The terms of cover are contained in the annual New Zealand Supply Agreement issued every year to New Zealand-contracted suppliers and in April's edition of *Kiwiflier*.

Notes to the Financial Statements (continued)

15. Financial assets and liabilities

Group	Notes	Loans and receivables 2015 $'000	Loans and receivables 2014 $'000	Assets designated at fair value through the Income Statements 2015 $'000	Assets designated at fair value through the Income Statements 2014 $'000	Total 2015 $'000	Total 2014 $'000
(a) Financial assets per Balance Sheets							
Derivatives – held for trading		**-**	-	**169,073**	204,796	**169,073**	204,796
Accounts receivable	12	**58,317**	38,969	**-**	-	**58,317**	38,969
Cash and cash equivalents	24(b)	**146,996**	132,725	**-**	-	**146,996**	132,725
Total other financial assets		**205,313**	171,694	**169,073**	204,796	**374,386**	376,490
Represented by:							
Current		**191,567**	168,796	**107,054**	106,833	**298,621**	275,629
Non-current		**13,746**	2,898	**62,019**	97,963	**75,765**	100,861
Total other financial assets		**205,313**	171,694	**169,073**	204,796	**374,386**	376,490

	Note	Liabilities at amortised cost 2015 $'000	Liabilities at amortised cost 2014 $'000	Liabilities designated at at fair value through the Income Statements 2015 $'000	Liabilities designated at at fair value through the Income Statements 2014 $'000	Total 2015 $'000	Total 2014 $'000
(b) Financial liabilities per Balance Sheets							
Derivatives – held for trading		**-**	-	**23,884**	1,280	**23,884**	1,280
Contracted future suppliers		**-**	-	**145,031**	203,106	**145,031**	203,106
Accounts payable and accruals	20	**128,588**	113,022	**-**	-	**128,588**	113,022
Total other financial liabilities		**128,588**	113,022	**168,915**	204,386	**297,503**	317,408
Represented by:							
Current		**127,133**	111,700	**106,896**	106,423	**234,029**	218,123
Non-current		**1,455**	1,322	**62,019**	97,963	**63,474**	99,285
Total other financial liabilities		**128,588**	113,022	**168,915**	204,386	**297,503**	317,408

Parent	Notes	Loans and receivables 2015 $'000	Loans and receivables 2014 $'000	Assets designated at fair value through the Income Statements 2015 $'000	Assets designated at fair value through the Income Statements 2014 $'000	Total 2015 $'000	Total 2014 $'000
(a) Financial assets per Balance Sheets							
Inter-company derivatives – held for trading		**-**	-	**145,031**	203,106	**145,031**	203,106
Accounts receivable	12	**122,082**	99,157	**-**	-	**122,082**	99,157
Cash and cash equivalents	24(b)	**122,946**	109,802	**-**	-	**122,946**	109,802
Total other financial assets		**245,028**	208,959	**145,031**	203,106	**390,059**	412,065
Represented by:							
Current		**231,282**	206,061	**88,939**	105,278	**320,221**	311,339
Non-current		**13,746**	2,898	**56,092**	97,828	**69,838**	100,726
Total other financial assets		**245,028**	208,959	**145,031**	203,106	**390,059**	412,065

	Note	Liabilities at amortised cost 2015 $'000	Liabilities at amortised cost 2014 $'000	Liabilities designated at fair value through the Income Statements 2015 $'000	Liabilities designated at fair value through the Income Statements 2014 $'000	Total 2015 $'000	Total 2014 $'000
(b) Financial liabilities per Balance Sheets							
Contracted future suppliers		**-**	-	**145,031**	203,106	**145,031**	203,106
Accounts payable and accruals	20	**176,943**	157,888	**-**	-	**176,943**	157,888
Total other financial liabilities		**176,943**	157,888	**145,031**	203,106	**321,974**	360,994
Represented by:							
Current		**176,943**	157,888	**88,939**	105,278	**265,882**	263,166
Non-current		**-**	-	**56,092**	97,828	**56,092**	97,828
Total other financial liabilities		**176,943**	157,888	**145,031**	203,106	**321,974**	360,994

Notes to the Financial Statements (continued)

15. Financial assets and liabilities (continued)

Fair value of financial assets and liabilities

The fair value of financial instruments is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Where necessary, estimated future cash flows are calculated using forward prices and interest rate yield curves. Forward prices and interest rate yields are sourced from the relevant published market-observable exchange rates and interest rates applicable to the remaining life of the instrument, at the valuation date.

The derivative financial instruments below have been valued using a discounted cash flow valuation methodology.

The table below presents assets and liabilities that are measured at fair value by the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 – Inputs for the asset or liability that are not based on market-observable data (i.e. unobservable inputs).

Fair value of financial assets and liabilities valuation hierarchy	Level 2		Total	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Group				
Assets				
Derivatives – held for trading	**169,073**	204,796	**169,073**	204,796
	169,073	204,796	**169,073**	204,796
Liabilities				
Derivatives – held for trading	**23,884**	1,280	**23,884**	1,280
Contracted future suppliers	**145,031**	203,106	**145,031**	203,106
	168,915	204,386	**168,915**	204,386
Parent				
Assets				
Inter-company derivatives – held for trading	**145,031**	203,106	**145,031**	203,106
	145,031	203,106	**145,031**	203,106
Liabilities				
Contracted future suppliers	**145,031**	203,106	**145,031**	203,106
	145,031	203,106	**145,031**	203,106

16. Inventories

	Group	
	2015 $'000	2014 $'000
New Zealand-grown kiwifruit inventory (next season)	**9,015**	7,752
Non-New Zealand-grown kiwifruit inventory	**3,680**	3,835
Packaging materials	**6,949**	5,276
Other	**74**	110
Total inventories	**19,718**	16,973

Security pledged

Refer to Note 26 for details of security pledged by Zespri Group.

17. Property, plant and equipment

	Leasehold improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Group 2015					
Net book value 31 March	**830**	**1,634**	**246**	**1,620**	**4,330**
Group 2014					
Net book value 31 March	642	1,620	178	209	2,649

Security pledged

Refer to Note 26 for details of security pledged by Zespri Group.

Notes to the Financial Statements (continued)

18. Intangibles

	Development costs	Computer software	Work in progress	Total
	$'000	$'000	$'000	$'000
Group 2015				
Cost as at 1 April	**13,084**	**13,488**	**8,796**	**35,368**
Accumulated amortisation	**(7,906)**	**(11,040)**	**-**	**(18,946)**
Net book value 1 April	**5,178**	**2,448**	**8,796**	**16,422**
Amortisation expense	**(1,491)**	**(2,341)**	**-**	**(3,832)**
Additions	**1,838**	**12,611**	**3,230**	**17,679**
Transfers	**101**	**8,468**	**(8,569)**	**-**
Net book value 31 March	**5,626**	**21,186**	**3,457**	**30,269**
Cost as at 31 March	**15,023**	**34,567**	**3,457**	**53,047**
Accumulated amortisation	**(9,397)**	**(13,381)**	**-**	**(22,778)**
Net book value 31 March	**5,626**	**21,186**	**3,457**	**30,269**
Group 2014				
Cost as at 1 April	11,835	12,773	1,248	25,856
Accumulated amortisation	(6,758)	(9,842)	-	(16,600)
Net book value 1 April	5,077	2,931	1,248	9,256
Amortisation expense	(1,148)	(1,467)	-	(2,615)
Additions	1,175	312	8,332	9,819
Disposals (net)	-	(38)	-	(38)
Transfers	74	710	(784)	-
Net book value 31 March	5,178	2,448	8,796	16,422
Cost as at 31 March	13,084	13,488	8,796	35,368
Accumulated amortisation	(7,906)	(11,040)	-	(18,946)
Net book value 31 March	5,178	2,448	8,796	16,422

Notes to the Financial Statements (continued)

18 Intangibles (continued)

	Development costs $'000	Work in progress $'000	Total $'000
Parent - 2015			
Cost as at 1 April	**13,084**	**101**	**13,185**
Accumulated amortisation	**(7,906)**	**-**	**(7,906)**
Net book value 1 April	**5,178**	**101**	**5,279**
Amortisation expense	**(1,491)**	**-**	**(1,491)**
Additions	**1,838**	**89**	**1,927**
Transfers	**101**	**(101)**	**-**
Net book value 31 March	**5,626**	**89**	**5,715**
Cost as at 31 March	**15,023**	**89**	**15,112**
Accumulated amortisation	**(9,397)**	**-**	**(9,397)**
Net book value 31 March	**5,626**	**89**	**5,715**
Parent – 2014			
Cost as at 1 April	11,835	74	11,909
Accumulated amortisation	(6,758)	-	(6,758)
Net book value 1 April	5,077	74	5,151
Amortisation expense	(1,148)	-	(1,148)
Additions	1,175	101	1,276
Transfers	74	(74)	-
Net book value 31 March	5,178	101	5,279
Cost as at 31 March	13,084	101	13,185
Accumulated amortisation	(7,906)	-	(7,906)
Net book value 31 March	5,178	101	5,279

Development costs

The Company has applied for Plant Variety Rights (PVRs) for the three new varieties (Gold3, Gold9 and Green14) which were commercialised for production in mid-2010. The corresponding development costs have been capitalised since commercialisation and will be amortised at a rate of 20 percent per annum. The development costs include, but are not limited to, legal fees, PVR application fees, budwood collection and GPS mapping. Once granted, a PVR will establish exclusive intellectual property rights in the jurisdictions where they apply. On all post-commercialisation sales of the new cultivars a royalty is payable to The New Zealand Institute for Plant & Food Research Limited.

The Company purchased Hort16A PVRs from The New Zealand Institute for Plant & Food Research Limited, effective 1 April 2004. The purchase of the PVRs gives the Company the exclusive intellectual property rights on all Hort16A kiwifruit in the jurisdictions in which the PVRs apply. As part of the purchase, the Company will continue to pay a royalty to The New Zealand Institute for Plant & Food Research Limited, and as collateral for these future royalty payments, The New Zealand Institute for Plant & Food Research Limited holds a security interest in the Hort16A PVRs and all Hort16A intellectual property. In addition, the assignment of the Hort16A PVRs and its associated rights and obligations outside Zespri Group requires the consent of The New Zealand Institute for Plant & Food Research Limited. The carrying value of Hort16A related assets is $Nil (2014: $Nil).

In New Zealand, the Company holds the exclusive right to propagate and distribute plant material, and market and sell the variety of kiwifruit known in New Zealand as Hort16A, until 14 November 2018.

As at 31 March 2015, the book value of development costs relating to new cultivars is $5,625,602 (2014: $5,178,126).

Intangibles work in progress

As at 31 March 2015, 97 percent (2014: 99 percent) of the Group intangibles work in progress relates to ongoing computer software projects.

Security pledged

In addition to The New Zealand Institute for Plant & Food Research Limited security interest mentioned above, refer to Note 26 for additional detail of security pledged by Zespri Group.

Notes to the Financial Statements (continued)

19. Investment in subsidiary companies

Investment in subsidiary companies	Note	Parent 2015 $'000	Parent 2014 $'000
Balance at 1 April		**44**	94
Additions		**-**	470
Impairment/write-off	3	**-**	(520)
Value at 31 March		**44**	44

Zespri Group Limited is the ultimate holding company for the Zespri Group of companies. All subsidiaries have a 31 March balance date with the exception of Zespri Jia Pei Fruit (Shanghai) Co. Ltd, Zespri Fruit (Shanghai) Co. Ltd and Zespri Fruit Consultoria (Brasil) Ltda which all have a 31 December balance date due to local requirements. The results of the operations of the following wholly owned subsidiaries have been included in the consolidated Financial Statements:

Subsidiary	Incorporated	Nature of activities
Zespri International Limited	New Zealand	Management of the export, sale and marketing of New Zealand-grown kiwifruit and management of the sale and marketing of non-New Zealand-grown kiwifruit
Aragorn Limited	New Zealand	Non-trading company
Zespri Innovation Company Limited	New Zealand	Research
Zespri International (Asia) Limited	New Zealand	Marketing and promotion services
Zespri International (Japan) Limited	New Zealand	Non-trading company
Zespri International Trading Limited	New Zealand	Investment company
Zespri New Zealand Limited	New Zealand	Investment company
Zespri International (Australia) Pty Limited	Australia	Management of the growing, sourcing and sale of Zespri Gold (Hort16A) Kiwifruit grown in Australia
Zespri International (Europe) N.V.	Belgium	Management of sales and marketing in Europe of all New Zealand-grown kiwifruit and non-New Zealand-grown Zespri Gold (Hort16A & Gold3) Kiwifruit. Management of trading in non-New Zealand-grown Zespri Green Kiwifruit produced in Europe
Zespri Service Centre N.V.	Belgium	Service provision to Zespri Group companies
Zespri Fruit Consultoria (Brasil) Ltda [1]	Brazil	Marketing and promotion services
Zespri Jia Pei Fruit (Shanghai) Co. Ltd	China	In-market support and marketing of New Zealand and non-New Zealand-grown kiwifruit
Zespri Fruit (Shanghai) Co. Ltd	China	In-market support and marketing of New Zealand and non-New Zealand-grown kiwifruit
Zespri Fresh Produce France S.A.R.L.	France	Management of the growing, sourcing of Zespri Gold3 Kiwifruit and management of the growing, sourcing and sale of Zespri Hort16A Kiwifruit grown in France
Zespri International France S.A.R.L.	France	In-market support of Belgian companies
Zespri International Germany GmbH	Germany	In-market support of Belgian companies
Zespri International (India) Pvt. Limited [1]	India	Marketing and promotion services
Zespri Fresh Produce Italy S.r.l.	Italy	Management of the growing, sourcing of Zespri Gold3 Kiwifruit and management of the growing, sourcing and sale of Zespri Hort16A Kiwifruit grown in Italy
Zespri International Italy S.r.l.	Italy	In-market support of Belgian companies
Zespri International (Japan) K.K.	Japan	Management of the growing, sourcing and sale of Zespri Gold (Hort16A) Kiwifruit grown in Japan, and management of the sale of New Zealand-grown kiwifruit
Zespri International (Korea) Co. Limited	Korea	Management of the growing, sourcing and sale of Zespri Gold (Hort16A) Kiwifruit grown in Korea, and management of the sale of New Zealand-grown kiwifruit
Zespri International (Singapore) Pte Limited	Singapore	Marketing and promotion services
Zespri International Iberica SL	Spain	In-market support of Belgian companies
Zespri International Nordic AB	Sweden	Non-trading company
Zespri International (United Kingdom) Limited	United Kingdom	In-market support of Belgian companies
Zespri Fresh Produce North America Inc.	United States of America	Non-trading company
New Zealand Kiwi Holdings Inc.	United States of America	Marketing and promotion services
New Zealand Kiwi Corporation Inc.	United States of America	Non-trading company

1 New companies have been established during this financial year in Brazil (30 October 2014) and India (23 March 2015). Both entities' main purpose is to support the sale of Zespri Kiwifruit through rendering marketing and promotion services.

Notes to the Financial Statements (continued)

20. Accounts payable and accruals

	Group		Parent	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current:				
Trade creditors	**27,931**	25,330	**-**	-
Accrued expenses	**39,240**	36,248	**1,439**	1,581
New Zealand fruit and service payments accrued – current season [1]	**32,020**	18,784	**32,020**	18,784
New Zealand fruit and service payments accrued – next season	**18,344**	23,329	**18,344**	23,329
Amounts payable to subsidiaries	**-**	-	**125,140**	114,194
Income in advance [2]	**-**	130	**-**	-
Payroll tax deductions payable	**1,324**	1,027	**-**	-
Employee entitlements	**8,274**	6,852	**-**	-
Total current accounts payable and accruals	**127,133**	111,700	**176,943**	157,888
Non-current:				
Employee entitlements	**1,455**	1,322	**-**	-
Total non-current accounts payable and accruals	**1,455**	1,322	**-**	-
Total accounts payable and accruals	**128,588**	113,022	**176,943**	157,888

1 Relates to contracted suppliers of New Zealand-grown kiwifruit. As at 31 March 2015, 97 percent (2014: 98 percent) of fruit and service payments had been made.

2 As at 31 March 2015, no balance was owing (2014: $130,176) relating to funding received from the Foundation for Research, Science and Technology (FRST) for new cultivar pre-commercial research and development, discussed in Note 2(b). Contractual conditions to allow recognition of the FRST co-funding as sundry revenue had been met at 31 March 2015.

The carrying value of the items above has been determined by the Board of Directors as representative of the fair value of the liabilities. Amounts payable to, or accrued to, related parties are disclosed in Note 28.

Notes to the Financial Statements (continued)

21. Provisions

	Loyalty premium		Psa provision		Other provisions		Total	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Group								
Value at 1 April	**12,622**	15,004	**2,837**	4,784	**14,763**	15,396	**30,222**	35,184
Amounts charged	**(21,842)**	(23,381)	**(1,445)**	(1,947)	**(5,234)**	(2,685)	**(28,521)**	(28,013)
Reversal of provision	**-**	-	**-**	-	**(58)**	(181)	**(58)**	(181)
Additional provision	**23,192**	20,999	**-**	-	**5,052**	2,555	**28,244**	23,554
Exchange differences	**-**	-	**-**	-	**1,957**	(322)	**1,957**	(322)
Value at 31 March	**13,972**	12,622	**1,392**	2,837	**16,480**	14,763	**31,844**	30,222
Represented by:								
Current	**13,972**	12,622	**1,392**	2,837	**16,480**	14,763	**31,844**	30,222
	13,972	12,622	**1,392**	2,837	**16,480**	14,763	**31,844**	30,222
Parent								
Value at 1 April	**12,622**	15,004	**2,836**	4,783	**-**	-	**15,458**	19,787
Amounts charged	**(21,842)**	(23,381)	**(1,444)**	(1,947)	**(570)**	-	**(23,856)**	(25,328)
Additional provision	**23,192**	20,999	**-**	-	**1,551**	-	**24,743**	20,999
Value at 31 March	**13,972**	12,622	**1,392**	2,836	**981**	-	**16,345**	15,458
Represented by:								
Current	**13,972**	12,622	**1,392**	2,836	**981**	-	**16,345**	15,458
	13,972	12,622	**1,392**	2,836	**981**	-	**16,345**	15,458

Loyalty premium

A loyalty premium is paid to New Zealand growers who have signed a three year rolling grower contract and met the conditions of that contract. The loyalty premium is 25 cents (2014: 25 cents) per tray equivalent of New Zealand Class 1 kiwifruit supplied to the Company. The premium is paid in two instalments. The first instalment of 10 cents per Class 1 tray equivalent was paid on 20 January 2015 (2014: 17 January 2014). The remaining 15 cents of loyalty premium per Class 1 tray equivalent will be paid on 15 June 2015 (2014: 13 June 2014).

Psa *(Pseudomonas syringae pv actinidiae)* provision

In November 2010, Psa was first found on a New Zealand orchard and developed into a serious challenge for the New Zealand kiwifruit industry. Psa is an airborne bacterial disease of kiwifruit vines that can significantly impact the orchard productivity. In February 2011, the Company and the Ministry for Primary Industries Biosecurity New Zealand (MPI) entered into a funding agreement with Kiwifruit Vine Health Incorporated (KVH) which provides for funding to be paid to KVH. This agreement requires the Company to at least match funding provided by MPI to KVH, up to a maximum of $25.0 million (excluding GST).

The provision recognises that Zespri Group has received the co-funding from the growers and will fund KVH for the balance of the $25.0 million commitment being $1.4 million (2014: $2.8 million).

Other provisions

In the normal course of business, the Zespri Group is party to various lawsuits and claims (refer Note 25).

Zespri Jia Pei Fruit (Shanghai) Co. Ltd was found guilty of being an accessory to the underpayment of customs duties in China in 2013. This follows the failure by independent Chinese importers to pay import duty on Zespri kiwifruit in the 2008 to 2010 sales seasons. As at 31 March 2015, $14.1 million (2014: $12.1 million) has been included in other provisions in recognition of the fine imposed and illegal gains alleged by the court. The increase represents an exchange rate difference.

During the year Zespri Group entered into discussions with the industry regarding the potential withdrawal of the Gold9 variety from commercial production and as at 31 March 2015 a decision to de-commercialise had not been made. As at 31 March 2015 an amount of $982,867 (2014: $Nil) recorded in other provisions relates to the potential cost of compensation of de-commercialisation, in accordance with clause 14.2 of the Gold9 licence agreement.

The Serious Fraud Office (SFO) has issued notices to the company seeking company documents and information pursuant to Section 9 of the Serious Fraud Act 1990. This information is being compiled and provided to the SFO as required. As at 31 March 2015, an amount of $1.4 million (2014: $1.5 million) representing the estimate of legal and other costs to meet the requirements of the SFO investigation is recorded in other provisions.

As at 31 March 2015, an amount of $Nil (2014: $1.1 million) recorded in other provisions relates to restructuring and represents obligations under employment and signed termination contracts.

Other provisions have been determined on the basis of existing knowledge. It is possible that outcomes that are different from the applied knowledge and assumptions could require a material adjustment to the provisions recognised.

Notes to the Financial Statements (continued)

22. Operating lease and other commitments

Operating lease commitments	Group 2015 $'000	Group 2014 $'000
Non-cancellable operating lease payments:		
Payable within one year	**1,946**	2,562
Payable between one and five years	**3,942**	3,198
	5,888	5,760
Total future non-cancellable operating sublease receipts:		
Receivable within one year	**(18)**	(18)
	(18)	(18)
Lease expense recognised in the Income Statements under operating expenses:		
– Minimum lease payments	**2,225**	1,975
– Sublease receipts	**(25)**	(22)
	2,200	1,953

Zespri Group leases premises, motor vehicles and office equipment under operating leases, and sublets excess office capacity. Operating leases for premises give Zespri Group companies, in most cases, the right to renew the lease subject to a redetermination of the lease rental by the lessor. There are no options to purchase any of the leased assets at the expiry of the lease period.

23. Reconciliation of net profit after taxation with net cash from operating activities

	Notes	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Net profit after taxation		**34,621**	17,245	**15,807**	2,199
Non-cash items:					
Net loss on sale of property, plant and equipment and intangibles		**128**	12	**-**	-
Write-down of investment in subsidiaries	3	**-**	-	**-**	520
Net (gain)/loss on foreign currency cash balances		**(1,891)**	7,232	**-**	-
Additional provisions net of reversals and foreign exchange differences		**28,186**	23,051	**24,743**	20,999
Depreciation of plant, property and equipment		**1,401**	1,576	**-**	-
Amortisation of intangibles	18	**3,832**	2,615	**1,491**	1,148
Movement in deferred taxation		**4,628**	1,244	**5,208**	702
		36,284	35,730	**31,442**	23,369
Movement in working capital:					
Increase in inter-company receivables		**-**	-	**(3,594)**	(21,408)
Increase in receivables and prepayments		**(15,221)**	(17,994)	**(14,193)**	(12,551)
Decrease/(increase) in net current income tax		**1,570**	(4,435)	**903**	176
Decrease in other financial assets		**35,723**	39,422	**58,075**	39,182
Increase in inventories		**(2,745)**	(4,113)	**-**	-
Increase in inter-company payables		**-**	-	**10,946**	7,024
Increase in payables to contracted suppliers [1]		**9,412**	545	**9,600**	321
Decrease in accounts payable, accruals, provisions and employee entitlements		**(21,459)**	(23,787)	**(25,334)**	(18,981)
Increase in insurance liability		**4,007**	-	**4,007**	-
Decrease in other financial liabilities		**(35,471)**	(38,528)	**(58,075)**	(39,182)
		(24,184)	(48,890)	**(17,665)**	(45,419)
Items classified as investing activities		**-**	-	**(9)**	-
Items classified as financing activities		**(5,955)**	(4,980)	**(5,691)**	(4,728)
Net cash available from/(utilised by) operating activities		**40,766**	(895)	**23,884**	(24,579)

[1] Group totals include amounts payable to contracted suppliers of non-New Zealand-grown kiwifruit.

Notes to the Financial Statements (continued)

24. Financial instruments

Zespri Group is subject to a number of financial risks that arise as a result of its operational activities. To manage and limit the effect of these financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments. The policies and financial instruments permitted are documented in the Treasury Management Policy which is reviewed and approved annually. The policies and financial instruments being utilised at balance date are discussed under the sections Liquidity risk, Credit risk and Market risk below.

(a) Liquidity risk

The liquidity risk to which Zespri Group is exposed is managed under the Treasury Management Policy. The objective is to ensure that cash is available to pay obligations as they fall due. There are three forms of liquidity management recognised: day-to-day cash management to ensure funds are available for short-term requirements; long-term going-concern liquidity management to ensure facilities are in place to meet future requirements; and short-term liquidity crisis management to cover unforeseen crisis events.

Contractual maturities as at 31 March	Notes	< 1 year $'000	1-2 years $'000	2-5 years $'000	Total $'000
Group – 2015					
Non-derivatives:					
Trade creditors	20	**27,931**	**-**	**-**	**27,931**
Accruals and other payables	20	**89,604**	**-**	**-**	**89,604**
		117,535	**-**	**-**	**117,535**
Derivatives:					
Derivatives – held for trading	15(b)	**17,957**	**5,424**	**503**	**23,884**
Contracted future suppliers	15(b)	**88,939**	**48,651**	**7,441**	**145,031**
		106,896	**54,075**	**7,944**	**168,915**
Total contractual maturities		**224,431**	**54,075**	**7,944**	**286,450**
Group – 2014					
Non-derivatives:					
Trade creditors	20	25,330	-	-	25,330
Accruals and other payables	20	78,491	-	-	78,491
		103,821	-	-	103,821
Derivatives:					
Derivatives – held for trading	15(b)	1,145	135	-	1,280
Contracted future suppliers	15(b)	105,278	71,875	25,953	203,106
		106,423	72,010	25,953	204,386
Total contractual maturities		210,244	72,010	25,953	308,207

Contractual maturities as at 31 March	Notes	< 1 year $'000	1-2 years $'000	2-5 years $'000	Total $'000
Parent – 2015					
Non-derivatives:					
Accounts payable to subsidiaries	20	**125,140**	**-**	**-**	**125,140**
Accruals and other payables	20	**51,803**	**-**	**-**	**51,803**
		176,943	**-**	**-**	**176,943**
Derivatives:					
Contracted future suppliers	15(b)	**88,939**	**48,651**	**7,441**	**145,031**
		88,939	**48,651**	**7,441**	**145,031**
Total contractual maturities		**265,882**	**48,651**	**7,441**	**321,974**
Parent – 2014					
Non-derivatives:					
Accounts payable to subsidiaries	20	114,194	-	-	114,194
Accruals and other payables	20	43,694	-	-	43,694
		157,888	-	-	157,888
Derivatives:					
Contracted future suppliers	15(b)	105,278	71,875	25,953	203,106
		105,278	71,875	25,953	203,106
Total contractual maturities		263,166	71,875	25,953	360,994

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

(b) Credit risk

Zespri Group is exposed to credit risk from transactions with trade debtors and financial institutions in the normal course of business.

Zespri Group has a credit approval policy which restricts the exposure to individual debtors and the Board of Directors reviews exposures to trade debtors on a regular basis. In certain regions a portion of amounts owed by trade debtors is secured by way of bank guarantees or other collateral, with all others being unsecured. Zespri Group does not require any collateral or security from financial institutions to support its transactions with those institutions. The counter-parties used for banking and finance activities are financial institutions with credit ratings ranging from A to AA-.

(i) Credit risk counter-parties:

Financial instruments to which Zespri Group is exposed for credit risk consist principally of bank balances, short-term deposits, inter-company receivables, accounts receivable and foreign exchange contracts with banks. Zespri Group does not consider balances owed by government tax authorities to be credit risks.

Zespri Group continuously monitors the credit quality of the counter-parties to its financial instruments. Zespri Group does not anticipate non-performance by any of its counter-parties.

(ii) Maximum exposures to credit risk at 31 March:

Maximum exposures to credit risk	Notes	Group 2015 $'000	Group 2014 $'000	Parent 2015 $'000	Parent 2014 $'000
Bank balances		**31,646**	22,943	**7,596**	20
Short-term deposits		**115,350**	109,782	**115,350**	109,782
Cash and cash equivalents		**146,996**	132,725	**122,946**	109,802
Accounts receivable	12	**49,337**	29,255	**25,252**	4,240
Receivables from subsidiaries	12	**-**	-	**92,095**	88,501
Derivatives – held for trading	15(a)	**169,073**	204,796	**-**	-
Inter-company derivatives – held for trading	15(a)	**-**	-	**145,031**	203,106
Total maximum exposures to credit risk		**365,406**	366,776	**385,324**	405,649

The amounts above have been determined by the Board of Directors to be the fair value of these classes of financial instruments. Exposure risk on guarantees pledged is further disclosed in Note 25.

Refer to Note 12 for further information on credit risk of accounts receivable.

(iii) Concentration of credit risk:

Concentration of credit risk by geographical location is indicated below:

Location of counter-party	Europe $'000	Japan $'000	Other Asia $'000	USA Canada $'000	New Zealand $'000	Australia $'000	Other $'000	Total $'000
Group – 2015								
Bank balances	**4,637**	**1,422**	**16,291**	**1,629**	**7,619**	**48**	**-**	**31,646**
Short-term deposits	**-**	**-**	**-**	**-**	**115,350**	**-**	**-**	**115,350**
Cash and cash equivalents	**4,637**	**1,422**	**16,291**	**1,629**	**122,969**	**48**	**-**	**146,996**
Accounts receivable	**18,736**	**-**	**622**	**99**	**29,609**	**-**	**271**	**49,337**
Derivatives – held for trading	**18,492**	**-**	**-**	**-**	**145,764**	**4,817**	**-**	**169,073**
Total location of counter-party	**41,865**	**1,422**	**16,913**	**1,728**	**298,342**	**4,865**	**271**	**365,406**
Group – 2014								
Bank balances	4,102	222	14,352	4,054	32	181	-	22,943
Short-term deposits	-	-	-	-	109,782	-	-	109,782
Cash and cash equivalents	4,102	222	14,352	4,054	109,814	181	-	132,725
Accounts receivable	18,091	259	4,334	-	6,304	-	267	29,255
Derivatives – held for trading	17,068	-	-	-	179,473	8,255	-	204,796
Total location of counter-party	39,261	481	18,686	4,054	295,591	8,436	267	366,776

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

(b) Credit risk (continued)

iii) Concentration of credit risk (continued):

Location of counter-party	Europe $'000	Japan $'000	Other Asia $'000	USA Canada $'000	New Zealand $'000	Australia $'000	Other $'000	Total $'000
Parent – 2015								
Bank balances	**-**	**-**	**-**	**-**	**7,596**	**-**	**-**	**7,596**
Short-term deposits	**-**	**-**	**-**	**-**	**115,350**	**-**	**-**	**115,350**
Cash and cash equivalents	**-**	**-**	**-**	**-**	**122,946**	**-**	**-**	**122,946**
Accounts receivable	**-**	**-**	**-**	**-**	**25,252**	**-**	**-**	**25,252**
Receivables from subsidiaries	**48**	**9**	**-**	**-**	**92,038**	**-**	**-**	**92,095**
Inter-company derivatives – held for trading	**-**	**-**	**-**	**-**	**145,031**	**-**	**-**	**145,031**
Total location of counter-party	**48**	**9**	**-**	**-**	**385,267**	**-**	**-**	**385,324**
Parent – 2014								
Bank balances	-	-	-	-	20	-	-	20
Short-term deposits	-	-	-	-	109,782	-	-	109,782
Cash and cash equivalents	-	-	-	-	109,802	-	-	109,802
Accounts receivable	-	-	-	-	4,240	-	-	4,240
Receivables from subsidiaries	264	9	-	-	88,228	-	-	88,501
Inter-company derivatives – held for trading	-	-	-	-	203,106	-	-	203,106
Total location of counter-party	264	9	-	-	405,376	-	-	405,649

(c) Market risk

Zespri Group is subject to market risks that arise as a result of its operational activities. The types of market risk to which Zespri Group is exposed include interest rate risk, currency risk and commodity price risk.

(i) Interest rate risk:

Zespri Group's policy relating to interest rate risk management aims to achieve the lowest cost of funds while meeting seasonal funding needs.

Zespri Group may put in place seasonal funding facilities if required (refer Note 26). Zespri Group is primarily a short-term borrower and investor and generally carries any interest rate risk itself. Investments consist of on-call funds and short-term deposits. Interest rate derivative instruments may be used at Zespri Group's discretion within the confines of the Treasury Management Policy. No interest rate derivative contracts were entered into during the year (2014: Nil).

(ii) Currency risk:

During the course of business, Zespri Group procures and exports fruit, incurs selling, marketing and administrative costs, and carries cash denominated in foreign currencies. As a result of these transactions, exposures to fluctuations in foreign currency exchange rates occur. The foreign currencies in which Zespri Group primarily deals are Euro (EUR), Japanese Yen (JPY), United States Dollars (USD) and Korean Won (KRW).

Zespri Group's primary objective in managing foreign exchange risk is to mitigate excess volatility in the New Zealand dollar return to shareholders and the New Zealand kiwifruit industry arising from foreign currency movements.

Net exposures of expected foreign currency income and expenditures are estimated. The Treasury Management Policy provides guidelines within which Zespri Group enters into contracts to manage the expected net exposures. Based on these guidelines, contracts are taken out for the current year and up to two years in advance. With express Board approval, the Company can take out contracts that are in excess of two years in advance. The Treasury Management Policy is reviewed by the Board of Directors and is approved annually.

Foreign exchange contracts

As part of the foreign currency hedging strategy, Zespri Group has entered into forward foreign exchange contracts and options. The value of these contracts held at balance date were:

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

(c) Market risk (continued)

(ii) Currency risk (continued):

At fair value through the Income Statements – held for trading	Group			
	Notional value		Fair value gain/(loss)	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Sell forward exchange contracts	**1,274,612**	1,001,336	**162,444**	188,627
Currency option contracts	**228,664**	277,359	**(3,053)**	14,949
	1,503,276	1,278,695	**159,391**	203,576
Represented by:				
Other financial assets			**168,965**	204,684
Other financial liabilities			**(9,574)**	(1,108)
			159,391	203,576
By currency:				
EUR/NZD	**454,106**	391,529	**58,894**	20,067
JPY/NZD	**442,294**	604,846	**104,555**	175,582
USD/NZD	**463,416**	226,741	**(3,320)**	5,566
USD/KRW	**143,460**	55,579	**(738)**	2,361
	1,503,276	1,278,695	**159,391**	203,576

Maturity of foreign exchange contracts	Group			
	Notional value		Fair value gain	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Less than one year	**876,102**	750,898	**101,274**	105,747
Within one to two years	**471,653**	351,487	**50,676**	71,876
More than two years	**155,521**	176,310	**7,441**	25,953
	1,503,276	1,278,695	**159,391**	203,576

(iii) Commodity price risk:

During the course of business, Zespri Group exports fruit incurring significant freight expenses which are impacted by fluctuations in the price of oil.

As part of the commodity hedging strategy, oil forward contracts were entered into during the year. The value of these contracts held at balance date were:

At fair value through the Income Statements – held for trading	Group			
	Notional value		Fair value gain/(loss)	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Oil price forward contracts	**43,277**	26,884	**(14,202)**	(59)
	43,277	26,884	**(14,202)**	(59)
Represented by:				
Other financial assets			**109**	113
Other financial liabilities			**(14,311)**	(172)
			(14,202)	(59)

Maturity of oil price forward contracts	Group			
	Notional value		Fair value gain/(loss)	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Less than one year	**33,056**	26,884	**(12,177)**	(59)
More than one year	**10,221**	-	**(2,025)**	-
	43,277	26,884	**(14,202)**	(59)

Fair value estimation

The fair value of forward exchange, currency option and oil price forward contracts is determined using valuation techniques with observable inputs. The fair values of financial assets and financial liabilities are measured by discounting future cashflows at the current market interest rate plus an estimated credit margin that are available for similar financial instruments. (refer Note 15).

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

(d) Market risk sensitivity as at 31 March

Zespri Group is exposed to various market risks in relation to balances held at 31 March.

Due to the seasonal nature of the business, the impact on the Income Statements and Equity resulting from movements in foreign exchange rates and interest rates that could have occurred at 31 March is unrepresentative of the exposure during the year and is immaterial to the results for the year ended 31 March 2015.

Management has considered the seasonal risk to the business and the sensitivity using average balances held during the year.

Under the terms of the New Zealand Supply Agreement, the supplier assumes the risk of foreign exchange, and any change in foreign currency rates on average balances would not be material to the pre-tax profit of the Group. The effect of exchange rate movements is managed by the use of forward contracts and options to mitigate excess volatility.

Under the terms of the New Zealand Supply Agreement, interest costs incurred on the funding facility and interest income earned on short-term deposits are largely assumed by the supplier. A change in interest rates using average funding facility and short-term deposit balances for the year would not be material to the pre-tax profit of the Group.

(e) Embedded derivatives

Zespri International Limited acts as treasury agent for Zespri Group. The Company is responsible for paying New Zealand contracted suppliers based on the net results earned by Zespri Group.

The Company has entered into back-to-back arrangements with New Zealand contracted suppliers (supply entities which have signed the New Zealand Supply Agreement) and Zespri International Limited, primarily reflecting the results of any derivatives taken out for the purposes of managing risk to the New Zealand fruit return.

	Notional value		Fair value gain/(loss)	
Group	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Contracted future suppliers	**1,546,553**	1,305,579	**(145,189)**	(203,517)

	Notional value		Fair value gain/(loss)	
Parent	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Contracted future suppliers	**1,546,553**	1,305,579	**(145,189)**	(203,517)
Inter-company derivatives – held for trading	**1,546,553**	1,305,579	**145,189**	203,517

25. Guarantees and contingent liabilities

	Group	
(a) Guarantees	**2015 $'000**	2014 $'000
The Bank of New Zealand on behalf of Zespri Group Limited has provided a Guarantee to Vero Insurance Limited in relation to insurance excesses payable for marine cargo insurance	**3,500**	-
Zespri International Limited has secured, by letter of intent, a credit facility with Belfius Bank (formerly Dexia Bank) for Zespri Service Centre N.V. The maximum exposure level is $1,003,820 (2014: $1,171,926)		
– Zespri Service Centre N.V. has provided a guarantee in favour of Cofinimmo N.V. for a lease guarantee on an office building	**133**	155
– Zespri Service Centre N.V. has provided a guarantee in favour of LeasePlan Servicios S.A. Spain for a lease guarantee on company vehicles	**-**	2
Zespri International Limited has guaranteed Italian VAT recoveries	**426**	334
	4,059	491

No settlement relating to any of the above guarantees has occurred since their inception. The likelihood and value of any future outflow resulting from these guarantees is uncertain.

Notes to the Financial Statements (continued)

25. Guarantees and contingent liabilities (continued)

(b) Contingent liabilities

New cultivars

A contingent liability exists for licences issued under the various variety licence agreements signed by Zespri and the growers in 2014/15, 2013/14, 2012/13, 2011/12 and 2010/11. During this financial year Zespri issued in total 456 hectares (2014: 1,189 hectares) of Gold3 and Nil hectares of Gold9 (2014: Nil hectares) and Nil hectares of Green14 (2014: Nil hectares). The variety licence agreement commits Zespri to a possible obligation under three different scenarios, these are as follows:

Plant Variety Right not granted

In the event that a decision is made by the relevant New Zealand authorities not to grant a Plant Variety Right (PVR) for any of the new cultivars, then the full original licence fee for that cultivar will be refunded to the relevant licence holders, regardless of time elapsed from commercialisation. Furthermore, if the Company decides to remove all plant material for the respective variety for which a PVR has not been granted, it will pay an additional fee of $5,000 per hectare. The Company has not yet been granted a PVR in New Zealand for any of the three cultivars commercialised in 2010 (Gold3, Gold9, Green14) but has provisional protection, pending determination of these applications. As at 31 March 2015, the maximum exposure under the PVR not granted scenario is $65.1 million (2014: $37.1 million).

Zespri Group chooses to de-commercialise a variety

Under the various variety licence agreements, should the Company decide to withdraw any variety for any reason, the Company is required to reimburse the licence holder a calculated rate of $5,000 per hectare, provided that no more than four whole years have elapsed. In addition, the Company is required to refund a percentage of the original licence price. As at 31 March 2015, the maximum exposure under the de-commercialisation scenario is $48.6 million (2014: $29.6 million).

New Variety succumbs to Psa

For licences granted in 2013/14 and 2014/15 in the event that a new variety has, in the opinion of the Company succumbed to Psa, the licence applicant may elect to surrender the licence and the Company will refund 80 percent of the purchase price of the licence. As at 31 March 2015, the maximum exposure under this scenario is $12.6 million (2014: $9.4 million).

The maximum new cultivar contingent liability as at 31 March 2015 is $65.1 million (2014: $37.1 million).

Serious Fraud Office

The Serious Fraud Office (SFO) has issued notices to the Company seeking company documents and information pursuant to Section 9 of the Serious Fraud Act 1990. This information is being provided to the SFO as required, and it is uncertain whether any claim will be made against the Company. It is therefore unknown what the impact, if any, will ultimately be, and no provision has been made, for any, potential claim. Provision for legal and other costs in relation to meeting the requirements of the SFO investigation have been included in other provisions (see Note 21).

China

Provision for penalties regarding completed court proceedings in relation to a failure by independent Chinese importers based in Shanghai to pay import duty on Zespri Kiwifruit in the 2008 to 2010 sales seasons has been included in other provisions (see Note 21). Investigations by local customs authorities in relation to two other importers in China have not resulted in any proceedings, or any Zespri Group company being named as a suspect or defendant in relation to the potential under-declaration of customs duty in these other China jurisdictions. Given that there is currently no active claim being made against Zespri Group, and the uncertainty around possible outcomes, it is not considered possible to reliably quantify the impact of any potential claim, if any, by the Chinese customs authorities against Zespri Group.

Other

In the normal course of business, Zespri Group is party to various lawsuits and claims, both as a plaintiff and as a defendant.

It is not possible to predict with certainty whether Zespri Group will ultimately be successful in defending lawsuits and claims taken against it or, if not, what the impact might ultimately be. Provisions are made in accordance with the accounting policy and disclosed in Note 21.

Notes to the Financial Statements (continued)

26. Funding facilities

Funding arrangements for Zespri Group Limited are made when required following the assessment of cash requirements for the season.

The security for day-to-day operational treasury activities and potential funding arrangements is a first-ranking general security deed dated 30 April 2007, registered to the ANZ Bank Limited for Zespri Group Companies that form a Guaranteeing Group. Pursuant to the general security deed under which debt certificates have been issued, the collateral at risk is all property for those entities within the Guaranteeing Group, except where The New Zealand Institute for Plant & Food Research Limited has a higher priority security interest in the Hort16A PVR and Hort16A intellectual property (refer Note 18). Property within the definition of collateral includes (but is not limited to) cash balances, inventory, accounts receivable, other financial assets, intangible assets, and property, plant and equipment.

As at 31 March 2015 the members of the Guaranteeing Group are:

Zespri Group Limited

Aragorn Limited (non-trading – refer Note 19)

Zespri Innovation Company Limited

Zespri International Limited

Zespri International (Asia) Limited

Zespri International (Japan) Limited (non-trading, refer Note 19)

Zespri International Trading Limited

Zespri New Zealand Limited

As at 31 March 2015, the outstanding borrowing under the funding facility is $Nil (2014: $Nil). The maximum exposure relating to the operational treasury activities as at 31 March 2015 is $23,884,517 (2014: $1,279,499). This exposure relates entirely to the unrealised mark-to-market losses on derivatives as at 31 March 2015.

27. Capital commitments

(a) Property, plant and equipment commitments

As at 31 March 2015, there are outstanding capital commitments totalling $2,265,734 for property, plant and equipment (2014: $684,834).

(b) Intangibles commitments

As at 31 March 2015, there are outstanding capital commitments totalling $2,028,713 for intangible assets relating to ongoing computer software projects (2014: $7,588,924).

28. Related party transactions

(a) Key management personnel

Zespri Group's key management personnel include:

– Directors of the Company; and

– Members of the global executive of Zespri Group.

During the year, key management personnel received the following compensation:

	Group	
	2015 $'000	2014 $'000
Short-term employee benefits (for key management personnel and Directors) [1]	**8,839**	9,081
Short-term employee benefits outstanding as at 31 March (for key management personnel and Directors) [1]	**1,633**	1,204

[1] Provision for restructuring, to complete the global restructuring process begun in 2012, the provision as at 31 March 2015 is $ Nil (2014: $1.1 million). (refer Note 21). Amounts relating to this restructure paid to key management personnel in 2014/15 are $1,063,262 (2014: $1,442,296), and are included in short-term employee benefits expense above. The 2013/14 employee benefits outstanding for key management personnel does not include amounts provided for in the restructuring provision (2014: $Nil).

The Company has not provided post-employment benefits or other long-term benefits.

Certain Directors, including B L Cameron, A E de Farias, N W Flowerday, P R Jones and P J McBride, conduct business with the Company and its subsidiaries in the normal course of their business activities as growers and as shareholders. All these transactions are conducted on commercial terms and conditions. Directors are required to record all interests in the Company's Interests Register.

Notes to the Financial Statements (continued)

28. Related party transactions (continued)

(b) External related parties through common directorship, control or significant influence by key management personnel

During the year ended 31 March 2015, the Company conducted transactions with the following entities in the normal course of business:

DMS Progrowers Limited, Kiwifruit Vine Health Incorporated, Kiwifruit Foundation Incorporation, Mangatarata Orchards Limited, Port of Tauranga Limited, High Fives Orchard Limited, Golf Course Orchard Limited Partnership, Opotiki Packing and Coolstorage Limited and Trinity Lands Limited.

(2014: Aronia Corporation Limited, DMS Progrowers Limited, G3 Kiwi Supply Limited, Kiwifruit Vine Health Incorporated, Mainland Kiwi Growers Entity Limited, Mangatarata Orchards Limited, Opotiki Packing and Coolstorage Limited, Port of Tauranga Limited, Waterview Downs, High Fives Orchard Limited, Golf Course Orchard Limited Partnership and Trinity Lands Limited.)

These entities are, or were, related to the Company by virtue of shareholding, common directorship, control or significant influence.

(i) Types of transactions with external related parties include:

- The Company pays fruit and service payments under the terms of the New Zealand Supply Agreement;
- The entities are charged penalties and other charges under the terms of the New Zealand Supply Agreement and the Quality Manual. There are standard dispute procedures which may be enacted if the entities receiving the charges do not agree with these charges.
- Under the terms of the New Zealand Supply Agreement, growers and contracted suppliers are able to make insurance claims to the Company for specific risks (refer Note 14). In certain cases, the Company pays out insurance for losses under these claims.
- The Company may, at its discretion, sell licences for kiwifruit varieties for which it controls the Plant Variety Rights.

All of the transactions above, including any disputes, were entered into under the same contracted and commercial terms as for all other growers and contracted suppliers in New Zealand.

(ii) Transactions during the year and balances outstanding as at 31 March with external related parties. All related party disclosures are GST exclusive.

	Group		Parent	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Revenue/(expenses):				
Sale of Zespri variety licences [1]	**25**	37	**25**	43
Income received from KVH	**1,045**	549	**-**	-
Sundry income	**387**	145	**16**	-
Fruit and service payments [2]	**(95,298)**	(105,549)	**(95,298)**	(105,549)
Loyalty premium	**(2,443)**	(2,845)	**(2,443)**	(2,845)
Expenses paid to KVH	**(1,182)**	(1,629)	**(1,182)**	(1,629)
Other expenses	**(990)**	(3,326)	**(336)**	(2,003)
Balances receivable/(payable):				
Fruit and service payments outstanding	**(2,306)**	(1,943)	**(2,306)**	(1,943)
Loyalty premium payable	**(1,466)**	(1,707)	**(1,466)**	(1,707)
Provision for funding to KVH	**(1,392)**	2,837	**(1,392)**	(2,837)
Sundry accounts payable (includes research and royalty) [1]	**-**	(62)	**-**	-

[1] In 2014/15, interests directly associated with Directors purchased 3.61 hectares of new variety licences (2014: 36.00 hectares). Revenue of $25,113 (2014: $37,296) has been recognised. Hardship status was given to a licence for Nil hectares (2014: 8.2 hectares). In 2014/15, Nil hectares of new variety licences were issued for no consideration to related parties who conducted block trials (2014:10.98 hectares). As at 31 March 2015 $208,048 of licence fee revenue is due in future years (2014: $814,637).

[2] Includes payments for various monitoring and research projects being carried out on orchards directly associated with Directors. In 2014/15, interests directly associated with Directors conducted new variety block trials on Nil hectares (2014: 1.25 hectares) of orchards. Upon commercialisation trial orchards are eligible, at no cost, to obtain a licence to cultivate a new variety or an existing variety in the event a trial is terminated.

(c) Subsidiaries

Subsidiaries, listed at Note 19, are considered to be related parties to the Company. The Company has recorded the following material related party transactions:

- Inter-company sale of New Zealand kiwifruit to Zespri International Limited, $966,462,158 (2014: $822,464,955)
- Funding to Zespri Innovation Company Limited for research and development, $12,227,855 (2014: $9,647,719)
- Service fee and expense for the recharge of overheads incurred on its behalf, $19,709,086 (2014: $17,232,567)
- Inter-company sale of New Zealand kiwifruit to Zespri International (Europe) N.V., $2,433,895 (2014: $3,998,773)
- Payment or receipt of Group GST on behalf of the GST tax group in New Zealand

The total of balances owing to or from the Company's subsidiaries is disclosed in Notes 12, 15, 20 and 24. All of these balances are unsecured and payable on demand.

Notes to the Financial Statements (continued)

29. Events occurring after balance date

On 20 May 2015, the Board of Directors of Zespri Group Limited announced its intention to pay a final dividend of 7.0 cents per fully paid ordinary share (2014: 7.0 cent), to be paid in August 2015. As the intention was announced after balance date, the financial effect has not been recognised in the Financial Statements.

The Financial Statements include a provision for $982,867 (refer Note 21) for the possible de-commercialisation of Gold9. On 20 May 2015, the Board of Directors of Zespri Group Limited resolved to withdraw the Gold9 variety from commercial production under clause 14.1 of the Zespri Kiwifruit Variety Licence and to give notice of this decision to all Gold9 growers as soon as practicable. All Gold9 licences will terminate effective 30 June 2015. The Board resolved to compensate all Gold9 licence holders that held a valid licence as at the termination date in accordance with clause 14.2 of the Licence Agreement. The Board also resolved to compensate Gold9 licence holders that surrendered their Gold9 licences in the 2014 calendar year, prior to the termination date.

Subsequent to 31 March 2015, no other events have occurred that require disclosure in the Financial Statements.

30. Statutory board and grower representation funding

The Company is required, under Regulation 39 of the Kiwifruit Export Regulations 1999, to fund the statutory board, Kiwifruit New Zealand.

Zespri Group Limited is required by the Commodity Levies (Kiwifruit) Order 2012 to pay a levy to New Zealand Kiwifruit Growers Incorporated on behalf of growers. The rate for the 2014/15 year was $0.009 per tray of kiwifruit exported to markets other than Australia (2014: $0.009 per tray). The total amount of Commodity Levy paid during the year was $856,943 (2014: $770,216).

Zespri Group Limited pays a levy to Kiwifruit Vine Health Inc for Psa related expenses on behalf of growers. The levy is $0.01 per tray Class 1 Green and $0.02 per tray Class 1 Gold exported to markets other than Australia.

	Group and Parent	
	2015 $'000	2014 $'000
Kiwifruit New Zealand	**453**	318
	453	318
New Zealand Kiwifruit Growers Incorporated	**857**	770
	857	770
Kiwifruit Vine Health Inc	**1,144**	980
	1,144	980

The financial statements of New Zealand Kiwifruit Growers Incorporated and Kiwifruit New Zealand are available for viewing on request.

Notes to the Financial Statements (continued)

31. Group segment results

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 segment results 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's individual revenue and expense lines based on the underlying currencies of the transactions to effect what would be a 'hedged' rate on the cumulative transactions. 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).

Group 2015	New Zealand fresh kiwifruit $'000	Non-New Zealand fresh kiwifruit $'000	Research and development $'000	Corporate services $'000	Eliminations $'000	Total $'000
Total sales revenue – external customers	1,401,091	167,102	-	-	-	1,568,193
Inter-segment revenue	50	-	11,887	4,533	(16,470)	-
Inter-segment commission	-	-	-	136,585	(136,585)	-
Interest revenue	-	-	-	6,000	-	6,000
Other revenue	76	1,222	4,041	24,975	-	30,314
Total revenue	1,401,217	168,324	15,928	172,093	(153,055)	1,604,507
Freight	116,894	6,347	-	-	-	123,241
Insurance (onshore and offshore)	4,085	49	-	-	-	4,134
Duty and customs	68,116	11	-	-	-	68,127
Promotion	82,749	3,013	-	-	-	85,762
Other direct costs – onshore	26,359	-	-	-	-	26,359
Other direct costs – offshore	46,467	4,410	-	-	-	50,877
Gold9 decommercialisation provision funding	-	-	-	1,551	-	1,551
KVH funding	1,144	-	-	-	-	1,144
KNZ/NZKGI costs	1,310	-	-	-	-	1,310
Fruit and service payments	915,776	135,996	-	-	-	1,051,772
Loyalty premium	-	-	-	23,192	-	23,192
Research [1]	-	-	15,878	-	-	15,878
New cultivar amortisation	-	-	-	1,491	-	1,491
Inter-segment expense	141,118	-	50	11,887	(153,055)	-
Inter-segment interest (income)/expense	(2,801)	-	-	2,801	-	-
Other onshore costs	-	3,662	-	46,229	-	49,891
Other offshore costs [2]	-	5,844	-	43,721	-	49,565
Green class 2 income	-	-	-	(713)	-	(713)
Total expense	1,401,217	159,332	15,928	130,159	(153,055)	1,553,581
Segment profit before taxation	-	8,992	-	41,934	-	50,926

[1] The total New Zealand-grown supply research cost is $15,928,116. This is funded $11,886,704 from corporate services and $4,041,412 from external co-funders (refer Note 2(b)).

[2] Offshore overheads for non-New Zealand fresh kiwifruit of $5,843,994 (2014: $3,075,737) have increased due to a change in allocation between New Zealand fresh kiwifruit and non-New Zealand fresh kiwifruit. The change in allocation provides a fairer share of cost between segments.

Notes to the Financial Statements (continued)

31. Group segment results (continued)

Group 2014	New Zealand fresh kiwifruit $'000	Non-New Zealand fresh kiwifruit $'000	Research and development $'000	Corporate services $'000	Eliminations $'000	Total $'000
Total sales revenue – external customers	1,204,521	144,235	-	-	-	1,348,756
Inter-segment revenue	-	-	9,460	1,393	(10,853)	-
Inter-segment commission	-	-	-	115,567	(115,567)	-
Interest revenue	-	88	-	5,100	-	5,188
Other revenue	922	107	2,921	4,677	-	8,627
Total revenue	1,205,443	144,430	12,381	126,737	(126,420)	1,362,571
Freight	114,221	3,775	-	-	-	117,996
Insurance (onshore and offshore)	2,042	94	-	-	-	2,136
Duty and customs	58,917	-	-	-	-	58,917
Promotion	68,549	3,218	-	-	-	71,767
Other direct costs – onshore	22,893	-	-	-	-	22,893
Other direct costs – offshore	40,867	4,560	-	-	-	45,427
KVH funding	980	-	-	-	-	980
Interest expense	789	-	-	-	-	789
KNZ/NZKGI costs	1,088	-	-	-	-	1,088
Fruit and service payments	779,793	115,275	-	-	-	895,068
Loyalty premium	-	-	-	20,999	-	20,999
Research [1]	-	-	12,381	-	-	12,381
New cultivar amortisation	-	-	-	1,148	-	1,148
Inter-segment expense	116,960	-	-	9,460	(126,420)	-
Inter-segment interest (income)/expense	(1,656)	-	-	1,656	-	-
Other onshore costs	-	4,579	-	35,748	-	40,327
Other offshore costs	-	3,076	-	40,435	-	43,511
Green class 2 subsidy	-	-	-	43	-	43
Total expense	1,205,443	134,577	12,381	109,489	(126,420)	1,335,470
Segment profit before taxation	-	9,853	-	17,248	-	27,101

[1] The total New Zealand-grown supply research cost is $12,380,687. This is funded $9,460,283 from corporate services and $2,920,664 from external co-funders (refer Note 2(b)).

Notes to the Financial Statements (continued)

31. Group segment results (continued)

Methods and assumptions

Zespri Group allocates assets, and any related depreciation and amortisation, on a basis which reflects where the assets are generated or utilised.

Zespri Group employs a central treasury function and does not allocate cash between the segments because it is managed centrally. Interest revenue and expense has been allocated on the basis of where funds are being utilised.

Inter-company debtor and creditor accounts are settled through the central treasury function. Any other outstanding balances created between companies as part of this settlement process, or any other intra-group borrowing or lending transactions, are not allocated to any segment but form part of the centrally managed funding of Zespri Group.

Zespri Group does not allocate income tax to reportable segments.

Group sales revenue – by location of external customers	2015 Local currency '000		2014 Local currency '000		2015 $'000	2014 $'000
Japan	**JPY**	**28,142,871**	JPY	27,111,099	**430,429**	450,262
China	**USD**	**150,938**	USD	78,529	**187,340**	98,715
Spain	**EUR**	**105,077**	EUR	92,591	**169,728**	159,035
South Korea	**KRW**	**90,192,941**	KRW	70,410,462	**100,866**	80,218
Taiwan	**USD**	**74,942**	USD	53,249	**91,723**	66,913
The Netherlands	**EUR**	**53,827**	EUR	47,807	**87,360**	82,462
Germany	**EUR**	**50,833**	EUR	36,165	**83,092**	63,039
Italy	**EUR**	**48,556**	EUR	40,947	**78,897**	70,819
France	**EUR**	**37,519**	EUR	32,711	**61,395**	57,130
Belgium	**EUR**	**33,447**	EUR	26,837	**54,144**	46,340
Hong Kong	**USD**	**22,276**	USD	18,644	**27,287**	23,439
New Zealand	**NZD**	**1,269**	NZD	877	**1,269**	877
Other	**Various**	**-**	Various	-	**194,663**	149,507
Total revenue from product sales					**1,568,193**	1,348,756

Individual customers account for less than 10 percent of sales across the Group.

Non-current assets – by location of asset	Group 2015 $'000	Group 2014 $'000
New Zealand	**46,495**	20,548
Belgium	**1,006**	1,066
Japan	**1,040**	441
Other	**856**	319
	49,397	22,374
Other non-current assets (no assigned location):		
– Deferred tax	**3,511**	3,616
– Non-current other financial assets	**62,019**	97,963
Total non-current assets	**114,927**	123,953

Statutory Information

Shareholder Information

Top 20 Shareholders at 31 March 2015	Number of shares	%
Mark Lionel William Gardiner & Robyn Anne Gardiner	1,655,385	1.37%
Cherry Trust	1,634,645	1.35%
Trinity Lands Limited	1,450,535	1.20%
DMS Horticulture Limited	1,407,500	1.17%
Maketu Estates Limited	1,373,470	1.14%
Mary Patricia Jones	1,320,985	1.10%
Mangatarata Orchards Limited	1,085,310	0.90%
Hopai Holdings Limited	1,072,432	0.89%
Kiwi Green New Zealand Limited	1,069,135	0.89%
Montrose Partnership	850,000	0.70%
Ngai Tukairangi Trust	816,590	0.68%
Seeka Kiwifruit Industries Limited	740,825	0.61%
Matai Pacific Limited	677,720	0.56%
Birdhurst Limited	675,610	0.56%
John David Anderson & IML Aerocool Trustee Company Limited	605,470	0.50%
DM & BA Reid Family Trust	596,450	0.49%
Progeny Kiwifruit Partnership	589,335	0.49%
Aronia Corporation Limited	579,570	0.48%
Sunnyvale Enterprises Limited	568,515	0.47%
Wakatu Incorporation	531,360	0.44%
	19,300,842	15.99%

Distribution of ordinary shares and registered shareholders at 31 March 2015

Size of holding	Number of shareholders	%	Number of shares	Size of holding %
1 – 5,000	151	7.2%	465,330	0.4%
5,001 – 25,000	802	38.6%	11,472,745	9.5%
25,001 – 50,000	482	23.1%	17,564,232	14.6%
50,001 – 250,000	576	27.6%	53,986,103	44.7%
Over 250,000	74	3.5%	37,228,925	30.8%
Total	2,085	100.0%	120,717,335	100.0%

Shareholder statistics	2015	2014	2013
Number of shares ('000)	120,717	120,717	120,717
Interim and final dividend (per share) – fully imputed	$0.12	$0.11	$0.05
Share price at year-end	$1.64	$0.77	$0.48
Earnings per share	$0.29	$0.14	$0.06
Net dividend yield	7.3%	14.3%	10.4%
Gross dividend yield at 28% tax rate	10.2%	19.8%	14.5%
Share trading			
Number of shares sold: on-market trades	2,308,385	2,156,738	929,685
Number of shares sold: off-market	899,925	2,237,595	787,948
Number of shares transferred with sale of property	161,580	454,097	51,975
Family Trust share transfers	2,648,750	1,366,095	2,469,685
Equity ratio	23.7%	20.1%	16.4%
Net tangible assets value per share	$0.66	$0.60	$0.57

Statutory Information (continued)

Directors' Disclosures

Directors' meeting attendances and business travel overseas

	Zespri Group Limited Board [5]	Audit and Risk Management Committee	Organisation and Administration Committee	Industry Advisory Council	Supply Chain Committee	Board Innovation Subcommittee	Number of business trips overseas	Regions visited
Bruce Cameron	12	2	4	3	-	-	3	Europe, South America, Japan and China
Teresa Ciprian [1]	4	1	2	-	-	3	-	
Tony de Farias	11	-	2	6	1	-	3	MEIOA, Americas and East Asia
Nathan Flowerday	13	7	-	1	-	7	2	South-East Asia and China
Craig Greenlees [2]	4	3	-	3	-	-	1	Europe and Japan
Paul Jones [3]	9	1	2	4	-	5	1	China
Tony Marks [4]	9	-	2	-	-	4	1	East Asia
Jonathan Mason	12	7	4	-	-	-	3	Japan, China, East Asia, Europe and Americas
Peter McBride	13	7	2	3	1	6	7	Japan, China, East Asia, South-East Asia and Europe
David Pilkington	12	3	1	-	1	7	1	Europe

1 Teresa Ciprian was appointed on 1 November 2014.

2 Craig Greenlees resigned on 23 July 2014.

3 Paul Jones was appointed on 23 July 2014.

4 Tony Marks resigned on 22 October 2014.

5 In addition to the scheduled Board meetings, 30 July 2014 was a special-purpose Board meeting convened at short notice as a consequence of industry wide events that required immediate consideration by the Board.

In addition to the meetings detailed above, the Directors' attendances included planning meetings, Directors' conferences and grower meetings, KISP workshops and sub-group meetings along with a number of industry briefing forums.

Remuneration of Directors

	2015 $	2014 $
B L Cameron	**101,250**	88,750
T Ciprian (appointed 1 November 2014)	**31,250**	-
A E de Farias	**80,000**	75,000
N W Flowerday	**75,000**	70,000
C S Greenlees (resigned 24 July 2014)	**25,000**	78,333
P R Jones (appointed 25 July 2014)	**53,333**	-
J J Loughlin (resigned 17 April 2013)	**-**	13,333
A J Marks (resigned 22 October 2014)	**48,333**	70,000
J P Mason	**90,000**	65,833
P J McBride	**175,000**	154,583
D A Pilkington	**80,000**	75,000
Total	**759,166**	690,832

Statutory Information (continued)

Directors' Disclosures (continued)

Directors' interests – shareholdings

The following table sets out the shareholdings in Zespri Group Limited held by each Director as at 31 March 2015:

	Shareholding as at 31 March14	Date of transaction	Share price $	Number purchased/ transferred	Number sold	Interest commenced/ (ceased)	Shareholding as at 31 March 15
B L Cameron	101,619	7/1/2015	1.65	142,125			
		7/1/2015	1.70	10,000			
		7/1/2015	1.75	10,000			
		7/1/2015	1.80	10,000			
		7/1/2015	1.85	20,000			
		8/1/2015	1.65	10,995			
		8/1/2015	1.70	36,880			**341,619**
T Ciprian (Appointed 1 November 2014)	-						**-**
A E de Farias	233,545						**233,545**
N W Flowerday	291,615	23/3/2015	1.64	105,000			**396,615**
P R Jones (Appointed 25 July 2014)						4,787,110	
		29/8/2014	1.45	20,000			
		29/8/2014	1.50	20,000			
		12/11/2014	1.60	20,000			
		18/11/2014	1.55	20,000			
		19/11/2014	0.95	45,933			
		19/11/2014	0.95		45,933		
		26/11/2014	1.50	20,000			
		11/3/2015	1.60	6,945			
		25/3/2015	1.55	2,995			
		25/3/2015	1.60	50,000			
		31/3/2015	1.65	48,735			**4,995,785**
J P Mason	-						**-**
P J McBride	850,000						**850,000**
D Pilkington	-						**-**

Shares above are held personally by Directors or are held by way of relevant interest.

Statutory Information (continued)

Directors' Disclosures (continued)

Directors' interests – Directors in office as at 31 March 2015

B L Cameron
Director of, and shareholder in, Zespri Group Limited
Director of Zespri International Limited
Director of New Zealand Rugby Promotions Limited
Director of New Zealand Rugby Union
Director of, and shareholder in, Cameron Farms Limited
Director of, and shareholder in, Cameron Orchards Limited
Director of, and shareholder in, Gilston Mains Limited
Director of, and shareholder in, Pacific Orchard Limited
Director of Te Awanui Huka Pak Limited (interest ceased July 2014)
Member of the Institute of Directors
Trustee of BL and GM Cameron Family Trust
Trustee of Waipuna Foundation Board

T Ciprian
Director of Zespri Group Limited (interest commenced November 2014)
Director of Zespri International Limited (interest commenced November 2014)
Director of AgResearch Limited
Director of Aspeq Limited
Director of Assessment Systems Limited (interest commenced July 2014)
Director of Aviation NZ Inc (interest ceased December 2014)
Director of Firstlight Foods Limited
Director of Zenoch Management Limited

A E de Farias
Director of, and shareholder in, Zespri Group Limited
Director of Zespri International Limited
Chairman and Director of Maxwell Farms Limited
Chairman and Director of Opotiki Packing and Coolstorage Limited and subsidiaries (related party interests in various orchards)
Chairman and Director of The Fresh Fruit Company of Nelson Limited
Independent Chairman of Grow Whakatane Advisory Board
Director and Principal of DFR Consultants Limited
Director of Biolumic Limited
Director of Chiefs Rugby Club GP Limited
Director of Grasslands Group and other subsidiaries
Director of Horizon Energy Distribution Limited
Director of Ngati Awa Asset Holdings Limited (commenced December 2014)
Director of Ngati Awa Group Holdings Limited (commenced December 2014)
Director of, and shareholder of Rivas Orchard Limited
Director of, and shareholder in, Waterview Downs Orchards Limited (interests ceased September 2014)

N W Flowerday
Director of, and shareholder in, Zespri Group Limited
Director of Zespri International Limited
Director of Kiwifruit Vine Health Foundation Incorporated
Director of Kiwifruit Vine Health Incorporated
Director of, and shareholder in, High Fives Orchard Limited
Director of, and shareholder in, NWF Holdings Limited
Beneficiary of Milan Trust

Statutory Information (continued)

Directors' Disclosures (continued)

Directors' interests – Directors in office as at 31 March 2015 (continued)

P R Jones
Director of Zespri Group Limited (Interest commenced July 2014)
Director of Zespri International Limited (Interest commenced July 2014)
Director of Direct Management Services Limited
Director of DMS Group Limited and subsidiaries
Director of DMS Supply Entity Limited
Director of Fraser Road Orchard GP Limited and Limited Partnership
Director of Golf Course Orchard GP Limited and Limited Partnership
Director of Mangatarata Orchard Limited and Mangatarata Orchard Partnership
Director of NZ Avocado Marketing Limited
Director of Tinopai Orchards Limited and Tinopai Orchard Partnership
Director of TKG Agent Limited and TKG Partnership
Director of, and shareholder in, DMS Progrowers Limited
Director of, and shareholder in Elizabeth Heights Limited
Director of, and shareholder in, OTK Orchards Limited
Member of the BIGTIK Steering Group
Member of the CA Compensation Committee
Member of the OPC Steering Group
Member of Paengaroa Rural Grower Association Inc
Member of the Psa Innovation Steering Group
Partner of Progeny Kiwifruit Partnership
Shareholder in Hopai Holdings Limited
Shareholder in Mangatarata Farms Limited
Trustee, and Beneficiary of, the Patricia Jones Trust and related entities
Trustee, and Beneficiary of, the PR Jones Family Trust and related entities

J P Mason
Director of Zespri Group Limited
Director of Zespri International Limited
Chairman and Non-Executive Director of Compac Holdings Limited (interest commenced February 2015)
Director of Air New Zealand Limited
Director of Vector Limited
Independent Director of New Zealand Asset Management Limited (interest commenced December 2014)
Trustee of Beloit College
Trustee of University of Auckland Endowment Fund

P J McBride
Chairman of, and shareholder in, Zespri Group Limited
Director of Zespri International Limited, and a number of other Zespri subsidiaries
Director of Centrefarm Aboriginal Horticulture Limited, NT, Australia (interest ceased September 2014)
Director of Centreprise Resources Group Pty Limited, Australia (interest ceased September 2014)
Director of Crocodile Farms Limited
Director of David Crafts & Co. Pty Ltd (Australia)
Director of, and shareholder in, Flint Capital Limited
General Manager of Kiwifruit for Trinity Lands Limited
Managing Director of, and shareholder in, South-East Hort Limited and subsidiaries (related party interests in various orchards)
Managing Partner of Montrose Partnership
Trustee of P J and L R McBride Family Trust
Trustee of Somerset Trust (contingent interest)

D A Pilkington
Director of Zespri Group Limited
Director of Zespri International Limited
Director of Aragorn Limited
Chairman of Port of Tauranga Limited
Chairman of, and Director in, Rangatira Limited and subsidiaries
Chairman of, and Director in, Heller Tasty Limited
Director of Ballance Agri-Nutrients Limited and subsidiaries (interest ceased August 2014)
Director of Douglas Pharmaceuticals Limited and subsidiaries
Director of Primeport Timaru Limited
Director of Restaurant Brands New Zealand Limited and subsidiaries (interest ceased December 2014)
Director of Tuatara Brewing Company
Director of, and shareholder in, Excelsa Associates Limited
Trustee and Beneficiary of Pilkington Family Trust
Trustee of New Zealand Community Trust
Trustee of Pohutukawa Trust

Statutory Information (continued)

Employee remuneration

For the year ended 31 March 2015 the number of employees whose total remuneration and value of any benefits received or receivable exceeded $100,000 between the following bands were:

Number of non-New Zealand-based employees	Number of New Zealand-based employees	Total remuneration and benefits $
9	13	$100,000 to $109,999
7	10	$110,000 to $119,999
3	9	$120,000 to $129,999
4	2	$130,000 to $139,999
4	6	$140,000 to $149,999
4	6	$150,000 to $159,999
4	2	$160,000 to $169,999
4	3	$170,000 to $179,999
-	2	$180,000 to $189,999
1	3	$190,000 to $199,999
3	3	$200,000 to $209,999
3	5	$210,000 to $219,999
1	2	$220,000 to $229,999
4	1	$230,000 to $239,999
1	1	$240,000 to $249,999
1	-	$250,000 to $259,999
-	1	$260,000 to $269,999
2	-	$270,000 to $279,999
3	1	$280,000 to $289,999
1	2	$290,000 to $299,999
-	1	$330,000 to $339,999
-	2	$370,000 to $379,999
1	-	$380,000 to $389,999
1	-	$440,000 to $449,999
1	-	$450,000 to $459,999
1	-	$520,000 to $529,999
1	-	$540,000 to $549,999
-	1	$590,000 to $599,999
1	-	$610,000 to $619,999
1	-	$630,000 to $639,999
1	-	$670,000 to $679,999
1	1	$1,120,000 to $1,129,999

Note: These bands are New Zealand dollar equivalents and reflect foreign exchange fluctuations.

NEW ZEALAND AND AUSTRALIA

New Zealand

Zespri Group Limited
Zespri International Limited
Zespri Innovation Company Limited
PO Box 4043
Mount Maunganui South
400 Maunganui Road
Mount Maunganui 3116
New Zealand
Tel: +64 7 572 7600
Fax: +64 7 572 7646
www.zespri.com

Australia

Zespri International (Australia) Pty Limited
183 Jasper Road
Bentleigh, Victoria, 3204
Australia

ASIA

China

Zespri Fruit (Shanghai) Co., Ltd
Suites 3307 & 3308
Grand Gateway Tower 1
No. 1, Hongqiao Road
Xuhui District
Shanghai, 200030
China
Tel: +86 21 3368 7528
Fax: +86 21 3368 7533
www.zespri.com.cn

India

Zespri International (India) Pvt. Ltd
13th Floor, R-tech 2, Nirlon Knowledge Park
Off Western Express Highway, Goregaon (E)
Mumbai -400063
India
Tel: +91 22 4476 4567

Indonesia

Zespri International Limited
Pondok Indah Office Tower 3, 17th Floor
Jl Sultan Iskandar Muda Kav V-TA
Pondok Indah, Jakarta Selatan 12310
Indonesia
Tel: +62 21 2965 9027
www.zespri.co.id

Japan

Zespri International (Japan) K. K.
10th Floor, Shiodome City Centre
1-5-2, Higashi Shimbashi, Minato-ku
Tokyo 105-7110
Japan
Tel: +81 3 4579 7191
Fax: +81 3 3571 1960
www.zespri-jp.com

Korea

Zespri International (Korea) Company Limited
8th Floor, Maru Building
942-20, Daechi-Dong
Kangnam-Gu, Seoul 135-280
Korea
Tel: +82 2 547 5935
Fax: +82 2 547 5938
www.zespri.co.kr

ASIA

Malaysia

Zespri International (Asia) Limited
Level 28, PJ Exchange
No. 16A Persiaran Barat
46050 Petaling Jaya
Malaysia
www.zespri.com.my

Singapore

Zespri International (Singapore) Pte Limited
7 Temasek Boulevard
14-02A Suntec Tower One
Singapore 038987
Tel: +65 6 884 8745
Fax: +65 6 884 8746
www.zespri.com.sg

Taiwan

Zespri International (Asia) Limited
Suite 1701, 17th Floor
International Trade Building
333 Keelung Road / Section 1
Taipei 110
Taiwan
Tel: +886 2 2757 7266
Fax: +886 2 2345 9633
www.zespri.com.tw

USA

United States of America

New Zealand Kiwi Holdings Inc.
1420 5th Avenue
Suite 4100
Seattle
WA 98101-2338
United States of America
Tel: +1 206 223 7000
Fax: +1 206 223 7107
www.zesprikiwi.com

EUROPE

Belgium

Zespri International (Europe) N.V.
Posthofbrug 10 bus 3
B 2600 Berchem
Belgium
Tel: +32 3 201 0801
Fax: +32 3 201 0890

Zespri Service Centre N.V.
Posthofbrug 10 bus 7
B 2600 Berchem
Belgium
Tel: +32 3 201 0877
Fax: +32 3 201 0888
www.zespri.eu/fb

France

Zespri Fresh Produce France S.A.R.L.
42 Rue de Tauzia
33800 Bordeaux
France
Tel: +39 05 4264 1429
Fax: +39 05 4264 7875

Zespri International France S.A.R.L.
14 Boulevard Ganteaume
13400 Aubagne
France
Tel: +33 04 4262 4190
Fax: +33 04 4270 0542
www.zespri.eu/fr

EUROPE

Germany

Zespri International Germany GmbH
Postweg 26
DE-46499 Hamminkeln
Germany
Tel: +49 285 296 0440
Fax: +49 285 296 0439
www.zespri.eu/de

Italy

Zespri Fresh Produce Italy S.r.l.
Via Cogne 35
40026 Imola
Italy
Tel: +39 05 4264 1429
Fax: +39 05 4264 7875

Zespri International Italy S.r.l.
Via Cesare Lombroso 54
20137 Milan
Italy
Tel: +39 02 5410 7492
Fax: +39 02 5410 4627
www.zespri.eu/it

Spain

Zespri International Iberica SL
Mercamadrid
Zona Comercial Local
D14 - A
28053 Madrid
Spain
Tel: +34 91 507 9368
Fax: +34 91 507 9259
www.zespri.eu/es

Sweden

Zespri International Nordic AB
Tallkrogsplan 93
122 60 Rnskede
Sweden
Tel: +46 08 448 0217
Fax: +46 08 659 4870
www.zespri.eu/se

United Kingdom

Zespri International (United Kingdom) Limited
Pendragon House
65 London Road, St Albans
Hertfordshire AL1 1LJ
United Kingdom
Tel: +44 1727 750 000
Fax: +44 1727 750 000
www.zespri.eu/en

OTHER COUNTRIES

Brazil

Zespri Fruit Consultoria (Brasil) Ltda
Rua Leopoldo Couto de Magalhâes
Júnior, 759 (11th floor)
Itaim Bibi, CEP 04542-000
São Paulo, SP
Brazil
Tel: +55 11 99 2082002
www.zespri.com.br

South Africa

Zespri International Trading Limited
Central Office Park No. 4
257 Jean Avenue
Centurion 0157
South Africa

Kiwifruit