

ZESPRI GROUP LIMITED AND SUBSIDIARIES – CORE BUSINESS
SPECIAL PURPOSE FINANCIAL STATEMENTS
ADDITIONAL DISCLOSURES
FOR THE YEAR ENDED 31 MARCH 2019

**ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS
SPECIAL PURPOSE FINANCIAL STATEMENTS
Additional Disclosures
FOR THE YEAR ENDED 31 MARCH 2019**

The Special Purpose Financial Statements comprise the attached Zespri Group Limited (ZGL) Annual Report for the year ended 31 March 2019 and the additional disclosures below.

During the year a change was made to the definition of the “core business” within the Kiwifruit Export Regulations 1999 (“the Regulations”). These regulations require that ZGL publically disclose financial statements in respect of each of the business activities defined in the Kiwifruit Information Disclosure Handbook (“the Handbook”) and that the financial statements are prepared in accordance with the allocation methodology in the Handbook.

1. Exemption from Separate Accounting for “Other” Business

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

- to disclose as ‘Other’ business all sales, expenses, assets and liabilities of the New Zealand sourced fresh Kiwifruit into Australia and New Zealand.

ZGL’s ‘other’ business relates to the following activities:

- New cultivar;
- Non-New Zealand grown Kiwifruit; and
- All other segments.

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

2. Alternative Revenue Statement

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

Pool costs as a percentage of pool revenue

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

3. Cause of Change

	2019 \$000	2018 \$000	2017 \$000
Prior year Fruit and Service Payments (including Loyalty Premium)	1,468,057	1,380,030	1,143,052
Prior year ZGL profit for the year	101,842	73,701	35,828
Total prior year return	<u>1,569,899</u>	<u>1,453,731</u>	<u>1,178,880</u>
Changes due to volume increase	401,244	(162,286)	292,898
Changes due to market and profile mix ¹	(52,762)	98,824	(25,909)
Total volume change ²	<u>348,482</u>	<u>(63,462)</u>	<u>266,989</u>
Changes due to change in price ³	(59,846)	194,169	(22,374)
Changes due to foreign exchange ⁴	73,525	(11,637)	(15,098)
Changes due to Non NZ Fruit Profit	(1,128)	(2,643)	1,436
Changes due to Freight movements	170	(15,278)	26,024
Changes due to change in tax expense	(31,960)	(10,494)	(22,686)
Changes due to other income movements	102,578	36,383	70,556
Changes due to other cost movements	(159)	(10,870)	(29,996)
Total current year return	<u>2,001,561</u>	<u>1,569,899</u>	<u>1,453,731</u>
Represented by:			
Fruit and Service Payments	1,775,408	1,433,956	1,343,983
Loyalty Premium	46,347	34,101	36,047
ZGL profit for the year	179,806	101,842	73,701
Total current year return	<u>2,001,561</u>	<u>1,569,899</u>	<u>1,453,731</u>

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

² Changes due to volume are the sum of changes in volume by size by variety for New Zealand-grown kiwifruit between the prior year season multiplied by the corresponding NZD market return per tray for the prior season.

³ Changes due to price are calculated by size on a region by region basis where prices for individual product groups of New Zealand-grown fruit have changed between seasons. This is calculated using the following formula:



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((Current year's average tray price per sales region (in sales currency) – prior year's average tray price per sales region (in sales currency)) / (prior year's effective FX rate)) * (current year's volume per sales region).

- 4 Changes due to foreign exchange reflect exchange movements in respect to the supply and sale of New Zealand-grown kiwifruit, and are calculated based on the total of:
- the movement in current year's sales and expenses versus prior year by size on a line by line basis calculated by the difference between the current year figures translated into New Zealand dollars at the transaction date exchange rate versus prior year's transaction date exchange rates;
 - the movement between current and prior year realised gain or loss on forward cover contracts; and
 - the difference between prior year and current year unrealised exchange gains or losses which are determined by the revaluation of foreign currency denominated assets and liabilities at year end exchange rates.

4. New Zealand-grown kiwifruit revenue by pool

	2019 \$000	2018 \$000	2017 \$000
Zespri® Green kiwifruit	1,057,026	929,204	1,025,529
Zespri® Organic Green kiwifruit	60,223	45,747	54,816
Zespri® Gold/Organic Gold kiwifruit	1,472,129	1,106,261	933,832
Zespri® Sweet Green kiwifruit	14,559	17,750	22,997
Class 2 Green Kiwifruit*	11,973	6,292	3,565
Class 2 Organic Green kiwifruit*	799	806	575
Class 2 Gold / Organic Gold kiwifruit*	8,726	11,870	-
Non Standard Supply	6,761	10,171	5,018
Net Sales of New Zealand-grown kiwifruit	2,632,196	2,128,101	2,046,332

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

New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® Green kiwifruit		
	2018/19	2017/18	2016/17
Zespri margin	6.8%	7.7%	6.8%
Freight	8.3%	7.5%	7.9%
Insurance	0.1%	0.3%	0.2%
Duty and customs	4.1%	4.1%	4.1%
Other onshore direct costs	1.5%	1.4%	1.9%
Other offshore direct costs	4.2%	3.5%	4.2%
Promotion	5.1%	4.4%	5.7%
Interest	0.1%	0.1%	0.0%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	69.7%	70.9%	69.1%
TOTAL	100.0%	100.0%	100.0%
Revenue attributable to Zespri Green Kiwifruit (\$'000)	1,057,026	929,204	1,025,529



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New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® ORGANIC GREEN kiwifruit		
	2018/19	2017/18	2016/17
Zespri margin	8.3%	8.6%	8.4%
Freight	5.8%	6.7%	7.2%
Insurance	0.1%	0.2%	0.2%
Duty and customs	4.5%	4.3%	3.7%
Other onshore direct costs	1.4%	1.5%	1.6%
Other offshore direct costs	5.0%	4.6%	3.8%
Promotion	3.8%	3.4%	4.5%
Interest	0.0%	0.1%	0.0%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	71.0%	70.5%	70.5%
TOTAL	100.0%	100.0%	100.0%
Revenue attributable to Zespri Green Organic Kiwifruit (\$'000)	60,223	45,747	54,816

New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® Gold/Organic Gold kiwifruit		
	2018/19	2017/18	2016/17
Zespri margin	8.3%	8.6%	8.3%
Freight	5.3%	5.3%	5.1%
Insurance	0.2%	0.4%	0.5%
Duty and customs	3.2%	3.4%	3.7%
Other onshore direct costs	3.9%	4.1%	4.2%
Other offshore direct costs	3.2%	2.9%	3.3%
Promotion	6.9%	7.8%	9.2%
Interest	0.0%	0.1%	0.0%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	68.9%	67.3%	65.6%
TOTAL	100.0%	100.0%	100.0%
Revenue attributable to Zespri Gold Kiwifruit (\$'000)	1,472,129	1,106,261	933,832

New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® GREEN14 kiwifruit		
	2018/19	2017/18	2016/17
Zespri margin	7.8%	8.0%	8.2%
Freight	8.1%	8.8%	6.0%
Insurance	0.2%	0.3%	0.3%
Duty and customs	5.4%	5.1%	2.8%
Other onshore direct costs	4.7%	4.4%	4.7%
Other offshore direct costs	5.3%	4.8%	4.3%
Promotion	5.2%	7.6%	10.5%
Interest	0.0%	0.1%	0.0%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	63.2%	60.8%	63.1%
TOTAL	100.0%	100.0%	100.0%
Revenue attributable to Zespri Sweet Green Kiwifruit (\$'000)	14,559	17,750	22,997



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6. New Zealand-grown kiwifruit Supplier Return Analysis

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

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

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

7. New Zealand Registered Number of Suppliers

	2019	2018	2017
Number of Suppliers	15	15	12
Trays Supplied	154,058,230	124,433,259	145,871,274

8. Regional Production Analysis

The Regional Production Analysis is shown in Appendix C.

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

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

	2019 \$000	2018 \$000	2017 \$000
Zespri® Green kiwifruit	94,450	124,218	108,503
Zespri® Gold / Organic Gold kiwifruit	209,344	133,715	103,861
Family Kiwi™ Gold / Organic Gold / Green kiwifruit	7,880	5,341	3,206
Net Sales of non-New Zealand-grown kiwifruit	311,674	263,274	215,570

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

	2019 \$000	2018 \$000	2017 \$000
Zespri® Green kiwifruit	74,353	104,112	81,468
Zespri® Gold / Organic Gold kiwifruit	150,213	95,902	76,208
Family Kiwi™ Gold / Organic Gold / Green kiwifruit	6,345	3,461	2,457
Non-New Zealand-grown kiwifruit supplier return	230,911	203,475	160,133



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11. Disclosure of Transfer Payments

In accordance with Regulation 13(e) of the Kiwifruit Export Regulations transfer payments between business segments are detailed in Appendix D. All transfers relate to goods or services performed in the year ended 31 March 2019.

During the year ended 31 March 2019 no inter-segment amounts have been written off or forgiven (2018: Nil).

12. Zespri Group Limited Shareholder Statistics

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

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

- The share price is the last price paid for shares on or before 31 March 2019 as per Unlisted share trading platform.
- The number of shares sold represents the number of shares transferred as advised by Computershare Investor Services Limited. This figure excludes off market share transfers, shares transferred with property sales and shares transferred within family entities which are separately disclosed.

13. Non-New Zealand-grown kiwifruit costs as a percentage of revenue

Non-New Zealand-grown kiwifruit Costs as a Percentage of Revenue	2018/19	2017/18	2016/17
Zespri margin	12.1%	11.1%	12.9%
Freight	3.9%	3.3%	4.1%
Insurance	0.0%	0.0%	0.0%
Duty and customs	2.4%	2.2%	2.6%
Other onshore direct costs	0.0%	0.0%	0.0%
Other offshore direct costs	4.6%	3.6%	3.5%
Promotion	2.9%	2.4%	2.6%
Interest	0.0%	0.0%	0.0%
KNZ/NZKGI	0.0%	0.0%	0.0%
Purchase of Kiwifruit	74.1%	77.4%	74.3%
TOTAL	100.0%	100.0%	100.0%
Revenue attributable to Non-New Zealand-grown kiwifruit (\$'000)	311,674	263,274	215,570

The Additional Disclosures to the financial statements were authorised for issue by the Directors of Zespri Group Limited on 28 June 2019.

Authorised for and on behalf of the Board:



J P Mason
Director



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Appendix A – Business Segment Analysis

TOTAL ASSETS BY SEGMENT 2018-19 (New presentation)	As at 31 March 2019				
	New Zealand kiwifruit \$'000	Non-New Zealand supply \$'000	New cultivar \$'000	All other segments \$'000	Total \$'000
Current assets:					
Bank, cash, short-term investments	192,591	21	-	-	192,612
Trade debtors	63,462	20,334	17,017	-	100,813
Other debtors / current assets	3,540	-	-	-	3,540
Other financial assets	47,809	-	-	-	47,809
Inventory / stock	87,194	2,909	-	-	90,103
Prepayments	51,189	550	-	-	51,739
Total current assets	445,785	23,814	17,017	-	486,616
Fixed Assets:					
Information system assets	3,361	129	-	-	3,490
Motor vehicles	187	6	-	-	193
Office equipment	1,277	387	-	-	1,664
Land	-	-	-	9,548	9,548
Leasehold improvements	631	844	-	-	1,475
Capital work in progress	2,992	44	-	37,661	40,697
Total fixed assets	8,448	1,410	-	47,209	57,067
Intangibles					
Development costs	-	-	3,305	-	3,305
Information systems	15,303	-	-	-	15,303
Intangibles work in progress	18,534	-	-	-	18,534
Total intangibles	33,837	-	3,305	-	37,142
Other non - current assets					
Other financial assets	70,437	-	-	-	70,437
Prepayments	4,711	-	-	-	4,711
Other	4,360	-	16,368	-	20,728
Total other non-current assets	79,508	-	16,368	-	95,876
TOTAL ASSETS	567,578	25,225	36,690	47,209	676,701
Current Liabilities					
Accounts payable	(198,510)	(64,893)	(2,870)	(3,046)	(269,319)
Accrued payroll	(18,263)	(1,258)	-	-	(19,521)
Provisions and insurance liabilities	(37,367)	(74)	-	(499)	(37,940)
Other financial liabilities	(47,809)	-	-	-	(47,809)
Other current liabilities	(13,536)	3	-	-	(13,533)
Total current liabilities	(315,485)	(66,222)	(2,870)	(3,545)	(388,122)
Long term liabilities					
Accrued payroll	(951)	(973)	-	-	(1,924)
Other financial liabilities	(70,437)	-	-	-	(70,437)
Other long term liabilities	(2,328)	-	-	-	(2,328)
Total long term liabilities	(73,716)	(973)	-	-	(74,689)
Equity	(213,890)	-	-	-	(213,890)
Total equity & liabilities	(603,091)	(67,195)	(2,870)	(3,545)	(462,811)
Segment receivable / (loan) (before tax & dividend distributions)	35,513	41,971	(33,820)	(43,664)	(213,890)

Equity is not split between segments, therefore is allocated to "core business" as dividends and taxation is not allocated by segments.



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TOTAL ASSETS BY SEGMENT 2017-18 (New Presentation)	As at 31 March 2018				Total
	New Zealand kiwifruit \$'000	Non-New Zealand supply \$'000	New cultivar \$'000	All other segments \$'000	\$'000
Current assets:					
Bank, cash, short-term investments	153,693	21	-	-	153,714
Trade debtors	29,038	27,092	17,456	-	73,586
Other debtors / current assets	4,335	-	-	-	4,335
Other financial assets	51,588	-	-	-	51,588
Inventory / stock	37,658	9,150	-	-	46,808
Prepayments	35,645	473	-	-	36,118
Total current assets	311,957	36,736	17,456	-	366,149
Fixed Assets:					
Information system assets	930	60	-	-	990
Motor vehicles	450	16	-	-	466
Office equipment	1,301	103	-	-	1,404
Land	-	-	-	9,568	9,568
Buildings	-	-	-	323	323
Leasehold improvements	1,110	121	-	-	1,231
Capital work in progress	201	-	-	13,033	13,234
Total fixed assets	3,992	300	-	22,924	27,216
Intangibles					
Development costs	-	-	3,173	-	3,173
Information systems	20,710	2	-	-	20,712
Intangibles work in progress	9,730	-	-	-	9,730
Total intangibles	30,440	2	3,173	-	33,615
Other non - current assets					
Other financial assets	57,473	-	-	-	57,473
Prepayments	6,666	-	-	-	6,666
Other	2,834	-	33,662	-	36,496
Total other non-current assets	66,973	-	33,662	-	100,635
TOTAL ASSETS	413,362	37,038	54,291	22,924	527,615
Current Liabilities					
Accounts payable	(118,289)	(53,626)	(3,703)	(1,259)	(176,877)
Accrued payroll	(16,630)	(794)	-	-	(17,424)
Provisions and insurance liabilities	(41,995)	(77)	-	(350)	(42,422)
Other financial liabilities	(51,588)	-	-	-	(51,588)
Other current liabilities	(9,065)	3	-	-	(9,062)
Total current liabilities	(237,567)	(54,494)	(3,703)	(1,609)	(297,373)
Long term liabilities					
Accrued payroll	(1,445)	(468)	-	-	(1,913)
Provisions and insurance liabilities	-	-	-	(149)	(149)
Other financial liabilities	(57,473)	-	-	-	(57,473)
Other long term liabilities	(2,367)	-	-	-	(2,367)
Total long term liabilities	(61,285)	(468)	-	(149)	(61,902)
Equity	(168,340)	-	-	-	(168,340)
Total equity & liabilities	(467,192)	(54,962)	(3,703)	(1,758)	(359,275)
Segment receivable / (loan) (before tax & dividend distributions)	53,830	17,924	(50,588)	(21,166)	(168,340)

Equity is not split between segments, therefore is allocated to "core business" as dividends and taxation is not allocated by segments.



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TOTAL ASSETS BY SEGMENT 2017-18
(Old Presentation)

As at 31 March 2018

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

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



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Net profit/(loss) by business segment for the year ended 31 March 2019 (New Presentation)

	OTHER BUSINESS					Eliminations \$'000	Total \$'000
	New Zealand kiwifruit \$'000	Non-New Zealand supply \$'000	New cultivar \$'000	All other segments \$'000			
Revenue from sale of NZ kiwifruit (exc transfers)	2,632,195	-	-	-	-	-	2,632,195
Revenue from sale of Non-NZ kiwifruit	-	311,674	-	-	-	-	311,674
Total Sales revenue - external customers	2,632,195	311,674	-	-	-	-	2,943,869
Transfer revenue: New Cultivar Royalties NZ Kiwifruit	-	-	28,149	-	-	(28,149)	-
Inter-segment revenue	-	-	28,149	-	-	(28,149)	-
ZGL Commission from NZ Kiwifruit	252,626	-	-	-	-	(252,626)	-
Revenue from insurance claims	422	301	-	-	-	-	723
GOLD licences issued	-	-	194,420	-	-	-	194,420
Other	3,819	583	-	3,161	(3,161)	-	4,402
Research grant co-funding	2,509	-	4,911	-	-	-	7,420
External Royalties	-	-	251	-	-	-	251
Other revenue	6,750	884	199,582	3,161	(3,161)	-	207,216
Total revenue (exc interest)	2,891,571	312,558	227,731	3,161	(283,936)	-	3,151,085
Freight	172,701	12,199	-	-	-	-	184,900
Insurance (onshore and offshore)	3,917	759	-	-	-	-	4,676
Duty and customs	94,776	7,472	-	-	-	-	102,248
Promotion	161,180	9,159	-	-	-	-	170,339
Other direct costs - offshore	95,659	13,443	-	-	-	-	109,102
Other direct costs - onshore	49,392	-	-	-	-	-	49,392
KNZ/NZKGI/KVH costs	4,436	-	-	-	-	-	4,436
Purchase of Kiwifruit	1,775,408	230,911	-	-	-	-	2,006,319
Loyalty premium	46,347	-	-	-	-	-	46,347
Transfer Payments:							
ZGL Commission from NZ Kiwifruit	252,626	-	-	-	-	(252,626)	-
Inter-segment service charge	(11,579)	9,144	2,164	271	-	-	-
ZGL Royalty new cultivars	24,785	3,364	-	-	(28,149)	-	-
Research & Development	13,344	927	16,163	-	-	-	30,434
Information system expenses	15,243	208	-	-	-	-	15,451
Depreciation	2,172	158	-	322	-	-	2,652
Amortisation / impairment of intangible assets	9,696	1	1,323	-	-	-	11,020
Corporate & Admin expenses	30,329	1,114	133	-	(2,636)	-	28,940
Land & Building expenses	3,837	366	-	-	(525)	-	3,678
Motor Vehicle Expenses	1,126	349	-	-	-	-	1,475
Other Travel	9,394	1,551	69	-	-	-	11,014
Office equipment maintenance	268	25	-	-	-	-	293
Human resource expense	72,992	9,006	476	-	-	-	82,474
Marketing/advertising	6,617	1,167	-	-	-	-	7,784
Consultancy & Legal	21,624	1,809	-	-	-	-	23,433
Other expenses	-	1,345	-	-	-	-	1,345
Foreign exchange hedging relating to Offshore Overheads	1,484	-	-	-	-	-	1,484
Total expense	2,857,774	304,477	20,328	593	(283,936)	-	2,899,236
Net profit before interest & taxation	33,797	8,081	207,403	2,568	-	-	251,849
Interest revenue on short term deposits	4,315	-	-	-	-	-	4,315
Intersegment interest income/(expense)	(2,764)	-	-	2,764	-	-	-
Interest expense	(530)	-	-	-	-	-	(530)
Net profit after interest before tax	34,818	8,081	207,403	5,332	-	-	255,634

Revenues, direct costs, promotion and overheads are identified and recognised for each business unit under the application of NZ IFRS. The internal management information on which the segment results above are based uses a different method for allocating realised gains and losses on treasury activities. For internal management reporting, realised gains and losses from the management of foreign exchange risk are allocated to the business unit. Where material, these gains and losses are allocated against individual revenue and expense lines based on the underlying currencies of the transactions to affect what would be a 'hedged' rate on the cumulative transactions. Foreign exchange gains/losses that cannot be allocated are shown separately. For financial reporting purposes these net realised foreign exchange gains/(losses) on derivatives are disclosed separately from the operating revenue and operating expense within other net gains/(losses) (refer Note 5, Annual Report 2018/19).



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

2017/18	OTHER BUSINESS					Total \$'000
	New Zealand kiwifruit \$'000	Non-New Zealand supply \$'000	New cultivar \$'000	All other segments \$'000	Eliminations \$'000	
Revenue from sale of NZ kiwifruit (exc transfers)	2,128,101	-	-	-	-	2,128,101
Revenue from sale of Non-NZ kiwifruit	-	263,274	-	-	-	263,274
Total Sales revenue - external customers	2,128,101	263,274	-	-	-	2,391,375
Transfer revenue: New Cultivar Royalties NZ Kiwifruit	-	-	20,723	-	(20,723)	-
Transfer revenue: Funding - New Zealand kiwifruit	-	-	-	-	-	-
Inter-segment revenue	-	-	20,723	-	(20,723)	-
ZGL Commission from NZ Kiwifruit	209,757	-	-	-	(209,757)	-
Revenue from insurance claims *	263	229	-	-	-	492
GOLD licences issued	-	-	101,746	-	-	101,746
Other	3,500	185	-	2,387	(2,387)	3,685
Research grant co-funding	3,039	-	2,318	-	-	5,357
External Royalties	52	-	-	-	-	52
Other revenue *	6,854	414	104,064	2,387	(2,387)	111,332
Total revenue (exc interest)	2,344,712	263,688	124,787	2,387	(232,867)	2,502,707
Freight	135,621	8,682	-	-	-	144,303
Insurance (onshore and offshore)	8,043	726	-	-	-	8,769
Duty and customs	78,563	5,921	-	-	-	84,484
Promotion	134,090	6,283	-	-	-	140,373
Other direct costs - offshore *	68,387	9,280	-	-	-	77,667
Other direct costs - onshore	40,103	-	-	-	-	40,103
KNZ/NZKGI/KVH costs	3,792	-	-	-	-	3,792
Purchase of Kiwifruit	1,433,956	203,475	-	-	-	1,637,431
Loyalty premium	34,101	-	-	-	-	34,101
Transfer Payments:						
Funding New Cultivars	-	-	-	-	-	-
ZGL Commission from NZ Kiwifruit	209,757	-	-	-	(209,757)	-
Inter-segment service charge	(9,506)	7,529	1,678	299	-	-
ZGL Royalty new cultivars	18,723	2,000	-	-	(20,723)	-
Research & Development	10,655	635	12,118	-	-	23,408
Information system expenses	13,260	90	-	-	-	13,350
Depreciation	2,141	71	-	565	-	2,777
Amortisation / impairment of intangible assets	9,014	(5)	1,950	-	-	10,959
Corporate & Admin expenses	25,009	1,019	302	-	(1,832)	24,498
Land & Building expenses	3,208	137	-	378	(555)	3,168
Motor Vehicle Expenses	988	280	-	-	-	1,268
Other Travel	8,783	1,295	46	-	-	10,124
Office equipment maintenance	249	7	-	-	-	256
Human resource expense	65,344	5,491	242	-	-	71,077
Marketing/advertising	6,837	780	-	-	-	7,617
Consultancy & Legal	18,750	783	-	-	-	19,533
Green Class 2 subsidy	96	-	-	-	-	96
Foreign exchange hedging relating to Offshore Overheads	2,141	-	-	-	-	2,141
Total expense	2,322,105	254,479	16,336	1,242	(232,867)	2,361,295
Net profit before interest & taxation	22,607	9,209	108,451	1,145	-	141,412
Interest revenue on short term deposits	(4,422)	-	-	-	-	(4,422)
Intersegment interest (income)/expense	1,934	-	-	(1,934)	-	-
Interest expense	124	-	-	-	-	124
Net profit after interest before tax	24,971	9,209	108,451	3,080	-	145,710

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

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



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

2017/18	OTHER BUSINESS						Total
	New Zealand Fresh Kiwifruit	Other Fresh Kiwifruit	R&D (Excluding New Cultivars)	Corporate Services	New Cultivars	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from sale of NZ kiwifruit (exc transfers)	2,128,720	-	-	-	-	-	2,128,720
Revenue from sale of Non-NZ kiwifruit	-	263,274	-	-	-	-	263,274
Transfer payment: Collaborative Marketing Commission	(619)	-	-	-	-	-	(619)
Total Sales revenue - external customers	2,128,101	263,274	-	-	-	-	2,391,375
Transfer revenue: Sale of NZ Kiwifruit to R&D	178	-	-	-	-	(178)	-
Transfer revenue: Funding - Corporate	-	-	3,304	-	12,068	(21,372)	-
Inter-segment revenue	178	-	3,304	-	12,068	(21,550)	-
ZGL Commission from NZ Kiwifruit	-	-	-	209,757	-	(209,757)	-
Transfer revenue: Collaborative Marketing Commission	-	-	-	619	-	-	619
Transfer revenue: New Cultivar Royalties NZ Kiwifruit	-	-	-	20,723	-	(20,723)	-
Revenue from insurance claims *	147	229	-	-	-	-	376
GOLD licences issued	-	-	-	101,746	-	-	101,746
Other	245	185	-	2,573	-	-	3,003
Research grant co-funding	-	-	3,040	-	2,318	-	5,358
External Royalties	-	-	-	52	-	-	52
Other revenue "	392	414	3,040	125,713	2,318	(20,723)	111,154
Total revenue (exc interest)	2,128,671	263,688	12,344	335,470	14,386	(252,030)	2,502,529
Freight	135,621	8,682	-	-	-	-	144,303
Insurance (onshore and offshore)	8,043	-	-	-	-	-	8,043
Duty and customs	78,563	5,921	-	-	-	-	84,484
Promotion	134,090	6,283	-	-	-	-	140,373
Other direct costs - offshore *	68,387	9,958	-	-	-	-	78,345
Other direct costs - onshore	40,103	-	-	-	-	-	40,103
KNZ/NZKGI/KYH costs	3,792	-	-	-	-	-	3,792
Purchase of Kiwifruit	1,433,956	203,475	-	-	-	-	1,637,431
Loyalty premium	-	-	-	34,101	-	-	34,101
Transfer Payments:							
Funding R&D (excluding New Cultivars)	-	-	-	3,304	-	(3,304)	-
Funding New Cultivars	-	-	-	12,068	-	(12,068)	-
ZGL Commission from NZ Kiwifruit	209,757	-	-	-	-	(209,757)	-
Inter-segment Purchase of NZ Kiwifruit	-	-	178	-	-	(178)	-
Inter-segment service charge	-	7,529	(438)	(8,769)	1,678	-	-
ZGL Royalty new cultivars	18,723	2,000	-	-	-	(20,723)	-
Research & Development	-	635	10,478	-	12,118	-	23,231
Information system expenses	-	-	-	13,260	-	-	13,260
Depreciation	-	71	52	2,654	-	-	2,777
Amortisation / impairment of intangible assets	-	(5)	-	10,964	-	-	10,959
Corporate & Admin expenses	-	1,156	342	22,764	302	-	24,564
Land & Building expenses	-	137	-	3,339	-	-	3,476
Motor Vehicle Expenses	-	280	11	907	-	-	1,198
Other Travel	-	1,295	293	8,559	46	-	10,193
Office equipment maintenance	-	7	-	249	-	-	256
Human resource expense	-	5,492	1,428	63,917	242	-	71,079
Marketing/advertising	-	780	-	6,762	-	-	7,542
Consultancy & Legal	-	783	-	18,589	-	-	19,372
Green Class 2 subsidy	-	-	-	96	-	-	96
Foreign exchange hedging relating to Offshore Overheads	-	-	-	2,141	-	-	2,141
Total expense	2,131,035	254,479	12,344	200,905	14,386	(252,030)	2,361,119
Net profit before interest & taxation	(2,364)	3,209	-	134,565	-	-	141,410
Interest revenue on short term deposits	2,571	-	-	1,821	-	-	4,392
Interest expense	(93)	-	-	-	-	-	(93)
Transfer payment: Interest charge from Corporate	(114)	-	-	114	-	-	-
Net profit after interest before tax	-	3,209	-	136,500	-	-	145,710

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

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

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



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Appendix A – Business Segment Analysis

DISCLOSURE NOTE

The segments reported in the Net Profit/Loss and Balance Sheet statements have changed for the reporting period 31 March 2019 onwards due to the change to core business, as defined in 2.2.3 of the Kiwifruit Export Information Disclosure Handbook 2018.

Research & Development and Corporate Services are deemed core functions of the business therefore are now reported under the segment "NZ Fresh Kiwifruit". Financial positions previously reported under non-core business segments of Research & Development and Corporate Services will now be reported under core business segment "NZ Fresh Kiwifruit".

The exception to this is licence revenue and licence royalties that were previously recorded within Corporate Services and are not considered core. This will form part of the New Cultivar segment going forward.

"Non-New Zealand Supply" and "New Cultivar" continue to be segmented as separate business activities.

The 2017/18 Net Profit/Loss and Balance Sheet statements immediately following the 2018/19 statements have been restated under the changed segments. The previous 2017/18 statements have also been included after these for comparative reporting.



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

	RETURN \$m 2018/19	\$ PER TE 2018/19	\$ PER TE 2017/18	\$ PER TE 2016/17	\$ PER TE 2015/16	\$ PER TE 2014/15
Zespri® Green Kiwifruit						
Total tray equivalents supplied (m)		81.0	65.1	90.8	80.7	69.6
Fruit payments	332.1	4.10	5.35	4.19	5.30	5.69
Fruit incentives	244.2	3.01	2.96	1.84	1.42	1.93
Service payments	135.5	1.67	1.55	1.52	1.54	1.11
Loyalty premium	24.8	0.31	0.28	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	736.6	9.09	10.14	7.80	8.51	8.98
Zespri® Organic Green Kiwifruit						
Total tray equivalents supplied (m)		3.5	2.8	3.9	3.9	3.5
Fruit payments	23.7	6.74	7.72	5.96	6.36	6.24
Fruit incentives	14.4	4.10	2.84	2.54	2.41	2.66
Service payments	3.5	1.00	0.87	1.07	1.09	0.79
Loyalty premium	1.1	0.31	0.28	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	42.7	12.14	11.71	9.82	10.11	9.94
Zespri® Gold Kiwifruit						
Total tray equivalents supplied (m)		66.0	52.6	48.5	32.6	18.7
Fruit payments	473.7	7.17	6.86	6.00	5.39	5.90
Fruit incentives	416.5	6.31	5.76	4.98	5.08	5.92
Service payments	104.6	1.58	1.28	1.39	1.36	1.36
Loyalty premium	20.2	0.31	0.28	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	1,015.0	15.37	14.18	12.62	12.08	13.43
Zespri® Green14 Kiwifruit						
Total tray equivalents supplied (m)		0.9	1.2	1.5	1.4	0.9
Fruit payments	5.8	6.53	5.68	6.68	6.34	5.94
Fruit incentives	3.0	3.37	2.70	2.11	3.41	3.68
Service payments	0.1	0.12	0.22	0.46	0.47	0.70
Loyalty premium	0.3	0.31	0.28	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	9.2	10.34	8.88	9.50	10.47	10.57
Class 2 Green Kiwifruit						
Total tray equivalents supplied (m)		1.4	0.7	0.4	0.7	1.0
Fruit payments	8.4	5.97	6.18	5.00	5.06	5.19
Service payments	0.1	0.04	-	0.10	0.02	0.03
Total fruit and service payments	8.5	6.01	6.18	5.10	5.08	5.22
Class 2 Organic Green Kiwifruit						
Total tray equivalents supplied (m)		0.1	0.1	0.1	0.0	0.1
Fruit payments	0.6	9.86	9.67	7.15	6.30	6.67
Service payments	0.0	0.19	0.22	0.18	0.22	0.14
Total fruit and service payments	0.6	10.05	9.89	7.33	6.52	6.81
Class 2 Gold Kiwifruit						
Total tray equivalents supplied (m)		0.7	1.1	-	-	0.4
Fruit payments	5.1	7.68	6.20	-	-	7.37
Service payments	0.1	0.08	0.13	-	-	0.48
Total fruit and service payments	5.2	7.76	6.33	-	-	7.85
Class 2 Green14 Kiwifruit						
Total tray equivalents supplied (m)		-	-	-	0.0	0.0
Fruit payments	-	-	-	-	4.71	4.77
Service payments	-	-	-	-	0.04	0.01
Total fruit and service payments	-	-	-	-	4.75	4.78
Non-Standard Supply						
Total tray equivalents supplied (m)		0.5	1.0	0.6	0.8	1.4
Fruit payments	2.6	5.60	7.66	6.24	5.97	4.76
Fruit incentives	1.3	2.79	-	-	-	0.74
Service payments	0.2	0.54	0.05	-	-	0.25
Total fruit and service payments	4.1	8.93	7.71	6.24	5.97	5.75
Total All Pools						
Total tray equivalents supplied (m)		154.1	124.4	145.9	120.1	95.7
Fruit payments	851.9	5.53	6.08	4.88	5.38	5.74
Fruit incentives	679.3	4.41	4.07	2.89	2.45	2.71
Service payments	244.1	1.59	1.38	1.44	1.44	1.12
Loyalty premium	46.3	0.30	0.27	0.25	0.24	0.24
Total fruit and service payments (including loyalty premium)	1,821.8	11.83	11.80	9.46	9.51	9.81
Total fruit and service payments 2017/18 (NZ IFRS)	1,468.1					
Total fruit and service payments 2016/17 (NZ IFRS)	1,380.0					
Total fruit and service payments 2015/16 (NZ IFRS)	1,143.0					

Fruit and Service Payment amounts above are not rounded; therefore, rounding differences may apply to totals.



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

Zespri Green kiwifruit	2018/19		2017/18		2016/17		2015/16	
	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha
Northland	106	8,498	109	5,779	113	9,559	116	7,666
Auckland	262	9,974	273	7,719	272	9,502	273	8,099
Bay of Plenty								
- Katikati	859	9,882	940	7,678	966	11,972	973	9,748
- Opotiki	455	11,315	457	8,917	464	11,758	469	10,756
- Tauranga	1,087	12,014	1,086	9,193	1,116	12,533	1,090	10,135
- Te Puke	3,292	12,380	3,419	9,641	3,508	13,088	3,524	12,204
- Waihi	138	9,858	100	6,569	100	8,701	105	7,604
- Whakatane	366	10,541	402	7,728	439	9,889	438	8,248
Waikato	203	9,076	200	8,339	204	9,664	206	8,867
Poverty Bay	52	7,745	54	8,366	54	5,828	55	6,605
Hawkes Bay	45	7,358	43	6,620	45	7,290	47	8,265
Lower North Island	70	9,291	70	8,696	65	7,056	69	6,186
South Island	223	7,258	229	5,663	258	7,246	250	6,158
Total producing hectares	7,158		7,382		7,604		7,614	
Average TE supplied per hectare		11,320		8,812		11,933		10,590
Zespri Green Organic kiwifruit	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha
Northland	-	-	-	-	-	-	-	-
Auckland	1	5,364	1	2,614	1	5,856	1	3,983
Bay of Plenty								
- Katikati	30	9,061	30	6,593	31	9,208	30	8,037
- Opotiki	21	7,493	22	5,786	22	8,616	22	7,404
- Tauranga	182	8,604	203	6,033	210	8,652	231	8,054
- Te Puke	38	8,775	42	6,979	38	10,408	57	8,841
- Waihi	22	6,589	19	3,964	20	4,219	20	4,808
- Whakatane	4	4,594	4	4,197	4	5,323	3	5,171
Waikato	148	6,885	151	5,310	151	6,536	153	6,148
Poverty Bay	1	4,042	1	3,676	2	4,637	2	5,284
Hawkes Bay	-	-	-	-	-	-	-	-
Lower North Island	2	4,439	2	5,552	2	6,524	2	6,365
South Island	-	-	-	-	21	4,516	16	2,873
Total producing hectares	448		475		502		537	
Average TE supplied per hectare		7,863		5,802		7,841		7,254
Zespri Gold & Organic Gold kiwifruit (Hort16A)	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha
Northland	-	-	11	8,615	52	12,721	172	12,133
Auckland	-	-	-	-	1	5,822	15	12,969
Bay of Plenty								
- Katikati	-	-	-	-	-	-	1	10,618
- Opotiki	-	-	-	-	-	-	-	-
- Tauranga	-	-	-	-	-	-	1	4,712
- Te Puke	-	-	-	-	-	-	-	-
- Waihi	-	-	-	-	-	-	1	13,777
- Whakatane	-	-	-	-	-	-	-	-
Waikato	-	-	-	-	1	9,394	15	8,802
Poverty Bay	-	-	-	-	48	9,245	69	8,365
Hawkes Bay	-	-	2	7,793	12	11,484	55	11,667
Lower North Island	-	-	-	-	-	-	-	-
South Island	-	-	17	10,647	47	9,349	64	10,796
Total producing hectares	-		30		161		394	
Average TE supplied per hectare		-		9,689		10,561		11,077

Producing hectares includes all hectares producing fruit in the relevant season. Producing hectare amounts are not rounded to whole numbers; therefore, rounding differences may apply to totals.



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

	2018/19		2017/18		2016/17		2015/16	
Zespri SunGold and Organic SunGold (Gold3)	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha
Northland	356	12,327	319	8,044	189	9,069	122	6,104
Auckland	214	12,143	206	10,701	187	8,928	139	5,694
Bay of Plenty								
- Katikati	497	13,531	525	11,299	501	12,302	423	7,521
- Opotiki	520	13,871	506	12,172	478	11,028	403	8,298
- Tauranga	476	14,100	437	12,320	413	12,484	367	8,073
- Te Puke	1,811	13,744	1,655	12,390	1,516	12,746	1,262	9,220
- Waihi	92	12,811	53	9,168	51	11,027	43	8,828
- Whakatane	240	11,931	211	13,211	206	11,175	167	8,861
Waikato	192	10,712	183	7,937	157	7,029	125	3,295
Poverty Bay	244	11,937	208	9,740	146	8,728	103	8,586
Hawkes Bay	152	10,840	149	8,263	131	6,815	80	9,562
Lower North Island	2	5,955	2	7,799	2	5,349	1	5,227
South Island	200	14,135	176	8,693	139	9,635	103	8,758
Total producing hectares	4,996		4,630		4,116		3,339	
Average TE supplied per hectare		13,216		11,292		11,366		8,234
Zespri Charm kiwifruit (Gold 9)	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha
Northland	-	-	-	-	-	-	9	10,413
Auckland	-	-	-	-	-	-	15	8,907
Bay of Plenty								
- Katikati	-	-	-	-	-	-	14	9,135
- Opotiki	-	-	-	-	-	-	11	11,537
- Tauranga	-	-	-	-	-	-	8	8,820
- Te Puke	-	-	-	-	-	-	7	11,413
- Waihi	-	-	-	-	-	-	1	7,963
- Whakatane	-	-	-	-	-	-	1	7,304
Waikato	-	-	-	-	-	-	4	9,449
Poverty Bay	-	-	-	-	-	-	1	9,570
Hawkes Bay	-	-	-	-	-	-	1	7,664
Lower North Island	-	-	-	-	-	-		
South Island	-	-	-	-	-	-	1	5,199
Total producing hectares	-	-	-	-	-	-	73	-
Average TE supplied per hectare		-		-		-		9,690
Zespri Sweet Green kiwifruit (Green 14)	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha	Producing Hectares	TE supplied per ha
Northland	1	5,809	1	3,041	1	7,210	1	4,243
Auckland	18	4,916	14	5,238	14	6,256	13	5,336
Bay of Plenty								
- Katikati	8	5,871	11	7,377	15	8,571	16	6,331
- Opotiki	8	8,003	12	7,790	14	9,758	18	6,507
- Tauranga	4	7,254	6	5,845	8	6,899	10	5,892
- Te Puke	59	6,944	80	7,711	88	9,148	115	6,564
- Waihi	-	-	-	-	-	-		
- Whakatane	17	6,863	18	7,550	20	5,984	15	4,960
Waikato	11	5,032	15	5,428	18	5,686	16	3,175
Poverty Bay	3	5,298	4	6,985	4	6,072	4	6,888
Hawkes Bay	8	3,682	8	4,415	8	4,363	8	8,358
Lower North Island	4	2,602	4	6,486	4	3,679	4	5,505
South Island	2	4,013	2	2,789	1	6,506	1	5,280
Total producing hectares	145		175		195		223	
Average TE supplied per hectare		6,150		6,925		7,813		6,109

Producing hectares includes all hectares producing fruit in the relevant season. Producing hectare amounts are not rounded to whole numbers; therefore, rounding differences may apply to totals.



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Appendix D – Transfer Payments

2018/19 (new segments)

Item	Recipient of Transfer income	Recipient of Transfer Expense	Description of transfer item	\$'000
Inter-segment service charge	New Zealand kiwifruit	Non-New Zealand Supply	Recharge of costs incurred by New Zealand Kiwifruit on Non-New Zealand-grown kiwifruit behalf e.g. salary costs.	9,144
New Cultivar Royalty payments from New Zealand kiwifruit	New Cultivar	New Zealand kiwifruit	Payment made from New Zealand Kiwifruit, based on sales value, for royalties on Zespri PVR's.	28,149
Profit before tax transferred to New Zealand Kiwifruit	New Zealand kiwifruit	Non-New Zealand Supply	Profit is transferred to New Zealand Kiwifruit equity.	8,081
Profit before tax transferred to New Zealand Kiwifruit	New Zealand kiwifruit	New Cultivar	Profit is transferred to New Zealand Kiwifruit equity.	207,403
Profit before tax transferred to New Zealand Kiwifruit	New Zealand kiwifruit	All other segments	Profit is transferred to New Zealand Kiwifruit equity.	5,332

Note:

1. All material transfers between segments have a fair value assigned. No nil value or nominal value transfers representing a material underlying fair value have occurred.
2. All inter-segment transfers have been fully settled within the year. No transfer balances are outstanding at 31 March 2019.

2017/18 (old segments)

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

Note:

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



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DISCLOSURE NOTE

Due to the change to core business as defined in 2.2.3 of the kiwifruit Export Information Disclosure Handbook 2018 some transfer payments between segments are no longer required as the historical segments are now reported under core business segment "NZ Fresh Kiwifruit". The above tables show the changes in transfer payments under the old business segments and new business segments.





Independent Auditor's Report

To the Directors of Zespri Group Limited

Report on the audit of the special purpose financial statements

Opinion

In our opinion, the accompanying special purpose financial statements of Zespri Group Limited (the Company) and its subsidiaries (the Group) on pages 2 to 18:

- i. Present, in all material respects the Group's financial position as at 31 March 2019 and its financial performance for the year ended on that date in compliance with the financial reporting provisions required by the Kiwifruit Export Information Disclosure Handbook (the "Handbook") under the Kiwifruit Export Regulations 1999 (the Regulations); and
- ii. Are correctly referenced to the audited consolidated financial statements of Zespri Group Limited upon which we have issued an unqualified opinion.

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

- The Zespri Group Limited consolidated financial statements as at 31 March 2019; and
- The additional disclosures included in pages 2 to 18.



Basis for opinion

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

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

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

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



Use of this independent auditor's report

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



Responsibilities of the Directors for the special purpose financial statements

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

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



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

Our objective is:

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

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

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

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

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

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

For and on behalf of



Auckland

28 June 2019