



MAKING LIFE DELICIOUS



GROWING



CONSISTENTLY GREAT KIWIFRUIT

Putting quality first underpins
sustainable grower returns





DELIVERING



PREMIUM QUALITY KIWIFRUIT

We focus on innovation to increase productivity and ensure our supply chain systems deliver premium-quality kiwifruit to our distributors, wholesalers, retailers and consumers all year round.





DELIGHTING



EVERYDAY PEOPLE, EVERY DAY

We believe it's important to enjoy
the little things in life, because
they're really the big things.



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ZESPRI AROUND THE WORLD

COMPANY PROFILE

Zespri is a limited liability company owned by current and former New Zealand kiwifruit growers and cooperatively controlled solely by producing kiwifruit growers.

Zespri is not only a leading global fruit brand; it is an integrated marketing system, comprising long-term partnerships between growers, post-harvest operators, port and shipping companies, distributors, wholesalers and retailers, all focused on delivering the highest-quality kiwifruit to consumers.

SEASON OVERVIEW

Outstanding growth in volumes, sales revenues and grower payments as growers record improvements in orchard productivity and the largest-ever volume of SunGold is sold in excellent time.

Zespri and the New Zealand kiwifruit industry achieved several records during 2015/16. These include the highest-ever Green return per hectare, the largest-ever volume of sales in a season, and the biggest-ever total return to growers.

The total fruit and service payment for New Zealand-grown fruit, including the loyalty premium, is \$1.143 billion. That is a 22 percent increase on 2014/15. Zespri sold 117 million trays of New Zealand kiwifruit – nearly 22 million trays more than the previous year – and 14 million trays of non-New Zealand kiwifruit. Our global kiwifruit sales increased by 21 percent to 131 million trays.

Zespri's result for corporate net profit after tax was also strong, increasing by \$1.2 million to \$35.8 million. Zespri announced a full-year dividend of 24 cents per share. This season's profit is partly

attributable to the release of a \$13 million provision entered for matters relating to Zespri's subsidiary in China, ZMCC, which have now been resolved. Our normalised profit after tax is \$27.8 million which is derived by adjusting for extraordinary factors to reflect a normal operational profit.

A significant factor during the 2015/16 season was the exceptional yield achieved by Green growers. Average productivity was 11,048 trays per hectare which helped to lift per hectare returns to an average of \$56,673. Across the industry, New Zealand kiwifruit growers have responded to the challenge of growing in a Psa environment by improving orchard management practices. Combined with favourable weather conditions last season, the result was a very large crop. On the market side, strong sales performance in the final weeks helped to lift returns to \$5.13 per tray.

SunGold's performance in the markets was very positive. The largest-ever volume was sold in excellent time with positive customer and consumer feedback and we achieved a return for the Gold pool of \$8.21 per tray – well above our early season forecast. The result gives us confidence in market demand for SunGold and supported our decision to release 400 hectares of additional licence in 2016. This is an exciting step for our industry and our approach to releasing licence in increments aims to balance the fact that SunGold is still a relatively new product with the overwhelmingly positive customer and consumer feedback from the market.

All in all, we look back on 2015/16 with satisfaction and take confidence in our strategy – with strong, sustainable returns for growers and shareholders delivered through our focus on providing the world's best kiwifruit 12 months of the year.

FINANCIAL CALENDAR AND NOTICE OF ANNUAL MEETING



**31 MARCH
2016**

Financial year-end



**20 JULY
2016**

Annual Report circulated



**29 AUGUST
2016 – 1PM**

Deadline for receipt of proxies for Annual Meeting



**31 AUGUST
2016**

Annual Meeting



**DECEMBER
AND AUGUST**

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



**ANNUAL
REPORT**

For full financial statements, please refer to the separate Annual Report, available on www.zespri.com



ANNUAL MEETING

The Annual Meeting of Shareholders of Zespri Group Limited will take place at 1pm on Wednesday 31 August 2016 at ASB Arena Baypark, 81 Truman Lane, Mount Maunganui.

FINANCIAL HIGHLIGHTS

	2015/16	2014/15	Variance
New Zealand-grown fruit and service payments (including loyalty premium)	1,143.1 million	\$939.0 million	22%
– Per tray supplied	\$9.51	\$9.81	-3%
Net profit after tax	\$35.8 million	\$34.6 million	3%
Normalised profit after tax	\$27.8 million	\$21.5 million	29%
New Zealand-grown Orchard Gate Return (OGR) per hectare	\$60,758 (average)	\$57,369 (average)	6%
– Green	\$56,673	\$53,884	5%
– Organic Green	\$52,917	\$43,996	20%
– Gold	\$71,080	\$73,890	-4%
– Green14	\$42,995	\$29,682	45%
Equity	\$130.9 million	\$109.5 million	19%
Dividend per share (cents)			
– Interim	5.0	5.0	
– Final	19.0	7.0	
– Total	24.0	12.0	
Percentage of available profit	85%	85%	
Zespri global kiwifruit sales	\$1.907 billion	\$1.568 billion	22%
Export earnings (New Zealand grown)	\$1.327 billion	\$1.086 billion	22%
Zespri global volume (trays sold)	131.6 million	108.4 million	21%
New Zealand-grown	117.1 million	95.2 million	23%
– Green	77.9 million	69.3 million	12%
– Organic Green	3.9 million	3.5 million	10%
– Gold	32.3 million	18.6 million	74%
– Green14	1.4 million	0.9 million	50%
– Other	1.6 million	2.9 million	-46%
Non-New Zealand-grown	14.5 million	13.2 million	10%
– Green	10.9 million	10.7 million	2%
– Gold	3.6 million	2.5 million	46%

ZESPRI GREEN KIWIFRUIT

NEW ZEALAND GROWN KIWIFRUIT

\$5.13

Average orchard gate return per tray.



\$56,673

The highest-ever orchard gate return per-hectare for Green, driven by record yields.



ZESPRI GOLD KIWIFRUIT

NEW ZEALAND GROWN KIWIFRUIT

\$8.21

Average orchard gate return per tray.



\$71,080

Average orchard gate return per-hectare for Gold varieties remain robust as productivity continues to increase.



ZESPRI ORGANIC GREEN KIWIFRUIT

NEW ZEALAND GROWN KIWIFRUIT

\$7.18

Average orchard gate return per tray.



\$52,917

Another record for Organic Green as average orchard gate return per-hectare surges ahead.

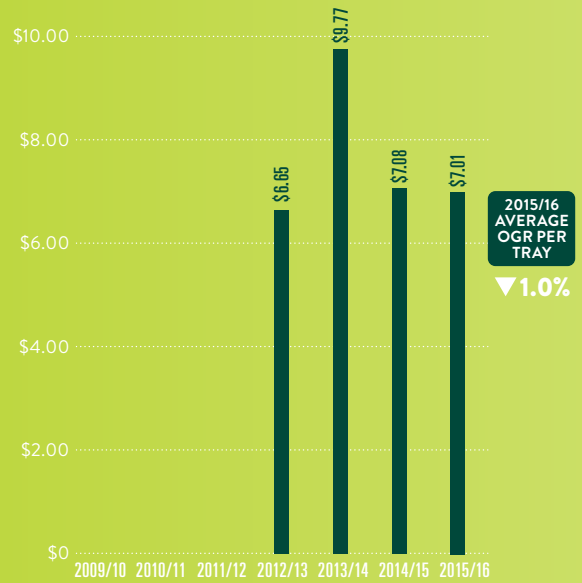


ZESPRI SWEET GREEN KIWIFRUIT

NEW ZEALAND GROWN KIWIFRUIT

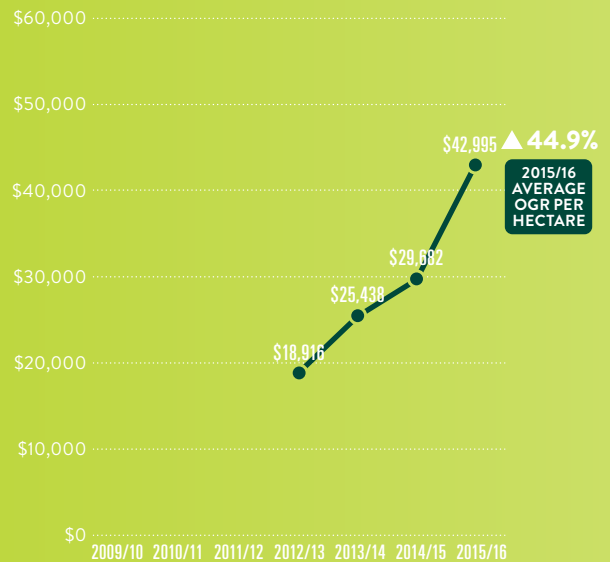
\$7.01

Average orchard gate return per tray.



\$42,995

The biggest increase in orchard gate return per-hectare for any category, as more Sweet Green plantings reach full commercial production.



CHAIRMAN AND CEO'S REPORT



PETER McBRIDE AND LAIN JAGER





Long-term prosperity for our growers and shareholders – this is Zespri’s purpose. To deliver on this, our strategy is to develop and market the world’s leading portfolio of kiwifruit 12 months of the year.

In Zespri, the New Zealand kiwifruit industry has created one of the world’s best-recognised fruit brands, underpinned by our uncompromising commitment to quality.

With total industry volumes having recovered from the impact of Psa, we are now in a period of strong growth, driven by record Hayward yields and SunGold vines coming into full production. Our challenge through this period of strong supply growth is to develop demand ahead of supply, to grow our market share while maintaining our premium price positioning.

Delivering strong growth while maintaining our premium pricing position is challenging in the broader global economic context. The global economy faces an extended period of volatility and lower growth.

Consistent, disciplined implementation of our strategy through successive seasons is what will deliver long-term success.

Global economic output disappointed again in 2015, with the World Bank reporting growth slowing to 2.4 percent. Growth is expected to recover more slowly than previously predicted, as advanced economies struggle and major commodity producers experience unprecedented volatility.

Our strategy to develop and market the world’s leading portfolio of kiwifruit 12 months of the year is clear. We are in a period of strong supply growth and the global economic environment remains challenging and dynamic. In this context, consistent, disciplined implementation of our strategy through successive seasons is what will deliver long-term success.

This means an unrelenting focus on consistently delivering high-quality fruit to consumers around the world. It means investing in developing markets and products, and it means marketing the great taste and health benefits of kiwifruit to our consumers around the world.

RESULTS

Category performance

The New Zealand kiwifruit industry, with Zespri as its marketer, has delivered strong results in a season marked by exceptional

EQUITY AND DIVIDEND RETURNED – 7 YEARS

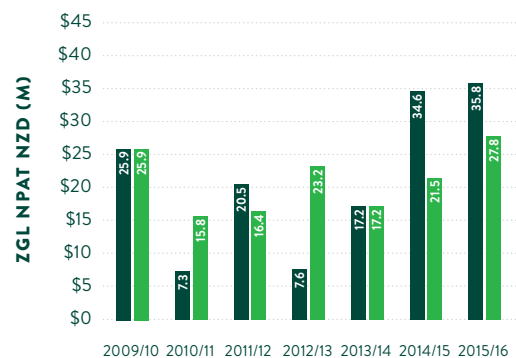
■ EQUITY NZD MILLIONS
● DIVIDEND NZD PER SHARE

The final 2015/16 dividend payable in August 2016 is not imputed. All dividends prior to this have been fully imputed.



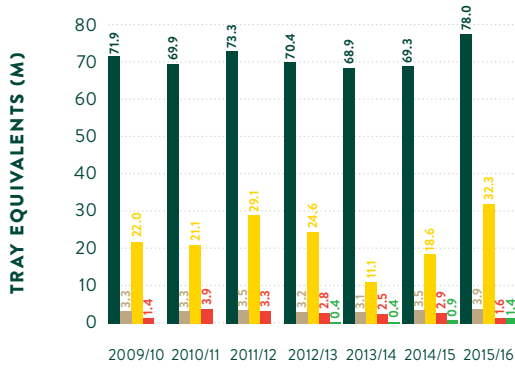
ZESPRI GROUP LIMITED PROFITABILITY – 7 YEARS

■ NET PROFIT AFTER TAX (NPAT) NZD (M)
■ NORMALISED NET PROFIT AFTER TAX NZD (M)



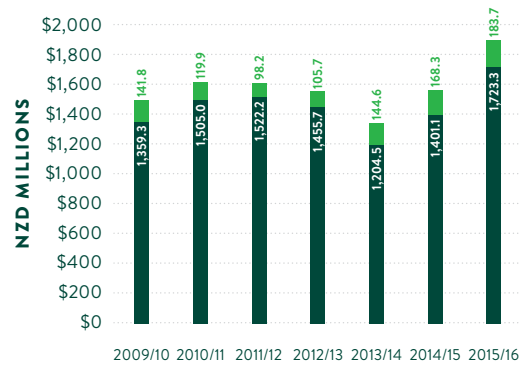
TOTAL VOLUME SOLD – 7 YEARS

NEW ZEALAND-GROWN KIWIFRUIT
 ■ GREEN ■ ORGANIC GREEN ■ GOLD
 ■ OTHER ■ SWEET GREEN



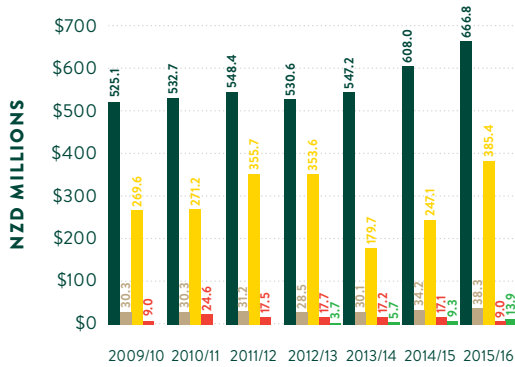
GLOBAL KIWIFRUIT SALES – 7 YEARS

■ NEW ZEALAND-GROWN KIWIFRUIT
 ■ NON NEW ZEALAND-GROWN KIWIFRUIT



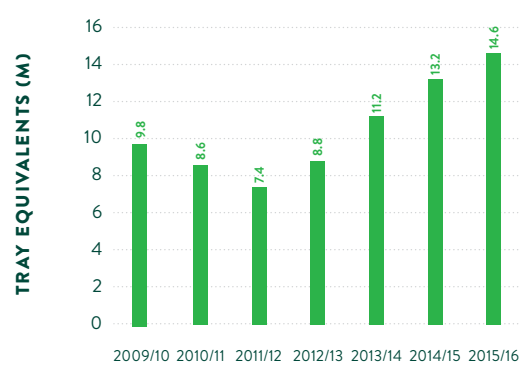
TOTAL FRUIT AND SERVICE PAYMENTS – 7 YEARS

NEW ZEALAND-GROWN KIWIFRUIT
 (EXCLUDING LOYALTY PREMIUM)
 ■ GREEN ■ ORGANIC GREEN ■ GOLD
 ■ OTHER ■ SWEET GREEN



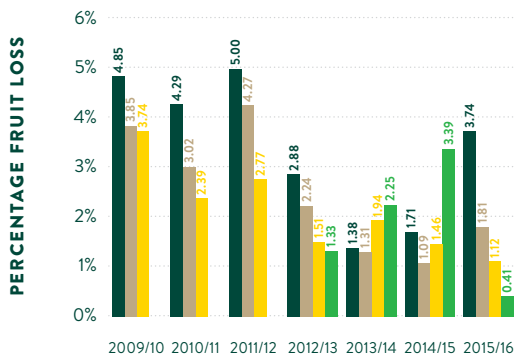
TOTAL VOLUME SOLD – 7 YEARS

■ NON-NEW ZEALAND-GROWN KIWIFRUIT



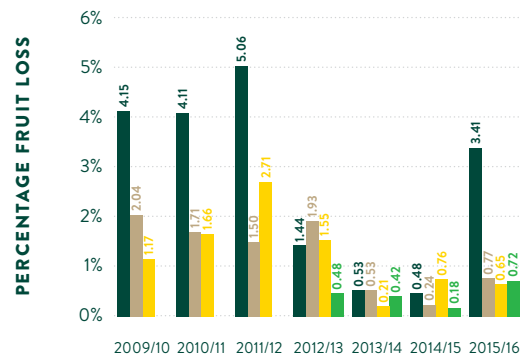
ONSHORE FRUIT LOSS – 7 YEARS

■ GREEN ■ ORGANIC GREEN ■ GOLD
 ■ SWEET GREEN



OFFSHORE FRUIT LOSS – 7 YEARS

■ GREEN ■ ORGANIC GREEN ■ GOLD
 ■ SWEET GREEN



volume growth. Overall, the sales volume of the New Zealand crop increased by 23 percent, driven by the outstanding yield of large-sized Zespri Green Kiwifruit providing strong sales opportunities across our markets. The larger crop resulted in a later selling season for Green. This was a major contributor to the increase in offshore fruit loss compared to the low rate achieved last season, up from 0.5 percent for Green last season to 3.4 percent in 2015/16.

The average yield for Zespri Green in 2015/16 increased strongly to 11,048 trays per hectare, up from 8,972 trays per hectare in 2014/15. An excellent growing season and good orchard management practices contributed to this 23 percent increase in productivity, helping to lift per-hectare returns to \$56,673 – up slightly on the record per-hectare return achieved last year.

From a strategic perspective, the key outcome of the 2015/16 season was the positive reception of SunGold in markets globally. This gives us confidence that, provided the industry continues to maintain strong taste performance, the forecast strong volume growth of this product will be readily supported by our markets.

SunGold volumes continue to grow strongly, with 27.5 million trays sold in the reported period, up from the 11 million trays sold in 2014/15. Gold returns reduced to \$71,080 per hectare and \$8.21 per tray, down from last year's \$73,890 per hectare and \$9.80 per tray. This reflects Zespri normalising Gold pricing as volumes recover from the impact of Psa and investing in promotion as markets grow strongly to absorb rapid supply growth. A very favourable market response to the product delivered strong sales run rates, resulting in a final per-tray return of \$8.21, compared to the July 2015 forecast of \$7.60–7.90.

The average orchard productivity of Organic Green also jumped, from 5,973 trays per hectare in 2014/15 to 7,373 trays per hectare in 2015/16. The total volume of trays supplied was 3.9 million trays – up by around 360,000 trays or 10.2 percent on 2014/15. Strong sales in Europe and Japan towards the end of the season and a tidy close contributed to the increase in per-hectare returns this season of \$52,917 (\$7.18 per tray), setting another record return for the category.

Sweet Green (Green14) volumes were 1.4 million trays in 2015/16, well ahead of the 0.9 million trays in 2014/15. The orchard gate return per hectare was \$42,995 (\$7.01 per tray), which is up from \$29,682 in the 2014/15 season.

Late last year, Zespri advised growers that it continues to work on the positioning of Sweet Green. Zespri worked with Sweet Green growers to develop a 2016/17 season plan focusing on an early supply programme, which we expected to capture the benefit of this early maturing variety, with good ready-to-eat characteristics. However, as the 2016/17 season has unfolded, we have seen particularly late maturity, so it is clear we do not have all the information needed to form a fair view of performance. Zespri will therefore work with growers to take learnings from



ZESPRI HAS PARTNERED WITH T&G TO ACCELERATE MARKET DEVELOPMENT ACROSS THAILAND, CAMBODIA, MYANMAR AND LAOS

both the 2016/17 and 2017/18 seasons with a view to reviewing the performance and future of the variety in late 2017.

Zespri Global Supply results

Zespri Global Supply (ZGS) is a key part of delivering our strategy for New Zealand growers and shareholders. It allows us to deliver premium-quality Zespri-branded kiwifruit to consumers 12 months of the year and support retailers with a year-round category management solution.

ZGS achieved sales revenue of \$184 million, up from \$168 million in 2014/15. Profit before tax for ZGS supply increased to \$10.4 million, versus \$9.0 million in 2014/15. The non-New Zealand season was marked by the initial recovery of SunGold volumes coming onstream in Europe and a reduction of ZGS Green sales, impacted by the longer sales season for supply from New Zealand.

Gold volumes increased from 2.5 million trays in 2014/15 to 3.6 million trays in the reported period, as recently-grafted vines in Italy come into production. This growth will continue, with Italian SunGold volumes expected to more than triple by 2019.

Corporate results

Zespri's global kiwifruit sales revenue was \$1.91 billion, up from \$1.57 billion in 2014/15.

Zespri's 2015/16 net profit after tax was \$35.8 million, versus \$34.6 million in 2014/15. This season's profit increase can be partly attributed to the release of a

\$13 million provision included in Zespri's balance sheet in 2012/13 for matters relating to China. Our assessment is that all issues relating to Zespri's subsidiary in China, ZMCC, have now been resolved and that there is no evidence of any outstanding liability sufficient to meet accounting requirements to retain the provision.

For the reported period, revenue per employee was \$5.5 million, versus \$5.1 million in 2014/15. Trays per employee were 373,087 against 341,995 in 2014/15. While we do expect to capture economies of scale for overheads as volumes increase, it is important to note that Zespri is increasing its human capability in areas that support compliance and value growth.

Collaborative marketing

Zespri continues to support the role collaborative marketing plays in our integrated industry structure. In 2015/16, 15 companies operated 28 collaborative marketing sales programmes, selling just over 1.5 million trays of New Zealand kiwifruit. Zespri supported 95 percent of collaborative marketing proposals provided to us for comment.

For 2016/17, Kiwifruit New Zealand (KNZ) approved 12 companies operating 23 collaborative marketing programmes selling just under three million trays of New Zealand kiwifruit. A highlight for 2016/17 is the regulatory approval of a three-year collaborative marketing initiative with T&G (formerly Turners & Growers). Zespri supported the T&G proposal to sell around one million trays of Zespri Kiwifruit in Thailand, Cambodia, Myanmar and Laos.

ZESPRI GROUP NORMALISED PROFIT AFTER TAX

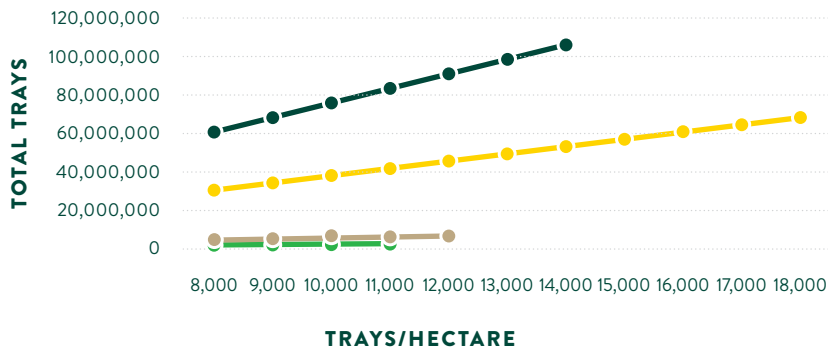
Zespri provides a normalised profit view to reflect normal operational profit. Normalised profit is derived by adjusting net profit after tax for significant extraordinary items.

	2016 \$m	2015 \$m	2014 \$m	2013 \$m	2012 \$m	2011 \$m	2010 \$m
Net profit after taxation	35.8	34.6	17.2	7.6	20.5	7.3	25.9
China provision	(13.0)	-	-	12.5	-	-	-
Psa funding	-	-	-	3.1	(4.1)	8.5	-
Licence revenue	5.0	(13.1)	-	-	-	-	-
Normalised profit after taxation	27.8	21.5	17.2	23.2	16.4	15.8	25.9

TOTAL INDUSTRY VOLUME DEPENDS ON YIELD

● GREEN ● ORGANIC GREEN ● GOLD ● SWEET GREEN

This graph shows the relationship between productivity and potential total industry volumes, based on current plantings. The New Zealand kiwifruit industry delivered a large increase in productivity for Green last year, driving Green volume to over 80 million trays. SunGold yields are progressively increasing.



We expect the partnership will accelerate market development across this dynamic region, with T&G setting up a dedicated regional office in Bangkok to support the programme, which will sell both Zespri Kiwifruit and T&G-branded products.

This programme leverages the marketing capabilities and scale of third parties with genuine fruit marketing experience and expertise, and is supported by investment in market development. We expect this programme may prompt interest in similar genuinely strategic programmes in future years.

People and systems

During 2015/16, Zespri continued to invest in the resources needed to support the forecast total volume growth over the coming years. We hired people offshore, strengthening our sales and marketing teams in key locations, particularly North America, China and Southeast Asia. We continued our graduate recruitment scheme for a second year, recruiting three people into finance, supply chain and orchard productivity centre roles.

Zespri's new regional Singapore hub office was officially opened by the Prime Minister, Rt Hon John Key, late last year. This regional hub brings together key global market-side personnel. Initially, 12 staff, including the global sales and marketing leadership team and regional support roles for the wider Asian region, will be based in the Singapore office.

Supporting our investment in people is the essential role of policies, systems and processes. During 2015/16 we continued to strengthen our global policies. We established global and regional health and safety committees, and reviewed and strengthened key health and safety policies across the Company. We continued with our ongoing programme of ethics and compliance-related training for all staff globally. Work continued on developing and delivering Zespri's internal values across

the company, setting out how Zespri people are expected to work as we deliver value for New Zealand growers and shareholders.

On the systems side, we worked to embed the enhanced planning and order management systems introduced last season. The first phase of a project to replace the industry relations system with a new platform has been completed. This work will improve online services for growers and help us to manage our information more effectively.

LOOKING AHEAD

Green productivity

Both the 2015/16 and 2016/17 seasons have delivered very good yields of Zespri Green Kiwifruit of around 11,000 trays per hectare compared with the historical range of 8,000 to 9,000 trays per hectare.

On the one hand, this productivity growth will allow us to fully support customer programmes in 2016 and represents a tremendous opportunity to deliver value to both growers and consumers. On the other hand, taste and storage quality remain critical to maintaining our premium positioning globally and Zespri will maintain our uncompromising stance on these quality factors.

From a strategic perspective, understanding the balance between seasonal growing conditions and orchard management practices will be critical to optimising the incentive structure for this category. From a seasonal perspective, we are delighted to have a second year of good Green volumes, which will enable us to fully support customer programmes globally.

SunGold volume growth

SunGold's performance in the markets during the 2015/16 season was very positive. The largest-ever volume was sold in excellent time, with positive customer and consumer feedback.

We took strong action to prepare the category for growth, including: changing the SunGold weight bands to align with Green, introducing a KiwiStart programme for SunGold, enhancing the Taste Zespri programme and incentives for the category, and normalising price positioning as we recovered from the very severe Gold shortage following the impact of Psa.

The SunGold category is now very well positioned for expected growth towards 60 million trays in 2019/20.

Kiwifruit Industry Strategy Project

Zespri and the industry have made progress in implementing the recommendations of the Kiwifruit Industry Strategy Project (KISP), which was resoundingly supported by New Zealand growers last year.

One outcome of KISP was a recommendation that Zespri review its share trading platform and we have subsequently moved across to an alternative trading platform, called Unlisted. We expect this change will support visibility of market information, reduce costs and ultimately reduce share price volatility through increased share trading visibility and liquidity.

Another outcome was that Zespri and the kiwifruit industry agreed in principle to an enduring commission structure for Zespri that will share the economic benefits of scale with growers as the industry grows. While we are still working through the detail, we expect the new commission model will be in operation for the 2017/18 season.

Following public consultation and a request from industry to make regulatory changes to allow the implementation of KISP outcomes, the New Zealand Government is in the process of amending the Kiwifruit Export Regulations 1999. This will allow Zespri to ask shareholders to approve changes to our constitution, letting us take steps to better align shareholding with production through a share issue and buy-back programme. While this is taking time, the regulatory change is a key milestone and we expect to proceed with related measures in 2017 and beyond.

Foreign exchange and commodity prices

The New Zealand dollar weakened to levels below long-term averages against the US dollar in 2015. This was driven in part by anticipated US interest rate rises and falling commodity prices, due to oversupply and weakening global demand. The fall in exchange rates had a positive impact of \$22.9 million on grower returns in the 2015/16 season when compared to the 2014/15 season.

The Euro and Yen remain above long-term averages and may continue to put pressure on future grower returns.

In 2015/16, Zespri's foreign exchange and oil hedging policy, which is designed to smooth fluctuations year on year, added \$5.7 million to grower pools compared to spot rates.

Taste programme

Zespri continues to emphasise the critical importance of delivering high dry matter SunGold to maximise the potential of this great variety. The Zespri Board approved

recommendations by the industry Taste Review Committee to move the Gold Minimum Taste Standard (MTS), reduce sampling variability and modify the Taste Zespri Grade (TZG). These changes came into force during the 2016/17 season, although the MTS will be adjusted over a two-year period. This will help the New Zealand kiwifruit industry to supply fruit unrivalled in taste to our customers around the world.

Growers have also supported the introduction of a new taste programme for Zespri Green to encourage them to deliver the fruit consumers want. The Green Taste Review put forward recommendations to lift the MTS for Green and modify the TZG range, with these changes being introduced in the 2016/17 season.

Zespri's Orchard Productivity Centre is running an ongoing programme of extension support to help growers meet these taste standards and grow the high dry matter fruit our consumers demand.

Innovation and the development of new cultivars

Zespri invests around 1.5 percent of New Zealand revenue into innovation to create value across the supply chain from breeding to consumer. During 2015/16, we invested over \$20 million in our innovation portfolio and around half of that is invested in developing new cultivars, which is critical for our ongoing success. Delivering new kiwifruit cultivars to market is key to ensuring we can maintain the premium we earn over other current and future kiwifruit producers.

During 2015/16, Callaghan Innovation advised that Zespri could apply for a Growth Grant which, based on meeting the criteria, will provide innovation funding of up to \$5 million a year for three years.

Zespri Global Supply (ZGS)

ZGS is poised for strong growth over the next five years as SunGold volumes come into production in Italy and France following the effects of Psa on the Hort16A variety. We

expect this strong growth in Gold volumes will allow Zespri to supply a balance of Green and Gold to supporting retailers by 2020, with total European supply volumes expected to be around 30 million trays.

Japanese and Korean Gold growers continue to graft from Hort16A to SunGold and we are pleased to have additional supplies of SunGold expected to come on stream in Japan by 2020.

We continue to assess the feasibility of sourcing premium-quality Zespri Kiwifruit grown in China to supply what is our biggest market globally when New Zealand kiwifruit is not available.

Trade liberalisation

Zespri supports the New Zealand Government's work to reduce and eliminate tariff barriers.

During 2015/16, Zespri growers paid approximately \$28.6 million in tariffs in South Korea, with the rate set at 45 percent. With the ratification of the New Zealand/South Korea Free Trade Agreement at the end of 2015, the tariff will be 30 percent for the 2016/17 season and will reduce to zero by 2020. Tariff reduction benefits both Korean consumers through more competitive pricing of New Zealand kiwifruit in Korea and supports New Zealand growers through grower returns and growth in this important market.

Also very positive for the New Zealand kiwifruit industry and another success for the Government in the area of trade was the Trans-Pacific Partnership (TPP) Agreement, which will eliminate tariffs on kiwifruit exports into all 12 Asia-Pacific nations when it comes into force. The most tangible benefit through direct tariff relief will be in Japan, Zespri's largest country market, where the industry paid around \$20 million in tariffs in 2015/16.

Serious Fraud Office

The Serious Fraud Office (SFO) informed us of its investigation in October 2013 and Zespri continues to fully cooperate. The SFO

has declined to communicate the focus of its investigation. Zespri has incurred costs of \$6.1 million so far, with a further \$0.5 million provisioned in the 2015/16 accounts. These costs are attributed to Zespri corporate and not the New Zealand grower pools.

GOVERNANCE

The Board has overseen an unrelenting focus on improving Zespri's compliance practices during the past two years, including training and education in the areas of competition law and ethical practices throughout the Company. In addition, we have implemented whistle-blower protection and a global whistle-blower line.

Key marketside initiatives include a Global Customer Code of Conduct to clarify our global expectations in business integrity, labour practices and environmental management for all customers, distributors and wholesalers.

Health and safety has also been a key focus for the Board, with policies and procedures reviewed globally, and reporting now reviewed by the Board at its monthly meetings.

FIVE-YEAR OUTLOOK

A five-year outlook document is available to all growers on the Canopy website, providing a summary of Zespri's rolling five-year plan, which is updated and reviewed annually by the Zespri Board. This outlook provides a snapshot of how Zespri's medium-term strategy will be implemented by category, and sets out some of the challenges and opportunities that lie ahead. All growers are encouraged to familiarise themselves with its content.

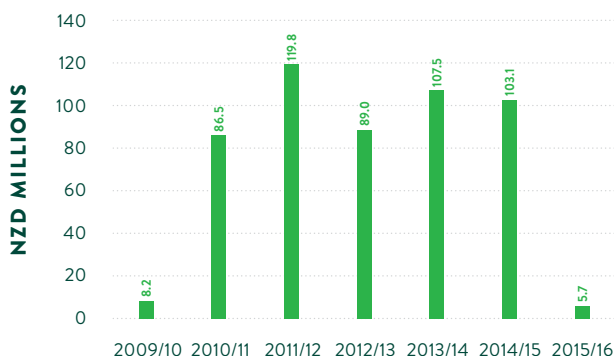
In summary, Zespri is delivering strong growth on the back of increasing SunGold volumes, strong Green yields and the growth in ZGS, as ZGS Gold volumes increase over the next few years. We are investing in supporting the growth ahead through very strong marketing investment to develop consumer demand ahead of supply and increasing our capability in market.

Each season brings its own challenges and opportunities, but Zespri remains focused on consistently delivering our strategy over time and staying on track to provide the world's best portfolio of kiwifruit 12 months of the year. This will help us deliver strong, sustainable returns to our growers and shareholders, and boost our contribution to the New Zealand economy and local communities.

FX AND OIL HEDGING GAIN/LOSS

Zespri has a medium-term hedging horizon which, during times when currencies and oil prices fall, can lead to reduced gains or possible losses.

For 2015/16, hedging gains were lower due to a large fall in the NZD/USD and oil rates.



Peter McBride
Chairman

Lain Jager
Chief Executive Officer



INVESTING TO SUPPORT RECORD GROWTH IN SALES

—
**DAN MATHIESON,
PRESIDENT GLOBAL SALES AND MARKETING**

Zespri sold more kiwifruit in 2015/16 than in any year in the history of the New Zealand kiwifruit industry. Total sales of New Zealand kiwifruit were 117 million trays, including 78 million trays of Green and over 27 million trays of SunGold.

SunGold's performance in the markets during the 2015/16 season was very positive. The largest-ever volume was sold in excellent time with positive customer and consumer feedback. The excitement around SunGold also helped bring new consumers to the category and drive faster Green sales run rates as well.

The higher volumes and longer season for Green resulted in increased fruit loss versus our long-term average, but our operations team and partners worked very hard to achieve a strong close to the season. It was also pleasing to deliver a good result for Organic Green, helped by strong sales in both Japan and Europe.

One of Zespri's key sales and marketing goals is to rapidly grow demand ahead of supply, which requires investing strongly in marketing. During 2015/16 we invested over \$125 million in advertising and promotion. The increase of 52 percent versus the previous year was driven both by the need to support sales growth in Green

and by the need to build consumer demand and trade acceptance of SunGold ahead of the significant increase in volume.

Zespri's investment in marketing, along with the unrelenting focus on product quality and customer service, has created one of the top-five most-recognised fruit brands in many of our leading markets. Our goal is to grow the category, and Zespri's share of the category, through attracting new buyers globally and increased frequency of consumption in targeted markets.

Our high-visibility consumer marketing campaigns focus on the great taste, quality and health benefits of Zespri Kiwifruit. The results have been great. For example, SunGold was chosen as the best fresh fruit product of the year by readers of the Spanish CLARA magazine, and Zespri was recognised in Germany for delivering one of the best consumer advertising campaigns in 2015.

Zespri continues to invest strongly in trade support, with point-of-sale marketing and

extensive sampling in stores and at public events. Additionally, Zespri has been delivering exciting and interesting campaigns around the world. One highlight is extending our partnership with the KidZania theme park in Korea, into Mumbai and Delhi as well. This involves giving children an experience in managing quality control and inspection within a mock pack-house – a fun way to engage kids in our product. In Singapore, Zespri ran a 'Golden Mornings' campaign of exercise, yoga and a pre-work party, accompanied with kiwifruit and smoothies – a great way to make kiwifruit consumption synonymous with vitality and health.

Health is a key platform for increasing consumption. Maximising the level of scientific evidence to support health communication in market, with a focus on digestion, vitamin C and nutrition, is integral to our success. We have continued to engage with dietitians and nutritionists, the centrepiece of which was the first ever international symposium on kiwifruit and



health held in Mount Maunganui in April, organised by the Riddet Institute and supported by Zespri. It brought together nearly 200 leading health care professionals, scientists and health journalists from our key markets. At the event, Zespri was pleased to announce new research evidence showing that eating kiwifruit as part of a meal will regulate the speed of uptake of sugars into the blood stream.

Zespri is focused on maximising the return on our marketing investment. During 2015 we introduced new ways of measuring the effectiveness of our marketing spend to help drive stronger returns. These metrics are being standardised across all markets and include campaign evaluations, brand measurement and assessment of purchasing behaviour.

Maximising returns also requires having the right people resources to manage spend and ensure sales and marketing initiatives are implemented well. During 2015/16, Zespri hired 26 people in our markets, strengthening our sales and marketing teams in key locations, particularly North America, China, India and Southeast Asia. We are working to develop a broader base of 26 strategic markets, supported by offices around the world that are all linked through best practice learning and centres of excellence in the key functions based out of our regional hub in Singapore.

Other key elements of our strategy include developing more open and transparent relationships with our retail partners and to ensure the right business and distribution models are in place to maximize the value of

Zespri's investment in marketing, along with the unrelenting focus on product quality and customer service, has created one of the top-five most recognised fruit brands in key Zespri markets.

our programmes with all our partners. For example, in the last year we have set up new regional offices in America and India. In China our new regional offices extend penetration into 35 cities across seven regions and we have established an importer of record business model (see pages 15-16 for further information). Each of our top-priority cities will have specific communication campaigns timed through the season. We will also continue to expand our use of e-commerce channels to leverage sales.

Marketing to support ZGS sales is also expanding, keeping the brand active and maintaining shelf space in preparation for the New Zealand supply season.

Another important element is our support of collaborative marketing. For example, the initiative with Turners & Growers announced earlier this year will try to support a significant increase in sales of Zespri Kiwifruit in Thailand, Cambodia, Myanmar and Laos, and accelerate market development across this dynamic region.



ZESPRI GLOBAL SUPPLY VOLUME SOLD - 7 YEARS
MILLIONS (TRAY EQUIVALENTS)



NON NEW ZEALAND-GROWN KIWIFRUIT TRAYS SOLD



TO THE NORTHERN HEMISPHERE – ZESPRI GLOBAL SUPPLY

SIMON LIMMER, CHIEF OPERATING OFFICER

Zespri sources premium-quality kiwifruit from Northern Hemisphere orchards to supply our key markets when New Zealand-grown kiwifruit is not available. We have supplying orchards in Italy, France, Korea and Japan.

Twelve-month supply is a key part of Zespri's strategy: having Zespri Kiwifruit available 12 months of the year keeps the Zespri brand on shop shelves all year round and supports retail relationships.

Growing in four different Northern Hemisphere locations mitigates risk by diversifying supply and it also creates supply close to markets. Growing in both hemispheres means we can learn from a six-month growing cycle and learning is accelerated through coordinating research and development, and on-orchard trials across two growing seasons a year.

We have established long-term partnerships with growers and suppliers to provide Zespri SunGold Kiwifruit in all four countries to meet Northern Hemisphere demand in the New Zealand off-season, as well as procuring Green kiwifruit from Italy and limited volumes from France. Zespri Kiwifruit grown offshore meet exacting standards of quality, food safety and traceability.

Overall Zespri Global Supply (ZGS) Gold volumes are set to increase strongly from 3.6 million trays in the reported period to over 17 million by 2020, with the bulk of the fruit grown in Italy. This increase matches the lift in New Zealand volumes to provide consistent year-round supply and support the increase in New Zealand fruit volumes. Green volumes will remain around the same levels.

Italy

Zespri has a long-standing association with growing premium Zespri Kiwifruit in Italy. The majority of ZGS fruit is grown there, with 2.2 million trays of Zespri SunGold

Kiwifruit and 11.1 million trays of Italian Zespri Green produced this season to date, versus 510,000 trays and 10.9 million trays the previous season.

There were around 400ha of Zespri SunGold in production in Italy in 2015, with most grown in the Lazio province near Latina, where the rich, well-drained soil and high sunshine hours create ideal conditions for growing top-quality kiwifruit. Another 1,000ha is already in the ground and being established, and SunGold production is set to increase strongly to over 17 million trays by 2020 to meet market demand.

ZGS Green from Italy was exported to China for the first time in 2014 and again in the 2015/16 season. A particular highlight was receiving the Macfrut export award in 2015, which recognised our role in supporting the Italian kiwifruit industry's export success, including exports to China.

Zespri has invested in the growth in ZGS Europe, with 18 staff based in Italy (Cisterna di Latina) and two in France, and support for many parts of the ZGS business provided by the New Zealand team.

France

There are 170 licensed SunGold hectares in France and this is set to treble to around 400-450ha by 2018. Most of the grafting and planting took place from 2013 onwards so, with two years to the first crop from grafting and four years to the first crop from planting, most orchards have not reached full production. Some 40,000 trays of Green were procured in France during the 2015/16 season and this could increase further, depending on market conditions.

Japan

Zespri has been growing Zespri Gold (Hort16A) in Japan since 2003. Declining vine health from the recent arrival of Psa-V is limiting production.

A replacement strategy is underway to switch Zespri Gold over to SunGold and expand the total Gold area. This strategy will involve larger-scale commercial partners, with the first development planned with NZ company JACE.

Three Zespri staff are based in Japan to support the growing and packing of Zespri Gold varieties.

South Korea

With 110ha of producing Hort16A kiwifruit orchards in South Korea, planning is underway to transition into SunGold production this coming year. Around 16ha will be converted to SunGold in the main growing region of Jeju Island, with the changeover finalised by 2020.

Psa-V was confirmed in Jeju Island in 2014 and Zespri has been working with its growers to share orchard management learnings from the New Zealand Psa experience. There are three ZGS staff based in Jeju.

The 2015 harvest produced another high dry matter Zespri Gold crop, despite a very difficult harvest period of near continuous rain. Psa impacted volumes, down 30 percent from the record crop of 950,000 trays in 2014. Encouragingly, 2015 SunGold from trial sites provided good quality high taste fruit, which bodes well for the success of this variety in Korea.



Zespri Season Launch
佳沛新西兰奇异果上市酒会

CHINA RISING

LEWIS PAN, COUNTRY MANAGER CHINA

China is Zespri’s fastest-growing market: sales of New Zealand kiwifruit increased by 50 percent in 2015 to reach 18 million trays, up from 11 million the previous year.

The opportunities are impressive, with China set to be our largest country market by volume in the 2016 season and overtaking Japan as our largest market by value in the next few years. We were privileged to have the Prime Minister the Rt Hon John Key officially launch our 2016 season start event in Shanghai earlier this year.

Zespri has been building capacity to deliver growth for New Zealand growers, with strong investment in this key market. Strong investment in marketing over many years means that the Zespri brand is one of the most recognised fruit brands in our main markets in China and enjoys a reputation as a premium, healthy product.

While our central office in China is in Shanghai, we have opened a regional office in Beijing and will have regional representation in Guangzhou, Xian and Chongqing during 2016. These will provide more support for our distribution partners and retail customers in the regions and assist our expansion from the Eastern Seaboard into second and third-tier cities and other rapidly developing provinces in China. Staffing levels have increased to support this strong growth, with 56 staff planned in market in 2016.

As our business in China matures, Zespri has become the Importer of Record in China in 2016, aligning our business model there with our operations in established markets such as Japan and Europe. Ultimately this will enhance our quality control and allows us to provide a higher service level to distribution partners in China thereby supporting value capture for New Zealand growers.

Zespri established the China Advisory Board in 2014 to offer support and guidance to the company as we continue to build our structure and distribution. The Advisory Board has continued to advise our development in China over the past two seasons. The Board comprises of

David Mahon, a New Zealander with over 27 years’ experience working in China, Dr Anning Wei from Gueva Investment Management and Sam Shih, CEO of Pepsi China. Significant work has been done globally across the company to strengthen our compliance framework and nowhere is this more important than in China.

We continue to assess the feasibility of growing premium-quality Zespri Kiwifruit in China under Zespri Global Supply, which could be used to supply the local market in the four months of the year when New Zealand-grown Zespri Kiwifruit is not available. The market is huge: China produces around 1.3 million tonnes of kiwifruit annually for domestic consumption – around three times New Zealand’s entire export volume – and fruit quality continues to improve.

In November 2015, Zespri signed a memorandum of understanding with the Shaanxi Government to develop the local kiwifruit industry, establishing trial plantations in Shaanxi and assessing local kiwifruit varieties, and setting up a centre of excellence to share best practice. Trial supply partners have been appointed and we expect the process of assessing fruit will take several years.

Growing premium-quality Zespri Kiwifruit in China under Zespri Global Supply could be used to supply the local market in the four months of the year when New Zealand-grown Zespri Kiwifruit is not available.





HELPING
TO BUILD



HEALTHY
COMMUNITIES



INNOVATIVE
INDUSTRY



SUSTAINABLE
ENVIRONMENT





SUPPORTING OUR COMMUNITIES

**NICK KIRTON,
EXTERNAL RELATIONS MANAGER**

We are investing to support strong and healthy local communities, to develop a skilled and innovative industry, and to promote a sustainable environment. We seek to build enduring partnerships with organisations active in these areas, and to have a positive impact across local, regional and national levels.

Our success as a business relies in part on the strength and health of the communities where we live and work. We also need to continually invest in the skills and leadership needed for our industry for the long term. We plan to steadily increase our contribution in line with the growth of our business.

In February, we announced a new regional partnership to support surf lifesaving throughout the Bay of Plenty, the Coromandel, East Cape and Gisborne. There are 1,200 lifeguards from the 19 clubs in this region, many of whom volunteer to provide a vital service to the community. As primary regional partner, our support will provide the essential training that lifeguards need to provide a safe environment on our beaches and respond to emergencies.

The training on offer includes inflatable rescue boat (IRB) training, and patrol captain and intermediate lifeguard courses. A number of scholarships will also be available for Surf Life Saving's National Lifeguard School and BP Leaders for Life development programmes. Winners of the Zespri Club of the Year will also receive additional lifesaving gear, with new equipment going to each of the three winning clubs across the region.

Zespri is a long-standing supporter of the Bay of Plenty Balance Farm Environment Awards that promote sustainable land management by showcasing the work of people farming in a way that is environmentally, economically and socially sustainable. The supreme winner in 2016 was Kiwifruit operation BayGold (pictured bottom left),

recognised for being a resilient business demonstrating excellence and innovation, with good governance protocols including succession and staff ownership opportunities.

Investing in education and skills is an important focus for Zespri, particularly where it relates to encouraging young people into our industry. We support education and personal development across the spectrum of learning stages, including science in junior schools, secondary school curriculum development, tertiary-level scholarships and continuing development for experienced professionals.

One long-standing commitment is our support for the Kellogg Rural Leadership Development Programme, which provides six-month courses of experiential learning, strategic insight and personal development for emerging leaders in New Zealand's primary industries. Over 700 people have graduated from the programme since we began our support for Kellogg.

In 2015, we launched a new horticultural scholarship scheme, providing two \$15,000 scholarships to outstanding students to support their three-year Bachelor studies in science, management and marketing. The students are also supported through mentoring and opportunities to take part in kiwifruit industry open days and career events. We also continued to sponsor the Young Grower of the Year competition in the Bay of Plenty, which last year was won by Katikati horticulturalist Craig Ward.

Zespri launched an industry governance development programme in 2015,

providing opportunities for three people to gain knowledge and experience needed for more senior leadership roles in our industry. The programme includes Institute of Directors courses, media training, market visits and mentoring by senior leaders.

Contributing to the local community is also important in our markets. During 2015, Zespri supported the New Life Medical and Education Trust in Mumbai, India, helping them in providing education for underprivileged children. So many of the children they support have inadequate nutrition and we have been supplying kiwifruit to children in one Mumbai school every week. We are looking forward to increasing our support for schools in Mumbai during the 2016/17 season.

In China, Zespri has been working with the Next Generation Growth and Health Foundation for five years, providing financial support, books and stationery for schools in five provinces. In 2015, we were involved in fundraising in eight cities and built bookshelves with recycled pallets for schools in the remote Qinghai province. We also sponsored the building of an art classroom for a school in Guizhou (pictured middle left). In conjunction with the Foundation, Zespri has donated over 20,000 books to schools in China since 2010.

In Europe, Zespri continues its schools programme to promote the health benefits of regularly eating kiwifruit. In 2015, we delivered an education package for around 3,000 schools, reaching over 240,000 children.

YOUR BOARD OF DIRECTORS



Zespri's eight Board Members offer a wide range of experience, from international marketing and corporate governance to industry knowledge and financial expertise.



Bruce Cameron

Grower Director since 2010 and Deputy Chairman since 2013. Chairman of the Organisation and Administration Committee.

Peter McBride

Grower Director since 2002 and Chairman since 2013. Peter represents Zespri International as a Director on the New Zealand International Business Forum and as a member of the New Zealand-China Council.

Nathan Flowerday

Grower Director since 2012. Nathan is a member of the Audit and Risk Management Committee, Board Innovation Subcommittee and Zespri Board-appointed Director of Kiwifruit Vine Health.

Paul Jones

Grower Director since 2014. Member of the Audit and Risk Management Committee and Chairman of the Industry Advisory Council.





Jonathan Mason

Independent Director since 2013. Chairman of the Audit and Risk Management Committee and member of the Organisation and Administration Committee.

Teresa Ciprian

Independent Director since 2014. Member of the Organisation and Administration Committee and the Board Innovation Subcommittee.

David Pilkington

Independent Director since 2005. Chairman of the Board Innovation Subcommittee, and member of the Audit and Risk Management Committee.

Tony de Farias

Grower Director since 2007. Member of Industry Advisory Council and Organisation and Administration Committee.

ZESPRI ALTERNATIVE REVENUE STATEMENT

	2015/16 \$'000	2014/15 \$'000	2013/14 \$'000
Gross sales of New Zealand-grown kiwifruit	1,800,294	1,458,678	1,256,298
Promotional rebates, claims and discounts	(88,418)	(69,448)	(62,305)
Net sales of New Zealand-grown kiwifruit	1,711,876	1,389,230	1,193,993
Net fruit return through collaborative marketers	11,427	11,861	10,528
Other pool income	1,061	126	922
Revenue attributable to New Zealand pools ¹	1,724,364	1,401,217	1,205,443
Less pool costs:			
Freight	138,749	116,894	114,221
Insurance (onshore and offshore excluding hail)	2,756	1,923	1,873
Hail self-insurance	3,417	2,162	168
Duty and customs	78,340	68,116	58,917
Other direct pool costs – onshore ²	45,480	30,892	24,286
Other direct pool costs – offshore	51,800	46,467	40,867
KVH funding ³	2,226	1,144	980
Promotion	125,394	82,749	68,549
Interest income ⁴	(2,472)	(2,801)	(867)
KNZ fees ⁵	444	453	318
NZKGI funding ⁵	1,072	857	770
Total pool costs	447,206	348,856	310,082
Return from fruit sales	1,277,158	1,052,361	895,361
New Zealand fruit and service payments	1,113,410	915,776	779,793
Zespri margin ⁶	163,748	136,585	115,568
Other non-pool revenue	1,265	509	623
Royalty income from new cultivars ²	6,185	2,747	844
Research grant co-funding	8,921	4,041	3,059
Zespri income attributable to New Zealand-grown kiwifruit	180,119	143,882	120,094
Onshore costs:			
Innovation	23,901	15,928	12,381
Class 2 mainpack subsidy	(10)	(713)	43
Gold9 decommercialisation provision funding	-	1,551	-
Amortisation of new cultivars	1,786	1,491	1,148
Onshore overheads	58,690	46,229	35,749
	84,367	64,486	49,321
Offshore costs	39,705	43,721	40,434
	56,047	35,675	30,339
Add operating surplus from other business activities:			
Non-New Zealand-grown supply (before taxation) ⁷	10,415	8,992	9,853
Gold defence fund (before taxation)	4,191	2,076	805
Income from sale of Zespri licences (before taxation) ⁸	2,589	24,175	3,660
EBIT before loyalty premium	73,242	70,918	44,657
Net interest income	2,916	3,200	3,443
Zespri profit before tax and loyalty premium	76,158	74,118	48,100
Loyalty premium	29,642	23,192	20,999
Zespri Group profit before taxation	46,516	50,926	27,101
Tax expense	10,688	16,305	9,856
Zespri Group profit after taxation	35,828	34,621	17,245
Total fruit and service payments	1,113,410	915,776	779,793
Loyalty premium	29,642	23,192	20,999
Total fruit and service payments (including loyalty premium)	1,143,052	938,968	800,792

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 30 of the Financial Statements.

CAUSE OF CHANGE 2015/16 VS 2014/15

CAUSE OF CHANGE 2015/16 VS 2014/15 \$ MILLIONS

Sales price/ offshore fruit loss	(137.1)	
Market and profile mix	(21.3)	
Volume		329.1
Foreign exchange		22.9
Other income/costs		6.1
Taxation		15.6
Total		205.3

The 'Cause of Change' chart outlines the increase in the return to the industry this season to \$1,179 million from \$974 million in 2014/15.

	\$'000
Total fruit and service payments 2014/15 (including loyalty premium)	938,968
Add Zespri net profit after tax 2014/15	34,621
Return to industry 2014/15	973,589
Movements due to change in:	
Sales price/ offshore fruit loss	(137,128)
Market and profile mix	(21,321)
Volume	329,074
Foreign exchange	22,918
Other income/costs	6,130
Taxation	5,618
Return to industry 2015/16	1,178,880
Total fruit and service payments 2015/16	1,113,410
Add Zespri loyalty premium 2015/16	29,642
Total including loyalty premium 2015/16	1,143,052
Add Zespri net profit after tax 2015/16	35,828
Return to industry 2015/16	1,178,880

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 from new cultivars 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 from new cultivars in Zespri Group. The defence fund reserve was disestablished on 31 March 2016. The current year charge and historic balance of the defence fund reserve was transferred to Retained Earnings at 31 March 2016. 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 Inc (KVH) levy. The rate was \$0.01 per tray Class 1 Green and \$0.02 per tray Class 1 Gold exported to markets other than Australia. From 2015/16 a levy for biosecurity readiness and response activities for all varieties was introduced. The levy is \$0.006 per tray for all varieties exported to markets other than Australia.

⁴ Interest income is made up of the following: interest income of \$2.89 million and an interest charge from Zespri corporate of \$0.42 million. This results in an overall interest income to the pools of \$2.47 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 2015/16 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 Further analysis of non-New Zealand-grown supply is available within the segment reporting in Note 30 of the Financial Statements.

⁸ In prior years, the sale of new variety licences has included deferred payments, hardship or surrender clauses that result in uncertainty as to the collectability of the outstanding consideration. As such, this revenue had not been recognised until cash proceeds had been received. In 2014/15 the revenue for the sale of new variety licences in prior years was recognised as the Directors considered the uncertainty regarding material collection had been removed. This was 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

	2015/16	2014/15	2013/14
Zespri margin (net of loyalty premium) ⁶	7.8%	8.1%	7.8%
Freight	8.0%	8.3%	9.5%
Insurance	0.4%	0.3%	0.2%
Duty and customs	4.5%	4.9%	4.9%
Other direct pool costs – onshore ²	2.6%	2.2%	2.0%
Other direct pool costs – offshore	3.0%	3.3%	3.4%
KVH funding ³	0.1%	0.1%	0.1%
Promotion	7.3%	5.9%	5.7%
Interest income ⁴	(0.1%)	(0.2%)	(0.1%)
KNZ/NZKGI ⁵	0.1%	0.1%	0.1%
Total fruit and service payments (including loyalty premium)	66.3%	67.0%	66.4%
	100.0%	100.0%	100.0%
Revenue attributable to New Zealand pools (\$'000) ¹	1,724,364	1,401,217	1,205,443

REGIONAL PRODUCTION ANALYSIS - NEW ZEALAND-GROWN KIWIFRUIT

Trays Equivalents (TE'S) supplied to Zespri (FOBS).	2015/16		2014/15		2013/14		2012/13	
	Producing hectares	TE supplied per ha	Producing hectares	TE supplied per ha	Producing hectares	TE supplied per ha	Producing hectares	TE supplied per ha
Zespri Green Kiwifruit								
Northland	116	7,666	124	7,852	153	7,704	206	6,176
Auckland	273	8,099	304	8,805	348	8,291	383	7,835
Bay of Plenty								
– Katikati	973	9,748	1,015	9,224	1,129	8,479	1,166	7,820
– Opotiki	469	10,756	477	9,691	539	7,736	552	9,002
– Tauranga	1,090	10,135	1,109	9,295	1,206	8,802	1,209	8,372
– Te Puke	3,524	12,204	3,586	9,486	3,754	8,675	3,811	8,287
– Waihi	105	7,604	115	6,957	134	5,096	144	7,245
– Whakatane	438	8,248	466	4,840	518	4,449	538	7,536
Waikato	206	8,867	209	7,462	227	7,315	238	7,293
Poverty Bay	55	6,605	59	5,558	79	4,883	96	7,123
Hawkes Bay	47	8,265	51	7,554	65	6,710	97	6,679
Lower North Island	69	6,186	70	7,750	72	5,852	72	7,158
South Island	250	6,158	309	5,591	388	6,285	435	6,126
Total producing hectares	7,615		7,892		8,612		8,947	
Average TE supplied per hectare		10,590		8,812		8,049		7,982
Zespri Organic Green Kiwifruit								
Northland			3	2,473	3	3,687	3	2,781
Auckland	1	3,983	1	4,376	1	5,676	1	4,449
Bay of Plenty								
– Katikati	30	8,037	31	7,274	28	5,836	33	4,591
– Opotiki	22	7,404	22	7,407	22	4,851	22	6,701
– Tauranga	231	8,054	261	5,994	224	5,892	258	5,425
– Te Puke	57	8,841	77	6,953	80	6,703	81	5,884
– Waihi	20	4,808	20	4,099	15	3,765	15	3,692
– Whakatane	3	5,171	3	1,834	3	4,134	5	4,150
Waikato	153	6,148	156	5,428	147	5,619	143	5,902
Poverty Bay	2	5,284	3	5,817	7	3,006	6	6,609
Hawkes Bay	-	-	-	-	1	2,196	1	2,299
Lower North Island	2	6,365	2	6,533	2	5,803	4	3,848
South Island	16	2,873	19	3,593	19	4,501	16	4,496
Total producing hectares	537		597		552		587	
Average TE supplied per hectare		7,254		5,908		5,724		5,508
Zespri Gold and Organic Gold Kiwifruit (Hort16A)								
Northland	172	12,133	213	14,522	224	8,848	220	12,094
Auckland	15	12,969	38	11,327	83	9,025	83	13,069
Bay of Plenty								
– Katikati	1	10,618	10	8,975	144	6,778	185	9,618
– Opotiki	-	-	12	3,730	166	3,704	314	12,008
– Tauranga	1	4,712	5	4,249	100	6,101	281	10,437
– Te Puke	-	-	-	-	-	-	708	8,450
– Waihi	1	13,777	3	6,706	11	12,996	20	11,505
– Whakatane	-	-	-	-	4	2,227	78	11,956
Waikato	15	8,802	31	7,931	68	5,856	85	9,742
Poverty Bay	69	8,365	105	8,251	125	8,170	130	9,193
Hawkes Bay	55	11,667	67	13,722	76	11,426	74	11,600
Lower North Island	-	-	-	-	-	-	-	-
South Island	64	10,796	71	9,853	55	9,209	52	10,020
Total producing hectares	393		555		1,056		2,230	
Average TE supplied per hectare		11,077		11,586		7,459		10,213

Trays Equivalents (TE'S) supplied to Zespri (FOBS).	2015/16		2014/15		2013/14		2012/13	
	Producing hectares	TE supplied per ha	Producing hectares	TE supplied per ha	Producing hectares	TE supplied per ha	Producing hectares	TE supplied per ha
Zespri SunGold and Organic SunGold (Gold3) Kiwifruit								
Northland	122	6,104	62	5,585	16	2,387	2	2,726
Auckland	139	5,694	48	7,688	22	4,078	2	2,820
Bay of Plenty								
– Katikati	423	7,521	205	7,416	81	7,078	44	3,921
– Opotiki	403	8,298	213	5,041	34	5,261	16	5,106
– Tauranga	367	8,073	195	6,229	39	9,287	20	5,871
– Te Puke	1,262	9,220	786	4,702	79	5,839	37	6,586
– Waihi	43	8,828	26	5,065	4	6,568	2	9,138
– Whakatane	167	8,861	101	6,514	38	5,193	13	8,951
Waikato	125	3,295	26	2,966	8	5,644	6	5,930
Poverty Bay	103	8,586	62	8,826	40	5,116	25	6,463
Hawkes Bay	80	9,562	52	10,865	21	5,708	6	8,503
Lower North Island	1	5,227	1	4,436	-	-	-	-
South Island	103	8,758	37	7,124	2	8,872	1	10,327
Total producing hectares	3,338		1,814		384		174	
Average TE supplied per hectare		8,234		5,770		6,028		5,859
Zespri Charm Kiwifruit (Gold9)								
Northland	9	10,413	20	14,568	18	6,966	15	4,471
Auckland	15	8,907	20	13,111	19	5,316	17	5,511
Bay of Plenty								
– Katikati	14	9,135	25	12,479	31	7,091	28	7,001
– Opotiki	11	11,537	14	14,121	17	6,046	25	5,845
– Tauranga	8	8,820	13	10,073	19	5,671	22	6,025
– Te Puke	7	11,413	18	9,463	22	4,065	48	5,894
– Waihi	1	7,963	1	12,676	2	5,936	2	10,458
– Whakatane	1	7,304	3	10,656	4	3,509	15	8,872
Waikato	4	9,449	11	7,547	12	3,005	11	4,145
Poverty Bay	1	9,570	2	11,034	2	7,707	2	7,211
Hawkes Bay	1	7,664	1	13,655	1	9,571	2	4,549
Lower North Island	-	-	-	-	-	-	-	-
South Island	1	5,199	25	6,914	22	1,855	6	3,247
Total producing hectares	73		154		169		193	
Average TE supplied per hectare		9,690		11,106		5,171		6,015
Zespri Sweet Green Kiwifruit (Green14)								
Northland	1	4,243	1	3,611	-	4,045	1	2,226
Auckland	13	5,336	13	4,576	12	2,363	8	1,733
Bay of Plenty								
– Katikati	16	6,331	17	3,928	15	2,749	9	2,245
– Opotiki	18	6,507	19	3,848	14	2,277	6	3,285
– Tauranga	10	5,892	12	5,180	14	3,594	11	3,893
– Te Puke	115	6,564	106	3,813	63	2,671	56	2,520
– Waihi	-	-	1	8,270	1	2,584	1	1,881
– Whakatane	15	4,960	19	3,792	17	2,123	15	3,577
Waikato	16	3,175	17	2,743	15	1,853	14	2,164
Poverty Bay	4	6,888	4	4,640	4	2,071	4	4,058
Hawkes Bay	8	8,358	8	7,969	10	3,054	8	3,990
Lower North Island	4	5,505	4	2,800	3	1,138	-	-
South Island	1	5,280	2	3,700	3	1,840	2	2,236
Total producing hectares	221		223		171		134	
Average TE supplied per hectare		6,109		4,020		2,547		2,801

TE/ha = tray equivalents supplied per hectare. Producing hectares includes all hectares producing fruit in the relevant season.

NEW ZEALAND TOTAL FRUIT AND SERVICE PAYMENTS INCLUDING LOYALTY PREMIUM

	Return \$m 2015/16	\$ PER TE 2015/16	\$ PER TE 2014/15	\$ PER TE 2013/14	\$ PER TE 2012/13
 Total tray equivalents supplied (m)		80.7	69.6	69.3	71.4
Fruit payments	428.0	5.30	5.69	4.73	4.52
Fruit incentives	114.7	1.42	1.93	1.97	1.54
Service payments	124.1	1.54	1.11	1.20	1.37
Loyalty premium	20.2	0.25	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	687.0	8.51	8.98	8.15	7.68
 Total tray equivalents supplied (m)		3.9	3.5	3.2	3.2
Fruit payments	24.7	6.36	6.24	5.87	5.61
Fruit incentives	9.4	2.41	2.66	2.80	2.26
Service payments	4.2	1.09	0.79	0.86	0.95
Loyalty premium	1.0	0.25	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	39.3	10.11	9.94	9.78	9.07
 Total tray equivalents supplied (m)		32.6	18.7	11.1	25.0
Fruit payments	175.6	5.39	5.90	7.69	6.95
Fruit incentives	165.4	5.08	5.92	6.90	4.70
Service payments	44.4	1.36	1.36	1.60	2.52
Loyalty premium	8.1	0.25	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	393.5	12.08	13.43	16.44	14.42
 Total tray equivalents supplied (m)		1.4	0.9	0.4	0.4
Fruit payments	8.7	6.34	5.94	7.53	5.66
Fruit incentives	4.6	3.41	3.68	4.79	3.15
Service payments	0.6	0.47	0.70	0.69	1.05
Loyalty premium	0.3	0.25	0.25	0.25	0.25
Total fruit and service payments (including loyalty premium)	14.2	10.47	10.57	13.26	10.11
 Total tray equivalents supplied (m)		0.7	1.0	1.0	1.1
Fruit payments	3.7	5.06	5.19	4.63	3.85
Service payments	-	0.02	0.03	0.10	0.12
Total fruit and service payments	3.7	5.08	5.22	4.73	3.97
 Total tray equivalents supplied (m)		0.0	0.1	0.0	0.0
Fruit payments	0.2	6.30	6.67	6.19	4.58
Service payments	-	0.22	0.14	0.10	0.23
Total fruit and service payments	0.2	6.52	6.81	6.29	4.81
 Total tray equivalents supplied (m)		-	0.4	0.3	0.8
Fruit payments	-	-	7.37	8.88	6.66
Service payments	-	-	0.48	0.57	0.67
Total fruit and service payments	-	-	7.85	9.45	7.33
 Total tray equivalents supplied (m)		0.0	0.0	0.0	0.0
Fruit payments	0.1	4.71	4.77	2.95	4.75
Service payments	-	0.04	0.01	0.20	-
Total fruit and service payments	0.1	4.75	4.78	3.15	4.75
Non-Standard Supply					
Total tray equivalents supplied (m)		0.8	1.4	1.1	0.9
Fruit payments	5.1	5.97	4.76	4.20	6.28
Fruit incentives	-	-	0.74	2.96	-
Service payments	-	-	0.25	0.96	1.36
Total fruit and service payments	5.1	5.97	5.75	8.12	7.64
Total All Pools					
Total tray equivalents supplied (m)		120.1	95.7	86.5	102.9
Fruit payments	645.8	5.38	5.74	5.17	5.17
Fruit incentives	294.1	2.45	2.71	2.63	2.30
Service payments	173.5	1.44	1.12	1.22	1.61
Loyalty premium	29.6	0.24	0.24	0.24	0.24
Total fruit and service payments (including loyalty premium)	1,143.0	9.51	9.81	9.26	9.32
Total fruit and service payments 2014/15 (NZ IFRS)	939.0				
Total fruit and service payments 2013/14 (NZ IFRS)	800.8				
Total fruit and service payments 2012/13 (NZ IFRS)	959.1				

NEW ZEALAND KIWIFRUIT INDUSTRY STATISTICS

	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Distribution to growers/suppliers								
Fruit and service payments (excluding loyalty premium)	9.27	9.57	9.02	9.08	8.37	8.44	8.17	7.59
Loyalty premium	0.24	0.24	0.24	0.24	0.24	0.24	0.15	0.17
Total payments per tray	9.51	9.81	9.26	9.32	8.61	8.68	8.32	7.76
Crop volumes ('000)								
Trays submitted (gross)	123,763	97,304	87,725	105,580	119,444	105,868	106,999	109,386
Trays supplied	120,145	95,683	86,510	102,860	113,932	101,712	102,010	102,644
Trays sold	117,094	95,187	86,094	101,313	109,129	98,117	98,550	99,969
Trays sold as a percentage of trays supplied	97.5%	99.5%	99.5%	98.5%	95.8%	96.5%	96.6%	97.4%
General statistics								
Production per hectare (trays submitted)	10,157	8,662	8,016	8,610	9,556	8,255	8,543	8,866
Producing hectares	12,185	11,233	10,944	12,263	12,500	12,825	12,525	12,337
Orchard Gate Return per hectare (average)	60,758	57,369	49,385	51,153	45,206	41,830	39,142	35,655
Number of producers	2,516	2,540	2,350	2,636	2,662	2,706	2,711	2,710
Average number of trays supplied per producer	47,752	37,670	36,813	39,021	42,799	37,588	37,628	37,876
Number of orchards registered								
0 - 2 hectares	807	834	802	855	913	867	871	912
2 - 5 hectares	1,499	1,428	1,458	1,483	1,521	1,512	1,479	1,490
5 - 10 hectares	568	515	487	573	577	602	582	561
Over 10 hectares	147	128	126	146	138	153	148	147
Total (KPINS)	3,021	2,905	2,873	3,057	3,149	3,134	3,080	3,110
Average orchard size (hectares)								
Green	3.5	3.6	3.6	3.7	3.7	3.8	3.8	3.7
Gold*	2.3	1.9	2.0	2.1	3.2	3.0	2.8	2.7
*includes Gold3 & Gold9 blocks as well as Hort16A (first season producing 2012-13)								
Number of packhouses used								
0 - 500,000 trays	17	15	20	23	20	24	25	25
500,000 - 1,000,000 trays	5	8	9	6	10	11	12	12
1,000,000 - 2,000,000 trays	9	8	7	12	12	15	16	15
Over 2,000,000 trays	20	19	18	18	21	17	18	19
Total	51	50	54	59	63	67	71	71
Average trays stored per packhouse ('000)	2,427	1,956	1,626	1,792	1,896	1,580	1,508	1,541
Number of coolstores used								
0 - 500,000 trays	29	26	33	35	34	40	32	44
500,000 - 1,000,000 trays	5	9	8	10	14	13	14	16
1,000,000 - 2,000,000 trays	9	8	11	12	9	12	13	13
Over 2,000,000 trays	21	19	16	19	22	18	18	19
Total	64	62	68	76	79	83	77	92
Average trays stored per coolstore ('000)	1,934	1,577	1,291	1,391	1,512	1,276	1,390	1,189
Number of employees								
New Zealand-based (includes seasonal employees)	194	184	163	164	173	175	164	161
Non-New Zealand based	159	133	123	122	124	117	115	103
Total	353	317	286	286	297	292	279	264
Global revenue per employee (\$'000) - including seasonal employees								
Global revenue (adjusted to 31 March 2016 7-year average) foreign exchange rates per employee (\$'000) - including seasonal employees	5,457	5,062	4,764	5,554	5,517	5,228	5,435	5,557
	5,366	5,666	4,854	5,294	5,098	4,639	4,719	5,105

ZESPRI AROUND THE WORLD

Zespri sells consistently high-quality, great-tasting, premium kiwifruit in more than 50 countries around the world. Our in-market staff support sales and execute marketing campaigns tailored to each country we sell in.





