

**ZESPRI GROUP LIMITED AND SUBSIDIARIES – CORE BUSINESS**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**ADDITIONAL DISCLOSURES**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
Additional Disclosures  
FOR THE YEAR ENDED 31 MARCH 2020**

The Special Purpose Financial Statements comprise the attached Zespri Group Limited (ZGL) Annual Report for the year ended 31 March 2020 and the additional disclosures below.

**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 22 to 23 and the related footnotes on page 24 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 24 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**

	2020 \$000	2019 \$000	2018 \$000
Prior year fruit and service payments (including loyalty premium)	1,821,755	1,468,057	1,380,030
Prior year ZGL profit for the year	179,806	101,842	73,701
Total prior year return	<u>2,001,561</u>	<u>1,569,899</u>	<u>1,453,731</u>
Changes due to volume increase/(decrease)	(5,378)	401,244	(162,286)
Changes due to market and profile mix <sup>1</sup>	38,618	(52,762)	98,824
Total volume change <sup>2</sup>	<u>33,240</u>	<u>348,482</u>	<u>(63,462)</u>
Changes due to change in price <sup>3</sup>	84,986	(59,846)	194,169
Changes due to foreign exchange <sup>4</sup>	11,014	73,525	(11,637)
Changes due to non-New Zealand fruit profit	3,037	(1,128)	(2,643)
Changes due to freight movements	869	170	(15,278)
Changes due to change in tax expense	(271)	(31,960)	(10,494)
Changes due to other income movements	25,319	102,578	36,383
Changes due to other cost movements	3,574	(159)	(10,870)
Total current year return	<u>2,163,329</u>	<u>2,001,561</u>	<u>1,569,899</u>
Represented by:			
Fruit and service payments	1,917,033	1,775,408	1,433,956
Future season total fruit and service payments accrued	676	-	-
Loyalty premium	45,475	46,347	34,101
ZGL profit for the year	<u>200,821</u>	<u>179,806</u>	<u>101,842</u>
<b>Total current year return</b>	<u><b>2,164,005</b></u>	<u><b>2,001,561</b></u>	<u><b>1,569,899</b></u>

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

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

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



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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**

	2020 \$000	2019 \$000	2018 \$000
Zespri® Green kiwifruit	972,320	1,057,026	929,204
Zespri® Organic Green kiwifruit	49,588	60,223	45,747
Zespri® Gold/Organic Gold kiwifruit	1,708,486	1,472,129	1,106,261
Zespri® Sweet Green kiwifruit	6,695	14,559	17,750
Class 2 Green Kiwifruit*	11,387	11,973	6,292
Class 2 Organic Green kiwifruit*	800	799	806
Class 2 Gold / Organic Gold kiwifruit*	7,191	8,726	11,870
Non Standard Supply	13,856	6,761	10,171
Net Sales of New Zealand-grown kiwifruit	<b>2,770,323</b>	2,632,196	2,128,101

\* includes Family Kiwi™ and Zespri® brands

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

New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® Green kiwifruit		
	2019/20	2018/19	2017/18
Zespri margin	7.0%	6.8%	7.7%
Freight	7.9%	8.3%	7.5%
Insurance	0.2%	0.1%	0.3%
Duty and customs	2.2%	4.1%	4.1%
Other onshore direct costs	1.4%	1.5%	1.4%
Other offshore direct costs	4.3%	4.2%	3.5%
Promotion	5.0%	5.1%	4.4%
Interest	0.1%	0.1%	0.1%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	71.8%	69.7%	70.9%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Revenue attributable to Zespri Green Kiwifruit (\$'000)	972,320	1,057,026	929,204





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New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® ORGANIC GREEN kiwifruit		
	2019/20	2018/19	2017/18
Zespri margin	8.0%	8.3%	8.6%
Freight	5.5%	5.8%	6.7%
Insurance	0.1%	0.1%	0.2%
Duty and customs	2.2%	4.5%	4.3%
Other onshore direct costs	1.9%	1.4%	1.5%
Other offshore direct costs	6.7%	5.0%	4.6%
Promotion	4.8%	3.8%	3.4%
Interest	0.1%	0.0%	0.1%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	70.6%	71.0%	70.5%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Revenue attributable to Zespri Green Organic Kiwifruit (\$'000)	49,588	60,223	45,747

New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® Gold/Organic Gold kiwifruit		
	2019/20	2018/19	2017/18
Zespri margin	8.4%	8.3%	8.6%
Freight	5.1%	5.3%	5.3%
Insurance	0.3%	0.2%	0.4%
Duty and customs	1.3%	3.2%	3.4%
Other onshore direct costs	3.9%	3.9%	4.1%
Other offshore direct costs	3.7%	3.2%	2.9%
Promotion	6.7%	6.9%	7.8%
Interest	0.0%	0.0%	0.1%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	70.5%	68.9%	67.3%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Revenue attributable to Zespri Gold Kiwifruit (\$'000)	1,708,486	1,472,129	1,106,261

New Zealand-grown Kiwifruit Costs as a Percentage of Revenue	Zespri® GREEN14 kiwifruit		
	2019/20	2018/19	2017/18
Zespri margin	7.8%	7.8%	8.0%
Freight	7.8%	8.1%	8.8%
Insurance	0.2%	0.2%	0.3%
Duty and customs	0.5%	5.4%	5.1%
Other onshore direct costs	5.2%	4.7%	4.4%
Other offshore direct costs	3.8%	5.3%	4.8%
Promotion	10.7%	5.2%	7.6%
Interest	0.1%	0.0%	0.1%
KNZ/NZKGI	0.1%	0.1%	0.1%
Purchase of Kiwifruit	63.8%	63.2%	60.8%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Revenue attributable to Zespri Sweet Green Kiwifruit (\$'000)	6,695	14,559	17,750



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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**

	2020	2019	2018
<b>Number of Suppliers</b>	<b>16</b>	15	15
<b>Trays Supplied</b>	<b>148,186,704</b>	154,058,230	124,433,259

**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**

	2020	2019	2018
	\$000	\$000	\$000
Zespri® Green kiwifruit	112,969	94,450	124,218
Zespri® Gold / Organic Gold kiwifruit	251,473	209,344	133,715
Family Kiwi™ Gold / Organic Gold / Green kiwifruit	4,942	7,880	5,341
<b>Net Sales of non-New Zealand-grown kiwifruit</b>	<b>369,384</b>	<b>311,674</b>	<b>263,274</b>

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

	2020	2019	2018
	\$000	\$000	\$000
Zespri® Green kiwifruit	88,652	74,353	104,112
Zespri® Gold / Organic Gold kiwifruit	181,095	150,213	95,902
Family Kiwi™ Gold / Organic Gold / Green kiwifruit	3,900	6,345	3,461
<b>Non-New Zealand-grown kiwifruit supplier return</b>	<b>273,647</b>	<b>230,911</b>	<b>203,475</b>



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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 2020.

During the year ended 31 March 2020 no inter-segment amounts have been written off or forgiven (2019: Nil).

**12. Zespri Group Limited Shareholder Statistics**

Shareholder statistics are detailed on pages 74 of the Zespri Group Limited Annual Report.

Please note the following in relation to the statistics detailed on page 74 of the Annual Report:

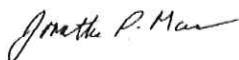
- The share price is the last price paid for shares on or before 31 March 2020 as per Unlisted share trading platform.
- The number of shares sold represents the number of shares transferred as advised by Computershare Investor Services Limited. This figure excludes off market share transfers, shares 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	2019/20	2018/19	2017/18
Zespri margin	11.7%	12.1%	11.1%
Freight	3.2%	3.9%	3.3%
Insurance	0.0%	0.0%	0.0%
Duty and customs	3.0%	2.4%	2.2%
Other onshore direct costs	0.0%	0.0%	0.0%
Other offshore direct costs	5.1%	4.6%	3.6%
Promotion	2.9%	2.9%	2.4%
Interest	0.0%	0.0%	0.0%
KNZ/NZKGI	0.0%	0.0%	0.0%
Purchase of Kiwifruit	74.1%	74.1%	77.4%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Revenue attributable to Non-New Zealand-grown kiwifruit (\$'000)	369,384	311,674	263,274

The Additional Disclosures to the financial statements were authorised for issue by the Directors of Zespri Group Limited on 10 July 2020.

Authorised for and on behalf of the Board:



**J P Mason  
Director**





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**Appendix A – Business Segment Analysis**

**Total Assets by business segment for the year ended 31 March 2020**

TOTAL ASSETS BY SEGMENT	As at 31 March 2020				Total \$'000
	New Zealand kiwifruit \$'000	Non-New Zealand supply \$'000	New cultivar \$'000	All other segments \$'000	
<b>Current assets:</b>					
Bank, cash, short-term investments	322,800	21	-	-	322,821
Trade debtors	58,156	29,632	16,472	-	104,260
Other debtors / current assets	777	-	-	-	777
Other financial assets	127,102	-	-	-	127,102
Inventory / stock	173,676	4,951	-	-	178,627
Prepayments	51,816	703	-	-	52,519
<b>Total current assets</b>	<b>734,327</b>	<b>35,307</b>	<b>16,472</b>	<b>-</b>	<b>786,106</b>
<b>Fixed Assets:</b>					
Information system assets	6,343	190	-	-	6,533
Motor vehicles	188	5	-	-	193
Office equipment	2,435	509	-	-	2,944
Land	-	-	-	9,463	9,463
Buildings	15,480	-	-	30,569	46,049
Leasehold improvements	749	854	-	-	1,603
Capital work in progress	344	28	5	-	377
<b>Total fixed assets</b>	<b>25,539</b>	<b>1,586</b>	<b>5</b>	<b>40,032</b>	<b>67,162</b>
<b>Intangibles</b>					
Development costs	-	-	3,946	-	3,946
Information systems	21,679	55	-	-	21,734
Intangibles work in progress	9,283	-	-	-	9,283
<b>Total intangibles</b>	<b>30,962</b>	<b>55</b>	<b>3,946</b>	<b>-</b>	<b>34,963</b>
<b>Other non-current assets</b>					
Other financial assets	148,860	-	-	-	148,860
Prepayments	5,685	-	-	-	5,685
Right of use assets	10,440	2,806	-	-	13,246
Other	13,700	-	-	-	13,700
<b>Total other non-current assets</b>	<b>178,685</b>	<b>2,806</b>	<b>-</b>	<b>-</b>	<b>181,491</b>
<b>TOTAL ASSETS</b>	<b>969,513</b>	<b>39,754</b>	<b>20,423</b>	<b>40,032</b>	<b>1,069,722</b>
<b>Current Liabilities</b>					
Accounts payable	(379,283)	(76,746)	(4,096)	(156)	(460,281)
Accrued payroll	(21,978)	(1,850)	-	-	(23,828)
Provisions and insurance liabilities	(1,351)	(82)	-	-	(1,433)
Lease liabilities	(3,623)	(863)	-	-	(4,486)
Other financial liabilities	(127,102)	-	-	-	(127,102)
Other current liabilities	(14,004)	3	-	-	(14,001)
<b>Total current liabilities</b>	<b>(547,341)</b>	<b>(79,538)</b>	<b>(4,096)</b>	<b>(156)</b>	<b>(631,131)</b>
<b>Long term liabilities</b>					
Accrued payroll	(1,563)	(1,303)	-	-	(2,866)
Interest bearing liabilities	-	-	-	(30,000)	(30,000)
Lease liabilities	(7,328)	2,075	-	-	(9,403)
Other financial liabilities	(148,860)	-	-	-	(148,860)
Other long term liabilities	(1,474)	-	-	-	(1,474)
<b>Total long term liabilities</b>	<b>(159,225)</b>	<b>(3,378)</b>	<b>-</b>	<b>(30,000)</b>	<b>(192,603)</b>
<b>Equity</b>					
Total equity & liabilities	(245,988)	-	-	-	(245,988)
	(952,554)	(82,916)	(4,096)	(30,156)	(1,069,722)
Segment receivable / (loan) (before tax & dividend distributions)	(16,959)	43,162	(16,327)	(9,876)	-

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 business segment for the year ended 31 March 2019**

TOTAL ASSETS BY SEGMENT	As at 31 March 2019				Total \$'000
	New Zealand kiwifruit \$'000	Non-New Zealand supply \$'000	New cultivar \$'000	All other segments \$'000	
<b>Current assets:</b>					
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
<b>Total current assets</b>	<b>445,785</b>	<b>23,814</b>	<b>17,017</b>	<b>-</b>	<b>486,616</b>
<b>Fixed Assets:</b>					
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
<b>Total fixed assets</b>	<b>8,448</b>	<b>1,410</b>	<b>-</b>	<b>47,209</b>	<b>57,067</b>
<b>Intangibles</b>					
Development costs	-	-	3,305	-	3,305
Information systems	15,303	-	-	-	15,303
Intangibles work in progress	18,534	-	-	-	18,534
<b>Total intangibles</b>	<b>33,837</b>	<b>-</b>	<b>3,305</b>	<b>-</b>	<b>37,142</b>
<b>Other non - current assets</b>					
Other financial assets	70,437	-	-	-	70,437
Prepayments	4,711	-	-	-	4,711
Other	4,360	-	16,368	-	20,728
<b>Total other non-current assets</b>	<b>79,508</b>	<b>-</b>	<b>16,368</b>	<b>-</b>	<b>95,876</b>
<b>TOTAL ASSETS</b>	<b>567,578</b>	<b>25,225</b>	<b>36,690</b>	<b>47,209</b>	<b>676,701</b>
<b>Current Liabilities</b>					
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)
<b>Total current liabilities</b>	<b>(315,485)</b>	<b>(66,222)</b>	<b>(2,870)</b>	<b>(3,545)</b>	<b>(388,122)</b>
<b>Long term liabilities</b>					
Accrued payroll	(951)	(973)	-	-	(1,924)
Other financial liabilities	(70,437)	-	-	-	(70,437)
Other long term liabilities	(2,328)	-	-	-	(2,328)
<b>Total long term liabilities</b>	<b>(73,716)</b>	<b>(973)</b>	<b>-</b>	<b>-</b>	<b>(74,689)</b>
<b>Equity</b>	<b>(213,890)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(213,890)</b>
<b>Total equity &amp; liabilities</b>	<b>(603,091)</b>	<b>(67,195)</b>	<b>(2,870)</b>	<b>(3,545)</b>	<b>(676,701)</b>
Segment receivable / (loan) (before tax & dividend distributions)	35,513	41,971	(33,820)	(43,664)	-

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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**Net profit/(loss) by business segment for the year ended 31 March 2020**

	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)	2,770,323	-	-	-	-	2,770,323
Revenue from sale of Non-NZ kiwifruit	-	369,384	-	-	-	369,384
<b>Total Sales revenue - external customers</b>	<b>2,770,323</b>	<b>369,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,139,707</b>
Transfer revenue: New Cultivar Royalties	-	-	32,713	-	(32,713)	-
Inter-segment revenue	-	-	32,713	-	(32,713)	-
ZGL Commission from NZ Kiwifruit	266,843	-	-	-	(266,843)	-
Revenue from insurance claims *	1,568	102	-	-	-	1,670
GOLD licences issued	-	-	215,513	-	-	215,513
Other	1,725	365	-	2,208	(2,208)	2,090
Research grant co-funding	2,446	-	5,549	-	-	7,995
External Royalties	-	-	189	-	-	189
Other revenue *	5,739	467	221,251	2,208	(2,208)	227,457
<b>Total revenue (exc interest)</b>	<b>3,042,905</b>	<b>369,851</b>	<b>253,964</b>	<b>2,208</b>	<b>(301,764)</b>	<b>3,367,164</b>
Freight	169,102	11,740	-	-	-	180,842
Insurance (onshore and offshore)	6,604	730	-	-	-	7,334
Duty and customs	45,414	10,973	-	-	-	56,387
Promotion	170,546	10,819	-	-	-	181,365
Other direct costs - offshore *	110,155	18,084	-	-	-	128,239
Other direct costs - onshore	55,420	-	-	-	-	55,420
KNZ/NZKGI/KVH costs	2,332	-	-	-	-	2,332
Purchase of Kiwifruit	1,917,709	273,647	-	-	-	2,191,356
Loyalty premium	45,475	-	-	-	-	45,475
<b>Transfer Payments:</b>						
ZGL Commission from NZ Kiwifruit	266,843	-	-	-	(266,843)	-
Inter-segment service charge	(14,525)	11,479	2,799	247	-	-
ZGL Royalty new cultivars	28,632	4,081	-	-	(32,713)	-
Research & Development	12,684	855	18,086	-	-	31,625
Information system expenses	15,978	301	-	-	-	16,279
Depreciation	6,968	906	293	549	-	8,716
Amortisation / impairment of intangible assets	10,543	27	1,320	-	-	11,890
Corporate & Admin expenses	19,049	830	4,462	-	382	24,723
Land & Building expenses	3,048	47	-	-	(2,590)	505
Motor Vehicle Expenses	1,062	294	26	-	-	1,382
Other Travel	9,192	1,145	296	-	-	10,633
Office equipment maintenance	451	33	-	-	-	484
Human resource expense	94,526	9,555	1,276	-	-	105,357
Marketing/advertising	6,858	769	-	-	-	7,627
Consultancy & Legal	23,490	503	-	-	-	23,993
Other expenses	-	1,915	-	-	-	1,915
<b>Total expense</b>	<b>3,007,556</b>	<b>358,733</b>	<b>28,558</b>	<b>796</b>	<b>(301,764)</b>	<b>3,093,879</b>
<b>Net profit before interest &amp; taxation</b>	<b>35,349</b>	<b>11,118</b>	<b>225,406</b>	<b>1,412</b>	<b>-</b>	<b>273,285</b>
Interest revenue on short term deposits	4,366	-	-	-	-	4,366
Intersegment interest (income)/expense	(2,191)	-	-	2,191	-	-
Interest expense	(731)	-	-	-	-	(731)
<b>Net profit after interest before tax</b>	<b>36,793</b>	<b>11,118</b>	<b>225,406</b>	<b>3,603</b>	<b>-</b>	<b>276,920</b>

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 4, Annual Report 2019/20).

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

	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
<b>Total Sales revenue - external customers</b>	<b>2,632,195</b>	<b>311,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,943,869</b>
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
<b>Total revenue (exc interest)</b>	<b>2,891,571</b>	<b>312,558</b>	<b>227,731</b>	<b>3,161</b>	<b>(283,936)</b>	<b>3,151,085</b>
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
<b>Transfer Payments:</b>						
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
<b>Total expense</b>	<b>2,857,774</b>	<b>304,477</b>	<b>20,328</b>	<b>593</b>	<b>(283,936)</b>	<b>2,899,236</b>
<b>Net profit before interest &amp; taxation</b>	<b>33,797</b>	<b>8,081</b>	<b>207,403</b>	<b>2,568</b>	<b>-</b>	<b>251,849</b>
Interest revenue on short term deposits	4,315	-	-	-	-	4,315
Intersegment interest income/(expense)	(2,764)	-	-	2,764	-	-
Interest expense	(530)	-	-	-	-	(530)
<b>Net profit after interest before tax</b>	<b>34,818</b>	<b>8,081</b>	<b>207,403</b>	<b>5,332</b>	<b>-</b>	<b>255,634</b>

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

	RETURN \$m 2019/20	\$ PER TE 2019/20	\$ PER TE 2018/19	\$ PER TE 2017/18	\$ PER TE 2016/17	\$ PER TE 2015/16
<b>Zespri® Green Kiwifruit</b>						
Total tray equivalents supplied (m)		68.7	81.0	65.1	90.8	80.7
Fruit payments	281.6	4.10	4.10	5.35	4.19	5.30
Fruit incentives	285.3	4.15	3.01	2.96	1.84	1.42
Service payments	109.4	1.59	1.67	1.55	1.52	1.54
Loyalty premium	21.5	0.31	0.31	0.28	0.25	0.25
<b>Total fruit and service payments (including loyalty premium)</b>	<b>697.8</b>	<b>10.16</b>	<b>9.09</b>	<b>10.14</b>	<b>7.80</b>	<b>8.51</b>
<b>Zespri® Organic Green Kiwifruit</b>						
Total tray equivalents supplied (m)		2.8	3.5	2.8	3.9	3.9
Fruit payments	15.7	5.64	6.74	7.72	5.96	6.36
Fruit incentives	15.9	5.71	4.10	2.84	2.54	2.41
Service payments	2.5	0.90	1.00	0.87	1.07	1.09
Loyalty premium	0.9	0.31	0.31	0.28	0.25	0.25
<b>Total fruit and service payments (including loyalty premium)</b>	<b>35.0</b>	<b>12.56</b>	<b>12.14</b>	<b>11.71</b>	<b>9.82</b>	<b>10.11</b>
<b>Zespri® Gold Kiwifruit</b>						
Total tray equivalents supplied (m)		73.7	66.0	52.6	48.5	32.6
Fruit payments	466.2	6.32	7.17	6.86	6.00	5.39
Fruit incentives	600.2	8.14	6.31	5.76	4.98	5.08
Service payments	115.8	1.57	1.58	1.28	1.39	1.36
Loyalty premium	23.0	0.31	0.31	0.28	0.25	0.25
<b>Total fruit and service payments (including loyalty premium)</b>	<b>1,205.2</b>	<b>16.35</b>	<b>15.37</b>	<b>14.18</b>	<b>12.62</b>	<b>12.08</b>
<b>Zespri® Green14 Kiwifruit</b>						
Total tray equivalents supplied (m)		0.4	0.9	1.2	1.5	1.4
Fruit payments	2.6	6.59	6.53	5.68	6.68	6.34
Fruit incentives	1.5	3.92	3.37	2.70	2.11	3.41
Service payments	-	-	0.12	0.22	0.46	0.47
Loyalty premium	0.1	0.31	0.31	0.28	0.25	0.25
<b>Total fruit and service payments (including loyalty premium)</b>	<b>4.3</b>	<b>10.82</b>	<b>10.34</b>	<b>8.88</b>	<b>9.50</b>	<b>10.47</b>
<b>Class 2 Green Kiwifruit</b>						
Total tray equivalents supplied (m)		1.1	1.4	0.7	0.4	0.7
Fruit payments	8.0	7.01	5.97	6.18	5.00	5.06
Service payments	-	-	0.04	-	0.10	0.02
<b>Total fruit and service payments</b>	<b>8.0</b>	<b>7.01</b>	<b>6.01</b>	<b>6.18</b>	<b>5.10</b>	<b>5.08</b>
<b>Class 2 Organic Green Kiwifruit</b>						
Total tray equivalents supplied (m)		0.1	0.1	0.1	0.1	0.0
Fruit payments	0.5	10.02	9.86	9.67	7.15	6.30
Service payments	-	0.13	0.19	0.22	0.18	0.22
<b>Total fruit and service payments</b>	<b>0.5</b>	<b>10.15</b>	<b>10.05</b>	<b>9.89</b>	<b>7.33</b>	<b>6.52</b>
<b>Class 2 Gold Kiwifruit</b>						
Total tray equivalents supplied (m)		0.5	0.7	1.1	-	-
Fruit payments	4.3	8.44	7.68	6.20	-	-
Service payments	-	0.03	0.08	0.13	-	-
<b>Total fruit and service payments</b>	<b>4.3</b>	<b>8.47</b>	<b>7.76</b>	<b>6.33</b>	<b>-</b>	<b>-</b>
<b>Class 2 Green14 Kiwifruit</b>						
Total tray equivalents supplied (m)		-	-	-	-	0.0
Fruit payments	-	-	-	-	-	4.71
Service payments	-	-	-	-	-	0.04
<b>Total fruit and service payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.75</b>
<b>Non-Standard Supply</b>						
Total tray equivalents supplied (m)		0.8	0.5	1.0	0.6	0.8
Fruit payments	3.6	4.20	5.60	7.66	6.24	5.97
Fruit incentives	2.9	3.49	2.79	-	-	-
Service payments	0.8	0.96	0.54	0.05	-	-
<b>Total fruit and service payments</b>	<b>7.3</b>	<b>8.65</b>	<b>8.93</b>	<b>7.71</b>	<b>6.24</b>	<b>5.97</b>
<b>Total All Pools</b>						
Total tray equivalents supplied (m)		148.1	154.1	124.4	145.9	120.1
Fruit payments	782.5	5.28	5.53	6.08	4.88	5.38
Fruit incentives	905.9	6.12	4.41	4.07	2.89	2.45
Service payments	228.6	1.54	1.59	1.38	1.44	1.44
Loyalty premium	45.5	0.31	0.30	0.27	0.25	0.24
<b>Total fruit and service payments (including loyalty premium)</b>	<b>1,962.5</b>	<b>13.25</b>	<b>11.83</b>	<b>11.80</b>	<b>9.46</b>	<b>9.51</b>
Total fruit and service payments 2018/19 (NZ IFRS)	1,821.8					
Total fruit and service payments 2017/18 (NZ IFRS)	1,468.1					
Total fruit and service payments 2016/17 (NZ IFRS)	1,380.0					

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	2019/20		2018/19		2017/18		2016/17	
	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	100	6,835	106	8,498	109	5,779	113	9,559
Auckland	256	7,175	262	9,974	273	7,719	272	9,502
Bay of Plenty								
- Katikati	830	8,960	859	9,882	940	7,678	966	11,972
- Opotiki	444	10,834	455	11,315	457	8,917	464	11,758
- Tauranga	1,066	9,773	1,087	12,014	1,086	9,193	1,116	12,533
- Te Puke	3,190	11,058	3,292	12,380	3,419	9,641	3,508	13,088
- Waihi	132	7,771	138	9,858	100	6,569	100	8,701
- Whakatane	331	8,369	366	10,541	402	7,728	439	9,889
Waikato	204	9,113	203	9,076	200	8,339	204	9,664
Poverty Bay	44	6,801	52	7,745	54	8,366	54	5,828
Hawkes Bay	41	6,916	45	7,358	43	6,620	45	7,290
Lower North Island	69	9,062	70	9,291	70	8,696	65	7,056
South Island	208	6,519	223	7,258	229	5,663	258	7,246
<b>Total producing hectares</b>	<b>6,915</b>		<b>7,158</b>		<b>7,382</b>		<b>7,604</b>	
<b>Average TE supplied per hectare</b>		<b>9,932</b>		<b>11,320</b>		<b>8,812</b>		<b>11,933</b>
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	2,626	1	5,364	1	2,614	1	5,856
Bay of Plenty								
- Katikati	30	6,095	30	9,061	30	6,593	31	9,208
- Opotiki	21	7,092	21	7,493	22	5,786	22	8,616
- Tauranga	174	6,599	182	8,604	203	6,033	210	8,652
- Te Puke	37	7,924	38	8,775	42	6,979	38	10,408
- Waihi	22	5,077	22	6,589	19	3,964	20	4,219
- Whakatane	4	3,178	4	4,594	4	4,197	4	5,323
Waikato	147	6,047	148	6,885	151	5,310	151	6,536
Poverty Bay	0	2,728	1	4,042	1	3,676	2	4,637
Hawkes Bay	-	-	-	-	-	-	-	-
Lower North Island	2	3,763	2	4,439	2	5,552	2	6,524
South Island	-	-	-	-	-	-	21	4,516
<b>Total producing hectares</b>	<b>437</b>		<b>448</b>		<b>475</b>		<b>502</b>	
<b>Average TE supplied per hectare</b>		<b>6,386</b>		<b>7,863</b>		<b>5,802</b>		<b>7,841</b>
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
Auckland	-	-	-	-	-	-	1	5,822
Bay of Plenty								
- Katikati	-	-	-	-	-	-	-	-
- Opotiki	-	-	-	-	-	-	-	-
- Tauranga	-	-	-	-	-	-	-	-
- Te Puke	-	-	-	-	-	-	-	-
- Waihi	-	-	-	-	-	-	-	-
- Whakatane	-	-	-	-	-	-	-	-
Waikato	-	-	-	-	-	-	1	9,394
Poverty Bay	-	-	-	-	-	-	48	9,245
Hawkes Bay	-	-	-	-	2	7,793	12	11,484
Lower North Island	-	-	-	-	-	-	-	-
South Island	-	-	-	-	17	10,647	47	9,349
<b>Total producing hectares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>161</b>	<b>-</b>
<b>Average TE supplied per hectare</b>		<b>-</b>		<b>-</b>		<b>9,689</b>		<b>10,561</b>

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**

<b>Zespri SunGold and Organic SunGold (Gold3)</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>
Northland	368	11,738	356	12,327	319	8,044	189	9,069
Auckland	227	12,865	214	12,143	206	10,701	187	8,928
Bay of Plenty								
- Katikati	537	13,421	497	13,531	525	11,299	501	12,302
- Opotiki	543	14,132	520	13,871	506	12,172	478	11,028
- Tauranga	500	13,133	476	14,100	437	12,320	413	12,484
- Te Puke	2,085	14,228	1,811	13,744	1,655	12,390	1,516	12,746
- Waihi	105	11,887	92	12,811	53	9,168	51	11,027
- Whakatane	274	12,074	240	11,931	211	13,211	206	11,175
Waikato	197	11,239	192	10,712	183	7,937	157	7,029
Poverty Bay	267	12,321	244	11,937	208	9,740	146	8,728
Hawkes Bay	156	12,559	152	10,840	149	8,263	131	6,815
Lower North Island	1	11,093	2	5,955	2	7,799	2	5,349
South Island	224	14,897	200	14,135	176	8,693	139	9,635
<b>Total producing hectares</b>	<b>5,483</b>		<b>4,996</b>		<b>4,630</b>		<b>4,116</b>	
<b>Average TE supplied per hectare</b>		<b>13,443</b>		<b>13,216</b>		<b>11,292</b>		<b>11,366</b>
<b>Zespri Sweet Green kiwifruit (Green 14)</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>	<b>Producing Hectares</b>	<b>TE supplied per ha</b>
Northland			1	5,809	1	3,041	1	7,210
Auckland	14	2,894	18	4,916	14	5,238	14	6,256
Bay of Plenty								
- Katikati	9	4,718	8	5,871	11	7,377	15	8,571
- Opotiki	5	7,353	8	8,003	12	7,790	14	9,758
- Tauranga	1	7,380	4	7,254	6	5,845	8	6,899
- Te Puke	17	7,778	59	6,944	80	7,711	88	9,148
- Waihi								
- Whakatane	7	5,674	17	6,863	18	7,550	20	5,984
Waikato	8	6,248	11	5,032	15	5,428	18	5,686
Poverty Bay			3	5,298	4	6,985	4	6,072
Hawkes Bay	7	5,920	8	3,682	8	4,415	8	4,363
Lower North Island	2	3,181	4	2,602	4	6,486	4	3,679
South Island			2	4,013	2	2,789	1	6,506
<b>Total producing hectares</b>	<b>70</b>		<b>145</b>		<b>175</b>		<b>195</b>	
<b>Average TE supplied per hectare</b>		<b>5,668</b>		<b>6,150</b>		<b>6,925</b>		<b>7,813</b>

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**

**2019/20**

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 corporate on Non-New Zealand-grown kiwifruit behalf e.g. salary costs.	11,479
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.	28,632
New Cultivar Royalty payments from non-New Zealand kiwifruit	New Cultivar	Non-New Zealand Supply	Payment made from non-New Zealand kiwifruit, based on sales value, for royalties on Zespri PVR's.	4,081
Profit before tax transferred to New Zealand Kiwifruit	New Zealand Kiwifruit	Non-New Zealand Supply	Profit is transferred to New Zealand Kiwifruit equity.	11,118
Profit before tax transferred to New Zealand Kiwifruit	New Zealand Kiwifruit	New Cultivar	Profit is transferred to New Zealand Kiwifruit equity.	225,406
Profit before tax transferred to New Zealand Kiwifruit	New Zealand Kiwifruit	All other segments	Profit is transferred to New Zealand Kiwifruit equity.	3,603

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 2020.





**ZESPRI GROUP LIMITED AND SUBSIDIARIES CORE BUSINESS  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
Additional Disclosures  
FOR THE YEAR ENDED 31 MARCH 2020**

2018/19

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 corporate 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 PVRs.	24,785
New Cultivar Royalty payments from non-New Zealand kiwifruit	New Cultivar	Non-New Zealand Supply	Payment made from non-New Zealand kiwifruit, based on sales value, for royalties on Zespri PVRs.	3,364
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.





# Independent Auditor's Report

To the Directors of Zespri Group Limited

## Report on the audit of the special purpose consolidated 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 15:

- i. Present, in all material respects the Group's financial position as at 31 March 2020 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 for the year ended 31 March 2020; and
- The additional disclosures included in pages 2 to 15.



### Basis for opinion

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

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

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

Our firm has also provided other services to the Group in relation to taxation consulting, climate change consulting and sustainability reporting, reasonable assurance engagements in relation to New Zealand Kiwifruit pools and overhead allocations between segments, review engagement in relation to Callaghan Innovation Growth grant and agreed upon procedures relating to; Unlisted submission, margin statement and 2019 Annual General Meeting. 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 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



KPMG  
Tauranga

10 July 2020