

Information incorporated by  
reference in  
Product Disclosure Statement  
dated 23 January 2017  
for an offer of A Shares in  
  
DMS Progrowers Limited

22 January 2019

**6. DMS Progrowers' Financial Information**

The table on the following page provides key financial information about DMS Progrowers. This information includes the selected financial information required by clause 35 of Schedule 3 of the Financial Markets Conduct Regulations 2014 (as modified in accordance with clauses 39 and 40 of Schedule 3 of such Regulations). If you do not understand this financial information, you can seek advice from a financial adviser or accountant.

Full financial statements are available on the offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose), offer number OFR11778.

DMS Progrowers Limited - Selected Financial Information						
	31-Jan 2013 NZ IFRS	31-Jan 2014 NZ IFRS	31-Jan 2015 NZ IFRS	31-Jan 2016 NZ IFRS	31-Jan 2017 NZ IFRS	31-Jan 2018 NZ IFRS
<b>Financial Performance:</b> (Note 1)						
Revenue	24,090,593	23,588,659	28,625,385	38,570,987	53,448,173	49,988,505
Operating and Administration Costs	19,737,688	19,773,012	24,603,111	30,180,795	41,521,073	37,943,517
<b>Surplus before Rebates, Management Fees &amp; Revaluations (Non - GAAP measure) (Note 2)</b>	<b>4,352,905</b>	<b>3,815,647</b>	<b>4,022,274</b>	<b>8,390,192</b>	<b>11,927,100</b>	<b>12,044,988</b>
Management Fee & Bonus (Note 3)	935,074	725,241	697,678	2,422,354	4,054,840	3,166,864
Rebates (Note 4)	846,084	675,154	673,131	1,465,049	3,097,868	2,625,036
Revaluations (Note 5)	992,594	(253,097)	(2,193,173)	-	2,882,031	-
<b>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	<b>1,579,153</b>	<b>2,668,349</b>	<b>4,844,638</b>	<b>4,502,789</b>	<b>1,892,361</b>	<b>6,253,088</b>
Depreciation and Amortisation	1,204,803	1,021,526	932,181	1,337,789	1,673,072	2,271,898
<b>Earnings Before Interest and Tax (EBIT)</b>	<b>374,350</b>	<b>1,646,823</b>	<b>3,912,457</b>	<b>3,165,000</b>	<b>219,289</b>	<b>3,981,190</b>
Interest Expense	186,291	478,540	586,859	638,304	601,582	1,513,579
<b>Net Profit before Taxation</b>	<b>188,059</b>	<b>1,168,283</b>	<b>3,325,598</b>	<b>2,526,696</b>	<b>(382,293)</b>	<b>2,467,611</b>
Provision for Taxation	326,132	196,286	290,679	754,909	479,142	263,714
<b>Net Profit after Taxation</b>	<b>(138,073)</b>	<b>971,997</b>	<b>3,034,919</b>	<b>1,771,787</b>	<b>(861,435)</b>	<b>2,203,897</b>
(There are no Extraordinary Items)						
Rebates Paid per Tray (pre Tax) (Non - GAAP measure. As declared by Board of Directors) (Note 4)	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.30	\$ 0.30	\$ 0.30
Dividend per Share (Net)	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
Dividend per Share (incl. Imputation Credits)	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
Dividends paid during the period (Net):						
A Shares	380,338	391,076	391,076	390,784	467,059	467,142
B Shares	378,811	389,506	389,506	389,216	468,942	469,025
Total	759,149	780,582	780,582	780,000	936,001	936,167
<b>Other Key Figures</b>						
Equity Ratio to Total Assets (excl Cash)	46%	46%	51%	49%	41%	33%
Total Assets	28,130,083	28,310,306	32,523,859	39,663,146	49,163,096	60,036,468
Cash and Cash Equivalents	244,330	7,358	5,975	3,391,497	1,614,151	1,017,481
Bank Overdraft	-	92,201	906,205	-	-	-
Total Liabilities	15,386,642	15,303,717	15,853,255	21,956,363	31,123,523	40,324,961
Total Debt (Interest Bearing Liabilities)	8,597,420	7,950,872	8,074,484	9,638,705	16,692,160	20,645,616
Net Cashflows from Operating Activities	3,106,253	1,012,435	1,255,306	6,808,089	6,229,881	9,173,440
Shares on Issue	13,514,667	13,514,667	13,514,667	13,514,667	16,217,598	16,217,610
Net Tangible Asset Backing per Share	\$ 0.94	\$ 0.96	\$ 1.23	\$ 1.18	\$ 1.02	\$ 1.15

#### Notes on Non- GAAP measures

##### Note 1: Financial Performance

An adjustment has been made to the manner in which DMS Progrower Ltd's 2017/2018 financial statements have been prepared to ensure that all revenue is captured in the 'Revenue' line item. In previous years certain revenue/expenses had been included on a net basis. Only the 'Revenue' and 'Operating and Administration Costs' line items are affected. By way of comparison the table below sets out the 2017 revenue and operating costs calculated on a consistent basis with the 2018 financial statements.

Revenue						54,405,312
Operating Costs						42,478,212
<b>Surplus before Rebates, Management Fees &amp; Revaluations (Non - GAAP measure) (Note 2)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,927,100</b>

##### Note 2: Surplus before Rebates, Management Fees & Revaluations

This is a non-GAAP measure. See reconciliation back to EBITDA (a GAAP measure) in the above table.

##### Note 3: Management Fee & Bonus

DMS Progrowers has a management contract with DMS Group to supply general management, marketing, accounting and administration services to DMS Progrowers Ltd. The fee for these services is related to the volume of kiwifruit packed and coostored by DMS Progrowers. DMS Group Ltd also receives a Management Bonus which is calculated based on the DMS Progrowers profit before grower rebates and taxation but after allowing for return on capital of 15%. The total Management Fee & Bonus form part of 'operating expenses' included in the financial statements for the relevant period (e.g. for the year ended 31 January 2018 see note 4 to the 2018 Financial statements). This is a non-GAAP measure. See table below for split between Management Fee and Bonus.

Management Fee	846,074	673,313	672,678	1,475,994	2,565,248	2,199,140
Management Bonus	89,000	51,928	25,000	946,360	1,489,592	967,724
<b>Total</b>	<b>\$ 935,074</b>	<b>\$ 725,241</b>	<b>\$ 697,678</b>	<b>\$ 2,422,354</b>	<b>\$ 4,054,840</b>	<b>\$ 3,166,864</b>

##### Note 4: Rebates

Rebates are paid by DMS Progrowers to contracted Kiwifruit growers who elect to become shareholders in DMS Progrowers Ltd for each tray packed for them by DMS Progrowers Ltd. The amount of the rebate per tray paid in any year is determined at the discretion of the Board. The total rebates paid in each period form part of the 'operating expenses' included in the financial statements for the relevant period. This is a non-GAAP measure. See table below for reconciliation.

Rebate paid in period	846,084	675,154	673,131	1,465,049	3,097,868	2,625,036
First 10 cent paid after 31 July	-	-	-	-	-	-
<b>Total Rebate</b>	<b>\$ 846,084</b>	<b>\$ 675,154</b>	<b>\$ 673,131</b>	<b>\$ 1,465,049</b>	<b>\$ 3,097,868</b>	<b>\$ 2,625,036</b>
No. of trays packed in the relevant season for shareholder growers	4,230,420	3,375,770	3,365,655	4,883,497	10,326,226	8,749,730
<b>Rebate per tray (See Note 4)</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>

#### Notes on GAAP measures

##### Note 5: Revaluations

See below table for breakdown of Revaluation as shown in the table of Selected Financial Information.

Impairment of Land & Buildings	933,338	-	-	-	2,882,031	-
Reversal of impairment of Land & Buildings	-	-	(1,601,440)	-	-	-
Movement in fair value of Investments	(18,244)	(302,529)	(591,733)	-	-	-
Movement in fair value of Biological assets	77,500	49,432	-	-	-	-
<b>Total (as per Selected Financial Information)</b>	<b>\$ 992,594</b>	<b>\$ (253,097)</b>	<b>\$ (2,193,173)</b>	<b>\$ -</b>	<b>\$ 2,882,031</b>	<b>\$ -</b>