

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

31 May 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 2014 NZ IFRS	31-Jan 2015 NZ IFRS	31-Jan 2016 NZ IFRS	31-Jan 2017 NZ IFRS	31-Jan 2018 NZ IFRS	31-Jan 2019 NZ IFRS
<b>Financial Performance:</b> (Note 1)						
Revenue	23,588,659	28,625,385	38,570,987	53,448,173	49,988,505	71,355,398
Operating and Administration Costs	19,773,012	24,603,111	30,180,795	41,521,073	37,943,517	51,790,950
<b>Surplus before Rebates, Special Management Fee &amp; bonus and Revaluations (Non - GAAP measure)</b> (Note 2)	<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>	<b>19,564,448</b>
Special Management Fee & Bonus (Note 3)	725,241	697,678	2,422,354	4,054,840	3,166,864	2,306,794
Rebates (Note 4)	675,154	673,131	1,465,049	3,097,888	2,625,036	3,746,374
Revaluations (Note 5)	(253,097)	(2,193,173)	-	2,882,031	-	(765,260)
<b>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	<b>2,668,349</b>	<b>4,644,638</b>	<b>4,502,789</b>	<b>1,892,381</b>	<b>6,253,088</b>	<b>14,278,540</b>
Depreciation and Amortisation	1,021,526	932,181	1,337,789	1,873,072	2,271,898	3,377,362
<b>Earnings Before Interest and Tax (EBIT)</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>	<b>10,899,178</b>
Interest Expense	478,540	586,859	638,304	801,582	1,513,579	1,987,782
<b>Net Profit before Taxation</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>	<b>8,911,396</b>
Provision for Taxation	196,286	290,679	754,008	479,142	263,714	2,947,881
<b>Net Profit after Taxation</b>	<b>971,997</b>	<b>3,034,919</b>	<b>1,771,787</b>	<b>(861,435)</b>	<b>2,203,897</b>	<b>5,963,515</b>
Rebates Paid per Tray (pre Tax) (Non - GAAP measure. As declared by Board of Directors) (Note 4)	\$ 0.20	\$ 0.20	\$ 0.30	\$ 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	\$ 0.09
Dividends paid during the period (Net):						
A Shares	391,076	391,076	390,784	467,059	467,142	574,284
B Shares (Note 6)	389,506	389,506	389,216	468,942	469,025	3,271,316
Total	780,582	780,582	780,000	936,001	936,167	3,845,600
<b>Other Key Figures</b>						
Equity Ratio to Total Assets (excl Cash)	46%	51%	49%	41%	33%	42%
Total Assets	28,310,306	32,523,859	39,863,146	49,163,096	60,036,468	74,143,312
Cash and Cash Equivalents	7,358	5,975	3,391,497	1,614,151	1,017,481	3,033,754
Bank Overdraft	92,201	906,205	-	-	-	-
Total Liabilities	15,303,717	15,853,255	21,956,383	31,123,523	40,324,961	46,749,139
Total Debt (Interest Bearing Liabilities)	7,950,872	8,074,484	9,638,705	16,692,160	20,645,616	19,599,073
Net Cashflows from Operating Activities	1,012,435	1,255,306	6,808,089	6,229,881	9,173,440	12,684,439
Shares on Issue	13,514,667	13,514,667	13,514,667	16,217,598	16,217,610	17,685,936
Net Tangible Asset Backing per Share	\$ 0.96	\$ 1.23	\$ 1.18	\$ 1.02	\$ 1.15	\$ 1.66
<b>Notes on Non- GAAP measures</b>						
<b>Note 1: Financial Performance</b>						
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. 'Operating and Administration Costs' include all operating and administration costs that are not separately identified in the above table.						
Revenue				54,405,312		
Operating Costs				42,478,212		
<b>Surplus before Rebates, Special Management Fee &amp; Bonus and Revaluations (Non - GAAP measure)</b> (Note 2)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,927,100</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Note 2: Surplus before Rebates, Special Management Fee &amp; Bonus and Revaluations</b>						
This is a non-GAAP measure. See reconciliation back to EBITDA (a GAAP measure) in the above table.						
<b>Note 3: Special Management Fee &amp; Bonus</b>						
DMS Progrowers has a management contract with DMS Group to supply general management, marketing, accounting and administration services to DMS Progrowers Ltd. The amount payable for these services is related to the volume of kiwifruit packed and co-stored 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%.						
Prior to the year ended 31 January 2019, DMS Progrowers Ltd received both a standard management fee of up to 11c per tray and a special management fee of up to 24c per tray. These together with the management bonus form part of the '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).						
From the year ended 31 January 2019 the special management fee has been replaced by a special dividend equivalent to the rebate paid to DMS Progrowers Ltd grower shareholders.						
This is a non-GAAP measure. See table below for split between Special Management Fee and Bonus, and for details of the amount of the Special Dividend.						
Special Management Fee	673,313	672,678	1,475,894	2,555,248	2,199,140	-
Net Special Dividend (to B Shareholder)	-	-	-	-	-	2,697,394
Management Bonus	51,928	25,000	846,360	1,489,592	967,724	2,306,794
<b>Total</b>	<b>\$ 725,241</b>	<b>\$ 697,678</b>	<b>\$ 2,422,354</b>	<b>\$ 4,054,840</b>	<b>\$ 3,166,864</b>	<b>\$ 5,004,188</b>
<b>Note 4: Rebates</b>						
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. This is a non-GAAP measure. See table below for reconciliation.						
Rebate paid in period	675,154	673,131	1,465,049	3,097,888	2,625,036	3,746,374
First 10 cent paid after 31 July	-	-	-	-	-	-
<b>Total Rebate</b>	<b>\$ 675,154</b>	<b>\$ 673,131</b>	<b>\$ 1,465,049</b>	<b>\$ 3,097,888</b>	<b>\$ 2,625,036</b>	<b>\$ 3,746,374</b>
No. of trays packed in the relevant season for shareholder growers	3,375,770	3,365,855	4,883,497	10,326,226	8,749,730	12,487,936
<b>Rebate per tray (See Note 4)</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>
<b>Notes on GAAP measures</b>						
<b>Note 5: Revaluations</b>						
See below table for breakdown of Revaluation as shown in the table of Selected Financial Information.						
Impairment of Land & Buildings	-	-	-	2,882,031	-	-
Reversal of Impairment of Land & Buildings	-	(1,601,440)	-	-	-	(765,260)
Movement in fair value of Investments	(302,529)	(591,733)	-	-	-	-
Movement in fair value of Biological assets	48,432	-	-	-	-	-
<b>Total (as per Selected Financial Information)</b>	<b>\$ (253,097)</b>	<b>\$ (2,193,173)</b>	<b>\$ -</b>	<b>\$ 2,882,031</b>	<b>\$ -</b>	<b>\$ (765,260)</b>
<b>Note 6: B Shares</b>						
From the year ended 31 January 2019 the B Share dividends include the Special Dividend referred to in Note 3 above.						