annual report 31 MARCH 2006

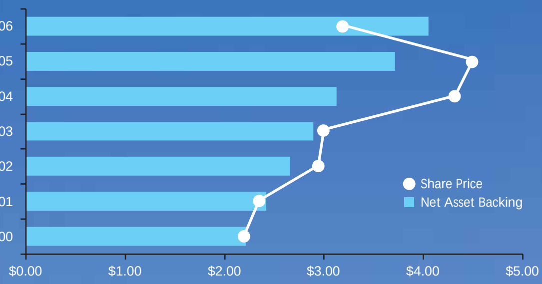
SEEKA KIWIFRUIT INDUSTRIES LIMITED

key features

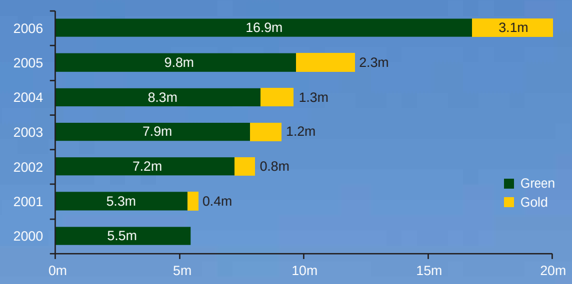
- Total revenue $97.7m – an increase of 71% over 2005
- Profit after tax of $4.23m – 39% up on 2005
- EBITDA $13.2m – up from $7.5m
- Significantly lower kiwifruit export returns reduce core operating earnings
- Acquisitions completed – Bridge Cool Group
- Successful capital raising $13.5m – 96% uptake
- Equity ratio enhanced to 51.4% – last year 42.4%
- Full-year dividend maintained at $0.20 per share
- 'One company' consolidation achieved under refined management structures and systems
- 27 cent per tray premium achieved for Green growers over Zespri averages – boosting typical orchard operating surplus by 18%
- Share price languishes amid market uncertainty over industry prospects
- Vital Foods reinvestment with Bio Pacific Ventures and Direct Capital Partners
- Oakside and Bridge Cool grower entities elect to consolidate with Seeka Growers for harvest 2006
- Further strategic expansion in Coromandel, South Auckland and Katikati

EARNINGS PER SHARE

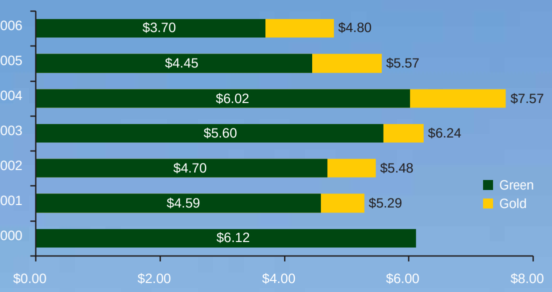
SHARED PRICE COMPARED TO NET ASSET BACKING



TOTAL POST HARVEST VOLUMES



ORCHARD GATE RETURNS



business review

INTRODUCING THE FINANCIAL YEAR IN REVIEW

The Board of Seeka Kiwifruit Industries Limited is pleased to present you with our Annual Report for the year ended March 2006, a year of significant consolidation and reorganisation following completion of the major acquisitions initiated in the prior financial year.

Net profit attributable to shareholders totalled $4.23m, an increase of 39% over the $3.04m recorded in 2005. Operating earnings at $5.29m were significantly boosted by the $2.14m realised gain from the sale and lease back of the Pioneer site at Mount Maunganui. Underlying operating earnings of $3.15m were lower than projection ($4.87m) reflecting the impact of lower fruit values, primarily the result of a higher New Zealand dollar in key offshore markets during last year's selling season, as outlined in the Six Month Report to 30 September 2005. This factor translated into significantly lower orchard gate returns to the Company's orchard activities.

Total revenue recorded for the year was $97.73m, reflecting a 71% increase over 2005, mainly due to significant Company growth. Operating cash flow for the Company grew significantly to $10.19m ($3.43m 2005), while total assets at 31 March 2006 had grown to $95.28m compared to $75.89m. Short-term financing facilities, raised to enable the acquisition programme, were repaid after successful capital raising and the Company ended the year with an equity ratio of 51.4% (42.4% in 2005). The significant strengthening of our overall financial position is a highlight for the Company.

Directors have confirmed a final dividend of 10 cents per share to be paid fully imputed, bringing the total dividend for the year to 20 cents per share, which is in line with forecast levels. The dividend is payable to all shareholders on the register at 5pm 9 June 2006, and distributed 10 July. Partly-paid shareholders participate in the dividend to the proportion that their shares are paid up on 9 June.

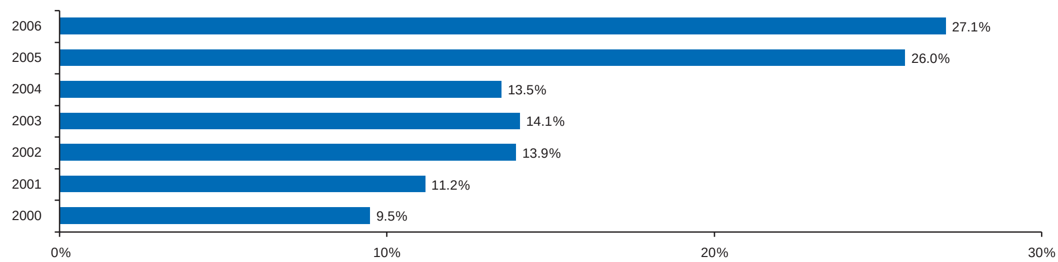
The consolidated Seeka business heralds a new era in the kiwifruit industry with the Company setting the standard in grower returns and driving for an improved commercial interface with the industry marketer, Zespri. Seeka, together with its associate OPAC, supplied a total of 22.2m trays providing key logistics and post harvest services for 26% of New Zealand's total kiwifruit crop at harvest 2005. With harvest 2006 largely complete, supply volumes indicate a total crop handled of 27.1%.

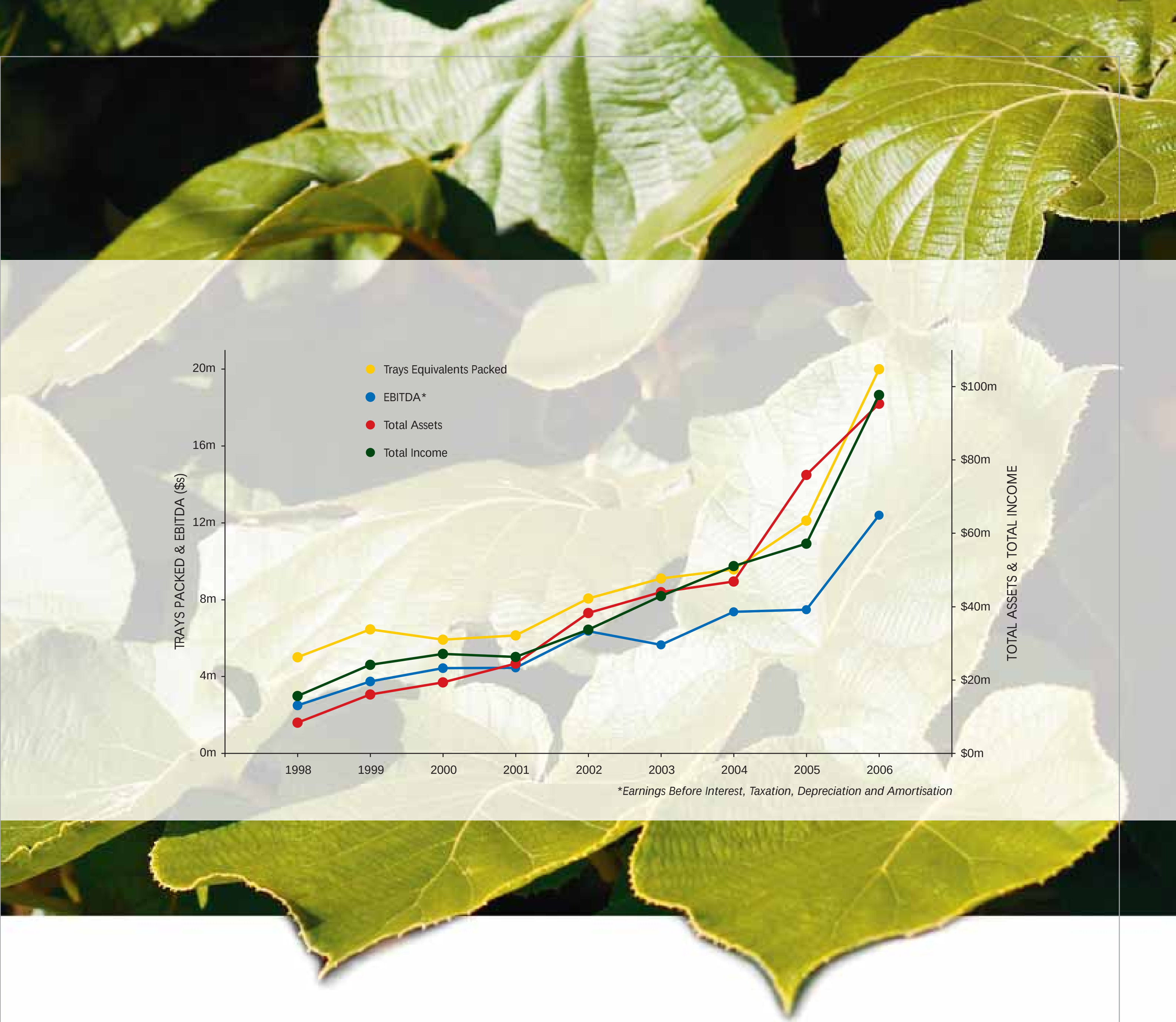
NEW STRUCTURE. NEW SYSTEMS. BUSINESS IMPROVEMENT

Seeka has completed the year as a significantly larger and more sophisticated Company.

The Company enters the new financial year under a refined management structure, reflecting a strong mix of industry and commercial expertise. New operating systems covering harvest, production, finance and payroll have been successfully deployed and give the expanded Company the foundation for future enhancement in service and returns. Systems development provides the Company and its growers with an unparalleled level of sophisticated information that was not economically justifiable in the previous smaller-Company structure. The infrastructure upgrade significantly reduces the risk profile to the Company and provides real-time information.

MARKET SHARE, SEEKA & ASSOCIATED COMPANIES (IFSL)





*Earnings Before Interest, Taxation, Depreciation and Amortisation

Key business improvement initiatives have been identified and implemented to secure the benefits of increased profitability from the new enlarged business. These initiatives will be progressively implemented from the coming financial year and are expected to impact positively from year ended March 2007 extending through to year ended March 2009.

The requirements of the expanded and rationalised business required Seeka to review and establish a new Company structure to provide effective and efficient management and leadership to the business.

Seeka also reviewed its enabling software to support the business. The new accounting system, Greentree was selected after an extensive search and review process. This system provides the benefit of integrated payroll and provides improved reporting power to the Company – along with streamlined processing opportunities. Greentree accounting and payroll successfully went live, as scheduled, on 1 April 2006.

The level of system change implemented into the enlarged Company has been significant. It has spanned and required changes in nearly every activity undertaken in the business. The developments have been achieved at reasonably modest cost and provide an excellent base for future development and refinement. The systems provide the foundation for better efficiency, cost structures, decision making, reporting and grower support.

FOCUS ON ENHANCING GROWER RETURNS. OUR DIFFERENTIATION

Seeka is striving to achieve an efficient and effective commercial interface with the industry marketer. Specifically, Seeka believes that the industry and all growers will benefit from efficient marketing, logistic and payment processes.

Areas such as collaborative marketing, in partnership with Zespri, provide mechanisms for the New Zealand kiwifruit industry to enhance grower returns while providing important benchmark information to growers. The continued rationalisation of suppliers into larger, more-complex entities provides significant potential for expansion of collaborative marketing activities, which will improve New Zealand grower access to a wider range of global customers. Support of collaborative marketing programmes by Zespri and key suppliers will place our 'Single Point of Entry' marketing structure on a more secure, commercial footing.

Seeka has performed extremely well compared to industry averages on a consistent, historical basis. Grower returns for harvest 2005 are the lowest in the last seven years. The ability of suppliers to enhance Zespri-generated orchard gate returns becomes increasingly critical in tighter trading conditions. For harvest 2005, Seeka, through Seeka Growers, returned an orchard gate return of $3.70 per tray for Hayward Green, the industry mainstay variety, compared to the industry-published average of $3.46. A strong focus on enhancing grower returns has seen Seeka excel in lower costs, and inventory performance to provide its growers with a healthy 18% premium on typical orchard operating surplus.

Increasing complexity around fruit attributes such as taste and storage condition, require equally complex management systems and processes. Seeka is well placed to continue the trend of achieving premium returns for growers through implementation of advanced systems and protocols based on our investment in infrastructure and research.

As the Company and its supply grows, it is provided with better opportunity to enhance its supply arrangements to key customers, and to develop market-specific targeted programmes to enhance returns to both growers and the market customer.

VITAL FOODS. A COMPLEMENTARY NUTRACEUTICAL INVESTMENT

During the year Seeka partnered with Bio Pacific Ventures, a global venture capital fund with strong links to key multi-national food ingredient companies, to secure and participate in a capital-funding project to enable Vital Foods to initiate and complete key clinical studies. As part of the agreement, Vital Foods Processors and Vital Foods Distribution were amalgamated, resulting in Seeka holding just under 10% of the combined company.

A funding package, subject to milestone completion and through a preferential share structure, will see sufficient capital invested by the partners to complete the studies and prove the efficacy of the product. Seeka does not expect Vital Foods to be cash positive in the coming year but is confident of Vital Foods and its products, and welcomes Bio Pacific Ventures and Direct Capital as funding partners.

OPAC. OFFSHORE DEVELOPMENTS

Seeka's 20% investment in OPAC generated $237k from a total after-tax operating surplus of $1.183m, up 144% from the previous year.

On the domestic front OPAC is performing well, with offshore orchard developments in Italy now poised to generate new cash flow. The 84-hectare development in Latina, Italy, is the world's largest Gold orchard and will progressively reach full production over the next four years.

The challenge of Seeka and OPAC is to ensure that a premium for out-of-season Gold fruit is delivered by our marketer Zespri.

FURTHER CONSOLIDATION. A RATIONAL FUTURE

Late in the financial year Seeka completed a series of commercial agreements relating to South Auckland Pack and Cool, Peninsula Pack House, Clarks Pack House and Kiwi Produce (the Kiwi Produce agreement is in conjunction with Satara and subject to due diligence). Each arrangement provides the Company with enhanced earnings potential and it is a hallmark of Seeka's reputation that it was the 'first port of call' for these commercial agreements in a competitive environment.

Seeka continues to believe that further supplier consolidation is necessary for the industry, and indeed welcomes it. The current kiwifruit supply structure remains unnecessarily fragmented with many participants unable or unwilling to accept the mantle of responsibility needed to secure a robust and efficient supply interface for growers. This in turn encourages Zespri to maintain an unhealthy level of involvement in pre-FOBS activities and the intrusion of industry politics. Combined, these factors inhibit the efficient operation of commercial and contestable supply structures, which if allowed to develop would complement an enduring single-desk marketing structure for the maximum benefit of the entire industry.

It is Seeka's view that the sustainable future of the industry will rely on fewer, larger players collaborating to optimise market opportunities.

KEY MARKET INDICATORS FOR SEEKA GROUP	2005/2006 ACTUALS	2004/2005 ACTUALS	2003/2004 ACTUALS	2002/2003 ACTUALS	2001/2002 ACTUALS
Volumes					
Market Share	22.7%	13.6%	14.1%	13.9%	11.2%
Supplying Hectares	2,380	1,457	1,423	1,399	945
Post Harvest Operations					
Total Gross Packed Trays	19,997,109	12,102,192	9,574,299	9,089,363	8,053,497
Orcharding Operations					
Orchard Production Trays	4,747,714	3,465,961	3,023,920	2,545,577	1,889,679
Orchard Production Hectares	579.30	441.00	468.00	445.13	255.72
Orchard Production Trays/Hectare	8,196	7,859	6,461	5,719	7,390
Orchard Gate Returns per Tray					
Green	$3.702	$4.452	$6.022	$5.595	$4.699
Gold	$4.804	$5.566	$7.565	$6.240	$5.477
Key Costs					
Total Interest Costs	$3,395,661	$1,111,429	$715,419	$762,147	$658,082
Total Depreciation	$3,698,746	$1,925,972	$1,995,840	$1,777,003	$1,384,838

KEY FINANCIAL INDICATORS FOR SEEKA GROUP	$000s	$000s	$000s	$000s	$000s
Total Income	$97,736	$57,128	$51,032	$42,858	$33,733
Net Profit Before Tax	$5,291	$4,443	$4,653	$3,022	$4,221
Total Assets	$95,287	$75,894	$46,829	$43,932	$38,257
Total Shareholders Funds	$49,035	$32,204	$25,083	$22,284	$20,422
Shareholder Equity Ratio %	51%	42%	54%	51%	53%
Earnings per Share NPAT	$0.35	$0.35	$0.39	$0.26	$0.35
Dividend per Share	$0.20	$0.20	$0.18	$0.15	$0.18
Dividend % of NPAT	57%	55%	46%	62%	41%
Share Price	$3.20	$4.50	$4.32	$3.00	$2.95
NPAT on Net Assets	9%	9%	12%	9%	13%
Total Shareholders	812	526	398	376	364
Total Shares on Issue	12,095,685	8,669,936	8,013,914	7,696,068	7,676,815

THE FUTURE. OUR CHALLENGE

Seeka advances into 2006 as a stronger Company. It comprises assets of high quality and is conservatively geared. It has strong experienced people with a driven leadership team. The Company, on behalf of itself and dedicated growers, handles premium fruit sought after in key markets in what is a significant and important New Zealand primary industry.

In 2005 Seeka sought to review the provision of audit and assurance services. Accordingly PricewaterhouseCoopers, Auckland, have been selected and will be recommended to shareholders to be appointed the Company's auditors from 1 April 2006. The Company thanks Ingham Mora for its long and dedicated service.

A strong focus on improving stakeholder returns has led the Company to identify business initiatives that will secure the benefits of our acquisition programme for shareholders and supplying growers. Short-term initiatives concentrate on refining commercial arrangements in our orchard-leasing portfolio, and driving for efficiencies across all operations. Our target is to improve earnings per share. The Company will then further refine operating structures to secure optimum efficiencies from our enhanced business systems.

The Company enters 2007 with a strong grower customer base reflecting high levels of confidence in Seeka's business processes and performance, which is providing the Company with a solid platform for further growth in our supply base. The Company has committed to implementing a public relations and marketing programme to deliver our message of success to a wider grower audience.

The combination of these factors leads the Company, its Directors and staff to believe strongly in Seeka's future. It is a challenge for the Company to keep the market informed so as to provide it with the confidence instilled within the Company itself. The Company will therefore maintain a flow of information that provides the market with a useful insight into Company strategy and performance on a timely basis, accordingly the Company is implementing a more proactive strategy with respect to investor relations. This will entail Seeka publishing timely forward projections on the Company's earning potential and key factors, to provide the market with a balanced view of the Company's outlook.

The Company remains strong, has a positive outlook, a robust growth strategy, and thanks all staff and advisers as it closes this report focusing on the year ahead.

Tony de Farias

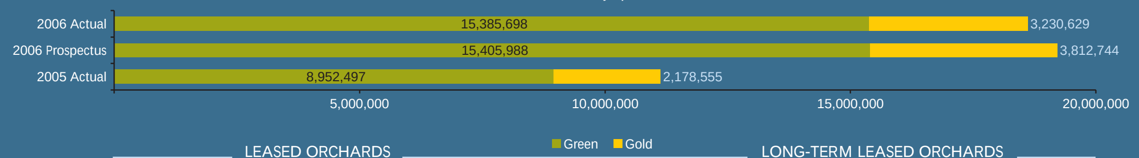
Brian Allison

COMPARISONS TO FINANCIAL PROJECTIONS

While overall the NPAT of $4.23m compares favourably to prospectus levels of $3.36m, the underlying operating performance was lower than expectation. While adverse foreign exchange impacts were largely understood, there was a reasonable expectation that price enhancement and cost efficiencies would have offset the negative foreign exchange movement on fruit value. In the final analysis the combined effect of the foreign exchange movement along with an adverse market mix resulted in a significantly lower orchard gate return than both the industry and the Company had anticipated. This resulted in a lower revenue line to both the leased and long-term leased orchard portfolios.

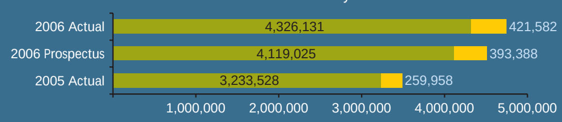
KEY PRODUCTION DATA

Class I trays packed



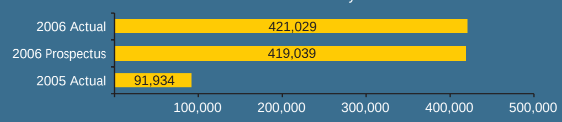
LEASED ORCHARDS

Class I trays

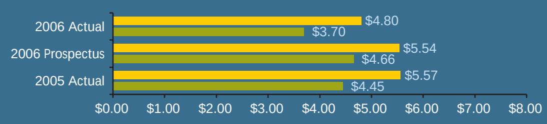


LONG-TERM LEASED ORCHARDS

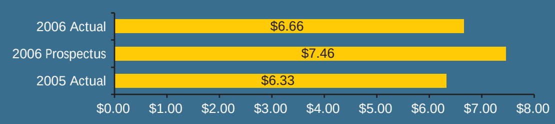
Class I trays



Orchard Gate Returns



Orchard Gate Returns



EBITDA PROSPECTUS COMPARISONS

	2005 Actual	2006 Prospectus	2006 Actual
Orchard Operations			
Leased orchards	$843,310	$397,623	-$1,230,456
Long term leases	$245,896	$1,316,687	$914,833
Total EBITDA Orchard Operations	**$1,089,206**	**$1,714,310**	**-$315,623**
Total EBITDA Post Harvest Operations	**$9,751,753**	**$16,618,891**	**$16,436,618**
Corporate Overheads	-$2,882,718	-$3,989,324	-$4,163,753
Business Development	-$1,006,173	-$1,665,168	-$1,895,879
Other Income	$528,697	$359,348	$1,016,418
Gain on sale of assets	$0	$0	$2,138,644
EBITDA	**$7,480,765**	**$13,038,057**	**$13,216,425**
Depreciation and amortisation	$1,926,000	$4,485,000	$4,140,000
Amortisation of Goodwill	$0	$536,000	$389,000
Interest	$1,111,000	$3,324,000	$3,396,000
Profit before tax	**$4,443,765**	**$4,693,057**	**$5,291,425**
Tax	$1,399,000	$1,754,000	$1,062,000
After tax share of minority interests*	$0	$247,000	$0
Profit after tax & attributable to shareholders	**$3,044,765**	**$3,186,057**	**$4,229,425**

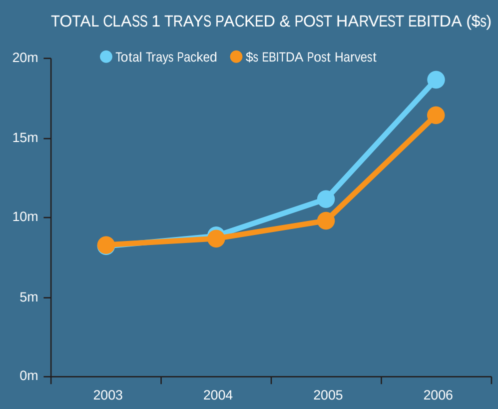
**$237,000 after tax profits are included in 2006 Actuals EBITDA*

POST HARVEST OPERATIONS

The post harvest division operates physical assets across 13 pack houses and 19 coolstores, employing more than 2,500 seasonal staff over a wide area. Led by Jan Benes, the division manages harvest coordination, all pack house activities, coolstore, capacity management, logistics, load out and inventory. It also provides logistics and order management services to OPAC, Peninsula and South Auckland Pack and Cool.

The division's committed team of support staff, harvest coordinators, logistics managers, and network of dedicated site managers, is supported by the Company's technical and laboratory services teams.

The Company has undertaken careful review of fixed costs and purchasing and will deliver improved cost structures through these initiatives as it moves forward.



ORCHARD OPERATIONS. EXCELLENT PERFORMANCE. LOWER FRUIT REVENUE.

For 2005/06, the orchard division's operational performance was excellent. For 2006/07, operations will be extended to cover the South Auckland and Coromandel regions.

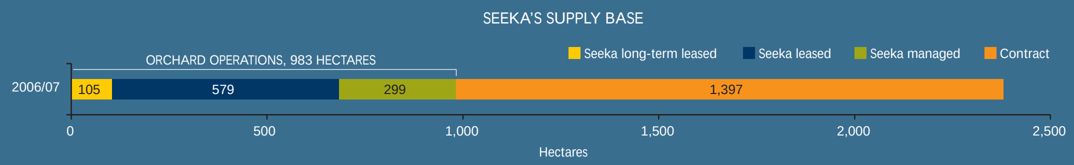
At harvest 2005, leased orchards totalled 579 hectares, managed orchards a further 299 hectares, and 105 hectares of long-term leased orchards. In total, leased, long-term leased and managed orchards delivered 7.3m trays in 2005/06, making it New Zealand's largest grower, providing the Company with a fundamental interest in grower issues.

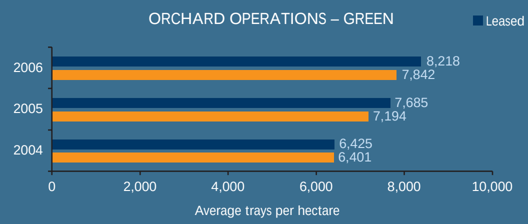
Led by Bryan Grafas, the orchard division has moved to establish clear operating and management structures to positively meet its growth in size and geographical spread.

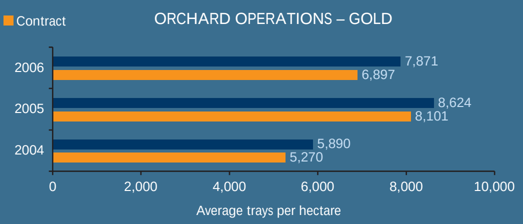
In the 2006 financial year orchard fruit returns dropped dramatically compared to 2004/05 with average orchard gate returns down by $0.75 per tray Green, and $0.79 per tray Gold. The impact of lower fruit value on the division's financial performance was dramatic, creating an overall loss from orchard leasing. The Company is confident that given the cyclical nature of leases, divisional financial performance will improve.

Seeka's orchard operations continue to achieve excellent results reflecting the quality of orchard managers, careful benchmarking within the team, use of consultants and in-house technical advice. Average Green yields from leased orchards total 8,218 per hectare, comparing favourably to general contracted supplier yields of 7,842 per hectare.

Seeka's orchard capability is a strategic strength delivering sustainable and exceptional returns to the Company and growers while providing secure trays to the post harvest division.








SEEKA
Zespri
GREEN

management

Terry Richards
GM GROWER ENTITY SERVICES

SEEKA FRESH AND CLASS 2 SALES COORDINATION

GROWER ENTITY SERVICES

Bryan Grafas
GM ORCHARD OPERATIONS

ORCHARD OPERATIONS

LEASED AND MANAGED ORCHARDS

LONG-TERM DEVELOPMENTS

EQUIPMENT OPERATIONS

HARVESTING OPERATIONS

LEASE AND MANAGEMENT ARRANGEMENTS

Sally Gardiner
GM ST\RATEGY AND ORGANISATIONAL DEVELOPMENT

STRATEGIC PLANNING AND DEVELOPMENT

ZESPRI POLICY INTERFACE

INVESTOR RELATIONS

Jan Benes
GM POST HARVEST OPERATIONS

HARVEST MANAGEMENT AND COORDINATION

PACK HOUSE AND COOLSTORE OPERATIONS

INVENTORY MANAGEMENT AND LOGISTICS

PROCESSING INNOVATION

Michael Franks
CHIEF FINANCIAL OFFICER AND GM COMMERCIAL

FINANCE AND ADMINISTRATION

HUMAN RESOURCES

INFORMATION SYSTEMS

Craig Lemon
GM BUSINESS DEVELOPMENT

CLIENT AND GROWER RELATIONS

LABORATORY

TECHNICAL DEVELOPMENT

PUBLIC RELATIONS AND MARKETING

AVOCADO BUSINESS

Tony de Farias
MANAGING DIRECTOR

Coll MacRury

During the year, Coll MacRury, GM Operations, stood down to focus on Seeka's purchasing initiatives along with personal business interests.

Over the last two years, purchasing initiatives have generated more than $4m in costs savings, for the benefit of the Company and its growers. Further savings are contemplated with mechanisms being implemented to extract the benefits of Seeka's purchasing power for the Company and supplying growers.

Andrew Darling

As one of the key principals of Jace Investments, Andrew Darling resigned as GM Business Development to assume the Chief Executive position for South Auckland Pack and Cool, a 50:50 joint venture between Seeka and Jace.

disclosures

as required by Section 211 of the Companies Act 1993

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide and manage service activities to the horticulture industry. The nature of the Company's business has not changed in the year under review.

DIVIDENDS

A fully imputed final dividend for the 2005 financial year was paid on 7 June 2005 of 10 cents per share.

A fully imputed interim dividend for the 2006 financial year was paid on 20 February 2006 of 10 cents per share.

The directors have declared a final dividend post balance date. This fully imputed dividend totals 10 cents per share. The dividend will be paid on 10 July 2006 and will apply to all shares on the register at 5.00pm on 9 June 2006.

DIRECTORS HOLDING OFFICE DURING THE YEAR

The directors holding office during the year were:

E B Allison*
M J Cartwright
P G Dawe*
D J Emslie*
A E de Farias
C R Morton
J A Scotland*

** Independent directors*

USE OF COMPANY INFORMATION

During the year the Board received no notices from directors requesting them to use Company information which would not otherwise have been available to them.

DIRECTORS SHAREHOLDING

Directors held the following shares at 31 March 2006:

Director	No of Shares Held
M J Cartwright	54,294
P G Dawe	17,097
P G Dawe – Omarama Farm Partnership	41,824
C R Morton	2,363,608
D J Emslie	155,348
J A Scotland – Scotland's Farms Limited	52,120
A E de Farias	60,000

E B Allison, D J Emslie and C R Morton hold 246,475 shares on behalf of the Staff Share Scheme.

E B Allison is a director of B&P Investments Limited who hold 50,455 shares at balance date.

SHARE DEALINGS

During the year the following directors acquired (or sold) interests, either directly or indirectly, in ordinary shares issued by the Company.

Director	No of Shares Acquired (Sold)	Consideration Paid (Received)	Date
E B Allison – B & P Investments Limited*	10,091	$4.00	25-Jul-05
M J Cartwright*	10,381	$4.00	25-Jul-05
M J Cartwright*	2,392	$4.15	25-Jul-05
P G Dawe*	5,420	$4.00	25-Jul-05
P G Dawe – Omarama Farm Partnership*	22,365	$4.00	25-Jul-05
C R Morton*	439,394	$4.15	25-Jul-05
C R Morton*	369,722	$4.00	25-Jul-05
C R Morton	75,606	$4.15	28-Jul-05
D J Emslie*	30,125	$4.00	25-Jul-05
D J Emslie**	4,725	$0.00	20-Jan-06
J A Scotland – Scotland's Farms Limited*	27,500	$4.00	25-Jul-05
J A Scotland – Scotland's Farms Limited	10,000	$3.35	23-Dec-05
J A Scotland – Scotland's Farms Limited	4,620	$3.30	25-Jan-06
A E and C de Farias	60,000	$3.37	21-Jan-06

**Issued as a result of the rights and grower offers.*
***Transfer of beneficial interests.*

REMUNERATION AND OTHER BENEFITS

Director	Directors Fees	Other Remuneration	Total
E B Allison	40,000	0	40,000
M J Cartwright	25,000	12,500	37,500
D J Emslie	25,000	0	25,000
P G Dawe	28,000	0	28,000
A E de Farias	0	312,745	312,745
C R Morton	25,000	0	25,000
J A Scotland	25,000	0	25,000

REMUNERATION OF EMPLOYEES

The Company has 5 employees that are not directors whose remuneration and benefits exceed $100,000 in the financial year.

Remuneration	2006 No of Employees	2005 No of Employees
$100,000 – $120,000	1	1
$120,000 – $130,000	2	2
$130,000 – $140,000	1	1
$190,000 – $200,000	1	0

DIRECTORS INTERESTS

During the year the Company undertook transactions with the directors as set out in Note 20 to the financial statements 'Related Party Transactions'.

Directors have disclosed the following particular directorships held by them:

E B Allison – a director of B & P Investments Limited.

M J Cartwright – Chairman of Seeka Growers Limited, Chairman of Integrated Fruit Supply & Logistics Limited.

P G Dawe – Chairman of Kiwigold Developments Limited.

A E de Farias – Chairman of Golden Heights Limited, director of Opotiki Packing and Coolstorage Limited, director of Seeka Growers Limited and director of Vital Foods Limited.

D J Emslie – Director of Opotiki Packing and Coolstorage Limited and Seeka Growers Limited.

J A Scotland – a director of the Horticulture and Food Research Institute of New Zealand Limited.

INDEMNITY INSURANCE

Clause 9.7 of the Constitution allows the Company to indemnify and insure directors to the extent permitted by the Companies Act 1993. The Company has provided insurance for all directors.

statement of financial performance

for the year ended 31 March 2006

		GROUP		PARENT	
	Notes	2006 $000	2005 $000	2006 $000	2005 $000
Operating revenues	2	97,736	57,128	97,736	57,128
Operating expenses	2	84,520	49,648	84,520	49,648
Operating surplus before interest, tax, depreciation and amortisation		**13,216**	**7,480**	**13,216**	**7,480**
Depreciation	2	3,699	1,926	3,699	1,926
Amortisation of development costs	12	441	0	441	0
Amortisation of goodwill	13	389	0	389	0
Operating surplus before interest and tax		**8,687**	**5,554**	**8,687**	**5,554**
Interest	2	3,396	1,111	3,396	1,111
Operating surplus before tax		**5,291**	**4,443**	**5,291**	**4,443**
Taxation expense	3	1,061	1,399	1,061	1,399
NET OPERATING SURPLUS ATTRIBUTABLE TO SHAREHOLDERS		**4,230**	**3,044**	**4,230**	**3,044**

statement of movements in equity

for the year ended 31 March 2006

		GROUP		PARENT	
		2006 $000	2005 $000	2006 $000	2005 $000
Net surplus attributable to shareholders		4,230	3,044	4,230	3,044
Revaluation of land and buildings	5	795	1,779	795	1,779
Revaluation of investments	5	788	0	788	0
Total recognised revenues and expenses for the year		**5,813**	**4,823**	**5,813**	**4,823**
Shares issued net of costs	4	13,084	3,126	13,084	3,126
Contribution from owners		**13,084**	**3,126**	**13,084**	**3,126**
Dividend paid		(2,065)	(828)	(2,065)	(828)
Distribution to owners		**(2,065)**	**(828)**	**(2,065)**	**(828)**
Movement in equity for the year		**16,832**	**7,121**	**16,832**	**7,121**
Equity at beginning of year		**32,203**	**25,082**	**32,242**	**25,121**
EQUITY AT 31 MARCH 2006		**49,035**	**32,203**	**49,074**	**32,242**

The accompanying notes form an integral part of these financial statements.

statement of financial position

as at 31 March 2006

		GROUP		PARENT	
	Notes	2006 $000	2005 $000	2006 $000	2005 $000
EQUITY					
Share capital	4	28,262	15,177	28,262	15,177
Reserves	5	5,237	5,500	5,237	5,500
Retained earnings	5	15,536	11,526	15,575	11,565
TOTAL EQUITY		**49,035**	**32,204**	**49,074**	**32,242**
CURRENT ASSETS					
Cash in bank		149	0	149	0
Accounts receivable	6	6,168	4,561	6,168	4,247
Work in progress	7	15,012	11,401	15,012	11,401
Inventory	8	1,775	1,449	1,775	1,061
Income tax refund due	3	0	328	0	248
TOTAL CURRENT ASSETS		**23,104**	**17,739**	**23,104**	**16,957**
NON CURRENT ASSETS					
Advances	9	1,402	656	1,402	656
Investments	10	8,215	7,589	8,254	18,255
Property plant and equipment	11	52,014	40,914	52,014	25,878
Leased property development costs	12	8,994	8,738	8,994	8,738
Goodwill	13	1,558	258	1,558	0
TOTAL NON CURRENT ASSETS		**72,183**	**58,155**	**72,222**	**53,527**
TOTAL ASSETS		**95,287**	**75,894**	**95,326**	**70,484**
CURRENT LIABILITIES					
Bank overdraft	15	0	375	0	260
Accounts payable	14	4,437	4,114	4,437	3,781
Term liabilities – current	15	6,051	17,924	6,051	16,824
Income tax payable	3	59	0	59	0
TOTAL CURRENT LIABILITIES		**10,547**	**22,413**	**10,547**	**20,865**
NON CURRENT LIABILITIES					
Term liabilities	15	23,004	9,975	23,004	6,224
Mandatory convertible notes	15	5,000	5,000	5,000	5,000
Provision for deferred tax	16	7,701	6,302	7,701	6,153
TOTAL NON CURRENT LIABILITIES		**35,705**	**21,277**	**35,705**	**17,377**
TOTAL LIABILITIES		**46,252**	**43,690**	**46,252**	**38,242**
NET ASSETS		**49,035**	**32,204**	**49,074**	**32,242**

On behalf of the board:

E B Allison
Chairman

P G Dawe
Director

Dated: 25 May 2006

The accompanying notes form an integral part of these financial statements.

statement of cash flows

for the year ended 31 March 2006

	Notes	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		97,989	57,206	97,989	57,206
GST received		465	0	465	0
Interest received		50	40	50	40
Dividends received		554	115	554	115
Cash was disbursed to:					
Payments to suppliers and employees		(85,241)	(52,479)	(85,241)	(52,479)
GST paid		0	(149)	0	(149)
Interest paid		(3,396)	(1,112)	(3,396)	(1,112)
Income taxes paid		(230)	(192)	(230)	(192)
NET CASHFLOWS FROM OPERATING ACTIVITIES	**24**	**10,191**	**3,429**	**10,191**	**3,429**
INVESTING ACTIVITIES					
Cash was provided from:					
Sale of property plant and equipment		5,101	136	5,101	136
Repayment of staff share trust advance	23	68	147	68	147
Sale of investments		143	0	143	0
Cash was applied to:					
Purchase of property plant and equipment		(4,485)	(3,553)	(4,485)	(3,553)
Staff share trust advance	23	0	(409)	0	(409)
Purchase of investments		(15,847)	(15,119)	(15,847)	(15,003)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(15,020)**	**(18,798)**	**(15,020)**	**(18,682)**
FINANCING ACTIVITIES					
Cash was provided from:					
Proceeds of term debt		0	16,200	0	16,200
Issue of shares		13,084	389	13,084	389
Cash was applied to:					
Term debt repayments		(5,666)	(810)	(5,666)	(810)
Payment of dividend		(2,065)	(663)	(2,065)	(663)
NET CASHFLOWS FROM FINANCING ACTIVITIES		**5,353**	**15,116**	**5,353**	**15,116**
Net (increase)/decrease in overdraft		524	(253)	524	(138)
Amalgamation of Eleos Limited		0	0	(116)	0
Opening overdraft brought forward		(375)	(122)	(259)	(122)
ENDING CASH IN BANK CARRIED FORWARD		**149**	**(375)**	**149**	**(259)**

The accompanying notes form an integral part of these financial statements.

notes to the financial statements

for the year ended 31 March 2006

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES

a. Reporting Entity

Seeka Kiwifruit Industries Limited is a company registered under the Companies Act 1993.

The Group consists of Seeka Kiwifruit Industries Limited, and its subsidiaries.

Seeka Kiwifruit Industries Limited is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements and the group financial statements have been prepared in accordance with the Financial Reporting Act 1993.

b. Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the group with the exception of certain fixed assets and investments which have been revalued.

c. Specific Accounting Policies

Specific accounting policies which materially affect the measurement of results and financial position have been applied as follows:

(i) Basis of Consolidation – Purchase Method

The consolidated financial statements include the holding company and its subsidiaries are accounted for using the purchase method.

All significant intercompany transactions are eliminated on consolidation. In the Company's financial statements, investments in subsidiaries are recognised at their cost.

(ii) Associate Companies

The associate companies are companies in which the Group holds substantial shareholdings and in whose commercial and financial policy decisions it participates. Associate companies have been reflected in the consolidated financial statements on an equity basis, which shows the Group's share of retained surpluses in the consolidated statement of financial performance, and its share of post acquisition increases or decreases in net assets in the consolidated statement of financial position.

(iii) Valuation of Assets

Accounts receivable: Trade debtors are valued at estimated realisable value. All known bad debts are written off in the period in which they become evident. All other accounts receivable are stated at cost.

Inventory: Inventory on hand has been valued at the lower of cost or net realisable value after due allowance for damaged and obsolete items.

Advances: Advances are stated at cost.

Investments: For investments that are actively traded the current market value is set by reference to the latest trading value at Balance Date.

In the case where there is no reference to market value the carrying value is determined by valuation model (discounted cash flow) or fair value assessment taking into account the nature of the investment itself.

Property plant and equipment: The Group has two classes of property; land and buildings, and plant and equipment (plant and equipment includes motor vehicles, office furniture and equipment, and leased plant and vehicles). All property, plant and equipment is initially recorded at cost. The land and buildings are revalued to their market values as assessed by an independent qualified valuer.

Assets in these classes will be revalued on a systematic basis on a rolling 3 year cycle. Some packing plant has been revalued to market value based on independent valuation, other plant and equipment has been valued at cost less depreciation.

notes to the financial statements

for the year ended 31 March 2006

(iv) Depreciation

Depreciation is provided on a straight line or diminishing value basis on all tangible assets other than freehold land, at rates calculated to allocate the assets cost or valuation less estimated residual value, over their estimated useful lives.

Major depreciation periods are:	Freehold buildings – 20 to 50 years
	Plant and equipment – 10 to 20 years
	Motor vehicles – 4 to 7 years
	Office furniture and equipment – 3 to 10 years.

(v) Goodwill

Goodwill represents the excess of purchase consideration over the net book value of assets at the time of purchase of a business or share in a subsidiary.

Goodwill is amortised over a five year period.

(vi) Taxation

The income tax expense charged to the Statement of Financial Performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting has been applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is a virtual certainty of realisation.

(vii) Leases

Group entities lease land, improvements and buildings and certain plant and equipment. Financial leases which effectively transfer to the entity substantially all of the risks and benefits incidental to ownership of the leased items, are capitalised at the cost of the asset concerned and depreciated in accordance with the accounting policies of the Company. The corresponding liabilities are disclosed.

Vehicle operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of leased items, are included in the determination of the net surplus in equal instalments over the lease term.

(viii) Leased Property Development Costs

The group has entered into long term leases of land which it is converting to kiwifruit production.

Pre-production costs are accumulated and capitalised during the pre-production period. The accumulated costs are to be amortised by equal instalments over the remaining term of the lease commencing with the first year of significant production.

Property, plant & equipment are depreciated on a straight-line basis commencing on the first year of significant production and are depreciated over the remaining life of the lease.

(ix) The Kiwifruit Crop

Revenues from the kiwifruit crop are recognised in the Statement of Financial Performance in the year in which the crop is harvested. The cost of growing the crop is expensed in that year. The costs incurred to balance date in growing the crop to be harvested following balance date are included as work in progress in the Statement of Financial Position.

(x) Financial Instruments

The Company includes all financial instrument arrangements in the Statement of Financial Position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include, bank accounts, accounts receivable, accounts payable, term debt, investments. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. Financial instruments are shown at their fair values.

(xi) Cash Flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

The following are the definitions of the terms used in the Statements of Cash Flows:

Cash is considered to be cash on hand and current accounts in the bank, net of bank overdrafts.

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.

Financing activities are those activities which result in changes in the size and composition of the capital structure of the group. This incudes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

Operational activities include all transactions and other events that are not investing or financing activities.

(xii) Employee Entitlements

A liability for annual leave is accrued and recognised. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

d. Changes in Accounting Policies

The Company has reviewed and changed its accounting treatment of investments to fairly reflect the current value of these assets.

The Company has revalued investments in Zespri Group Ltd, Golden Heights Ltd, Koura Mara Orchards Ltd, and Kiwigold Developments Ltd.

The effect of this change has been an increase in investments and an increase to movements in equity of $789,108.

There has been no other changes in accounting policies.

All other accounting policies have been applied on a basis consistent with those used in previous years. Certain comparatives have been restated to maintain consistency with current year disclosures.

NOTE 2 – OPERATING REVENUES

		GROUP		PARENT	
	Notes	2006 $000	2005 $000	2006 $000	2005 $000
OPERATING REVENUES					
per the Statement of Financial Performance comprise:					
Sales		94,833	56,925	94,833	56,925
Interest income		50	40	50	40
Dividend income		460	114	460	114
Profit on sale of land and buildings		2,139	0	2,139	0
Profit on sale of plant and equipment		18	49	18	49
Share of after tax surplus in associates	10	237	0	237	0
TOTAL OPERATING REVENUES		**97,736**	**57,128**	**97,736**	**57,128**
OPERATING EXPENSES					
per the Statement of Financial Performance comprise:					
Materials and service expenses		57,636	32,776	57,636	32,776
Employee remuneration including seasonal staff		20,425	11,573	20,425	11,573
Audit fees*		58	28	58	28
Directors fees		181	168	181	168
Loss on sale of property, plant and equipment		42	2	42	2
Rent and lease expenses		6,178	5,101	6,178	5,101
TOTAL OPERATING EXPENSES		**84,520**	**49,648**	**84,520**	**49,648**
Depreciation	11	3,699	1,926	3,699	1,926
Amortisation of development costs	12	441	0	441	0
Goodwill amortisation	13	389	0	389	0
Interest		3,396	1,111	3,396	1,111

**Additional audit fees of $21,406 were included in capital raising expenses for the registered prospectus dated 23 June 2005.*

notes to the financial statements

for the year ended 31 March 2006

	Notes	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
NOTE 3 – TAX					
NET OPERATING SURPLUS BEFORE TAXATION		**5,291**	**4,443**	**5,291**	**4,443**
Prima facie taxation		1,746	1,466	1,746	1,466of
Add tax effect of non deductible items		(685)	(52)	(685)	(52)
Add (subtract) prior year adjustments		0	(15)	0	(15)
INCOME TAX EXPENSE		**1,061**	**1,399**	**1,061**	**1,399**
The income tax expense is represented by:					
Current tax		834	219	834	219
Deferred tax	16	227	1,180	227	1,180
INCOME TAX EXPENSE		**1,061**	**1,399**	**1,061**	**1,399**
IMPUTATION CREDIT ACCOUNT					
Balance at 1 April 2005		**522**	**1,020**	**522**	**1,020**
Net tax paid		447	204	447	204
Imputation credits attached to dividends received		273	56	273	56
Imputation on dividends paid		(1,023)	(759)	(1,023)	(759)
BALANCE 31 MARCH 2006		**219**	**522**	**219**	**522**

NOTE 4 – SHARE CAPITAL

	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
SHARE CAPITAL AT 1 APRIL 2005	**15,178**	**12,052**	**15,178**	**12,052**
Shares issued under staff share scheme	0	388	0	388
Shares issued under dividend reinvestment plan	0	886	0	886
Shares issued under grower offer	4,841	0	4,841	0
Shares issued under rights issue	8,742	0	8,742	0
Costs of raising capital	(499)	0	(499)	0
Other share issues	0	1,852	0	1,852
SHARE CAPITAL AS AT 31 MARCH 2006	**28,262**	**15,178**	**28,262**	**15,178**

The share capital of the Company comprises 12,095,685 (last year 8,669,936) ordinary shares of which 11,947,444 (last year 8,669,936) are fully paid and 148,241 (last year nil) are partly paid at balance date.

All fully paid shares have equal voting rights and share equally in dividends and any surplus on winding up. Partly paid shares carry a proportion of a vote in relation to the amount that is paid up. Partly paid shares have uncalled capital of $188,197 due August 2006.

In August 2005 the Company issued 2,185,377 shares for $8,741,508 in the Shareholder Rights Issue, 1,092,131 shares for $4,532,344 in the Grower Issue, and 148,241 partly paid shares for $308,341 in the Grower Issue. The closing shareholders funds are net of issue costs of $497,829.

Share Repurchase held as Treasury Stock

A total of 8,199 shares (last year 8,199) are being held as treasury stock at year end.

	Notes	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000

NOTE 5 – RESERVES

		GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
ASSET REVALUATION RESERVES					
Balance at 1 April 2005		**5,500**	**3,721**	**5,500**	**3,721**
Revaluation of land and buildings		795	1,779	795	1,779
Transfer of reserves on land and buildings sold		(1,846)	0	(1,846)	0
Revaluation of investments		788	0	788	0
BALANCE AT 31 MARCH 2006		**5,237**	**5,500**	**5,237**	**5,500**
RETAINED EARNINGS					
Balance at 1 April 2005		**11,525**	**9,309**	**11,565**	**9,349**
Net operating surplus attributable to shareholders		4,230	3,044	4,230	3,044
Dividend paid		(2,065)	(828)	(2,065)	(828)
Revaluation reserves realised		1,846	0	1,846	0
BALANCE AT 31 MARCH 2006		**15,536**	**11,525**	**15,576**	**11,565**

NOTE 6 – ACCOUNTS RECEIVABLE

Trade debtors	1,876	734	1,876	592
Accrued income	3,221	2,092	3,221	2,092
Prepayments	876	1,234	876	1,062
GST refund due	195	501	195	501
	6,168	**4,561**	**6,168**	**4,247**

NOTE 7 – WORK IN PROGRESS

Orchard Operating Costs	**15,012**	**11,401**	**15,012**	**11,401**
Total canopy hectares	670	540	670	540

Orchard operating costs include orchard production costs and rentals incurred to balance date in growing the kiwifruit crop on orchards owned and leased by the Company and which will be harvested following balance date.

NOTE 8 – INVENTORY

Kiwifruit packaging	1,719	1,383	1,719	995
Other finished goods	56	66	56	66
Total Inventory	**1,775**	**1,449**	**1,775**	**1,061**

The kiwifruit packaging includes carry over stocks from last season and stock purchased prior to balance date for the next season. Certain inventories are subject to retention of titles.

NOTE 9 – ADVANCES

Advances	**1,402**	**656**	**1,402**	**656**

Advances are in respect of orchard leases and management contracts for specific projects where a lease or management contract is held. Repayment is from crop proceeds with the advance repayable within the terms of the contract.

notes to the financial statements

for the year ended 31 March 2006

	Notes	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
NOTE 10 – INVESTMENTS					
Investment in subsidiary companies:					
Shares in Eleos Ltd (formerly Seeka Management Services Ltd)		0	0	34	34
Advances to Eleos Ltd (formerly Seeka Management Services Ltd)		0	0	4	4
Shares in Eleos Ltd		0	0	0	10,675
Deposit for Bridge Cool Group acquisition		0	1,330	0	1,330
Total investments in subsidiaries		**0**	**1,330**	**38**	**12,043**
Investment in associated companies:					
Shares in and advances to Prendo Prepack Ltd		115	115	115	100
Opotiki Packing and Coolstorage Ltd		3,868	3,726	3,868	3,726
South Auckland Pack and Cool Ltd		210	0	210	0
Total Investments in Associates		**4,193**	**3,841**	**4,193**	**3,826**
Other Investments:					
Shares in orchard companies at valuation		292	100	292	100
Shares in Kiwifruit International Ltd		0	162	0	162
Shares in Zespri Group Ltd at valuation		1,359	358	1,359	358
Other shares		457	116	456	84
Shares in Vital Foods Ltd		1,195	895	1,195	895
Advance to Staff Share Trust	23	719	787	719	787
Total Other Investments		**4,022**	**2,418**	**4,021**	**2,386**
TOTAL INVESTMENTS		**8,215**	**7,589**	**8,252**	**18,255**
Movements in investment in associated companies:					
Balance at 1 April 2005		**3,841**	**115**	**3,826**	**100**
Shares in Prendo Prepack Ltd on amalgamation Eleos		0	0	15	0
Purchase 20% Share Opotiki Packing and Coolstorage Ltd		0	3,726	0	3,726
Share of Dividends Opotiki Packing and Coolstorage Ltd		(95)	0	(95)	0
Share of after tax profit Opotiki Packing and Coolstorage Ltd		237	0	237	0
Advances South Auckland Pack and Cool Ltd		210	0	210	0
BALANCE AT 31 MARCH 2006		**4,193**	**3,841**	**4,193**	**3,826**

Investments in Subsidiaries and Associated Companies Comprise:

	Percentage Held by Seeka Kiwifruit Industries Limited 2006	2005	Balance Date	
Eleos Ltd (formerly Seeka Management Services Ltd)	100%	100%	31-Mar	Non Trading
Envirogro Ltd	100%	100%	31-Mar	Non Trading
Eleos Ltd (Amalgamated in 2006)	0%	100%	31-Mar	Postharvest Services
Kiwifruit Supply Research Ltd	20%	20%	31-Mar	Research
Tauranga Kiwifruit Logistics Ltd	20%	20%	31-Mar	Supply Logistics
Prendo Prepack Ltd	25%	25%	31-Mar	Packing
Vital Foods Ltd	10%	20%	31-Mar	Nutraceuticals
Opotiki Packing and Coolstorage Ltd	20%	20%	31-Dec	Horticulture Services
South Auckland Pack and Cool Ltd	50%	0%	31-Mar	Postharvest Services

Amalgamations

During the year Eleos Ltd, Bridge Cool Corporation Ltd, Bridge Cool Management Ltd, Bridge Cool Holdings Ltd and Reawood Coolpack Ltd were amalgamated into Seeka Kiwifruit Industries Ltd. In addition Seeka Management Services was renamed Eleos Ltd. All investments are directly owned by Seeka Kiwifruit Industries Limited.

Opotiki Packing and Coolstorage Limited

The Company's share of Opotiki Packing and Coolstorage Ltd's surplus after tax for the year was $236,600 (last year nil). The Company's share of tax attributable to Opotiki Packing and Coolstorage Ltd was $17,000 (last year nil).

NOTE 10A – ACQUISITION OF SUBSIDIARIES AND ASSOCIATES

Bridge Cool Group

On 1 April 2005 the Company purchased a 100% shareholding in Reawood Coolpack Limited and its subsidiaries (the Bridge Cool Group). The purchase price was $12,665,549. The Company immediately on sold land and buildings for $3,000,000. The Bridge Cool Group has contributed $848,057 before tax to the operating results for the year ended 31 March 2006. The acquisition was accounted for using the purchase method and the resulting goodwill will be amortised over 5 years. Details of the acquisition are:

Consideration paid	
Cash paid	12,666
Total Consideration Paid	**12,666**

The acquisition had the following effect on the opening consolidated financial position:

CURRENT ASSETS	
Accounts receivable	2,366
Other receivables	4,488
Property held for resale	3,000
TOTAL CURRENT ASSETS	**9,854**
NON CURRENT ASSETS	
Investments	341
Property plant and equipment	13,289
TOTAL NON CURRENT ASSETS	**13,630**
TOTAL ASSETS	**23,484**
CURRENT LIABILITIES	
Bank overdraft	2,658
Accounts payable	1,786
Deferred tax	1,172
TOTAL CURRENT LIABILITIES	**5,616**
NON CURRENT LIABILITIES	
Term liabilities	6,825
TOTAL NON CURRENT LIABILITIES	**6,825**
TOTAL LIABILITIES	**12,441**
NET ASSETS ACQUIRED AT FAIR VALUE	**11,043**
Total consideration paid	12,666
Less net assets acquired at fair value	11,043
GOODWILL ARISING ON ACQUISITION	**1,623**
Total cash outflows for the acquisition were:	
Total consideration paid	12,666
Bank overdraft Bridge Cool Group	2,658
Total cash outflow	**15,324**

Bridge Cool Group was subsequently amalgamated into Seeka Kiwifruit Industries Limited on 8 March 2006.

South Auckland Pack and Cool Ltd

On 15 March 2006 the Company entered into a joint venture with Jace Investments Ltd and has formed a joint venture company called South Auckland Pack and Cool Ltd. Jace Investments Ltd owns land and buildings and has leased these to South Auckland Pack and Cool for an initial term of 6 years. South Auckland Pack and Cool has purchased the plant, equipment, stock and goodwill of the operating business previously called Verikiwi. At 31 March 2006 the purchase was not complete however total deposits and advances have been made of $209,516.

notes to the financial statements

for the year ended 31 March 2006

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
Land at valuation	8,365	3,600	8,365	2,970
Buildings at valuation	29,378	27,121	29,378	16,277
Plant and equipment at cost	32,577	22,980	32,577	16,214
Plant and vehicles under hire purchase	421	521	421	521
Accumulated depreciation	(18,727)	(13,308)	(18,727)	(10,104)
NET BOOK VALUE	**52,014**	**40,914**	**52,014**	**25,878**

Land and buildings are revalued to their estimated market value on a rolling three year cycle. The current year's valuations were completed by J L Middleton, ANZIV, independent registered valuer in March 2006. Subsequent additions are at cost. Transpack land and buildings were revalued by $467,044 and the Berrypack land and buildings were revalued by $327,479 at 31 March 2006.

Accumulated depreciation on buildings at valuation	3,058	1,802	3,058	523
Accumulated depreciation on plant and equipment	15,589	11,326	15,589	9,401
Accumulated depreciation on plant and vehicles under HP	80	180	80	180
TOTAL ACCUMULATED DEPRECIATION	**18,727**	**13,308**	**18,727**	**10,104**
Current year depreciation on buildings at valuation	1,131	548	1,131	548
Current year depreciation on plant and equipment	2,504	1,336	2,505	1,336
Current year depreciation on plant and vehicles under HP	64	42	64	42
TOTAL CURRENT YEAR DEPRECIATION	**3,699**	**1,926**	**3,699**	**1,926**

NOTE 12 – LEASED PROPERTY DEVELOPMENT COSTS

Kiwifruit vines, structures and plants	4,998	4,633	4,998	4,633
Pre-production costs	4,437	4,105	4,437	4,105
Amortisation	(441)	0	(441)	0
	8,994	**8,738**	**8,994**	**8,738**

These kiwifruit vines, structures and plants relate to orchards where the Company has a long term lease on a total of 106.16 hectares (last year 106.16). All will be in significant production for the 2006 season.

NOTE 13 – GOODWILL

Balance 1 April 2005	**258**	**0**	**258**	**0**
Goodwill finalisation adjustment Eleos	66	0	66	0
Gross goodwill purchased Bridge Cool Group	1,623	258	1,623	0
BALANCE 31 MARCH 2006	**1,947**	**258**	**1,947**	**0**
Goodwill Amortisaton				
Balance 1 April 2005	0	0	0	0
Amortisation goodwill Eleos	64	0	64	0
Amortisation goodwill Bridge Cool	325	0	325	0
BALANCE 31 MARCH 2006	**389**	**0**	**389**	**0**
Net Goodwill 31 March 2006	**1,558**	**258**	**1,558**	**0**

Goodwill is being amortised over 5 years.

	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000

NOTE 14 – ACCOUNTS PAYABLE

	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
Trade creditors	2,371	2,199	2,371	1,916
Accrued expenses	1,590	1,593	1,590	1,577
Employee entitlements	476	280	476	246
Owed to directors	0	42	0	42
	4,437	**4,114**	**4,437**	**3,781**

NOTE 15 – TERM LIABILITIES

		GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
Various hire purchase and lease agreements		55	111	55	111
Debentures and mortgages secured over land, buildings and chattels		34,000	32,788	34,000	27,937
		34,055	**32,899**	**34,055**	**28,048**
Less current portion repayable within one year*		6,051	17,924	6,051	16,824
Portion due for repayment later than one year		**23,004**	**9,975**	**23,004**	**6,224**
Mandatory convertible notes		5,000	5,000	5,000	5,000
Term Liabilities are repayable within:					
Year	Average Interest Rate				
1 Year (lease liabilities)	10.94%	51	64	51	64
1 Year (other)	8.15%	6,000	21,611	6,000	16,760
2 Years	10.94%	3,004	724	3,004	724
3 Years & later	8.70%	25,000	10,500	25,000	10,500
		34,055	**32,899**	**34,055**	**28,048**

**Includes $6,000,000 drawn on multi option credit facility at 31 March 2006.*

The bank overdraft is secured under the same debentures and mortgages as the term debt. The Group has total facilities of $38,000,000. This is made up of a multi option credit facility of $15,000,000 and term loans of $23,000,000.

The Company has issued 5,000,000 unlisted Mandatory Convertible Notes for $1.00 to the Rotorua Energy Charitable Trust. In any distribution of assets by the Company the MCNs will rank ahead of ordinary equity, but behind all other obligations of the Company.The notes convert at 1 February 2010, or earlier with 14 days written notice. The notes have a right to convert at face value into ordinary shares in Seeka at 5% discount to the volume weighted average of Seeka shares for the previous 30 working days in minimum parcels of 500,000 MCN's. Interest is payable at 10% per annum.

notes to the financial statements

for the year ended 31 March 2006

	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
NOTE 16 – PROVISION FOR DEFERRED TAX				
Balance at 1 April 2005	**6,302**	**4,973**	**6,153**	**4,973**
Acquisition of Bridge Cool Group	1,172	0	1,172	0
Provision for deferred tax	227	1,180	227	1,180
Amalgamation of provision for deferred tax Eleos Limited	0	149	149	0
BALANCE AT 31 MARCH 2006	**7,701**	**6,302**	**7,701**	**6,153**

The provision for deferred tax is taxation provided on current profits but not due to be paid until after 31 March 2007 due to expenditure relating to later periods claimed for taxation purposes in the current period.

Deferred tax applicable to the operating costs on long term leases make up 22% (last year 34%) of the provision and tax relative to these costs will become payable as they are amortised in future years.

Deferred tax applicable to work in progress makes up 60% (last year 50%) of the provision and arises because of the accounting policy of accruing current season expenditure on orchards as work in progress while claiming the appropriate tax deductibility.

NOTE 17 – COMMITMENTS

	GROUP 2006 $000	GROUP 2005 $000	PARENT 2006 $000	PARENT 2005 $000
Estimated capital expenditure contracted for at balance date but not provided for	**0**	**1,336**	**0**	**1,336**
Lease commitments under non-cancellable operating leases:				
Not later than one year	4,025	2,447	4,025	2,447
Later than one year not later than two	3,077	1,720	3,077	1,720
Later than two years not later than five	5,522	1,912	5,522	1,912
Later than five years	5,809	3,727	5,809	3,727
	18,433	**9,806**	**18,433**	**9,806**

In addition to the above lease commitments there are commitments for orchard leases which are contingent on the number of trays harvested in each year of the lease. An asset of a greater value than the lease commitment accrues at the time of harvest.

Share of Associates Capital Commitments

Opotiki Packing and Coolstorage Ltd had capital commitments at their 31 December 2005 balance date of $550,000 (last year $600,000).

Renewal Options on Leases

	Number of Renewals Available	Years per Renewal	Total Years	Expiry Date
Hill Family Trust Partnership (Peninsula Packhouse & Coolstore)	2	3	6	31 Mar 2015
Greensleaves Property Investment Pty Ltd (Pioneer Coolstore)	5	3	15	31 Feb 2026
Harvard Investments Ltd (Harvard Way Coolstore)	2	5	10	31 Mar 2025
S. McManaway and Others (Waitui Packhouse & Coolstore)	1	3	3	31 Mar 2011

NOTE 18 – CONTINGENT LIABILITIES

Share of Associates Contingent Liabilities
Opotiki Packing and Coolstorage Ltd has contingent liabilites at their 31 December balance date that totalled $1,208,383 (last year $1,531,368).

NZX / Westpac Bank
The Westpac bank holds a guarantee for a bond of $75,000 (last year $15,000) in favour of the New Zealand Stock Exchange.

Westpac Bank
The Company has a guarantee in place with the Westpac Banking Corporation covering a funding line of up to $600,000 that is secured. At 31 March 2006 total advances were $211,947 (last year nil).

Green Fleshed Gold Fruit
At 31 March 2006 a contingent liability of a maximum of $50,000 exists between Seeka Kiwifruit Industries Ltd and Seeka Growers Ltd in relation to green fleshed gold fruit.

Fruit Loss Claim
Subsequent to 31 March 2006 Seeka Kiwifruit Industries Limited received a claim relating to fruit loss at the Kiwicoast facility. See Note 22 for further details.

NOTE 19 – FINANCIAL INSTRUMENTS

CREDIT RISK
Financial instruments which potentially subject the Company to credit risk principally consist of bank balances, advances and accounts receivable.

The Company performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk as at balance date are:

	GROUP		PARENT	
	2006 $000	2005 $000	2006 $000	2005 $000
Cash in bank	149	0	149	0
Accounts receivable	5,292	3,327	5,292	3,185
Advances	1,402	656	1,402	656
	6,843	**3,983**	**6,843**	**3,841**

No collateral is held on the above amounts.

The Company is exposed to a concentration of credit risk with Zespri International Limited which is the marketer of kiwifruit for New Zealand.

LIQUIDITY RISK
Work in progress relates to crop expenditure for crops that will be harvested and revenue received in the next financial year. Crop failures will impact on trading revenue and the Company's liquidity.

notes to the financial statements

for the year ended 31 March 2006

INTEREST RATE RISK

The interest rates on term debt are reviewed from time to time and currently range from 7.5% to 10% per annum.
The interest rates on the hire purchase are reviewed from time to time and are currently 10.9%.

The Company has the following interest rate pricing profile:	Rate	Rate Expiry
$15,000,000 floating facility	8.15%	At Call
$ 3,000,000 fixed facility	7.50%	29-Dec-06
$20,000,000 fixed facility – interest reviewed quarterly	8.55%	28-Apr-06
$38,000,000 total facilities		
The $20,000,000 fixed facility has the following interest swaps in place:		
$10,000,000 financial swap	8.21%	20-Jul-06
$10,000,000 financial swap	8.05%	20-Jul-07

CURRENCY RISK

The Company has no direct currency risk. However the Company is exposed to currency risk indirectly through its fruit income received on leased orchards.
The foreign currency risk associated with offshore sales is managed by Zespri and is not covered by Seeka .

FAIR VALUES

The directors consider that the carrying amount of financial instruments approximates to the fair value of each of the financial instruments.

NOTE 20 – RELATED PARTY TRANSACTIONS

(a) The Company undertakes transactions with the directors in the normal course of business, none of which were of a material nature. All transactions between the Company and directors are on normal commercial terms.

(b) The Company has identified associates and subsidiaries in which it has an interest (Note 10).

(c) The Company undertakes transactions with Grower Entities that are of a material nature. These total $80,311,228 (last year $48,931,451). The transactions are for the provision of post harvest services. The Grower Entities are Seeka Growers Ltd, Bridge Cool Growers Ltd and Oakside Grower Trust Ltd (formerly Eleos Grower Trust Ltd).

(d) No related party debts have been forgiven or written off during the year.

NOTE 21 – SEGMENT INFORMATION

All trading activities of the Company relate to the kiwifruit industry.
Activities are based in the Bay of Plenty and South Auckland New Zealand.

NOTE 22 – SIGNIFICANT EVENTS AFTER BALANCE DATE

Rotorua Energy Charitable Trust

On 5 April 2006 the Company received notice from RECT to convert $1,000,000 of Mandatory Convertible Notes (plus accrued interest). The Company advises that accordingly 329,320 shares will be allotted to RECT and that these shares will not be eligible for any final dividend declared for the year ended March 2006.

Kiwi Produce Limited
On 3 April 2006 the Company announced that it had entered into a heads of agreement to purchase 25% of Kiwi Produce. The investment is subject to due diligence and at 31 March 2006 no deposit or settlement had been made.

Clarks Packhouse and Coolstore
On 31 March 2006 the Company agreed to take over the business operations of Clark Packhouse and Coolstore from 1 April 2006. No deposits had been paid at balance date. A lease is in place from 1 April 2006 for a term of 6 years.

Peninsula Packhouse and Coolstore
On 21 March 2006 the Company entered into an agreement to purchase the business and lease the assets of Peninsula Pack and Coolstorage Ltd. At 31 March 2006 the Company had not completed the purchase. The Company will lease the land and buildings of Peninsula for a potential 9 years and will take over all post harvest operations from 1 April 2006 and all orchard operations from 1 June 2006. No deposits had been paid at balance date.

Fruit Loss Claim
On 16 May 2006 Seeka received a statement of claim relating to fruit loss at the Kiwicoast facility for the 2002 harvest. The claim totals $2,414,000 and will have an initial pre-briefing in the High Court Rotorua on 11 June 2006. Previous and current advice to the Company from its legal advisors is that any contingent liability is considered to be remote and accordingly, no provision in the financial statements has been recognised.

Prendo Prepack Limited
The Company announced on 5th April 2006 that it had entered into a transaction to sell its shares in Prendo Prepack Limited to Kiwi Produce Ltd at valuation.

NOTE 23 – EMPLOYEE STAFF SHARE SCHEME

	GROUP		PARENT	
	2006 $000	2005 $000	2006 $000	2005 $000
Balance at 1 April 2005	**787**	**525**	**787**	**525**
Advances to staff share scheme	0	409	0	409
Rights sold	(7)	0	(7)	0
Dividends received	(46)	(38)	(46)	(38)
Advance repayments due to resignation	(15)	(109)	(15)	(109)
Balance at 31 March 2006	**719**	**787**	**719**	**787**

On 15 October 2002 the Company established an Employee Share Scheme (ESS) and issued 206,000 ordinary shares at $2.91 per share, being the market price at issue (ex dividend). In 2005 a further 28,000 shares were issued at $4.89 to give a total of 234,000 shares at 1 April 2005.

During the year ended 31 March 2006 a total of 6,000 shares were sold due to staff resignations and 17,475 shares were taken up as unallocated shares. At 31 March 2006 the ESS held 246,475 shares which represents 2.04% (last year 2.6%) of share capital.

The scheme is managed by an independent Trust and the ESS borrowed $599,460 in October 2002 from the Company to finance the scheme. The debt between the ESS and the Company at 31 March 2006 totalled $718,958. The loan is unsecured, interest bearing and the rate of interest and terms of repayment are at the Company's option. The Trust has no other external financing.

Dividends paid on the shares are used to repay the debt between the ESS and the Company.

notes to the financial statements

for the year ended 31 March 2006

Further shares may be issued at the directors discretion at a price set by the directors, except that the ESS cannot be issued with further shares if that issue of shares would result in the ESS having an interest of more than 5% of the issued capital of the Company.

The ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Company will review the scheme and decide upon the allocation of further shares and the price at which those shares will be issued to the ESS. All shares allocated are fully paid up and there are no options.

The Trustees of ESS are not appointed for any term and may be removed by the Company at any time.

The shares held by the ESS carry the same voting rights as other issued ordinary shares, however the Trust Deed prohibits the Trustees from exercising any votes on the shares. Also employees participating in the ESS are unable to exercise voting rights while monies are owed on the shares.

NOTE 24 – STATEMENT OF CASH FLOWS

Reconciliation of net operating surplus after taxation with cash flows from operating activities.

	GROUP		PARENT	
	2005 $000	2004 $000	2005 $000	2004 $000
Net operating surplus after taxation	**4,230**	**3,044**	**4,230**	**3,044**
Add non cash items:				
Depreciation	3,699	1,926	3,699	1,926
Movement in deferred tax	545	1,180	545	1,180
Amortisation of goodwill	389	0	389	0
Amortisation of developments	441	0	441	0
	5,074	**3,106**	**5,074**	**3,106**
Add items not classified as an operating activity:				
Gain on sale of shares	(79)	0	(79)	0
Gains or loss on sale of assets	(2,125)	2	(2,125)	2
Operating costs on leased properties	0	(2,788)	0	(2,788)
Purchase of assets in accounts payable	0	(402)	0	(402)
Advances included in accounts receivable	0	374	0	374
	(2,204)	**(2,814)**	**(2,204)**	**(2,814)**
Increase (decrease) in working capital:				
Increase (decrease) in accounts payable	(1,293)	911	(1,293)	911
Decrease (increase) in accounts receivable	3,643	(1,291)	3,643	(1,291)
Decrease (increase) in inventory	(326)	227	(326)	227
Decrease (increase) in work in progress / prepayments	(670)	219	(670)	219
Decrease (increase) in taxes due	1,737	27	1,737	27
	3,091	**93**	**3,091**	**93**
NET CASHFLOW FROM OPERATING ACTIVITIES	**10,191**	**3,429**	**10,191**	**3,429**

NOTE 25 – PROSPECTIVE FINANCIAL INFORMATION

In June 2005 the company issued a prospectus for the issue of shares.
The following information is a comparison of the projected financial statements to the actual results for the year ended 31 March 2006.

	ACTUAL 2006 $000	PROJECTED 2006 $000
STATEMENT OF FINANCIAL PERFORMANCE		
Operating revenues	97,736	97,896
Earnings before interest, tax, depreciation and amortisation	**13,216**	**13,210**
Depreciation	3,699	4,044
Amortisation of developments	441	441
Amortisation of goodwill	389	536
Earnings before interest and tax (EBIT)	**8,687**	**8,189**
Interest operating	2,496	2,420
Interest bridging	400	404
Interest mandatory convertible notes	500	500
Surplus before tax	**5,291**	**4,865**
Income tax expense	1,061	1,754
Net surplus after tax	**4,230**	**3,358**

Operating revenues and net surplus after tax

While operating revenues are close to prospectus levels, actual results to 31 March 2006 includes the gain on sale of assets totalling $2.1 million. The operating revenue for the company was impacted by lower orchard gate returns as signalled in the September 2005 half year accounts for the company. Goodwill is lower than prospectus levels following finalisation of the verification accounts of both Eleos Ltd and the Bridge Cool Group. Taxation expense was lower reflecting the significant capital gain component of operating revenues.

	ACTUAL 2006 $000	PROJECTED 2006 $000
STATEMENT OF FINANCIAL POSITION		
Current assets	23,104	25,621
Advances	1,402	293
Investments	8,215	6,729
Property plant and equipment	52,014	55,157
Leased property development costs	8,994	8,298
Intangible assets	1,558	2,507
Non current assets	72,183	72,984
Total assets	**95,287**	**98,605**
Current liabilities	10,547	9,003
Term liabilities	23,004	30,228
Mandatory convertible notes	5,000	5,000
Provision for deferred tax	7,701	8,229
Term liabilities	35,705	43,457
Total liabilities	**46,252**	**52,460**
Net Assets	**49,035**	**46,145**

Current assets

Lower current assets reflect significantly lower work in progress on leased and long term leased orchards and lower prepayments.

notes to the financial statements

for the year ended 31 March 2006

Investments
Investments are higher due to revaluation of investments and additional investments made in Vital Foods Ltd.

Property plant and equipment
Property plant and equipment is lower reflecting the decision by the company to sell the Pioneer site.

Intangible assets
Goodwill is lower following the completion of verification accounts for both Eleos and the Bridge Cool Group.

Current and term liabilities
Current liabilities are higher reflecting the higher current portion of term debt. Term liabilities are lower reflecting higher capital raising than anticipated and a lower working capital requirement by the Company.

	ACTUAL 2006 $000	PROJECTED 2006 $000
STATEMENT OF MOVEMENTS IN EQUITY		
Total equity brought forward	**32,204**	**32,204**
Current year surplus attributable to shareholders	4,230	3,358
Revaluation land and buildings	795	0
Revaluation investments	788	0
Shares issued net of costs	13,084	12,645
Dividends paid	(2,065)	(2,062)
Movements in equity	**16,832**	**13,941**
Total equity carried forward	**49,035**	**46,145**
STATEMENT OF CASH FLOWS		
Net cash flow from operating activities	10,191	9,242
Net cash flow from investing activities	(15,020)	(17,149)
Net cash flow from financing activities	5,353	8,103
Net increase in cash held	**524**	**196**

NOTE 26 – EXCEPTIONAL RISKS OF OPERATING

With the exception of Australia, the marketing and sale of all New Zealand's export of Class 1 kiwifruit relies on a single point of entry model managed by Zespri. Zespri's ability to successfully market the New Zealand export crop will directly impact the financial performance of the kiwifruit industry as a whole. This oveseas market access directly affects the Company through the returns it achieves for its orcharding activities, and indirectly, through its impact on the New Zealand kiwifruit industry.

NOTE 27 – ADOPTING NZ EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In December 2002 the New Zealand Accounting Standards Review Board announced that reporting entities would be required to comply with New Zealand equivalents of International Financial Reporting Standards (NZ IFRS) for financial statements covering annual reporting periods starting on or after 1 January 2007, with earlier adoption for periods starting on or after 1 January 2005 permitted. In the case of Seeka Kiwifruit Industries and its subsidiaries, the first financial year for which fully compliant financial statements must be produced will be for the year commencing on 1 April 2007 and ending 31 March 2008 at which time the comparative figures for the previous year will also be restated onto the same status of compliance with NZ IFRS.

Although early implementation is an option, the Board of Directors have determined that the Group will adopt NZ IFRS for the first time in its reports to shareholders for the year ended 31 March 2008.

A transition project will be initiated within the coming months to identify the full implications of NZ IFRS on the Group and to prepare for the implementation of systems to capture the necessary information to comply with the new standards.

auditor's report

INGHAM MORA
CHARTERED ACCOUNTANTS

Auditor's Report

To the Shareholders of SEEKA KIWIFRUIT INDUSTRIES LIMITED

We have audited the financial statements on pages 20 to 39. The financial statements provide information about the past financial performance of the company and group and their financial position as at 31 March 2006.

This information is stated in accordance with the accounting policies set out on pages 23 to 25.

Directors' Responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 31 March 2006 and of their financial performance and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- The significant estimates and judgements made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error.
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the company or any of its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 20 to 39:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of the company and group as at 31 March 2006 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 25th May 2006 and our unqualified opinion is expressed as at that date.

Ingham Mora

Ingham Mora
Tauranga

directors

Michael Franks – CHIEF FINANCIAL OFFICER AND GENERAL MANAGER COMMERCIAL
David Emslie – DIRECTOR
Tony de Farias – MANAGING DIRECTOR
Chris Morton – DIRECTOR
Malcolm Cartwright – DIRECTOR
Brian Allison – CHAIRMAN
Peter Wood – COMPANY SECRETARY
Peter Dawe – DEPUTY CHAIRMAN
Jim Scotland – DIRECTOR

	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Brian Allison	CHAIRMAN	MEMBER
Peter Dawe		CHAIRMAN
Malcolm Cartwright	MEMBER	
David Emslie	MEMBER	
Chris Morton	MEMBER	
Jim Scotland		MEMBER
Peter Wood	SECRETARY	SECRETARY

company structure

POST HARVEST SITES OWNED

Oakside
Packhouse / Coolstore

Transpack / Transcool
Packhouse / Coolstore

Waimapu
Packhouse / Coolstore

Bridge Cool Main Road
Packhouse / Coolstore

Bridge Cool Rea Road
Packhouse / Coolstore

KKP
Packhouse / Coolstore

Kiwicoast
Packhouse / Coolstore

MacLoughlin
Packhouse

Bayliss
Packhouse

Berrypack and Cool Class II
Packhouse / Coolstore

POST HARVEST SITES LEASED

Peninsula
Packhouse / Coolstore

Pioneer
Coolstore

Clarks Packhouse and Coolstore
Packhouse / Coolstore

Harvard Way Coolstore
Coolstore

ASSOCIATES

Opotiki Packing and Coolstorage Limited
OPAC

Kiwifruit Post Harvest and Orcharding Services

20% Holding

South Auckland Pack and Cool Limited
SAPAC

Kiwifruit Post Harvest Services

50% Holding

Vital Foods Limited
Nutraceutical Development and Marketing

10% Holding

Tauranga Kiwifruit Logistics Limited
TKL

Supply Logistics

20% Holding

Kiwi Produce Limited
Pre-Packing

25% Holding
(subject to due diligence)

ORCHARD OPERATIONS

Long Term Leased Orchards
105 Hectares

Operating Leased Orchards
594 Hectares (harvest 2006)

Managed Orchards
326 Hectares (harvest 2006)


Zespri
GREEN
KIWIFRUIT

corporate governance statement

in summary

RESPONSIBILITIES AND FUNCTIONS OF THE BOARD

The Board of Directors is responsible for the direction and oversight of 'Seeka Kiwifruit Industries Limited and its controlled entities' (the Company) on behalf of the shareholders. Responsibility for day to day operations and administration is delegated by the Board to the managing director and the senior management team.

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Each director has the right to seek independent professional advice at the Company's expense.

The directors act collectively as the Board, but in carrying out functions as a member of the Board, each director has a duty to act honestly and with reasonable care and diligence.

COMPOSITION OF THE BOARD

The Company's constitution provides that there shall not be fewer than 3 directors, and, unless otherwise determined by the Company in a general meeting, the number, of ordinary directors shall not exceed 7.

At each annual meeting, one-third of the ordinary directors shall retire from office. A retiring ordinary director shall be eligible for re-election.

The chairman and deputy chairman are elected annually by the Board at the first directors meeting following the AGM.

DEALINGS IN COMPANY SHARES

Directors or senior executives can buy or sell shares after filing a request with and obtaining the Company's approval, within the guidelines of the NZX.

COMMITTEES

The following permanent committees assist in the execution of the Board's duties. Committee members are appointed from members of the Board and membership is reviewed on an annual basis.

All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

AUDIT COMMITTEE

The audit committee is comprised of 3 non-executive directors. The role of the committee is to advise on the establishment and maintenance of the framework of internal control and appropriate ethical standards. The Company secretary and external auditors are invited to audit committee meetings as deemed necessary.

The responsibilities of the audit committee include:
- reviewing the annual reports
- liaising with the external auditors
- reviewing internal controls
- improving the quality of the accounting function.

The audit committee reviews the external audit process on an annual basis and oversees the implementation of any recommendations and changes to accounting practices adopted by the Company.

REMUNERATION COMMITTEE

The remuneration committee is comprised of 4 non-executive directors. The role of the committee is to recommend appropriate remuneration packages for the senior executives and directors.

Remuneration committee members:
- review the Company's compensation policy and procedures for all employees
- review and recommend to the Board any changes regarding the managing director's and non-executive directors' remuneration.

INTERNAL CONTROL

The Board is responsible for the overall internal control framework of the Company. No cost effective control system will preclude all errors and irregularities, however to safeguard the assets of the Company and ensure that all transactions are recorded and appropriately reported the Board has instigated and monitors the internal control system.

BUSINESS RISKS

The managing director and management are required to identify and report on the major risks affecting each business segment and to develop strategies to mitigate these risks.

THE ROLE OF THE SHAREHOLDERS

The shareholders appoint ordinary directors and they approve major business decisions affecting the Company as prescribed in the Company's constitution.

The Board of Directors ensures shareholders are informed of all major developments affecting the Company's state of affairs.

Proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of the shareholders.

WAIVERS

In May 2005 the NZX granted the Company a waiver from the application of NZSX Listing Rules B2.1.2 in relation to the opening dates for director nominations. The waiver permitted the Company to adopt a shorter notice period and announce the opening of director nominations on 18 May 2005 and to continue with its planned annual meeting on 5 July 2005.

directory

OFFICES OF SEEKA KIWIFRUIT INDUSTRIES LIMITED

Head Office
6 Queen Street
PO Box 47, Te Puke
www.seeka.co.nz

AUDITORS

Ingham Mora
Tauranga

ACCOUNTANTS

Wood Walton Chartered Accountants Limited
Tauranga

BANKERS

Westpac Banking Corporation
Auckland

SHARE REGISTRAR

BK Registries Limited
Ashburton

NZX

www.nzx.com

LEGAL ADVISORS

Harmos Horton and Lusk
Auckland
Sharpe Tudhope
Tauranga
McKenzie Elvin
Tauranga

shareholder analysis

TOP 50 SHAREHOLDERS AT 31 MARCH 2006*

CR Morton	2,363,608	NP Gray, WR Gray, W Kameta & B Kingi	80,852
DMS Orchard Management Ltd	608,148	BJ Stapleton & LE Stapleton	76,182
CW Flood & M Schlagel	348,130	DC Kirk	74,250
J & PC Law	306,353	AR Wright & HO Wright	71,362
Allison, Emslie & Morton – Staff Share Scheme	246,475	JA Price & DL Price	68,000
Rod Bayliss Orchards Limited	234,457	SW Nelmes & PR Hills & RA Nelmes	66,342
WJ McGillivray & BE McGillivray & RE Lee	202,232	Fairview Orchards (1997) Limited	64,874
Burts Orchards (1997) Limited	166,663	Te Puke Orchards (1997) Ltd	64,874
SR Tebbutt	160,000	AJ Hill & JM Hill & VW Brownrigg	64,457
DJ Emslie & DJ Emslie & Others	155,348	Custodial Services Limited	64,456
ID Greaves & CM Thompson & MS Thompson	153,890	ID Greaves & NA Greaves & CM Thompson	63,378
S Moss	146,016	HD Spencer	61,985
CW Flood	129,000	J Bosch & C Bosch & BJ Utting	61,409
J Slater & RA Slater & Others	122,291	AE De Farias & CA De Farias	60,000
WI Bowyer, HM Bowyer & P Wood	120,528	WR Baldwin & AM Baldwin	59,190
KM Oakley & MAS Oakley	119,443	MS Thompson & MA Thompson	58,405
TG & JD Newman	117,845	JP Jensen & PJ Jensen	56,837
WV & WJ Flowerday	115,910	Bowyer Orchards Limited	54,586
MC & HF Salt	103,770	MJ Cartwright & HC Cartwright & Others	54,294
LJ Christie	100,000	CM Thompson & MR Thompson	54,035
J Slater & RA Slater	100,000	RA Bibby & DG Bibby	53,333
RB Tait & JG Tait & IJ Craig	100,000	T Hawthorne & G Hawthorne & PJG Benson	53,076
PC Barton	99,695	Scotland's Farms Limited	52,120
Custodial Services Limited	92,592	Ohiwa Investments Limited	50,865
MI Tremain & BM Tremain	86,963	B & P Investments Limited	50,455

**Includes Partly Paid Shares*

ANALYSIS OF SHAREHOLDER BY SIZE AT 31 MARCH 2006*

Category	No. of Shareholders	Shares Held	Percentage of Shareholders	Shares	Average Holding
Up to 3,000 Shares	455	514,727	56.0%	4.3%	1,131
3001 to 10,000 Shares	198	1,115,464	24.4%	9.2%	5,634
10001 to 25,000 Shares	76	1,254,936	9.4%	10.4%	16,512
25,001 to 100,000 Shares	64	3,290,451	7.9%	27.2%	51,413
100,001 Shares or More	19	5,920,107	2.3%	48.9%	311,585
Total	**812**	**12,095,685**	**100.0%**	**100.0%**	**14,896**

**Includes Partly Paid Shares*

SUBSTANTIAL SECURITY HOLDERS AT 31 MARCH 2006**

	Shares Held	Percentage of Shareholding	Beneficial Interest Held
CR Morton	2,363,608	19.5%	
DMS Orchard Management Ltd	608,148	5.0%	
Rotorua Energy Charitable Trust			$5,000,000***

***All Shares are fully paid and have voting rights.*
**** RECT holds 5 million mandatory convertible notes that are convertible into ordinary shares on 28 February 2010, or earlier at receipt of notice from RECT Fund Management Limited, or in the event of a takeover of the Company, in each case by reference to the market price applicable for the 30 trading days prior to the conversion (discounted by 5%).*

our mission

To be the world's leading producer and handler of export kiwifruit.

To continually maximise the income we earn for our shareholders and suppliers.

To be the natural preferred choice of both our suppliers and customers.

MEDIAWORKS

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

www.seeka.co.nz