Seeka ANNUAL REPORT 2015

2015

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Seeka's Business Profile and Strategy

PROFILE AND STRATEGY

Seeka Kiwifruit Industries Limited (Seeka) is founded on being an integrated orcharding, post harvest, supply and retail services company. Our strategy is to concentrate on our kiwifruit foundation while extending our business into other produce sectors that complement our core competencies. Our vision is to be New Zealand's Premier Produce Company and our strategy may see Seeka extending its geographical boundaries and result in acquisitions or alliances that profitably complement our existing capabilities. Seeka aims to deliver its shareholders returns higher than the average of the NZX50 and improve the financial wellbeing of all our stakeholders.

NEW ZEALAND ORCHARDING AND POST HARVEST SERVICES

Seeka's orcharding business grows kiwifruit, avocados and kiwiberries on more than 800 hectares of orchards through managed, leased and long-term lease arrangements with orchard and land owners. Operations extend from the East Cape though the Bay of Plenty and Coromandel to Northland with orcharding services delivered through a networked team of professional orchard managers and contractors who are experts in growing all varieties of kiwifruit.

Seeka's post-harvest business harvests, packs and coolstores approximately 28m trays of kiwifruit, avocados and kiwiberries each season. Seeka has eight packing and coolstore facilities located in the Bay of Plenty, Coromandel and Northland. Volumes are increasing.

Using advanced inventory management systems, Seeka's coordinates fruit loadout so it is delivered to the consumer in premium condition. Our knowledge base is underpinned by our own inhouse technical team and laboratory operation (VLS) which provide growers and post-harvest management with optimal information on fruit maturity and quality.

Seeka's business includes the management of Seeka Growers Limited and AvoFresh Limited; grower-controlled entities that manage and distribute Seeka-supplying grower funds through separate legal companies. Seeka Growers Limited and AvoFresh Limited are independently audited and provide growers with clear separation of their monies from Seeka's commercial operations.

NEW ZEALAND RETAIL SERVICES

Retail services, which encompasses Seeka's supply operations, covers the distribution and marketing of all non-Zespri-supplied export kiwifruit, including collaborative marketing agreements, along with avocado and kiwiberry export operations. Retail services also imports, ripens and distributes tropical fruits and bananas under agency for Sumifru. Our retail services enable Seeka to deliver orchardists and international clients a full orchard-to-market service for an expanding range of products. It attracts new grower clients, improves post-harvest asset utilisation and diversifies Seeka's revenue streams.

SEEKA AUSTRALIA

Seeka Australia (Pty) Limited (Seeka Australia) is a wholly-owned subsidiary that following an acquisition in August 2015, owns 505 hectares of land adjacent to Shepparton, Victoria, Australia. Approximately 250 hectares is in producing orchards. Seeka Australia grows, packs and markets all produce from the land, and is the largest producer of Australian-grown kiwifruit and nashi pears with approximately 200 hectares in these two main crops and a further 50 hectares in apricots, pears, plums and cherries.

Contents

Report of the Chairman and Chief Executive

Overview

Seeka is pleased to present its audited financial results for the year ended 31 December, 2015. This year's growth in revenue and profits is consistent with strategy. The key components of that growth include:

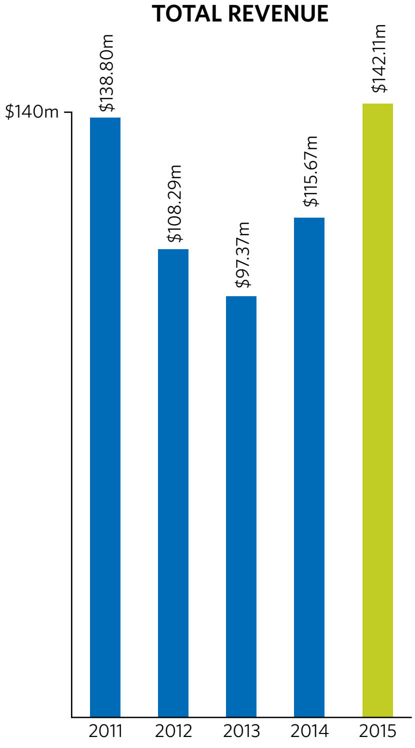
- Another year of strong orchard recovery from the devastating impact of Psa-V particularly the Zespri SunGold (G3) variety.
- Strategically planned diversification of Seeka's business in Australia and New Zealand and by applying our expertise to additional fresh produce lines.
- The purchase and integration of the business of Bunbartha Fruit Packers, now Seeka Australia, in the last quarter of the year.

On 4 March 2015 a fire at Oakside our largest packhouse facility caused significant operational disruption two weeks before the kiwifruit picking season commenced. Additionally the fire caused considerable downstream impact on load out plans and fruit storage. A number of insurance claims were lodged with insurers for losses and costs arising from this fire. Not all claims were finalised and accepted by the insurers at year end.

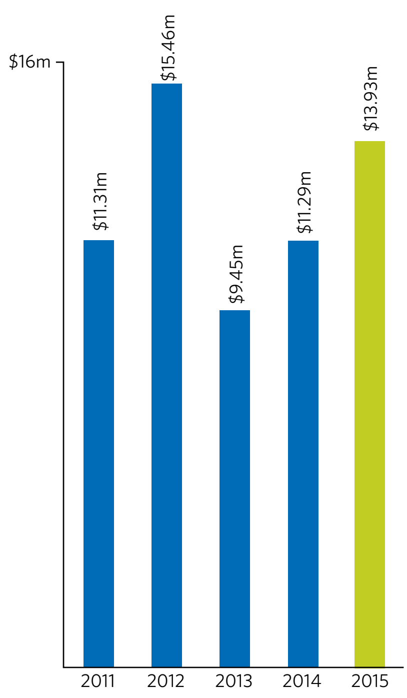
Net profit after tax of $4.27m is ahead of guidance released to the market of between $2.96m and $3.53m (the range in the forecast/guidance was partly due to the uncertainty of pending insurance claims).

KEY FINANCIAL INDICATORS

TOTAL REVENUE



EBITDA



Year highlights:

- $142.11m total revenue, up 22.9% on the previous corresponding period (pcp).
- $13.93m EBITDA, up 23.4%.
- $7.21m EBIT up 29.5%.
- $5.25m profit before tax, up 23.0%.
- $4.27m profit after tax, up 34.8%.
- $0.29 earnings per share, up 31.8%.
- $4.34 net asset backing per share, up 6.6% (total assets of $164m up 50% on the pcp).
- $1.80m operational cash flow, down from $8.53m, reflecting an additional $4.53m investment in growing crops (first-year Australian crops were valued at $4.5m).
- $2.52m in cash dividends distributed to shareholders, up from $2.17m.

The company's profitability over two years has increased significantly with profit after tax of $4.27m up 86%, and earnings per share of $0.29 up 69% during the last 24 months.

Total debt of $52.96m at 31 December compared with $17.2m for 2014. The company has invested $20.16m in Seeka Australia, an additional $5.8m in growing crops, and $16.39m in New Zealand on additional fruit processing and storage facilities.

The financial results include a one-off net $0.32m insurance-related cost for the fire and $1.12m in purchase costs for the Australian business which includes $0.60m of stamp duty. These items are included in expenses throughout this commentary.

Dividend

The directors have declared a fully-imputed dividend of $0.10 per share. The dividend will be paid 24 March to those shareholders on the register at 5pm on 18 March, 2016. The dividend reinvestment plan will apply to the dividend. This dividend declaration brings fully imputed dividends distributed to shareholders in the past year to $0.19 per share, compared to $0.16 per share in 2014.

Key indicators

12 months to 31 December ($000s)	2011	2012	2013 Restated	2014	2015
Revenue	$ 138,797	$ 108,290	$ 97,371	$ 115,672	$142,112
EBITDA post harvest	$ 23,864	$ 15,855	$ 12,558	$ 10,770	$ 13,292
EBITDA orchard	$ (4,236)	$ 7,201	$ 2,832	$ 4,179	$ 3,977

Operating earnings

EBITDAF Earnings before interest, tax, depreciation, amortisation, fair value adjustments, impairments and asset revaluations	**$ 21,036**	**$ 16,563**	**$ 9,942**	**$ 11,529**	**$ 13,955**
Fair value movement in biological assets — vines	(9,730)	(292)	-	-	-
Movement in onerous lease provision	-	(807)	494	241	30
EBITDA — before impairments and revaluations ($000s)	**$ 11,306**	**$ 15,464**	**$ 9,448**	**$ 11,288**	**$ 13,925**
Depreciation and amortisation expense	(6,394)	(5,584)	(5,418)	(5,250)	(5,749)
Amortisation of intangibles	(209)	(92)	(73)	(272)	(456)
Impairment charges					
Short-term lease costs	(262)	(62)	22	-	-
Plant and equipment	(818)	(383)	-	-	-
Investments in associates	(1,228)	(89)	(615)	(120)	-
Lease interest in land	(417)	(418)	-	(325)	-
Insurance costs	-	-	-	-	(1,740)
Revaluation					
Available for sale assets	(530)	-	-	-	-
Land and buildings	(3,233)	(6)	776	245	1,228
Interest	(2,766)	(1,878)	(1,139)	(1,303)	(1,962)
Fair value of non—hedge derivatives	300	422	-	-	-
Net profit / (loss) before tax	**$ (7,322)**	**$ 7,374**	**$ 3,001**	**$ 4,263**	**$ 5,246**
Tax (charge) / credit	269	(1,494)	(706)	(1,095)	(974)
Net profit / (loss) attributable to shareholders	**$ (7,053)**	**$ 5,880**	**$ 2,295**	**$3,168**	**$ 4,272**
Net assets per share	**$ 3.50**	**$ 3.89**	**$ 4.02**	**$ 4.07**	**$4.34**

EBITDAF and EBITDA are considered by the board to be key measures of performance and a reflection of cash flow generation.

Introduction

Seeka is in a period of strong growth. Revenue of $142.11m is up 22.9% on the pcp. Seeka records its agency commission as revenue when we sell produce on behalf of customers. Turnover was $184.74m (up 24.3% on the pcp) when the value of all fruit sold is recorded as turnover.

Profitability continues to improve. New Zealand kiwifruit volumes are increasing after the devastating effects of Psa-V. Seeka's packed volumes increased to 27.8 million trays, compared to 21.4 million trays in the pcp. After-tax profit was $4.27m, up from $3.17m in the pcp.

Results exceed expectation but were affected by a net $0.32m of insurance-related costs and $1.12m transactional and stamp duty costs associated with the acquisition of Seeka Australia. The net insurance costs included a grower relationship payment of $4.04m for growers to ensure they were fairly compensated for their fruit while Seeka worked through the insurance process. At 31 December, aspects of the insurance claim are still in progress.

Seeka Australia was purchased on a crop-off basis, meaning we spent $4.53m by year end growing the crops for harvest 2016.

Earnings per share of $0.29 was up 32% on the pcp's $0.22. The company issued 738,950 shares under the grower share scheme and 60,364 shares under the dividend reinvestment programme. Net asset backing of $4.34 per share was also up on the prior period's $4.07. The closing share price was $3.45.

Seeka has increased debt by $33.99m to finance infrastructure expansion in New Zealand to handle increasing kiwifruit volumes and to finance the purchase of Seeka Australia.

Seeka invested $16.39m in New Zealand plant and equipment, compared to $5.64m in the pcp. New Zealand infrastructure will expand further in 2016 to ensure sufficient capacity to process fruit at its optimum time. Seeka has purchased land adjacent to the Transpac facility for long-term development and head office premises.

Seeka invested NZD$20.16m in its Australian acquisition, with further deferred payments of AUD$5.00m due in 2016. Full investment details are outlined later in this report. The company has expensed transaction costs and stamp duty totalling $1.12m. Benefits of the acquisition are anticipated in the 2016 financial results.

The company continues to build shareholder wealth and increase dividends. In total $0.19 in dividends were paid or declared per share, compared to $0.16 last year. It was nil four years ago.

Strategy

Seeka's vision is to be New Zealand's premier produce business, a natural development on our kiwifruit platform. Seeka is on a growth path, both in size and profitability and is taking a long-term view. The company aims to deliver returns superior to the NZX50 at a total shareholder return level and will:

- Build on activities where it has competency and performance - things it is good at.
- Strive to make value accretive investments in the perspective of our shareholders.
- Pursue vertically integrated opportunities where it is able and deliver higher returns to stakeholders.
- Strive to be a company that is safe and people focused.

Seeka may contemplate acquisitions where they meet the criteria of the Board. The company aspires to grow its market capitalisation to $200m, compared to $61m today and $18m when the strategy was initiated.

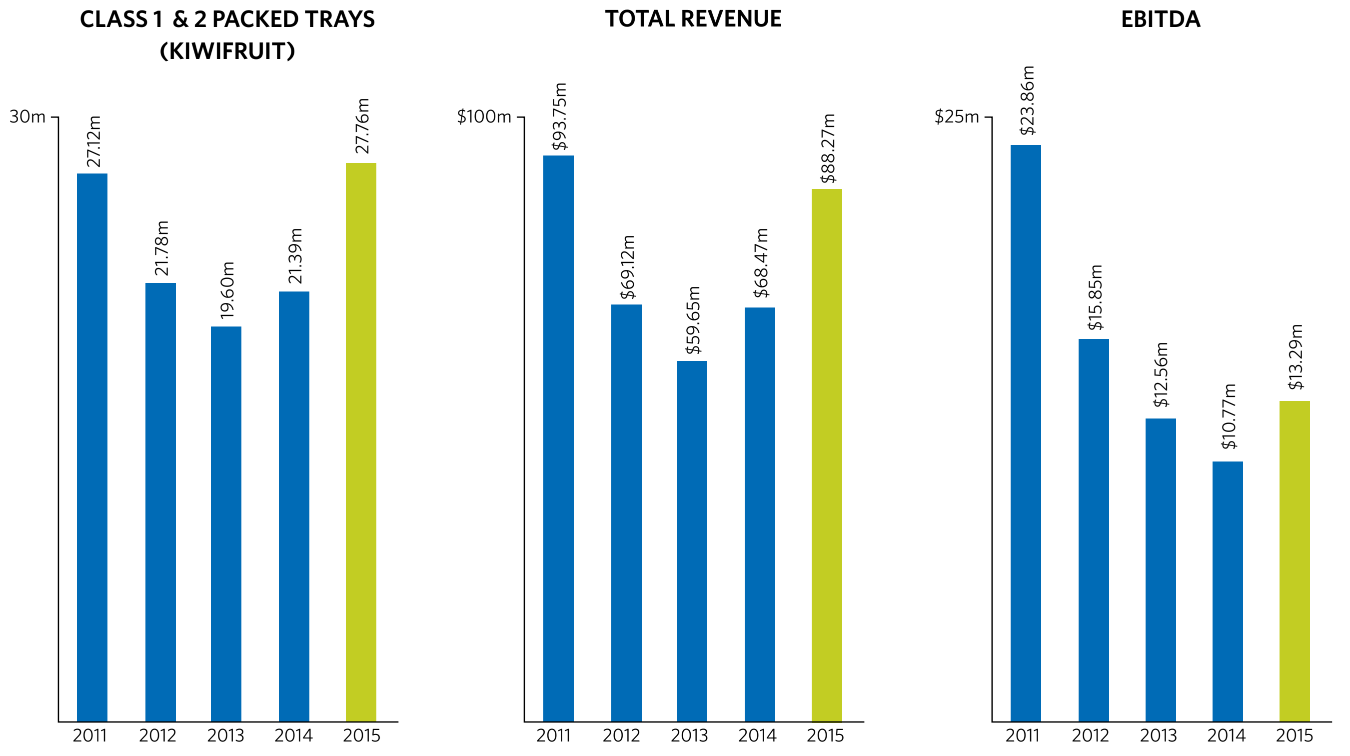
Review of post harvest and supply operations

Seeka's post-harvest and supply operations comprise the planning and operation of harvest, packing, coolstore, logistics and supply operations for kiwifruit, avocados and kiwiberry. Operations have two functional general managers covering planning and supply and post-harvest operations.

The industry share of Hayward held constant at 24%, while Gold increased from 10% to 14% and is anticipated to increase again in 2016.

Seeka packed 27.8 million trays of kiwifruit, up from 21.4 million trays in the pcp. Growth in Zespri SunGold volumes continues to surge with 3.88 million trays packed in 2015, up from 1.2 million trays in the pcp. Seeka packed 351,000 trays of avocados and 39,000 trays of kiwiberry.

POST HARVEST PERFORMANCE



Operations were put under extreme pressure by the Oakside facility fire immediately prior to harvest. The team had to focus on site remediation with the support of contractors. Harvest went smoothly but by the end of packing it became apparent that Hayward fruit processed at Oakside was softer and was softening quicker than fruit processed at other facilities. Gold fruit was unaffected.

Seeka notified insurers of a potential claim for extraordinary fruit loss as a consequence of the fire. Adjusters, appointed by the insurer, Zespri and Seeka, put in place a mitigation plan to minimise loss. This plan saw Seeka priority-load the fruit from Oakside. While Seeka largely mitigated the losses associated with the Oakside-processed fruit, it did incur losses in delaying fruit shipped from other sites. The insurance claim for Oakside-processed fruit has been accepted by the insurers, and the claim for the mitigation losses is still being assessed.

In order to protect Seeka's growers from the potential impact on income and cash flow, Seeka paid them $4.04m ahead of any insurance outcome. The $4.04m has been expensed in 2015 and recovery from insurance, if any, will be recorded as income in 2016.

Excluding the $4.04m grower payment, EBITDA from post-harvest would have been $17.33m, including the grower payment EBITDA is $13.29m. This compares to $10.77m in the pcp.

Companies define their relationship with their customers and stakeholders by how they behave and respond when things go wrong. Seeka reacted positively for its growers and stakeholders and stood behind them. As at 31 December, Seeka's Hayward growers were forecast to receive $4.95 in orchard gate returns per tray, which is slightly above the industry forecast average of $4.87 per tray. The Gold crop was not involved in the insurance issue.

The fire and mitigation strategy were extraordinary events that placed significant pressure on staff, growers and suppliers. The company has worked through the issues and is positioned positively for 2016. The insurance process remains open and active.

Seeka continues to revise its team structure as production levels increase, with more than fifteen roles created in its post-harvest and supply teams to ensure the company has the right people, trained in the right roles with clear accountabilities ahead of the next season.

Capital investment of approximately $13.37m is underway on coolstore capacity expansion at KKP, Maketu and Main Road in Katikati. In the process, Seeka is maximising land ownership at strategic packhouse sites and balancing the coolstore infrastructure with anticipated packing volumes.

There are significant other capital investments underway, including an additional 9,000 plastic Seeka S600 bins. These bins are superior to wooden bins; they protect fruit, provide a lower damage profile from orchard to the packing machine, and provide operational efficiencies to picking contractors.

The combination of people, infrastructure expansion and new bins has set up our packhouse sites well to manage the expected crop volumes next season.

Review of orchard division performance

Orchard operations handle all growing and orchard management services for the company's orchards (managed, owned and leased). Operations cover the growing of kiwifruit, avocados and kiwiberry across Seeka's catchment from Northland to the East Cape.

EBITDA from orchard operations of $3.98m compares to $4.18m in the pcp. In total 9.2m trays of kiwifruit were grown by orchard division compared to 7.2m trays in the pcp.

While market returns remain firm, they have reduced from the highs of the previous year. This and increasing on-orchard costs have suppressed the division's earnings. Seeka continues to invest in leased Gold orchards and long-term lease orchards are still returning to full production. Yields and production are expected to lift when orchards achieve full maturity.

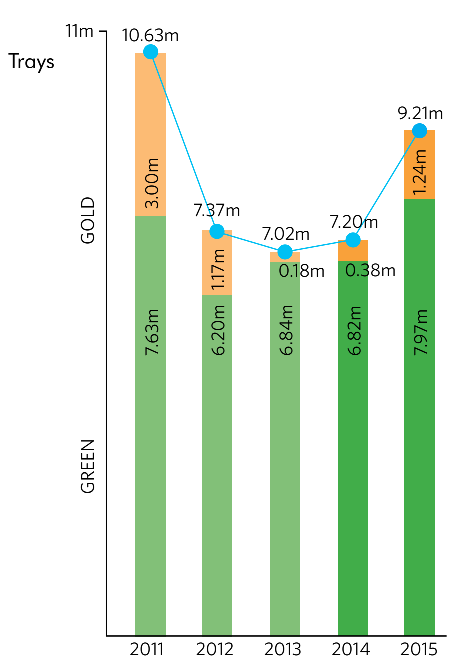
Forecast Hayward orchard gate returns averaged $4.95 per tray, compared to $5.96 in the pcp and a forecast Zespri industry average of $4.87; SunGold was $8.22 per tray, compared to $10.40 in the pcp and a forecast Zespri industry average of $8.14.

Overall yields from the division were excellent. Hayward yields across the 8.0 million trays grown were an astonishing 11,626 trays per hectare compared to a record industry average of 11,044 trays per hectare. Gold orchards [G3] averaged 8,858 per hectare, less than two-thirds of their final targeted production.

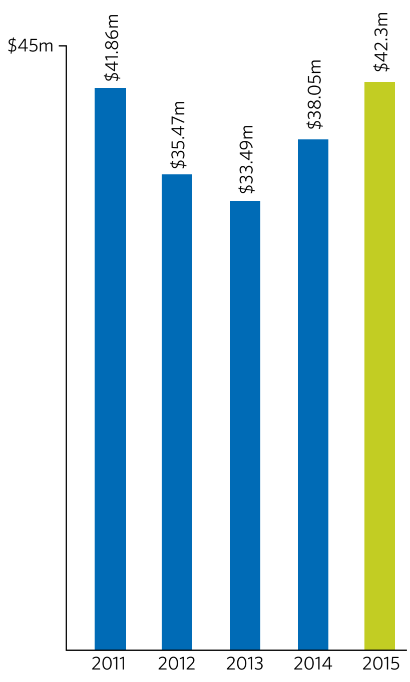
Seeka is investing in the next generation of orchard managers, recruiting six cadets as trainee orchard managers. These cadets are part of a structured training programme that will see them achieve a tertiary qualification and a career pathway in horticulture.

ORCHARD DIVISION PERFORMANCE

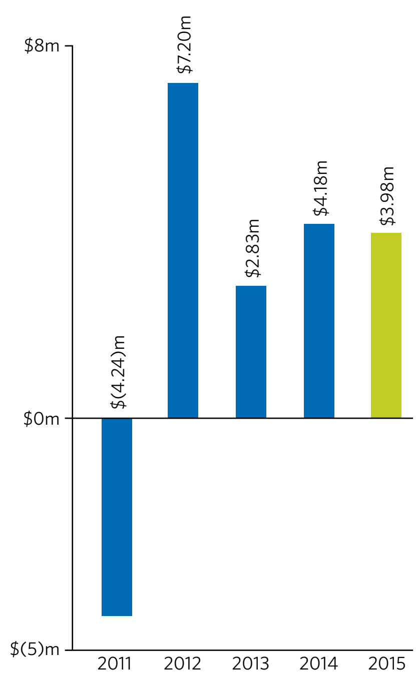
KIWIFRUIT PRODUCTION



TOTAL REVENUE



EBITDA



Retail services

Seeka’s retail services handle all non-Zespri kiwifruit sales from New Zealand, kiwifruit sales under collaborative marketing, avocado sales and Seeka's kiwiberry sales. It also handles the integrated supply line for imported fruit and fruit supplied to the New Zealand domestic market including the agency for Sumifru and the importation of their bananas. This business includes ripening and retail service operations in Auckland and Christchurch, and an Auckland wholesale market.

EBITDA of $1.73m compares to $1.77m in the pcp. The banana ripening and distribution business was behind expectation at the end of the first six months due to global supply issues. The volumes returned to normal during the second six months, with earnings returning to expectation.

The business established important new domestic supply programmes in 2015 to the benefit of our supplying growers. Direct-to-retail programmes were initiated for Hayward and Gold kiwifruit, in addition to a new programme for avocados. These are the first direct-to-retail programmes undertaken by Seeka in the domestic market. They performed well delivering an incremental return to growers and excellent quality to customers.

Seeka Australia

In August 2015, Seeka announced the purchase of the business and assets of Bunbartha Fruit Packers and established Seeka Australia Pty Limited. The AUD$22m purchase included an unconditional deferred settlement of AUD$5m to occur in 2016. The purchase was completed on a crop-off basis with Seeka to grow the 2016 crop. Seeka had invested NZD$4.53m growing that crop at balance date. The purchase price was completed with 100% debt financing.

The purchase includes approximately 505 hectares of land at Shepparton, of which approximately 250 hectares is in productive orchards. The primary crops include approximately 100 hectares of kiwifruit and a hundred hectares of nashi pears, with the remaining in apricots, European pears, plums and cherries.

The company purchased 1,534 water shares on acquisition and during the year invested a further $0.51m to ensure sufficient water for the current year along with some buffer for future orchard expansion.

Seeka has integrated the operational side of the business establishing management, financial, safety and human resources systems into the company. The people who transferred to Seeka Australia on purchase are experienced orcharding professionals. Seeka will move to integrate the sales process through the first half of 2016.

There is scope for significant expansion and improvements in the operations. Seeka anticipates EBITDA of between NZD$3.2m and $4.0m in the first harvest year. It is a significant step for the company consistent with the stated strategy for Seeka.

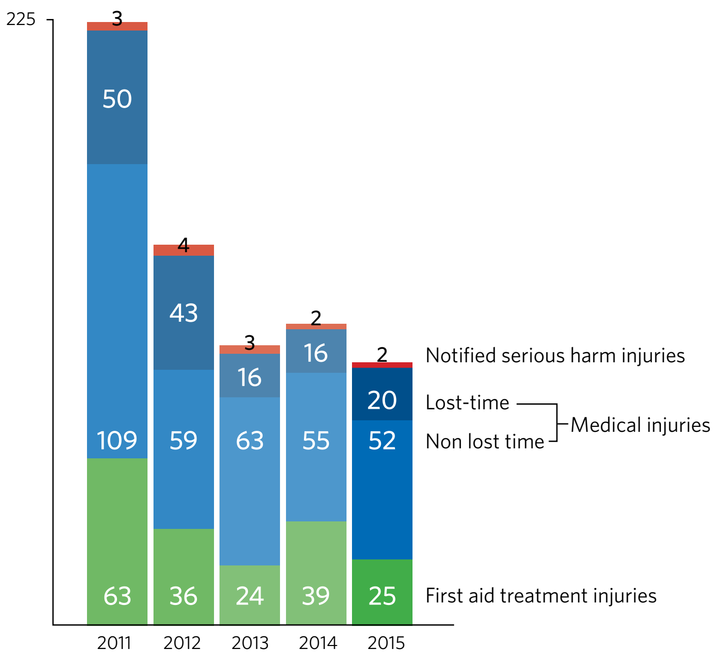
Safety and Compliance

The safety of our people and suppliers remains a primary focus for Seeka. People who work at Seeka, or who visit our sites and orchards must do so in a safe environment and manner. We continue to challenge the behaviours of our people and suppliers. Seeka has established a compliance team to work with our network of contractors to reinforce safety as a feature of normal work practice and to ensure they comply with employment legislation. As a result our company has delivered a good safety profile as illustrated by a lost time frequency rate of 0.90 lost hours per 100,000 hours worked.

Seeka had two notifiable serious harm injuries in 2015, both preventable. While at the lower end of serious harm, the incidents themselves were disappointing. Further enhancements were made to our safety policies as a result of these incidents. Seeka tracks all near miss accidents and regularly audits and reviews operations for safety compliance and safety targets are included in key performance indicators across the business.

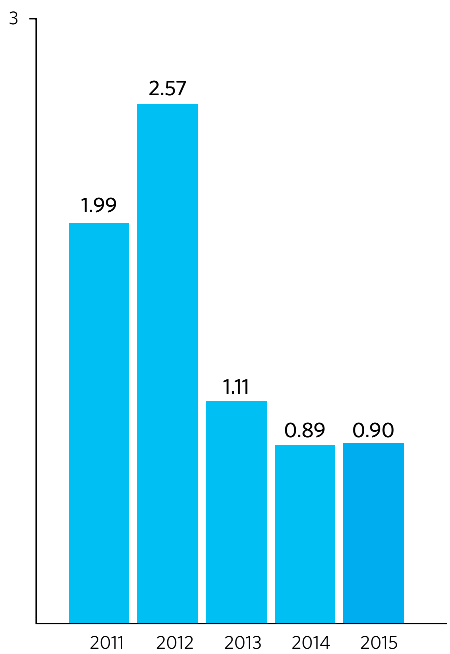
HEALTH AND SAFETY STATISTICS

EMPLOYEE INJURIES BY TYPE



LOST TIME FREQUENCY RATE

LOST HOURS PER 100,000 WORKED



People

Seeka continues to refine its structure, and support and develop our people. The company has intensively recruited in the last six months of the year to rebuild competency necessarily removed through the downturn of Psa-V.

Importantly the Company has recruited cadets.

During the year, Murray Judd left the company seeking a lifestyle change. Murray has been with Seeka for more than 10 years, providing thoughtful insight, research, suggestions and technical advice that have delivered improved financial outcomes for the company and its growers. While Murray has retired, he is consulting and remains contracted to Seeka. Thank you, Murray.

It is people that make a good company great. We thank senior management for their leadership, all employees for their hard work and commitment to the company, and its stakeholders throughout a very challenging and busy year.

Grower share scheme

This is the second year of the three-year grower share scheme introduced in 2014 to respond to fierce competition in the kiwifruit post harvest business for fruit supply following the outbreak of Psa-V. The scheme offered facilitated share ownership to growers who committed their entire orchard crop for the three years of the scheme.

This year 738,950 shares (2014: 605,152) were allocated to qualifying growers at a cost of $3.37 each (2014: $3.05) and a total cost of $2.49m (2014: $1.85m).

Outlook

Seeka has significantly increased its profit and size during the year. The immediate outlook for growth remains positive as Seeka concentrates on expanding New Zealand facilities to handle higher kiwifruit volumes, completes the integration of Seeka Australia and improves orchard productivity in Australia. The company holds to its strategy and vision, and remains watchful and ready to make further steps to realise any opportunities aligned to strategy should they arise.

Directors and management thank contractors and suppliers for their service and support. We thank our supplying growers for their continuing loyalty. We compliment shareholders for their support and the interest that they show in their company.

Fred Hutchings
Chairman

Michael Franks
Chief Executive

Statement of Financial Performance

For the year ended 31 December 2015

New Zealand dollars	Notes	2015 $000s	2014 $000s
Turnover[1]	2	**184,740**	**148,568**
Revenue	3	142,112	115,672
Cost of sales	4	118,387	96,651
Gross profit		**23,725**	**19,021**
Other income	3	307	216
Income from insurance proceeds for asset loss - fire	3	5,462	-
Share of (loss) of associates	25	(5)	(69)
Acquisition costs and stamp duty	4	1,120	-
Grower relationship payment	4	4,042	-
Other costs	4	10,402	7,880
Earnings (EBITDA)[2]		**13,925**	**11,288**
Depreciation expense		5,749	5,250
(Gain) on revaluation of land and buildings		(1,228)	(245)
Impairment of lease interest in land		-	325
Impairment of investments in associates		-	120
Impairment of assets - fire loss	9	1,740	-
Amortisation of intangibles	10	456	272
Earnings (EBIT)		**7,208**	**5,566**
Interest expense	4	1,962	1,303
Net profit before tax		**5,246**	**4,263**
Income tax charge	6	974	1,095
Net profit attributable to equity holders		**4,272**	**3,168**
Earnings per share for profit attributable to the ordinary equity holders of the company during the year			
Basic earnings per share	19	$0.29	$0.22
Diluted earnings per share	19	$0.27	$0.22

2014 comparative information has been reclassified to conform with the current year's presentation.

1. Turnover is a non-GAAP measure, see calculation in note 2.
2. EBITDA is earnings before interest, tax, depreciation, amortisation, impairments and revaluations.

Statement of Comprehensive Income

For the year ended 31 December 2015

New Zealand dollars	Notes	2015 $000s	2014 $000s
Net profit for the year		**4,272**	**3,168**
Items that will not be reclassified to profit or loss			
Gain on revaluation of land and buildings, net of tax		3,130	1,801
Total items that will not be reclassified to profit or loss		**3,130**	**1,801**
Items that may be reclassified subsequently to profit or loss			
Movement in cash flow hedge reserve, net of tax		(147)	(158)
Movement in foreign currency translation reserve, net of tax		9	-
Movement in revaluation reserve net of tax		(51)	-
Gain on revaluation of investment in shares, net of tax	*22*	132	476
Total items that may be reclassified subsequently to profit or loss		**(57)**	**318**
Total comprehensive income for the year attributable to equity holders		**7,345**	**5,287**

2014 comparative information has been reclassified to conform with the current year's presentation.

Statement of Financial Position *As at 31 December 2015*

New Zealand dollars	Notes	2015 $000s	2014 $000s
Equity			
Share capital	*18*	40,651	37,773
Reserves	*20*	9,418	6,239
Retained earnings	*20*	20,750	19,185
Total equity		**70,819**	**63,197**
Current assets			
Cash and cash equivalents		1,192	2,923
Trade and other receivables	*12*	21,208	12,959
Biological assets - crop	*11*	17,365	11,594
Inventories	*13*	3,185	2,250
Water allocation account	*14*	349	-
Current tax receivables	*6*	1,314	244
Total current assets		**44,613**	**29,970**
Non current assets			
Trade and other receivables	*12*	3,772	2,170
Property, plant and equipment	*9*	98,718	69,947
Intangible assets	*10*	15,526	5,608
Investment in shares	*22*	1,689	1,621
Investment in associates	*25*	-	475
Total non current assets		**119,705**	**79,821**
Total assets		**164,318**	**109,791**
Current liabilities			
Trade and other payables	*15*	24,854	16,604
Onerous lease provision	*16*	34	34
Interest bearing liabilities	*17*	1,630	1,165
Financial derivatives	*31*	254	50
Total current liabilities		**26,772**	**17,853**
Non current liabilities			
Onerous lease provision	*16*	8	38
Interest bearing liabilities	*17*	52,522	19,000
Deferred tax	*7*	14,197	9,703
Total non current liabilities		**66,727**	**28,741**
Total liabilities		**93,499**	**46,594**
Net assets		**70,819**	**63,197**

On behalf of the Board

F Hutchings
Chairman

A Waugh
Director

Dated: 26 February 2016

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 December 2015

New Zealand dollars	Notes	Share capital $000s	Available for sale revaluation reserve $000s	Cash flow hedge reserve $000s	Foreign currency revaluation reserve $000s	Foreign currency translation reserve $000s	Share based payments reserve $000s	Land and buildings revaluation reserve $000s	Retained earnings $000s	Total $000s
Equity at 1 January 2014		35,753	467	121	-	-	114	3,496	18,176	58,127
Net profit for the year		-	-	-	-	-	-	-	3,168	**3,168**
Other comprehensive income/loss for the year		-	476	(158)	-	-	-	1,801	-	**2,119**
Total comprehensive income for the year		-	476	(158)	-	-	-	1,801	3,168	5,287
Transactions with owners										
Shares issued	*18*	1,951	-	-	-	-	-	-	-	**1,951**
Employee share scheme receipts	*18*	69	-	-	-	-	-	-	-	**69**
Movement in employee share entitlement reserve	*20*	-	-	-	-	-	36	-	-	**36**
Transfer to retained earnings	*20*	-	-	-	-	-	(114)	-	114	-
Dividends paid	*21*	-	-	-	-	-	-	-	(2,273)	**(2,273)**
Total transactions with owners		2,020	-	-	-	-	(78)	-	(2,159)	(217)
Equity at 31 December 2014		37,773	943	(37)	-	-	36	5,297	19,185	63,197
Net profit for the year		-	-	-	-	-	-	-	4,272	**4,272**
Foreign exchange movement		-	-	-	(51)	9	-	-	-	**(42)**
Other comprehensive income/(loss) for the year		-	132	(147)	-	-	-	3,130	-	**3,115**
Total comprehensive income/(loss) for the year		-	132	(147)	(51)	9	-	3,130	4,272	7,345
Transactions with owners										
Shares issued	*18*	2,678	-	-	-	-	-	-	-	**2,678**
Employee share scheme receipts	*18*	200	-	-	-	-	-	-	-	**200**
Movement in employee share entitlement reserve	*20*	-	-	-	-	-	106	-	-	**106**
Dividends paid	*21*	-	-	-	-	-	-	-	(2,707)	**(2,707)**
Total transactions with owners		2,878	-	-	-	-	106	-	(2,707)	277
Equity at 31 December 2015		40,651	1,075	(184)	(51)	9	142	8,427	20,750	70,819

2014 comparative information has been reclassified to conform with the current year's presentation.

Statement of Cash Flows

For the year ended 31 December 2015

New Zealand dollars	Notes	2015 $000s	2014 $000s
Operating activities			
Cash was provided from			
Receipts from customers		141,700	117,607
Interest and dividends received		311	370
Cash was disbursed to			
Payments to suppliers and employees		(137,066)	(107,401)
Interest paid		(1,941)	(1,294)
Income taxes paid		(1,200)	(753)
Net cash flows from operating activities	*5*	**1,804**	**8,529**
Investing activities			
Cash was provided from			
Sale of property, plant and equipment		156	113
Sale of investments in shares		307	3,125
Received from insurance proceeds for asset loss		2,478	-
Repayment of advances		263	69
Cash was applied to			
Purchase of property, plant and equipment		(16,393)	(5,641)
Development of Bearer Plants		(74)	(925)
Investment in subsidiaries		(20,159)	(5,539)
Purchase of inventory		(200)	-
Purchase of water shares		(509)	-
Advances		(1,662)	(132)
Net cash flows (used in) investing activities		**(35,793)**	**(8,930)**
Financing activities			
Cash was provided from			
Proceeds of term bank borrowings		34,393	-
Proceeds of short term bank borrowings		15,000	21,062
Cash was applied to			
Repayment of term bank borrowings		-	(1,590)
Repayment of short term bank borrowings		(14,535)	(19,897)
Payment of dividend to shareholders	*21*	(2,519)	(2,167)
Net cash flows from (used in) financing activities		**32,339**	**(2,592)**
Net (decrease) in cash and cash equivalents		**(1,650)**	**(2,993)**
Effect of foreign exchange rates		(81)	-
Opening cash and cash equivalents		2,923	5,916
Closing cash and cash equivalents		**1,192**	**2,923**

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2015

This section contains the notes to the consolidated financial statements for Seeka Kiwifruit Industries Limited, its subsidiaries and associates. To give stakeholders a clear insight into how Seeka organises its business, the note disclosures are grouped in seven sections.

Basis of preparation
Accounting policies that apply to the full set of financial statements

Performance
Where revenues are generated and their associated operating costs

Assets
How Seeka allocates resources across its operations

Working capital
How Seeka manages its operating cash flow

Funding
How Seeka organises its capital structure

Group structure
Investments and financial performance of subsidiaries and associates

Other Notes
All other note disclosures

Basis of Preparation

This section sets out the Group's accounting policies that apply to the full set of financial statements. Accounting policies which are limited to a specific note, are described in that note.

Reporting entity and statutory base

Seeka Kiwifruit Industries Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. Seeka Kiwifruit Industries Limited is listed and its ordinary shares are quoted on the NZX main board equity security market (NZX Main Board).

The financial statements presented are those of Seeka Kiwifruit Industries Limited (the Company) together with its subsidiaries (the Group, Seeka or Seeka Group).

Nature of operations

Seeka is a produce business operating in New Zealand and Australia.

In New Zealand the Group provides orcharding, post harvest and retail services to New Zealand's kiwifruit, avocado and kiwiberry industries. The Group also provides retail and ripening services for imported tropical produce, and operates a wholesale market.

In Australia, following a 2015 acquisition of land, orchards and business assets, the Group became the largest single producer and supplier of Australian kiwifruit and nashi pears, a major supplier of European pears, plus lesser production of other temperate-climate fruits.

Statement of compliance and basis of preparation

The consolidated financial statements have been prepared in accordance with the requirements of Part 7 of the FMC Act 2013. In accordance with the FMC Act 2013, separate financial statements for the parent Company are no longer required to be prepared and presented, as the financial statements are prepared for the Group. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (GAAP), incorporating New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities . The Group financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements are prepared on a historical cost basis, with the exception of:

- financial assets and liabilities (including derivative instruments) at fair value through the profit or loss (note 30 and 31)
- biological assets at fair value (note 11)
- land and buildings at the revaluation model (note 9)

The significant accounting policies applied in the preparation of the financial statements are set out below.

The financial statements were approved by the Board of Directors (the Board) on 26 February 2016.

Basis of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Direct acquisition costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing during the month of that transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each entity's balance sheet within the Group are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each entity's income statement and statement of other comprehensive income, are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the accompanying notes. The accounting policies adopted have been applied consistently throughout the periods presented in these financial statements. Certain comparative information has been reclassified to conform with the current year's presentation. There are no new standards, amendments or interpretations that have been issued and effective, that are expected to have a significant impact on the Group.

Critical accounting estimates

The Group makes estimates and assumptions concerning future operational and financial performance. By definition, these assumptions may not always equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are identified in the notes below. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions underlying management's estimates can be found in the following notes to the financial statements.

Area of estimation	Note
Property, plant and equipment	9
Goodwill	10
Biological assets	11

Going concern assumption

The Group reported a profit before tax of $5.25m (2014: $4.26m) and operating cash inflows of $1.80m (2014: 8.53m) for the year ended 31 December 2015. As at 31 December 2015 the Group had net assets of $70.82m (2014: 63.19m).

The ability of the Group to remain in compliance with its bank covenants has been considered by the Board in the adoption of the going concern assumption during the preparation of these financial statements. The Board forecasts that the Group can trade at levels appropriate to meet its bank covenants for the 2016 financial year.

In doing so they have considered forecast information, the security of bank funding, and any potential impact on ongoing crop supply including Psa-V.

Goods and services tax (GST)

The statement of financial performance and statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Performance

This section focuses on the Group's financial performance and details the contributions made from the individual operating segments.

Note 1. Segment Information

The Group's operating segments are entities that engage in business activities that earn revenues, incur expenses and are reported in a manner consistent with the internal reports provided to the chief decision makers, being the Directors, who regularly evaluate the allocation of resources alongside operational outcomes and are responsible for implementing strategic decisions.

The Group has five operating segments:

- Four New Zealand segments express the range of complementary services delivered to New Zealand's produce industries.
- A single Australian segment encompasses the integrated business associated with the Group's Australian-grown produce.

Direct segment revenues and operating costs are allocated to each segment. Administration costs, overheads and grower service costs are allocated to all other segments. Transactions between segments are conducted at arms length and are eliminated on consolidation.

New Zealand segments

Orchard operations

The Group provides on-orchard management services to orchard owners who produce kiwifruit, avocado and kiwiberry crops.

The Group produces kiwifruit, avocado and kiwiberry crops from:

- Leased orchards (typically three-year rolling contracts) whereby the Group recovers costs and shares any profits with the orchard owners.
- Leased land (long term contracts) which the Group has developed into productive orchards, pays all development and production costs, and owns all crops for the term of the lease.

Post harvest operations

The Group provides post harvest services to the kiwifruit, avocado and kiwiberry industries. This includes all product from the Group's orchard management and lease operations, plus product from independent orchard owners.

Retail service operations

The Group provides fruit marketing services in New Zealand and internationally, particularly in the Australian and Asian markets. This includes product from the Group's orchard and post harvest operations. In New Zealand the Group also provides retail and ripening services for imported produce, and operates a wholesale market.

All other segments - New Zealand

This represents the Group's aggregated administration, grower services and overhead sections along with impairments and revaluations of other assets not attributed directly to any other segment.

Australian operations

The Group owns and operates Australian orchards, provides post harvest operations and markets the produce from those orchards, primarily in Australia. The main fruit grown by the group are kiwifruit, nashi pears and European pears.

Turnover

Turnover (a non-GAAP measure) includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent, and is considered the vendor by the purchasing party. (See note 2).

EBITDA and EBIT

EBITDA is earnings before interest, tax, depreciation, amortisation, impairments and revaluations. EBITDA is an indicator of profitability and reflects operating cash flow generation.

EBIT is earnings before interest and tax; an indicator of profitability that excludes interest and income tax expenses.

The following table details the operating segments at balance date.

	NEW ZEALAND				AUSTRALIA	GROUP
New Zealand dollars	Orchard operations $000s	Post harvest operations $000s	Retail service operations $000s	All other operations $000s	Australian operations $000s	Total $000s
2015						
Income statement						
Turnover[1]	**42,279**	**88,270**	**52,240**	**709**	**1,242**	**184,740**
Gross segment revenue	42,279	93,473	9,612	709	1,242	147,315
Eliminations	-	5,203	-	-	-	5,203
Total segment revenue	**42,279**	**88,270**	**9,612**	**709**	**1,242**	**142,112**
Income from insurance proceeds asset loss - fire	-	-	-	5,462	-	5,462
EBITDA[2]	**3,977**	**13,292**	**1,730**	**(3,692)**	**(1,382)**	**13,925**
(Gain) on revaluation of land and buildings	-	(1,228)	-	-	-	(1,228)
Impairment of assets - fire loss	-	1,740	-	-	-	1,740
EBIT	**3,364**	**8,005**	**1,613**	**(4,235)**	**(1,539)**	**7,208**
Net finance costs	-	-	-	1,587	375	1,962
Tax charge on profit	-	-	-	1,236	(262)	974
Profit after tax	**3,364**	**8,005**	**1,613**	**(7,058)**	**(1,652)**	**4,272**
Balance sheet						
Segment assets	24,253	83,438	4,082	13,117	32,744	157,634
Unallocated assets	-	-	-	6,684	-	6,684
Total assets	**24,253**	**83,438**	**4,082**	**19,801**	**32,744**	**164,318**
Segment liabilities	4,565	1,168	3,092	8,284	32,028	49,137
Unallocated liabilities	-	-	-	44,362	-	44,362
Total liabilities	**4,565**	**1,168**	**3,092**	**52,646**	**32,028**	**93,499**
2014						
Income statement						
Turnover[1]	**38,046**	**68,471**	**41,578**	**473**	**-**	**148,568**
Gross segment revenue	38,046	72,311	8,682	473	-	119,512
Eliminations	-	3,840	-	-	-	3,840
Total segment revenue	**38,046**	**68,471**	**8,682**	**473**	**-**	**115,672**
EBITDA[2]	4,179	10,770	1,773	(5,434)	-	11,288
(Gain) on revaluation of land and buildings		(245)	-	-	-	(245)
Impairments	-	-	-	445	-	445
EBIT	**3,907**	**5,856**	**1,708**	**(5,905)**	**-**	**5,566**
Net finance costs	-	-	-	1,303	-	1,303
Tax charge on profit	-	-	-	1,095	-	1,095
Profit after tax	**3,907**	**5,856**	**1,708**	**(8,303)**	**-**	**3,168**
Balance sheet						
Segment assets	24,256	66,890	9,774	3,088	-	104,008
Unallocated assets	-	-	-	5,783	-	5,783
Total assets	**24,256**	**66,890**	**9,774**	**8,871**	**-**	**109,791**
Segment liabilities	1,396	3,808	6,687	3,884	-	15,775
Unallocated liabilities	-	-	-	30,819	-	30,819
Total liabilities	**1,396**	**3,808**	**6,687**	**34,703**	**-**	**46,594**

1. Turnover is shown after inter-segment eliminations (note 2).

2.EBITDA is earnings before interest, tax, depreciation, amortisation, impairments and revaluations.

New Zealand dollars	2015 $000s	2014 $000s

Note 2. Turnover

	2015 $000s	2014 $000s
The following table reconciles turnover to revenue.		
Turnover	184,740	148,568
Value of sales made as agent	(42,628)	(32,896)
Revenue	**142,112**	**115,672**

Turnover

The Board considers turnover a useful measure of the Group's operating activity as it represents the total transactional value of goods and services provided to external customers during the year. As such turnover includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent, and is considered the vendor by the purchasing party. This includes all produce sales both local and export.

New Zealand dollars	2015 $000s	2014 $000s

Note 3. Revenue and other income

	2015 $000s	2014 $000s
Revenue		
Total revenue	**142,112**	**115,672**
Other income		
Interest	18	6
Dividend	289	210
	307	**216**
Income from insurance proceeds for asset loss - fire	5,462	-
Total other income	**5,769**	**216**
Total share of (loss) from associates	(5)	(69)
Total revenue and other income	**147,876**	**115,819**

Revenue is shown net of discounts, which includes the $2.49m cost of the grower incentive scheme (2014: $1.85m) (see right for details).

Impact of seasonality

Group revenues are linked to the seasonal nature of horticultural operations, with post harvest revenues generated as services are provided once the fruit is harvested, and orcharding and retail revenues once it is sold. In New Zealand kiwifruit are harvested from March to June, avocados from August to January, and kiwiberries from February to March. In Australia nashi and European pears are harvested January to March, and kiwifruit from March to May.

Oakside fire - insurance proceeds for asset loss

On 4 March a fire at the Group's Oakside facility destroyed an ancillary packhouse and caused damage to an office space and a number of coolstore buildings and associated plant, all part of post harvest operations. The Group is fully insured for loss on assets and also business interruption. The loss on the asset claim has been accepted by the Group insurers NZI, QBE and AIG. At balance date the minimum value of insurance recoveries for the loss of property and business interruption is $5.46m, of which the Group has received $2.48m, recognised as other income in the statement of financial performance. The value of the claim will be finalised when the asset rebuild is completed in 2016.

Grower incentive scheme

In response to industry-wide crop loss from the kiwifruit vine disease Psa, in 2013 the Group initiated a grower incentive scheme to secure post harvest volumes for harvests 2014, 2015 and 2016. Eligible growers that joined the scheme committed to supply all kiwifruit and kiwiberry crops from their orchards up to and including harvest 2016. In return, when each season's supply obligation is met (in September) the Company issues each complying grower with $0.10 worth of shares for every tray supplied that season. Shares are issued at the NZX volume weighted average price (VWAP) of shares prior to the issue.

For accounting purposes, the Group recognises:

- the expense as a discount to sales from post harvest revenue in the statement of financial performance, and
- the value of issued shares as share capital.

Accounting policies

Revenue comprises the fair value received for the sale of goods and services, net of goods and services tax (GST), rebates and discounts and after eliminating sales within the Group.

Orchard revenue

Managed orchards - revenue is invoiced and recognised as earned for orcharding services provided to managed orchards supplying the Group.

Leased orchards - crop revenue is recognised in the statement of financial performance at harvest based on forecast orchard gate returns (OGRs) with a corresponding increase in the statement of financial position. The proceeds are then received over the 12 month period following harvest. Revenue estimates are updated at balance date.

Post harvest revenue

From fruit packing, coolstorage and other supply-chain activities. Services peak from April to December with the bulk of revenues collected by end November. Revenue is recognised as services are provided.

Retail service revenue

Ripening and delivery services, and fruit sales to key retail customers - revenue is recognised as services are provided on a principal or agency basis depending on who bears the risks and rewards.

Fruit marketing and wholesale market sales programmes (domestic and international) - the Group acts as an agent and collects a commission on sales with revenue recognised when the produce is sold.

Collaborative marketing programmes (the Group purchases fruit from Zespri International for sale in agreed international markets under licence from Kiwifruit New Zealand) - revenue is recognised when the produce is sold.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Note 4. Operating expenses

New Zealand dollars	Note	2015 $000s	2014 $000s
Operating materials and services		84,470	64,900
Total other employee benefits expense		29,735	24,259
Operating lease expense		8,369	9,084
Net movement in fair value of biological assets - crop	11	(4,187)	(1,592)
Total cost of sales		**118,387**	**96,651**
Acquisition costs	24	616	-
Stamp duty	24	504	-
Total acquisition costs and stamp duty		**1,120**	**-**
Grower relationship payment		**4,042**	**-**
Other costs			
Total other employee benefits expense		5,076	4,624
General administrative expenses		4,316	3,640
Audit fees paid to principal auditors - (paid on a Group basis)		194	143
Tax fees paid to principal auditors		231	103
Other accounting fees		1	16
Directors' fees and expenses		400	350
Movement in onerous lease provision		(30)	(241)
Rent and lease expenses		292	532
(Gain) on sale of property plant and equipment and investments		(78)	(1,287)
Total other costs		**10,402**	**7,880**
Depreciation		**5,749**	**5,250**
Amortisation		**456**	**272**
Impairments and revaluations			
(Gain) on revaluation of land and buildings		(1,228)	(245)
Impairment of lease interest in land	10	-	325
Impairment of investments in associates		-	120
Impairment of assets - fire loss		1,740	-
Total impairment and revaluation		**512**	**200**
Interest expense		1,962	1,303
Total expenses		**142,630**	**111,556**

Grower relationship payment - fruit loss

On 4 March a fire at the Group's Oakside packhouse destroyed part of the facility and caused damage to an ancillary packhouse, office space and a number of coolstore buildings and associated plant, all part of post harvest operations. Seeka and its growers suffered extraordinary fruit softening and loss as the result of the fire and the strategy put in place to mitigate fruit loss at that site. While the strategy was successful, growers still suffered extraordinary financial loss that is the subject of a further insurance claim by Seeka Growers Limited for the value of the fruit lost. This claim has partly been agreed, but a substantial portion is still in the process of evaluation by their Insurance underwriters. Seeka considered it important to stand by its growers while they worked through the detailed insurance process and has advanced $4.04m to Seeka Growers Limited (the grower pool) so as to maintain its on-going relationship and goodwill with its growers and minimise the risk of grower loss. In doing so, it was agreed that the advance will only be repaid to Seeka as a priority charge from any further insurance proceeds that Seeka Growers Limited receives from the active insurance claim should the claim be accepted.

Accounting policies

Operating expenses are recognised in the statement of financial performance as incurred, except where a future economic benefit arises and they are recorded as prepayment.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group are classified as operating leases.

Operating leases include short term orchard leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight line basis over the period of the lease, except for short term orchard leases where lease costs are recognised at the same time as other crop related income and expenses.

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Note 5. Reconciliation of net operating surplus after taxation with cash flows from operating activities

New Zealand dollars	2015 $000s	2014 $000s
Net operating surplus after taxation	**4,272**	**3,168**
Add non cash items:		
Depreciation	5,749	5,250
(Gain) on revaluation of buildings	(1,228)	(245)
Revaluation of lease interest in land	-	325
Movement in deferred tax	844	720
Movement in fair value of biological assets - crop	(4,187)	(1,592)
Impairment of investments in associates	-	120
Impairment of assets - fire loss	1,740	-
Movement in onerous leases	(30)	(241)
Amortisation of intangibles	456	272
Share of loss from associates	5	223
	3,349	**4,832**
Add / (less) items not classified as an operating activity:		
Loss on sale of property, plant and equipment	19	76
(Gain) on sale of shares	(97)	(1,363)
Income from insurance proceeds for asset loss - fire	(2,478)	-
	(2,556)	**(1,287)**
(Increase) / decrease in working capital:		
Increase in accounts payable	2,546	2,254
(Increase) decrease in accounts receivable/prepayments	(4,003)	392
(Increase) in inventory	(735)	(451)
(Decrease) in taxes due	(1,069)	(379)
	(3,261)	**1,816**
Net cash flow from operating activities	**1,804**	**8,529**

Accounting policies

Cash flows statements are prepared using the direct approach. Cash and cash equivalents are shown exclusive of GST.

New Zealand dollars	Note	2015 $000s	2014 $000s

Note 6. Income tax expense

a. Current tax expense

Current year		72	281
Adjustments for prior year		58	94
		130	**375**
Deferred tax expense	*7*		
Origination and reversal of temporary differences		844	720
Total income tax expense		**974**	**1,095**

b. Numerical reconciliation of income tax expense to prima facie tax payable

Profit before income tax expense	**5,246**	**4,263**
Tax at the New Zealand tax rate of 28%	1,981	1,194
Benefit of Australian tax loss at tax rate of 30%	(574)	
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	223	114
Tax exempt income	(803)	(491)
Deferred tax impact on reclassification of property	-	179
Under provision in prior years	147	99
Income tax expense	**974**	**1,095**

c. Imputation credit account

Imputation credits available for use in subsequent reporting periods	**10,414**	**11,452**

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

a. Imputation credits that will arise from the payment of the amount of the provision for income tax

b. Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

c. Imputation credits that will arise from the receipts of dividends recognised as receivables at the reporting date.

d. Current tax receivable / (liability)

Opening balance of current tax receivable/(liability)	**244**	**(134)**
Adjustments for prior periods	(58)	(94)
Current year tax	(72)	(281)
Less tax paid	1,200	753
Current tax receivable	**1,314**	**244**

Accounting policies

Income tax expense comprises both current and deferred tax and is recognised in the statement of financial performance.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the tax loses of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination and that affects neither accounting or taxable profit. Differences relating to investments in subsidiaries and jointly controlled entities are not recognised to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at balance date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Note 7. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following table details the offset amounts.

New Zealand dollars	2015 $000s	2014 $000s
Expected settlement		
Within 12 months	456	3,159
In excess of 12 months	13,741	6,544
	14,197	**9,703**
Net deferred tax liabilities		
Opening balance	**9,703**	**7,713**
Opening balance from purchase of subsidiary	3,009	717
Exchange differences	(118)	-
Charged to the statement of financial performance	844	720
Charged to revaluation reserve	816	615
(Credited) to hedge reserve	(57)	(62)
Closing balance at end of year	**14,197**	**9,703**
The following table details the composition of deferred tax if any offsetting within the same tax jurisdiction was not taken into consideration.		
Temporary differences on non-current assets	13,750	6,544
Current liabilities	(1,409)	(1,235)
Prepayments and accrued income	1,856	4,394
	14,197	**9,703**

The deferred tax liability recognised in the financial statements does not represent the tax that would be payable on the disposal of the buildings; actual tax payable is limited to the reversal of tax depreciation claimed on that asset in prior period tax returns.

Note 8. Events occurring after balance date

There are no further events occurring subsequent to balance date requiring adjustment to or disclosure in the financial statements.

Assets

This section focuses on the physical and intangible assets used by the Group to operate the business, deliver benefits to stakeholders, add new income streams and generate revenues. Assets include post harvest facilities, retail service facilities, and software. Assets also include land, bearer plants and crop on Group-owned and leased orchards, along with goodwill and supplier contracts arising from Group acquisitions.

Disclosures are made on additions, disposals, revaluations, depreciation, impairments and amortisation.

Note 9. Property, plant and equipment

New Zealand dollars	Note	Land and buildings $000s	Plant and equipment $000s	Motor vehicles $000s	Bearer plants $000s	Total $000s
At 1 January 2014						
Cost or valuation		37,091	64,726	518	1,512	103,847
Accumulated depreciation and impairment		(808)	(40,851)	(379)	(26)	(42,064)
Net book amount		**36,283**	**23,875**	**139**	**1,486**	**61,783**
Year ended 31 December 2014						
Opening net book amount		**36,283**	**23,875**	**139**	**1,486**	**61,783**
Additions		2,358	2,853	116	925	6,252
Additions through business combinations	24	1,733	56	-	-	1,789
Revaluation before tax		2,661	-	-	-	2,661
Depreciation		(1,329)	(3,849)	(47)	(25)	(5,250)
Disposals		-	(132)	(13)	-	(145)
Assets transferred as no longer held for resale		2,857	-	-	-	2,857
Closing net book amount		**44,563**	**22,803**	**195**	**2,386**	**69,947**
At 1 January 2015						
Cost or valuation		45,529	67,503	621	2,437	116,090
Accumulated depreciation and impairment		(966)	(44,700)	(426)	(51)	(46,143)
Net book amount		**44,563**	**22,803**	**195**	**2,386**	**69,947**
Year ended 31 December 2015						
Opening net book amount		**44,563**	**22,803**	**195**	**2,386**	**69,947**
Additions		11,463	4,407	113	74	16,057
Additions through business combinations	24	9,441	1,858	597	5,245	17,141
Exchange differences		(370)	(62)	(35)	(206)	(673)
Depreciation		(1,445)	(3,912)	(53)	(339)	(5,749)
Disposals		(1,190)	(250)	-	-	(1,440)
Impairments of assets - fire loss		(1,446)	(294)			(1,740)
Revaluation before tax		5,175	-	-	-	5,175
Closing net book amount		**66,191**	**24,550**	**817**	**7,160**	**98,718**
At 31 December 2015						
Cost or valuation		68,602	73,162	1,296	7,550	150,610
Accumulated depreciation and impairment		(2,411)	(48,612)	(479)	(390)	(51,892)
Net book amount		**66,191**	**24,550**	**817**	**7,160**	**98,718**

Land and buildings

Land and buildings are revalued to their estimated market value on a three-year rolling cycle by TelferYoung Valuers, ANZIV, independent registered valuer as at 31 December 2015 (excludes assets under construction and those damaged by the Oakside fire). Subsequent additions are at cost.

Valuations are undertaken by an independent valuer using inherently subjective techniques that include estimations.

The valuer considers three different approaches in concert to arrive at a fair value;

1. Replacement cost - adds the value of the land to the replacement cost of the buildings and other improvements based on the current cost of construction less depreciation based on the age of the building with an allowance for physical depreciation (2%). Specific consideration is given to the 'optimised depreciated replacement cost' methodology.
2. Sales - considers sales of other comparable properties.
3. Investment - assumes a hypothetical lease of the property with a current market rental being established and capitalising this at an appropriate rate of return (8 - 15%) that would be expected by a prudent investor.

The following table details movements in the revaluation reserve, net of tax.

New Zealand dollars	Land $000s	Buildings $000s	Total $000s
Land and buildings revaluation reserve	1,290	1,840	3,130

As a consequence of the building revaluations conducted December 2015, $0.23m (Dec 2014 - $0.58m) of accumulated depreciation was offset directly against the assets' cost or valuation, prior to revaluation.

The following table details what the value of land and buildings would be if they were stated on the historical cost basis.

New Zealand dollars	2015 $000s	2014 $000s
Cost	77,415	54,522
Accumulated depreciation	(18,077)	(15,604)
Net book amount	**59,338**	**38,918**

Impairment

On 4 March 2015, the Group's Oakside facility suffered a fire which led to the destruction or damage to an ancillary packhouse and office, and a number of coolstore buildings and associated plant, all of which were part of post harvest operations.

As a result the Group has a $1.74m impairment loss that has been recognised within the statement of financial performance.

The Group is fully insured for loss on assets and also business interruption. At balance date the value of insurance recoveries is estimated to be $5.46m of which $2.48m had been received for the asset loss.

Accounting policies

Non-current assets held for sale

When it is highly probable an asset's carrying value will be recovered principally through a sale transaction rather than by continued use, the asset is reclassified in the statement of financial position as an asset held-for-sale.

A held-for-sale asset is recognised at the lower of its carrying amount and fair value, less costs to sell.

When a held-for-sale asset is no longer available for sale, or a sale is not highly probable within 12 months of being classified as held-for-sale, the classification is reviewed, and if appropriate the asset reclassified as non current asset.

Bearer plants

Bearer plants are the Group's investment in kiwifruit vines, pear, avocado and other fruiting trees on Group-owned and leased land.

Property, plant and equipment - including bearer plants

Land and buildings are shown at fair value, based on periodic, but at least triennial valuations by independent valuers, plus any subsequent improvements at cost, less subsequent depreciation for buildings. Revaluations are performed more frequently if changing industry conditions may cause their carrying value to differ significantly from fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount are restated to the revalued amount of the asset.

All other property and equipment, including bearer plants, are stated at historical cost less depreciation. Historical cost includes all costs incurred to purchase the asset.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Changes in the carrying amounts arising on revaluation of land and buildings are accounted through comprehensive income and other reserves.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight line or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The depreciation of bearer plants on leased land orchards is aligned to the term of the lease.

Accounting policies - continued

The estimated useful lives of assets are as follows:

- Buildings: 20 - 50 years
- Machinery: 10 - 20 years
- Vehicles: 4 - 7 years
- Furniture, fittings and equipment: 3 - 10 years
- Bearer plants: 5 - 50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at balance date.

An asset's carrying amount is immediately written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount, and any gain or loss is included in the statement of financial performance. When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets is transferred to retained earnings.

Note 10. Intangible assets

New Zealand dollars	Software $000s	Goodwill $000s	Water shares $000s	Supplier contract $000s	Interest in leased land $000s	Total $000s
At 1 January 2014						
Cost	1,760	-	-	-	801	2,561
Accumulated amortisation	(1,692)	-	-	-	(33)	(1,725)
Net book amount	**68**	**-**	**-**	**-**	**768**	**836**
Year ended 31 December 2014						
Opening net book amount	**68**	**-**	**-**	**-**	**768**	**836**
Additions	77	-	-	-	-	77
Additions through business combinations	-	3,414	-	1,877	-	5,291
Revaluation before tax	-	-	-	-	(325)	(325)
Amortisation	(36)	-	-	(203)	(33)	(272)
Closing net book amount	**109**	**3,414**	**-**	**1,674**	**411**	**5,608**
At 1 January 2015						
Cost	1,837	3,414	-	1,877	768	7,896
Accumulated amortisation	(1,728)	-	-	(203)	(357)	(2,288)
Net book amount	**109**	**3,414**	**-**	**1,674**	**411**	**5,608**
Year ended 31 December 2015						
Opening net book amount	**109**	**3,414**	**-**	**1,674**	**411**	**5,608**
Additions	410	-	509	-	-	919
Additions through business combinations	-	6,271	3,568	-	-	9,839
Exchange differences	-	(245)	(139)	-	-	(384)
Amortisation	(88)	-	-	(334)	(34)	(456)
Closing net book amount	**431**	**9,440**	**3,938**	**1,340**	**377**	**15,526**
As at 31 December 2015						
Cost	2,247	9,440	3,938	1,877	768	18,270
Accumulated amortisation	(1,816)	-	-	(537)	(391)	(2,744)
Net book amount	**431**	**9,440**	**3,938**	**1,340**	**377**	**15,526**

The amortisation period of software is four to five years and the remaining amortisation period for the interest in leased land is from 35 to 93 years.

The Group's interest in leased land occupied, or held for future development, arose on the acquisition of Huka Pak and is the difference in the value of the lease terms to relative market terms.

Permanent water shares is an integral part of land and irrigation infrastructure required to grow pears, kiwifruit and other annual crops in Australia. The fair value of permanent water shares used for impairment testing is supported by the traded price of the shares.

Impairment tests for goodwill

The Board reviews business performance based on operating segments and monitors goodwill at the operating segment level in accordance with the below policy. Goodwill represents the Group's retail services acquired with Glassfields and the acquisition of Seeka Australia (Pty) Limited.

The recoverable amount is based on the net present value of the 5 year after-tax cash flow projection, with a terminal value beyond 5 years. Cash flows beyond the 5 year period are extrapolated using estimated growth rates and discount rates stated below. The assumptions used for the analysis of the net present value of forecast gross margin for the cash generating unit, is determined based on past performance and Directors' expectations of future market development. No impairment arose in the current year.

No impairment would be required if the discount rate applied was 1% higher or if the terminal growth rate was 1% lower.

The following table details the key assumptions used for value-in-use calculations and the recoverable amount in 2015.

	Cash generating unit within	Carrying amount $000s	Discount rate	Long term growth rate
Goodwill				
Glassfields	Retail services segment	3,414	9.0%	1.0%
Seeka Australia Pty Limited	Australian operations	6,026	9.0%	3.1%

The following table details how leased land would be stated on the historical cost basis.

New Zealand dollars	2015 $000s	2014 $000s
Cost	1,735	1,735
Accumulated depreciation	(230)	(197)
Net book amount	**1,505**	**1,538**

Accounting policies

Intangible assets

Assets with a finite useful life are subject to depreciation and amortisation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment, with impairment losses recognised when the carrying amount exceeds the recoverable amount. When assessing impairment, assets are grouped at the lowest identifiable unit able to generate cash flow.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life (typically three to five years).

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business or associate at the date of acquisition. Goodwill on acquisition of a business is included in intangible assets. Goodwill on acquisition of an associate is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if deemed prudent, goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to that entity.

Supplier contracts

When an intangible asset is recognised on a supplier contract it is amortised over the life of the contract on a straight line basis. The expense is charged to the statement of financial performance.

Lease interest in land

The Group's interest in long term leased land occupied, or held for future development, is amortised over the life of the lease and tested for impairment on a triennial basis along with land and buildings.

Permanent water shares

The Group records permanent water shares at cost; the shares have an indefinite life and are not depreciated. Integral to growing annual crops in Australia, the carrying value is tested annually for impairment and as required, adjusted to take account of any impairment losses.

Note 11. Biological assets - crop

Crops growing on bearer plants are classified as biological assets and measured at fair value.

Crop assets are kiwifruit, Nashi pears, Packham Pears, Corella Pears, other pears, cherries, avocado, apricot, and plum crops growing on leased and owned orchards and yet to be harvested at balance date.

The following table reconciles beginning balances to end balances for biological assets crop measured at fair value defined as level 3 in note 30.

New Zealand dollars	2015 $000s	2014 $000s
Carrying amount at beginning of period	11,594	10,002
2015 crop		
Fair value movement from 31 December 2014 to point of harvest	15,610	12,017
Fair value when harvested	(27,204)	(22,019)
2016 crop		
2016 crop where cost is deemed fair value	16,935	11,422
2016 crop at fair value	430	172
Carrying amount at end of period	**17,365**	**11,594**

The following table reconciles fair value movement of biological assets crop.

New Zealand dollars	2015 $000s	2014 $000s
Movement in carrying amount	5,771	1,592
Less current period additions and acquisitions	(1,645)	-
Less exchange differences	61	-
Net fair value movement in crop	**4,187**	**1,592**

Biological assets are classified as follows.

New Zealand dollars	2015 $000s	2014 $000s
Australia - all varieties	4,532	-
New Zealand - kiwifruit crop	12,721	11,422
New Zealand - avocado crop	112	172
Carrying value at end of period	**17,365**	**11,594**

Accounting policies

Biological assets are the crops hanging on the vines and trees in the Group's leased and owned orchards. The method to determine fair value depends on the degree of biological transformation (the maturity of the fruit) at balance date.

When insufficient biological transformation has occurred, the fair value is the costs incurred at balance date to grow the crops (so long as the costs are considered recoverable).

When sufficient biological transformation has occurred, fair value is the estimated net market return less selling cost and costs to market.

Working Capital

This section focuses on how the Group manages inventories, accounts receivable and accounts payable to ensure an appropriate level of working capital is available to operate the business, deliver benefits to stakeholders and generate revenues.

New Zealand dollars	2015 $000s	2014 $000s

Note 12. Trade and other receivables

Current trade receivables	9,446	6,183
Prepayments	851	697
Insurance receivable for asset loss - fire	2,984	-
GST refund due	343	-
Accrued fruit income and other sundry receivables	7,584	6,079
Current trade and other receivables	**21,208**	**12,959**
Non current trade receivables	3,772	2,170
Total receivables	**24,980**	**15,129**

Within current trade receivables, $1.35m are past due (Dec 2014 - $1.19m), of which 4% are more than 90 days (Dec 2014 - 4%). Non-current trade receivables are considered recoverable and relate to debtors secured against crop supply commitments with repayment terms of up to five years.

Accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis including debts past due but not considered impaired. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, and is recognised in the statement of financial performance.

New Zealand dollars	2015 $000s	2014 $000s

Note 13. Inventories

Total packaging at cost	1,875	1,157
Other inventories at cost	1,310	1,093
Total inventories	**3,185**	**2,250**

For specific vendors, packaging goods purchased but not paid for are covered by a security interest. At balance date, this was nil (Dec 2014 - $0.01m).

At balance date, $20.95m (Dec 2014 - $18.84m) of packaging inventory costs were expensed to cost of sales in the statement of financial performance.

Accounting policies

Raw materials and stores, work in progress, finished goods and fruit produce are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour, and are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price less estimated costs of completion and sales costs.

New Zealand dollars	2015 $000s	2014 $000s

Note 14. Water allocation account

	2015 $000s	2014 $000s
Opening net book amount	-	-
Additions through business combinations	437	-
Purchases	146	-
Applied to biological assets - crop	(220)	-
Exchange differences	(14)	-
Closing net book amount	**349**	-

Accounting policies

Allocation rights are carried at fair value supported by the value of the traded rights on a recognised exchange or market at measurement date.

Water allocation rights are recognised as a current asset when they are allocated to water shares each year, and are subsequently expensed when the water attached to them is used.

New Zealand dollars	2015 $000s	2014 $000s

Note 15. Trade and other payables

	2015 $000s	2014 $000s
Trade payables	4,402	2,560
Accrued expenses	12,043	11,358
Employee expenses	2,942	2,113
Other payables	5,467	573
Total trade and other payables	**24,854**	**16,604**

Accounting policies

Trade payables are recognised initially at fair value (the invoiced amount). If the Group has been provided with extended terms of trade, they are then recognised at amortised cost using the effective interest method.

New Zealand dollars	2015 $000s	2014 $000s

Note 16. Onerous lease provision

	2015 $000s	2014 $000s
Carrying amount at start of year	72	313
Provision released during the year	(30)	(241)
Carrying amount at end of year	**42**	**72**
Current provision	34	34
Non-current provision	8	38
Carrying amount at end of year	**42**	**72**

The provision for onerous leases relates to a coolstore lease that is no longer required. The lease on the coolstore expires 31 March 2017, and the provision is discounted at 10% per annum.

No other leases were identified as onerous.

Accounting policies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and the Group expects to settle the obligation.

Funding

This section focuses on how the Group manages its capital structure to protect shareholder value, while funding operations that deliver benefits to stakeholders and grow shareholder returns.

Disclosures are made on the Group's bank facilities, retained earnings, dividends paid to shareholders, and earnings per share. Details on the Company's share capital include shares issued under the dividend reinvestment, grower incentive and employee share schemes.

New Zealand dollars	2015 $000s	2014 $000s
Note 17. Interest bearing liabilities		
Current secured		
Bank borrowings	1,630	1,165
Total current interest bearing liabilities	**1,630**	**1,165**
Non-current secured		
Non current portion of term liabilities	52,522	19,000
Total non-current interest bearing liabilities	**52,522**	**19,000**

The Group's total facilities of $115.6m (Dec 2014 - $46.0m) comprise a flexi credit facility of $25.0m (Dec 2014 - $24.5m) and term loans of $90.6m (Dec 2014 - $21.5m).

The Board has assessed the fair value of the term loans as the outstanding balance at balance date.

The following table details the amounts of the term loans drawn down at balance date and their maturities.

New Zealand dollars	Balance due $000s	Interest rate	Maturity	Repayment terms
Term Loans as at 31 December 2015				
Term loan Australia 01	12,771	3.90%	28 February 2018	Interest only
Term loan Australia 02	8,621	3.90%	28 February 2018	Interest only
Working capital loan	12,130	3.95%	28 February 2018	Interest only
Term loan 95	10,000	4.42%	28 February 2018	Interest only
Term loan 96	9,000	4.42%	28 February 2018	Interest only
Term Loans as at 31 December 2014				
Term loan 95	10,000	5.44%	07 December 2017	Interest only
Term loan 96	9,000	5.44%	07 December 2017	Interest only

Assets pledged as security

Bank loans and overdrafts are secured by first mortgages over the Group's freehold land and buildings. The Group's policy is to protect the term portion of the loans from exposure to changing interest rates. See Note 31.

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

When it is probable that part or the entire loan will be drawn down, any loan facility establishment fee paid is recognised as a loan transaction cost. When the loan will probably remain undrawn, any loan fee paid is capitalised as a pre-payment for liquidity services and amortised over the period of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Shares	2015 Shares	2014 Shares

Note 18. Share capital

Authorised and issued share capital

	2015 Shares	2014 Shares
Ordinary shares - fully paid and no par value		
Opening balance	**15,526,416**	**14,451,049**
Shares issued under:		
Dividend reinvestment programme	60,364	40,615
Grower incentive scheme	738,950	605,152
Employee share scheme	-	429,600
	16,325,730	**15,526,416**
Ordinary shares - classified as follows		
Held by ordinary shareholders	15,660,430	14,832,974
Held by Seeka Employee Share Plan Trustees	665,300	693,442
	16,325,730	**15,526,416**

New Zealand dollars	2015 $000s	2014 $000s
Movements in ordinary paid up share capital		
Opening balance of ordinary shares	**40,052**	**36,791**
Issues of ordinary shares during the year	2,678	3,261
Closing balance of ordinary share capital	**42,730**	**40,052**
Movements in treasury share capital		
Opening balance of ordinary shares	**2,279**	**1,038**
Issue of shares under the employee share scheme	-	1,310
Cash received under employee share scheme	(200)	(69)
Closing balance of shares held as treasury capital	**2,079**	**2,279**
Net share capital	**40,651**	**37,773**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of fully paid shares held.

Grower Incentive Scheme

On 7 September 2015, the Group issued 738,950 shares at a price of $3.37 each in respect of the 2015 kiwifruit supply season to participating growers. See note 3.

Accounting policies

Ordinary shares are classified as equity.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

New Zealand dollars	2015 $000s	2014 $000s

Note 19. Earnings per share

	2015 $000s	2014 $000s
Basic earnings per share		
Profit attributable to equity holders of the Company (thousands)	4,272	3,168
Weighted average number of ordinary shares in issue (thousands)	14,971	14,187
Basic earnings per share	$0.29	$0.22
Diluted earnings per share		
Profit attributable to equity holders of the Company (thousands)	4,272	3,168
Weighted average number of ordinary shares in issue plus employee share scheme (thousands)	15,659	14,542
Diluted earnings per share	$0.27	$0.22

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New Zealand dollars	2015 $000s	2014 $000s

Note 20. Retained earnings and reserves

	2015 $000s	2014 $000s
Reserves		
Cash flow hedge reserve	(184)	(37)
Available-for-sale revaluation reserve	1,075	943
Land and buildings revaluation reserve	8,427	5,297
Foreign currency translation reserve	9	-
Foreign currency revaluation reserve	(51)	-
Share based payment reserve	142	36
Total reserves	**9,418**	**6,239**

The cash-flow hedge reserve is used to record increments and decrements on the revaluation of derivative financial instruments.

The available-for-sale reserve is used to record increments and decrements on the revaluation of available for sale financial assets.

The land and buildings revaluation reserve is used to record increments and decrements on the revaluation of land and buildings.

The foreign currency translation reserve is used to record foreign currency translation differences on the translation of the Group entities results and financial position. The amounts are accumulated in other comprehensive income and recognised in profit and loss when the foreign operation is partially disposed of or sold.

The foreign currency revaluation reserve is used to record unrealised gains and losses on the Group's assets and liabilities held in foreign currencies.

Share based payment reserve

The Group operates two equity-settled, share-based compensation plans: a new employees share scheme that was established in 2014, and a scheme established in 2002 that is not active and is in the process of being terminated and the surplus shares will be sold.

The active scheme is managed by a trust established in October 2014, and the directors of the trustee company (Seeka Employee Share Plan Trustee Limited) are also Directors of Seeka.

For both employee share schemes shares are issued to an employee share trust, with certain employees eligible to subscribe to shares held by the trust with this benefit recognised as a share-based payment expense and recorded as an expense over the vesting period. At the end of the vesting period the employee has an option to settle any outstanding debt on the shares and have the shares transferred to them, alternatively the employee can elect not to have the shares transferred to them and any outstanding debt will be forgiven.

New Zealand dollars	2015 $000s	2014 $000s
Balance at 1 January	**36**	**114**
Transfer to retained earnings	-	(114)
Movement in employee share entitlement reserve	106	36
Balance 31 December	**142**	**36**

At balance date, the number of shares in respect of which options have been granted to employees and remain outstanding under the schemes was 423,300 (Dec 2014 - 429,600), representing 2.59% (Dec 2014 - 2.77%) of the shares of the Company on issue at that date.

The shares are issued fully paid in exchange for a loan to the share scheme trust.

The options element of the scheme is valued using a Black Scholes pricing model. Because the Company has a small market capitalisation with minimal trading, the Board forecasts expected volatility.

The following table details inputs to the Black Scholes pricing model.

Inputs into the model	7 October 2014
Grant date share price	$3.05
Exercise price	$3.05
Expected life (interest free loan period)	3 years
Maximum loan period	5 years
Time to vest	3 years
Employee exit rate pre-vesting (% per year)	8.00%
Expected volatility (% per year)	26.00%
Risk-free interest rate	4.12%
Dividend yield	6.83%
Value of option	$0.74

The following table details movements of options granted under the current active scheme.

Grant date	Expiry date	Fair value at grant date	Exercise price	1 January open shares	Issued shares	Relinquished shares	Exercised shares	31 December shares
7 Oct 2014	7 Oct 2017	$0.74	$3.05	429,600	-	-	(6,300)	423,300
Weighted average exercise price			$3.05					$3.05
Weighted average contractual time (years)			3.00					3.00

Retained Earnings

The following table details movements in retained earnings.

New Zealand dollars	2015 $000s	2014 $000s
Balance at 1 January	**19,185**	**18,176**
Net profit for the year	4,272	3,168
Dividends paid	(2,707)	(2,273)
Release of share-based payments	-	114
Balance at 31 December	**20,750**	**19,185**

Accounting policies

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the statement of financial performance with a corresponding increase in the share based payment reserve. The fair value is determined by reference to the fair value of the options granted, calculated using the Black Scholes pricing model, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

When the shares vest, the amount of the reserve relating to those shares is transferred to share capital.

Shares may be issued at the Board's discretion at a price set by the Board based on the VWAP calculation of the Company's shares during the period prior to issue. The Employee Share Scheme (ESS) cannot be issued with further shares if that issue would result in the ESS having an interest of more than 5% of the Company's issued capital. Shares are issued fully paid in exchange for a loan to the share scheme trust. Dividends paid on the shares are applied towards repaying the debt between the ESS and the Group on behalf of the employee.

Proceeds received along with any employee contributions are credited to share capital when the options are exercised.

ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Group reviews the scheme and decides upon the allocation of further shares and the price at which those shares will be issued to the ESS. Trustees of ESS are appointed for an unspecified term and may be removed by the Company at any time.

Shares held by the ESS carry the same voting rights as other issued ordinary shares.

Note 21. Dividends

	2015 $000s	2015 Per share	2014 $000s	2014 Per share
28 March 2014	-	-	1,020	$ 0.07
13 November 2014	-	-	1,253	$ 0.08
27 March 2015	1,242	$ 0.08	-	-
18 September 2015	1,465	$ 0.09	-	-
Total dividend paid or credited as shares under the dividend reinvestment plan (DRP)	**2,707**		**2,273**	

The dividends are imputed to the fullest extent allowable in the tax year. The total dividend paid includes the non-cash amounts for the dividend re-investment plan. Cash dividend payment was $2.52m (Dec 2014: $2.17m).

On 25 February 2016, the directors declared a fully-imputed dividend of $0.10 per share. The dividend will be paid 24 March to those shareholders on the register at 5pm on 18 March, 2016. The dividend reinvestment plan will apply to the dividend. This dividend declaration brings fully imputed dividends distributed to shareholders in the past year to $0.19 per share, compared to $0.16 per share in 2014.

Accounting policies

Provision is made for the amount of any dividend declared on or before the end of the period but not distributed at balance date

Group Structure

This section focuses on how the Group has made investments to support Seeka's core kiwifruit business, realise synergies along the produce supply chain, and grow Seeka's product base and geographical reach. The Board manages business investments to strengthen the benefits delivered to stakeholders and grow shareholder returns.

Disclosures are made on the Group's holdings in associates and subsidiaries, including the 2015 purchase of assets from Bunbartha Fruit Packers (Pty) Limited (Bunbartha or BFP) and sale of its shareholdings in Kiwi Produce Limited on 17 July 2015, and Oropi Management Services Limited on 3 September 2015. Details are also provided on the Group's holding of listed and unlisted shares.

New Zealand dollars	2015 $000s	2014 $000s
Note 22. Investment in shares		
Equity investments in shares not otherwise held for trading are classified as available for sale.		
Balance at the beginning of the year	1,621	1,085
Payment/(repayment) of investment	(64)	60
Revaluation recognised in equity	132	476
Balance at end of year	1,689	1,621
Investments in shares classified as		
Zespri Group Limited	853	873
Unlisted equity securities		
Oropi Management Services Limited	-	90
Ravensdown Fertiliser Co-operative Limited	221	77
UPNZ Limited	340	340
Ballance Agri Nutrients Limited	225	225
Other share holdings	50	16
Total unlisted securities	836	748
	1,689	1,621

The following table reconciles beginning balances to end balances for unlisted securities measured at fair value defined as level 3 in note 30.

New Zealand dollars	Unlisted equity securities Level 3 $000s
Balance at 1 January 2015	748
Disposals, receipts and revaluations	88
Balance at 31 December 2015	836

Accounting policies

The fair values of the listed securities are based on the securities' closing share price at balance date. Where pricing information is available, unlisted securities are revalued at balance date. All other unlisted securities are currently held at cost less impairment as it reasonably represents current fair value. The carrying amount of all unlisted securities have been reviewed at balance date with no impairments arising.

Note 23. Principal subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Class of shares	Equity holding 31 December 2015	Equity holding 31 December 2014
Seeka Australia (Pty) Limited	Australia	Ordinary	100%	50%
Seeka Pollen Australia (Pty) Limited - not trading	Australia	Ordinary	100%	-
Glassfields (NZ) Limited	New Zealand	Ordinary	100%	100%
Seeka Fresh Limited	New Zealand	Ordinary	100%	100%
Integrated Fruit Supply & Logistics Limited	New Zealand	Ordinary	100%	100%
Avofresh Limited	New Zealand	Ordinary	100%	100%
Guaranteed Sweet Limited - not trading	New Zealand	Ordinary	100%	100%
Eleos Limited - not trading	New Zealand	Ordinary	100%	100%
Enviro Gro Limited - not trading	New Zealand	Ordinary	100%	100%
Kiwi Coast Growers (Te Puke) Limited - not trading	New Zealand	Ordinary	100%	100%
Seeka Te Puke Limited - not trading	New Zealand	Ordinary	100%	100%

Note 24. Business Combinations

Acquisition of the business of Bunbartha Fruit Packers Pty Limited

On 4 August 2015, the Group acquired the 50% balance of Pollen Australia Pty Limited that it did not yet own. The company was renamed Seeka Australia Pty Limited (Seeka Australia), and on 28 August 2015, Seeka Australia acquired 100% of the orcharding business and assets of Australian company Bunbartha Fruit Packers Pty Limited (Bunbartha or BFP) and its associated entities for AUD$23.3 million. Seeka and BFP are strategically aligned and complement each other; both sell to similar customers at different times of the year.

Since the acquisition, the Group has been integrating Australian-based selling and marketing operations, with fruit produced and marketed by Seeka Australia broadening and complementing Seeka's existing offering of kiwifruit, avocados and kiwiberries.

Seeka Australia revenues of approximately NZD$17m should add $3.2m to $4.0m to Group EBITDA; before any synergy gains from internal optimisation and market expansion. The Group anticipates these synergies will deliver benefits to grower stakeholders and increase shareholder returns.

The acquired business contributed revenues of NZD$1.2m and a net loss before interest, amortisation and depreciation of NZD$1.4m and a loss before tax of NZD$1.5m to the Group for the period from 28 August 2015 to balance date. If the acquisition had occurred on 1 January 2015, contributed Group revenue would have been approximately NZD$14.8m and estimated net profit before tax would have been NZD$1.3m calculated using the Group's accounting policies.

The following table details the acquired net assets and goodwill.

New Zealand dollars	$000
Consideration at 28 August 2015	
Cash paid	20,159
Deferred payment Due 15 January 2016	2,864
Deferred payment Due 1 July 2017	2,804
Total consideration transferred	**25,827**
Assets and liabilities acquired as of 28 August 2015	
Trade and other receivables	112
Property, plant and equipment	
Pumps and irrigation - per valuer	1,347
Plant and equipment - not fixed	1,108
Land	5,961
Buildings	3,480
Bearer plants	5,245
Biological assets - crops	1,575
Water shares	3,568
Water allocation account	437
Trade and other payables	(268)
Deferred tax	(3,009)
Provisional fair value of net assets	**19,556**
Goodwill	6,271
Net purchase consideration	**25,827**

To establish the fair value, major items of property, plant and equipment have been revalued to their estimated market value as at 28 August 2015, based on an independent valuation of property, bearer plants, and water shares undertaken by Goulburn Valley Property Services, Shepparton, Victoria, Australia.

The goodwill of $6.27m arising from the acquisition is attributable to the acquired business, synergies to be achieved and increased earnings.

By acquiring all shares not yet owned by the Group, Seeka established a wholly-owned Australian-based subsidiary to acquire the business and handle debt financing. The purchase price was funded through debt facilities with AUD$17.0m paid on completion and two further deferred payments of AUD$2.5m to be paid 15 January 2016 and 1 July 2016 respectively.

Acquisition-related costs of NZD$616,000 and NZD$504,000 stamp duty costs were expensed in the consolidated income statement.

Note 25. Investment in associates

The following table details the Group's principal associates.

Name of entity	Country of incorporation	Business activity	Equity holding 31 December 2015	Equity holding 31 December 2014
Kiwifruit Supply Research Limited	New Zealand	Research	20%	20%
Tauranga Kiwifruit Logistics Limited	New Zealand	Port service	20%	20%
Kiwi Produce Limited	New Zealand	Prepacking	0%	25%
Eastern Pier SD BHD Malaysia	Malaysia	Coolstore D.C.	25%	25%
Kiwifruit Vine Protection Company Limited	New Zealand	Not trading	100%	50%

Sale of shares in Kiwi Produce

During the period the Group sold all its shareholding in Kiwi Produce Limited. This resulted in a $75,000 gain on sale recorded in the statement of financial performance, with the Group's holding reduced to 0% (2014 - 25%).

New Zealand dollars	2015 $000s	2014 $000s
Results of associate companies		
Share of (loss)/profit before income tax	(7)	(96)
Income tax	2	27
Net (loss)	**(5)**	**(69)**
Interests in associates		
Carrying value at beginning of period	**475**	**2,451**
Transfer to subsidiaries	(118)	164
Sale of associates	(357)	(1,761)
Net earnings	-	(106)
Dividends received	-	(153)
Impairment charge	-	(120)
Balance at end of period	**-**	**475**
Interests in associates by holding		
Seeka Pollen Pty Limited	-	118
Kiwi Produce Limited	-	357
Balance at end of period	**-**	**475**

Accounting policies

Associates are entities over which the Group has significant influence, but not control, typically by holding between 20% to 50% of the voting rights in the entity.

Investments in associates are accounted for using the equity method after initially being recognised at cost.

The Group's share of associates' profits or losses are recognised in the statement of financial performance and the carrying amount of the investment in the statement of financial position.

Dividends received from associates are applied to reduce the carrying amount of the investment in the statement of financial position.

Other Notes

This section contains all other note disclosures about the Group.

Note 26. Contingencies

There are no contingent liabilities as at 31 December 2015 (Dec 2014 - Nil).

Note 27. Commitments

a. Capital commitments

During the year the Group had entered into an agreement to purchase Kiwi 360 and Pukenga orchard on Young road, Te Puke for a purchase price of $4.19m. At balance date the contract was unconditional with a settlement date of 20th January 2016.

During the year the Group committed to incur capital expenditure of $13.37m for expanding coolstore capacity at its Main Road and KKP sites, $3.02m was spent in 2015 with the remainder expected to be settled in 2016

b. Other commitments

As a condition of the grower incentive scheme, the Group is committed to issuing shares to the value of $0.10 for every class 1 tray of kiwifruit and kiwiberry supplied by complying growers from harvest 2016. The shares will be issued in September 2016. See note 3.

c. Lease commitments

Operating leases

Under operating leases the Group has the following commitments.

1. Orchard leases - land and bearer plants

At balance date, 122 (Dec 2014 - 135) orchards are leased by the Group with terms ranging from one to three years. Orchard leases are non-cancellable with lease payments typically determined by total orchard gate returns. Some orchards also have a fixed lease element to their lease payment.

The following table details minimum, non-cancellable operating lease Commitments for land and bearer plants on leased orchards.

New Zealand dollars	2015 $000s	2014 $000s
Within one year	434	544
Later than one year but not later than five years	454	424
	888	968

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.

2. Orchard land leases - land only

The Group leases 97 hectares of bare land on which it has developed kiwifruit and avocado orchards. Leases are for periods up to 20 years at the end of which the land, structures and vines revert back to the lessor. Rental reviews are normally every three years and the Group has a conditional right to lease the properties for a future term at the expiration of each lease.

The following table details minimum, non-cancellable operating lease Commitments for leased land orchards.

New Zealand dollars	2015 $000s	2014 $000s
Within one year	380	365
Later than one year but not later than five years	1,504	1,449
Later than five years	222	220
	2,106	2,034

3. Land and buildings

The Group leases land and buildings for a number of its post harvest facilities. Lease terms are typically from three to six years, but can be up to 99 year terms.

The following table details minimum, non-cancellable operating lease Commitments for land and buildings used in post harvest operations.

New Zealand dollars	2015 $'000	2014 $'000
Within one year	3,142	2,615
Later than one year but not later than five years	6,090	4,919
Later than five years	64,772	64,646
	74,004	72,180

4. Equipment and vehicles

The Group leases office equipment and vehicles on terms up to three years.

The following table details minimum, non-cancellable operating lease Commitments for equipment and vehicles.

New Zealand dollars	2015 $'000	2014 $'000
Within one year	1,275	1,162
Later than one year but not later than five years	1,690	1,717
	2,965	2,879

Note 28. Related party transactions

Seeka Growers Limited

The Group undertakes transactions with Seeka Growers Limited (SGL), a related party which administers all kiwifruit revenues received for the New Zealand business on behalf of supplying growers. In the current period the Group received $104.83m (Dec 2014 - $92.79m) for the provision of services to SGL.

Directors

Directors of the Company at any time during the period are: F Hutchings, M J Cartwright, A Waugh, A Diaz, N T Kani, J Burke, M Brick.

Key management and compensation

Key management personnel are all Company Directors or executives with the greatest authority for the Group's strategic direction and management.

The following table details key management personnel compensation.

New Zealand dollars	2015 $000s	2014 $000s
Director fees	400	330
Other Director remuneration	-	15
Executive salaries	2,192	1,817
Short term benefits	216	175
Total	**2,808**	**2,337**

Transactions

Excluding transactions outlined and disclosed above, the following transactions were entered with related parties for post harvest and orchard management services.

New Zealand dollars	2015 $000s	2014 $000s
Sale of services		
Associates	-	289
Directors, management and other personnel	993	685
Purchase of services		
Associates	-	2
Directors, management and other personnel	226	-

Outstanding balances

The following balances are outstanding at the balance date.

New Zealand dollars	2015 $000s	2014 $000s
Current receivables (operating)		
Associates	-	5
Directors, management and other personnel	-	119

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of advances and no interest is charged on the amount payable. No balances are outstanding at balance date (Dec 2014 - Nil).

Outstanding balances are unsecured and repayable in cash.

Note 29. Risk management

The Group's activities expose it to a variety of risks specific to producing and selling horticultural crops, along with corporate financial risks related to credit, liquidity and capital risk. The Group operates a comprehensive risk assessment and mitigation programme via its audit and risk committee.

The Group's policy is to ensure that the Group creates value and maximises returns to its shareholders and benefits for other stakeholders, as well as ensuring that adequate financial resources are available for the development of the Group's business whilst managing its financial risks.

a. Risk management strategies related to orchard and retail operations

Horticultural operations expose the Group to risks to production and market returns. The main production risks are climatic events, diseases and pests. These impact on volumes produced from the Group's orchards, volumes to post harvest (both from Group operations and independent growers) and volumes available for retail.

Market risks of pricing and exchange rates mainly impact on orchard operations (the amount the Group is paid for growing crops) with a lesser impact on retail revenues which the Group mainly collects as a commission on sales. Market risks do not directly impact on post harvest operations, as charges are normally set prior to harvest and deducted before sales revenues are paid to supplying growers.

The Group operates in four regions spread over two countries; New Zealand's Northland, Coromandel and the Bay of Plenty, and in Australia's Mundoona region of Victoria. Main produce lines are kiwifruit, nashi pears, European pears and avocados, with small production of other temperate-climate fruits. Group retail activities are in New Zealand (including imported tropical produce), Australia and Asia. The Group's geographical, product and market spread limits the impact on Group operations from an adverse event occurring in a specific region, produce or market. To further mitigate risks, the Board uses the following strategies.

Production risks - climatic events, disease and pests

The Group follows industry best practice to mitigate production risks. This includes orchard management practices to optimise production from Group orchards, and extensive planning to ensure post harvest and retail services are suitably resourced to manage each season's crop volumes.

In New Zealand, the major climatic risks are hail, frost and storm damage.

- hail - main risk to kiwifruit - hail events are typically highly localised, and the Group has access to industry hail insurance, plus top-up payments from a Seeka Growers hail insurance programme.
- frost - main risk to kiwifruit - frost events are typically regional, and the Group advocates best-practice crop protection, including active frost management on kiwifruit orchards operated by the Group and other growers supplying the Group's post harvest operations.
- storm damage - risk to all crops - storm events are typically regional, and the Group advocates best-practice crop protection, including shelter belts on all orchards operated by the Group and other growers supplying the Group's post harvest operations.

In Australia, the major climatic risks are drought, hail and fire. As the owner and operator of all orchards supplying its Australian operations, the Group actively manages climatic risks of its total production base. The orchards are located on three sites in the Mundoona region.

- drought - to secure adequate irrigation, the Group has purchased extensive, long-term water shares from a reliable irrigation programme.
- hail - events are typically localised, and the Group currently has hail cloth protecting one orchard with the extension of cover to more orchards being evaluated.
- fire - risk of serious grass wild-fire rises during periods of extreme weather, with the Country Fire Authority responsible for risk assessment and management of fire events. The Group takes all practical steps to internally manage fire risk including removing excess vegetation from Group properties.

All horticultural undertakings are susceptible to disease and pest incursions. To minimise the risk of crop loss the Group monitors its orchards and undertakes recognised spray programmes to protect crops to the fullest extent possible. The kiwifruit vine disease Pseudomonas syringae pv. actinidiae (Psa) is widespread throughout New Zealand, and is being actively managed. To date Psa has not been detected in Australia.

Market returns

New Zealand kiwifruit

The Group has no direct market risk from the sale of kiwifruit harvested from lease operations, as all export marketing activities are undertaken by Zespri Group Limited under statutory regulations. The Group, however, is impacted by the level of Zespri's market returns which impact on the Group's orchard profitability. The Group monitors Zespri returns and uses modelling techniques to analyse current and projected orchard income. This information is used when setting Group budgets and orchard lease terms.

New Zealand avocados and kiwiberries

The Group has a direct market risk from the sale of avocados and kiwiberries with half of the kiwiberry sales and all of the avocado sales managed by the Group's retail operations. The Group forecasts seasonal supply, monitors market conditions, develops a sales programme around the needs of key retailers and controls product quality and supply to optimise market access and returns. This information is used when setting Group budgets and orchard lease terms.

The Group has no material direct currency risk from export sales as it does not own the products but acts as the growers' agent. The Group may hedge up to the total cash flows from each operation using actual sales made and estimated total product volumes to be exported.

Imported tropical produce

The Group has no material direct market, price and currency risk from imported products (banana, pineapple and papaya) as the supply agreement enables the Group to amend its purchase price according to trading conditions.

Australian produce

The Group has a direct market and price risk from the sale of all Australian product which is managed by the Group's Australian operations. As the largest single grower and supplier of Australian kiwifruit and nashi pears, the Group has developed strong relationships with key retailers. The Group forecasts seasonal supply, monitors market conditions, develops a sales programme around the needs of key retailers and controls product quality and supply to optimise market access and returns.

Seeka Australia is the Group's single major international operation, exposing the Group to the Australian dollar. Foreign exchange risk includes future commercial transactions, assets, liabilities and net investments. Currency exposure from net assets is managed through borrowings in Australian dollars.

Accounting policies

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases include short term orchard leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight line basis over the period of the lease, except for short term orchard leases where lease costs are recognised at the same time as other crop related income and expenses.

b. Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, derivative financial instruments and committed transactions.

The maximum credit risk is the financial loss to the Group if counterparties fail to discharge a contractual obligation. The Group's maximum exposure are:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, and
- the amount of contingent liabilities, if any, in relation to the financial guarantees provided by the Group.

For banks and financial institutions, only registered banks or their subsidiaries are accepted. The Group does not generally require any collateral or security to support financial instruments due to the quality of the financial institutions.

For customers, including outstanding receivables, the Group deals predominantly with growers for which it receives payment for post harvest services directly from Seeka Growers Limited. Credit risk is therefore not considered significant.

Other than concentration of credit risk on liquid funds deposited with one bank with a high credit rating, the Group does not have any other significant concentration of credit risk as trade receivables are spread over approximately 200 customers.

The following table details cash balances at balance date.

New Zealand dollars	2015 $000s	2014 $000s
Counter party		
Westpac bank deposits	1,192	2,923
Cash on hand	-	-
	1,192	2,923

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's policy is to regularly monitor its expected cash flows, liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Cash flow forecasting allows for the seasonal nature of Group operations.

When cash flow exceeds working capital management, funds are invested in interest bearing current accounts.

At balance date, the Group had $115.6m (2014 - $46m) of available credit of which $54.2m (2014 - $20.2m) was drawn. All credit lines are currently provided by one finance provider.

The following table details the remaining contractual maturities at balance date of the Group's financial liabilities.

New Zealand dollars	Less than 1 year $000s	Between 1 and 2 years $000s	Between 2 and 5 years $000s	Over 5 years $000s
Group as at 31 December 2015				
Trade payables	24,854	-	-	-
Derivative liability	254			
Bank borrowings and current portion of term liabilities	1,630	-	-	-
Term liabilities	-	-	52,522	-
Total	**26,738**	**-**	**52,522**	**-**
Group as at 31 December 2014				
Trade payables	16,604	-	-	-
Bank borrowings and current portion of term liabilities	1,165	-	-	-
Term liabilities	-	19,000	-	-
Total	**17,769**	**19,000**	**-**	**-**

d. Capital risk

Capital risk management focuses on ensuring the Group continues to operate as a going concern and maintains an optimal capital structure to support its business, maximise shareholder value, and the benefits delivered to other stakeholders.

The Group may maintain or adjust its capital structure by adjusting dividends, returning capital to shareholders, issuing new shares or selling assets.

The Group monitors capital on the basis of shareholder equity ratio, as calculated by total shareholder funds divided by total assets.

The following table details the Group's shareholder equity ratio at balance date.

New Zealand dollars	2015 $000s	2014 $000s
Total shareholder funds	70,819	63,197
Total assets	164,318	109,791
Shareholder equity ratio (percent)	43.10%	57.56%

The Group is subject to, and monitors, financial covenants imposed by its lenders, including maintenance of equity ratios and earnings times interest cover. At no stage during the year did the Group breach any of its lending covenants. Refer to note 17.

e. Price risk - equity securities

The Group has minor exposure to equity securities price risk through incidental investments classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The majority of these investments are in industry-related entities, only some of which are publicly traded.

A 10% increase or decrease in equity investments with all other variables held constant, has minimal impact on the Group's profit and equity reserves.

The Board periodically reviews the performance and strategic benefits of these investments. No other formal risk management procedures are deemed necessary.

The decision to change the fair value of an investment is recorded through other comprehensive income or the statement of financial performance whenever a previous revaluation reserve balance was available. When no such reserve existed, any related loss is processed directly in the statement of financial performance, otherwise available reserves are utilised to offset the loss.

f. Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from short and long-term variable rate borrowings from financial institutions. The Board continuously reviews term borrowings and uses interest rate swaps to hold a portion of borrowings at fixed rates; these are designated as effective hedging instruments and hedge accounting is applied.

The following table details interest rate and price sensitivity of the Group's financial assets and liabilities and their impact on the statement of financial performance or equity. Cash and advance balances do not attract interest and are not subject to pricing risk, and have therefore been excluded from this analysis.

		Interest rate risk				Price risk			
		-1%		+2%		-10%		+10%	
	Carrying amount $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s
At 31 December 2015									
Financial assets									
Accounts receivable	24,129	-	-	-	-	(1,322)	(1,322)	1,322	1,322
Investment in shares	1,689	-	-	-	-	(49)	(120)	-	169
Financial liabilities	-	-	-	-	-	-	-	-	-
Derivative liabilities	254	-	(196)	-	303	-	-	-	-
Trade payables	24,854	-	-	-	-	-	-	-	-
Term liabilities	52,522	378	378	(756)	(756)	-	-	-	-
Bank borrowings & current portion of term liabilities	1,630	12	12	(23)	(23)	-	-	-	-
Total increase/(decrease)	-	**390**	**194**	**(779)**	**(476)**	**(1,371)**	**(1,442)**	**1,322**	**1,491**
At 31 December 2014									
Financial assets									
Accounts receivable	14,432	-	-	-	-	(835)	(835)	835	835
Investment in shares	1,621	-	-	-	-	(49)	(113)	-	162
Financial liabilities	-	-	-	-	-	-	-	-	-
Derivative liabilities	50	-	(358)	-	1,042	-	-	-	-
Trade payables	16,604	-	-	-	-	256	256	(256)	(256)
Term liabilities	19,000	137	137	(274)	(274)	-	-	-	-
Bank borrowings & current portion of term liabilities	1,165	8	8	(17)	(17)	-	-	-	-
Total increase/(decrease)	-	**145**	**(213)**	**(291)**	**751**	**(628)**	**(692)**	**579**	**741**

The following tables outline the expected undiscounted cash flows relating to the Group's outstanding term and current debt at balance date.

New Zealand dollars	Between 0 & 3 months $000s	Between 3 & 6 months $000s	Between 6 & 12 months $000s	Between 1 & 2 years $000	Between 2 & 5 years $000	Over 5 years $000
At 31 December 2015						
Expected undiscounted cash flows based on current market interest rates	849	921	1,788	3,297	60,482	-
Floating rate	5.44%					
Average term rate	4.45%					
At 31 December 2014						
Expected undiscounted cash flows based on current market interest rates	633	411	734	1,036	19,994	-
Floating rate	5.44%					
Average term rate	4.45%					

Note 30. Determination of fair values

Fair value of financial assets

The following table analyses assets and liabilities carried at fair value.

The different levels are defined as:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Instruments in level 1 are comprised of equity holdings in Zespri Group Limited.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability , either directly or indirectly.

Level 3: unobservable inputs for the asset or liability that have to be developed to reflect the assumptions that a market participant would use when determining an appropriate price.

	Level 1 $000s	Level 2 $000s	Level 3 $000s	Total $000s
Biological assets - crop at cost	-	-	16,935	16,935
Biological assets - crop at fair value	-	-	430	430
Water allocation account	349	-	-	349
Intangible assets - interest in leased land	-	-	377	377
Land	-	-	11,136	11,136
Buildings	-	-	55,055	55,055
Total land and buildings	-	-	66,191	66,191
Listed equity securities	853			853
Unlisted equity securities	-	-	836	836
Derivatives used for hedging (liability)	-	254	-	254

The reconciliations for level 3 fair value requirements are shown.

- Land and buildings (note 9)
- Interest in leased land (note 10)
- Biological assets - crop (note 11)
- Unlisted equity securities (note 22)

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation models.

Type	Fair value	Method	Key unobservable inputs	How unobservables impact estimated fair value
Biological assets - crop at cost	$16.94m			
Includes New Zealand kiwifruit and Australian kiwifruit, nashi, packham and corella pears.		Cost - (yet to achieve sufficient biological transformation). Cost is tested for impairment at balance date.	Cost.	Reduces if cost is impaired at balance date.

Type	Fair value	Method	Key unobservable inputs	How unobservables impact estimated fair value
Biological assets - crop at fair value	$0.43m			
Includes New Zealand avocados and Australian plums		Estimated market value less selling costs and costs to market (have achieved sufficient biological transformation)	Forecast yields	Increases with yields
			Market sales price	Increases with price
			Costs to harvest	Decreases with costs to harvest

Type	Fair value	Key unobservable inputs	How unobservables impact estimated fair value
Land and buildings, and interest in leased land	$66.19m		
Fair value is determined on a rolling 3-year cycle by an independent valuer using three different approaches; replacement cost approach, sales approach and investment approach. See accounting policies below and note 9 for further details.		Comparative market rents and applicable discount rate.	Increases with market rental, and lower discount rates.
		Comparative market sales.	Increases with market sales.
		Current level of building costs.	Increases with building costs.

Type	Fair value	Method	Key unobservable inputs	How unobservables impact estimated fair value
Unlisted equity securities	$0.84m	Based on latest financial information from the entity's management. Tested for impairment with carrying amount assessed at balance date.	Financial information provided by the entity's management.	Increases with share price information. Reduces if cost is impaired at balance date.

Accounting policies

Financial assets, liabilities and instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair value measurements are categorised into a three-level hierarchy, based on the types of inputs to the valuation techniques used.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at balance date (level 1 inputs). The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques (level 2 inputs). The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows.

Trade receivable and payables

The carrying value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial assets and liabilities with unobservable (level 3 inputs) reflect the assumptions that market participants would use when determining an appropriate price, additional disclosure is provided for the inputs and assumptions used in such cases.

Land and buildings and interest in leased land

Fair value is determined on a rolling 3-year cycle by an independent valuer using three different approaches as described in note 9.

New Zealand dollars	2015 $000s	2014 $000s

Note 31. Derivative financial instruments

	2015 $000s	2014 $000s
Liabilities		
Interest rate swap contracts - cash flow hedge	254	50

Group bank loans currently carry an average variable interest rate of 5.4% (Dec 2014 - 5.4%), with the Group using interest rate swaps to protect the term portion of the loans. Swaps cover 93% (Dec 2014 - 93%) of the term liabilities at balance date and are classified as held for trading or as cash flow hedges.

Cash flow hedges

The following table details the interest rate swaps.

	Amount $000s	Variable rate	Loan maturity	Hedge fixed rate	Hedge expiry
Term Loan #95	10,000	5.44%	7 December 2017	5.22%	30 December 2016
Term Loan #96 (a)	5,000	5.44%	7 December 2017	6.39%	30 December 2017
Term Loan #96 (b)	4,000	5.44%	7 December 2017	5.76%	30 December 2015

The fair values of the interest rate swaps are determined by Westpac and reviewed by the Board

The gains and losses recognised in other comprehensive income appear in the statement of financial performance.

Accounting policies

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The resulting gain or loss is recognised as a financing cost in profit or loss immediately unless the derivative is designated and effective as a hedge instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are classified as current or non-current based on the effective date.

Hedge accounting

The Group designates certain derivatives as cash flow hedges. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Cash flow hedge

Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. When a hedging instrument expires, is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the statement of financial performance. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the statement of financial performance within other gains / (losses).

Derivatives and financial instruments

The Board uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are based on quoted market rates and reliance placed on quotes provided by Westpac.

Note 32. Financial instruments summary

The following tables summarise the categories of the Group's financial assets and liabilities.

New Zealand dollars	Loans and receivables $000s	Assets at fair value through reserves $000s	Investment in shares $000s	Total $000s
Financial assets as at 31 December 2015				
Cash and cash equivalents	1,192	-	-	1,192
Trade and other receivables excluding prepayments	20,357	-	-	20,357
Non current trade and other receivables	3,772	-	-	3,772
Investment in shares	-	-	1,689	1,689
Total	**25,321**	**-**	**1,689**	**27,010**

New Zealand dollars	Liabilities at fair value through reserves $000s	Other financial liabilities $000s	Total $000s
Financial liabilities as at 31 December 2015			
Trade and other payables	-	24,854	24,854
Bank borrowings	-	1,630	1,630
Derivative financial instruments	254	-	254
Term liabilities	-	52,522	52,522
Total	**254**	**79,006**	**79,260**

New Zealand dollars	Loans and receivables $000s	Assets at fair value through reserves $000s	Investment in shares $000s	Total $000s
Financial assets as at 31 December 2014				
Cash and cash equivalents	2,923	-	-	2,923
Trade and other receivables excluding prepayments	12,262	-	-	12,262
Non current trade and other receivables	2,170	-	-	2,170
Investment in shares	-	-	1,621	1,621
Total	**17,355**	**-**	**1,621**	**18,976**

New Zealand dollars	Liabilities at fair value through reserves $000s	Other financial liabilities $000s	Total $000s
Financial liabilities as at 31 December 2014			
Trade and other payables	-	16,604	16,604
Bank borrowings	-	1,165	1,165
Derivative financial instruments	50	-	50
Term liabilities	-	19,000	19,000
Total	**50**	**36,769**	**36,819**

Accounting policies

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale financial assets. Classification depends on the purpose for which the investments were acquired. The Group determines the classification of its investments at initial recognition and re-evaluates this designation at each balance date.

Regular purchases and sales of financial assets are recognised when the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of financial performance. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Group. Derivatives are also categorised as held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in receivables in the statement of financial position.

Available for sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other category. They are included in non-current assets unless the Group intends to dispose of the investment within 12 months of balance date.

Purchases and sales of investments are recognised on trade date or the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the statement of financial performance in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in other comprehensive income in the available for sale investments revaluation reserve. However, if the loss is deemed to represent objective evidence of an impairment, any additional loss over and above previous gains recognised in reserves will be recognised in the statement of financial performance. When securities classified as available for sale are sold, the accumulated fair value adjustments are included in the statement of financial performance as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset or unlisted security is not active, the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of financial assets

At balance date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the statement of financial performance. Impairment losses on equity instruments recognised in the statement of financial performance are not reversed through other comprehensive income.

Note 33. Application of new and revised New Zealand International Financial Reporting Standards

Standards, amendments and interpretations to existing standards that are now in effect

The following new standard and amendments are mandatory for the first time in the current year and adopted by the Group.

NZ IFRS 2 'Share based payment' (effective for annual periods beginning on or after 1 July 2014). The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

NZ IFRS 3 'Business combinations' (effective for annual periods beginning on or after 1 July 2014). The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a 'financial instrument' is classified as a financial liability or as equity, on the basis of the definitions in IAS 32.

NZ IFRS 8 'Operating segments' (effective for annual periods beginning on or after 1 July 2014). The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

NZ IAS 16 'Property, plant and equipment' & NZ IAS 38 'Intangible assets' (effective for annual periods beginning on or after 1 July 2014). Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

NZ IAS 24 'Related party disclosures' (effective for annual periods beginning on or after 1 July 2014). The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity).

NZ IFRS 12 'Disclosure of interest in other entities' (effective for annual periods beginning on or after 1 January 2014). The standard applies to entities who have an interest in subsidiaries, joint arrangements, or associates. It establishes disclosure objectives and specifies minimum disclosure that an entity must provide to meet those objectives.

NZ IAS 27 'Separate financial statements' (effective for annual periods beginning on or after 1 January 2014). These amendments remove the accounting and disclosure requirements for consolidated financial statements as a result of the issue of NZ IFRS 10 Consolidated financial statements and NZ IFRS 12 Disclosure of interests in other entities.

Standards, amendments and interpretations to existing standards that have been early adopted

NZ IAS 41 (Amendment) 'Agriculture'. (effective for annual periods beginning or after 1 January 2016). Early adoption is allowed. Biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16 'Property, Plant and Equipment'. The amendments also clarify that produce growing on bearer plants is to be accounted for under IAS 41. This amendment has been adopted early by the Group and applied retrospectively from 1 January 2013.

Standards, amendments and interpretations to existing standards that are not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

NZ IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 1 January 2016). The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business in NZ IFRS 3. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

NZ IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2017). NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a 5 step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from 1 January 2017.

NZ IFRS 9 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). NZ IFRS 9 is to replace IAS 39 and will simplify the mixed measurement model as well as establish three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit and loss. Basis of classification depends on the entity's business model and contractual cash flow characteristics of the asset. IAS 39 guidance on impairment and hedge accounting will continue to apply.

NZ IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019). NZ IFRS 16 replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same as NZ IAS 17. However, because the guidance on the definition of a lease has been updated (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers.

The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

Auditors' Report

Independent Auditors' Report

to the shareholders of Seeka Kiwifruit Industries Limited

Report on the Financial Statements

We have audited the financial statements of Seeka Kiwifruit Industries Limited ("the Company") on pages 14 to 55, which comprise the statement of financial position as at 31 December 2015, the statement of financial performance, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 31 December 2015 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Group. Our firm provides tax related and other assurance services for the Group. The provision of these other services has not impaired our independence.

Opinion

In our opinion, the financial statements on pages 14 to 55 present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
26 February 2016

Auckland

Directors

Fred Hutchings

Independent Chairman

Fred was a partner at PricewaterhouseCoopers for 27 years, specialising in assurance and advisory services, particularly for agribusiness. He is chairman of the audit and risk committees of the Auditor General and the Commerce Commission. He is also a director of Speirs Group Limited and is a Past President of Chartered Accountants Australia and New Zealand.

Malcolm Cartwright

Deputy Chairman

A kiwifruit orchardist and former director of KNZ, Malcolm is a former chairman and is a council member of Seeka Growers Limited and a director of AvoFresh Limited.

Martyn Brick

Director

Martyn has extensive experience in agribusiness having worked in rural banking, finance, and in horticulture. He is a former director of Te Awanui Huka Pak and former chairman of the Te Awanui Growers Council.

John Burke

Director

John is a kiwifruit orchardist and has held the positions of general manager KVH and chief executive Te Awanui Huka Pak. Before entering the kiwifruit post harvest business, John operated a rural valuation and consultancy practice.

Amiel Diaz

Director

Amiel has been involved in the fresh produce business in Asia particularly the Philippines and Japan for the last 20 years apart from his extensive executive management experience in technology, telecommunications, manufacturing and service industries over the course of his career.

Neil Te Kani

Director (*Retired 12 February 2016*)

Neil is a director of Te Awanui Huka Pak Limited and of the Maori Grower Forum. He is also a Registered Environmental Commissioner and Tauranga representative of New Zealand Kiwifruit Growers Incorporated.

Ashley Waugh

Independent Director

Ashley has extensive experience in the fresh foods industry, and was the managing director of Australian dairy food and juice company National Foods up to its merger with Lion Nathan in 2009. Ashley is also a director of Australian branded-cosmetics distributer Heat, and an advisor to several other fast moving consumer goods businesses in Australia. He is chairman of Moa Group Limited and a director of the Colonial Motor Company Limited and Fonterra Co-operative Group Limited.

DIRECTORS' INTERESTS IN SUBSIDIARIES

The following table shows the position of Group officers in Group subsidiary companies in the year to 31 December 2015.

Subsidiary company	Michael Franks Chief executive officer	Stuart McKinstry Chief financial officer	Anthony Motion Independent director
Seeka Australia Pty Limited	Director	Director	Director
Seeka Pollen Australia Pty Limited	Director	Director	Director
Seeka Fresh Limited	Director	Director	
Integrated Fruit Supply & Logistics Limited	Director		
Kiwi Coast Growers (Te Puke) Limited	Director	Director	
Enviro Gro Limited	Director		
Seeka Growers Limited	Director		
Eleos Limited	Director	Director	
Avofresh Limited	Director		
Seeka Te Puke Limited	Director	Director	
Glassfields (NZ) Limited	Director	Director	
Guaranteed Sweet Limited	Director	Director	

Disclosures *as required by Section 211 of the Companies Act 1993*

PRINCIPAL ACTIVITIES

The principal activities of the Group are to provide orchard lease and management, and post harvest service activities to the horticulture industry. The Group also provides retail services including ripening and delivery for customers in New Zealand and Australia and wholesale market services to independent operators in New Zealand.

The nature of the Company's business has not changed in the year to 31 December 2015 under review.

DIVIDENDS

During the year ended 31 December 2015, a fully imputed dividend of $0.08 per share was paid on 27 March 2015.

During the year ended 31 December 2015, a fully imputed dividend of $0.09 per share was paid on 18 September 2015.

DIRECTORS HOLDING OFFICE DURING THE YEAR

The directors holding office during the year were:

F Hutchings

M Brick (1)

A Diaz (1)

A Waugh

M Cartwright (1)

J Burke (1)

N Te Kani (1) *(Retired 12 February 2016)*

(1) Non-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 a relevant interest in the following shares at 31 December 2015.

Current Directors	Beneficially held shares	Non-beneficially held shares
F Hutchings - Walker Nominees	10,000	-
M Cartwright	66,930	-
M Brick - Omega Kiwifruit Limited & Strathboss Kiwifruit Limited	356,677	-
J Burke - J & D Burke Holdings Limited	22,660	-
N Te Kani - Te Awanui Huka Pak Limited	-	1,267,410
A Waugh	4,300	-

MEETING ATTENDANCE

The following table details the number of board and committee meetings the directors were eligible to attend and did attend during the course of the 2015 financial year.

	Board of Directors			Remuneration Committee			Audit Committee		
	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended
Fred Hutchings	Chairman	14	14	Chairman	2	2	Ex-officio	20	16
Malcolm Cartwright	Deputy chair	14	12	Member	2	2			
Martyn Brick	Director	14	14				Member	20	19
John Burke	Director	14	13				Member	20	20
Amiel Diaz	Director	14	12						
Neil Te Kani	Director	14	12	Member	2	2			
Ashley Waugh	Director	14	14				Chairman	20	20

SHARE DEALINGS

The following table shows transactions recorded in respect of shares held by directors' interests, either directly or indirectly, in the year to 31 December 2015.

	Quantity	Closing balance	$ Value
F Hutchings - Walker Nominees Limited			
Opening Balance 1 January 2015		-	
Purchase - 24 August 2015	10,000	10,000	$3.50
Closing Balance		**10,000**	
M Cartwright			
Opening Balance 1 January 2015		59,602	
Purchase - 7 September 2015	5,616	65,218	$3.37
Purchase - 18 September 2015	1,712	66,930	$3.19
Closing Balance		**66,930**	
M Brick - Omega Kiwifruit Limited & Strathboss Kiwifruit Limited			
Opening Balance 1 January 2015		305,275	
Purchase - 23 April 2015	3,272	308,547	$3.24
Purchase - 6 May 2015	5,000	313,547	$3.15
Purchase - 24 August 2015	10,000	323,547	$3.50
Purchase - 7 September 2015	33,130	356,677	$3.37
Closing Balance		**356,677**	
J Burke - J & D Burke Holdings Limited			
Opening Balance 1 January 2015		21,726	
Purchase - 27 March 2015	13	21,739	$3.00
Purchase - 7 September 2015	884	22,623	$3.37
Purchase - 18 September 2015	37	22,660	$3.19
Closing Balance		**22,660**	
N Te Kani - Te Awanui Huka Pak Limited			
Opening Balance 1 January 2015		2,534,820	
Sale - 10 September 2015	1,267,410	1,267,410	$3.30
Closing Balance		**1,267,410**	
A Waugh			
Opening Balance 1 January 2015		-	
Purchase - 18 March 2015	2,000	2,000	$3.25
Purchase - 24 August 2015	2,300	4,300	$3.49
Closing Balance		**4,300**	

Directors of Group subsidiary companies did not undertake any share dealings in those companies.

DIRECTORS' INTERESTS

During the year the Company undertook transactions with the directors as "Related Party Transactions". At 31 December 2015, the following general disclosures of interests have been made by the directors in terms of section 140 (2) of the Companies Act 1993.

	Director	Shareholder	Other
F Hutchings			
Amwell Holdings Limited	✓	✓	
Walker Nominees Limited	✓		
Seeka Employee Share Plan Trustees Limited	✓		
Speirs Group Limited	✓		
M Cartwright			
Seeka Growers Limited	✓		
AvoFresh Limited	✓		
Seeka Employee Share Plan Trustees Limited	✓		
Zespri International Limited		✓	
MJ & HC Cartwright Trust			Beneficiary / Trustee
M Brick			
Strathboss Kiwifruit Limited	✓	✓	
Seeka Growers Limited	✓		
Omega Kiwifruit Limited	✓	✓	
Katoa Orchard Partnership			Manager
Zespri International Limited		✓	
Rokeby Trust			Beneficiary
J Burke			
J & D Burke Holdings Limited	✓	✓	
Jackall Holdings Limited			Advisor
Rokeby Trust			Trustee
Zespri International Limited		✓	
A Diaz			
Farmind Philippines Inc.	✓		Officer
Farmind Corporation of Japan			Officer
N Te Kani *(Retired 12 February 2016)*			
Ngai Tukairangi Trust			Trustee
Tukairangi Investments Limited	✓		
Te Awanui Huka Pak Limited (includes shareholding in Seeka)			Chairman
Te Orea Trust			Chairman
Mangatawa Papamoa Blocks Inc			Deputy chairman
Zespri International Limited (via shares held by Ngai Tukairangi Trust)		✓	
Seeka Employee Share Plan Trustees Limited	✓		
A Waugh			
Primrose Hill Farm (Puke-Roha Ltd.)	✓	✓	
The Heat Group - Melbourne	✓		
Moa Group Limited	✓	✓	
The Colonial Motor Company Limited	✓		
Fonterra Co-operative Group Limited	✓	✓	

REMUNERATION AND OTHER BENEFITS

Directors fees and other remuneration paid to Directors during the year was:

Director	Directors' fees
F Hutchings	90,000
M Cartwright	50,000
M Brick	50,000
J Burke	50,000
A Diaz	50,000
N Te Kani	50,000
A Waugh	60,000
TOTAL	**400,000**

No director's fees were paid to the directors of subsidiaries as listed in note 23.

REMUNERATION OF EMPLOYEES

The Company had 61 (December 2014 - 53) employees, and 1 (December 2014 - 1) former employee, that are not directors whose annual cash remuneration and benefits (including motor vehicles and termination costs) exceed $100,000 in the financial year.

Remuneration	December 2015 Number of employees		December 2014 Number of employees	
	Continuing	Former	Continuing	Former
$100k - $110k	14	-	13	-
$110k - $120k	15	1	10	-
$120k - $130k	6	-	8	1
$130k - $140k	5	-	4	-
$140k - $150k	5	-	4	-
$150k - $160k	2	-	1	-
$150k - $160k	2	-	1	-
$160k - $170k	3	-	-	-
$170k - $180k	2	-	2	-
$180k - $190k	2	-	5	-
$200k - $210k	1	-	-	-
$210k - $220k	1	-	1	-
$230k - $240k	-	-	1	-
$240k - $250k	2	-	-	-
$270k - $280k	-	-	1	-
$290k - $300k	2	-	1	-
$310k - $320k	-	-	1	-
$470k - $480k	-	-	1	-
$610k - $620k	1	-	-	-
TOTAL	61	1	53	1

No employees (or former employees) are employed in any of the subsidiaries as listed in note 23.

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.

DIRECTORS AND OFFICERS COMPOSITION

As at 31 December 2015 the gender composition of the Group's directors and officers was as follows:

	Current year		Prior year	
	Male	Female	Male	Female
Directors	7	-	7	-
Officers	2	-	2	-
TOTAL	9	-	9	-

SUMMARY OF WAIVERS GRANTED BY NZX

On 1 September 2014, NZX granted Seeka a waiver from NZX Main Board Listing Rule 7.11.1 in relation to its grower incentive scheme in respect of the 2014, 2015 and 2016 kiwifruit supply seasons.

Listing Rule 7.11.1 requires an issuer to issue shares within 5 business days after the latest date on which applications for those shares close. Under Seeka's grower incentive scheme, a grower is required to return an entitlement and acceptance form prior to 31 March in the relevant supply season in order to participate in the scheme. However, a participating grower would not be issued shares under the scheme until 7 September of the relevant supply season and any future supply season(s), which is later than the 5 business day period required by Listing Rule 7.11.1.

Accordingly, NZX has granted Seeka a waiver from the requirements of Listing Rule 7.11.1 for the purposes of its grower incentive scheme. A condition of the waiver is that Seeka must issue shares within 5 business days of 31 August in each of the relevant supply seasons.

Corporate Governance Statement *in summary*

This statement is an overview of the Group's main corporate governance policies, practices and processes adopted or followed by the Board of Directors. The Group's corporate governance processes do not materially differ from the principles set out in the NZX Corporate Governance Best Practice Code.

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 chief executive officer.

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 three directors, and, unless otherwise determined by the Company in a general meeting, the number, of ordinary directors shall not exceed seven.

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 is elected annually by the Board at the first directors' meeting following the ASM.

Dealings in company shares

Directors or senior executives can buy or sell shares 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 and risk committee

The audit committee is comprised of three 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 chief executive, chief financial officer and external auditors are invited to audit committee meetings as deemed necessary. The committee is comprised of Ashley Waugh, John Burke and Martyn Brick.

The responsibilities of the audit committee include:

- reviewing the annual reports and financial information
- liaising with the external auditors
- reviewing systems and internal controls
- improving the quality of the accounting function
- establishing a formal risk management policy and programme.

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 three non-executive directors. The role of the committee is to recommend appropriate remuneration packages for the senior executives and directors. The committee is comprised of Fred Hutchings, Malcolm Cartwright and Neil Te Kani.

The responsibilities of the remuneration committee include:

review and recommend to the Board any changes regarding the chief executive officer's appointment, remuneration and succession planning

review of the Company's compensation policy and procedures for all employees

management of risk and compliance with statutory and regulatory requirements of human resources.

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 chief executive officer is 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.

Shareholder Analysis

TOP 50 SHAREHOLDERS AT 17 FEBRUARY 2016*

Farmind Corporation - Japan	2,800,567	HO Wright	71,362
Sumifru Singapore Pte Limited	2,093,558	AJ & JM Hill & Brg Trustees Limited	71,280
Te Awanui Huka Pak Limited	1,267,410	MJ & HC Cartwright & Graeme Ingham Trustee Co Ltd	66,930
CW Flood & M Schlagel	477,130	Custodial Services Limited	65,469
Seeka Employee Share Plan Trustees Limited - 2014	423,300	Bowyer Orchards Limited	60,954
National Nominees New Zealand Limited	386,732	JP & PJ Jensen	60,883
J & PC Law	310,240	AM Baldwin	59,190
Omega Kiwifruit Limited	307,108	Penmaen Limited	58,535
AL Bayliss & CJ Mcfadden	234,457	Bnp Paribas Nominees NZ Limited	56,202
Seeka Employee Share Plan Trustees Limited - 2002	233,537	DJ & JF Hicks & DR Pilbrow	55,700
Burts Orchards (1997) Limited	187,439	BF Grafas	54,535
GA Cole	180,370	TM & GN Hawthorne & Wood Walton Trustees (2007) Ltd	53,076
S Moss	148,016	CR & HA Malcolm	52,405
LJ Christie	125,000	Strathboss Kiwifruit Limited	49,569
JS & RA Slater	122,291	RD & CB Clark	49,529
MC & HF Salt	103,770	Forsyth Barr Custodians Limited	49,067
JS & RA Slater	100,000	DW Hay	46,085
HSBC Nominees (New Zealand) Limited	96,329	DM & BA Reid & JA Stewart	42,182
David Grindell	96,074	IG Arnot	42,000
MI & BM Tremain	86,963	Custodial Services Limited	41,995
ID & NA Greaves & CM Thompson	84,395	CW Flood	41,050
BJ & LE Cotton Stapleton	83,545	MG Franks	40,801
GK & DJ Oakley & Brg Trustees 2013 Limited	82,554	SE & JA Fisher	40,662
Custodial Services Limited	80,983	JE & RJ Bourke	40,502
Birdwood Farms Limited	75,399	JA & JA Scotland & Sainsbury Reid Trustee Co Limited	40,350

ANALYSIS OF SHAREHOLDERS BY SIZE AT 17 FEBRUARY 2016*

	Number of shareholders	Shares held	Percentage of shareholders	Percentage of shares	Average holding
Up to 1,000 Shares	370	186,317	29.80%	1.14%	504
1,001 to 5,000 Shares	550	1,388,152	44.27%	8.50%	2,524
5,001 to 10,000 Shares	162	1,175,778	13.05%	7.20%	7,258
10,001 to 100,000 Shares	145	3,994,302	11.67%	24.47%	27,547
100,001 Shares or More	15	9,581,181	1.21%	58.69%	638,745
Total	**1,242**	**16,325,730**	**100.0%**	**100.0%**	**13,145**

SUBSTANTIAL PRODUCT HOLDERS AT 17 FEBRUARY 2016**

	Shares held	Percentage of shareholding
Farmind Corporation - Japan	2,800,567	17.15%
Sumifru Singapore Pte Ltd	2,093,558	12.82%
Te Awanui Huka Pak Limited	1,267,410	7.76%

**All shares fully paid up*
***All shares are fully paid and have voting rights*

Directory

DIRECTORS

Fred Hutchings
Independent Chairman

Malcolm Cartwright
Deputy Chairman

Martyn Brick
Director

John Burke
Director

Amiel Diaz
Director

Neil Te Kani
Director
Retired 12 February 2016

Ashley Waugh
Independent Director

MANAGEMENT

Michael Franks
Chief Executive

Kate Bryant
GM Supply

Bryan Grafas
GM Orchard Operations

Kevin Halliday
GM Post Harvest Services

Ray Hook
GM Retail Services

Stuart McKinstry
Chief Financial Officer
and Company Secretary

Jason Swain
GM Information Services

Rob Towgood
Commercial Manager

Simon Wells
GM Growers

CORPORATE

Head Office of Seeka Kiwifruit Industries Limited
6 Queen Street, PO Box 47, Te Puke 3153
www.seeka.co.nz

AUDITOR

PricewaterhouseCoopers
Auckland

BANKERS

Westpac Banking Corporation
Auckland

SHARE REGISTRAR

Link Market Services Limited
Ashburton

NZX

www.nzx.com

LEGAL ADVISORS

Harmos Horton Lusk Limited
Auckland

MacKenzie Elvin
Tauranga

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KIWIFRUIT INDUSTRIES LIMITED

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