SEEKA KIWIFRUIT INDUSTRIES LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER

2014

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Seeka's Business Profile and Strategy

PROFILE AND STRATEGY

Seeka's business is founded on being an integrated kiwifruit orcharding and post-harvest company. Our strategy is to build on our kiwifruit foundation and extend our business into other produce sectors complementing our core competencies. Avocados have been included in our business and kiwiberry was added in 2014. Our vision is to be New Zealand's Premier Produce Company. Also in 2014, Seeka added Glassfields and formed its retail services division. Our vision and strategy may have Seeka extending its geographical boundaries, or executing acquisitions or alliance opportunities in areas that profitably complement our existing capabilities.

KIWIFRUIT ORCHARDING AND POST HARVEST SERVICES

Seeka's orcharding business manages more than 800 hectares of kiwifruit and avocado orchards through managed, leased and long-term lease arrangements with orchard owners. Operations extend from the East Cape though the Bay of Plenty and Coromandel to Northland, and cover all varieties of kiwifruit. Our orcharding operations are delivered through a network of orchard managers and principle contractors that network through the regions.

Seeka's post harvest business harvests, packs and coolstores approximately 20m trays of kiwifruit and avocados each season through a network of packing and coolstore facilities located through the Bay of Plenty, Coromandel and Northland. Inventory management and logistics teams coordinate the loadout of fruit to ensure it arrives to the consumer in premium condition with minimal on-shore loss.

In achieving optimal performance and understanding, Seeka operates advanced inventory management systems with its knowledge base underpinned by its own laboratory operation (VLS) that provides information on fruit maturity and quality. This lab's competency has extended to include real-time PCR technology to detect and determine plant and animal pathogens.

Seeka's business includes the management of Seeka Growers Limited, the grower-controlled entity that manages and distributes Seeka-supplying grower funds through a separate legal company. Seeka Growers Limited is independently audited and provides growers with clear separation of their monies from the commercial operations of Seeka Kiwifruit Industries Limited.

RETAIL SERVICES

Retail services comprises the operations of SeekaFresh and Glassfields.

SeekaFresh handles the distribution and marketing of all non-Zespri supplied produce including collaborative marketing agreements. Along with kiwifruit and avocados, kiwiberry were handled by SeekaFresh in 2014. SeekaFresh allows 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.

Glassfields imports tropical fruits, ripens them, and provides a logistics service to the New Zealand retail sector.

Contents

Report of the Chairman and Chief Executive

The directors and management are pleased to present Seeka's financial results for the year ended 31 December 2014.

The overall results are better than guidance given to shareholders at the October 2014 stakeholder meeting, specifically:

- Earnings before interest, tax, depreciation, revaluations and impairments total $11.29m (above the guidance range of $10m to $10.5m);
- Profit after tax totals $3.17m (above the guidance range of $2.6m to $3m).

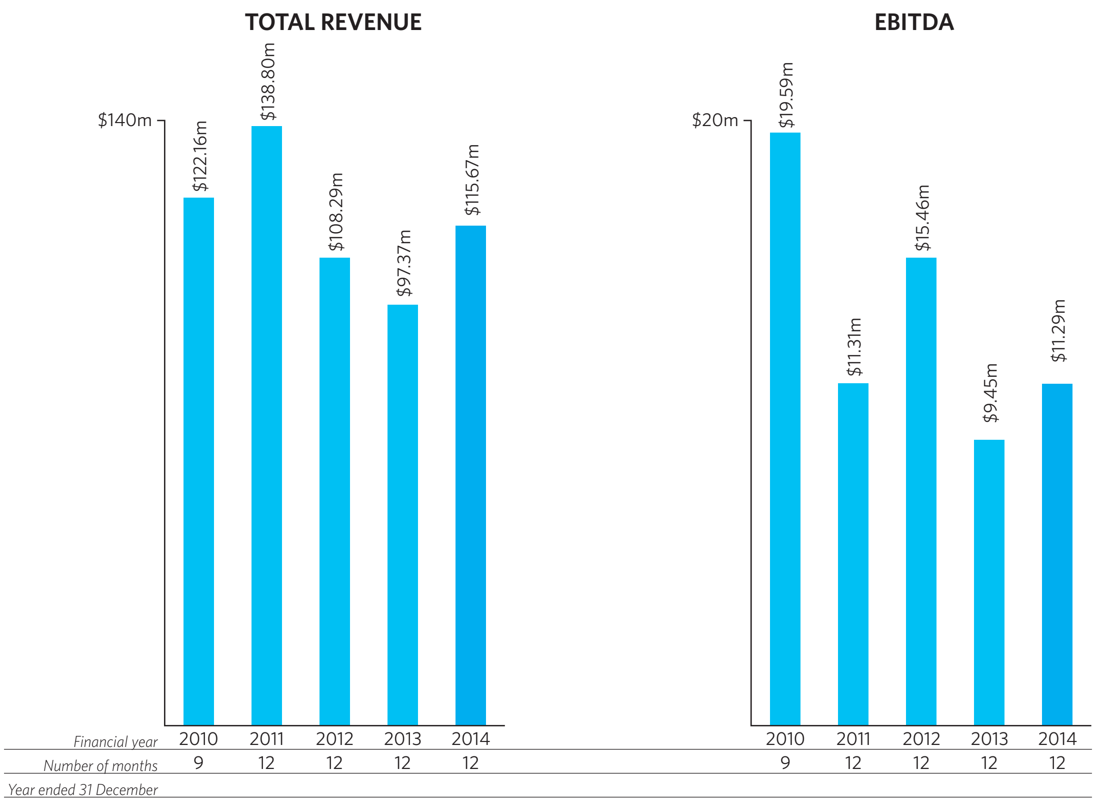
FINANCIAL HIGHLIGHTS

- Operating revenue totalled $115.67m, up 18.8% from $ 97.37m in the pcp.
- EBITDA totalled $11.29m, up 19.5% from $9.45m in the pcp.
- Profit before tax was $4.26m, up 42.0% from $3.00m in the pcp. This includes a $1.4m gain from the sale of OPAC and a $1.85m non-cash cost associated with the grower share scheme.
- Interest cost totalled $1.30m, compared with $1.14m in the pcp (due to slightly higher interest rates and debt levels).
- Net profit after tax totalled $3.17m, up 38.0% from $2.30m in the pcp.
- Cashflow from operations totalled $8.53m, compared with $8.83m in the pcp. The company re-invested $5.64m in property plant and equipment and re-invested $925,000 in the redevelopment of long-term orchards. The company sold its investment in OPAC for $3.13m and purchased 100% of the Glassfields business for $5.38m.
- Dividends distributed to shareholders during the year totalled $2.27m, compared to $1.73m in the pcp. The dividend payment in 2012 was zero.

DIVIDEND ANNOUNCEMENT

The directors have declared a fully-imputed dividend of $0.08 per share. The dividend will apply to those shareholders on the register at 5pm, 20 March 2015 and be distributed on 27 March 2015. The dividend reinvestment plan will apply to the dividend.

KEY FINANCIAL INDICATORS



INTRODUCTION

Overall revenue of $115.67m, is up 18.8% from $97.37m in the pcp. Note that Seeka has only included its agency commission as revenue in the circumstance where it sells produce. Turnover, including produce sold on behalf of suppliers, totals $148.6m (up 35.8% from $109.4m in the pcp; this significant increase reflects the effect of the Glassfields purchase on retail services activities).

Profitability is being rebuilt after Psa-V's devastation of the kiwifruit industry. After tax profit of $3.17m is up 37.8% from $2.30m in the previous corresponding period (pcp). This result is in line with expectations. A gain of nearly $1.4m stems from the sale of its shares in Opotiki Packing and Coolstore Limited (OPAC), while non-cash costs of $1.85m relate to the first year of the new grower share scheme.

Seeka has achieved earnings of $0.22 per share for the year, up from $0.16 the previous year. Seeka issued 1.08 million shares in 2014 and, at the year's end, each had a net tangible asset backing of $4.07 and a market price of $3.23.

Debt levels remain well within the Board's target range. At 31 December 2014, net bank debt (term loans less cash deposits) totalled $17.24m, compared with 14.67m in the pcp. At 31 December 2014, Seeka had invested $11.59m into next year's crop (effectively inventory) and typically this is funded from short-term debt. Removing this short-term debt reduces core debt to $5.65m, compared to $4.7m in the pcp. This is considered a low level of debt in the context of the company's long-term assets of $79.82m.

Seeka continues to invest in plant and equipment in anticipation of greater crop volumes. Total cashflow from operations totals $8.53m for the year. Seeka has re-invested $5.64m into new plant and equipment (compared to $1.62m in the pcp) and re-invested $925,000 into long-term lease redevelopment (compared to $1.24m in the pcp).

The company continues to focus on building shareholder dividends. Fully-imputed dividends of $0.15 per share have been distributed in 2014 (compared to $0.12 in the pcp), totalling $2.27m (compared to $1.73m in the pcp). Two years ago the dividend distribution was nil.

STRATEGY

Seeka's strategy is focussed on rebuilding the sustainable profitability of the company. Our vision is to be New Zealand's premier produce business, a natural development of our kiwifruit platform. We have taken deliberate steps to strengthen and reposition the company as a result of the Psa-V outbreak. Seeka is emerging on a growth trajectory, both in size and profitability and is taking a long term view. The company will build on activities where it has competency and performance (things it is good at), it will strive to make investments which earn its cost of capital and are value accretive to stakeholders, it will pursue vertically integrated opportunities where it is able, and it will work to deliver higher returns to its stakeholders. As a result of its strategy, Seeka may contemplate acquisitions where they meet the criteria of the Board.

GROWER SHARE SCHEME

In 2014 Seeka introduced its Grower Share Scheme. This innovative scheme was part of Seeka's competitive response in a market for kiwifruit post-harvest services where competitors were using price as a tool to compete for volume and in the case of cooperatives, ownership. Seeka's response was not to follow the market to the bottom in terms of pricing, but as part of Seeka's value proposition to offer a facilitated ownership to growers who were prepared to commit the entire crop off their orchard to Seeka for a period of three years.

The scheme rewards growers for their loyalty to Seeka by facilitating share ownership. In return for the commitment, the company would put aside $0.10 per tray packed from each committed orchard to be allocated in shares at the end of each season. The Board carefully evaluated the cost of the proposed scheme alongside crop retention, growth potential and the option of further reducing the post-harvest pricing. As a result the scheme was developed and implemented. Under the scheme 99% of growers have committed to pack for three years with 605,152 shares allocated at a cost of $3.05 each and a total cost of $1.85m in 2015. Both the Board and management are pleased with the loyalty generated under the scheme.

KEY INDICATORS

($000s)	9 months 31 December 2010	12 months 31 December 2011	12 months 31 December 2012	12 months 31 December 2013 Restated	12 months 31 December 2014
Revenue	$ 122,157	$ 138,797	$ 108,290	$ 97,371	$ 115,672
EBITDA POST HARVEST	$ 21,487	$ 23,864	$ 15,855	$ 12,558	$ 10,770
EBITDA ORCHARD	$ 4,250	$ (4,236)	$ 7,201	$ 2,832	$ 4,179

OPERATING EARNINGS

EBITDAF Earnings before interest, tax, depreciation, amortisation, fair value adjustments, impairments and asset revaluations	**$ 19,660**	**$ 21,036**	**$ 16,563**	**$ 9,942**	**$ 11,529**
Fair value movement in biological assets — vines	(282)	(9,730)	(292)	-	-
Movement in onerous lease provision	-	-	(807)	494	241
EBITDA — before impairments and revaluations ($000s)	**$ 19,588**	**$ 11,306**	**$ 15,464**	**$ 9,448**	**$ 11,288**
Depreciation and amortisation expense	(4,938)	(6,394)	(5,584)	(5,418)	(5,250)
Amortisation of intangibles	-	(209)	(92)	(73)	(272)
Impairment charges					
Short-term lease costs	367	(262)	(62)	22	-
Plant and equipment	-	(818)	(383)	-	-
Goodwill	-	(2,850)	-	-	-
Investments in associates	-	(1,228)	(89)	(615)	(120)
Land held for resale	-	(221)	-	-	-
Leased interest in land	-	(417)	(418)	-	(325)
Revaluation					
Available for sale assets	-	(530)	-	-	-
Land and buildings	(157)	(3,233)	(6)	776	245
Interest	(2,055)	(2,766)	(1,878)	(1,139)	(1,303)
Fair value of non—hedge derivatives	84	300	422	-	-
Net profit / (loss) before tax	**$ 12,679**	**$ (7,322)**	**$ 7,374**	**$ 3,001**	**$ 4,263**
Tax (charge) / credit	(6,248)	269	(1,494)	(706)	(1,095)
Net profit / (loss) attributable to shareholders	**$ 6,431**	**$ (7,053)**	**$ 5,880**	**$ 2,295**	**$3,168**

Net assets per share	**$ 4.17**	**$ 3.50**	**$ 3.89**	**$ 4.02**	**$ 4.07**

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

REVIEW OF POST-HARVEST OPERATIONS

Seeka's post-harvest division coordinates the harvest, packing, cool store and logistics operations for kiwifruit, avocados and, in 2014, kiwiberry. Operations include in-house pre-packing and 'ready-to-retail' configurations and logistics.

The industry share of fruit handled in Seeka's post-harvest facilities has increased to an estimated 24.8% in the case of Hayward kiwifruit and fallen to 10.6% in the case of Gold kiwifruit. The fall in Gold handling share reflects that some supplying orchards are mid-switch to Psa-V resistant varieties and is expected to rebound as the new fruit comes on stream.

Overall kiwifruit harvest volumes were up 8.9% on the pcp. A total of 21.34 million trays of kiwifruit were handled compared to 19.60 million in the pcp. The division handled 496,000 trays of avocados, and 18,000 trays of kiwiberry in its first year of production.

EBITDA from the post-harvest division totalled $10.77m, compared to $12.56m in the pcp. The reduction was due to the $1.85m cost of operating the grower share scheme. Post-harvest pricing remained flat, reflecting strong competition.

Post-harvest volumes of the new varieties surged. Zespri SunGold (G3) volume increased by 406%, from 237,000 trays in 2013 to 1.2m trays in 2014. This amount is anticipated to triple to 3.6m trays in 2015. Seeka continues to experience good demand from new growers wanting Seeka to process their fruit across all varieties.

Total avocado volumes handled was 496,000 trays, compared to 334,000 trays in the pcp. Returns to growers from both the 2013/14 and 2014/15 selling seasons were excellent, reflecting the benefit of a fully integrated and market-focussed supply chain. Growers received an average OGR per tray of $24.71 across the 2013 /2014 selling season. In 2014/15 growers are forecast to receive more than $16.00 per tray OGR and this is expected to be industry leading.

Competition in the post-harvest sector remains intense. Price, and the Grower Share Scheme, have been the key components in maintaining grower supply (though orchard gate returns, quality, relationship and service are also important). Margins are tightening and Seeka has implemented new strategies to target costs and improve efficiency.

The 2014 grower share scheme cost of $1.85m has been recorded in the post-harvest division financials.

PLANNING FOR POST-HARVEST GROWTH

Careful planning ensures the infrastructure investment is balanced with crop volumes, which delivers low harvest risk and professional performance and returns to growers. Seeka has undertaken significant work to plan and prepare for increasing kiwifruit volumes, which are predicted to reach between 24 million and 25 million trays in 2015 harvest.

Two major capital projects are underway to increase capacity to handle the forecast increase in fruit volumes along with a number of other upgrades across the sites.

The Oakside site is being optimised through a $5m upgrade, which includes additional canopy at bin reception, additional precooling for 400,000 trays, and additional coolstorage for 800,000 trays. The upgrade is being funded from cashflows and debt.

The leased Pioneer cool store facility at Mount Maunganui is being upgraded to include additional pre-cooling for 400,000 trays and additional cool storage for 900,000 trays. This significant project is being funded by our landlord.

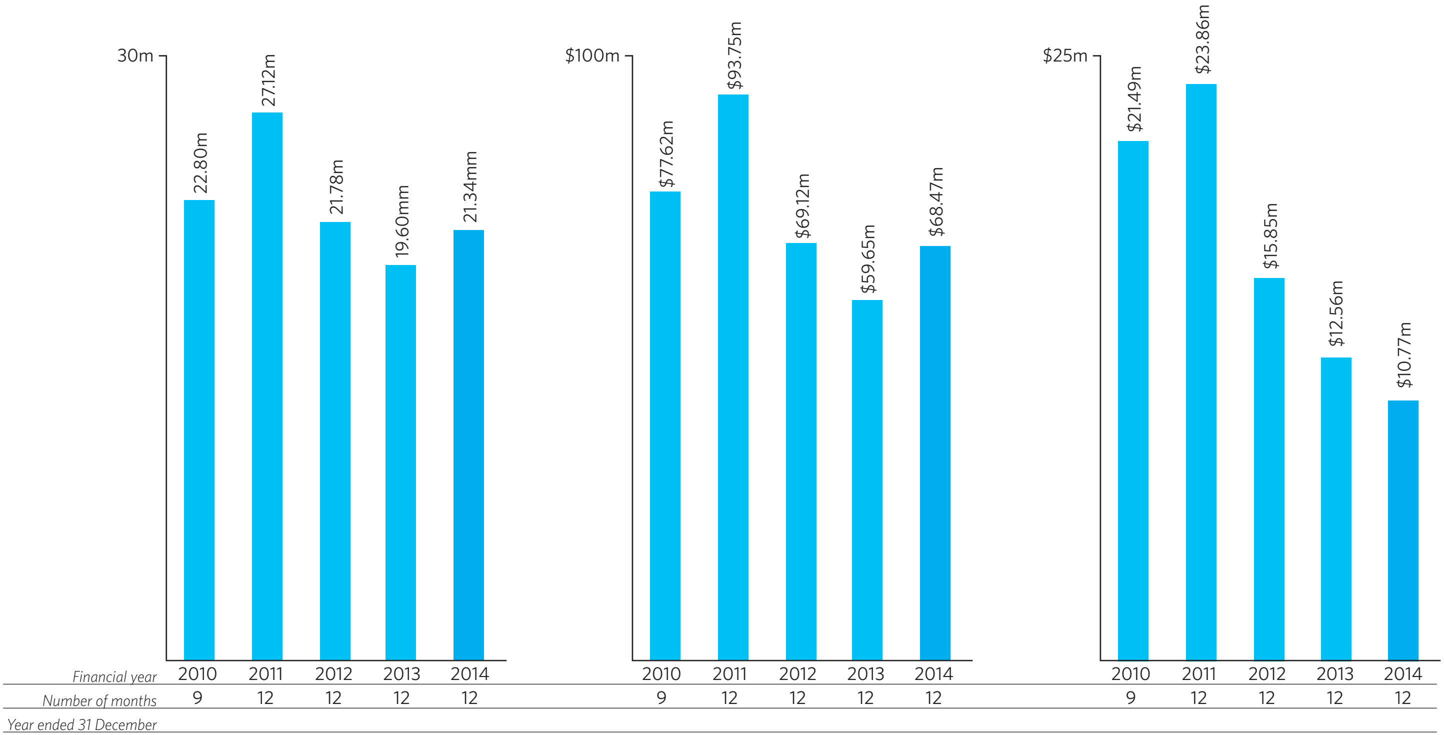
Planning for the volumes beyond 2015 is underway — all options are being considered, including the potential for New Zealand post-harvest operators to be enabled to supply fruit further down the supply chain into the market on a 'free-on-truck' basis. This model limits investment in under-utilised cool stores. The company is investigating expansion, at both existing and new sites.

Late in 2014 the company took steps to rebuild its staffing complement by re-organising its post-harvest management structure, re-implementing its four-region structure, and intensifying its management focus ahead of larger crop volumes. Key appointments in supply and logistics reflect the anticipated volumes, the company's larger geographical area and new fruit varieties coming on stream.

Overall the post-harvest division delivered a professional and competitive performance in a challenging environment. EBITDA earnings were down because of the costs associated with the grower share scheme. Personnel structures have been put in place ahead of anticipated greater crop volumes. Infrastructure investment is being made ahead of next season's crop and a strategy for future years is being developed. The company continues to innovate to maintain and grow earnings. The outlook remains positive for the next two years.

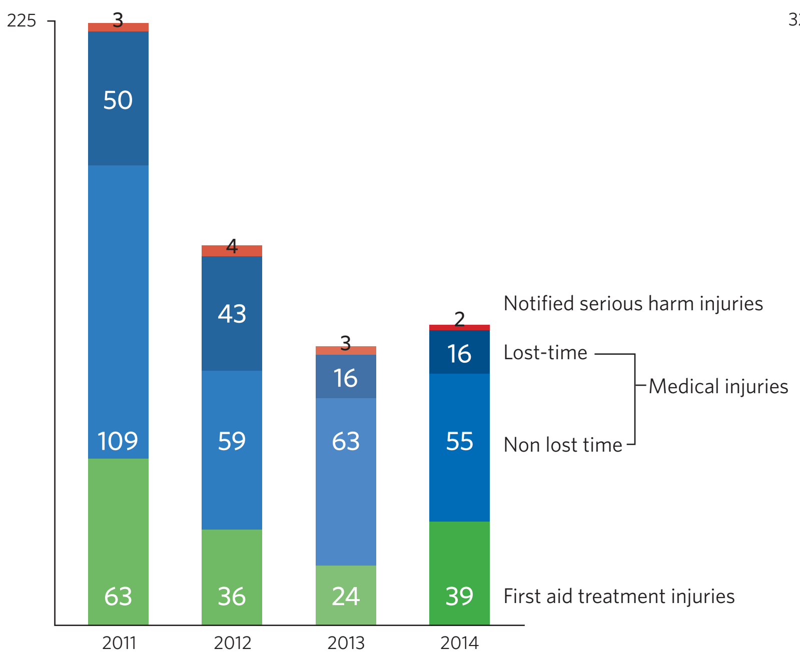
POST HARVEST PERFORMANCE

CLASS 1 & 2 PACKED TRAYS (KIWIFRUIT) | TOTAL REVENUE | EBITDA

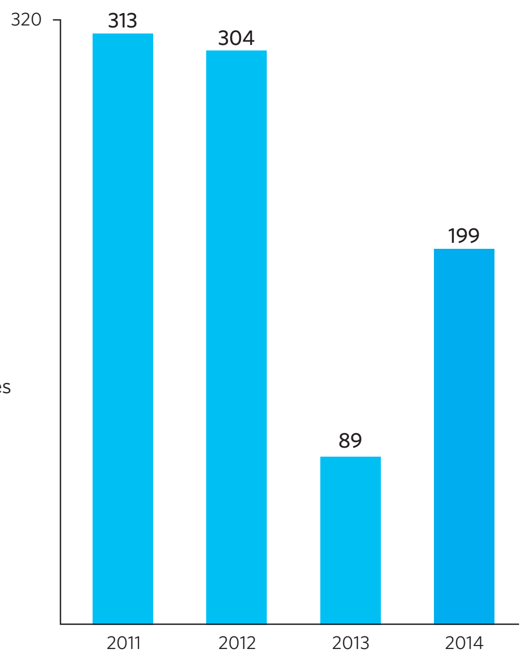


HEALTH AND SAFETY STATISTICS

EMPLOYEE INJURIES BY TYPE



LOST TIME DAYS



See page 8 for commentary

REVIEW OF ORCHARD DIVISION PERFORMANCE

The orchard division handles all growing and orchard management services for the company's orchards (owned and leased long-term) and orchards leased and managed on a short-term basis. Operations include kiwifruit, avocado and kiwiberry growing and development.

EBITDA from the orchard division totalled $4.18m, compared to $2.83m in the pcp. The orchard division produced 7.2 million trays in 2014, compared to 7.02 million trays in the pcp. The volume of the new Zespri SunGold variety rose to 381,000 trays, up from 178,000 trays in the pcp. This will increase significantly as long-term lease orchards return to production.

Overall yields from Seeka's orchard operations were excellent, with a staggering average of 9,467 Hayward trays per hectare across 713 hectares in catchments extending from the Eastern Bay of Plenty to Northland.

Kiwifruit orchards benefited from excellent returns from the market. Lower volumes enabled Zespri to optimise market mix and deliver high returns to growers. Hayward returns from the market and through Seeka grower pools to the orchard division averaged $5.96, compared to $5.23 last year. Although orchard division typically shares the upside benefit with orchard owners, this past years improvement was big enough to translate into a positive lift in company earnings.

LONG TERM LEASES' REDEVELOPMENT

Seeka invested $925,000 into re-development of long-term lease orchards. As a result, 38.1 hectares of SunGold are anticipated to return to production in 2015, and 24.19 hectares of Hayward or G14 "Sweet-Green" progressively from 2015. An additional 34.77 hectares of Hayward long-term lease remain in production - unaffected by Psa-V, these orchards are in good shape.

AVOCADOS

Seeka operates avocado orchards, including a 26-hectare avocado orchard on a long-term lease at Motuhoa Island. This orchard lease was acquired as part of the 2010 purchase of Huka Pak. The orchard, which is operated in conjunction with its owners, has an excellent production history and in 2014 benefited from consistent production and excellent market conditions.

KIWIBERRY

The kiwiberry crop is increasing. The Aguta Hort Gem Tahi (K2D4) has been grafted to a total of 13.85 hectares of orchards. The highest OGR for a full orchard in production exceeded $170,000 per hectare equivalent. Seeka has entered into a collaborative arrangement with the variety license owner Freshmax, which enables Seeka to market a proportion of the fruit. In 2014, the crop yielded approximately 18,000 trays and delivered exceptional returns to growers in full production. Volumes are expected to rise to 70,000 trays in 2015, and more in future years as orchards come into production. This variety continues to show no susceptibility to Psa-V and has good consumer demand in the berry category. Harvesting and packing technology has been developed for this new component of the business.

POLLEN

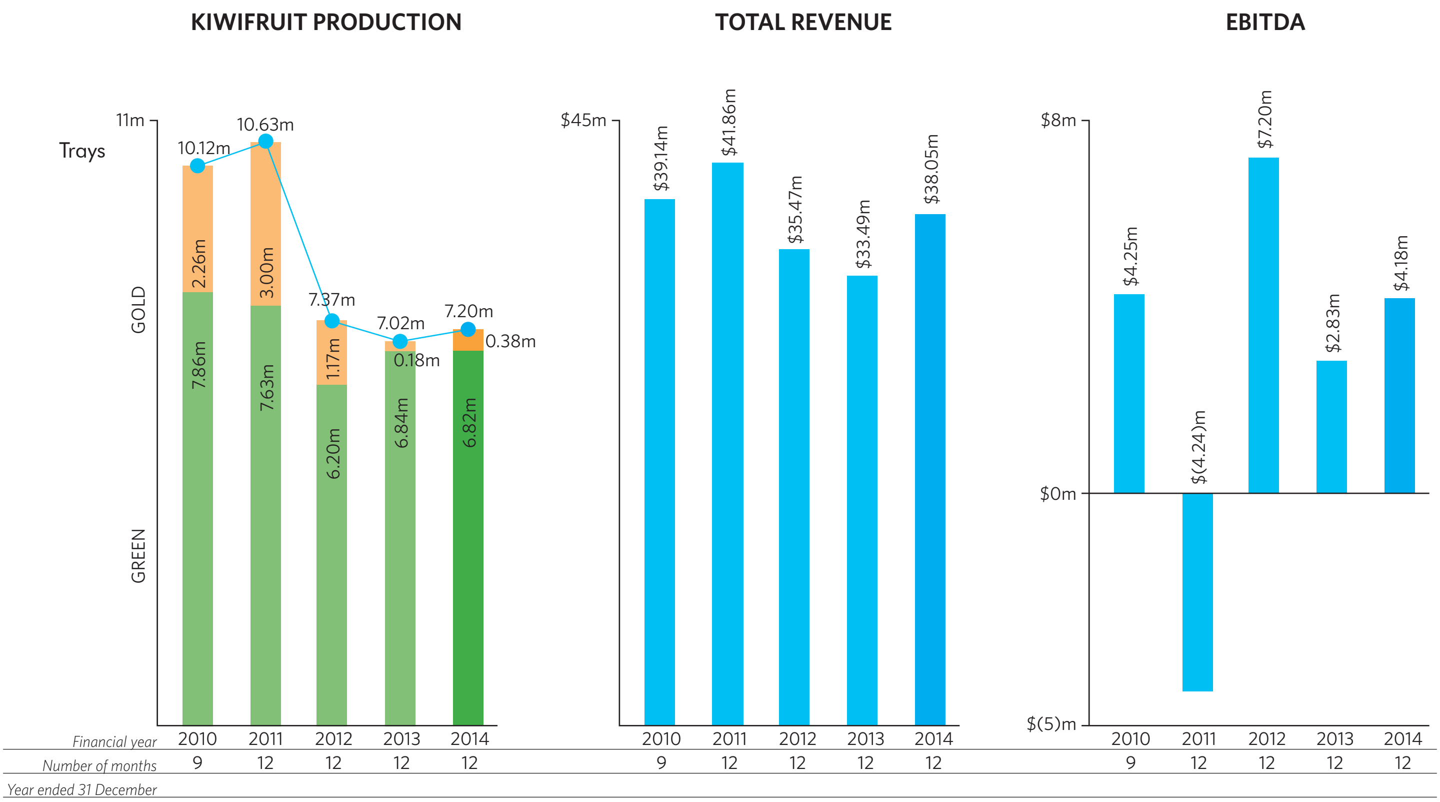
Seeka has continued to innovate in its orchard division and related activities. The pollination business has thrived, with pollen milling becoming a large-scale operation. Seeka's domestic pollen business produced more than 400kgs in 2014. Growers have access to a cost-effective source of pollen and pollen application. In 2014 Seeka entered into a new joint venture in Australia producing Psa-free pollen. This is the first such kiwifruit pollen milling and marketing venture in Australia, with pollen being sold into high-value markets. The first year performance was promising.

The outlook for the division looks positive as volumes increase to the long-term leases.

RETAIL SERVICES AND AVOFRESH

The retail services division handles all non-Zespri supplied fruit sales, the kiwifruit sales under collaborative marketing agreements, avocado marketing and, in 2014, kiwiberry sales. Retail services include the acquired Glassfields business including the importation, ripening and distribution of tropical fruits, together with the operations of SeekaFresh.

ORCHARD DIVISION PERFORMANCE



AvoFresh handles the organisation of our avocado business, grower relations, technical, post-harvest and logistics.

EBITDA from retail services totalled $1.78m in 2014. While the division did not formally exist in the pcp, comparative EBITDA would be $703,000.

Retail services' focus has been integrating Glassfields and improving its operations, while expanding SeekaFresh operations. All parts of Glassfields have now been reviewed and brought into the Seeka operational model. Ripening rooms in Wellington were moved to Christchurch. There were difficulties in finding a location, ensuring that location met building regulations and getting contractors to complete the work. The Christchurch base, completed in February 2015, will move to full capacity in March 2015.

SeekaFresh is expanding operations in a controlled manner and continues to concentrate on delivering high-quality produce to discerning customers. Its business is primarily focussed on Australia, where increasingly New Zealand growers and produce companies have to earn the right to market produce. SeekaFresh has concentrated on fruit quality, reliability and promotions. In 2014 SeekaFresh delivered excellent returns to growers.

Collaborative kiwifruit marketing applications were successfully made and approved by Kiwifruit New Zealand for markets in China and Malaysia. In total, 479,495 trays were exported under these programmes, delivering incremental returns to growers across all programmes. The ambitious China Xinjiang programme was an outstanding success, delivering growers an estimated OGR of $6.80 per tray across 104,000 trays.

AvoFresh co-ordinates all of the company's avocado activities: interaction with growers, technical support, and the interface between post-harvest and SeekaFresh marketing. The AvoFresh business is challenging, with key retail customers demanding high-quality and reliable supply across the season into the following February. Avocado demand – particularly in Australia – continues to grow dramatically. The company has matched supply to demand across both Australia and Japan to deliver its growers incremental returns.

The outlook for retail services is positive.

PEOPLE

SAFETY AND COMPLIANCE

Safety continues to be a primary focus for Seeka. People who work at or visit Seeka must do so in a safe environment and manner. The company takes all reasonable steps to ensure safety, and this challenges the habits of the company and its visitors. The safety challenge becomes more demanding as the Seeka business grows to cover a wider geographical area and new business activities, in new locations and with new people. In 2014 Seeka launched an on-line induction system requiring people to be certified as understanding the safety risks and practices at any Seeka operation. Visitors to our sites must have completed the induction or be hosted by someone who has. There were two serious harm accidents in 2014: a tractor accident and an orchard chain saw accident. Both were investigated and remedial actions taken. Our goal is to develop an environment of safety awareness. Our safety performance is included as part of our Annual Report.

A new compliance team worked with our orchard contractors to ensure practices and the practices of their sub-contractors met regulatory requirements. Seeka had found itself in a situation where it was seen by authorities to be liable for the unrelated business activities of a contractor's sub-contractor. The compliance programme produced excellent results, with significant compliance improvement across our contracting community. Indiscretions found by the regulators during their monitoring were minor. We thank our contracting community for their forbearance in sometimes trying circumstances. The improvement, results and outcome were pleasing.

ORGANISATIONAL DEVELOPMENT

Our people continue to be a significant point of difference for Seeka. The company has benefited from loyal and experienced people who are dedicated to the company and its growers. In 2014 steps were taken to reorganise our people into structures designed to deliver professional service and leading returns in a safe working environment. These structures are designed to allow for increased management intensity across an increasing volume and variety of fruit.

Remuneration for people working at Seeka was re-set to market levels in 2014, as remuneration reviews were largely suspended through the Psa-V period. Permanent employees were offered the option of entering an employee share scheme - 74.59% of eligible employees taking up the offer.

Seeka remains committed to its people and wider community, and thanks them for their important contribution to the company, its growers and shareholders.

OUTLOOK AND CLOSE

Seeka has increased its profitability and size during the year. The immediate outlook remains positive within existing operations, with growth predicted in all parts of the business. The share price and dividend have increased as the company took steps to reposition itself as a produce company while taking advantage of the recovering kiwifruit industry. The move into new produce, geographical areas, and strategic diversification will create even greater prospects for growth. Seeka will continue to refine its asset and investment holdings to ensure the sustainable delivery of value to shareholders. Its mission in 2015 is to again deliver excellent kiwifruit results and earnings, to rebuild the long-term lease orchards, and to deliver growth consistent with our long-term vision.

Directors and management thank staff, contractors and suppliers for their service, and we thank growers in particular for their continuing loyalty. We also thank our shareholders for their support and interest they show in our company.

Fred Hutchings
Chairman

Michael Franks
Chief Executive

Financial Statements

Statement of Financial Performance *For the year ended 31 December 2014*

	Notes	GROUP 2014 $000s	GROUP 2013 Restated $000s	PARENT 2014 $000s	PARENT 2013 Restated $000s
Turnover	*36*	148,568	109,387	136,476	109,387
Revenue	*8*	115,672	97,371	113,981	97,371
Cost of sales	*9*	98,243	81,467	97,365	81,467
Gross profit		**17,429**	**15,904**	**16,616**	**15,904**
Other income	*8*	216	160	311	444
Share of (loss)/profit of associates	*22*	(69)	130	-	-
Other costs	*9*	7,880	7,475	7,822	7,475
(Increase) in fair value of biological assets - crop	*19*	(1,592)	(729)	(1,592)	(729)
Earnings (EBITDA) before revaluations and impairments		**11,288**	**9,448**	**10,697**	**9,602**
Depreciation expense	*9*	5,250	5,418	5,206	5,418
(Gain) on revaluation of land and buildings	*9*	(245)	(776)	(245)	(776)
Impairment of lease interest in land	*9*	325	-	-	-
Impairment of investments in associates	*22*	120	615	237	615
Recovery of short term lease prepayments	*9*	-	(22)	-	(22)
Amortisation of intangibles	*17*	272	73	239	40
Earnings (EBIT)		**5,566**	**4,140**	**5,260**	**4,327**
Interest expense	*9*	1,303	1,139	1,303	1,139
Net profit before tax		**4,263**	**3,001**	**3,957**	**3,188**
Income tax charge	*10*	1,095	706	1,061	706
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS		**3,168**	**2,295**	**2,896**	**2,482**
Earnings per share for profit attributable to the ordinary equity holders of the company during the year					
Basic earnings per share	*31*	$0.22	$0.16	$0.20	$0.18
Diluted earnings per share	*31*	$0.22	$0.16	$0.20	$0.17

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income

For the year ended 31 December 2014

		GROUP		PARENT	
	Notes	2014 $000s	2013 Restated $000s	2014 $000s	2013 Restated $000s
Net profit for the year		**3,168**	**2,295**	**2,896**	**2,482**
Items that will not be reclassified to profit or loss					
Gain on revaluation of land and buildings, net of tax	*16*	1,801	768	1,801	768
Total items that will not be reclassified to profit or loss		**1,801**	**768**	**1,801**	**768**
Items that may be reclassified subsequently to profit or loss					
Movement in cash flow hedge reserve, net of tax	*28*	(158)	297	(158)	297
Movement in share based payment reserve, net of tax	*28*	36	-	36	-
Gain on revaluation of available for sale financial assets, net of tax	*18 & 28*	476	238	470	238
Total items that may be reclassified subsequently to profit or loss		**354**	**535**	**348**	**535**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		5,323	3,598	5,045	3,785

Statement of Financial Position *As at 31 December 2014*

	Notes	GROUP 2014 $000s	GROUP 2013 Restated $000s	PARENT 2014 $000s	PARENT 2013 Restated $000s
EQUITY					
Share capital	27	37,773	35,753	37,773	35,753
Reserves	28	6,239	4,198	6,233	4,198
Retained earnings	28	19,185	18,176	19,224	18,487
TOTAL EQUITY		**63,197**	**58,127**	**63,230**	**58,438**
CURRENT ASSETS					
Cash and cash equivalents	11	2,923	5,916	2,594	5,699
Trade and other receivables	12	12,959	11,044	12,954	11,179
Biological assets - crop	19	11,594	10,002	11,594	10,002
Inventories and land held for re-sale	13	2,250	1,334	2,250	1,334
Financial derivatives	14	-	170	-	170
Current tax receivables	10	244	-	369	-
Property held for sale	13	-	2,857	-	2,857
TOTAL CURRENT ASSETS		**29,970**	**31,323**	**29,761**	**31,241**
NON CURRENT ASSETS					
Trade and other receivables	12	2,170	1,203	2,153	1,187
Property, plant and equipment	16	69,947	61,783	69,947	61,783
Intangible assets	17	5,608	836	5,197	68
Available for sale financial assets	18	1,621	1,085	1,563	1,033
Investment in subsidiaries	20	-	-	749	635
Investment in associates	22	475	2,451	581	2,716
TOTAL NON CURRENT ASSETS		**79,821**	**67,358**	**80,190**	**67,422**
TOTAL ASSETS		**109,791**	**98,681**	**109,951**	**98,663**
CURRENT LIABILITIES					
Current tax liabilities	10	-	134	-	134
Trade and other payables	23	16,604	11,804	16,864	11,699
Onerous lease provision	24	34	248	34	248
Interest bearing liabilities	26	1,165	1,590	1,165	1,590
Financial derivatives	14	50	-	50	-
TOTAL CURRENT LIABILITIES		**17,853**	**13,776**	**18,113**	**13,671**
NON CURRENT LIABILITIES					
Onerous lease provision	24	38	65	38	65
Interest bearing liabilities	26	19,000	19,000	19,000	19,000
Deferred tax	25	9,703	7,713	9,570	7,489
TOTAL NON CURRENT LIABILITIES		**28,741**	**26,778**	**28,608**	**26,554**
TOTAL LIABILITIES		**46,594**	**40,554**	**46,721**	**40,225**
NET ASSETS		**63,197**	**58,127**	**63,230**	**58,438**

On behalf of the Board

F Hutchings
Chairman

A Waugh
Director

Dated: 27 February 2015

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 December 2014

	Notes	Share capital $000s	Available for sale revaluation reserve $000s	Cash flow hedge reserve $000s	Share based payments reserve $000s	Land and buildings revaluation reserve $000s	Retained earnings $000s	Total $000s
GROUP								
Equity at 1 January 2013		35,690	229	(176)	114	2,728	17,612	**56,197**
Net profit for the year		-	-	-	-	-	2,295	**2,295**
Other comprehensive income for the year		-	238	297	-	768	-	**1,303**
Total comprehensive income for the year		-	238	297	-	768	2,295	**3,598**
Transactions with owners								
Shares issued	*27*	33	-	-	-	-	-	**33**
Employee share scheme receipts	*27*	30						**30**
Dividends paid	*29*	-	-	-	-	-	(1,731)	**(1,731)**
Total transactions with owners		63	-	-	-	-	(1,731)	**(1,668)**
Equity at 31 December 2013		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)	36	1,801	-	**2,155**
Total comprehensive income/(loss) for the year		-	476	(158)	36	1,801	3,168	**5,323**
Transactions with owners								
Shares issued	*27*	1,951	-	-	-	-	-	**1,951**
Employee share scheme receipts	*27*	69	-	-	-	-	-	**69**
Transfer to retained earnings	*27*	-	-	-	(114)	-	114	**-**
Dividends paid	*29*	-	-	-	-	-	(2,273)	**(2,273)**
Total transactions with owners		2,020	-	-	(114)	-	(2,159)	**(253)**
Equity at 31 December 2014		37,773	943	(37)	36	5,297	19,185	**63,197**
PARENT								
Equity at 1 January 2013		35,690	229	(176)	114	2,728	17,736	**56,321**
Net profit for the year		-	-	-	-	-	2,482	**2,482**
Other comprehensive income for the year		-	238	297	-	768	-	**1,303**
Total comprehensive income for the year		-	238	297	-	768	2,482	**3,785**
Transactions with owners								
Shares issued	*27*	33	-	-	-	-	-	**33**
Employee share scheme receipts	*27*	30	-	-	-	-	-	**30**
Dividends paid	*29*	-	-	-	-	-	(1,731)	**(1,731)**
Total transactions with owners		63	-	-	-	-	(1,731)	**(1,668)**
Equity at 31 December 2013		35,753	467	121	114	3,496	18,487	**58,438**
Net profit for the year		-	-	-	-	-	2,896	**2,896**
Other comprehensive income/(loss) for the year		-	470	(158)	36	1,801	-	**2,149**
Total comprehensive income/(loss) for the year		-	470	(158)	36	1,801	2,896	**5,045**
Transactions with owners								
Shares issued	*27*	1,951	-	-	-	-	-	**1,951**
Employee share scheme receipts	*27*	69	-	-	-	-	-	**69**
Transfer to retained earnings	*27*	-	-	-	(114)	-	114	**-**
Dividends paid	*29*	-	-	-	-	-	(2,273)	**(2,273)**
Total transactions with owners		2,020	-	-	(114)	-	(2,159)	**(253)**
Equity at 31 December 2014		37,773	937	(37)	36	5,297	19,224	**63,230**

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2014

	Notes	GROUP 2014 $000s	GROUP 2013 $000s	PARENT 2014 $000s	PARENT 2013 $000s
Operating Activities					
Cash was provided from:					
Receipts from customers		117,607	95,855	116,050	95,743
Interest and dividends received		370	488	312	446
Cash was disbursed to:					
Payments to suppliers and employees		(107,401)	(83,972)	(105,885)	(83,939)
Interest paid		(1,294)	(1,115)	(1,294)	(1,115)
Income taxes paid		(753)	(2,427)	(753)	(2,427)
NET CASH FLOWS FROM OPERATING ACTIVITIES	*30*	**8,529**	**8,829**	**8,430**	**8,708**
Investing activities					
Cash was provided from:					
Sale of property, plant and equipment		113	130	113	130
Sale of available for sale investments		3,125	275	3,125	275
Received from investments		-	48	-	48
Repayment of advances		69	30	70	30
Cash was applied to:					
Purchase of property, plant and equipment		(5,641)	(1,615)	(5,655)	(1,615)
Development of Bearer Plants		(925)	(1,235)	(925)	(1,235)
Investment in associates and subsidiaries		(5,539)	(189)	(5,539)	(192)
Advances		(132)	(1,466)	(132)	(1,466)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(8,930)**	**(4,022)**	**(8,943)**	**(4,025)**
Financing activities					
Cash was provided from:					
Proceeds of short term bank borrowings		21,062	16,940	21,062	16,940
Issue of shares		106	33	106	33
Cash was applied to:					
Repayment of term bank borrowings		(1,590)	(2,376)	(1,590)	(2,376)
Repayment of short term bank borrowings		(19,897)	(16,940)	(19,897)	(16,940)
Payment of dividend to shareholders	*29*	(2,273)	(1,731)	(2,273)	(1,731)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(2,592)**	**(4,074)**	**(2,592)**	**(4,074)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,993)**	**733**	**(3,105)**	**609**
Opening cash and cash equivalents		5,916	5,183	5,699	5,090
CLOSING CASH AND CASH EQUIVALENTS		**2,923**	**5,916**	**2,594**	**5,699**

The accompanying notes form an integral part of these financial statements

1) Reporting entity

Seeka Kiwifruit Industries Limited and its subsidiaries (together 'the Group') provide orchard lease and management, and post harvest service activities to the horticultural industry and leases and operates kiwifruit and avocado orchards. The Group also provides retail services including ripening and delivery for key retail customers in New Zealand and Australia as well as wholesale market services to independent operators in New Zealand. The Company is a limited liability company incorporated and domiciled in New Zealand and is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The Company is an issuer in terms of the Financial Reporting Act 1993. The Consolidated Financial Statements of the Group for the year ended 31 December 2014 comprise the Company and its subsidiaries and interests in associates. The address of its registered office is 6 Queen Street, Te Puke.

Glossary:

Company	Seeka Kiwifruit Industries Limited
Parent	Seeka Kiwifruit Industries Limited
Group	Seeka Kiwifruit Industries Limited and its subsidiaries

The financial statements were authorised for issue by the Board of Directors on 27 February 2015. The Directors do not have the authority to amend the financial statements after issue.

2) Summary of significant accounting policies

a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP) and comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other financial reporting standards as applicable to profit oriented entities. The Financial Statements comply with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

i) *Entities reporting*

The financial statements include separate financial statements for Seeka Kiwifruit Industries Limited as a separate legal entity ('Parent') and the consolidated entity consisting of the Parent and its subsidiaries ('Group').

ii) *Historical cost convention*

The financial statements have been prepared under the historical cost convention as modified by the following:
- Financial instruments at fair value through profit or loss are measured at fair value.
- Biological assets are measured at fair value less point-of-sale costs (as applicable).
- Land and buildings are measured using the revaluation model.

iii) *Accounting Estimates and Judgements*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the Group accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. Directors have assessed judgements and estimates at balance date based on information available up to the date of approving the financial statements.

iv) *Going concern assumption*

Directors continue to adopt the going concern assumption in preparing the financial statements for the year ended 31 December 2014. In doing so they have considered forecast information, the security of bank funding, and the continued redevelopment of affected Hort 16A orchards into new varieties and Hayward notwithstanding that there is an ongoing impact of PSA-V on crop supply.

b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and associates of Seeka Kiwifruit Industries Limited (the 'Parent') as at 31 December 2014 and their results for the year then ended. Seeka Kiwifruit Industries Limited, its subsidiaries and associates together are referred to in these financial statements as the Group or the consolidated entity.

i) *Subsidiaries*

Subsidiaries are all those entities (including special purpose entities) over which the Parent has significant influence or control over the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are no longer consolidated from the date that control ceases.

2) Summary of significant accounting policies (continued)

b) Principles of consolidation (continued)

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. Acquisition related costs are not included as costs of acquisition, but are recognised as period expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Minority interests are also measured at fair value on the date of acquisition and is considered in the calculation of goodwill. The excess of the consideration transferred at acquisition date, plus the amount of any non-controlling interests, plus the acquisition-date fair value of any previously-held equity interest in the entity acquired over the net of acquisition-date fair values of identifiable assets acquired and liabilities assumed is recorded as goodwill. Otherwise, a bargain purchase gain is recognised and recorded directly in the Statement of Financial Performance.

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.

ii) *Associates*

Associates are entities over which the Group has significant influence but not control, generally evidenced by a holding of 20% to 50% of the voting rights or in combination with other forms of influence, such as representation on the board of directors. Investments in associates are accounted for in the Parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses are recognised in the Statement of Financial Performance, and its share of post acquisition movements in reserves are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates in the consolidated financial statements reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

iii) *Jointly controlled assets*

The Group's interest in jointly controlled assets are accounted for in the consolidated financial statements by recognising in the Statement of Financial Position its share of the jointly controlled assets, classified according to the nature of the assets as well as any liabilities that it has incurred and its share of any liabilities incurred jointly with the other venturers in relation to the joint venture. Any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture and any expenses that it has incurred in respect of its interest in the joint venture are recognised in the Statement of Financial Performance.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the senior management team which is responsible for implementing strategic decisions.

Directors assess the performance of the operating segments based on a measure of adjusted EBITDA & EBIT. This measurement basis includes the effects of non-recurring expenditure from the operating segments such as impairment, when the impairment is the result of an isolated non-recurring event, and restructuring costs. Cost are allocated based on the operations of the segment when they can be clearly attributed, costs such as administration costs, overheads and grower service costs are allocated to "all other business segments" of the Group.

EBITDA	Earnings before interest, taxes, depreciation and amortisation. The EBITDA of a company gives an indication of the current profitability of the business and is a reflection of cash flow generation.
EBIT	Earnings before interest and taxes. EBIT is a measure of a firm's profit that excludes interest and income tax expenses.

d) Functional currency

The financial statements are presented in New Zealand dollars, which is the Company's and Group's functional and presentation currency.

2) Summary of significant accounting policies (continued)

e) Revenue recognition

Revenue comprises the fair value received for the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

i) *Sales of services*

The Group provides post harvest, orchard services and fruit marketing services to the horticultural industry, along with retail services to key retail customers and independent fruit retailers.

Post Harvest operations

This includes fruit packing, coolstorage and other associated activities. These services are predominantly provided during the period from April to December with the majority of revenues collected by the end of November each year. Revenue is recognised as the service is provided.

Orchard operations

This includes orchard management and associated services provided to growers who supply fruit to the Group. Revenue for these services is invoiced and recognised as earned.

The Group also enters into orchard leases with landowners to produce kiwifruit and avocado crops. The revenue from these crops is initially recognised at harvest based on the expected Orchard Gate Return (OGR) and received over the 12 month period following harvest. The revenue estimate is updated at balance date.

Retail service operations

The Group provides a range of retail services including:
- Ripening and delivery services, and fruit sales to key retail customers. Revenue is recognised as these services are provided. Revenue is recognised on a net or gross basis depending on who bears the significant risks and rewards.
- Fruit marketing and wholesale market sales programs to local, Australian and Asian customers. Fruit is sold on behalf of supplying growers as their agent, in return for a commission based on the FOBS value of the fruit sold. Revenue is recognised when the fruit is sold.
- Collaborative marketing revenue is recognised as products are sold. The Group purchases fruit from Zespri for sale in agreed international markets under licence from Kiwifruit New Zealand.

Grower incentive scheme

The Group has a Grower Incentive Scheme, the scheme rewards eligible growers who sign a three year supply commitment with the company. Once the grower has met their supply obligation each year the Group recognises the expense as a discount to sales, within the post harvest segment, in the statement of financial performance and the liability in current liabilities in the statement of financial position. Each year when the shares are issued the issue value is recorded in share capital with the value of any residual flowing through the statement of financial performance.

ii) *Interest income*

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

iii) *Dividend income*

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

f) Income tax

The income tax expense comprises both current and deferred tax. Income tax expense 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 carrying amounts of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities 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 by the reporting 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.

g) 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.

2) Summary of significant accounting policies (continued)

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Any bank overdrafts utilised are shown within interest bearing liabilities in current liabilities on the Statement of Financial Position.

i) Cash flow statements

This has been prepared using the direct approach. Cash and cash equivalents are described in Note 2(h) and are shown exclusive of Goods and Services Tax (GST).

j) Leases

Finance leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the leases' inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Operating leases
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.

Where a lease is considered to be onerous, the cost of the onerous portion is recognised immediately.

k) Impairment of non-financial assets

Assets with finite useful lives are subject to depreciation and amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

l) Trade receivables

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, such as default or bankruptcy that indicate that the Group will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Financial Performance.

m) Inventories

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. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2) Summary of significant accounting policies (continued)

n) Investments and other financial assets

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. The 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 reporting date.

i) *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.

ii) *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.

iii) *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 categories. 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.

iv) *Impairment of financial assets*

The Group assesses at each balance date 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.

o) Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured 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. Refer to Note 14. Derivatives are classified as current or non-current based on the effective date.

2) Summary of significant accounting policies (continued)

p) Hedge accounting

The Group designates certain derivatives as cash flow hedges. At the inception of the hedge relationship the entity 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.

i) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive Income. Amounts accumulated in other comprehensive income are recycled to the statement of financial performance in the periods when the hedged item affects profit and loss. The gains or losses relating to the effective portion of the interest rate swaps hedging variable rate borrowings are recognised in the statement of financial performance within finance costs. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Financial Performance as fair value movement in derivatives.

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 or is sold, or when a hedge 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)'.

q) Non-current assets held for sale

Upon determination that a sale by the Group is highly probable and an asset's carrying amount will be recovered principally through a sale transaction rather than by continued use, the asset will be reclassified on the face of 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 Directors will review the classification and if appropriate will reclassify the asset as non current.

r) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

s) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The 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.

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.

2) Summary of significant accounting policies (continued)

t) Property, plant and equipment

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 than triennially when there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value (See Note 4). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property and equipment, including bearer plants, is 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 amount 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.

Increases in the carrying amounts arising on revaluation of land and buildings are added to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in Other Comprehensive Income, the increase is recognised in the Statement of Financial Performance. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves in other comprehensive income to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the statement of financial performance.

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 long term leased orchards is aligned to the term of the lease.

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 - on long term leased land	6 - 12 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are 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.

u) Borrowings

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2) Summary of significant accounting policies (continued)

w) Intangible assets

i) *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 acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates 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 events or changes in circumstances indicate that it might be impaired, and 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 the entity sold.

ii) *Computer 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 lives (3 to 5 years).

iii) *Lease interest in land*

The Group 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.

iv) *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.

x) Employee benefits

i) *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.

ii) *Share based payments*

The Group operates two equity settled, share based compensation plans under which the entity receives services from employees in consideration for equity instruments (options) of the Group. One scheme was established in 2014 and one scheme established in 2002 with the latter in the process of being terminated.

The below principles relate to both Staff Share Schemes

Under both schemes that the Group operates, shares are issued to an Employee Share Trust. Certain employees are eligible to subscribe to shares held by the Trust and this benefit is 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.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period 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). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Financial Performance, with a corresponding adjustment to Equity.

The schemes have been managed by a Trustee Company since 2007 and the directors of the trustee company (Seeka Employee Share Plan Trustees Limited) also hold office as directors of Seeka Kiwifruit Industries Limited.

Dividends paid on the shares are used to repay the debt between the Employee Share Scheme (ESS) and the Company on behalf of the employee.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

The ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Company will review the scheme and decide upon the allocation of further shares and the price at which those shares will be issued to the ESS. All shares allocated are fully paid up. The Trustees of the ESS are not appointed for any term and may be removed by the Company at any time.

2) Summary of significant accounting policies (continued)

y) Dividends

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

z) Earning per Share

i) *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.

ii) *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.

aa) Biological assets - Crop

At the annual balance date, kiwifruit and avocado crops growing on the Groups leased and long term leased orchards are measured at their fair value. See Notes 4 and 19.

The fair value of kiwifruit crops at the annual balance date is deemed to be cost as insufficient biological transformation has occurred. The fair value of avocado crops at the annual balance date is the estimated net market return less selling cost and costs to market.

The gain or loss in the previously assessed fair value of kiwifruit and avocado crops under long and short term leases is recorded in the Statement of Financial Performance.

ab) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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.

ac) Comparative information

Where necessary, certain comparative information has been restated in order to provide a more appropriate basis for comparison. See note 37.

3) 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:

a) NZ IAS 32 'Financial instruments presentation' (effective for annual periods beginning or after 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendment did not have a significant effect on the Group financial statements.

b) NZ IAS 36 'Impairment of assets' (effective for annual periods beginning or after 1 January 2014). This amendment has made a small change to the disclosures required when a recoverable amount is determined based on fair value less costs of disposal.

c) NZ IAS 39 'Financial Instruments' (effective for annual periods beginning or after 1 January 2014). Under this amendment novation of derivatives to central counterparties would result in discontinuance of hedge accounting. There has been no impact on the group financial statements as a result of the amendment.

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

d) 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, see note 37 for the effect on the Group financial statements.

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:

e) 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'.

f) 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.

g) 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.

h) 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.

i) 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'').

j) 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 P&L. 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.

k) 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.

4) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and profit within the next financial year are discussed below:

a) *Valuation of biological assets - crop*

The fair value of the kiwifruit crop on the vine on leased and long term leased orchards is represented by the costs incurred to date to grow those crops which are considered recoverable through future crop harvest. Crop on the vine is measured at cost as insufficient biological transformation has occurred at balance date.

Judgement has also been applied to the determination of the fair value of the crop relating to any potential effects or impact from the spread of the Psa bacteria.

The fair value of Avocado Crops is the estimated net market return less selling cost and costs to market.

b) *Valuation of land and buildings*

Land and buildings are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. Refer to Note 16.

c) *Valuation of other property and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount and recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated will flow to the Group and the cost of the asset can be measured reliably. Such cost includes the cost of replacing parts that were eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance costs are recognised in the income statement as incurred. The Group reviews the value of other property and equipment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and losses expensed in that year.

d) *Valuation of bearer plants*

Kiwifruit vines and avocado trees are classified as bearer plants. Bearer plants are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount and recognised as a separate asset, or an addition to the existing asset. The crop growing on bearer plants is classified as a biological asset and is measured at its fair value in accordance with IAS 41.

e) *Fair value of derivatives and other financial instruments*

Directors use 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. Refer to Note 14.

f) *Valuation of Investments in Subsidiaries and Associates*

Investments in subsidiaries and associates are tested annually to assess whether they have suffered any impairment. Any impairment tests are based on the value-in-use approach. Directors use their judgement in forecasting future cashflows and selecting appropriate discount and growth rates when calculating the Net Present Value of cash generating units for the value in use calculation. Refer Note 20 and 22.

g) *Goodwill and Supplier Contracts*

Goodwill and Supplier Contracts are tested to assess whether any impairment is required in accordance with the accounting policy stated in notes 2(w) (i) and (iv). Impairment tests are based on the value-in-use approach. Directors use their judgement in forecasting future cashflows and selecting appropriate discount and growth rates when calculating the Net Present Value of the cash generating unit / Supplier Contract for the value in use calculation. Refer Note 17.

5) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company operates a comprehensive risk assessment and mitigation program via it's Audit and Risk Committee.

The Chief Executive Officer is required to identify and report the major risks affecting the business and develop strategies to mitigate these risks. The Directors review and approve overall risk management strategies covering specific areas such as market risk, use of derivative and non-derivative financial instruments and investments of excess liquidity.

a) Market risk

i) *Foreign exchange risk - class 1 kiwifruit*

The Group and Parent have no material direct currency risk. The Group is exposed to currency risk indirectly through its fruit income received on leased orchards. The foreign currency risk associated with the offshore sales is managed by Zespri Group Limited and is not covered by Seeka.

ii) *Foreign exchange risk - other sales exports and imports*

Exports - The Group conducts a sales programme exporting kiwifruit and avocados to Australia, kiwifruit to China and avocados to Japan as an agent on behalf of its supplying growers. The Group have no material direct currency risk as they are acting as an agent on behalf of growers. Sales to Australia are denominated in Australian dollars, sales to China in US dollars and Japan in New Zealand dollars. The Group will hedge no more than the total cash flows from the operation based upon actual sales made and estimated total fruit volumes to be exported.
Imports - The Group also has rights to supply and distribute imported fruit to retail markets. The Group has no material currency risk as the supply agreement provides for continued review of import prices to allow for foreign exchange rate fluctuations.

iii) *Price risk*

The Group and Parent are exposed to equity securities price risk. This arises from investments held by the Group and classified on the Statement of Financial Position either as available-for-sale or at fair value through profit or loss. These investments are incidental to the business. Directors periodically review investments held in terms of their individual performance and whether they form a strategic benefit to the Group. No other formal risk management procedures are deemed necessary.

The majority of the Group and the Parent's equity investments are in industry-related entities, only some of which are publicly traded.

The table below summarises the impact of increases/(decreases) in the fair value of equity securities available-for-sale on the Group's post tax profit for the year and on equity. The analysis is based on the assumption that the equity values increased/(decreased) by 10% with all other variables held constant and all the Group's equity instruments moved in correlation with each other.

Group	**Impact on post-tax profit**				**Impact on equity**			
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	+10%		-10%		+10%		-10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Ballance Agri Nutrients Limited		-		-	23	22	(23)	(22)
Direct Management Services Limited		-	(1)	(1)	1	1		
Ravensdown Fertiliser Co-Operative Limited		-	(8)	(8)	8	8		
UPNZ Limited		-	(34)	(34)	34	34		
Zespri Group Limited		-	-	-	90	40	(90)	(40)

Parent	**Impact on post-tax profit**				**Impact on equity**			
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	+10%		-10%		+10%		-10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Ballance Agri Nutrients Limited		-		-	22	22	(22)	(22)
Direct Management Services Limited		-	(1)	(1)	1	1		
Ravensdown Fertiliser Co-Operative Limited		-	(6)	(6)	6	6		
UPNZ Limited		-	(31)	(31)	31	31		
Zespri Group Limited		-			90	40	(90)	(40)

The decision as to whether an increase or decrease in the fair value of an investment is recorded though other comprehensive income or the Statement of Financial Performance is whether or not a previous revaluation reserve balance was available. If no such reserve existed, then any related loss is processed directly in the Statement of Financial Performance. Otherwise, available reserves would be utilised to offset the loss.

5) Financial Risk Management (continued)

iv) *Cash flow interest rate risk*

The Group's cash flow interest rate risk arises primarily from short and long term variable rate borrowings from a financial institution. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. In relation to these variable rate borrowings, the Board continuously reviews the Group's interest rate risk on term borrowings and maintains a portion of the Group's borrowings at fixed rates by entering into interest rate swaps to hedge against its exposure to changes in the cash flows resulting from those borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is applied (see Note 2). During the year ended 31 December 2014 and the year ended 31 December 2013, the Group's borrowings were denominated in New Zealand Dollars.

An analysis of interest rate and price sensitivity of the Parent and Group financial assets and liabilities and their impact on the Statement of Financial Performance or equity is shown below. As Cash and advance balances do not attract interest and are not subject to pricing risk, they have accordingly been excluded from this analysis.

Group as at 31 December 2014		**Interest Rate Risk**				**Price Risk**			
	Carrying amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	14,432	-	-	-	-	(835)	(835)	835	835
Available for sale investments	1,621	-	-	-	-	(49)	(113)	-	162
Derivative assets	-	-	-	-	-	-	-	-	-
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 and current portion of term liabilities	1,165	8	8	(17)	(17)	-	-	-	-
Total Increase / (Decrease)	**-**	**145**	**(213)**	**(291)**	**751**	**(628)**	**(692)**	**579**	**741**

Parent as at 31 December 2014		**Interest Rate Risk**				**Price Risk**			
	Carrying amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	14,410	-	-	-	-	(833)	(833)	833	833
Available for sale investments	1,563	-	-	-	-	(43)	(113)	-	156
Derivative assets	-	-	-	-	-	-	-	-	-
		-							
Financial Liabilities	-	-	-	-	-	-	-	-	-
Derivative liabilities	50	-	(358)	-	1,042	-	-	-	-
Trade payables	16,864	-	-	-	-	256	256	(256)	(256)
Term liabilities	19,000	137	137	(274)	(274)	-	-	-	-
Bank borrowings and current portion of term liabilities	1,165	8	8	(17)	(17)	-	-	-	-
Total Increase / (Decrease)	**-**	**145**	**(213)**	**(291)**	**751**	**(620)**	**(690)**	**577**	**733**

Group as at 31 December 2013		**Interest Rate Risk**				**Price Risk**			
	Carrying amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	11,985	-	-	-	-	(634)	(634)	634	634
Available for sale investments	1,085	-	-	-	-	(46)	(63)	-	108
Derivative assets	170	-	(530)	-	995	-	-	-	-
Financial Liabilities	-	-	-	-	-	-	-	-	-
Trade payables	11,804	-	-	-	-	189	189	(189)	(189)
Term liabilities	19,000	137	137	(274)	(274)	-	-	-	-
Bank borrowings and current portion of term liabilities	1,590	11	11	(23)	(23)	-	-	-	-
Total Increase / (Decrease)	**-**	**148**	**(382)**	**(297)**	**698**	**(491)**	**(508)**	**445**	**553**

Parent as at 31 December 2013		**Interest Rate Risk**				**Price Risk**			
	Carrying amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	12,104	-	-	-	-	(631)	(631)	631	631
Available for sale investments	1,033	-	-	-	-	(40)	(63)	-	103
Derivative assets	170	-	(530)	-	995	-	-	-	-
Financial Liabilities	-	-	-	-	-	-	-	-	-
Trade payables	11,699	-	-	-	-	189	189	(189)	(189)
Term liabilities	19,000	137	137	(274)	(274)	-	-	-	-
Bank borrowings and current portion of term liabilities	1,590	11	11	(23)	(23)	-	-	-	-
Total Increase / (Decrease)	**-**	**148**	**(382)**	**(297)**	**698**	**(482)**	**(505)**	**442**	**545**

5) Financial Risk Management (continued)

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

At 31 December 2014	Between 0 and 3 months $'000	Between 3 months and 6 months $'000	Between 6 months and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
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%					

At 31 December 2013	Between 0 and 3 months $'000	Between 3 months and 6 months $'000	Between 6 months and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Expected undiscounted cash flows based on current market interest rates	1,302	815	832	19,849	-	-
Floating rate	4.47%					
Average term rate	4.45%		0.00%			

b) Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk is the risk that could cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties. As at 31 December 2014, the Group's maximum exposure arises from:

- 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 as disclosed in Note 32.

Credit risk is managed on a regular basis. 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. As part of the Group's financial risk policy, exposures are monitored on a regular basis. For banks and financial institutions, only registered banks or their subsidiaries are accepted. 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. The Group does not generally require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

Other than concentration of credit risk on liquid funds which are 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 table below shows the cash balances as at balance date:

	2014 **Group** **$'000**	2013 $'000	**2014** **Parent** **$'000**	2013 $'000
Counter party				
Westpac bank deposits	2,923	5,915	2,594	5,698
Cash on hand	-	1	-	1
	2,923	**5,916**	**2,594**	**5,699**

Refer to trade and other receivables Note 12 for further information on the credit risk of trade and other receivables.

5) Financial risk management (continued)

c) Liquidity risk

Directors regularly monitor the Group's liquidity reserves on the basis of expected cash flows in order to ensure the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that borrowing limits or covenants (where applicable) are not breached. The cash flow forecasting takes the seasonal nature of the Group's operations into consideration.

During the year, should the Group hold cash in surplus of balances required for working capital management, funds are invested in interest bearing current accounts.

At balance date, the Group had $46.0m (2013 - $45.1m) of available credit of which $20.2m (2013 - $20.6m) was drawn. All credit lines are currently provided by one finance provider.

The table below analyses the Group and Parent financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Group as at 31 December 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000	$'000
Trade payables	16,604	-	-	-
Bank borrowings and current portion of term liabilities	1,165	-	-	-
Term liabilities	-	19,000	-	-
Total	17,769	19,000	-	-

Parent as at 31 December 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000	$'000
Trade payables	16,864	-	-	-
Bank borrowings and current portion of term liabilities	1,165	-	-	-
Term liabilities	-	19,000	-	-
Total	18,029	19,000	-	-

Group as at 31 December 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000	$'000
Trade payables	11,804	-	-	-
Bank borrowings and current portion of term liabilities	1,590	-	-	-
Term liabilities	-	19,000	-	-
Total	13,394	19,000	-	-

Parent as at 31 December 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000	$'000
Trade payables	11,699	-	-	-
Bank borrowings and current portion of term liabilities	1,590	-	-	-
Term liabilities	-	19,000	-	-
Total	13,289	19,000	-	-

d) Capital risk

The Group's objectives when managing capital (total equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The shareholder equity ratio at 31 December is:

	2014	2013 Restated
	$'000	$'000
Total shareholder funds	63,197	58,127
Total assets	109,791	98,681
Shareholder equity ratio	57.56%	58.90%

The Group is subject to, and monitors, financial covenants imposed by its lenders from time to time. These covenants include such measures as maintenance of equity ratios and earnings times interest cover. At no stage during the year did the Group breach any of its lending covenants.

The Group has current bank facilities of $24.5 million and term bank facilities of $21.5 million with the Westpac Banking Corporation, of which $25.8 million remains undrawn as at balance date. The Group expects that all facilities will be refinanced when they become due for review in the normal course of business.

5) Financial risk management (continued)

e) Financial risk management strategies related to agricultural activity.

The Group undertakes agricultural activities through its short and and long term leased orchard operations. These operations are exposed to business risks including climatic and market returns. The Board has adopted the following strategies to manage risk.

i) Climatic risks

The Group grows kiwifruit on 206 orchards (Dec 2013 - 165) located throughout Northland, the Coromandel, Waikato and Bay of Plenty regions. This geographical spread provides risk diversification from localised climatic events, such as hail damage, that may negatively impact on the crops. In addition to this the Group encourages the adoption of active crop protection measures, such as frost protection systems, on orchards operated by both it and contract growers who supply the Group's post harvest division.

ii) Disease and Pests

The Group grows kiwifruit on 206 orchards (Dec 2013 - 165) located throughout Northland, the Coromandel, Waikato and Bay of Plenty regions. Along with all horticultural undertakings kiwifruit crops are susceptible to disease and pest incursions. To minimise the risk of crop loss the Group monitors its orchards and undertakes a recognised spray programme to protect its crops to the fullest extent possible. As at 31 December 2014 the bacteria Pseudomonas syringae pv. actinidiae (Psa) was confirmed in orchards throughout the Group's catchment.

iii) Market and price risk

The Group has no direct market risk from the sale of class 1 kiwifruit harvested from its leased orchards, as all marketing activities are undertaken by Zespri Group Limited under statutory regulations. The Group, however, is exposed to price risk for fruit returns from Zespri which impact on the Group's orchard profitability. The Group monitors fruit returns from Zespri and uses modelling techniques to analyse current and projected orchard income. This information is used when setting lease terms each year.

Leased orchard contracts are typically entered into for a term of three years with renewal dates staggered so that approximately one third of orchard leases are renegotiated each year. The standard lease agreement currently in use by the Group includes a term that allows the Group to exit a lease should an orchard be adversely affected by Psa.

The group has no material direct market price risk in relation to the importation of fruit products (banana, pineapple and papaya) that are sold to key retail customers. The fruit supply agreement enables the Group to amend it's purchase price to allow for any market price changes in New Zealand.

6) Determination of Fair Values

a) Fair value of financial assets and liabilities measured at amortised cost

The fair value of borrowings are as follows:

	Group 2014 $000	Group 2013 $000	Parent 2014 $000	Parent 2013 $000
Non-current	19,000	19,000	19,000	19,000
Current	1,165	1,590	1,165	1,590
	20,165	**20,590**	**20,165**	**20,590**

The fair value of the following financial assets and liabilities approximate their carrying amounts:

		Group 2014	Group 2013	Parent 2014	Parent 2013
i)	Trade and other receivables	14,432	11,985	14,410	12,104
ii)	Other non current financial assets	1,621	1,255	1,563	1,203
iii)	Cash and cash equivalents	2,923	5,916	2,594	5,699
iv)	Trade and other payables	16,604	11,804	16,864	11,699
		35,580	**30,960**	**35,431**	**30,705**

b) Fair value measurement

The table below analyses assets and liabilities carried at fair value. The different levels are defined as below:

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.

Group as at 31 December 2014		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Biological Assets - Crop		-	-	**11,594**	**11,594**
Intangible assets - Interest in leased land		-	-	**411**	**411**
Land		-	-	3,790	3,790
Buildings		-	-	40,773	40,773
Total Land and Buildings		-	-	**44,563**	**44,563**
Listed Equity Securities		**873**	-	**-**	**873**
Unlisted Equity Securities		**-**	-	**748**	**748**
Derivatives used for Hedging (liability)		-	**50**	-	**50**

Parent as at 31 December 2014		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Biological Assets - Crop		**-**	**-**	**11,594**	**11,594**
Intangible assets - Interest in leased land		-	-	**-**	**-**
Land		-	-	3,790	3,790
Buildings		-	-	40,773	40,773
Total Land and Buildings		-	-	**44,563**	**44,563**
Listed Equity Securities		**873**	-	**-**	**873**
Unlisted Equity Securities		**-**	-	**690**	**690**
Derivatives used for Hedging (liability)		-	**50**	-	**50**

6) Determination of Fair Values (continued)

b) Fair value measurement

The following table shows a reconciliation from the beginning balances to the ending balances for **Level 3** fair value measurements.

Group as at 31 December 2014		Biological Assets - Crop $'000	Land and Buildings $'000	Interest in Leased Land $'000	Land and property held for sale $'000	Unlisted Equity Securities $'000
Balance at 1 January 2014 - Restated		**10,002**	**36,283**	**768**	**2,857**	**682**
Acquisitions		-	4,091	-	-	-
Disposals / Receipts / Revals		-	-	-	-	66
Harvested Crop / Sales		(10,002)	-	-	-	-
Depreciation of Assets		-	(1,329)	(33)	-	-
Kiwifruit operating costs		11,422	-	-	-	-
Avocado estimated net market return		172	-	-	-	-
Reclassification of Assets		-	2,857	-	(2,857)	-
Gains and losses for the period						
Changes in Fair value - Realised in P&L		-	245	(324)	-	-
Changes in Fair value - Realised in Reserves		-	1,801	-	-	-
Changes in Fair value - Deferred tax impact		-	615	-	-	-
Balance at 31 December 2014		**11,594**	**44,563**	**411**	**-**	**748**

Parent as at 31 December 2014		Biological Assets $'000	Land and Buildings $'000	Interest in Leased Land $'000	Land and property held for sale $'000	Unlisted Equity Securities $'000
Balance at 1 January 2014 - Restated		**10,002**	**36,283**	-	**2,857**	**630**
Acquisitions		-	4,050	-	-	-
Disposals / Receipts		-	-	-	-	60
Harvested Crop / Sales		(10,002)	-	-	-	-
Depreciation of Assets		-	(1,288)	-	-	-
Kiwifruit operating costs		11,422	-	-	-	-
Avocado estimated net market return		172	-	-	-	-
Reclassification of Assets		-	2,857	-	(2,857)	-
Gains and losses for the period						
Changes in Fair value - Realised in P&L		-	245	-	-	-
Changes in Fair value - Realised in Reserves		-	1,801	-	-	-
Changes in Fair value - Deferred tax impact		-	615	-	-	-
Balance at 31 December 2014		**11,594**	**44,563**	**-**	**-**	**690**

6) Determination of Fair Values (continued)

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	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurment
Biological Assets			
Kiwifruit Crop	The fair value of the kiwifruit crop $11.42m is deemed as cost due to insufficient biological transformation having occurred at balance date. Cost is tested for impairment at balance date.	1. Cost	The estimated fair value reduces if cost is impaired at balance date.
Avocado Crop	The fair value of the avocado crop $0.17m is deemed as estimated market return less the selling costs and costs to market. In assessing the market return, consideration is given to the level of uncertainty that exists within the market.	1. Expected yields from the orchard 2. Comparative market sales price 3. Costs to harvest	The estimated fair value increases the higher the yield. The estimated fair value increases the higher the sales price. The estimated fair value reduces if cost increases.
Land and Buildings and Interest in Leased Land			
	The fair value of land and buildings and interest in leased land is determined on a rolling 3-year cycle (Note 16) using valuations prepared by an independent valuer. In conducting the valuations, the valuer considered three different approaches. These approaches are considered in concert in order to arrive at a fair value of the land and buildings. The methodology considered was as follows: ***Replacement Cost approach*** - 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. ***Sales approach*** - considers sales of other comparable properties. ***Investment approach*** - 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. Revaluations are performed more frequently than triennially when there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value. Refer to Note 2t.	1. Comparative market rents and the discount rate applied to such. 2. Comparative market sales 3. Current level of building costs. 4. Physical depreciation allowance. 5. Cost	The estimated fair value increases the higher the market rental. The estimated fair value increases the lower the discount rate. The estimated fair value increases the higher the building cost. The estimated fair value increases the lower the depreciation allowance.
Unlisted Equity Securities	The fair value of the unlisted equity securities is $1.15m for the Group ($1.10m - Parent) based on the most recent information available from securities management. Fair value is tested for impairment and the carrying amount of all unlisted equity securities is assessed at each balance date.	1. Securities management information on share price.	The estimated fair value increases the higher the share price information. The estimated fair value reduces if cost is impaired at balance date.

7) Segment Information

a) Description of segments

Directors have determined the operating segments based on the reports reviewed by the senior management team, which are used to make operational decisions.

Directors consider the business from an operational/product perspective rather than geographically, as predominantly all of the Group's business is conducted within New Zealand.

Directors assess the performance of the operating segments based on a measure of adjusted EBITDA & EBIT. This measurement basis includes the effects of non-recurring expenditure from the operating segments such as impairment, when the impairment is the result of an isolated non-recurring event, and restructuring costs.

The reportable operating segments are as follows:

Orchard operations
The Group provides orchard contracting and management services to the kiwifruit and avocado industry. It also leases orchards with short term lease contracts and has entered into long term leases of land that it has converted to kiwifruit and avocado production.

Post Harvest operations
The Group provides services to the kiwifruit and avocado post harvest sector that include fruit packing, cool storage and associated activities.

Retail Service operations (previously classified as business development operations)
The Group provides fruit marketing services including local, Australian and Asian collaborative marketing programmes. The segment was reclassified as retail services as the Group also now provides ripening, delivery services and fruit sales to key retail customers as well as wholesale market services to independent operators through it's acquisition of Glassfields NZ Ltd in April 2014. See note 21.

All other segments
These represent the aggregated administration, grower services and overhead sections of the Group.

The segment information for the period ended 31 December 2014 is as follows:

	Group		Parent	
	2014	2013 Restated	**2014**	2013 Restated
b) Segment revenue	**$'000**	$'000	**$'000**	$'000
Orchard operations	38,046	33,492	38,046	33,492
Post harvest operations	68,471	59,651	68,471	59,651
Retail service operations	8,682	3,789	7,103	3,789
All other segments	473	439	361	439
Total revenue	**115,672**	**97,371**	**113,981**	**97,371**
Segment earnings (EBITDA)				
Orchard operations	4,179	2,832	4,179	2,832
Post harvest operations	10,770	12,558	10,770	12,558
Retail service operations	1,773	703	1,072	703
All other segments	(5,365)	(6,775)	(5,324)	(6,491)
Share of profit of associates	(69)	130	-	-
Total EBITDA	**11,288**	**9,448**	**10,697**	**9,602**
Segment earnings (EBIT)				
Orchard operations	3,907	2,570	3,907	2,570
Post harvest operations	5,856	8,276	6,181	8,276
Retail service operations	1,708	703	1,051	703
All other segments	(5,836)	(7,539)	(5,879)	(7,222)
Share of profit of associates	(69)	130	-	-
Total EBIT	**5,566**	**4,140**	**5,260**	**4,327**
Net finance costs	1,303	1,139	1,303	1,139
Profit before tax	**4,263**	**3,001**	**3,957**	**3,188**
Tax charge on profit	1,095	706	1,061	706
Profit after tax	**3,168**	**2,295**	**2,896**	**2,482**
Segment revaluation and impairment				
Orchard operations	-	22	-	22
Post harvest operations	(80)	776	245	776
All other segments	(120)	(615)	(237)	(615)
Total revaluation and impairment	**(200)**	**183**	**8**	**183**

c) Segment assets

The amounts with respect to total assets are consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

Investment in shares (classified as available-for-sale, associates and subsidiaries) held by the Group are not considered to be segment assets, but rather, are managed by the treasury function.

Reportable segments' assets are reconciled to total assets as follows:

	Group		Parent	
	2014	2013 Restated	**2014**	2013 Restated
	$'000	$'000	**$'000**	$'000
Orchard operations	24,256	21,338	24,256	21,338
Post harvest operations	66,890	62,709	66,885	62,709
Retail service operations	9,774	2,137	9,903	2,137
All other segments	3,088	1,923	2,942	2,063
Unallocated:				
Cash	2,923	5,916	2,594	5,699
GST receivable	-	116	-	95
Tax receivable	244	-	369	-
Available-for-sale financial assets	1,621	1,085	1,563	1,033
Investment in associates	475	2,451	580	2,716
Investment in subsidiaries	-	-	749	635
Intangible assets	520	836	109	68
Financial Derivatives	-	170	-	170
Total assets per the Statement of Financial Position	**109,791**	**98,681**	**109,951**	**98,663**

d) Segment liabilities

The amounts with respect to total liabilities are consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's interest-bearing liabilities are not considered to be segment liabilities, but rather, are managed by the treasury function.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Group		Parent	
	2014	2013 Restated	**2014**	2013 Restated
	$'000	$'000	**$'000**	$'000
Orchard operations	1,396	1,130	1,396	1,130
Post harvest operations	3,808	2,965	3,808	2,965
Retail service operations	6,687	5,006	7,261	5,006
All other segments	3,884	3,016	3,570	2,911
Unallocated:				
Deferred tax	9,703	7,713	9,570	7,489
Current tax	-	134	-	134
GST payable	901	-	901	-
Current borrowings	1,165	1,590	1,165	1,590
Non-current borrowings	19,000	19,000	19,000	19,000
Financial derivatives	50	-	50	-
Total liabilities per the Statement of Financial Position	**46,594**	**40,554**	**46,721**	**40,225**

e) Impact of seasonality

The financial statements reflect the revenues associated with the kiwifruit harvested between March and June 2014.

8) Revenue & other income

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Revenue				
Orchard revenue	38,046	33,492	38,046	33,492
Post harvest revenue	68,471	59,651	68,471	59,651
Retail services revenue	8,682	3,789	7,103	3,789
Other sales revenue	473	439	361	439
Total revenue	115,672	97,371	113,981	97,371
Other Income				
Interest income	6	5	6	5
Dividend income	210	155	305	439
Total other income	216	160	311	444
Total share of (loss)/profit of associates	(69)	130	-	-
	115,819	**97,661**	**114,292**	**97,815**

Revenue is shown net of discounts. Discounts include the cost of the grower share scheme $1.85m.

9) Operating expenses

	Group 2014 $'000	Group 2013 Restated $'000	Parent 2014 $'000	Parent 2013 Restated $'000
Cost of sales				
Operating materials and services	73,984	62,215	73,454	62,215
Total other employee benefits expense	24,259	19,252	23,911	19,252
	98,243	81,467	97,365	81,467
Other costs				
Total other employee benefits expense	4,624	3,864	4,447	3,864
General administrative expenses	3,654	2,891	3,537	2,891
Audit fees paid to principal auditors	143	120	143	120
Tax fees paid to principal auditors	103	88	103	88
Other accounting fees	16	5	16	5
Bad and doubtful debts (recovery)	(30)	(12)	(30)	(12)
Directors' fees and expenses	350	357	350	357
Donations	16	3	16	3
Movement in onerous lease provision	(241)	(494)	(241)	(494)
Rent and lease expenses	532	517	503	517
(Profit) on sale of shares	-	(75)	-	(75)
(Gain)/Loss on sale of property plant and equipment and Investments	(1,287)	211	(1,022)	211
	7,880	7,475	7,822	7,475
Fair value movement				
Fair value movement in biological assets - crop	(1,592)	(729)	(1,592)	(729)
	(1,592)	(729)	(1,592)	(729)
Depreciation				
Land and Buildings	1,329	1,322	1,288	1,322
Plant and equipment	3,849	4,029	3,846	4,029
Motor vehicles	47	41	47	41
Bearer Plants - vines	25	26	25	26
	5,250	5,418	5,206	5,418
Impairment and Revaluation				
(Gain) on revaluation of land and buildings	(245)	(776)	(245)	(776)
Impairment of lease interest in land	325	-	-	-
Impairment of investments in associates	120	615	237	615
Recovery of short term lease prepayments	-	(22)	-	(22)
	200	(183)	(8)	(183)
Amortisation				
Software and supplier contract amortisation	239	40	239	40
Lease interest in land amortisation	33	33	-	-
	272	73	239	40
Finance costs				
Interest expense	1,303	1,139	1,303	1,139
	1,303	1,139	1,303	1,139
Total expenses	**111,556**	**94,660**	**110,335**	**94,627**

10) Income tax expense

a) Income tax expense

	Group 2014 $'000	Group 2013 Restated $'000	Parent 2014 $'000	Parent 2013 Restated $'000
Current tax expense				
Current year	281	136	156	136
Adjustments for prior year	94	13	94	13
	375	**149**	**250**	**149**
Deferred tax expense/(income) (note 25 (b))				
Origination and reversal of temporary differences	720	701	811	701
Prior period adjustment for deferred tax	-	(144)	-	(144)
	720	**557**	**811**	**557**
Total income tax expense	**1,095**	**706**	**1,061**	**706**

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

	Group 2014 $'000	Group 2013 Restated $'000	Parent 2014 $'000	Parent 2013 Restated $'000
Profit before income tax expense	4,263	3,001	3,957	3,188
Tax at the New Zealand tax rate of 28%	1,194	840	1,108	892
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	114	67	114	67
Tax exempt income	(491)	(160)	(439)	(212)
Deferred Tax impact on reclassification of property	179	-	179	-
Under/(over) provision in prior years	99	(41)	99	(41)
Income tax expense	**1,095**	**706**	**1,061**	**706**

c) Imputation credit account

	Group 2014 $'000	Group 2013 Restated $'000	Parent 2014 $'000	Parent 2013 Restated $'000
Imputation credits available for use in subsequent reporting periods	**11,452**	**11,711**	**11,427**	**11,656**

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 (receivables)/liabilities

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Opening balance of current tax liabilities	134	2,412	134	2,412
Adjustments for prior periods	94	13	94	13
Current year tax	281	136	156	136
Less tax paid	(753)	(2,427)	(753)	(2,427)
Current tax (receivable)/liability	**(244)**	**134**	**(369)**	**134**

11) Cash and cash equivalents

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Cash and cash equivalents in the Statement of Financial Position	2,923	5,916	2,594	5,699
Cash and cash equivalents in the cashflow statement	**2,923**	**5,916**	**2,594**	**5,699**

12) Trade and other receivables

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Net trade receivables				
Current trade receivables	6,183	4,238	6,179	4,233
Grower Advances	-	1,466	-	1,466
Prepayments	697	262	697	262
GST refund due	-	116	-	95
Other sundry receivables	6,079	4,962	6,078	5,123
Current Trade and other receivables	12,959	11,044	12,954	11,179
Non current trade receivables	2,170	1,203	2,153	1,187
Total receivables	**15,129**	**12,247**	**15,107**	**12,366**

Within current trade receivables, $1.19m are past due (Dec 2013 - $1.32), of which 4% are more than 90 days (Dec 2013 - 4%). Current trade receivables are considered to be recoverable. The fair value of receivables equals their carrying value. Non current trade receivables relate to debtors secured against crop supply commitments with repayment terms of up to 5 years, they are are considered to be recoverable.

13) Inventories and land and buildings held for sale

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Packaging and other stock				
Total packaging at cost	1,157	912	1,157	912
Other inventories at cost	1,093	422	1,093	422
Total inventories	**2,250**	**1,334**	**2,250**	**1,334**

Packaging goods purchased but not paid for as at balance date from specific vendors are covered by a security interest. At 31 December 2014, this was $0.01m (Dec 2013 - $0.03m).

Total packaging inventory costs expensed to cost of sales in the Statement of Financial Performance in the current year was $18.84m (Dec 2013 - $16.85m).

Post Harvest land and buildings held for sale	**-**	**2,857**	**-**	**2,857**

On 29th November 2013 the Group signed a memorandum of understanding (MOU) with an international company to pack and handle dairy products based at the Group's Waimapu site. Under the MOU the Group would sell the Waimapu site into a new proposed company to be owned 50% by the Group. During the period the Group applied for a resource consent and continued to negotiate a sale of the property under the MOU. Final agreement was not reached with the purchasers. At balance date the Directors consider that the sale will not proceed and as the Group is no longer actively marketing the property it has been reclassified as property, plant and equipment.

14) Derivative financial instruments

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Assets				
Interest rate swap contracts - cash flow hedge	-	170	-	170
	-	**170**	**-**	**170**
Liabilities				
Interest rate swap contracts - cash flow hedge	50	-	50	-
	50	**-**	**50**	**-**

Bank loans of the Group currently bear an average variable interest rate of 5.4% (Dec 2013 - 4.5%). It is policy to protect the term portion of the loans from exposure to changing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. Swaps currently in place cover 100% (Dec 2013 - 93%) of the term liabilities outstanding at balance date and are classified as either 'held for trading' or as 'cashflow hedges'.

Cash flow hedges

At balance date, the Group had the following interest rate swaps designated as a highly effective hedging instrument in order to manage the Group's variable interest rate exposure in relation to outstanding bank term debt. The terms of the interest rate swaps have been negotiated to match the terms and expected roll over of the respective designated hedged item. The major terms for this contract are as follows:

	Term Loan		SWAP	
	Variable Rate	Maturity	Fixed Rate	Expiry
Term Loan #95 - $10,000,000	5.44%	7 December 2017	5.22%	30 December 2016
Term Loan #96 (a) - $5,000,000	5.44%	7 December 2017	6.39%	30 December 2017
Term Loan #96 (b) - $4,000,000	5.44%	7 December 2017	5.76%	30 December 2015

The fair values of the interest rate swaps are determined by Westpac Banking Corporation and reviewed by Directors.
The gains and losses recognised in other comprehensive income will be released to the Statement of Financial Performance.

15) Financial instruments summary

The tables below summarise the categories of the Group financial assets and liabilities:

Group as at 31 December 2014

Financial Assets ($'000)	Loans and receivables	Assets at fair value through reserves	Available for sale	Total
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
Available for sale financial assets	-	-	1,621	1,621
Total	**17,355**	**-**	**1,621**	**18,976**

Financial Liabilities ($'000)	Liabilities at fair value through reserves	Other financial liabilities	Total
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**

Group as at 31 December 2013

Financial Assets ($'000)	Loans and receivables	Assets at fair value through reserves	Available for sale	Total
Cash and cash equivalents	5,916	-	-	5,916
Trade and other receivables excluding prepayments	10,782	-	-	10,782
Derivative financial instruments	-	170	-	170
Non current trade and other receivables	1,203	-	-	1,203
Available for sale financial assets	-	-	1,085	1,085
Total	**17,901**	**170**	**1,085**	**19,156**

Financial Liabilities ($'000)	Liabilities at fair value through reserves	Other financial liabilities	Total
Trade and other payables	-	11,804	11,804
Bank borrowings	-	1,590	1,590
Term liabilities	-	19,000	19,000
Total	**-**	**32,394**	**32,394**

The carrying values of the Group's financial assets and liabilities approximate their fair values.

15) Financial instruments summary (continued)

The tables below summarise the categories of the Parent financial assets and liabilities:

Parent as at 31 December 2014

Financial Assets ($'000)	Loans and receivables	Assets at fair value through reserves	Available for sale	Total
Cash and cash equivalents	2,594	-	-	2,594
Trade and other receivables excluding prepayments	12,257	-	-	12,257
Non current trade and other receivables	2,153	-	-	2,153
Available for sale financial assets	-	-	1,563	1,563
Total	**17,004**	**-**	**1,563**	**18,567**

Financial Liabilities ($'000)	Liabilities at fair value through reserves	Other financial liabilities	Total
Trade or other payables	-	16,864	16,864
Bank borrowings	-	1,165	1,165
Derivative financial instruments	50	-	50
Term liabilities	-	19,000	19,000
Total	**50**	**37,029**	**37,079**

Parent as at 31 December 2013

Financial Assets ($'000)	Loans and receivables	Assets at fair value through reserves	Available for sale	Total
Cash and cash equivalents	5,699	-	-	5,699
Trade and other receivables excluding prepayments	10,917	-	-	10,917
Derivative financial instruments	-	170	-	170
Non current trade and other receivables	1,187	-	-	1,187
Available for sale financial assets	-	-	1,033	1,033
Total	**17,803**	**170**	**1,033**	**19,006**

Financial Liabilities ($'000)	Liabilities at fair value through reserves	Other financial liabilities	Total
Trade or other payables	-	11,699	11,699
Bank borrowings	-	1,590	1,590
Term liabilities	-	19,000	19,000
Total	**-**	**32,289**	**32,289**

The carrying values of the Parent's financial assets and liabilities approximate their fair values.

16) Property, plant and equipment

Group

	Land and Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Bearer Plants $'000	Total $'000
At 1 January 2013 - Restated					
Cost or valuation	35,600	63,724	501	372	100,197
Accumulated depreciation and impairment	-	(36,822)	(344)	-	(37,166)
Net book amount	35,600	26,902	157	372	63,031
Year ended 31 December 2013					
Opening net book amount	35,600	26,902	157	372	63,031
Additions	408	1,165	28	1,140	2,741
Revaluation before tax	1,613	-	-	-	1,613
Depreciation	(1,322)	(4,029)	(41)	(26)	(5,418)
Disposals	(16)	(163)	(5)	-	(184)
Closing net book amount	36,283	23,875	139	1,486	61,783
At 1 January 2014 - Restated					
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	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)
Asset 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 31 December 2014					
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**

Parent

	Land and Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Bearer Plants $'000	Total $'000
At 1 January 2013 - Restated					
Cost or valuation	35,600	63,724	501	372	100,197
Accumulated depreciation and impairment	-	(36,822)	(344)	-	(37,166)
Net book amount	35,600	26,902	157	372	63,031
Year ended 31 December 2013					
Opening net book amount	35,600	26,902	157	372	63,031
Additions	408	1,165	28	1,140	2,741
Revaluation before tax	1,613	-	-	-	1,613
Depreciation	(1,322)	(4,029)	(41)	(26)	(5,418)
Disposals	(16)	(163)	(5)	-	(184)
Closing net book amount	36,283	23,875	139	1,486	61,783
At 1 January 2014 - Restated					
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	1,692	53	-	-	1,745
Revaluation before tax	2,661	-	-	-	2,661
Depreciation	(1,288)	(3,846)	(47)	(25)	(5,206)
Disposals	-	(132)	(13)	-	(145)
Asset 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 31 December 2014					
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**

16) Property, plant and equipment (continued)

a) Land and buildings are revalued to their estimated market value on a rolling three year cycle unless there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value. The current year's valuations were completed by TelferYoung Valuers, ANZIV, independent registered valuer as at 31 December 2014. Subsequent additions are at cost. The movements in the revaluation reserve, net of tax, are summarised below:

	Land	Orchard	Buildings	Total
	$	$	$	$
Land and Building Revaluation Reserve	**220,000**	**-**	**1,581,344**	**1,801,344**

In conducting the valuations, the valuer considered 3 different approaches. These approaches are considered in concert in order to arrive at a fair value of the land and buildings. The methodology considered was as follows:

Replacement cost approach - 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.

Sales approach - considers sales of other comparable properties.

Investment approach - 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.

As a consequence of the building revaluations conducted in December 2014, $0.58m (Dec 2013 - $0.51m) of accumulated depreciation was offset directly against the assets' cost or valuation, prior to revaluation.

b) If land and buildings were stated on the historical cost basis, the amounts for Parent and Group would be as follows:

	2014	2013
	$'000	$'000
Cost	54,522	51,614
Accumulated depreciation	(15,604)	(13,887)
Net book amount	38,918	37,727

c) Bearer Plants

Bearer plants are the Groups investment in kiwifruit vines and avocoado trees on long term leased land. Bearer plants are recorded at cost less accumulated depreciation. Depreciation of bearer plants is aligned to the term of the lease on each long term leased orchard and is charged once the orchard becomes fruit bearing.

d) Change in classification

During the period the Group elected to early adopt the change to standard NZ IAS 41 'Agriculture'. The change allows Biological assets, specified as Bearer plants to be accounted for under IAS 16 'Property, Plant and Equipment'. As a result the Groups long term leased Biological assets have been reclassified as Bearer plants within property, plant and equipment and are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. For the impact on the financial statements of adopting the revised standard see note 37.

The fair value of the bearer plants at 1 January 2013 was deemed to be cost as permitted by the transitional provision of NZ IAS 16 Property, plant and equipment.

e) Impairment

Property, plant and equipment not subject to a revaluation has been reviewed for impairment. Directors have reviewed property, plant and equipment and the carrying value of the bearer plants and there is no impairment charge (Dec 2013 - Nil).

f) Assets under construction

During the year the Group begain work in expanding cooslstore capacity, the work began in September 2014 and shall continue into 2015. The total cost of the proposed expansion is expected to be $4.25m of which $293,000 had been spent by balance date.

17) Intangible assets

Group	Software $'000	Goodwill $'000	Supplier Contract $'000	Interest in leased land $'000	Total $'000
At 1 January 2013					
Cost	1,746	-	-	801	2,547
Accumulated amortisation	(1,652)	-	-	-	(1,652)
Net book amount	94	-	-	801	895
Year ended 31 December 2013					
Opening net book amount	94	-	-	801	895
Additions	14	-	-	-	14
Amortisation	(40)	-	-	(33)	(73)
Closing net book amount	68	-	-	768	836
At 31 December 2013					
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	-	-	-	(324)	(324)
Amortisation	(36)	-	(203)	(33)	(272)
Closing net book amount	109	3,414	1,674	411	5,608
As at 31 December 2014					
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**

The remaining amortisation period of software is four to five years and the remaining amortisation period for the interest in leased land is from 35 to 94 years.

The Group 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. The Group interest in leased land is amortised over the life of the lease and tested on a triennial basis along with Land and Buildings. Refer to Note 6(b). The Group interest in leased land was revalued at the fair value assessed by an independent valuer at 31 December 2014.

Supplier contracts - through the acquisition of Glassfields (NZ) Ltd the Group holds exclusive New Zealand rights to import and distribute Sumifru bananas, pineapples and papayas from the Philippines. As a result of the acquisition the Group obtained a presence in the New Zealand market for this produce, increased earnings and improved the performance of the Group. An intangible asset relating to the value of the Supplier Contract arose on acquisition of Glassfields and is amortised over the six year term of the contract.

Parent	Software $'000	Goodwill $'000	Supplier Contract $'000	Total $'000
At 1 January 2013				
Cost	1,746	-	-	1,746
Accumulated amortisation	(1,652)	-	-	(1,652)
Net book amount	94	-	-	94
Year ended 31 December 2013				
Opening net book amount	94	-	-	94
Additions	14	-	-	14
Amortisation	(40)	-	-	(40)
Closing net book amount	68	-	-	68
At 31 December 2013				
Cost	1,760	-	-	1,760
Accumulated amortisation	(1,692)	-	-	(1,692)
Net book amount	**68**	**-**	**-**	**68**
Year ended 31 December 2014				
Opening net book amount	68	-	-	68
Additions	77	-	-	77
Additions through business combinations	-	3,414	1,877	5,291
Amortisation	(36)	-	(203)	(239)
Closing net book amount	109	3,414	1,674	5,197
As at 31 December 2014				
Cost	1,837	3,414	1,877	7,128
Accumulated amortisation	(1,728)	-	(203)	(1,931)
Net book amount	**109**	**3,414**	**1,674**	**5,197**

The remaining amortisation period of software and the supplier contract is four to six years.

17) Intangible assets (continued)

a) Impairment tests for goodwill

The directors review business performance based on operating segments and monitor goodwill at the operating segment level. Goodwill supports the Group's retail operations acquired on the acquisition of Glassfields (NZ) Limited. Impairment tests are undertaken on this level which is considered the lowest identifiable level of Cash Generating Unit (CGU). The recoverable amount of the CGU is calculated using a value-in-use approach.

The recoverable amount is based on the net present value of the 5 year after-tax cashflow projection, with a terminal value beyond 5 years, for the Glassfields operation. Cashflows beyond the 5 year period are extrapolated using an estimated growth rate of 1%. The assumptions used for the analysis of the net present value of forecast gross margin for the CGU, is determined based on past performance and directors expectations of future market development. The discount rate applied is 12.5%. 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

b) If interest in leased land were stated on the historical cost basis, the amounts for the Group would be as follows:

	2014 $'000	2013 $'000
Cost	1,735	1,735
Accumulated depreciation	(197)	(165)
Net book amount	1,538	1,570

18) Available for sale financial assets

As required under NZ IAS 39, equity investments not otherwise held for trading are classified as available for sale.

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the year	1,085	1,110	1,033	1,055
Sale of shares	-	(215)	-	(212)
Payment/(Repayment) of Investment	60	(48)	60	(48)
Revaluation recognised in equity	476	238	470	238
Balance at end of year	**1,621**	**1,085**	**1,563**	**1,033**
Available-for-sale financial assets include the following listed securities				
- Zespri Group Limited	873	403	873	403
Unlisted securities				
- Oropi Management Services Limited	90	30	90	30
- Ravensdown Fertiliser Co-operative Limited	77	77	59	59
- UPNZ Limited	340	340	307	307
- Ballance Agri Nutrients Limited	225	219	218	218
- Other share holdings	16	16	16	16
	1,621	**1,085**	**1,563**	**1,033**

The fair values of the listed securities are based on closing share price at balance date. All unlisted securities are currently held at cost less impairment as it reasonably represents current fair value. The carrying amount of all unlisted securities has been reviewed at balance date with no impairments arising.

The maximum exposure to credit risk at the reporting date is the fair value of the equity securities classified as available for sale.

19) Biological Assets - Crop

	Group		Parent	
	2014	2013 Restated	**2014**	2013 Restated
	$'000	$'000	**$'000**	$'000
Kiwifruit / avocado - crop at fair value				
Carrying amount at beginning of period	10,002	9,273	10,002	9,273
Fair value movement in crop	1,592	729	1,592	729
Carrying value at end of period	**11,594**	**10,002**	**11,594**	**10,002**
Biological assets are classified as follows				
Kiwifruit Crop	11,422	9,915	11,422	9,915
Avocado Crop	172	87	172	87
Carrying value at end of period	**11,594**	**10,002**	**11,594**	**10,002**

The Group, as part of its operations, leases land and grows and harvests kiwifruit and avocados on orchards for which it has long term and short term leases. Harvesting of orchards takes place from March to June each year. The orchards are situated throughout Northland, the Coromandel, Waikato and the Bay of Plenty region of New Zealand.

As at 31 December 2014 the Group had long and short term leases on a total of 589 hectares (Dec 2013 - 574 hectares) of kiwifruit and 26 hectares (Dec 2013 - 26 hectares) of avocado orchards. In total this comprises of 158 individual kiwifruit and avocado orchards (Dec 2013 - 155 orchards). The leases were entered into over a period of time and have a maximum term of up to 25 years with the last lease expiring in June 2025 .

Crop - Kiwifruit

During the year to 31 December 2014, the Group harvested 4.48m trays of kiwifruit with a value of $27.3m (Dec 2013 - 4.57m trays, $24.5m) from leased orchards. The fair value of the 2015 crop at balance date has been assessed at $11.42m (Dec 2013 - $9.92m) being the costs to grow the crop that are considered recoverable at harvest.

Crop - Avocado

During the year to 31 December 2014, the Group harvested 51,000 trays of avocados with a value of $0.68m (Dec 2013 - 29,000 trays, $0.46m). The fair value of the crop at balance date has been assessed at $0.17m (Dec 2013 - $0.09m) being the expected revenue less costs to harvest.

Impact of Pseudomonas syringae pv. actinidiae (Psa) on Long Term Leases

The standard long term lease allows the Group to exit the lease where there has been partial or total destruction of the improvements to the land, being the orchard.

The Group has reached agreement with landowners to amend the leases on orchards affected by Psa, and is working with growers to re-establish the affected orchards with one of the new varieties released by Zespri and the Hayward variety. The leases were amended to reflect the investment and risk to the Group and the landowners of re-establishing the orchards.

20) Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding**	
			Dec - 2014 %	Dec - 2013 %
Glassfields (NZ) Ltd	New Zealand	Ordinary	100%	Nil
Eleos Limited - *Not trading*	New Zealand	Ordinary	100%	100%
Envirogrow 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%

The carrying values of subsidaries in the Parent have been reviewed at balance date. Kiwi Coast Growers (Te Puke) Limited has not been impaired (Dec 2013 - Nil). Glassfields (NZ) Ltd was acquired on 17 April 2014 and the business activities were transfered to the Parent during the year via a Hive-up. See note 21.

21) Business Combinations

Acquisition of Glassfields (NZ) Ltd

On 8 April 2014, the Group entered into an agreement to acquire 100% of the shares of Glassfields (NZ) Ltd. Glassfields, with operations based in Auckland and soon to be opening in Christchurch, provides ripening, delivery services and supplies fruit produce to key retail customers and wholesale market services to independent operators. The Group holds exclusive New Zealand rights to import and distribute Sumifru bananas, pineapples and papayas from the Philippines and ripens bananas and avocados. The transaction was completed on 17 April 2014.

As a result of the acquisition, the group has attained a presence in the fresh produce services market, increased earnings and improved the performance of the acquired business through synergies gained by being one Group. The goodwill of $3.41m arising from the acquisition is attributable to the acquired customer base and increased earnings. None of the goodwill is expected to be deductible for income tax purposes.

The intangible asset of $1.88m relates to an exclusive supply contract with Sumifru and will be amortised over six years.

The acquired Glassfields business contributed revenues of $2.14m and a net profit before amortisation, depreciation of $420,791 and a profit before tax of $231,000 to the group for the period from 17 April 2014 to balance date. If the acquisition had occurred on 1 January 2014, contributed Group revenue would have been approximately $115.97m and estimated net profit before tax would have been $3.98m calculated using the Groups accounting policies.

Details of net assets acquired and goodwill are as follows:

Consideration at 31 December 2014	$000
Cash paid	5,384
Total Consideration transferred	**5,384**

Assets and liabilities acquired as of 17 April 2014	Provisional Fair Value '$000	Carrying Value '$000
Cash and cash equivalents	-	-
Trade and other receivables	1,257	1,257
Inventories	466	466
Current tax receivable	49	49
Property, plant and equipment	1,614	1,099
Intangible asset	1,877	-
Investments	234	67
Trade and other payables	(2,547)	(2,547)
Interest bearing liabilities	(263)	(263)
Deferred Tax	(717)	-
Provisional Fair Value of Net Assets	**1,970**	**128**
Goodwill	3,414	
Net Purchase Consideration	**5,384**	

To establish the fair value, major items of property, plant and equipment have been revalued to their estimated market value as at 17 April 2014 using an independent Valuer David Baxter and Associates of Tauranga, New Zealand. As a result of the valuation the fair value of property, plant and equipment increased giving rise to a deferred tax liability.

The consideration paid for Glassfields (NZ) Ltd was made by using existing cash resources and debt lines.

Acquisition related costs of $89,000 have been charged to other costs in the consolidated income statement for the period ended 31 December 2014.

22) Investment in associates

The Group's principal associates are:

	Country of incorporation	Business activity	Share of issued capital and voting rights	
			Dec - 2014	Dec - 2013
Kiwifruit Supply Research Limited	New Zealand	Research	20%	20%
Tauranga Kiwifruit Logistics Limited	New Zealand	Port service	20%	20%
Opotiki Packing and Cool storage Limited (OPAC)	New Zealand	Post harvest	0.0%	19.9%
Kiwi Produce Limited	New Zealand	Prepacking	25%	25%
Eastern Pier SD BHD Malaysia	Malaysia	Coolstore D.C.	25%	25%
Pollen Australia Pty Ltd	Australia	Manufacturing	50%	0%
Kiwifruit Vine Protection Company Limited	New Zealand	Not trading	50%	50%

Eastern Pier SD BHD Malaysia has a balance date of 31 December, all other associate companies have a 31 March balance date. The financial performance of all associates for the period to 31 December 2014, is incorporated in these financial statements.

Sale of shares in Opac

During the period the Group accepted an offer from Opotoki Packing and Cool storage Limited (OPAC) to buy back Seeka's shareholding in the company. The shares were sold back to OPAC for $3.13m, net of costs, resulting in a gain on sale of $1.36m being recorded in the Statement of Financial Performance, and the Group's holding reduced to 0% (2013 - 19.9%).

	Group		Parent	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Results of associate companies				
Share of (loss)/profit before income tax	(96)	181	-	-
Income tax	27	(51)	-	-
Net profit	**(69)**	**130**	**-**	**-**
Interests in associates				
Carrying value at beginning of period	2,451	3,073	2,716	3,140
Acquisition of further investment in associates	164	191	128	191
Sale of associates	(1,761)	-	(2,026)	-
Net earnings	(106)	130	-	-
Dividends received	(153)	(328)	-	-
Impairment charge	(120)	(615)	(237)	(615)
Balance at end of period	**475**	**2,451**	**581**	**2,716**
Interests in associates by holding				
Pollen Australia Pty Ltd	118	-	82	-
Eastern Pier SD BHD Malaysia	-	191	-	191
Opotiki Packing and Cool storage Limited	-	1,761	-	2,026
Kiwi Produce Limited	357	499	499	499
Balance at end of period	**475**	**2,451**	**581**	**2,716**

Summary financial information for Investees, not adjusted for the percentage ownership held by the Company.

Associate	Assets **$'000**	Liabilities $'000	Revenues **$'000**	Net profit $'000
Dec-2014				
Opotiki Packing and Cool storage Limited	-	-	-	-
	-	**-**	**-**	**-**
	Assets **$'000**	Liabilities $'000	Revenues **$'000**	Net profit $'000
Dec-2013				
Opotiki Packing and Cool storage Limited	16,056	2,971	24,078	610
	16,056	**2,971**	**24,078**	**610**

Due to confidentiality commitments and the immaterial nature of the above entities there is no further disclosure to be made in the Group's financial statements.

23) Trade and other payables

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade payables	2,560	1,894	2,560	1,894
Accrued expenses	11,358	8,268	11,112	8,163
Employee expenses	2,113	1,642	2,113	1,642
Other payables	573	-	1,079	-
	16,604	**11,804**	**16,864**	**11,699**

24) Onerous lease provision

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Carrying amount at start of year	313	807	313	807
Provision released during the year	(241)	(323)	(241)	(323)
Onerous lease terminated early	-	(171)	-	(171)
Carrying amount at end of year	**72**	**313**	**72**	**313**
Current provision	34	248	34	248
Non current provision	38	65	38	65
Carrying amount at end of year	**72**	**313**	**72**	**313**

A provision for onerous leases relates to a coolstore lease. The remaining coolstore lease expires on 31 March 2017. This facility is not required under the capacity plan and as a result the provision is for the entirety of the remaining lease. The provision for onerous leases has been discounted at 10%.

A review was undertaken by the Directors of all leases, and no other leases were identified as onerous.

25) 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 offset amounts are as follows:

	Group		Parent	
	2014	2013	**2014**	2013
		Restated		Restated
	$'000	$'000	**$'000**	$'000
a) Expected settlement:				
Within 12 months	3,159	2,926	3,159	2,926
In excess of 12 months	6,544	4,787	6,411	4,563
	9,703	**7,713**	**9,570**	**7,489**
b) Net deferred tax liabilities:				
Opening balance	7,713	6,969	7,489	6,745
Prior period adjustment for deferred tax	-	(144)	-	(144)
Transfer of assets from subsidiary	717	-	717	-
Charged to the Statement of Financial Performance	720	701	811	701
Charged to revaluation reserve	615	71	615	71
(Credited)/charged to hedge reserve	(62)	116	(62)	116
Closing balance at end of year	**9,703**	**7,713**	**9,570**	**7,489**

The composition of deferred tax without taking the offsetting of balances within the same tax jurisdiction into consideration, is as follows:

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Temporary differences on non-current assets	6,544	4,787	6,411	4,563
Current liabilities	(1,235)	(951)	(1,235)	(951)
Prepayments and accrued income	4,394	3,877	4,394	3,877
	9,703	**7,713**	**9,570**	**7,489**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. No amounts were recognised at balance date and there were no unrecognised tax losses (Dec 2013 - Nil).

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

26) Interest bearing liabilities

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Current secured				
Bank borrowings	1,165	-	1,165	-
Current portion of term liabilities	-	1,590	-	1,590
Total current interest bearing liabilities	**1,165**	**1,590**	**1,165**	**1,590**

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
Non-current secured				
Non current portion of term liabilities	19,000	19,000	19,000	19,000
Total non-current interest bearing liabilities	**19,000**	**19,000**	**19,000**	**19,000**

The Group's bank facilities are secured by debentures and mortgages over property. The Group has total facilities of $46.0m (Dec 2013 - $45.1m). This is made up of a multi option credit facility of $24.5m (Dec 2013 - $24.5m) and term loans of $21.5m (Dec 2013 - $20.6m).

The Board has assessed the fair value of the term loans as the outstanding balance at 31 December 2014. Refer to the tables below which outline loan terms and maturities.

Term Loans as at 31 December 2014:	**Balance Due**	**Interest Rate**	**Maturity**	**Repayment Terms**
Term Loan 95	**10,000,000**	5.44%	07 December 2017	Interest Only
Term Loan 96	**9,000,000**	5.44%	07 December 2017	Interest Only

Term Loans as at 31 December 2013:	**Balance Due**	**Interest Rate**	**Maturity**	**Repayment Terms**
Term Loan 93	**1,590,000**	4.55%	30 September 2014	Monthly
Term Loan 95	**10,000,000**	4.47%	07 December 2015	Interest Only
Term Loan 96	**9,000,000**	4.47%	07 December 2015	Interest Only

a) Assets pledged as security

The bank loans and overdraft are secured by first mortgages over the Group's freehold land and buildings. It is policy to protect the term portion of the loans from exposure to changing interest rates. See Note 14.

27) Share capital

	Group 2014 Shares	Group 2013 Shares	Parent 2014 Shares	Parent 2013 Shares
a) Authorised and issued share capital				
Ordinary shares - fully paid and no par value				
Opening balance	14,451,049	14,433,328	14,451,049	14,433,328
Issued under dividend reinvestment program	40,615	17,721	40,615	17,721
Issued under Grower incentive scheme	605,152	-	605,152	-
Issued under Employee share scheme	429,600	-	429,600	-
	15,526,416	**14,451,049**	**15,526,416**	**14,451,049**
Ordinary shares - classified as follows				
Held by Ordinary Shareholders	14,832,974	14,187,207	14,832,974	14,187,207
Held by Seeka Employee Share Plan Trustees	693,442	263,842	693,442	263,842
	15,526,416	**14,451,049**	**15,526,416**	**14,451,049**

	Group 2014 $'000	Group 2013 $'000	Parent 2014 $'000	Parent 2013 $'000
b) Movements in ordinary paid up share capital				
Opening balance of ordinary shares held	36,791	36,758	36,791	36,758
Issues of ordinary shares during the year	3,261	33	3,261	33
Closing balance of ordinary share capital	**40,052**	**36,791**	**40,052**	**36,791**
c) Treasury share capital				
Movements in treasury share capital				
Opening balance of ordinary shares held	1,038	1,068	1,038	1,068
Issue of shares under the employee share scheme	1,310	-	1,310	-
Cash received under employee share scheme	(69)	(30)	(69)	(30)
Closing balance of shares held as treasury capital	**2,279**	**1,038**	**2,279**	**1,038**
d) Net share capital	**37,773**	**35,753**	**37,773**	**35,753**

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.

27) Share capital continued

e) Grower Incentive Scheme

On 23 September 2013 the Group registered a Simplified Disclosure Prospectus for a Grower Incentive Scheme, the scheme rewards eligible growers who sign a three year supply commitment with the Group. Eligible growers are issued with $0.10 worth of shares for every tray packed in the 2014, 2015 and 2016 supply seasons and once issued shares rank equally with existing Seeka shares.

Once the grower has met their supply obligation each year the company recognises the expense as a discount to sales in the statement of financial performance and the liability in current liabilities in the statement of financial position. Each year when the shares are issued the issue value is recorded in share capital with the value of any residual flowing throught the statement of financial performance. On 7th October 2014 the Group issued 605,152 shares at a price of $3.05 each in respect of the 2014 kiwifruit supply season to Participating Growers.

28) Retained earnings and reserves

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Total reserves as identified below	**6,239**	**4,198**	**6,233**	**4,198**

a) Cash-flow hedge reserve

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	121	(176)	121	(176)
Fair value gain/(loss) in the year	(220)	413	(220)	413
Deferred tax adjustment	62	(116)	62	(116)
Balance at end of year	**(37)**	**121**	**(37)**	**121**

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

b) Available-for-sale revaluation reserve

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	467	229	467	229
Change in fair value	476	238	470	238
Balance at end of year	**943**	**467**	**937**	**467**

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

c) Land and buildings revaluation reserve

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	3,496	2,728	3,496	2,728
Revaluation reserve increase	2,416	839	2,416	839
Deferred tax adjustment	(615)	(71)	(615)	(71)
Balance at end of year	**5,297**	**3,496**	**5,297**	**3,496**

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

d) Share based payments reserve

The Group operates two equity settled, share based compensation plans. A new Employee share scheme was established during the period, and a scheme established in 2002 is in the process of being terminated. Certain employees have an option to subscribe to shares held by the Trust and this benefit is recognised as a share based payment and recorded as an expense over the vesting period.

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	114	114	114	114
Transfer to retained earnings	(114)	-	(114)	-
Seeka Employee Share Trust issue	36	-	36	-
Balance at end of year	**36**	**114**	**36**	**114**

At 31 December 2014, the number of shares in respect of which options have been granted to employees and remain outstanding under the schemes was 429,600 (Dec 2013 - Nil), representing 2.77% (Dec 2013 - 0.00%) of the shares of the Company in issue at that date.

Shares may be issued at the Directors' discretion at a price set by the Directors' based on the VWAP calculation of the company's shares during the period prior to issue, except that the ESS cannot be issued with further shares if that issue of shares would result in the ESS having an interest of more than 5% of the issued capital of the Company. The shares are issued fully paid in exchange for a loan to the share scheme Trust.

The shares held by the ESS carry the same voting rights as other issued ordinary shares, however the rules of the 2002 employee share scheme prohibit the Trustees and the employees from exercising any voting rights on the shares. While monies are owed on the shares they remain with the Trustee.

28) Retained earnings and reserves (continued)

The options element of the scheme is valued using a Black Scholes pricing model. Expected volatility is based on Directors judgement as the Company has a small market capitalisation with minimal trading.

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 variables and assumptions used in computing the fair value of the share options are based on management's best estimates. The value of an option varies with different variables of certain subjective assumptions.

Set out below is the summary of movements of options granted under the scheme:

As at 31 December 2014

Grant Date	Expiry Date	Fair Value at Grant Date	Exercise Price	1 January Open (Shares)	Issued (Shares)	31 December Close Balance (Shares)
07 October 2014	07 October 2017	0.74	3.05	-	429,600	429,600
			Total	**-**	**429,600**	**429,600**
Weighted average exercise price				3.05		3.05
Weighted average contractual life			(years)	3.00		3.00

e) Retained Earnings

Movements in retained earnings were as follows:

	Group **2014** **$'000**	Group 2013 Restated $'000	Parent **2014** **$'000**	Parent 2013 Restated $'000
Balance at beginning of year	18,176	17,612	18,487	17,736
Net profit for the year	3,168	2,295	2,896	2,482
Dividends paid	(2,273)	(1,731)	(2,273)	(1,731)
Release of share based payments	114	-	114	-
Balance at end of year	**19,185**	**18,176**	**19,224**	**18,487**

29) Dividends

a) Ordinary shares	**2014 $'000**	**2014 Per share**	2013 $'000	2013 Per share
Dividend paid 20th March 2013	-	$ -	865	$ 0.06
Dividend paid 27th September 2013	-	$ -	866	$ 0.06
Dividend paid 28th March 2014	1,020	$ 0.07	-	$ -
Dividend paid 13th November 2014	1,253	$ 0.08	-	$ -
Total dividend paid	**2,273**		**1,731**	

The dividends are imputed to the fullest extent allowable in the tax year.

At balance date, no dividend has been declared by the Company.

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

	Group		Parent	
	2014	2013 Restated	**2014**	2013 Restated
	$'000	$'000	**$'000**	$'000
Net operating surplus after Taxation	3,168	2,295	2,896	2,482
Add non cash items:				
Depreciation	5,250	5,418	5,206	5,418
Gain on revaluation of buildings	(245)	(776)	(245)	(776)
Revaluation of lease interest in land	325	-	-	-
Movement in deferred tax	720	556	811	556
Movement in fair value of biological assets - Crop	(1,592)	(729)	(1,592)	(729)
Impairment of investments in associates	120	615	237	615
Movement in onerous leases	(241)	(494)	(241)	(494)
Amortisation of intangibles	272	73	239	40
Share of income from associates	223	197	-	-
	4,832	4,860	4,415	4,630
Add (less) items not classified as an operating Activity:				
Loss on sale of property, plant and equipment	76	211	76	211
(Gain) on sale of shares	(1,363)	(75)	(1,098)	(75)
	(1,287)	136	(1,022)	136
(Increase) decrease in working capital:				
Increase (decrease) in accounts payable	2,254	5,065	2,633	5,099
(Increase) decrease in accounts receivable/prepayments	392	(1,504)	462	(1,616)
Decrease (increase) in inventory	(451)	347	(451)	347
(Increase) decrease in work in progress	-	(92)	-	(92)
(Decrease) increase in taxes due	(379)	(2,278)	(503)	(2,278)
	1,816	1,538	2,141	1,460
Net cash flow from operating activities	8,529	8,829	8,430	8,708

31) Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	Group		Parent	
	2014	2013 Restated	**2014**	2013 Restated
	$'000	$'000	**$'000**	$'000
Profit attributable to equity holders of the Company (Thousands)	3,168	2,295	2,896	2,482
Weighted average number of ordinary shares in issue (thousands)	14,187	14,135	14,187	14,135
Basic earnings per share	$ 0.22	$ 0.16	$ 0.20	$ 0.18

b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options (Note 27 (d)).

	Group		Parent	
	2014	2013 Restated	**2014**	2013 Restated
	$'000	$'000	**$'000**	$'000
Profit attributable to equity holders of the Company (Thousands)	3,168	2,295	2,896	2,482
Weighted average number of ordinary shares for diluted earnings per share	14,542	14,398	14,542	14,398
Diluted earnings per share	$ 0.22	$ 0.16	$ 0.20	$ 0.17

32) Contingencies

There are no contingent liabilities as at 31 December 2014 (Dec 2013 - Nil).

33) Commitments

a) Capital commitments

During the year the Group committed to incur capital expenditure of $4.25m for expansion to it's cooslstore capacity, $293,000 was spent in 2014 with the remainder expected to be settled in 2015.

b) Other commitments

On 23 September 2013 the Group registered a Simplified Disclosure Prospectus for a Grower Incentive Scheme, the scheme rewards eligible growers who sign a three year supply commitment with the company. The prospectus was updated in September 2014 in accordance with clause 19 of schedule 1 of the Financial Markets Conduct Act in which eligible growers completed their entitlement and acceptance forms and comfirmed their supply commitment for the remaining two years were issued shares. Eligible growers are issued with $0.10 worth of shares for every tray packed in the 2014, 2015 and 2016 supply seasons and once issued shares rank equally with existing Seeka shares. See note 27 (e).

c) Lease commitments : Group and Parent as lessee

Operating leases
The Group has the following lease commitments:

Orchard leases:
At balance date, 144 (Dec 2013 - 141) orchards are leased by the Group with terms ranging from 1 to 3 years. Orchard leases are non-cancellable and typically a lease payment is related to the volume of crop harvested and orchard gate return earned. Some orchards have a fixed lease element to their lease payment.

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	544	335	544	335
Later than one year but not later than five years	424	441	424	441
	968	**776**	**968**	**776**

Long term leases:

i) Land and buildings: The Group leases land and buildings for its head office and a number of its post harvest facilities. Lease terms are typically for between 3 to 6 years, but can be up to 99 year terms.

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	2,615	2,768	2,615	2,768
Later than one year but not later than five years	4,919	4,590	4,919	4,590
Later than five years	64,646	65,503	64,646	65,503
	72,180	**72,861**	**72,180**	**72,861**

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. A receivable of an equal or greater value than the lease commitment accrues at the time of harvest.

ii) Equipment and vehicles: The Group leases office equipment and vehicles on terms up to 3 years.

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	1,162	1,036	1,162	1,036
Later than one year but not later than five years	1,717	1,298	1,717	1,298
	2,879	**2,334**	**2,879**	**2,334**

iii) Long term leased orchards: The Group leases 97 hectares of bare land on which it has developed kiwifruit and avocado orchards. The 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 3 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 lease commitments on long term leased orchards:

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	365	413	365	413
Later than one year but not later than five years	1,449	1,542	1,449	1,542
Later than five years	220	620	220	620
	2,034	**2,575**	**2,034**	**2,575**

In a number of cases the Group has reached agreement with landowners to amend the lease, so as to re-establish the affected orchard with one of the new varieties released by Zespri, or the Hayward variety.

34) Related party transactions

a) Seeka Growers Limited

In the normal course of business the Group undertakes transactions with Seeka Growers Limited, a related party which administers all post harvest operations and revenues from the sale of kiwifruit on behalf of growers with whom it holds a contract. In the current period the Group received $92.79m (Dec 2013 - $80.15m) for the provision of post harvest and orchard management services to Seeka Growers Limited.

b) Directors

The names of persons who were directors of the Company at any time during the period are as follows: F Hutchings, M J Cartwright, A Waugh, A Diaz, N T Kani, J Burke, M Brick, S Burns.

c) Key management and personnel and compensation

Key management personnel compensation for the year ended 31 December 2014 and the year ended 31 December 2013 is set out below. The key management personnel are all the directors of the company and the executives with the greatest authority for the strategic direction and management of the Group.

	2014 $'000	2013 $'000
Directors fees	330	337
Other directors remuneration	15	20
Executive salaries	1,817	1,410
Short term benefits	175	148
Total	**2,337**	**1,915**

d) Transactions

Excluding transactions outlined and disclosed above, the following transactions were entered with related parties during the period:

	Group		**Parent**	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Sale of services				
Associates	289	282	289	282
Directors, management and other personnel	685	637	685	637
Purchase of services				
Associates	(2)	(29)	(2)	(29)
Directors, management and other personnel	-	-	-	-

e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Group		**Parent**	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Current receivables (operating)				
Associates	5	7	5	7
Directors, management and other personnel	119	114	119	114

f) 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 between the parties and no interest is charged in relation to the amount payable by the Parent to its subsidiaries. No balances outstanding at 31 December 2014 (Dec 2013 - Nil).

Outstanding balances are unsecured and are repayable in cash.

35) Events occurring after balance date

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

36) Turnover

Reconciliation of turnover to revenue

	Group		Parent	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Turnover	148,568	109,387	136,476	109,387
Value of sales made as Agent	(32,896)	(12,016)	(22,495)	(12,016)
Revenue	**115,672**	**97,371**	**113,981**	**97,371**

Turnover represents the total transactional value of goods and services provided to customers during the year. It includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent.

The Directors consider that turnover is a useful measure for the readers of the Group financial statements as it provides an indication of the Groups operating activity including the value of sales as an agent made on behalf of growers and suppliers but where the Group is considered as the vendor by the end customer. The value of the sales made as Agent includes all produce sales both local and export.

37) Explanation of transition to NZ IAS 41 (Amendment) 'Agriculture'

Amendments to NZ IAS 41 'Agriculture' and IAS 16 and 'Property, Plant and Equipment' adds a definition of a bearer plant and includes bearer plants within the scope of NZ IAS 16 Property, plant and equipment instead of NZ IAS 41. Short term lease payments are now also within the scope of NZ IAS 41 'Agriculture'.

Amendments to NZ IAS 41 are applicable to annual periods beginning on 1 January 2016 and the transition provisions in NZ IAS 16 allow for early adoption of the standard. The Directors' have determined to accept the amended standard as at 1 January 2014 which requires the comparative financial statements to be re-stated as if the amended standard has been adopted from 1 January 2013.

Bearer plants are accounted for in the same way as Property, Plant and equipment at cost less any depreciation. The produce growing on bearer plants continues to be measured at its fair value in accordance with IAS 41.

The amendment makes is clear that NZ IAS 41 applies to the produce of bearer plants, and therefore the Groups short term lease prepayments have been reclassified as Biological Assets - Crop.

The Groups financial statements for the period ended 31 December 2013 have been re-stated in the reconciliation below and are the first annual statements that comply with the amended standard. A third balance sheet at 1 January 2013 has net been shown due to the changes arising being deemed immaterial.

a) Opening balance at 1 January 2013

	Group			Parent		
	NZ IAS 41 / NZ IAS 16	Effect of transition	Amended NA IAS 41 / NZ IAS 16	NZ IAS 41 / NZ IAS 16	Effect of transition	Amended NA IAS 41 / NZ IAS 16
	2013	2013	2013	2013	2013	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Equity						
Total equity	**56,197**	**-**	**56,197**	**56,321**	**-**	**56,321**
Current assets						
Short term lease prepayments	8,731	(8,731)	-	8,731	(8,731)	-
Biological assets - crop	542	8,731	9,273	542	8,731	9,273
Total current assets	**27,487**	**-**	**27,487**	**27,372**	**-**	**27,372**
Non current assets						
Property, plant and equipment	62,659	372	63,031	62,659	372	63,031
Biological assets - vines	372	(372)	-	372	(372)	-
Total non current assets	**68,943**	**-**	**68,943**	**68,820**	**-**	**68,820**
Total assets	**96,430**	**-**	**96,430**	**96,192**	**-**	**96,192**
Net assets	**56,197**	**-**	**56,197**	**56,321**	**-**	**56,321**

b) At the end of the period 31 December 2013

	Group			Parent		
	NZ IAS 41 / NZ IAS 16	Effect of transition	Amended NA IAS 41 / NZ IAS 16	NZ IAS 41 / NZ IAS 16	Effect of transition	Amended NA IAS 41 / NZ IAS 16
	2013	2013	2013	2013	2013	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Equity						
Retained earnings	18,545	(369)	18,176	18,856	(369)	18,487
Total equity	**58,496**	**(369)**	**58,127**	**58,807**	**(369)**	**58,438**
Current assets						
Short term lease prepayments	9,241	(9,241)	-	9,241	(9,241)	-
Biological assets - crop	761	9,241	10,002	761	9,241	10,002
Total current assets	**31,323**	**-**	**31,323**	**31,241**	**-**	**31,241**
Non current assets						
Property, plant and equipment	60,297	1,486	61,783	60,297	1,486	61,783
Biological assets - vines	1,999	(1,999)	-	1,999	(1,999)	-
Total non current assets	**67,871**	**(513)**	**67,358**	**67,935**	**(513)**	**67,422**
Total assets	**99,194**	**(513)**	**98,681**	**99,176**	**(513)**	**98,663**
Non current liabilities						
Deferred tax	7,857	(144)	7,713	7,633	(144)	7,489
Total non current liabilities	**26,922**	**(144)**	**26,778**	**26,698**	**(144)**	**26,554**
Total liabilities	**40,698**	**(144)**	**40,554**	**40,369**	**(144)**	**40,225**
Net assets	**58,496**	**(369)**	**58,127**	**58,807**	**(369)**	**58,438**

37) Explanation of transition to NZ IAS 41 (continued)

c) Reconciliation of profit for the year ended 31 December 2013

	Group			Parent		
	NZ IAS 41 / NZ IAS 16	Effect of transition	Amended NZ IAS 41 / NZ IAS 16	NZ IAS 41 / NZ IAS 16	Effect of transition	Amended NZ IAS 41 / NZ IAS 16
	2013	2013	2013	2013	2013	2013
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	97,371	-	97,371	97,371	-	97,371
Cost of sales	80,957	510	81,467	80,957	510	81,467
Gross profit	**16,414**	**510**	**15,904**	**16,414**	**510**	**15,904**
Other income	160	-	160	444	-	444
Share of profit of associates	130	-	130	-	-	-
Other costs	7,380	95	7,475	7,380	95	7,475
(Increase) in fair value of biological assets	(611)	(118)	(729)	(611)	(118)	(729)
Earnings (EBITDA) before revaluations and impairments	**9,935**	**(487)**	**9,448**	**10,089**	**(487)**	**9,602**
Depreciation expense	5,392	26	5,418	5,392	26	5,418
Gain on revaluation of land and buildings	(776)	-	(776)	(776)	-	(776)
Impairment of investments in associates	615	-	615	615	-	615
Recovery of short term lease prepayments	(22)	-	(22)	(22)	-	(22)
Amortisation of intangibles	73	-	73	40	-	40
Earnings (EBIT)	**4,653**	**(513)**	**4,140**	**4,840**	**(513)**	**4,327**
Interest expense	1,139	-	1,139	1,139	-	1,139
Net profit before tax	**3,514**	**(513)**	**3,001**	**3,701**	**(513)**	**3,188**
Total tax charge / (credit)	**850**	**(144)**	**706**	**850**	**(144)**	**706**
Net profit attributable to equity holders	**2,664**	**(369)**	**2,295**	**2,851**	**(369)**	**2,482**
Earnings per share for profit attributable to the ordinary equity holders of the company during the year						
Basic earnings per share	**$0.19**		**$0.16**	**$0.20**		**$0.18**
Diluted earnings per share	**$0.19**		**$0.16**	**$0.20**		**$0.17**

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 10 to 57, which comprise the statements of financial position as at 31 December 2014, the statements of financial performance, statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2014 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate 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) and International Standards on Auditing. 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 and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, 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 and the Group'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 carries out other services for the Group in the areas of tax and other assurance services. The provision of these other services has not impaired our independence.

Independent Auditors' Report

Seeka Kiwifruit Industries Limited

Opinion

In our opinion, the financial statements on pages 10 to 57:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 31 December 2014, and of the financial performance and cash flows of the Company and Group for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2014:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders 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
27 February 2015

Auckland

Directors

Fred Hutchings

Independent Chairman

Fred is President of Chartered Accountants Australia and New Zealand. 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 Ministry of Foreign Affairs and Trade. He is also a director of Spiers Group Limited.

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 and finance, and as the former general manager of the publicly-listed horticultural business Grocorp Pacific Limited. He is a former director of Te Awanui Huka Pak and former chairman of the Te Awanui Growers Council.

John Burke

Independent 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

An executive of FreshRemix Corporation, wholly owned by Japanese firm Fresh MD Holdings, Amiel is a Certified Public Accountant in the Philippines and is a Certified Information Systems Auditor in the USA.

Neil Te Kani

Director

Neil has a broad governance background with a special interest in Maori-based horticulture and agriculture businesses. He is chairman of Te Awanui Huka Pak Limited and of the Maori Grower Forum. Neil is also a Registered Environmental Commissioner and Tauranga representative of New Zealand Kiwifruit Growers Incorporated.

Ashley Waugh

Independent Director

Appointed May 2014, 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 was appointed chairman of Moa Group Limited effective January 2015.

MEETING ATTENDANCE

The following table outlines the number of board and committee meetings the directors were eligible to attend and did attend during the course of the 2014 financial year.

	Board of Directors			Remuneration Committee			Audit Committee		
	Position	Held	Attended	Position	Held	Attended	Position	Held	Attended
Fred Hutchings	Chairman	15	15	Chairman	5	5		13	12
Malcolm Cartwright	Deputy chair	15	14	Member	5	5			
Martyn Brick	Director	15	14				Member	13	9
John Burke	Director	15	15				Member	13	11
Amiel Diaz	Director	15	12						
Neil Te Kani	Director	15	10	Member	5	5			
Ashley Waugh (1)	Director	8	8				Chairman	9	9
Stuart Burns (2)	Director	6	6					4	4

1. Appointed 21 May 2014

2. Retired 29 April 2014

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 changed in the year to 31 December 2014 with the addition of retail services through the acquisition of Glassfields (NZ) Limited.

DIVIDENDS

During the year ended 31 December 2013, a fully imputed dividend of $0.06 per share was paid on 20 March 2013.
During the year ended 31 December 2013, a fully imputed dividend of $0.06 per share was paid on 27 September 2013.
During the year ended 31 December 2014, a fully imputed dividend of $0.07 per share was paid on 28 March 2014.
During the year ended 31 December 2014, a fully imputed dividend of $0.08 per share was paid on 13 November 2014.

DIRECTORS HOLDING OFFICE DURING THE YEAR

The directors holding office during the year were:

F Hutchings
S Burns *(retired 29 April 2014)*
N Te Kani (1)
M Brick (1)
M Cartwright (1)
A Waugh *(appointed 21 May 2014)*
J Burke
A Diaz (1)

(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 2014:

Current Directors	Beneficially held shares	Non-beneficially held shares
M Cartwright	59,602	-
J Burke - J & D Burke Holdings Limited	21,099	-
M Brick - Omega Kiwifruit Limited & Strathboss Kiwifruit Limited	305,275	-
N Te Kani - Te Awanui Huka Pak Limited	-	2,534,820

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 2014.

M Brick - Omega Kiwifruit Limited & Strathboss Kiwifruit Limited	Quantity	Closing balance	$ Value
Opening Balance 1 January 2014		242,428	
Purchase - 6 October 2014	15,000	257,428	$3.10
Purchase - 7 October 2014	16,155	273,583	$3.05
Purchase - 28 October 2014	7,374	280,957	$3.10
Purchase - 29 October 2014	8,888	289,845	$2.94
Purchase - 4 November 2014	5,000	294,845	$3.40
Purchase - 7 November 2014	5,000	299,845	$3.35
Purchase - 26 November 2014	349	300,194	$3.10
Purchase - 2 December 2014	81	300,275	$3.10
Purchase - 4 December 2014	5,000	305,275	$3.25
CLOSING BALANCE		**305,275**	

J Burke - J & D Burke Holdings Limited	Quantity	Closing balance	$ Value
Opening Balance 1 January 2014		20,588	
Purchase - 7 October 2014	511	21,099	$3.05
CLOSING BALANCE		**21,099**	

M Cartwright	Quantity	Closing balance	$ Value
Opening Balance 1 January 2014		54,294	
Purchase - 7 October 2014	5,308	59,602	$3.05
CLOSING BALANCE		**59,602**	

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

DIRECTORS' INTERESTS

During the year the Company undertook transactions with the directors as "Related Party Transactions". At 31 December 2014, 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	✓		
J Burke			
J & D Burke Holdings Limited	✓	✓	
Jackall Holdings Limited			Advisor
Rokeby Trust			Trustee
Zespri International Limited		✓	
M Cartwright			
Seeka Growers Limited	✓		
AvoFresh Limited	✓		
Seeka Employee Share Plan Trustees Limited	✓		
Zespri International Limited		✓	
MJ & HC Cartwright Trust			Beneficiary / Trustee
A Waugh			
Primrose Hill Farm (Puke-Roha Ltd.)	✓	✓	
The Heat Group - Melbourne	✓	✓	
Moa Group Limited	✓		
A Diaz			
FreshRemix Asia Software Corporation	✓		Officer
FreshRemix Corporation of Japan			Officer
M Brick			
Strathboss Kiwifruit Limited	✓	✓	
Seeka Growers Limited	✓		
Omega Kiwifruit Limited	✓	✓	
Katoa Orchard Partnership			Manager
Zespri International Limited		✓	
Rokeby Trust			Beneficiary
N Te Kani			
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
Poripori Kumikumi Trust			Trustee
Zespri International Limited (via shares held by Ngai Tukairangi Trust)		✓	
Seeka Employee Share Plan Trustees Limited	✓		

REMUNERATION AND OTHER BENEFITS

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

Director	Directors' fees	Other remuneration	Total
F Hutchings	80,000	-	80,000
A Waugh	33,333	-	33,333
M Cartwright	40,000	15,000	55,000
J Burke	40,000	-	40,000
M Brick	40,000	-	40,000
N Te Kani	40,000	-	40,000
A Diaz	40,000	-	40,000
S Burns	16,666	-	16,666
TOTAL	**329,999**	**15,000**	**344,999**

Disclosures

REMUNERATION OF EMPLOYEES

The Company had 53 (December 2013 - 41) employees, and 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 2014 Number of employees		December 2013 Number of employees	
	Continuing	Former	Continuing	Former
$100k - $110k	13	-	13	-
$110k - $120k	10	-	3	-
$120k - $130k	8	1	8	-
$130k - $140k	4	-	3	-
$140k - $150k	4	-	3	-
$150k - $160k	1	-	3	-
$170k - $180k	2	-	2	-
$180k - $190k	5	-	1	-
$200k - $210k	-	-	1	-
$210k - $220k	1	-	-	-
$230k - $240k	1	-	-	-
$260k - $270k	-	-	1	-
$270k - $280k	1	-	1	-
$290k - $300k	1	-	1	-
$310k - $320k	1		-	-
$330k - $340k	-	-	1	-
$470k - $480k	1	-	-	-
TOTAL	53	1	41	-

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 2014 the gender composition of the groups' 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

During the reporting period NZX granted a waiver from the NZX Main Board Listing Rule 7.11.1 in relation to its grower incentive scheme. Listing Rule 7.11.1 requires Seeka to issue shares within 5 business days after the latest date on which applications for those shares close. Under the scheme growers return their entitlement and acceptance form before the election date (5:00pm, 30 September 2014). However, they would not be issued shares until 7 September in each of the 2015 and 2016 supply seasons, which is later than the 5 business day period required by NZX Main Board Listing Rule 7.11.1. Accordingly, NZX has granted Seeka a waiver from the requirements of NZX Main Board Listing Rule 7.11.1 for the purposes of the scheme. A condition of the waiver granted is that Seeka must issue shares within 5 business days of 31 August in each of the 2015 and 2016 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 19 FEBRUARY 2015*

Fresh MD Holdings Inc	2,806,649	HO Wright	71,362
Te Awanui Huka Pak Limited	2,534,820	Custodial Services Limited	71,125
DMS Orchard Management Limited	608,148	AJ Northcote Hill & JM Hill	68,093
CW Flood & M Schlagel	477,130	GK Oakley & DJ Oakley	67,511
Seeka Employee Share Plan - 2014	429,600	RB Tait, JG Tait & IJ Craig	60,000
National Nominees New Zealand Limited	421,370	MJ Cartwright, HC Cartwright & Others	59,602
J Law & PC Law	310,240	AM Baldwin	59,190
Omega Fruit Limited	274,977	Penmaen Limited	58,535
Seeka Employee Share Plan - 2002	263,842	JP Jensen & PJ Jensen	58,344
AL Bayliss & CJ McFadden	234,457	Bowyer Orchards Limited	57,895
Sumifru Singapore PTE Limited	218,000	DJ Hicks, JF Hicks & DR Pilbrow	55,700
Burts Orchards (1997) Limited	175,230	TM Hawthorne, GN Hawthorne & Others	53,076
ID Greaves, CM Thompson & MS Thompson	153,890	BF Grafas	52,309
S Moss	148,016	RD Clarke & CB Clarke	49,529
GA Cole	131,814	HD Spencer	48,785
HSBC Nominees (New Zealand) Limited	126,851	DW Hay	46,085
LJ Christie	125,000	Custodial Services Limited	42,995
J Slater & RA Slater	122,291	IG Arnot	42,000
MC Salt & HF Salt	103,770	SE Fisher & JA Fisher	40,662
BNP Paribas Nominees NZ Limited	101,468	JA Scotland, JA Scotland & Others	40,350
J Slater & RA Slater	100,000	CW Flood	40,000
D Grindell	91,198	JR Griffin, VL Burmester & AJ Griffin	40,000
MI Tremain & BM Tremain	86,963	Custodial Services Limited	39,944
BJ Cotton-Stapleton & LE Cotton-Stapleton	79,437	CK Urry, SEA Urry & FD Finlayson	38,954
Birdwood Farms Limited	74,130	DM Reid, BA Reid and JA Steward	36,729

ANALYSIS OF SHAREHOLDERS BY SIZE AT 19 FEBRUARY 2015*

	Number of shareholders	Shares held	Percentage of shareholders	Percentage of shares	Average holding
Up to 1,000 shares	373	183,736	34.25%	1.18%	493
1,001 to 5,000 shares	443	1,026,022	40.68%	6.61%	2,316
5,001 to 10,000 shares	124	899,536	11.39%	5.79%	7,254
10,001 to 50,000 shares	114	2,407,561	10.47%	15.51%	21,119
50,001 to 100,000 shares	18	1,224,470	1.65%	7.89%	68,026
100,001 shares or more	17	9,785,091	1.56%	63.02%	575,594
TOTAL	1,089	15,526,416	100.00%	100.00%	14,257

SUBSTANTIAL PRODUCT HOLDERS AT 19 FEBRUARY 2015**

	Shares held	Percentage of shareholding
Fresh MD Holdings Inc	2,806,649	18.08%
Te Awanui Huka Pak Limited	2,534,820	16.33%

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

Directory

DIRECTORS

Fred Hutchings
Independent Chairman

Martyn Brick
Director

John Burke
Independent Director

Malcolm Cartwright
Deputy Chairman

Amiel Diaz
Director

Neil Te Kani
Director

Ashley Waugh
Director

MANAGEMENT

Michael Franks
Chief Executive

Bryan Grafas
GM Orchard Operations

Kevin Halliday
GM Corporate Services

Ray Hook
GM Retail Services

Stuart McKinstry
Chief Financial Officer
and Company Secretary

Rob Towgood
GM Post Harvest Operations

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