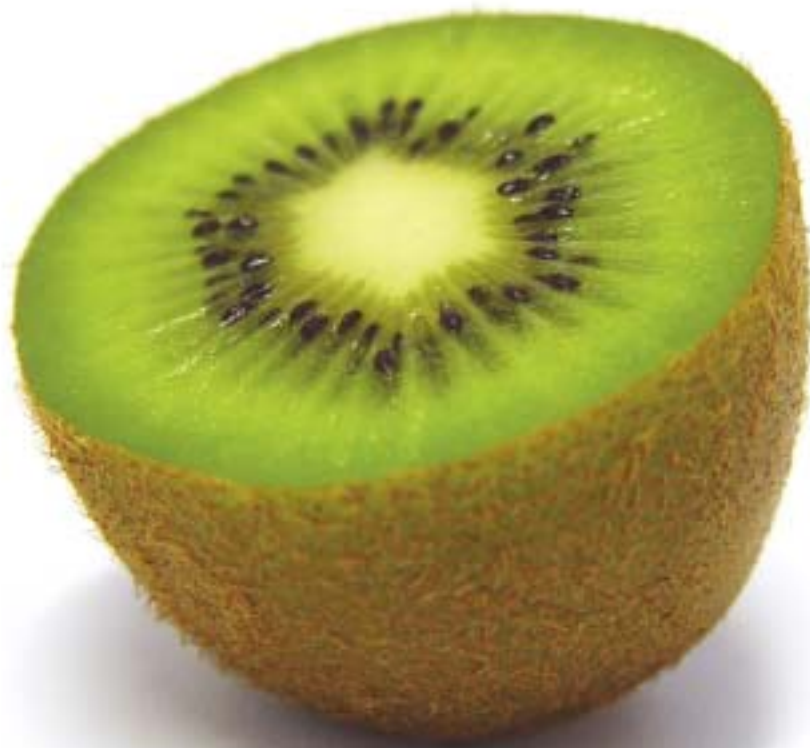


seeka kiwifruit industries limited  
annual report 31 march 2004



Celebrating  
**100** Years™  
The New Zealand Kiwifruit Industry  
1904-2004



growing great prospects in kiwifruit





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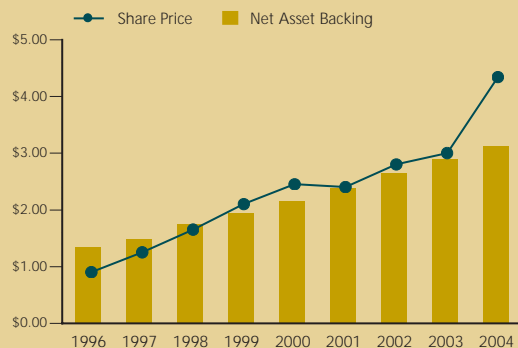
# highlights

- > \$51.032m total revenue – up 19%
- > Record operating profit before tax of \$4.653m – an increase of 54% over 2002/03 and 10% higher than 2001/02.
- > 12% return on net assets – an increase of 33%
- > 18 cents per share full-year, fully-imputed dividend – up 20% on last year
- > Net profit after tax per share of 39 cents – up 50%
- > Orchard yields up 11% with record export fruit returns
- > 8.83m Class I trays packed – up 8% on 2002/03 and covering 14.1% of the market
- > Capital programme prepares Seeka for higher fruit volumes

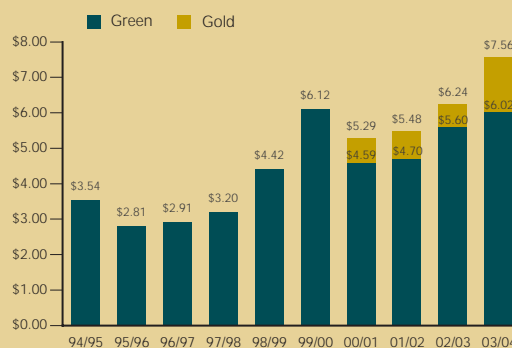
Earnings Per Share



Share Price Compared to Net Asset Backing



Orchard Gate Returns – Green & Gold





## business review



providing clear direction and strategy to optimise our services and returns, while assisting the whole industry to meet new challenges

The Board of Seeka Kiwifruit Industries Limited is pleased to present you with this Annual Report for our operations in 2003/04.

Our improved operational and financial performance for the year was driven by the clear direction and strategy provided by Seeka management, the commitment of our grower clients, and the focus and dedication of our people. As our markets and industry evolve during this coming year, Seeka will continue providing clear direction and strategy to optimise our services and returns, while assisting the whole industry to meet new challenges.

Seeka returned record revenue and profit levels for 2003/04. Total revenue, aided by improved fruit volumes and record export fruit returns, grew to \$51.03m – \$42.86m in 2002/03.

Profit before tax reached \$4.64m, earnings per share rose to 39 cents – up 50% on 2002/03. Return on closing net assets totalled 12%, with scope for further improvements from higher crop volumes. Seeka's financial performance meant full year dividend levels could rebound to 18 cents per share fully imputed.

Seeka's listing on the NZAX provides a transparent market for share trading along with a better conduit for corporate announcements to reach the investment community. The NZAX listing required Seeka to review our Share Registry Services and accordingly BK Registries was appointed Registrar. We take this opportunity to thank Wood Walton, Chartered Accountants of Tauranga, for their services as Share Registrar.

### Improved orchard contributions

Our orchard division returned a positive financial contribution for the year and secured increased volumes for post harvest operations.

A review of orchard leasing arrangements saw renewed leases, where appropriate, being refined and strengthened to reflect the risks, and maximise returns to both growers and Seeka.

On-orchard management practices once again achieved exceptional yields. This was largely due to the dedication and hard work of our senior orchard

managers, with a peer review system established under guidance of orchard consultant Peter Mulligan, to promote best practices for superior sustainable yields.

Seeka continues to monitor new techniques on our focus orchards to maximise yields, and a technical specialist will be appointed in the new year to disseminate this information along with best practices to all of our growers.

Our portfolio of leased orchards delivered 3.02m trays to our post harvest operations, a 19% increase over last year. More importantly yield per hectare was up 11%, with our orchards performing in the upper quartile for their growing zones.

With global markets continuing to provide strong growth opportunities, our marketer Zespri once again succeeded in securing exceptional fruit returns. Our orchards achieved record orchard gate returns of \$6.02 for Green, and \$7.56 for Gold. High prices coupled with high yields, substantially improved the financial performance of our orcharding operations.

Although increased supply coupled with a strengthening New Zealand dollar in core markets will soften fruit values, the longer-term outlook remains favourable.

Development is now substantially complete on the 106 hectares of long-term orchard developments – 76 hectares Gold and 30 hectares Green – with the first significant crop expected in 2005/06. The focus for 2004/05 is to achieve early and sustainable maximum yields. This may involve installing frost protection in susceptible areas, which will require some capital expenditure.

The return to profitability in orchard operations underpinned Seeka's improved financial results.

development is now substantially complete on the 106 hectares of long-term orchard developments



Celebrating  
**100** Years™  
 The New Zealand Kiwifruit Industry  
 1904 - 2004



Seeka acknowledges and salutes the kiwifruit industry on its centenary year.

In 1904 school teacher Isabel Fraser brought the first seeds into New Zealand. And in 100 years, those seeds have grown into a billion dollar business. Our kiwifruit are now exported all over the world, bringing employment and wealth to our country.

Seeka's ongoing success is closely coupled with the achievements of the industry's pioneers. Today we are reaping the rewards from the innovation and hard work that created our industry. And Seeka is proud to be associated with those who planted the first vines, built the first

packhouses, and exported the first fruit from the Bay of Plenty.

In harvest 2004, Seeka became the first team to pass the milestone of processing 10,000,000 trays of Class I kiwifruit, and expects to handle a total volume of 11.8 million trays.

We celebrate the commitment of our growers, and we celebrate how growers, pickers, shift workers, staff, leaders and shareholders came together as a team to achieve something extraordinary.

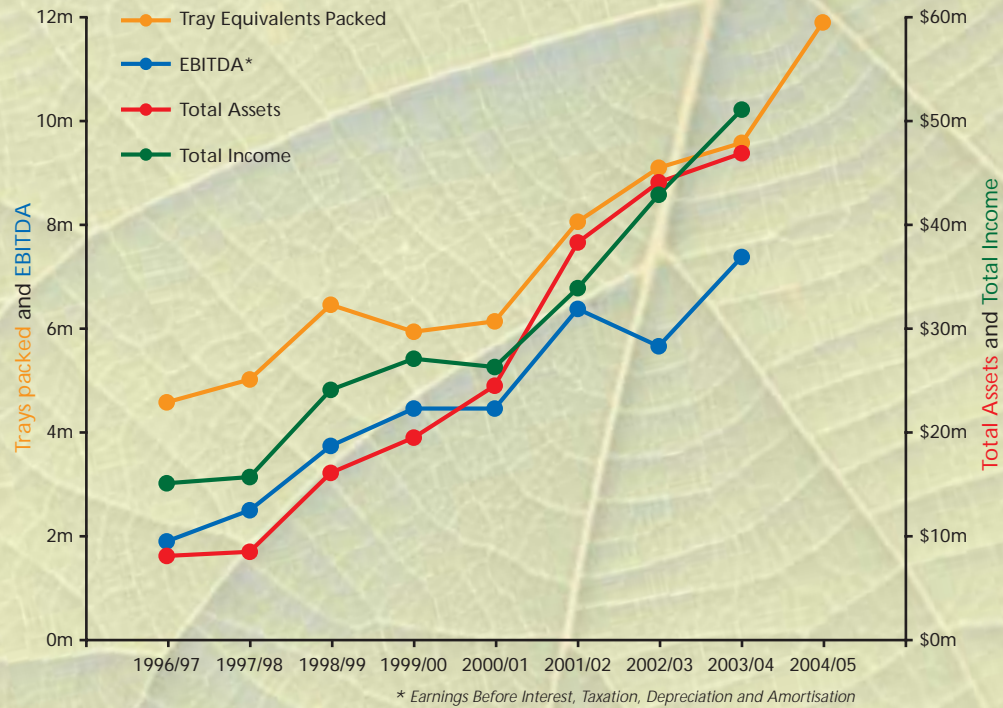
Our industry is supplying the world with a highly-valued and nutritious fruit, and along the way we've developed one of the most vibrant and productive rural communities in New Zealand.

Seeka proudly continues a commercial association with many pioneering families; the Burts, Stapletons, Torrs, Baylisses, MacLoughlins and Baldwins, amongst others.

And we continue their proud tradition of exploring better techniques to raise orchard productivity, of commissioning better systems to manage inventory, and of advocating better mechanisms to deliver product to market.

Our role in developing the most productive and cost-efficient kiwifruit supply service, is securing the future for New Zealand's kiwifruit industry.

## Key performance indicators



### Post harvest contribution up on modest volume increases

Post harvest operations benefited from increased packing volumes, greater efficiency, better asset utilisation, and a focus on costs. Total trays packed increased to 9.574m trays, up 5.3% on the previous year.

Focus was placed upon achieving the best fit between fruit lines and available resources, with quality characteristics of the individual lines guiding inventory management to generate maximum returns to growers, while providing Seeka with optimum throughputs and out turn.

Better asset utilisation lifted the return on net assets to 12%, with room for further improvements on larger crop volumes.

With volatile electricity markets posing a risk to post harvest margins, particularly coolstorage, Seeka negotiated a hedge covering the financial year which avoided significant electricity price spikes. We have entered into a new two-year hedge to achieve stability in our cost structure.

We also reviewed our operating structure to ensure that the resources are in place to support future growth. Three new key site manager positions were created and recruited in the post harvest team. These roles have leadership and oversight of Waimapu, KiwiCoast, and Rangiuru/Pioneer – encompassing KKP, Transpack, Transcool and Pioneer. Our team of experienced site managers

provides clear focus on our post harvest operational assets and key post harvest personnel, which places us in a strong position to manage growth.

A capital plan was enacted to ensure Seeka had the capacity to service our growers, with early 2004 crop estimates indicating substantially higher volumes.

Major capital improvements were undertaken at:

- > Transpack – designated Gold shed with a new pre-sizer and prototype Compac InVision 9000 colour blemish grader installed. Outputs to include improved throughput and blemish removal.
- > Kiwicoast – designated Gold and Green shed. Major work undertaken to improve Gold-handling capability, with bin tip and fruit grading areas revamped. Outputs to include Gold capability and increased throughputs.
- > Waimapu – designated Green and Green Organic facility, with improved grading tables to achieve increased throughputs.
- > Transcool – capacity upgrade with design and construction of a new 440,000 tray coolstore.

While Seeka's upgraded capacity was designed to cope with higher volumes from harvest 2004, further capital expenditure will be required to upgrade capacity and improve asset utilisation for harvest 2005.

experienced site managers place us in a strong position to manage growth



our people our future



### KEY MARKET INDICATORS FOR SEEKA GROUP

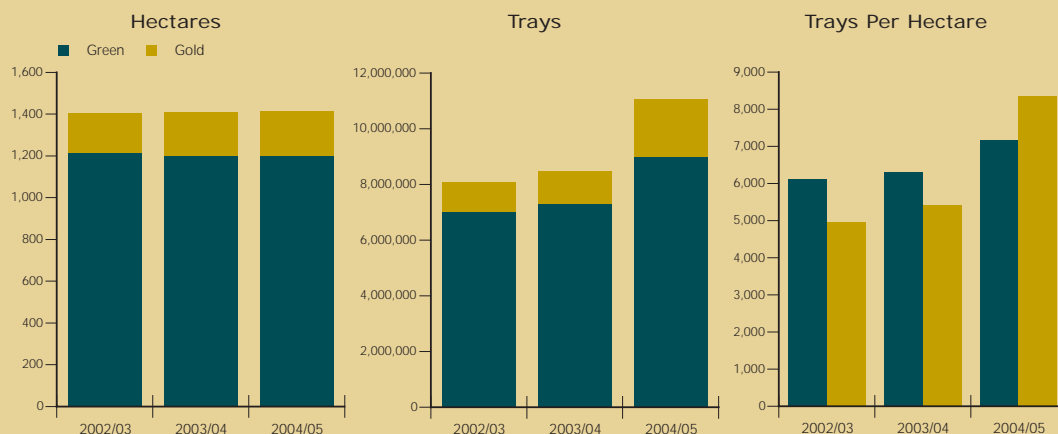
	2004/05 FORECAST	2003/2004 ACTUALS	2002/2003 ACTUALS	2001/2002 ACTUALS	2000/2001 ACTUALS	1999/2000 ACTUALS
<b>Volumes</b>						
Market Share		14.1%	13.9%	11.2%	8.9%	9.5%
Supplying Hectares	1,448	1,423	1,399	945	816	756
<b>Post Harvest Operations</b>						
Tray Equivalents Packed	11,827,158	9,574,299	9,089,363	8,053,497	6,129,152	5,904,642
<b>Orcharding Operations</b>						
Orchard Production Trays	3,389,159	3,023,920	2,545,577	1,889,679	1,485,884	1,463,181
Orchard Production Hectares	445.49	468.00	445.13	255.72	241.60	221.68
Orchard Production Trays/Hectare	7,608	6,461	5,719	7,390	6,150	6,600
<b>Orchard Gate Returns per tray</b>						
Green		\$6.022	\$5.595	\$4.699	\$4.586	\$6.122
Gold		\$7.565	\$6.240	\$5.477	\$5.287	
<b>Key Costs</b>						
Total Interest Costs		\$715,419	\$762,147	\$658,082	\$429,870	\$254,541
Total Depreciation		\$1,995,840	\$1,777,003	\$1,384,838	\$931,473	\$879,157

### KEY FINANCIAL INDICATORS FOR SEEKA GROUP

		\$000s	\$000s	\$000s	\$000s	\$000s
Total Income		\$51,032	\$42,858	\$33,733	\$26,281	\$27,062
Net Profit Before Tax		\$4,653	\$3,022	\$4,221	\$3,010	\$3,291
Total Assets		\$46,829	\$43,932	\$38,257	\$24,448	\$19,356
Total Shareholder Funds		\$25,083	\$22,284	\$20,422	\$12,294	\$11,087
Shareholder Equity Ratio		54%	51%	53%	50%	57%
Earnings per Share NPAT		\$0.39	\$0.26	\$0.48*	\$0.38	\$0.44
Dividend per Share		\$0.18	\$0.15	\$0.18	\$0.18	\$0.18
Dividend % of NPAT		46%	62%	41%	48%	42%
Share Price		\$4.32	\$3.00	\$2.95	\$2.35	\$2.20
NPAT on Net Assets		12%	9%	13%	16%	20%
Total Shareholders		398	376	364	264	234
Total Shares on Issue		8,013,914	7,704,267	7,676,815	5,082,748	5,001,629

\* Weighted average of shares on issue during the year

### Seasonal Comparison Class I







## Our people – our focus

While Seeka has focused on its physical assets, we are also conscious of the need to secure skilled and talented people to support and lead our operations, both permanent and seasonal. Seeka aims to be the employer of choice.

We have embarked on an innovative programme aimed at rewarding employees and enabling them to participate and share in Seeka's performance, including:

- > Remuneration systems linking rewards to individual and company performance – both in our permanent and seasonal operations.
- > Employee share plan which allows employees to share in Seeka's performance.
- > Training schemes directed at up-skilling and supporting year-round employment opportunities for casual staff, either with Seeka or with our growers.
- > Production-based incentives.

To strengthen our ability to retain key people in our seasonal team, Seeka is instigating training opportunities, providing opportunities for regular or semi-permanent employment with Seeka or our growers, and paying competitive remuneration rates linked to performance.

We continue to support training and development programmes, and two of our cadets finished first and second in their classes at Bay of Plenty Polytechnic's Horticulture Diploma programme.

In addition to operational restructuring, we have significantly strengthened our management structure to ensure we have the necessary capability and resources to drive our business forward. Michael Franks was appointed to the new position of chief financial officer. A new general manager post harvest operations is currently being recruited to replace Rob Towgood, Rob having resigned just prior to harvest 2004, following almost eight years of service with Seeka and KKP.

As the scale of our operations increases, and our industry matures, we must plan for a healthy turnover of middle and senior management. This

creates an opportunity to source key appointments from related sectors to add an extra dimension to Seeka's established expertise. By broadening our skill base, and offering dynamic career paths, Seeka is implementing a management succession strategy.

Our industry's seasonal demands place a heavy demand on our team. Harvest occurs in a compressed time frame with intense pressure to get the crop off and processed to maximise grower returns and minimise grower risk. This involves our whole community, our staff, and particularly their families, and we appreciate and acknowledge their commitment and contribution to our team.

## Innovation – our differentiation

Seeka continues to challenge the way it does things and to trial new and innovative techniques, including:

- > Track and trace – a bar-coded inventory management system implemented by Seeka in response to the value world markets place on food safety. By tracing fruit from production right through to in-market supply, Zespri is able to endorse their Zespri Quality System.
- > In-Market-Supply – Viability trials were undertaken to supply bulk fruit to Italy and California and then packing it using their off-season capacity.
- > Envirogro – Our branded growing method is supplying key Zespri customers with residue-free kiwifruit grown to strict, auditable guidelines. Envirogro opens markets not available to conventional fruit while providing our growers with an additional premium.

Seeka has also taken steps to further enhance the range of services provided to our grower clients. Innovative enhancements to improve grower yields include:

- > Assistance implementing and financing frost protection systems.
- > T-bar to pergola conversion schemes.
- > Orchard production enhancement including removing shelter belts and increasing canopy area.

by broadening our skill base, and offering dynamic career paths, Seeka is implementing a management succession strategy



Vital Foods links us to the market in a non-commodity sector, while adding value from non-export kiwifruit

### A vital investment

Seeka announced on 14 May 2004 its intention to invest in Vital Foods Distribution Limited, owners and marketers of the Digestezy™ range of kiwifruit-based nutraceuticals.

Based on the kiwifruit enzyme complex Zyactinase™, their Digestezy™ products have been successfully launched in Germany and Australia as a natural form of relief for digestive disorders with impressive early sales. A worldwide distribution network is in place with the product to be launched into Asia, America, United Kingdom and New Zealand later this year.

This is an innovative investment by Seeka, linking us to the market in a non-commodity sector, while adding value from non-export kiwifruit. Seeka brings industry experience to Vital Foods' operations, strengthens its commercial governance, and enhances its equity position, placing Vital Foods in a strong position for the worldwide rollout of their product.

### Seeka – an industry leader

Kiwifruit growers have enjoyed a sustained period of good returns, with help from strong international demand, low production costs and a relatively low dollar. Our marketer Zespri has successfully exploited these and other factors to the advantage of all New Zealand growers.

The strengthening of the New Zealand dollar, coupled with increasing production, will exert downward pressure on fruit returns, and thus force the industry to closely monitor its costs.

Seeka is constantly looking at commercial opportunities or initiatives that provide value for our growers. On their behalf we actively promote mechanisms to improve efficiency, reduce costs and maximise returns.

Seeka is a strong supporter of Zespri as our single-desk marketer. We continue to refine and innovate the services and products we offer our growers. We will also continue promoting industry initiatives to reduce costs and make the industry more responsive to market demand, and thus ensure its long-term profitability.

### Looking forward

In 2004/05 Seeka reached a new milestone in the industry as the first post harvest business to process more than 10 million trays of export fruit in a season, and we expect to pack more than 11.8 million trays. We will continue to put in place the capacity and structures needed to support the forthcoming increases in volume.

Seeka has clear direction and leadership, and we continue to explore better ways of servicing the industry and look for profitable growth options.

We take this time to thank our growers for their support and our people and advisors for their dedication and service. We look forward positively.

**A.E (Tony) de Farias**  
Managing Director

**Brian Allison**  
Chairman



## financial statements

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## PRINCIPAL ACTIVITIES

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

## DIVIDENDS

An interim dividend was paid in February 2004 of 9 cents per share.

The Directors have declared a final fully imputed dividend of 9 cents per share to be paid 15 September 2004 to those shareholders registered at 5:00 pm, 10 September 2004. A provision for \$721,252, being 9 cents on 8,013,914 shares, is included in the Statement of Financial Position as at 31 March 2004.

The dividend reinvestment plan will apply to the final dividend.

## DIRECTORS HOLDING OFFICE DURING THE YEAR

The Directors holding office during the year were:

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

## USE OF COMPANY INFORMATION

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

## DIRECTORS SHAREHOLDING

Directors held the following shares at 31 March 2004:

Director	No of Shares Held
M J Cartwright	39,944
P G Dawe	11,233
P G Dawe - Omarama Farm Partnership	18,720
C R Morton	1,392,947

D J Emslie is a shareholder and director of Opotiki Packing and Coolstorage Limited which holds 1,093,900 shares.

E B Allison, D J Emslie and C R Morton hold 186,000 shares on behalf of the Staff Share Scheme.

E B Allison is a director of B&P Investments Limited whom hold 40,364 shares at balance date.



## SHARE DEALINGS

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

Director	No of Shares Acquired (Sold)	Consideration Paid (Received)	Date
M J Cartwright	3,129	\$3.00	5 June 2003
C R Morton	100,000	\$3.50	15 September 2003
M J Cartwright*	828	\$4.25	18 February 2004
P G Dawe*	233	\$4.25	18 February 2004
P G Dawe*	388	\$4.25	18 February 2004
C R Morton*	28,886	\$4.25	18 February 2004

\* Issued as a result of the dividend reinvestment scheme.

## REMUNERATION AND OTHER BENEFITS

Director	Director's Fees	Other Remuneration	Total
E B Allison	\$39,000		\$39,000
M J Cartwright	\$20,500	\$10,000	\$30,500
D J Emslie	\$20,500		\$20,500
P G Dawe	\$22,000		\$22,500
A E de Farias		\$246,267	\$246,267
C R Morton	\$20,500		\$20,500
J A Scotland	\$20,500		\$20,500

## REMUNERATION OF EMPLOYEES

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

Remuneration	No of Employees
\$110,000 - \$120,000	2
\$120,000 - \$130,000	1
\$150,000 - \$160,000	1

## DIRECTORS INTERESTS

During the year the Company undertook transactions with the directors as set out in Note 20 to the Financial Statements "Related Party Transactions".

Directors have disclosed the following particular directorships held by them:

M J Cartwright – Chairman of Seeka Growers Limited

P G Dawe – Chairman of Kiwigold Developments Limited

A E de Farias – Chairman of Golden Heights Limited and a director of Seeka Growers Limited and Kiwifruit Supply Research Limited

D J Emslie – a director of Opotiki Packing and Coolstorage Limited

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

## INDEMNITY INSURANCE

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

# statement of financial performance

for the year ended 31 March 2004

	Notes	GROUP		PARENT	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
OPERATING REVENUES	2	51,032	42,858	51,032	42,858
OPERATING EXPENSES	2	46,379	39,836	46,379	39,836
OPERATING SURPLUS BEFORE TAXATION		4,653	3,022	4,653	3,022
Taxation expense	3	1,566	1,031	1,566	1,031
<b>NET OPERATING SURPLUS ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>3,087</b>	<b>1,991</b>	<b>3,087</b>	<b>1,991</b>

# statement of movement in equity

for the year ended 31 March 2004

	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<i>Total recognised revenues and expenses for the period</i>				
Net surplus attributable to shareholders	3,087	1,991	3,087	1,991
Revaluation of land and buildings	118	970	118	970
<i>Contributions from owners</i>				
Sale of treasury stock	-	57	-	57
Shares issued	1,028	-	1,028	-
<i>Amalgamation of subsidiaries</i>	-	-	-	490
<i>Distributions to owners</i>				
Dividend paid	(713)	(464)	(713)	(464)
Dividend payable	(721)	(692)	(721)	(692)
<b>Movement in Equity for the Year</b>	<b>2,799</b>	<b>1,862</b>	<b>2,799</b>	<b>2,352</b>
<b>Equity at Beginning of the Year</b>	<b>22,284</b>	<b>20,422</b>	<b>22,322</b>	<b>19,970</b>
<b>EQUITY AT 31 MARCH 2004</b>	<b>25,083</b>	<b>22,284</b>	<b>25,121</b>	<b>22,322</b>

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

# statement of financial position

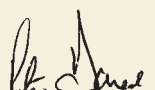
as at 31 March 2004

	Notes	GROUP		PARENT	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>EQUITY</b>					
Share capital	4	12,052	11,024	12,052	11,024
Reserves	5	3,721	3,602	3,721	3,602
Retained earnings	5	9,310	7,658	9,348	7,696
<b>TOTAL EQUITY</b>		<b>25,083</b>	<b>22,284</b>	<b>25,121</b>	<b>22,322</b>
<b>CURRENT ASSETS</b>					
Accounts receivable	6	3,270	3,834	3,270	3,834
Work in progress	7	8,832	7,877	8,832	7,877
Inventory	8	1,289	1,539	1,289	1,539
Income tax refund due	3	276	321	276	321
<b>TOTAL CURRENT ASSETS</b>		<b>13,667</b>	<b>13,571</b>	<b>13,667</b>	<b>13,571</b>
<b>NON CURRENT ASSETS</b>					
Advances	9	933	748	933	748
Investments	10	1,102	679	1,140	717
Property, plant & equipment	11	22,607	21,606	22,607	21,606
Leased property development costs	12	8,520	7,328	8,520	7,328
Goodwill	13	-	-	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>33,162</b>	<b>30,361</b>	<b>33,200</b>	<b>30,399</b>
<b>TOTAL ASSETS</b>		<b>46,829</b>	<b>43,932</b>	<b>46,867</b>	<b>43,970</b>
<b>CURRENT LIABILITIES</b>					
Bank overdraft	15	122	180	122	180
Accounts payable	14	3,203	3,128	3,203	3,128
Term liabilities	15	890	488	890	488
Provision for dividend		721	693	721	693
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,936</b>	<b>4,489</b>	<b>4,936</b>	<b>4,489</b>
<b>NON CURRENT LIABILITIES</b>					
Term liabilities	15	11,837	13,154	11,837	13,154
Provision for deferred taxation	16	4,973	4,005	4,973	4,005
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>16,810</b>	<b>17,159</b>	<b>16,810</b>	<b>17,159</b>
<b>TOTAL LIABILITIES</b>		<b>21,746</b>	<b>21,648</b>	<b>21,746</b>	<b>21,648</b>
<b>NET ASSETS</b>		<b>25,083</b>	<b>22,284</b>	<b>25,121</b>	<b>22,322</b>

On behalf of the Board:



E B Allison  
Chairman



P G Dawe  
Director

Dated: 17 June 2004

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



# statement of cashflows

for the year ended 31 March 2004

	Notes	GROUP		PARENT	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>OPERATING ACTIVITIES</b>					
<i>Cash was provided from:</i>					
Receipts from customers		51,629	42,115	51,629	42,115
Interest received		55	37	55	37
Dividend received		83	22	83	22
<i>Cash was disbursed to:</i>					
Payments to suppliers and employees		(46,198)	( 39,899)	( 46,198)	( 39,899)
Interest paid		(715)	(762)	(715)	( 762)
GST paid		61	(12)	61	(12)
Income taxes paid		(540)	(12)	(540)	(12)
<b>NET CASHFLOWS FROM OPERATING ACTIVITIES</b>	24	<b>4,375</b>	<b>1,489</b>	<b>4,375</b>	<b>1,489</b>
<b>INVESTING ACTIVITIES</b>					
<i>Cash was provided from:</i>					
Sale of property, plant & equipment		170	77	170	77
Repayment staff share trust advance		74		74	
Sale of investments		102	107	102	107
<i>Cash was applied to:</i>					
Purchase of property, plant & equipment		(2,695)	( 2,993)	(2,695)	(2,993)
Staff share trust advance		(599)	-	(599)	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(2,948)</b>	<b>(2,809)</b>	<b>(2,948)</b>	<b>(2,809)</b>
<b>FINANCING ACTIVITIES</b>					
<i>Cash was provided from:</i>					
Issue of shares		1,028	57	1,028	57
Proceeds of term debt		-	13,400	-	13,400
<i>Cash was applied to:</i>					
Term debt repayments		(915)	(10,695)	(915)	(10,695)
Other advances		(76)	(316)	(76)	(316)
Payment of dividend		(1,406)	(1,153)	( 1,406)	(1,153)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>(1,369)</b>	<b>1,293</b>	<b>(1,369)</b>	<b>1,293</b>
Net decrease in overdraft		58	(27)	58	(27)
Opening overdraft brought forward		(180)	(153)	(180)	(153)
<b>ENDING OVERDRAFT CARRIED FORWARD</b>		<b>(122)</b>	<b>(180)</b>	<b>(122)</b>	<b>(180)</b>

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

## NOTE 1 – STATEMENT OF ACCOUNTING POLICIES

### a. Reporting Entity

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

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

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

### b. Measurement Base

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

### c. Specific Accounting Policies

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

#### (i) Basis of Consolidation – Purchase Method

The consolidated financial statements include the holding company and its subsidiaries accounted for using the purchase method. All significant intercompany transactions are eliminated on consolidation. In the Company's financial statements investments in subsidiaries are recognised at their cost.

#### (ii) Valuation of Assets

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

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

Advances: Advances are stated at cost.

Investments: Investments have been valued at cost.

Property, Plant & Equipment: The Group has four classes of property, plant and equipment: Land; Buildings; Plant and equipment, motor vehicles, office furniture and equipment; and Leased plant and vehicles. All property, plant and equipment is initially recorded at cost. The land and buildings are revalued to their market values as assessed by an independent qualified valuer. Assets in these classes will be revalued on a systematic basis on a rolling 3 year cycle. Other plant & equipment have been valued at cost less accumulated depreciation.

#### (iii) Depreciation

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

Major depreciation periods are:

Freehold buildings	– 20 to 50 years
Plant and equipment	– 10 to 20 years
Motor Vehicles	– 4 to 7 years
Office furniture and equipment	– 3 to 10 years

# notes to the financial statements

for the year ended 31 March 2004

## *(iv) Goodwill*

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

Goodwill is amortised over a five year period.

## *(v) Taxation*

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

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

## *(vi) Leases*

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

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

## *(vii) Leased Property Development Costs*

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

Pre-production costs are accumulated and capitalised during the pre-production period. The accumulated costs are to be amortised by equal instalments over the remaining term of the lease commencing with the first year of significant production but with a maximum period of 10 years.

Property, plant & equipment are depreciated on a straight-line basis commencing with the first year of significant production but with a maximum depreciation period of 10 years.

## *(viii) The Kiwifruit Crop*

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

## *(ix) Financial Instruments*

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



(x) *Cashflows*

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

(xi) *Employee entitlements*

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

**d. Changes in Accounting Policies**

There has been no change in accounting policies.

All accounting policies have been applied on basis consistent with those used in previous years.

GROUP		PARENT	
2004	2003	2004	2003
\$000	\$000	\$000	\$000

**NOTE 2 – OPERATING REVENUES AND EXPENSES**

OPERATING REVENUES

*per the Statement of Financial Performance comprise:*

Sales	50,881	42,750	50,881	42,750
Interest income	68	53	68	53
Dividend income	83	22	83	22
Profit on sale of property, plant & equipment	-	33	-	33
<b>TOTAL OPERATING REVENUES</b>	<b>51,032</b>	<b>42,858</b>	<b>51,032</b>	<b>42,858</b>

OPERATING EXPENSES

*per the Statement of Financial Performance comprise:*

Materials and service expenses	33,686	28,721	33,686	28,721
Employee remuneration	9,040	7,681	9,040	7,681
Audit fees	25	22	25	22
Depreciation	1,996	1,777	1,996	1,777
Directors fees	143	112	143	112
Amortisation of goodwill	-	79	-	79
Interest	715	762	715	762
Loss on sale of property, plant & equipment	6	45	6	45
Rent & lease expenses	768	637	768	637
<b>TOTAL OPERATING EXPENSES</b>	<b>46,379</b>	<b>39,836</b>	<b>46,379</b>	<b>39,836</b>

# notes to the financial statements

for the year ended 31 March 2004

	Notes	GROUP		PARENT	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>NOTE 3 – TAXATION</b>					
<b>NET OPERATING SURPLUS BEFORE TAXATION</b>		<b>4,653</b>	<b>3,022</b>	<b>4,653</b>	<b>3,022</b>
Prima facie taxation		1,535	997	1,535	997
Add tax effect of non-deductible items		31	34	31	34
<b>INCOME TAX EXPENSE</b>		<b>1,566</b>	<b>1,031</b>	<b>1,566</b>	<b>1,031</b>
Tax paid		874	518	874	518
Taxation refund due		(276)	(321)	(276)	(321)
Deferred taxation liability	16	968	834	968	834
<b>INCOME TAX EXPENSE</b>		<b>1,566</b>	<b>1,031</b>	<b>1,566</b>	<b>1,031</b>
<b>IMPUTATION CREDIT ACCOUNT</b>					
<b>Balance at beginning of the year</b>		<b>1,117</b>	<b>1,666</b>	<b>1,117</b>	<b>1,666</b>
Net tax paid		554	15	554	15
Imputation credits attached to dividends received		41	5	41	5
Imputation on dividends paid		(692)	(569)	(692)	(569)
<b>BALANCE 31 MARCH 2004</b>		<b>1,020</b>	<b>1,117</b>	<b>1,020</b>	<b>1,117</b>

## NOTE 4 – SHARE CAPITAL

<b>SHARE CAPITAL AT 1 APRIL 2003</b>		<b>11,024</b>	<b>10,967</b>	<b>11,024</b>	<b>10,967</b>
Sale of treasury stock		-	57	-	57
Shares issued under staff share scheme		599	-	599	-
Shares issued under dividend reinvestment plan		378	-	378	-
Other share issues		51	-	51	-
<b>SHARE CAPITAL AS AT 31 MARCH 2004</b>		<b>12,052</b>	<b>11,024</b>	<b>12,052</b>	<b>11,024</b>

The capital of the Company comprises 8,013,914 (last year 7,704,267) ordinary shares fully paid up of which 8,005,715 (last year 7,696,068) are held by shareholders at balance date.

All shares have equal voting rights and share equally in dividends and surplus on winding up.

### Share Repurchase held as Treasury Stock

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

Notes	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000

## NOTE 5 – RESERVES

### ASSET REVALUATION RESERVE

<b>Balance at 1 April 2003</b>	<b>3,602</b>	<b>2,632</b>	<b>3,602</b>	<b>2,155</b>
Amalgamation of subsidiaries	-	-	-	477
Revaluation of property	119	970	119	970
<b>BALANCE AT 31 MARCH 2004</b>	<b>3,721</b>	<b>3,602</b>	<b>3,721</b>	<b>3,602</b>
Reserve arising from the revaluation of property				

### RETAINED EARNINGS

<b>Balance at 1 April 2003</b>	<b>7,658</b>	<b>6,823</b>	<b>7,696</b>	<b>6,848</b>
Amalgamation of subsidiaries	-	-	-	13
Net operating surplus attributable to shareholders	3,087	1,991	3,087	1,991
Dividend paid	(714)	(464)	(714)	(464)
Provision for dividend	(721)	(692)	(721)	(692)
<b>BALANCE AT 31 MARCH 2004</b>	<b>9,310</b>	<b>7,658</b>	<b>9,348</b>	<b>7,696</b>

## NOTE 6 – ACCOUNTS RECEIVABLE

Trade debtors	1,154	1,727	1,154	1,727
Owed by directors	-	83	-	83
Accrued income	1,054	1,219	1,054	1,219
Prepayments	710	348	710	348
GST refund due	352	348	352	348
Advances	-	109	-	109
	<b>3,270</b>	<b>3,834</b>	<b>3,270</b>	<b>3,834</b>

## NOTE 7 – WORK IN PROGRESS

<b>Orchard operating costs</b>	<b>8,832</b>	<b>7,877</b>	<b>8,832</b>	<b>7,877</b>
Total Canopy Hectares	445.00	475.11	445.00	475.11

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

## NOTE 8 – INVENTORY

Kiwifruit packaging	1,231	1,350	1,231	1,350
Other finished goods	58	189	58	189
<b>Total inventory</b>	<b>1,289</b>	<b>1,539</b>	<b>1,289</b>	<b>1,539</b>

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



# notes to the financial statements

for the year ended 31 March 2004

Notes	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000

## NOTE 9 – ADVANCES

Advances	933	748	933	748
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Advances are in respect of orchard leases and management contracts for specific projects where a lease or management contract is held. Repayment is from crop proceeds with the advance repayable within the term of the contract.

## NOTE 10 – INVESTMENTS

### Investment in subsidiary companies:

Shares in subsidiary companies	-	-	34	34
Advances to subsidiary companies	-	-	4	4

### Investments in associated companies:

Shares in and advances to Prendo Prepack Ltd	100	100	100	100
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### Other Investments:

Shares in Orchard Companies	117	114	117	114
Shares in Kiwifruit International Ltd	162	162	162	162
Shares in Zespri Group Ltd	155	149	155	149
Other shares	43	38	43	38
Notes issued by Zespri	-	116	-	116
Advance to staff share trust	23	525	-	525

<b>TOTAL INVESTMENTS</b>	<b>1,102</b>	<b>679</b>	<b>1,140</b>	<b>717</b>
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### Investments in Subsidiaries and Associated Companies Comprise:

	Percentage Held By Seeka Kiwifruit Industries Limited		Balance Date	
	2004	2003		
Seeka Management Services Ltd	100%	100%	31 March	Non Trading
Envirogro Ltd	100%	100%	31 March	Non Trading
Kiwifruit Supply Research Ltd	20%	20%	31 March	Research
Tauranga Kiwifruit Logistics Ltd	20%	20%	31 March	Supply Logistics
Prendo Prepack Ltd	25%	25%	31 March	Packing

All investments are directly owned by Seeka Kiwifruit Industries Limited.

	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>NOTE 11 – PROPERTY, PLANT &amp; EQUIPMENT</b>				
Land at valuation	2,530	2,410	2,530	2,410
Buildings at valuation	15,124	13,512	15,124	13,512
Plant & equipment, motor vehicles, office furniture & equipment at cost	13,444	12,777	13,444	12,777
Plant & vehicles under hire purchase	394	394	394	394
Accumulated depreciation	(8,885)	(7,487)	(8,885)	(7,487)
<b>NET BOOK VALUE</b>	<b>22,607</b>	<b>21,606</b>	<b>22,607</b>	<b>21,606</b>

Land and buildings are revalued to their estimated market value on a rolling three year cycle. The current year's valuations were completed by J L Middleton, ANZIV, independent registered valuer in March 2004. Subsequent additions are at cost.

Accumulated depreciation on buildings at valuation	479	336	479	336
Accumulated depreciation on plant & equipment, motor vehicles, office furniture & equipment	8,235	7,041	8,235	7,041
Accumulated depreciation on plant & vehicles under HP	171	110	171	110
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>8,885</b>	<b>7,487</b>	<b>8,885</b>	<b>7,487</b>
Current year depreciation on buildings at valuation	544	510	544	510
Current year depreciation on plant & equipment, motor vehicles, office furniture & equipment	1,391	1,193	1,391	1,193
Current year depreciation on plant & vehicles under HP	61	74	61	74
<b>TOTAL CURRENT YEAR DEPRECIATION</b>	<b>1,996</b>	<b>1,777</b>	<b>1,996</b>	<b>1,777</b>

## NOTE 12 – LEASED PROPERTY DEVELOPMENT COSTS

Kiwifruit vines, structures and plants	4,390	4,381	4,390	4,381
Pre-production costs	4,130	2,947	4,130	2,947
	<b>8,520</b>	<b>7,328</b>	<b>8,520</b>	<b>7,328</b>

These kiwifruit vines, structures and plants relate to orchards where the Company has a long term lease on a total of 106.16 hectares (last year 113.7) and production has not yet commenced. 25% will produce an initial crop for the 2004 season and the whole planting will produce significant crops in the 2005 season. The plantings are 28% in Hayward and 72% in Zespri™ Gold.

# notes to the financial statements

for the year ended 31 March 2004

	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>NOTE 13 – GOODWILL</b>				
<b>Balance 1 April 2003</b>	-	<b>83</b>	-	<b>83</b>
Goodwill paid	-	(4)	-	(4)
Amortisation of goodwill	-	(79)	-	(79)
<b>BALANCE 31 MARCH 2004</b>	-	-	-	-

## NOTE 14 – ACCOUNTS PAYABLE

Trade creditors	1,920	1,990	1,920	1,990
Accrued expenses	1,104	890	1,104	890
Employee entitlements	179	245	179	245
Owed to directors	-	3	-	3
	<b>3,203</b>	<b>3,128</b>	<b>3,203</b>	<b>3,128</b>

## NOTE 15 – TERM LIABILITIES

Various hire purchase and lease agreements	179	242	179	242
Debentures and mortgages secured over land, buildings and chattels	12,548	13,400	12,548	13,400
	<b>12,727</b>	<b>13,642</b>	<b>12,727</b>	<b>13,642</b>
Less current portion repayable within one year	890	488	890	488
<b>Portion due for repayment later than one year</b>	<b>11,837</b>	<b>13,154</b>	<b>11,837</b>	<b>13,154</b>

The Term Liabilities are repayable within:

Year	Average Interest Rate	GROUP		PARENT	
1 Year (lease liabilities)	8.6%	80	83	80	83
1 Year (other)	6.9%	810	405	810	405
2 Years	6.9%	5,640	6,369	5,640	6,369
3 Years & later	7.0%	6,197	6,785	6,197	6,785
		<b>12,727</b>	<b>13,642</b>	<b>12,727</b>	<b>13,642</b>

The bank overdraft is secured under the same debentures and mortgages as the term debt. The Company has total facilities of \$16,797,500 made up of an overdraft facility of \$500,000, a multi option credit facility of \$7,500,000, term loans of \$7,797,500 and a business finance line of \$1,000,000.

	GROUP		PARENT	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

## NOTE 16 – PROVISION FOR DEFERRED TAXATION

<b>Balance at 1 April 2003</b>	<b>4,005</b>	<b>3,171</b>	<b>4,005</b>	<b>2,724</b>
Provision for tax	968	834	968	834
Amalgamation of subsidiaries	-	-	-	447
<b>BALANCE AT 31 MARCH 2004</b>	<b>4,973</b>	<b>4,005</b>	<b>4,973</b>	<b>4,005</b>

The Provision for Deferred Tax is taxation provided on current profits but not due to be paid until after 31 March 2005 due to expenditure relating to later periods claimed for taxation purposes in the current period.

Deferred tax applicable to the operating costs on long term leases make up 28% (last year 24%) of the provision and tax relative to these costs will become payable as they are amortised in future years.

Deferred tax applicable to work in progress makes up 59% (last year 65%) of the provision and arises because of the accounting policy of accruing current season expenditure on orchards as work in progress while claiming the appropriate tax deductibility.

## NOTE 17 – COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided for

	822	256	822	256
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*Lease commitments under non-cancellable operating leases:*

Not later than one year	2,489	2,522	2,489	2,522
Later than one year not later than two years	1,508	1,438	1,508	1,438
Later than two years not later than five years	1,557	1,379	1,557	1,379
Later than five years	4,216	5,397	4,216	5,397
	<b>9,770</b>	<b>10,736</b>	<b>9,770</b>	<b>10,736</b>

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

## NOTE 18 – CONTINGENT LIABILITIES

The Westpac bank holds a guarantee for a bond of \$15,000 in favour of the New Zealand Stock Exchange. Guarantees of bank facilities for clients total \$228,821 (last year \$431,869). \$191,291 of this was discharged in April 2004. The guarantees are for bank loans to clients for specific projects. Securities are held to support the guarantees.



## NOTE 19 – FINANCIAL INSTRUMENTS

### CREDIT RISK

Financial Instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable.

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

Maximum exposures to credit risk as at balance date are:

	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Accounts receivable	2,560	3,486	2,560	3,486
Zespri notes	-	116	-	116
Advances	933	748	933	748

No collateral is held on the above amounts.

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

### LIQUIDITY RISK

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

### INTEREST RATE RISK

The interest rate on term debt are reviewed from time to time and currently range from 6.25% to 7.10% per annum.

The interest rate on the hire purchase are reviewed from time to time and are currently 8.6%.

### CURRENCY RISK

The Company has no direct currency risk.

### MARKET RISK

The Company has no significant market risk. The value of investments is anticipated to remain constant.

### FAIR VALUES

The carrying amount is considered to be the fair value for each of the financial instruments – bank accounts, accounts receivable, investments, creditors, and term debt.

## NOTE 20 – RELATED PARTY TRANSACTIONS

- (a) The Company undertakes transactions with the directors in the normal course of business, none of which were of a material nature. All transactions between the Company and directors are on normal commercial terms.
- (b) The Company has identified associates and subsidiaries in which it has an interest (Note 10).
- (c) No related party debts have been forgiven or written off during the year.

## NOTE 21 – SEGMENT INFORMATION

All trading activities of the Company relate to the kiwifruit industry.  
All activities are based in the Bay of Plenty, New Zealand.

## NOTE 22 – SIGNIFICANT EVENTS AFTER BALANCE DATE

On 12 May 2004 the Company announced its intention to purchase a 20% cornerstone shareholding in Vital Foods Distribution Limited. This acquisition will see the Company purchase 437,500 ordinary shares for cash paid in instalments over the 2004/2005 financial year. The Company will have the right to appoint one director to the Board of Vital Foods Distribution Limited. As the investment is a substantial holding and the Company participates in commercial and financial decisions, Vital Foods Distribution Limited will be equity accounted as an associate company in Seeka Kiwifruit Industries Limited's financial statements.

## NOTE 23 – EMPLOYEE STAFF SHARE SCHEME

	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Advances to staff share scheme	599	-	599	-
Dividends received	(17)	-	(17)	-
Advance repayments due to resignation	(57)	-	(57)	-
	<b>525</b>	<b>-</b>	<b>525</b>	<b>-</b>

On 15 October 2002 the Company established an Employee Share Scheme (ESS) and issued 206,000 ordinary shares at \$2.91 per share, being the market price at issue (ex dividend).

The scheme is managed by an independent Trust and the ESS borrowed \$599,460 from the Company to finance the scheme. This loan is interest bearing and the rate of interest and terms of repayment are at the Company's option. The Trust has no other external financing.

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

# notes to the financial statements

for the year ended 31 March 2004

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

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

At balance date the number of shares held by the ESS was 186,000 shares and the debt between the ESS and the Company totalled \$524,520.

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

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

## NOTE 24 – STATEMENT OF CASHFLOWS

Reconciliation of net operating surplus after taxation with cashflows from operating activities.

	GROUP		PARENT	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Net operating surplus after taxation</b>	<b>3,087</b>	<b>1,991</b>	<b>3,087</b>	<b>1,991</b>
<i>Add non cash items:</i>				
Depreciation	1,996	1,777	1,996	1,777
Movement in deferred tax	968	834	968	834
	<b>2,964</b>	<b>2,611</b>	<b>2,964</b>	<b>2,611</b>
<i>Add items not classified as an operating activity:</i>				
Amortisation of goodwill	-	83	-	83
Operating costs on leased properties	(1,183)	(1,208)	(1,183)	(1,208)
Profit on sale of property, plant & equipment	6	12	6	12
Purchase of property, plant & equipment included in accounts payable	(369)	434	(369)	434
Advances included in accounts receivable	(109)	11	(109)	11
	<b>(1,655)</b>	<b>(668)</b>	<b>(1,655)</b>	<b>(668)</b>
<i>Increase (decrease) in Working Capital:</i>				
Increase (decrease) in accounts payable	75	(58)	75	(58)
Decrease (increase) in accounts receivable	564	(619)	564	(619)
Decrease (increase) in inventory	250	(600)	250	(600)
Decrease (increase) in work in progress / prepayments	(955)	(1,337)	(955)	(1,337)
Decrease (increase) in taxes due	45	169	45	169
	<b>(21)</b>	<b>(2,445)</b>	<b>(21)</b>	<b>(2,445)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,375</b>	<b>1,489</b>	<b>4,375</b>	<b>1,489</b>



## Auditor's Report

### To the Shareholders of SEEKA KIWIFRUIT INDUSTRIES LIMITED

We have audited the financial statements on pages 14 to 28. The financial statements provide information about the past financial performance of the company and group and their financial position as at 31 March 2004.

This information is stated in accordance with the accounting policies set out on pages 17 to 19.

### Directors' Responsibilities

The directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 31 March 2004 and of their financial performance and cash flows for the year ended on that date.

### Auditor's Responsibilities

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

### Basis of Opinion

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

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

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

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

### Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records; and
- the financial statements on pages 14 to 28:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of the company and group as at 31 March 2004 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 17th June 2004 and our unqualified opinion is expressed as at that date.

Ingham Mora  
Tauranga





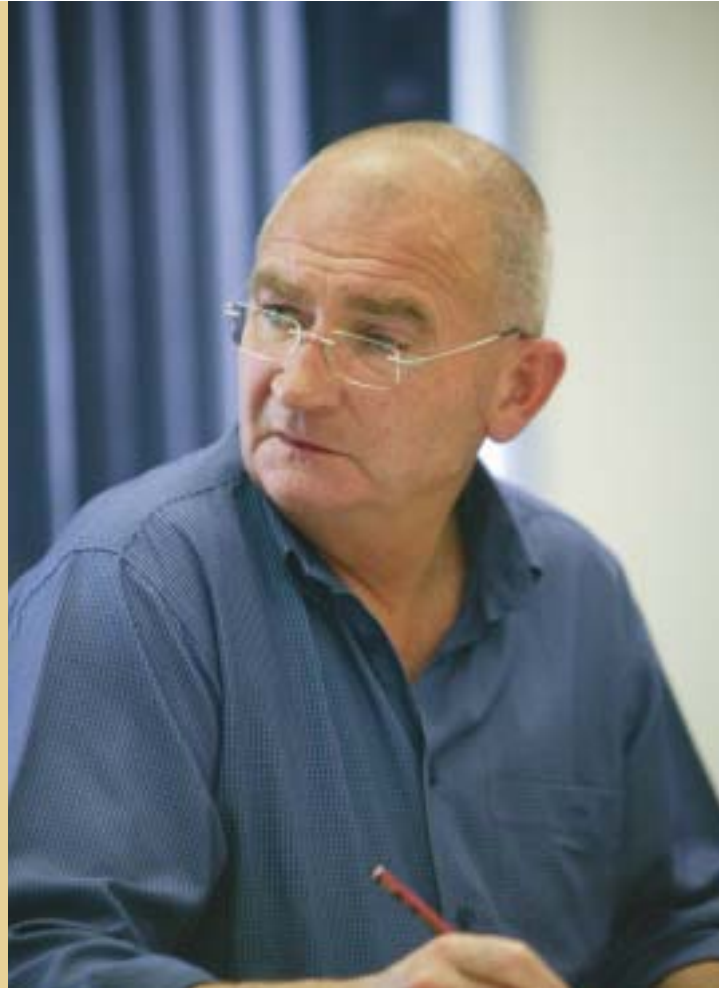
## corporate profile

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# directors



**Brian Allison**  
CHAIRMAN



**Peter Dawe**  
DEPUTY CHAIRMAN

## Committee Membership

	Remuneration Committee	Audit Committee
Brian Allison	Chairman	Member
Peter Dawe		Chairman
Malcolm Cartwright	Member	
David Emslie	Member	
Chris Morton	Member	
Jim Scotland		Member
Peter Wood	Secretary	Secretary



**Tony de Farias**  
MANAGING DIRECTOR



**Malcolm Cartwright**  
DIRECTOR



**David Emslie**  
DIRECTOR



**Chris Morton**  
DIRECTOR



**Jim Scotland**  
DIRECTOR



**Peter Wood**  
COMPANY SECRETARY

Seeka has clear direction and leadership, and we continue to explore better ways of servicing the industry and look for profitable growth options.



## management team



**Tony de Farias**  
MANAGING DIRECTOR

**Michael Franks**  
CHIEF FINANCIAL OFFICER

Seeka aims to be the employer of choice. We have embarked on an innovative programme aimed at rewarding employees and enabling them to participate and share in Seeka's performance.

**Rob Towgood**  
GENERAL MANAGER  
POST HARVEST OPERATIONS



**Steve Low**  
BUSINESS DEVELOPMENT  
MANAGER



**Bryan Grafas**  
OPERATIONS MANAGER  
ORCHARD DIVISION



**Jenny Lee**  
ACCOUNTANT

**Geoff Carey**  
FINANCIAL CONTROLLER

Our industry's seasonal demands place a heavy demand on our team. Harvest occurs in a compressed time frame with intense pressure to get the crop off and processed to maximise grower returns and minimise grower risk.

# post harvest key operational sites and management structure



## 1 Waimapu

Oropi Road, Tauranga  
Packhouse / Coolstore

## 2 Transpack/Transcool

Young Road, Te Puke  
Packhouse / Coolstore

## 3 Kiwi Kool Pak (KKP)

Maketu Road, Te Puke  
Packhouse / Coolstore

## 4 Pioneer

Te Maire Street, Mount Maunganui  
Coolstore

## 5 Kiwicoast

Te Matai Road, Te Puke  
Packhouse / Coolstore

## 6 MacLoughlin

No 3 Road, Te Puke  
Packhouse

## 7 Bayliss

No 3 Road, Te Puke  
Packhouse

## 8 Berrypack & Cool Class II

Maketu Road, Te Puke  
Packhouse / Coolstore





**Delwyn Anderson-Smith**  
SITE MANAGER WAIMAPU



**Jim Dunseath**  
SITE MANAGER RANGIORU / PIONEER

Transpack / Transcool  
KKP  
Pioneer



**Chris Kearns**  
SITE MANAGER KIWICOAST



**Dennis Galyer**  
PRODUCTION & PLANNING MANAGER  
SITE RESPONSIBILITIES

MacLoughlin  
Bayliss



**Doug Kirk**  
CLASS II OPERATIONS MANAGER



## Responsibilities and Functions of The Board

The Board of Directors is responsible for the direction and oversight of 'Seeka Kiwifruit Industries Limited and its Controlled Entities' (the company) on behalf of the shareholders. Responsibility for day to day operations and administration is delegated by the Board to the Managing Director and the senior management team.

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

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

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

## Composition of the Board

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

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

The Chairman and Deputy Chairman are elected annually by the Board at the first Directors Meeting following the AGM.

## Directors Dealings in Company Shares

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

## Committees

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

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

## Audit Committee

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

The responsibilities of the Audit Committee include:

- reviewing the annual reports
- liaising with the external auditors
- reviewing internal controls
- improving the quality of the accounting function.

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

## Remuneration Committee

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

Remuneration committee members:

- review the company's compensation policy and procedures for all employees
- review and recommend to the Board any changes regarding the Managing Director's and non-executive directors remuneration.

## Internal Control

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

## Business Risks

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

## The Role of the Shareholders

The shareholders appoint ordinary directors and the 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.

# directory

### Offices of Seeka Kiwifruit Industries Limited

**Head Office**  
6 Queen Street  
PO Box 47, Te Puke  
[www.seeka.co.nz](http://www.seeka.co.nz)

### Auditors

**Ingham Mora**  
Cnr Wharf and Durham Streets  
PO Box 222, Tauranga

### Accountants

**Wood Walton Chartered Accountants Limited**  
55 Eighth Avenue  
PO Box 2525, Tauranga

### Bankers

**Westpac Banking Corporation**  
Tauranga Branch  
Devonport Road  
PO Box 13-215, Tauranga

### Share Registrar

**BK Registries Limited**  
138 Tancred Street  
PO Box 384, Ashburton

### NZAX

[www.nzx.com](http://www.nzx.com)

# shareholder analysis

## Top 50 Shareholders as at 31 March 2004

SHAREHOLDER	Shares	SHAREHOLDER	Shares
Christopher R Morton	1,392,947	S R Nelmes & P R Hills & R A Nelmes & P R Hills	52,993
Opotiki Packing & Coolstorage Ltd	1,093,900	L J Christie	52,541
Christopher William Flood	397,786	T Hawthorne, G Hawthorne & PJG Benson	51,059
NZ & Central Securities Depository Limited	295,353	A R & H O Wright	48,172
J & P C Law	245,082	B J & L E Stapleton	47,164
W J & B E McGillivray & R E Lee	202,232	Te Puke Orchards (1997) Ltd	46,633
Allison, Emslie & Morton - Staff Share Scheme	186,000	J P & P J Jensen	43,018
Rod Bayliss Orchards Ltd	175,914	D N Cooke J M McLeod & L D Richardson	43,000
Burts Orchards (1997) Limited	128,263	Fairview Orchards (1997) Ltd	42,857
Deepdale Orchard Ltd	123,112	B & P Investments Ltd	40,364
W I Bowyer, H M Bowyer & P M Wood	120,528	M J Cartwright, H C Cartwright & others	39,944
Keith M Oakley & Margaret A S Oakley	91,923	D W Hay	36,868
T G & J D Newman	91,668	R G & B Y Russell	36,666
William V & Wendy J Flowerday	89,204	Peter M Burt	31,861
S Moss	86,751	Dennis J & Jeanette F Hicks	31,638
M C & H F Salt	83,016	Graeme B Lowe	30,666
N P Gray, W R J Gray, W Kameta & B Kingi	77,780	D T & G E Thomas	30,658
I D & N A Greaves & M Thompson	73,911	J W & N M Linton	29,983
A J N & J M Hill and V Brownrigg	72,457	E B May & C J McFadden	29,954
D C & M M Kirk & C Rejthar	62,765	V F May & C J McFadden	29,954
W R & A M Baldwin	59,190	J T & M A Robertson	29,017
Bowyer Orchards Limited	54,586	G K & D J Oakley	27,700
R A & D G Bibby	53,333	Howard R & Patricia J Joyce	27,174
Robyn M Coutts & Bailey Ingham Trustees Ltd	53,333	Bryan F Grafas	26,847
J A & D L Price	53,333	Peter B Moore	26,666

## Analysis of Shareholder by Size at 31 March 2004

Category	No. of Shareholders	Shares Held	Percentage of Shareholders	Shares	Average Holding
Up to 3,000 Shares	190	282,821	48.5%	3.5%	1,489
3,001 to 10,000 Shares	101	593,448	25.8%	7.4%	5,876
10,001 to 25,000 Shares	50	813,381	12.8%	10.1%	16,268
25,001 to 100,000 Shares	40	1,963,147	10.2%	24.5%	49,079
100,001 Shares or more	11	4,361,117	2.8%	54.4%	396,465
<b>Total</b>	<b>392</b>	<b>8,013,914</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20,444</b>

## Analysis of Shareholder by Occupation

Category	No. of Shareholders	Shares Held	Percentage of Shareholders	Shares	Average Holding
Kiwifruit Growers	234	4,569,446	59.7%	57.0%	19,528
Other Investors	158	3,444,468	40.3%	43.0%	21,800
<b>Total</b>	<b>392</b>	<b>8,013,914</b>	<b>100.0%</b>	<b>100.0%</b>	<b>20,444</b>



## our mission

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

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

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



6 Queen Street, Te Puke  
PO Box 47, Te Puke, New Zealand  
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[www.seeka.co.nz](http://www.seeka.co.nz)