ANNUAL REPORT

31 MARCH 2008

SEEKA KIWIFRUIT INDUSTRIES LIMITED

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Summary

> Profit after tax of $2.576m compared with $5.459m for 2007.

> Operating cash flow $5.252m for the six months compared with $4.297m.

> Full year forecast profit after tax between $2.2m and $3.0m reflecting significantly lower fruit returns from Zespri.

> High fruit loss despite timely harvest, increased capacity and successful labour strategy.

> New orchard lease package developed (Total Value Lease) to improve orchard profitability.

> Oakside Gold Grader successfully commissioned.

Overview

Seeka has recorded an audited operating surplus after tax for the year ended 31 March 2008 of $2.576m compared with $5.459m in 2007. This result is consistent with the forecast in the interim report and reflects the effect of reduced orchard earnings.

Orchard revenues were significantly reduced, impacting on the profitability of orcharding and orchard leasing. The reduction was due to lower market pricing, particularly from Europe, high supply chain and compliance costs, and the effects of a high New Zealand dollar against key trading currencies.

Financially, the Company's post harvest operations continued to perform strongly. However the division delivered higher fruit loss. The Company has implemented a series of significant changes to return this key performance indicator to best practice.

Cash flow from operations for the year totalled $5.252m comparing with $4.297m in 2007. The improvement is largely the effect of the sale of South Auckland Pack and Cool and does not fairly reflect the impact of reduced orchard earnings. Uncertainty about the forecast orchard gate returns at the time of the interim report, combined with likely slow distributions from Zespri, led the Company to review its capital programme and suspend the dividend. Such action was dramatic but, given the level of uncertainty, prudent.

During the year Seeka has fully transitioned to International Financial Reporting Standards (IFRS). All results included in this report are compliant with the new standards and the conversion to IFRS has affected both the 2008 financial results and the 2007 comparatives.

Stronger currency and increased volumes impact on orchard returns

Harvest 2007 yielded a large crop. Industry Green volumes increased by 18% to 70.1m trays and Gold 15% to 19.8m trays. Zespri's marketing team completed an excellent job in handling the increased volumes. The dramatic increase in crop, however, resulted in changes in market mix with a higher proportion of product sold in lower returning markets thereby lowering the overall return. In most countries in-market prices remained firm. However European returns were impacted by late supply with large volumes sold late in the season.

Compounding the market mix effect, the New Zealand dollar continued to increase against key trading currencies. This strengthening in currency led to a significant decline in New Zealand dollar returns and accordingly returns from Zespri declined by $1.20 per tray Green (to $6.30), $0.69 per tray Gold (to $8.81) and $1.14 per tray Green Organic (to $8.15).

Across the kiwifruit industry, businesses and orchardists suffered the consequences of low fruit revenues, increasing costs and an increasingly complex product specification. While Seeka's orchard operations delivered excellent production, profile and yields, the performance could not offset the dramatic decline in fruit returns. Accordingly orchard leasing returned a loss in 2007.

In response to unsatisfactory profit levels, the Company committed to a comprehensive programme to reduce costs, implement new financial structures in orchard leasing operations, pursue innovation to increase efficiency, invest in core capacity and divest non-core assets.

Operational Review

Post harvest innovation leads to efficiency and timing gains, but fruit loss remains high

Seeka achieved a record harvest of 21.2m trays, 1.4m trays above expectation and 1.2m trays ahead of 2006. Importantly the harvest was completed 10 June 2007, significantly earlier than last season.

More than 350 overseas workers were employed via the Assisted Immigration Programme (AIP) to complement local labour supply, providing the Company with a reliable and stable workforce. Despite a tight domestic labour market, seasonal labour was not a restricting factor.

Accommodation for seasonal workers was developed at the 'Kiwi Corral'. This facility offers workers good quality, cost efficient accommodation close to their place of work. The accommodation facility, labour strategy and overseas workforce proved to be successful and made an important contribution to the significant improvement in harvest timing.

The Company invested in new capacity through the design and installation of the new Gold grader at Oakside. Initial commissioning issues, primarily due to new labelling technology incorporated in the machine, were compounded by a fragile crop. After commissioning the new grader delivered excellent soft handling characteristics at an efficient price to our growers of Gold kiwifruit. Gold handling continues to challenge the industry with a fragile crop susceptible to physical damage impacting on quality and efficiency. This new grader makes significant advances, and combined with a multi-site Gold handling strategy and picking quality programmes, the Company is making considerable improvements in Gold handling.

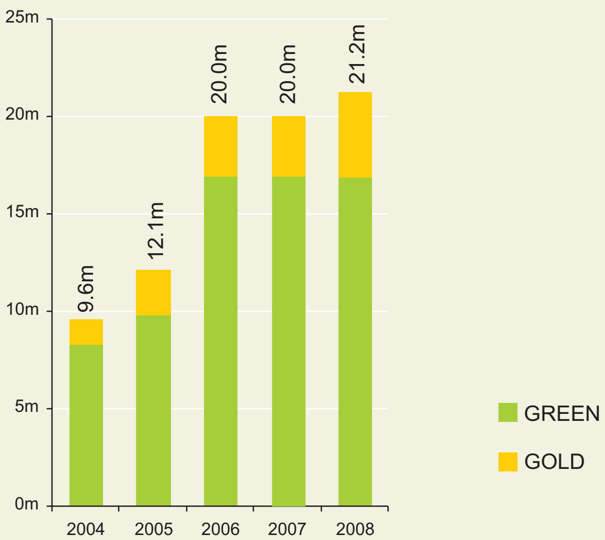
Fruit inventory remained challenging. Green and Gold fruit loss was unacceptably high. The Company struggled to adapt to the new Gold colour conditioning protocols and thus move fruit at its optimum, with the concentration of the entire Gold crop at one site unnecessarily heightening risk. Issues were compounded by the industry's new ECPI wharf side quality system which increased the amount of product that had to be reworked before it could be shipped.

Green fruit loss, while better than 2006, also needs further improvement. The Company had to handle 1.4m trays more than expected and had to contend with a late selling season slowing product movement. Storage demand outstripped static capacity and the Company had to lease out-of-region coolstores. Better volume estimation will improve the Company's planning and capacity provisioning, with inventory management, load out performance and planning procedures all having been reviewed. A number of changes have been implemented to improve performance in 2008.

To take advantage of a stronger outlook for the Organic category, the Company has launched the WaimapuOrganics brand. Based at the Waimapu facility, WaimapuOrganics provides growers with a one-stop full organics service, which has already attracted new growers to the Company.

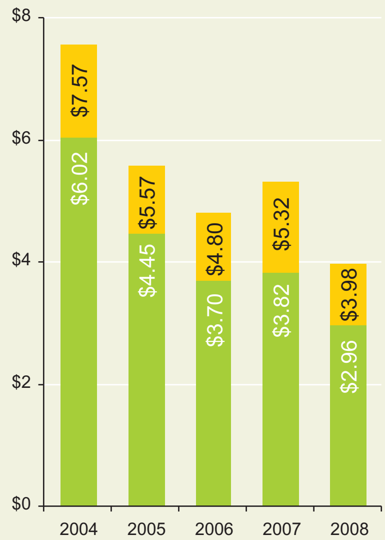
In summary, while the harvest and post harvest operations have improved their operational and financial performance over 2007, further improvement is required to achieve best practice in fruit loss.

TOTAL TRAYS PACKED



Financial year ended 31 March

ORCHARD GATE RETURNS PER TRAY



Orchard operations return a loss

The Company grew a record crop with 7.5m trays of Green and 2.1m trays of Gold harvested from the Company's total orchard operations. Excellent management practices delivered good yields and crop profile.

Lower orchard gate returns, however, made many Seeka leases unprofitable and reduced returns to long term leases. This created an EBIT loss from orchard operations.

Seeka is not relying on an exchange rate correction to improve financial performance, and cannot wait for Zespri to achieve simplification of the supply chain to save costs. Uneconomic leases will not be renewed on the same basis. A new payment structure has been introduced that more fairly shares the risks and rewards with orchard owners. The new 'Total Value Lease' will improve orchard earnings from 2009 as leases are progressively renewed. Any improvement in fruit returns will advance these earnings.

In addition to the 'Total Value Lease', the Company has divested its 50% share in South Auckland Pack and Cool and its interest in South Auckland leases, with 134 hectares transferred to new owners. While Seeka retains some financing exposure, this divestment provides immediate financial benefits to the business.

Positive changes in 2008

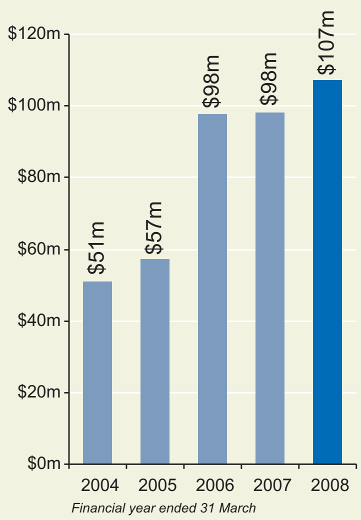
The Company has embarked on a series of changes to improve post harvest performance based on an operational hub structure. The hubs geographically group post harvest sites into manageable operating units with hub managers accountable for fruit from harvest to load out. Orchards are assigned pre-harvest to a hub with estimated volumes in balance with the hub's processing and coolstorage capacity. All coolstores were independently assessed to improve understanding of plant capacity and coolchain management. Each hub has an inventory manager, a new position charged with improving inventory knowledge and fruit performance.

Aligned to the reorganisation of post harvest, a new department has been introduced to formalise the role of the Zespri-registered supplier Integrated Fruit Supply and Logistics Limited (IFSL) with its three supplying companies, Seeka, OPAC and SAPAC. The IFSL team, under the leadership of its general manager, negotiates with Zespri and coordinates orders between Zespri, IFSL and the supplying companies to optimise delivery performance. Separated from post harvest, IFSL ensures that a planned and professional service is delivered to all supplying companies and Zespri.

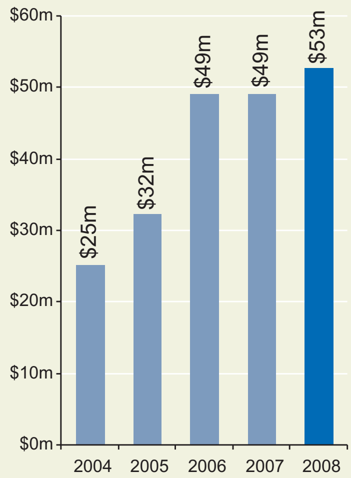
A new performance-driven post harvest contract has been developed and agreed with Seeka Growers Limited that rewards the Company and its growers for performance. For example growers for 2008 are charged coolstorage on trays loaded out as opposed to the prior practice of charging on trays loaded in to store. This rewards the Company, and growers, for delivering more fruit in specification to Zespri.

The Company remains focused on improving processing efficiency through automation, with a new automatic pallet strapper machine installed at Oakside for 2008. However, as any investment must be financially sustainable in a compressed kiwifruit season, a number of other automation projects have been evaluated and discarded.

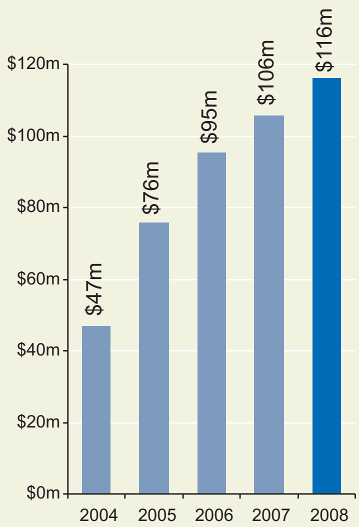
REVENUE



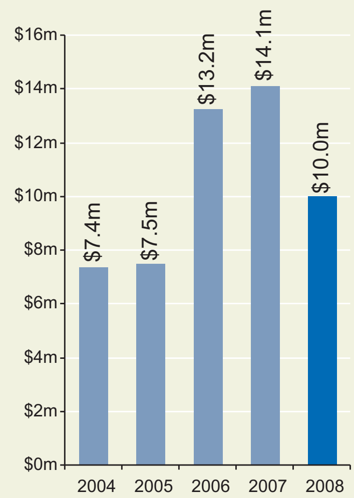
SHAREHOLDER FUNDS



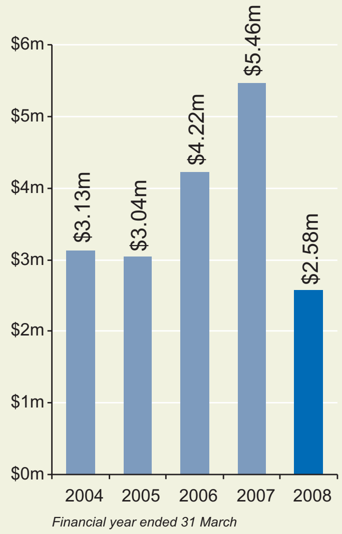
ASSETS



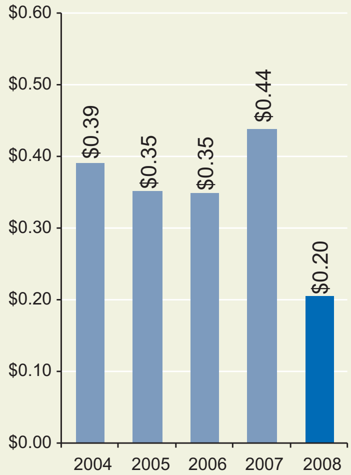
EBITDA



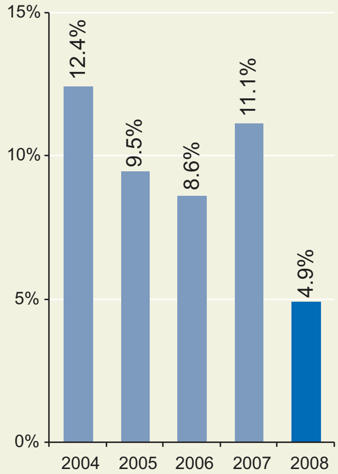
NPAT



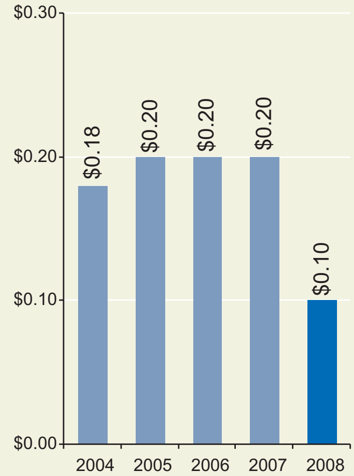
EPS NPAT



NPAT ON NET ASSETS



DIVIDEND PER SHARE



SeekaFresh — positive growth potential

SeekaFresh is a growth division for the Company, marketing kiwifruit and avocados in Australia and New Zealand.

SeekaFresh has solid experience in delivering fruit to the Australian wholesale and retail markets through Freshco and the Fresh Produce Group in Australia, with a long history of supplying Woolworths Australia and meeting the strict quality requirements of their quality assurance programme.

In 2008, SeekaFresh was appointed one of two suppliers to Progressive Enterprises. Progressive Enterprises operate some 160 supermarkets in New Zealand. This appointment provides a growth opportunity for the Company and its growers along with a challenge of meeting the strict demands of a short supply chain and a discerning, quality-conscious customer.

Our people our future

Seeka continues to focus on developing tomorrow's leaders, with programmes in place to develop our talent pool. A highlight was a secondment to the Venida packhouse in California as they harvested and packed Gold for Zespri. In addition to kiwifruit processing, experience was gained from other packhouses and different soft fruit handling techniques. This programme will be expanded in 2008 with the potential to send four placements overseas.

Seeka remains committed to investing in its people, recognising the important contribution they make to the ongoing success of the Company and the industry.

Outlook

Seeka has committed to a comprehensive series of changes to improve financial performance including the introduction of the 'Total Value Lease' to more fairly share risk and reward between orchard owners and Seeka. The roll out of the 'Total Value Lease' will yield results from 2009, with any rise in orchard gate returns accelerating the uplift in earnings.

The Company has restructured the post harvest division to deliver better fruit performance and this along with fundamental changes to the contractual terms with Seeka Growers Limited will deliver improved financial returns to both growers and the Company.

Close

During the year, Mr Chris Morton announced his retirement as Company director. Seeka is grateful to Mr Morton for his long service and leadership. He has been a strong and loyal supporter of the Company.

Kim Ellis
Chairman

Michael Franks

Michael Franks
Chief Executive

KEY MARKET INDICATORS FOR SEEKA GROUP	2007/2008 ACTUALS (IFRS)	2006/2007 ACTUALS (IFRS)	2005/2006 ACTUALS	2004/2005 ACTUALS	2003/2004 ACTUALS
Volumes					
Market Share	21.0%	21.4%	21.2%	13.6%	14.1%
Supplying Hectares	2,473	2,669	2,380	1,457	1,423
Post Harvest Operations					
Total Gross Packed Trays	21,197,603	20,018,520	19,997,109	12,102,192	9,574,299
Trays Packing Class 1	20,023,047	18,707,257	18,279,536	11,131,052	8,828,629
Trays Coolstorage	22,884,954	21,010,303	20,133,691	11,287,307	8,955,189
Class 2 Tray Equivalents	1,174,556	1,311,263	1,717,573	971,140	745,670
Orcharding Operations					
Orchard Production Trays	7,472,921	5,398,356	4,747,714	3,465,961	3,023,920
Orchard Production Hectares	863	694	579	441	468
Orchard Production Trays per Hectare	8,663	7,784	8,196	7,859	6,461
Orchard Gate Returns per Tray					
Green	$2.96	$3.82	$3.70	$4.45	$6.02
Gold	$3.98	$5.32	$4.80	$5.57	$7.57
KEY FINANCIAL INDICATORS FOR SEEKA GROUP					
Total Income ($000s)	$107,382	$98,107	$97,736	$57,128	$51,032
Net Profit Before Tax ($000s)	$2,030	$7,092	$5,291	$4,443	$4,653
Total Assets ($000s)	$116,104	$105,750	$95,287	$75,894	$46,829
Total Shareholders Funds ($000s)	$52,671	$49,084	$49,035	$32,204	$25,083
Total Interest Costs ($000s)	$3,288	$2,773	$3,396	$1,111	$715
Total Amortisation ($000s)	$584	$378	$830	-	-
Total Depreciation ($000s)	$4,079	$3,844	$3,699	$1,926	$1,996
Shareholder Equity Ratio %	45%	46%	51%	42%	54%
NPAT per Share	$0.20	$0.44	$0.35	$0.35	$0.39
Dividend per Share	$0.10	$0.20	$0.20	$0.20	$0.18
Dividend % of NPAT	50%	44%	57%	55%	46%
Share Price (at balance date)	$2.16	$3.95	$3.20	$4.50	$4.32
NPAT on Net Assets	5%	11%	9%	9%	12%
Total Shareholders	791	825	812	526	398
Net Asset Backing	$4.18	$3.90	$4.05	$3.71	$3.13
Total Shares on Issue	12,599,995	12,599,995	12,095,685	8,669,936	8,013,914
EBITDA ($000s)	9,981	14,087	13,215	7,480	7,364
EBITDA % of Sales	9%	14%	14%	13%	14%
EBITDA on Net Assets	19%	29%	27%	23%	29%

Disclosures as required by Section 211 of the Companies Act 1993

PRINCIPAL ACTIVITIES

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

DIVIDENDS

A fully imputed interim dividend for the 2007 financial year was paid on 9 February 2007 of 10 cents per share.
A fully imputed final dividend for the 2007 financial year was paid on 20 June 2007 of 10 cents per share.

DIRECTORS HOLDING OFFICE DURING THE YEAR

The directors holding office during the year were:

E B Allison (2)
M J Cartwright
P G Dawe (1)
D J Emslie (1)
C R Morton (4)
J A Scotland (1)
K R Ellis (1) (3)

(1) Independent Directors
(2) Retired 10 August 2007
(3) Appointed 1 June 2007
(4) Retired 19 February 2008

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 2008:

Current Directors	No of Shares Held
M J Cartwright	54,294
P G Dawe	17,097
P G Dawe - Omarama Farm Partnership	41,824
D J Emslie	155,348
J A Scotland - Scotland's Farms Limited	52,120
Past Directors	
C R Morton	2,363,608

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

SHARE DEALINGS

During the year no directors acquired (or sold) interests, either directly or indirectly, in ordinary shares issued by the Company.

REMUNERATION AND OTHER BENEFITS

Director	Directors Fees	Other Remuneration	Total
K R Ellis	46,667	-	46,667
E B Allison	23,563	-	23,563
M J Cartwright	35,000	-	35,000
D J Emslie	35,000	-	35,000
P G Dawe	40,000	-	40,000
C R Morton	35,000	-	35,000
J A Scotland	35,000	-	35,000

REMUNERATION OF EMPLOYEES

The Company has 20 (2007: 15) employees that are not directors whose remuneration and benefits exceed $100,000 in the financial year.

Remuneration	2008 No of Employees	2007 No of Employees
$100,000 - $110,000	7	4
$110,000 - $120,000	3	2
$120,000 - $130,000	1	1
$130,000 - $140,000	1	2
$140,000 - $150,000	2	2
$170,000 - $180,000	1	1
$180,000 - $190,000	2	1
$190,000 - $200,000	1	1
$200,000 - $210,000	1	-
$280,000 - $290,000	1	-
$310,000 - $320,000	-	1

DIRECTORS INTERESTS

During the year the Company undertook transactions with the directors as set out in Note 33 to the financial statements "Related Party Transactions" Directors have disclosed the following particular directorships held by them:

E B Allison - Director of B & P Investments Limited.

M J Cartwright - Chairman and shareholder, as trustee, of Seeka Growers Limited

P G Dawe - Chairman of Kiwigold Developments Limited.

D J Emslie - Director of Opotiki Packing and Coolstorage Limited, DCD Orchards Limited and Seeka Growers Limited.

J A Scotland - Deputy Chairman 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.

Income Statement

for the year ended 31 March 2008

	Notes	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
Revenue	7	106,868	96,682	105,308	96,682
Direct operating costs	8	90,771	77,925	89,540	78,055
Gross operating profit		**16,097**	**18,757**	**15,768**	**18,627**
Other income	7	514	1,425	825	1,510
General and administrative costs		7,022	6,346	6,707	6,347
Depreciation and amortisation expense		4,663	4,222	4,596	4,201
Finance costs		3,288	2,773	3,283	2,772
Share of loss (profit) of associates	20	(392)	(251)	-	58
Total expenses	8	**14,581**	**13,090**	**14,586**	**13,378**
Profit before income tax		**2,030**	**7,092**	**2,007**	**6,759**
Income tax expense	9	(546)	1,633	(531)	1,597
NET OPERATING PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**2,576**	**5,459**	**2,538**	**5,162**
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY DURING THE YEAR					
Earnings per share (cents)	30	0.20	0.44	0.20	0.41
Diluted earnings per share (cents)	30	0.20	0.44	0.20	0.41

The accompanying notes form an integral part of these financial statements

Balance Sheet as at 31 March 2008

		CONSOLIDATED		PARENT	
	Notes	2008 $000	2007 $000	2008 $000	2007 $000
EQUITY					
Share capital	25	28,878	28,735	28,878	28,735
Reserves	26	7,360	5,231	7,360	5,231
Retained earnings	26	16,433	15,118	16,010	14,733
TOTAL EQUITY		**52,671**	**49,084**	**52,248**	**48,699**
CURRENT ASSETS					
Cash and cash equivalents	10	83	16	83	-
Trade and other receivables	11	8,277	7,011	8,277	6,865
Short term lease prepayments		14,435	15,657	14,435	15,657
Inventories	12	6,957	3,930	6,957	3,886
Financial derivatives	13	31	126	31	126
Investments held for sale	28	3,389	-	3,370	-
Current tax receivables	9	1,093	669	1,093	693
TOTAL CURRENT ASSETS		**34,265**	**27,409**	**34,246**	**27,227**
NON CURRENT ASSETS					
Advances		1,134	1,156	1,134	877
Property, plant and equipment	15	60,160	56,172	60,160	55,871
Intangible assets	16	2,591	2,765	2,591	2,708
Available for sale financial assets	17	3,593	3,515	3,593	3,515
Biological assets	18	9,424	9,618	9,424	9,618
Investment in subsidiaries	19	-	-	39	39
Investment in associates	20	4,937	4,885	4,494	4,533
Investment in joint ventures	28	-	230	-	464
TOTAL NON CURRENT ASSETS		**81,839**	**78,341**	**81,435**	**77,625**
TOTAL ASSETS		**116,104**	**105,750**	**115,681**	**104,852**
CURRENT LIABILITIES					
Bank overdraft	10	-	-	-	1
Trade and other payables	21	9,433	7,178	9,433	6,687
Provision for onerous leases	23	84	667	84	667
Interest bearing liabilities	24	19,570	12,130	19,570	12,130
Financial derivatives	13	56	-	56	-
TOTAL CURRENT LIABILITIES		**29,143**	**19,975**	**29,143**	**19,485**
NON CURRENT LIABILITIES					
Provision for onerous leases	23	45	620	45	620
Interest bearing liabilities	24	24,000	26,011	24,000	26,000
Deferred tax	22	10,245	10,060	10,245	10,048
TOTAL NON CURRENT LIABILITIES		**34,290**	**36,691**	**34,290**	**36,668**
TOTAL LIABILITIES		**63,433**	**56,666**	**63,433**	**56,153**
NET ASSETS		**52,671**	**49,084**	**52,248**	**48,699**

On behalf of the Baord

Kim Ellis
Chairman

Peter Dawe
Director

Dated: 12 June 2008

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

for the year ended 31 March 2008

	Notes	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
Net profit attributable to shareholders		2,576	5,459	2,538	5,162
Revaluation of land and buildings	26	2,392	912	2,392	912
Revaluation of available for sale financial assets	17	(281)	-	(281)	-
Realisation of available for sale reserve		-	(91)	-	(91)
Employee share option expense	26	18	28	18	28
Total recognised income		**4,705**	**6,308**	**4,667**	**6,011**
Shares issued	25	143	1,477	143	1,477
Contribution from owners		**143**	**1,477**	**143**	**1,477**
Dividends paid		(1,261)	(2,466)	(1,261)	(2,466)
Distributions to owners		**(1,261)**	**(2,466)**	**(1,261)**	**(2,466)**
Movement in equity for year		**3,587**	**5,319**	**3,549**	**5,022**
Equity at beginning of year		**49,084**	**43,765**	**48,699**	**43,677**
EQUITY AT END OF YEAR		**52,671**	**49,084**	**52,248**	**48,699**

The accompanying notes form an integral part of these financial statements

Cash Flow Statement

for the year ended 31 March 2008

	Notes	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		104,915	94,647	104,758	92,875
Interest and dividends received		667	610	678	609
Cash was disbursed to:					
Payments to suppliers and employees		(97,541)	(87,411)	(97,100)	(86,048)
Interest paid		(3,132)	(2,770)	(3,132)	(2,766)
Income taxes paid		343	(779)	378	(778)
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	**5,252**	**4,297**	**5,582**	**3,892**
INVESTING ACTIVITIES					
Cash was provided from:					
Sale of property, plant and equipment		(10)	190	(3)	190
Sale of available for sale investments		42	326	42	240
Repayment of employee share scheme advance		140	143	140	143
Repayment of advances		57	-	41	-
Cash was applied to:					
Purchase of property, plant and equipment		(6,294)	(6,579)	(6,294)	(6,339)
Employee share scheme advance		-	(700)	-	(700)
Purchase of available for sale investments		(727)	(1,226)	(425)	(976)
Advances relating to held for sale asset		(2,564)	-	(3,181)	-
Long term lease development		-	(103)	-	(103)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(9,356)**	**(7,949)**	**(9,680)**	**(7,545)**
FINANCING ACTIVITIES					
Cash was provided from:					
Proceeds of term bank borrowings		-	3,007	-	2,996
Proceeds of short term bank borrowings		6,440	6,079	6,440	6,079
Issue of shares		3	899	3	894
Cash was applied to:					
Repayment of term debt		(1,011)	-	(1,000)	-
Payment of dividend		(1,261)	(2,466)	(1,261)	(2,466)
Settlement mandatory notes		-	(4,000)	-	(4,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**4,171**	**3,519**	**4,182**	**3,503**
Net increase (decrease) in cash flow		**67**	**(133)**	**84**	**(150)**
Opening cash (overdraft) brought forward		**16**	**149**	**(1)**	**149**
ENDING CASH (OVERDRAFT) CARRIED FORWARD	10	**83**	**16**	**83**	**(1)**

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 March 2008

NOTE 1. REPORTING ENTITY

Seeka Kiwifruit Industries Limited and its subsidiaries (together the Group) provides and manages service activities to the horticultural industry. 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 Market (NZSX). 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 March 2008 comprise the Company and its subsidiaries and interest in associates. The address of its registered office is Wood Walton Chartered Accountants Limited, 55, 8th Avenue Tauranga.

NOTE 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 Practice (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 also comply with the requirements of the Financial Reporting Act 1993, the Companies Act 1993 and International Financial Reporting Standards (IFRS).

Application of NZ IFRS 1 First time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS 1)

Financial statements of Seeka Kiwifruit Industries Limited for reporting periods up to 31 March 2007 had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing the Seeka Kiwifruit Industries Limited financial report for the year ended 31 March 2008, the Company has amended certain accounting and valuation methods applied in the previous NZ FRS financial statements to comply with NZ IFRS. The comparative figures were restated to reflect these adjustments

Reconciliations and descriptions of the effect of transition from previous NZ FRS to NZ IFRS on the Company and Group's equity and its net income are given in Note 35.

Entities reporting

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

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.

Accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Company to exercise its judgement in the process of applying the company's 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.

b. Principals of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries, associates and joint ventures of Seeka Kiwifruit Industries Limited ('Company') as at 31 March 2008 and their results for the year then ended. Seeka Kiwifruit Industries Limited and its subsidiaries, associates and joint ventures 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 Group has the power to govern 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.

The purchase 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, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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% or more of the voting rights or 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 is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable 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.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

iii) Jointly controlled entities

The Group's interest in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the jointly controlled entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Profits or losses on transactions establishing the jointly controlled entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the jointly controlled entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

c. Segment reporting

The Group's primary reporting format is business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

d. Functional currency

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

Notes to the Financial Statements for the year ended 31 March 2008

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 Company. Revenue is recognised as follows:

i) Sales of services

The Group provides services to the post harvest sector that include fruit packing, cool-storage and associated activities. Sales of these services are recognised in the accounting period in which the services are rendered.

ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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 income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 either 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.

This deferred tax 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.

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 Income Statement has been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

h. Cash and cash equivalents

Cash and cash equivalents includes 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

i. 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 income statement 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.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement 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.

j. 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).

k. 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 less the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

l. Inventories

Raw materials and stores, work in progress and finished goods 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.

m. 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 Company 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 Company. 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 balance sheet.

Notes to the Financial Statements for the year ended 31 March 2008

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 Company intends to dispose of the investment within 12 months of the balance sheet 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 company 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 income statement 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 equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold, the accumulated fair value adjustments are included in the income statement 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 is not active (and for unlisted securities), 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.

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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

n. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The change in fair value is recognised in the income statement. Refer to Note 13.

o. Non-current assets held for sale

Upon determination that a sale by the Group is highly probable, assets who's carrying amount will be recovered principally through a sale transaction rather than continued use will be reclassified on the face of the balance sheet as a held for sale asset.

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

p. Trade and other payables

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

q. 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 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 the balance sheet date. The quoted market price used for financial assets held by the company 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. 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 is calculated as the present value of the estimated future cash flows. The fair value of swap options are determined using standard option pricing models.

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 liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

r. Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. 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, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 income statement during the financial period in which they are incurred.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 carrying amount. These are included in the income statement. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

s. Borrowings

Borrowings are recognised initially at fair value, net of costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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 the balance sheet date.

t. 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.

Notes to the Financial Statements for the year ended 31 March 2008

u. 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).

v. 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) Employee staff share scheme

The company operates an equity settled, share based compensation plan. 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, 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. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

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

The scheme was managed by a trust established in October 2002 and the trust directors also hold office as directors of Seeka Kiwifruit Industries Limited. Effective 19 February 2008, management functions for the scheme were transferred to Seeka Employee Share Plan Trustees Limited.

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

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

The ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Company will review the scheme and decide upon the allocation of further shares and the price at which those shares will be issued to the ESS. All shares allocated are fully paid up.

The Trustees of the 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. Further, the employees participating in the ESS are unable to exercise voting rights while monies are owed on the shares.

w. Dividends

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

x. 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 year, adjusted for bonus elements in ordinary shares issued during the year.

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.

y. Biological assets - Long Term Leases

Kiwifruit orchards and kiwifruit

At annual balance date kiwifruit orchards and kiwifruit under long term lease are measured at their fair value less estimated point of sale costs (as applicable). The fair value of orchards is determined by an independent valuer. The fair value of kiwifruit on the vine is measured at fair value less estimated point of sale costs at the time of picking.

The gain/loss in the fair value of the kiwifruit orchards and kiwifruit under long term lease is recorded in the income statement.

z. 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.

aa. Comparative balances

The presentation of certain comparative balances has been amended to ensure consistency with the current year disclosure.

NOTE 3. BASIS OF TRANSITION TO NZ IFRS

Application of NZ IFRS 1

The Group's financial statements for the period ended 31 March 2008 are the first annual financial statements that comply with NZ IFRS. These financial statements have been prepared as described in Note 2(a). The company has applied NZ IFRS 1 in preparing these consolidated financial statements.

The Group's transition date is 1 April 2006. The Group prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 31 March 2008. The company's NZ IFRS adoption date is 1 April 2007.

In preparing these consolidated group financial statements in accordance with NZ IFRS 1, the Group has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of NZ IFRS. The Group has not early adopted any standards before their effective date.

Exemptions from full retrospective application elected by the Group

Seeka Kiwifruit Industries Limited has elected to apply or not apply the following optional exemptions from full retrospective application.

a. Business combinations exemption

The Group has not applied the business combinations exemption in NZ IFRS 1.

Notes to the Financial Statements for the year ended 31 March 2008

b. Designation of financial assets and financial liabilities exemption

The Group has applied the financial assets and financial liabilities exemption for various securities as available for sale investments and as financial assets at fair value through profit and loss.

c. Share based payment transaction exemption

The Group has not elected to apply the share based payment exemption. The Group has determined the fair value from April 2006 of options offered under the staff employee share scheme that have not vested in the employee at balance date.

Exceptions from full retrospective application followed by the Group

The Group has applied the following mandatory exceptions from retrospective application.

a. Derecognition of financial assets and liabilities exemption

Financial assets and liabilities derecognised before 1 April 2006 are not re-recognised under NZ IFRS. Management did not choose to apply the NZ IAS 39 de-recognition criteria to an earlier date. The application of this exemption at the opening balance date of 1 April 2006 is detailed in Note 35.

b. Estimates exception

Estimates under NZ IFRS at 1 April 2006 should be consistent with estimates made for the same date under NZ FRS, unless there is evidence that those estimates were in error.

The reconciliations in Note 35 provide a quantification of the effect of the transition to NZ IFRS. The reconciliations provide an overview of the impact on equity of the transition at 1 April 2006 and 31 March 2007. They then provide a reconciliation of the impact of the transition on the income statement as at 31 March 2007.

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

NZ IFRS 3 (Amendment) 'Business Combinations' (effective from 1 January 2009). The amendment includes a number of updates including the requirement that all costs relating to a business combination must be expensed and subsequent remeasurement of the business combination must be put through the profit and loss.

IFRS 8 'Operating segments' (effective from 1 January 2009) IFRS 8 replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

NZ IAS 1 (Amendment) 'Presentation of Financial Statements' (effective from 1 July 2009). The amendment requires a number of changes to the presentation and disclosures in financial statements.

IAS 23 (Amendment) 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of that asset. The option of immediately expensing those borrowing costs will be removed.

The Group will adopt these standards from their effective dates.

NOTE 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 long term leased orchards**

Long leased orchards (vines) 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 Note 18.

b. **Valuation of kiwifruit**

Kiwifruit from long term leased orchards are measured at fair value less point of sale costs as determined by Group forecasts. These forecasts include assumptions in relation to in-market prices, foreign exchange rates and forecast trays expected to be harvested. Refer Note 18.

c. **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 15.

Changes to the above valuation assumptions would have a significant impact on the income statement and equity portion of the Company and Group.

NOTE 5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Chief Executive Officer is required to identify and report the major risks affecting the business and develop strategies to mitigate these risks. The Board reviews and approves 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

The Group and Parent have no 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) 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 balance sheet either as available-for-sale or at fair value through profit or loss.

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

The table below summarises the impact of increases and 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 had increased or decreased by 10% with all other variables held constant and all the Group's equity instruments moved in correlation with each other.

	IMPACT ON POST-TAX PROFIT				IMPACT ON EQUITY			
	2008	2007	2008	2007	2008	2007	2008	2007
	+10%		-10%		+10%		-10%	
	$000	$000	$000	$000	$000	$000	$000	$000
Ballance AGR	-	-	(11)	(9)	11	9	-	-
Golden Heights	-	-	-	-	4	4	(4)	(4)
Koura Mara	-	-	-	-	13	13	(13)	(13)
Ravensdown Fertiliser Co-Operative Limited	-	-	(6)	(6)	6	6	-	-
UPNZ	-	-	(33)	(33)	33	33	-	-
Vital Foods Limited	-	-	(179)	(156)	179	156	-	-
Zespri Group Limited	-	-	-	-	110	127	(110)	(127)

Notes to the Financial Statements for the year ended 31 March 2008

The decision as to whether a increase or decrease in the fair value of an investment is processed though equity or the P&L 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 P&L. Otherwise, available reserves would have been utilised to offset the loss.

iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from both long and short term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. 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 using interest rate swaps to achieve this when necessary. During 2008 and 2007, the Group’s borrowings were denominated in New Zealand Dollar.

An analysis of interest rate and price sensitivity of the Group's financial assets and liabilities and their impact on profit and loss, or equity are 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.

		INTEREST RATE RISK				PRICE RISK			
		- 1%		+1%		- 10%		+10%	
	Carrying amount $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000	Profit $000	Equity $000
31 MARCH 2008									
FINANCIAL ASSETS									
Accounts receivable	6,956	-	-	-	-	(696)	(696)	696	696
Derivative assets	31	(287)	(287)	351	351	-	-	-	-
Available for sale investments	3,593	-	-	-	-	(233)	(360)	110	360
FINANCIAL LIABILITIES									
Derivative liabilities	56	(37)	(37)	71	71	-	-	-	-
Trade payables	9,433	-	-	-	-	888	888	(888)	(888)
Term liabilities	25,000	250	250	(250)	(250)	-	-	-	-
Bank borrowings	18,570	186	186	(186)	(186)	-	-	-	-
TOTAL INCREASE/ (DECREASE)	**-**	**112**	**112**	**(14)**	**(14)**	**(41)**	**(168)**	**(82)**	**168**
31 MARCH 2007									
FINANCIAL ASSETS									
Accounts receivable	5,970	-	-	-	-	(614)	(614)	614	614
Derivative assets	126	-	-	-	-	-	-	-	-
Available for sale financial assets	3,515	-	-	-	-	(207)	(351)	-	351
Financial liabilities									
Trade payables	7,178	-	-	-	-	643	643	(643)	(643)
Term liabilities	26,011	260	260	(260)	(260)	-	-	-	-
Bank borrowings	12,130	121	121	(121)	(121)	-	-	-	-
TOTAL INCREASE/ (DECREASE)	**-**	**381**	**381**	**(381)**	**(381)**	**(178)**	**(322)**	**(29)**	**322**

Data for the derivative assets analysis for the comparative period could not be obtained from the third party provider as at the balance date.

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

		Between 0 - 3 months $000	Between 3 - 6 months $000	Between 6 - 12 months $000	Between 1 - 2 years $000	Between 2 - 5 years $000	Over 5 years years $000
31 MARCH 2008							
Contractual undiscounted cash flows based on current market interest rates		847	847	1,664	3,590	12,943	21,042
Average variable rate	9.56%						
31 MARCH 2007							
Contractual undiscounted cash flows based on current market interest rates		792	840	1,747	3,358	12,266	25,309
Average variable rate	8.48%						

b. Credit risk

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 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 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.

The table below shows the cash balances as at the balance sheet date:

	2008	2007	2008	2007
	Group		Parent	
	$	$	$	$
COUNTER PARTY				
Westpac bank deposits	82,932	16,220	82,932	(1,195)
Cash on hand	-	-	-	-

Refer to Trade and Other Receivables Note 11 for further information on the credit risk of loans and receivables.

c. Liquidity risk

Management and the Board regularly monitors the Group's liquidity reserves on the basis of expected cashflows, recognising the seasonal nature of the Group's operations.

At the balance sheet date, the Group had $44,000,000 (2007: $41,000,000) of available lines of credit of which $43,570,000 (2007: $38,141,000) were drawn. Typically, at the balance date, lines of credit are drawn to their maximum value just prior to receiving cash flows from post harvest activities in April.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date at a discount rate of 10.0% (2007: 10.0%), being the Group's benchmark weighted average cost of capital. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements for the year ended 31 March 2008

	Less than 1 year $000	Between 1 - 2 years $000	Between 2 - 5 years $000	Over 5 years $000
31 MARCH 2008				
Trade payables	9,268	-	-	-
Bank borrowings	18,570	-	-	-
Term liabilities	3,358	3,000	7,378	5,923
TOTAL	**31,196**	**3,000**	**7,378**	**5,923**
31 MARCH 2007				
Trade payables	7,178	-	-	-
Bank borrowings	12,130	-	-	-
Term liabilities	3,390	3,584	6,297	7,715
TOTAL	**22,698**	**3,584**	**6,297**	**7,715**

d. **Capital risk**

The Group's objectives when managing capital 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 March is:

	2008 $000	2007 $000
Total shareholder's funds	52,671	49,084
Total assets	116,104	105,750
SHAREHOLDER EQUITY RATIO	**45.37%**	**46.42%**

The Group is subject to and monitors financial covenants imposed by its lenders from time to time. As at the balance date, the Group was subject to two specific lending covenants:

> Times interest earned: Not less than 1.3X

> Quasi equity ratio: Shareholder funds not less than 40% of adjusted tangible assets

At the balance sheet date, the Group's interest times cover was 1.62 (2007: 3.56) and it's quasi equity ratio was 41.08% (2007: 41.64%).

At no stage during the year did the Company breach any of its lending covenants.

e. **Fair value estimation**

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes. Refer to the accounting policies for fair value estimation methods. It is estimated that carrying values accurately reflect current fair value for these items.

f. **Financial risk management strategies related to agricultural activity.**

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

i) Climatic risks

The Group grows kiwifruit on 233 orchards located throughout the Coromandel, Waikato and Bay of Plenty region. This geographical spread provides risk diversification from localised climatic events, such as hail damage, that may negatively impact on the crop. 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 company's post harvest division.

ii) 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 1/3 of orchard leases are renegotiated each year.

NOTE 6. SEGMENT INFORMATION

a. Description of segments

The Group is organised into the following divisions by product and service type.

Orchard

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 production.

Post Harvest

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

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$000	$000	$'000	$'000
b. Primary reporting format - industry segments				
SEGMENT REVENUE				
Orchard division	29,222	28,969	29,470	28,969
Post harvest division	77,245	67,387	75,430	67,387
Unallocated income	915	1,751	1,233	1,836
TOTAL REVENUE	**107,382**	**98,107**	**106,133**	**98,192**
SEGMENT EARNINGS BEFORE INTEREST AND TAXATION (EBIT)				
Orchard division	(2,224)	3,030	(1,938)	2,900
Post harvest division	12,071	10,711	11,449	10,711
Associates	392	251	-	(58)
Unallocated	(4,921)	(4,283)	(4,221)	(4,178)
Total EBIT	**5,318**	**9,709**	**5,290**	**9,375**
Finance costs	3,288	2,617	3,283	2,616
Profit (loss) before tax	**2,030**	**7,092**	**2,007**	**6,759**
Taxation	(546)	1,633	(531)	1,597
PROFIT (LOSS) AFTER TAX	**2,576**	**5,459**	**2,538**	**5,162**

Notes to the Financial Statements for the year ended 31 March 2008

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$000	$000	$'000	$000
SEGMENT ASSETS				
Orchard division	32,176	32,038	32,176	31,591
Post harvest division	65,011	57,595	65,011	57,551
Unallocated	18,917	16,117	18,494	15,710
TOTAL ASSETS	**116,104**	**105,750**	**115,681**	**104,852**
SEGMENT LIABILITIES				
Orchard division	771	2,398	771	2,398
Post harvest division	6,935	4,362	6,935	4,362
Unallocated	55,727	49,906	55,727	49,393
TOTAL LIABILITIES	**63,433**	**56,666**	**63,433**	**56,153**
ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLES AND OTHER NON-CURRENT SEGMENT ASSETS				
Orchard division	111	595	111	595
Post harvest division	5,187	4,944	5,187	4,622
Unallocated	214	1,164	214	1,107
TOTAL	**5,512**	**6,703**	**5,512**	**6,324**
DEPRECIATION AND AMORTISATION EXPENSE				
Orchard division	482	341	482	341
Post harvest division	3,583	3,421	3,583	3,421
Unallocated	598	460	531	439
TOTAL	**4,663**	**4,222**	**4,596**	**4,201**

NOTE 7. REVENUE AND OTHER INCOME

Orchard sales	29,222	28,969	29,470	28,969
Post harvest sales	77,245	67,164	75,430	67,164
Other sales	401	549	408	549
TOTAL SALES	**106,868**	**96,682**	**105,308**	**96,682**
Interest income	79	69	92	68
Dividend income	338	459	636	545
Profit on sale of property plant and equipment	7	6	7	6
Profit on sale of shares	42	-	42	-
Fair value movement in biological assets	48	891	48	891
Total other revenue	**514**	**1,425**	**825**	**1,510**
TOTAL REVENUES	**107,382**	**98,107**	**106,133**	**98,192**

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
NOTE 8. DIRECT AND ADMINISTRATIVE EXPENSES				
Operating materials and services	67,724	59,469	67,254	59,600
Total employee benefits expense	26,637	21,861	25,726	21,896
General administrative expenses	3,879	3,865	3,725	3,830
Audit fees	83	60	83	60
Tax fees paid to auditors	3	-	3	-
Other accounting fees	39	7	39	7
Bad and doubtful debts expense	-	2	-	2
Movement in onerous leases	(1,159)	(1,175)	(1,159)	(1,175)
Directors fees	253	181	253	181
Donations	-	6	-	6
Research and development costs	75	54	75	54
Loss on sale of property plant and equipment	17	30	10	30
Rent and lease expenses	91	66	87	66
Fair value movement in derivatives	151	(155)	151	(155)
TOTAL DIRECT AND ADMINISTRATIVE EXPENSES	**97,793**	**84,271**	**96,247**	**84,402**
DEPRECIATION EXPENSES				
Buildings	1,284	1,026	1,284	1,026
Plant and equipment	2,687	2,803	2,638	2,782
Motor vehicles	24	15	24	15
Loss on revaluation of building improvements	84	-	84	-
TOTAL DEPRECIATION EXPENSES	**4,079**	**3,844**	**4,030**	**3,823**
AMORTISATION EXPENSES				
Software amortisation	349	252	331	252
Bragg lease amortisation	221	126	221	126
Lease impairment charge	14	-	14	-
TOTAL AMORTISATION EXPENSES	**584**	**378**	**566**	**378**
FINANCE COSTS				
Interest expense	3,288	2,773	3,283	2,772
TOTAL FINANCE COSTS	**3,288**	**2,773**	**3,283**	**2,772**
Share of loss (profit) of associates	(392)	(251)	-	58
TOTAL EXPENSES	**105,352**	**91,015**	**104,126**	**91,433**

NOTE 9. INCOME TAX EXPENSE

a. Income tax expense

CURRENT TAX EXPENSE				
Current period	(15)	26	-	26
Adjustments for prior periods	21	25	21	-
TOTAL CURRENT PERIOD TAX EXPENSES	**6**	**51**	**21**	**26**
DEFERRED TAX EXPENSE (INCOME)				
Origination and reversal of temporary differences	297	1,542	297	1,542
Prior period adjustment for deferred tax	(6)	40	(6)	29
Reduction in tax rate	(843)	-	(843)	-
TOTAL DEFERRED TAX EXPENSE (INCOME)	**(552)**	**1,582**	**(552)**	**1,571**
TOTAL INCOME TAX EXPENSE	**(546)**	**1,633**	**(531)**	**1,597**

Notes to the Financial Statements for the year ended 31 March 2008

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
b. Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	**2,030**	**7,092**	**2,007**	**6,759**
Tax at the New Zealand tax rate of 33%	670	2,340	662	2,230
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	20	100	20	100
Tax exempt income	(352)	(832)	(329)	(758)
Under provision in prior years	15	25	15	25
Tax rate reduction	(843)	-	(843)	-
Other adjustments	(56)	-	(56)	-
INCOME TAX EXPENSE	**(546)**	**1,633**	**(531)**	**1,597**

The company tax rate in New Zealand is 33% (2007: 33%). With effect from 31 March 2008, the company tax rate in New Zealand has reduced to 30%.

IMPUTATION CREDIT ACCOUNT				
Balance at beginning of year	**18**	**220**	**18**	**220**
Net tax paid	399	789	399	789
Imputation credits attached to dividends received	313	226	313	226
Imputation on dividends paid	(621)	(1,217)	(621)	(1,217)
BALANCE AVAILABLE TO SHAREHOLDERS AT YEAR END	**109**	**18**	**109**	**18**

NOTE 10. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	83	16	83	-
Cash and cash equivalents in the balance sheet	**83**	**16**	**83**	**-**
Less: Bank overdrafts (Note 24)	-	-	-	(1)
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT	**83**	**16**	**83**	**(1)**

NOTE 11. TRADE AND OTHER RECEIVABLES

TRADE RECEIVABLES				
Trade receivables	2,486	1,403	2,486	1,257
Seeka Growers Limited	404	-	404	-
Provision for doubtful receivables	-	-	-	-
TOTAL TRADE RECEIVABLES	**2,890**	**1,403**	**2,890**	**1,257**
Prepayments	1,321	1,041	1,321	1,041
GST refund due	551	837	551	837
Other sundry receivables	3,515	3,730	3,515	3,730
TOTAL RECEIVABLES	**8,277**	**7,011**	**8,277**	**6,865**

Trade receivables are generally felt to be fully recoverable by management and balances for contract fruit suppliers can be recovered directly from grower payments. Thus no provision is made in the accounts for doubtful balances.

NOTE 12. INVENTORIES

Total packaging at cost	6,779	3,753	6,779	3,753
Other inventories at cost	178	177	178	133
TOTAL INVENTORIES	**6,957**	**3,930**	**6,957**	**3,886**

Carter Holt Harvey holds a security interest in all packaging goods purchased from them, but not paid for as at the balance sheet date.

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS				
ASSETS				
Interest rate swap contracts - held for trading	31	126	31	126
LIABILITIES				
Swap option - held for trading	56	-	56	-

Bank loans of the Group currently bear an average variable interest rate of 9.56% (2007: 8.48%). It is policy to protect the term portion of the loans from exposure to increasing 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.

The Group does not apply hedge accounting and therefore, all changes in the fair value of its interest rate swaps are recognised in the income statement immediately and are included in other income or other expenses.

A loss on valuation of the swap contracts of $94,452 (2007: $155,324 gain) was recognised during the year owing to a change in the underlying forward interest rates used to value the instruments. Swaps currently in place cover 88% (2007: 88%) of the term liabilities outstanding at the balance date.

		Term Loan Rate	Maturity	SWAP Rate	Expiry
Term Loan #91	$2,000,000	9.74%	2 March 2010	8.54%	2 March 2009
Term Loan #92	$3,000,000	9.68%	30 November 2009	-	-
Term Loan #95	$10,000,000	9.52%	1 December 2010	8.16%	30 October 2008
Term Loan #96	$10,000,000	9.54%	1 December 2010	8.55%	30 October 2010

In conjunction with establishing a new interest rate swap for term loan #96 in February 2008, the Group sold a call option to its bank, Westpac, at a nil premium. This gives Westpac the right to extend the interest rate swap on term loan #96 for an additional two year term. A loss of $56,491 (2007: $NIL) was recognised in the current year upon valuation of this option due to the a reduction of the underlying forward interest rate at the balance date.

	Notional	Strike Rate	Maturity
Swap Option #831484	10,000,000	8.55%	30 October 2012

Notes to the Financial Statements for the year ended 31 March 2008

NOTE 14. FINANCIAL INSTRUMENTS SUMMARY

The below tables summarise the Group's financial assets and liabilities and categorises them by how they are accounted for:

	Loans and receivables	Assets at fair value through profit and loss	Held to maturity	Available for sale	Total
31 MARCH 2008					
FINANCIAL ASSETS					
Cash and cash equivalents	83	-	-	-	83
Trade and other receivables	6,956	-	-	-	6,956
Derivative financial instruments	-	31	-	-	31
Advances	1,134	-	-	-	1,134
Investments	-	-	-	3,593	3,593
TOTAL FINANCIAL ASSETS	**8,173**	**31**	**-**	**3,593**	**11,797**

	Liabilities at fair value through profit and loss	Other financial liabilities	Total
FINANCIAL LIABILITIES			
Trade or other payables	-	9,433	9,433
Bank borrowings	-	18,570	18,570
Derivative financial instruments	56	-	56
Term liabilities	-	25,000	25,000
TOTAL FINANCIAL LIABILITIES	**56**	**53,003**	**53,059**

	Loans and receivables	Assets at fair value through profit and loss	Held to maturity	Available for sale	Total
31 MARCH 2007					
FINANCIAL ASSETS					
Cash and cash equivalents	16	-	-	-	16
Trade and other receivables	5,970	-	-	-	5,970
Derivative financial instruments	-	126	-	-	126
Advances	1,156	-	-	-	1,156
Investments	-	-	-	3,515	3,515
TOTAL FINANCIAL ASSETS	**7,126**	**126**	**-**	**3,515**	**10,767**

	Liabilities at fair value through profit and loss	Other financial liabilities	Total
FINANCIAL LIABILITIES			
Trade or other payables	-	7,178	7,178
Bank borrowings	-	12,130	12,130
Term liabilities	-	26,011	26,011
TOTAL FINANCIAL LIABILITIES	**-**	**45,319**	**45,319**

There are no differences between financial instruments held by the Parent and Group at 31 March 2008. The differences which arise at 31 March 2007 are considered immaterial for disclosure.

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

	Land $000	Buildings $000	Plant and equipment $000	Motor vehicles $000	Total $000
CONSOLIDATED					
At 1 APRIL 2006					
Cost	4,952	32,791	33,688	421	71,852
Accumulated depreciation	-	(3,058)	(15,182)	(80)	(18,320)
NET BOOK AMOUNT AT 1 APRIL 2006	**4,952**	**29,733**	**18,506**	**341**	**53,532**
YEAR ENDED 31 MARCH 2007					
Opening net book amount	4,952	29,733	18,506	341	53,532
Additions	75	311	5,062	91	5,539
Revaluation	460	675	-	-	1,135
Depreciation	-	(1,026)	(2,727)	(91)	(3,844)
Disposals	-	-	(190)	-	(190)
Asset reclassifications	(1)	17	(16)	-	-
CLOSING NET BOOK AMOUNT AT 31 MARCH 2007	**5,486**	**29,710**	**20,635**	**341**	**56,172**
AT 1 APRIL 2007					
Cost	5,486	33,325	38,611	512	77,934
Accumulated depreciation	-	(3,615)	(17,976)	(171)	(21,762)
NET BOOK AMOUNT AT 1 APRIL 2007	**5,486**	**29,710**	**20,635**	**341**	**56,172**
YEAR ENDED 31 MARCH 2008					
Opening net book amount	5,486	29,710	20,635	341	56,172
Additions	-	1,351	3,947	-	5,298
Revaluation	(15)	3,017	-	-	3,002
Depreciation	-	(1,037)	(2,886)	(23)	(3,946)
Disposals	(11)	(160)	(195)	-	(366)
Asset reclassifications	3	(5)	2	-	-
CLOSING NET BOOK AMOUNT AT 31 MARCH 2008	**5,463**	**32,876**	**21,503**	**318**	**60,160**
AT 31 MARCH 2008					
Cost	5,463	33,254	42,128	512	81,357
Accumulated depreciation	-	(378)	(20,625)	(194)	(21,197)
NET BOOK AMOUNT AT 31 MARCH 2008	**5,463**	**32,876**	**21,503**	**318**	**60,160**

a. 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 2008. Subsequent additions are at cost. All revaluations were as at 31 March 2008 and the movement in the revaluation reserve are summarised in the table below:

	Land $	Buildings $	Total $
Transcool	150,000	839,030	989,030
Main road	100,000	37,110	137,110
Rea road	135,000	(83,953)	51,047
Waimapu	(69,950)	(133,523)	(203,473)
Oakside	120,000	1,908,233	2,028,233
TOTAL REVALUATION MOVEMENT	**435,050**	**2,566,897**	**3,001,947**
Movement to income statement			(83,953)
Movement to revaluation reserve			3,085,900
TOTAL MOVEMENT IN REVALUATION			**3,001,947**

Notes to the Financial Statements for the year ended 31 March 2008

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

Replacement cost approach - adds the value of the land to the value of the buildings and other improvements based on the current level of buildings cost with an allowance for physical depreciation. Specific consideration is given to the "optimised depreciated replacement cost" methodology.

Sales approach - considers sales of other comparable type 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 that would be expected by a prudent investor.

Subsequent to the building revaluations conducted in 2008, $4,273,535 (2007: $665,125) of accumulated depreciation was offset directly against the assets book value.

b. If land and buildings were stated on the historical cost basis, the amounts for parent and group would be as follows:

	2008 $000	2007 $000
Cost	36,021	33,819
Accumulated depreciation	(4,681)	(3,836)
NET BOOK AMOUNT	**31,340**	**29,983**

c. Asset Reclassification

During the year, the fixed asset register was moved to a new sub ledger system. During the conversion, certain assets were reclassified to new asset classifications based on use in fact. These reclassifications affected presentation within the note to the balance sheet, but had no effect on the Income Statement nor any effect on the value of property, plant and equipment.

d. Assets under construction

Prior to 31 March 2007, the Group had commenced a grader upgrade at Oakside. Construction costs incurred up to the balance sheet date totalled $3,335,803.

Prior to 31 March 2008, the Group had commenced a canopy upgrade and construction of additional cool store facilities at Katikati. Construction costs incurred up to the balance sheet date totalled $961,214.

	Land $000	Buildings $000	Plant and equipment $000	Motor vehicles $000	Total $000
PARENT					
AT 1 APRIL 2006					
Cost	4,952	32,791	33,688	421	71,852
Accumulated depreciation	-	(3,058)	(15,182)	(80)	(18,320)
NET BOOK AMOUNT AT 1 APRIL 2006	**4,952**	**29,733**	**18,506**	**341**	**53,532**
YEAR ENDED 31 MARCH 2007					
Opening net book amount	4,952	29,733	18,506	341	53,532
Additions	75	140	4,911	91	5,217
Revaluation	460	675	-	-	1,135
Depreciation	-	(1,026)	(2,706)	(91)	(3,823)
Disposals	-	-	(190)	-	(190)
Asset reclassifications	(12)	28	(16)	-	-
CLOSING NET BOOK AMOUNT AT 31 MARCH 2007	**5,475**	**29,550**	**20,505**	**341**	**55,871**

	Land	Plant and Buildings	Motor equipment	vehicles	Total
	$000	$000	$000	$000	$000
AT 1 APRIL 2007					
Cost	5,475	33,165	38,460	512	77,612
Accumulated depreciation	-	(3,615)	(17,955)	(171)	(21,741)
NET BOOK AMOUNT AT 1 APRIL 2007	**5,475**	**29,550**	**20,505**	**341**	**55,871**
YEAR ENDED 31 MARCH 2008					
Opening net book amount	5,475	29,550	20,505	341	55,871
Additions	-	1,351	3,947	-	5,298
Revaluation	(15)	3,017	-	-	3,002
Depreciation	-	(1,037)	(2,886)	(23)	(3,946)
Disposals	-	-	(65)	-	(65)
Asset reclassifications	3	(5)	2	-	-
CLOSING NET BOOK AMOUNT AT 31 MARCH 2008	**5,463**	**32,876**	**21,503**	**318**	**60,160**
AT 31 MARCH 2008					
Cost	5,463	33,254	42,129	512	81,358
Accumulated dePRECIATION	-	(378)	(20,626)	(194)	(21,198)
NET BOOK AMOUNT AT 31 MARCH 2008	**5,463**	**32,876**	**21,503**	**318**	**60,160**

NOTE 16. INTANGIBLE ASSETS

	Software	Goodwill	Total
	$000	$000	$000
CONSOLIDATED			
AT 1 APRIL 2006			
Cost	702	1,558	2,260
Accumulated amortisation	(407)	-	(407)
NET BOOK AMOUNT AT 1 APRIL 2006	**295**	**1,558**	**1,853**
YEAR ENDED 31 MARCH 2007			
Opening net book amount	295	1,558	1,853
Additions	1,016	148	1,164
Amortisation	(252)	-	(252)
CLOSING NET BOOK AMOUNT AT 31 MARCH 2007	**1,059**	**1,706**	**2,765**
AT 1 APRIL 2007			
Cost	1,718	1,706	3,424
Accumulated amortisation	(659)	-	(659)
NET BOOK AMOUNT AT APRIL 2007	**1,059**	**1,706**	**2,765**
YEAR ENDED 31 MARCH 2008			
Opening net book amount	1,059	1,706	2,765
Reclassification of SAPAC to held for sale	(9)	(48)	(57)
Additions	133	81	214
Amortisation	(331)	-	(331)
CLOSING NET BOOK AMOUNT AT 31 MARCH 2008	**852**	**1,739**	**2,591**
AS AT 31 MARCH 2008			
Cost	1,842	1,739	3,581
Accumulated amortisation	(990)	-	(990)
NET BOOK AMOUNT AT 31 MARCH 2008	**852**	**1,739**	**2,591**

The remaining amortisation period of software is 5 years.

Notes to the Financial Statements for the year ended 31 March 2008

	Software $000	Goodwill $000	Total $000
PARENT			
AT 1 APRIL 2006			
Cost	702	1,558	2,260
Accumulated amortisation	(407)	-	(407)
NET BOOK AMOUNT AT 1 APRIL 2006	**295**	**1,558**	**1,853**
YEAR ENDED 31 MARCH 2007			
Opening net book amount	295	1,558	1,853
Additions	1,007	100	1,107
Amortisation	(252)	-	(252)
CLOSING NET BOOK AMOUNT AT 31 MARCH 2007	**1,050**	**1,658**	**2,708**
AT 1 APRIL 2007			
Cost	1,709	1,658	3,367
Accumulated amortisation	(659)	-	(659)
NET BOOK AMOUNT AT 1 APRIL 2007	**1,050**	**1,658**	**2,708**
YEAR ENDED 31 MARCH 2008			
Opening net book amount	1,050	1,658	2,708
Additions	133	81	214
Amortisation	(331)	-	(331)
CLOSING NET BOOK AMOUNT AT 31 MARCH 2008	**852**	**1,739**	**2,591**
AS AT 31 MARCH 2008			
Cost	1,842	1,739	3,581
Accumulated amortisation	(990)	-	(990)
NET BOOK AMOUNT AT 31 MARCH 2008	**852**	**1,739**	**2,591**

The remaining amortisation period of software is 5 years.

Impairment tests for goodwill

Goodwill supports the Group's post harvest operations and is allocated to post harvest cash generating units (CGU's) for the purpose of assessing impairment. Impairment tests are undertaken at the lowest identifiable level of CGU.

A segment-level summary of the goodwill allocation is presented below.

	Consolidated		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Bridgecool Holdings Limited	1,298	1,298	1,298	1,298
Corogrow Kiwifruit Limited	100	100	100	100
Eleos Limited	260	260	260	260
Other post harvest	81	48	81	-
	1,739	**1,706**	**1,739**	**1,658**

Goodwill is tested for impairment using value in use calculations which include the following assumptions:

	Discount Period	Growth rate	Discount rate
KEY ASSUMPTIONS USED FOR NET PRESENT VALUE CALCULATIONS			
CGU - 2008			
Bridgecool Holdings Limited	10 Yrs	1%	10%
Corogrow Kiwifruit Limited	10 Yrs	1%	10%
Eleos Limited	10 Yrs	1%	10%
Other post harvest	10 Yrs	1%	10%
CGU - 2007			
Bridgecool Holdings Limited	10 Yrs	1%	10%
Corogrow Kiwifruit Limited	10 Yrs	1%	10%
Eleos Limited	10 Yrs	1%	10%
Other post harvest	10 Yrs	1%	10%

These assumptions have been used for the analysis of the net present value of budget gross margin of each CGU, which are determined by management based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect the expected period of benefit from each segment.

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
NOTE 17. AVAILABLE FOR SALE FINANCIAL ASSETS				
As required under NZ IAS 39, equity investments not otherwise held for trading are classified as available for sale.				
Balance at the beginning of the year	3,515	3,302	3,515	3,302
Additions	363	424	363	424
Disposals/impairment	(4)	(211)	(4)	(211)
Revaluation recognised in equity	(281)	-	(281)	-
Balance at end of year	**3,593**	**3,515**	**3,593**	**3,515**
Less: Non-current portion	-	-	-	-
CURRENT PORTION	**3,593**	**3,515**	**3,593**	**3,515**
Available for sale financial assets include the following				
LISTED SECURITIES				
- Zespri Group Limited	1,096	1,272	1,096	1,272
UNLISTED SECURITIES				
- Vital Foods Limited	1,794	1,564	1,794	1,564
- Golden Heights	39	39	39	39
- Koura Mara	130	130	130	130
- Ravensdown Fertiliser Co-operative Limited	60	60	60	60
- UPNZ	335	335	335	335
- Balance AGR	113	86	113	86
- Other share holdings	26	29	26	29
TOTAL AVAILABLE FOR SALE FINANCIAL ASSETS	**3,593**	**3,515**	**3,593**	**3,515**

The fair values of listed securities are based on closing share price at balance date. All unlisted securities are currently held at cost which management consider to approximate fair value.

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

None of the available for sale financial assets are considered impaired at balance sheet date.

Notes to the Financial Statements for the year ended 31 March 2008

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
Biological assets				
KIWIFRUIT VINES AT FAIR VALUE				
Carrying amount at 1 April	6,293	5,402	6,293	5,402
Fair value movement	48	891	48	891
CARRYING VALUE AT 31 MARCH	**6,341**	**6,293**	**6,341**	**6,293**
KIWIFRUIT CROP AT FAIR VALUE				
Carrying amount at 1 April	3,325	2,505	3,325	2,505
Valuation of current harvest	3,083	3,325	3,083	3,325
Previous harvest	(3,325)	(2,505)	(3,325)	(2,505)
CARRYING VALUE AT 31 MARCH	**3,083**	**3,325**	**3,083**	**3,325**
TOTAL BIOLOGICAL ASSETS	**9,424**	**9,618**	**9,424**	**9,618**

The Group, as part of its operations, leases land and grows and harvests kiwifruit on orchards. Harvesting of orchards takes place from April to June each year. The orchards are situated in the Bay of Plenty, Coromandel, and South Auckland, New Zealand.

As at 31 March 2008 the Group had long term leases on a total of 106 hectares (2007: 106) of kiwifruit. The fair value of the agricultural assets including the crop is determined at each balance date. During the year to 31 March 2008, the Group harvested 1,016,861 trays of kiwifruit (2007: 725,454) from long term leased orchards.

The fair value of the crop at balance sheet date has been assessed at $3.083 million (2007: $3.325 million) based on the following assumptions:

		2008	2007
ESTIMATED			
Green volume (tray equivalents)		241,852	248,281
Gold volume (tray equivalents)		735,043	767,559
		976,895	**1,015,840**
Green OGR		$3.38	$3.23
Gold OGR		$4.01	$4.72
Exchange rates			
	YEN	81.00	88.00
	EUR	0.50	0.54
	USD	0.79	0.73

The fair value of the kiwifruit orchards (the vines) has been determined in accordance with an independent valuation performed at each annual reporting date by Logan Stone Registered Valuers. The basis of valuation is Valuation Standard Number 1 - Market Value Basis of Valuation and Practice Standard Number 3 - The Valuation of Rural Properties.

NOTE 19. 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 2008	Equity holding 2007
Eleos Limited - Not trading	New Zealand	Ordinary	100%	100%
Envirogrow Limited - Not trading	New Zealand	Ordinary	100%	100%

NOTE 20. INVESTMENT IN ASSOCIATES

THE GROUP'S PRINCIPAL ASSOCIATES ARE:	Business activity	Share of issued capital and voting rights 2008	2007
Kiwifruit Supply Research Limited	Research	20%	20%
Tauranga Kiwifruit Logistics Limited	Port Service	20%	20%
Opotiki Packing and Coolstorage Limited	Post Harvest	20%	20%
Kiwi Produce Limited	Prepacking	25%	25%

All associate companies are incorporated in New Zealand.
All associate companies have a 31 March balance date except for Opotiki Packing and Coolstorage Limited which has a 31 December balance date.

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
RESULTS OF ASSOCIATE COMPANIES				
Share of earnings before income tax	574	395	-	-
Income tax	(182)	(144)	-	-
Net earnings	**392**	**251**	**-**	**-**
INTERESTS IN ASSOCIATES				
Carrying value at beginning of period	4,885	3,818	4,533	3,691
Acquisition of further associate	-	825	-	825
Advances	(39)	75	(39)	75
Net earnings	392	251	-	(58)
Dividends	(301)	(84)	-	-
Balance at end of period	**4,937**	**4,885**	**4,494**	**4,533**
The amount of goodwill included in the opening balance	1,103	701	1,103	701
The amount of goodwill included in the closing balance.	1,103	1,103	1,103	1,103

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

ASSOCIATE	Assets	Liabilities	Revenues	Net profit/(loss)
2008				
Kiwifruit Supply Research Limited	-	-	-	-
Tauranga Kiwifruit Logistics Limited	-	-	-	-
Opotiki Packing and Coolstorage Limited	24,674	8,830	27,445	1,015
Kiwi Produce Limited	-	-	-	-
TOTAL SUMMARY FINANCIAL INFORMATION	**24,674**	**8,830**	**27,445**	**1,015**
2007				
Kiwifruit Supply Research Limited	-	-	-	-
Tauranga Kiwifruit Logistics Limited	-	-	-	-
Opotiki Packing and Coolstorage Limited	22,401	6,743	20,036	2,291
Kiwi Produce Limited	-	-	-	-
TOTAL SUMMARY FINANCIAL INFORMATION	**22,401**	**6,743**	**20,036**	**2,291**

Due to confidentiality commitments made to the majority shareholders the data for Kiwiproduce Limited, Kiwifruit Supply Research Limited and Tauranga Kiwifruit Logistics Limited cannot be made available for disclosure. These entities are immaterial to the overall presentation of the Group's financial statements.

Notes to the Financial Statements for the year ended 31 March 2008

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
NOTE 21. TRADE AND OTHER PAYABLES				
Trade payables	6,354	4,788	6,354	4,297
Accrued expenses	1,988	1,760	1,988	1,760
Employee expenses	1,091	626	1,091	626
Other payables	-	4	-	4
TOTAL TRADE AND OTHER PAYABLE	**9,433**	**7,178**	**9,433**	**6,687**

NOTE 22. 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:

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
a. Expected settlement				
Within 12 months	5,441	5,628	5,441	5,616
In excess of 12 months	4,804	4,432	4,804	4,432
CLOSING BALANCE AT 31 MARCH	**10,245**	**10,060**	**10,245**	**10,048**
b. Net deferred tax (assets) liabilities				
Opening balance	10,060	8,283	10,048	8,283
Prior period adjustments for deferred tax	56	-	56	-
Inclusion of SAPAC on consolidation	-	12	-	-
Reversal of SAPAC on disposal	(12)	-	-	-
Charged/(credited) to the income statement	(552)	1,542	(552)	1,542
Charged revaluation reserve	693	223	693	223
CLOSING BALANCE AT 31 MARCH	**10,245**	**10,060**	**10,245**	**10,048**

The movement in deferred tax assets during the year, without taking the offsetting of balances within the same tax jurisdiction into consideration, is as follows:

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
Temporary differences on non-current assets	4,804	4,432	4,804	4,432
Provisions	(387)	(889)	(387)	(889)
Prepayments and accrued income	5,774	6,696	5,774	6,684
Temporary differences on available for sale assets	877	-	877	-
CLOSING BALANCE AT 31 MARCH	**10,245**	**10,060**	**10,245**	**10,048**

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.

NOTE 23. ONEROUS LEASE PROVISION

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
Carrying amount at start of period	1,287	2,463	1,287	2,463
Amounts used	(666)	(1,176)	(666)	(1,176)
Unused amounts reversed	(492)	-	(492)	-
CARRYING AMOUNT AT 31 MARCH	**129**	**1,287**	**129**	**1,287**
Current	84	667	84	667
Non-Current	45	620	45	620
CARRING AMOUNT AT 31 MARCH	**129**	**1,287**	**129**	**1,287**

The onerous lease provision arose on the purchase of Bridgecool Holdings Limited in April 2005. At the date of purchase, the contract terms for each lease within the acquired Bridgecool lease book was assessed against prevailing terms for standard Seeka leases. As a result, a provision for onerous leases of $3,537,225 was recognised. The corresponding increase in goodwill was assessed as being fully impaired at 31 March 2006. The onerous lease provision is progressively utilised over a period up to 31 March 2010.

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
NOTE 24. INTEREST BEARING LIABILITIES				
CURRENT				
SECURED				
Bank overdrafts	-	-	-	1
Bank borrowings	18,570	12,130	18,570	12,130
Term liabilities	1,000	-	1,000	-
TOTAL CURRENT INTEREST BEARING BORROWINGS	**19,570**	**12,130**	**19,570**	**12,131**
NON-CURRENT				
SECURED				
Term liabilities	24,000	26,011	24,000	26,000
TOTAL INTEREST BEARING BORROWINGS	**24,000**	**26,011**	**24,000**	**26,000**

The bank overdraft is secured under the same debentures and mortgages as the term debt. The Group has total facilities of $44,000,000. This is made up of a multi option credit facility of $19,000,000 and term loans of $25,000,000.

During the prior year the Group converted $1,000,000 of unlisted Mandatory Convertible Notes for 329,320 shares issued at $3.078 each to Rotorua Energy Consumer Trust for a value of $1,013,698. The balance of $4,000,000 was paid out in cash.

a. Assets pledged as security

The bank loans and overdraft are secured by first mortgages over the Group's freehold land and buildings.

	CONSOLIDATED 2008 Shares	CONSOLIDATED 2007 Shares	PARENT 2008 Shares	PARENT 2007 Shares
NOTE 25. CONTRIBUTED EQUITY				
a. Authorised share capital				
Ordinary shares - fully paid. No par value	12,599,995	12,598,115	12,599,995	12,598,115
Ordinary shares - partly paid. No par value	-	1,880	-	1,880
TOTAL AUTHORISED SHARES	**12,599,995**	**12,599,995**	**12,599,995**	**12,599,995**

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
b. Movements				
Opening value of ordinary shares issued	30,155	28,262	30,155	28,262
Issues of shares under employee share scheme	-	700	-	700
Settlement of partly paid shares	3	180	3	180
Settlement of mandatory notes	-	1,013	-	1,013
CLOSING VALUE OF ORDINARY SHARES ISSUED	**30,158**	**30,155**	**30,158**	**30,155**

c. Ordinary shares

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

Notes to the Financial Statements for the year ended 31 March 2008

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000	PARENT 2008 $000	PARENT 2007 $000
d. Treasury share capital				
MOVEMENTS IN TREASURY SHARE CAPITAL				
Opening value of ordinary shares issued	**1,420**	**823**	**1,420**	**823**
Issues of ordinary shares during the year	-	597	-	597
Shares re-issued in period	(140)	-	(140)	-
CLOSING VALUE OF ORDINARY SHARES ISSUED	**1,280**	**1,420**	**1,280**	**1,420**

Shares held in treasury are a component of the Employee Share Scheme and are held in trust.

Consolidation of the Employee Share Trust reflects the amendment to correct the prior accounting treatment under NZ FRS. Refer to Note 35(m).

NOTE 26. RETAINED EARNINGS AND RESERVES

AVAILABLE-FOR-SALE RESERVE

Balance at 1 April	**698**	**789**	**698**	**789**
Realised reserves on disposal	-	(91)	-	(91)
Fair market value adjustment	(281)	-	(281)	-
BALANCE 31 MARCH	**417**	**698**	**417**	**698**

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

LAND AND BUILDINGS REVALUATION RESERVE

Balance at 1 April	**4,455**	**3,543**	**4,455**	**3,543**
Realised reserves on disposal	-	-	-	-
Revaluation reserve addition	3,288	1,135	3,288	1,135
Revaluation reserve loss offset	(203)	-	(203)	-
Deferred tax adjustment	(693)	(223)	(693)	(223)
BALANCE 31 MARCH	**6,847**	**4,455**	**6,847**	**4,455**

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

SHARE BASED PAYMENTS RESERVE

The Group operates an Employee Share Scheme under which shares are issued to an Employee Share Trust. 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.

Balance at 1 April	**78**	**50**	**78**	**50**
SEST Reserve addition	18	28	18	28
BALANCE 31 MARCH	**96**	**78**	**96**	**78**

Options are granted periodically and permanent staff are eligible to participate in the plan, subject to availability and board discression.

The vesting period associated with the options granted are 3 years from the grant date up to a maximum of 6 years, after which, if the option is not exercised, the option expires.

Options granted under this scheme carry no dividend or voting rights and are granted at the market price ruling at the date of grant.

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

		1 April 2006		31 March 2007	
Grant Date	Expiry Date	Exercise Price	Open Balance	Exercised	Close Balance
30 August 2003	30 August 2009	2.91	160,485	(48,375)	112,110
30 November 2004	30 November 2010	4.70	86,000	-	86,000
31 August 2006	31 August 2012	4.00	188,000	(13,010)	174,990
TOTAL			**434,485**	**(61,385)**	**373,100**
Weighted average exercise price			3.74		3.83

		1 April 2007		31 March 2008	
Grant Date	Expiry Date	Exercise Price	Open Balance	Exercised	Close Balance
30 August 2003	30 August 2009	2.91	112,110	(21,934)	90,176
30 November 2004	30 November 2010	4.70	86,000	-	86,000
31 August 2006	31 August 2012	4.00	174,990	(15,000)	159,990
TOTAL			**373,100**	**(36,934)**	**336,166**
Weighted average exercise price			3.83		3.89

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
d. Retained Earnings				
Movements in Retained Earnings were as follows:				
Balance 1 April	**15,118**	**12,034**	**14,733**	**11,946**
Net profit for the period	2,576	5,459	2,538	5,162
Dividends	(1,261)	(2,466)	(1,261)	(2,466)
Revaluation reserves realised	-	91	-	91
BALANCE 31 MARCH	**16,433**	**15,118**	**16,010**	**14,733**

NOTE 27. DIVIDENDS

	2008		2007	
	$000	Per share	$000	Per share
ORDINARY SHARES				
Final dividend for 31 March 2006 (paid 10 July 2006)	-	-	1,205	0.10
Interim dividend for 2007 (paid 9 February 2007)	-	-	1,261	0.10
Final dividend for 31 March 2007 (paid 20 June 2007)	1,261	0.10	-	-
TOTAL DIVIDEND PAID	**1,261**		**2,466**	

The dividends are fully imputed.

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

Notes to the Financial Statements for the year ended 31 March 2008

NOTE 28. INVESTMENTS HELD FOR SALE

INVESTMENT IN JOINT VENTURE

The Group held a 50% share in a joint venture created in 2006 called, South Auckland Pack and Cool Limited (SAPAC). The other joint venture party was Jace Investments Limited.

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
Shares in and advances to SAPAC	-	230	-	464
TOTAL INVESTMENT IN JOINT VENTURES	**-**	**230**	**-**	**464**

DISPOSAL OF JOINT VENTURE

Prior to 31 March 2008, the Group entered into a contract to sell its 50% share in the SAPAC joint venture. The sale contract was completed on 1 April 2008. Accordingly, the SAPAC investment was reclassified as a held for sale asset and deconsolidated from the Group's balance sheet as at 31 March 2008. The major classes of assets comprising the held for sale asset are as follows:

	CONSOLIDATED $000	PARENT $000
Shares held	5	5
Advances and loans	443	443
WIP - Short term orchard leases	2,922	2,922
50% share of SAPAC retained earnings	19	-
HELD FOR SALE ASSET	**3,389**	**3,370**

The proceeds of the sale are to be received as per the following schedule, and will result in a realised gain of approximately $150,000 upon completion of the contract on 1 April 2008. As per the terms of the sale agreement, the Group will be required to pay 50% of the value of SAPAC's current year loss to the remaining joint venture partner.

Due to Seeka Kiwifruit Industries Ltd - 1 April 2008	300
Due to Seeka Kiwifruit Industries Ltd - 1 April 2009	300
Interest bearing loan at 5% due in full - 31 March 2011	2,922
PROCEEDS OF SALE	**3,522**

The SAPAC assets comprised a component of the Orchard Operation segment as disclosed in Note 6.

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
NOTE 29. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES				
Net Operating Surplus after Taxation	**2,576**	**5,459**	**2,538**	**5,162**
ADD NON CASH ITEMS:				
Depreciation	3,927	3,845	3,946	3,797
Amortisation of orchard development	235	126	235	126
Amortisation of intangibles	349	252	331	252
Loss on revaluation of buildings	84	-	84	-
Movement in deferred tax	185	1,231	197	1,220
Movement in fair value of biological assets	194	(891)	194	(891)
Movement in onerous leases	(1,158)	(1,175)	(1,158)	(1,175)
Movement in derivatives	151	(158)	151	(158)
Movement in employee share scheme	18	28	18	28
Share of income from associates	(91)	(167)	-	58
Share of loss from joint ventures	53	-	-	-
TOTAL NON CASH ITEMS	**3,947**	**3,091**	**3,998**	**3,257**
ADD ITEMS NOT CLASSIFIED AS AN OPERATING ACTIVITY:				
Loss on sale of property, plant and equipment	10	24	3	24
Gain on sale of shares	(42)	-	(42)	-
TOTAL ITEM NOT CLASSIFIED AS AN OPERATING ACTIVITY	**(32)**	**24**	**(39)**	**24**
INCREASE (DECREASE) IN WORKING CAPITAL:				
Increase (decrease) in accounts payable	2,255	3,273	2,746	2,833
(Increase) decrease in accounts receivable	(1,266)	(1,609)	(1,412)	(1,463)
(Increase) decrease in inventory	(3,027)	(2,155)	(3,071)	(2,111)
(Increase) decrease in work in progress / prepayments	1,223	(3,380)	1,223	(3,380)
Increase (decrease) in taxes and GST due	(424)	(406)	(401)	(430)
TOTAL MOVEMENT IN WORKING CAPITAL	**(1,239)**	**(4,277)**	**(915)**	**(4,551)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**5,252**	**4,297**	**5,582**	**3,892**

NOTE 30. 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.

Profit attributable to equity holders of the Company (000s)	2,576	5,459	2,538	5,162
Weighted average number of ordinary shares in issue (000s)	12,600	12,458	12,600	12,458
Basic earnings per share (cents)	0.20	0.44	0.20	0.41

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.

Profit attributable to equity holders of the Company (000s)	2,576	5,459	2,538	5,162
Weighted average number of ordinary shares in issue (000s)	12,600	12,458	12,600	12,458
Adjustment for share options	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	**12,600**	**12,458**	**12,600**	**12,458**
Diluted earnings per share (cents)	0.20	0.44	0.20	0.41

Notes to the Financial Statements for the year ended 31 March 2008

NOTE 31. CONTINGENCIES

As at 31 March 2008 the Parent entity and Group had no contingent liabilities or assets (2007: Nil).

NZX/Westpac: Westpac Bank holds a guarantee for a bond of $75,000 (2007: $75,000) in favour of the New Zealand Stock Exchange.

NOTE 32. COMMITMENTS

a. Capital commitments
As at 31 March 2008 the total capital expenditure contracted for but not provided for was $1,172,000 (2007: $1,372,000)

As at 31 March 2008 Opotiki Packing and Cool storage Limited had capital commitments at their 31 December 2007 balance date of $1,096,000 (2006: $2,323,000).

b. Lease commitments : Group and Parent as lessee
OPERATING LEASES
The Group has the following lease commitments:

ORCHARD LEASES
At balance sheet date, 233 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.

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 usually for between 3 to 6 years.

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

iii) Long term leased orchards: The Group lease 106 hectares of bare land on which it has developed kiwifruit 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 Company has a conditional right to lease the properties for a future term at the expiration of each lease.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
Within one year	4,781	4,985	4,781	4,815
Later than one year but not later than five years	7,585	9,725	7,585	9,045
Later than five years	4,860	5,558	4,860	5,558
	17,226	**20,268**	**17,226**	**19,418**

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 a greater value than the lease commitment accrues at the time of harvest.

NOTE 33. RELATED PARTY TRANSACTIONS

a. Grower entities
The Group undertakes transactions with Grower Entities that are of a material nature. These total $87,342,323 (2007: $81,451,803). The transactions are for the provision of post harvest services from Seeka Growers Limited.

b. Directors
The names of persons who were directors of the Parent at any time during the financial year are as follows: K R Ellis (appointed 1 June 2007), E B Allison (retired 10 August 2007), M J Cartwright, C R Morton (retired 19 February 2008), J A Scotland, D J Emslie, P G Dawe.

c. Key management and personnel and compensation

Key management personnel compensation for the year ended 31 March 2008 and the year ended 31 March 2007 is set out below. The key management personnel are all the directors of the Parent and the executives with the greatest authority for the strategic direction and management of the Parent.

	2008	2007
Directors fees	250	168
Other directors remuneration	-	305
Executive salaries	1,263	1,472
Short term benefits	164	201
TOTAL	**1,677**	**2,146**

	CONSOLIDATED		PARENT	
	2008 $000	2007 $000	2008 $000	2007 $000
d. Transactions				
Excluding transactions with Seeka Growers Limited which are disclosed above, the following transactions were entered with related parties during the year:				
SALE OF SERVICES				
Joint ventures	1,019	241	1,341	481
Associates	398	180	398	180
Other related parties	705	647	705	647
PURCHASE OF SERVICES				
Joint ventures	(2,277)	(167)	(4,554)	(334)
Other related parties	(1,868)	(2,370)	(1,868)	(2,370)
e. Outstanding balances				
The following balances are outstanding at the reporting date in relation to transactions with related parties:				
CURRENT RECEIVABLES (OPERATING)				
Joint ventures	786	113	786	113
Associates	3	44	3	44
Other related parties	592	70	592	70
ADVANCES				
Joint ventures	-	203	-	459
Associates	34	75	34	75
Other related parties	45	4	45	4
CURRENT PAYABLES (OPERATING)				
Joint ventures	(151)	(20)	(151)	(20)
Other related parties	(429)	(28)	(429)	(28)

e. 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.

Outstanding balances are unsecured and are repayable in cash.

NOTE 34. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Other than as disclosed in Note 28, no events requiring adjustment to or disclosure in the financial statements occurred after balance sheet date (2007: Nil).

Notes to the Financial Statements for the year ended 31 March 2008

NOTE 35. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRSs

Reconciliation of equity reported under New Zealand Financial Reporting Standards (NZ FRS) to equity under New Zealand equivalents to IFRSs (NZ IFRS)

		CONSOLIDATED			PARENT		
	Notes	NZ FRS $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	NZ FRS $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
a. At the opening balance sheet date: 1 April 2006							
EQUITY							
Share capital	35(m)	28,262	(823)	27,439	28,262	(823)	27,439
Reserves	35(n)	5,237	(804)	4,433	5,237	(804)	4,433
Retained earnings	35(o)	15,536	(3,642)	11,894	15,575	(3,770)	11,805
TOTAL EQUITY		**49,035**	**(5,269)**	**43,766**	**49,074**	**(5,397)**	**43,677**
CURRENT ASSETS							
Cash and cash equivalents		149	-	149	149	-	149
Trade and other receivables		6,168	-	6,168	6,168	-	6,168
Short term lease prepayments	35(i)	15,012	(2,203)	12,809	15,012	(2,203)	12,809
Inventories		1,775	-	1,775	1,775	-	1,775
TOTAL CURRENT ASSETS		**23,104**	**(2,203)**	**20,901**	**23,104**	**(2,203)**	**20,901**
NON CURRENT ASSETS							
Advances		1,402	-	1,402	1,402	-	1,402
Investments	35(k)	8,215	(767)	7,448	8,254	(895)	7,359
Property plant and equipment	35(g)	52,014	1,518	53,532	52,014	1,518	53,532
Biological assets	35(f)	-	7,907	7,907	-	7,907	7,907
Leased property development		8,994	(8,994)	-	8,994	(8,994)	-
Intangible assets	35(h)	-	1,853	1,853	-	1,853	1,853
Goodwill		1,558	(1,558)	-	1,558	(1,558)	-
TOTAL NON CURRENT ASSETS		**72,183**	**(41)**	**72,142**	**72,222**	**(169)**	**72,053**
TOTAL ASSETS		**95,287**	**(2,244)**	**93,043**	**95,326**	**(2,372)**	**92,954**
CURRENT LIABILITIES							
Trade and other payables		4,437	-	4,437	4,437	-	4,437
Financial liabilities	35(j)	-	30	30	-	30	30
Term liabilities - current		6,051	-	6,051	6,051	-	6,051
Current tax liabilities		59	-	59	59	-	59
TOTAL CURRENT LIABILITIES		**10,547**	**30**	**10,577**	**10,547**	**30**	**10,577**
NON CURRENT LIABILITIES							
Provision for onerous leases	35(l)	-	2,463	2,463	-	2,463	2,463
Term liabilities		23,004	-	23,004	23,004	-	23,004
Mandatory convertible notes		5,000	-	5,000	5,000	-	5,000
Provision for deferred tax	35(e)	7,701	532	8,233	7,701	532	8,233
TOTAL NON CURRENT LIABILITIES		**35,705**	**2,995**	**38,700**	**35,705**	**2,995**	**38,700**
TOTAL LIABILITIES		**46,252**	**3,025**	**49,277**	**46,252**	**3,025**	**49,277**
NET ASSETS		**49,035**	**(5,269)**	**43,766**	**49,074**	**(5,397)**	**43,677**

		CONSOLIDATED			PARENT		
	Notes	NZ FRS $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	NZ FRS $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
b. At the end of the reporting period under NZ FRS: 31 March 2007							
EQUITY							
Share capital	35(m)	30,156	(1,421)	28,735	30,156	(1,421)	28,735
Reserves	35(n)	6,280	(1,049)	5,231	6,280	(1,049)	5,231
Retained earnings	35(o)	16,004	(886)	15,118	15,980	(1,247)	14,733
TOTAL EQUITY		**52,440**	**(3,356)**	**49,084**	**52,416**	**(3,717)**	**48,699**
CURRENT ASSETS							
Cash and cash equivalents		16	-	16	-	-	-
Trade and other receivables		7,011	-	7,011	6,865	-	6,865
Short term lease prepayments	35(i)	18,392	(2,735)	15,657	18,392	(2,735)	15,657
Inventories		3,930	-	3,930	3,886	-	3,886
Financial assets	35(j)	-	126	126	-	126	126
Current tax receivables		669	-	669	693	-	693
TOTAL CURRENT ASSETS		**30,018**	**(2,609)**	**27,409**	**29,836**	**(2,609)**	**27,227**
NON CURRENT ASSETS							
Advances		1,156	-	1,156	878	-	877
Investments	35(k)	10,225	(1,595)	8,630	10,498	(1,948)	8,551
Property plant and equipment	35(g)	55,574	598	56,172	55,263	608	55,871
Biological assets	35(f)	-	9,618	9,618	-	9,618	9,618
Leased property development		8,328	(8,328)	-	8,328	(8,328)	-
Intangible assets		-	2,765	2,765	-	2,708	2,708
Goodwill	35(h)	1,287	(1,287)	-	1,249	(1,249)	-
TOTAL NON CURRENT ASSETS		**76,570**	**1,771**	**78,341**	**76,216**	**1,409**	**77,625**
TOTAL ASSETS		**106,588**	**(838)**	**105,750**	**106,052**	**(1,200)**	**104,852**
CURRENT LIABILITIES							
Bank overdraft		-	-	-	1	-	1
Trade and other payables		7,177	1	7,178	6,686	1	6,687
Bank borrowings		12,130	-	12,130	12,130	-	12,130
TOTAL CURRENT LIABILITIES		**19,307**	**1**	**19,308**	**18,817**	**1**	**18,818**
NON CURRENT LIABILITIES							
Provision for onerous leases	35(l)	-	1,287	1,287	-	1,287	1,287
Term liabilities		26,011	-	26,011	26,000	-	26,000
Provision for deferred tax	35(e)	8,830	1,230	10,060	8,819	1,229	10,048
TOTAL NON CURRENT LIABILITIES		**34,841**	**2,517**	**37,358**	**34,819**	**2,516**	**37,335**
TOTAL LIABILITIES		**54,148**	**2,518**	**56,666**	**53,636**	**2,517**	**56,153**
NET ASSETS		**52,440**	**(3,356)**	**49,084**	**52,416**	**(3,717)**	**48,699**

Notes to the Financial Statements for the year ended 31 March 2008

	CONSOLIDATED			PARENT		
	NZ FRS $000	Effect of transition to NZ IFRS $000	NZ IFRS $000	NZ FRS $000	Effect of transition to NZ IFRS $000	NZ IFRS $000
c. Reconciliation of profit for the year ended 31 March 2007						
Operating revenues	94,463	1,633	96,096	92,888	1,718	94,606
Less expenses	82,910	(650)	82,260	81,466	(650)	80,816
Operating surplus before interest, tax and depreciation	**11,553**	**2,283**	**13,836**	**11,422**	**2,368**	**13,790**
Less depreciation and amortisation	5,129	(907)	4,222	5,098	(897)	4,201
Plus share of profit and loss of associates	521	(270)	251	521	(579)	(58)
Operating surplus before interest and income tax	**6,945**	**2,920**	**9,865**	**6,845**	**2,686**	**9,531**
Less finance costs	2,923	(150)	2,773	2,922	(150)	2,772
Operating profit before income tax	**4,022**	**3,070**	**7,092**	**3,923**	**2,836**	**6,759**
Less taxation expense	1,180	453	1,633	1,144	453	1,597
NET OPERATING PROFIT ATTRIBUTABLE TO SHAREHOLDERS	**2,842**	**2,617**	**5,459**	**2,779**	**2,383**	**5,162**

d. Reconciliation to cash flow statement for the year ended 31 March 2007 has not resulted in any material adjustments to the cash flow statement

e. Deferred taxes

Under previous NZ FRS income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred income tax was not recognised in relation to amounts recognised directly in equity. The adoption of NZIFRS has resulted in a change in accounting policy. The application of NZ IAS 12 Income Taxes has resulted in the recognition of deferred tax liabilities on revaluations of non-current assets as well as deferred tax balances arising during the year in relation to fair value adjustments on the acquisition of a business. The effects are as follows:

	CONSOLIDATED		PARENT	
	2007 $000	2006 $000	2007 $000	2006 $000
Opening Balance Deferred Taxation Under NZ FRS	**8,830**	**7,701**	**8,819**	**7,701**
IMPACT AT 33% OF:				
Fair value of long term leases	101	(322)	100	(322)
Revaluation of plant property and equipment	1,129	854	1,129	854
DEFERRED TAXATION BALANCE AFTER NZ IFRS	**10,060**	**8,233**	**10,048**	**8,233**

f. Biological Assets and Leased Property Developments

Under NZ FRS investments in long term leases were recorded as Leased Property Developments at cost and were amortised on a straight line basis over the period of the lease.

Under NZ IFRS Long Term Leased Orchards are classified as biological assets and are measured at fair value less point of sale costs at each balance date. The effect is as follows:

Long term leased orchards at cost under NZ FRS	**8,328**	**8,994**	**8,328**	**8,994**
RESTATED AS:				
Fair value of kiwifruit crop	3,325	2,505	3,325	2,505
Fair value of vines	6,293	5,402	6,293	5,402
Fair value of biological assets	**9,618**	**7,907**	**9,618**	**7,907**
Structures and windmills transferred to property plant and equipment	1,658	1,812	1,658	1,812
Balance transferred to retained earnings / movement in fair of biological assets	(2,948)	(725)	(2,948)	(725)
BALANCE OF LEASED PROPERTY DEVELOPMENT	**-**	**-**	**-**	**-**

	CONSOLIDATED		PARENT	
	2007 $000	2006 $000	2007 $000	2006 $000

g. Property Plant and Equipment

As noted in Note 37(f), structure and windmill assets that were recorded within long term lease assets are now recorded within property, plant and equipment.

Under NZ IFRS software costs previously classified as property, plant and equipment have been reclassified as an intangible asset. The impact of this is as follows:

Opening balance under NZ FRS	**55,573**	**52,015**	**55,263**	**52,015**
Software restated as intangible assets	(1,059)	(295)	(1,050)	(295)
Total Property Plant and Equipment	**54,514**	**51,720**	**54,213**	**51,720**
Structures and windmills transferred to property plant and equipment	1,658	1,812	1,658	1,812
TOTAL PROPERTY PLANT AND EQUIPMENT UNDER NZ IFRS	**56,172**	**53,532**	**55,871**	**53,532**

h. Intangible Assets and Goodwill

Under NZ IFRS goodwill is classified as an intangible asset and not amortised. Instead it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Intangible assets also includes software costs which were previously classified within property, plant and equipment.

Opening balance under NZ FRS (previous goodwill)	**1,287**	**1,558**	**1,249**	**1,558**
Reversal of amortised goodwill	419	-	409	-
Software reclassified as an intangible	1,059	295	1,050	295
TOTAL INTANGIBLES UNDER NZ IFRS	**2,765**	**1,853**	**2,708**	**1,853**

i. Short Term Lease Prepayments

Under NZ IFRS short term lease prepayments relating to long term lease orchards has been included in their fair value. (note (b) above)

Opening balance under NZ FRS	**18,392**	**15,012**	**18,392**	**15,012**
Prepayments included in fair value of long term leases	(2,735)	(2,203)	(2,735)	(2,203)
TOTAL SHORT TERM LEASE PREPAYMENTS UNDER NZ IFRS	**15,657**	**12,809**	**15,657**	**12,809**

j. Financial Assets and Liabilities

Under NZ IFRS interest swaps are recognised as derivatives. The fair value of the asset is recognised in the balance sheet.

Opening balance under NZ FRS				
Fair value of interest swaps	126	(30)	126	(30)
TOTAL DERIVATIVES UNDER NZ IFRS	**126**	**(30)**	**126**	**(30)**

k. Investments

Under NZ IFRS investment in the Employee Share Scheme has been consolidated by the Group in accordance with NZ IFRS 3, Business Combinations. Shares held by the scheme have been classified as treasury stock. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period of the options. Additionally, for the year ended 31 December 2007, the Group's associate company OPAC converted to IFRS. This resulted in a reduction of prior period net profits. The impact of these changes are as follows:

Opening balance under NZ FRS	**10,225**	**8,215**	**10,498**	**8,254**
Restatement of associate profit under IFRS (OPAC)	(319)	(49)	(319)	(49)
Reversal of equity accounting under parent	-	-	(352)	(128)
Employee Share Scheme consolidated	(1,276)	(718)	(1,276)	(718)
TOTAL INVESTMENTS UNDER NZ IFRS	**8,630**	**7,448**	**8,551**	**7,359**

Notes to the Financial Statements for the year ended 31 March 2008

	CONSOLIDATED		PARENT	
	2007 $000	2006 $000	2007 $000	2006 $000
l. Business Combinations				
The restatement of business acquisitions has resulted in the recognition of onerous leases of $3,537,225 and a corresponding increase made to goodwill arising on acquisition. The increase in goodwill was fully impaired on acquisition.				
Opening balance of onerous leases under NZ FRS				
Provision for onerous leases	1,287	2,463	1,287	2,463
TOTAL ONEROUS LEASE UNDER NZ IFRS	**1,287**	**2,463**	**1,287**	**2,463**

m. Share Capital

Under NZ IFRS investment in the Employee Share Scheme has been consolidated by the Group in accordance with NZ IFRS 3, Business Combinations. Shares held by the scheme have been classified as treasury stock.

Opening balance of Share Capital under NZ FRS	**30,156**	**28,262**	**30,156**	**28,262**
Share treasury	(1,421)	(823)	(1,421)	(823)
TOTAL SHARE CAPITAL UNDER NZ IFRS	**28,735**	**27,439**	**28,735**	**27,439**

n. Reserves

Deferred income tax recognised represents the future economic value the Group will derive from revalued buildings. Under NZ IFRS the tax liability on this future value is recognised now and the tax expense in subsequent years will be lower than it would otherwise have been.

EMPLOYEE SHARE SCHEME RESERVE

Under NZ IFRS investment in the Employee Share Scheme has been consolidated by the Group in accordance with NZ IFRS 3, Business Combinations. The fair value of the employee services received in exchange for the grant of options is recognised as an expense and a reserve created that is disbursed over the vesting period. The impact is as follows:

Opening balance Reserves under NZ FRS	**6,280**	**5,237**	**6,280**	**5,237**
Asset Revaluation reserve	(1,128)	(854)	(1,128)	(854)
Employee Share Scheme Reserve	79	50	79	50
TOTAL RESERVES UNDER NZ IFRS	**5,231**	**4,433**	**5,231**	**4,433**

o. Retained earnings

The impact is as follows:

Balance retained earnings under NZ FRS	**16,004**	**15,536**	**15,980**	**15,575**
Long term leases fair value movement	368	(1,427)	368	(1,427)
Depreciation of long term lease structures and windmills	(155)	-	(155)	-
Onerous lease adjustment	(1,287)	(2,463)	(1,287)	(2,463)
Deferred tax adjustments	-	322	-	322
Recognition of interest rate derivatives	126	(30)	126	(30)
Remuneration expense relating to Employee Share Scheme	(98)	(50)	(98)	(50)
IFRS taxation adjustments	(132)	-	(132)	-
Goodwill amortisation reversed	419	-	410	-
Dividends eliminated on consolidation of Employee Share Scheme	192	104	192	104
OPAC restatement	(319)	(48)	(319)	(49)
Other adjustments	-	(50)	(352)	(177)
TOTAL RETAINED EARNINGS UNDER NZ IFRS	**15,118**	**11,894**	**14,733**	**11,805**

	CONSOLIDATED		PARENT	
	2007 $000	2006 $000	2007 $000	2006 $000
p. Income statement				
The impact of this is as follows:				
Balance profit before income tax under NZ IFRS	**4,022**	**5,291**	**3,923**	**5,291**
Goodwill no longer amortised	418	-	409	-
Movement in fair value long term leases	1,795	-	1,795	-
Depreciation of windmills and structures long term leases	(155)	-	(155)	-
Movement in onerous leases	1,175	-	1,175	-
Movement in staff share scheme reserve	(27)	-	(27)	-
Movement in derivatives	155	-	155	-
Consolidation of employee share scheme	(21)	-	(21)	-
Unwind equity accounting of associate companies	-	-	(495)	
OPAC conversion to IFRS	(270)	-	-	
TOTAL PROFIT BEFORE INCOME TAX UNDER NZ IFRS	**7,092**	**5,291**	**6,759**	**5,291**

Auditors' Report

PRICEWATERHOUSECOOPERS

Auditors' Report

to the shareholders of Seeka Kiwifruit Industries Limited

We have audited the financial statements on pages 10 to 53. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 March 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 14 to 21.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2008 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting 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:

(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and

(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary 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.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors and providers of other assurance and tax services.

Unqualified Opinion

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

In our opinion:

(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and

(b) the financial statements on pages 10 to 53:

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

(ii) give a true and fair view of the financial position of the Company and Group as at 31 March 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 12 June 2008 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers.

Chartered Accountants Auckland

Directory

DIRECTORS

Malcolm Cartwright	Peter Dawe	David Emslie	Kim Ellis	Jim Scotland	Peter Wood
Director	Director	Director	Chairman	Director	Secretary

	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Kim Ellis	Chairman	Member
Peter Dawe		Chairman
Malcolm Cartwright	Member	
David Emslie	Member	
Jim Scotland	Member	Member
Peter Wood	Secretary	Secretary

MANAGEMENT

Michael Franks
Chief Executive

Sally Gardiner
GM IFSL

Bryan Grafas
GM Orchard Operations

Stuart McKinstry
Chief Finanical Officer

Terry Richards
GM Business Development & Grower Services

Rob Towgood
GM Post Harvest Operations

CORPORATE

Offices of Seeka Kiwifruit Industries Limited

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

Auditor

PriceWaterhouseCoopers
Auckland

Accountants

Wood Walton Chartered Accountants Limited
Tauranga

Bankers

Westpac Banking Corporation
Auckland

Share Registrar

Link Market Services Limited
Ashburton

NZX

www.nzx.com

Legal Advisors

Harmos Horton and Lusk
Auckland

McKenzie Elvin
Tauranga

Shareholder Analysis

TOP 50 SHAREHOLDERS AT 31 MARCH 2008*

CR Morton	2,363,608	MI & BM Tremain	86,963
DMS Orchard Management Ltd	608,148	NP Gray, WR Gray, W Kameta & B Kingi	80,852
New Zealand Central Securities	532,927	Custodial Services Limited	77,613
CW Flood & M Schlagel	348,130	JR Griffin & Others	77,441
Seeka Employee Share Plan Trustees Ltd.	346,600	BJ Stapleton & LE Stapleton	77,432
J & PC Law	306,353	AR Wright & HO Wright	71,362
RECT Funds Management Limited	300,000	SW & RA Nelmes & PR Hills	66,942
Rod Bayliss Orchards Limited	234,457	Fairview Orchards (1997) Limited	64,874
WJ McGillivray & BE McGillivray & RE Lee	202,232	Te Puke Orchards (1997) Ltd	64,874
Burts Orchards (1997) Limited	166,663	AJ Hill & JM Hill & VW Brownrigg	64,457
DJ Emslie & DJ Emslie & Others	155,348	HD Spencer	61,985
ID Greaves & CM Thompson & MS Thompson	153,890	WR Baldwin & AM Baldwin	59,190
SR Tebbutt	150,118	MS Thompson & MA Thompson	58,405
S Moss	148,016	JP & PJ Jensen	56,837
Pho Holdings Limited	130,000	D J Hicks and Others	55,700
CW Flood	129,000	Bowyer Orchards Limited	54,586
LJ Christie	125,000	MJ Cartwright & HC Cartwright & Others	54,294
J Slater & RA Slater & Others	122,291	CM Thompson & MR Thompson	54,035
KM Oakley & MAS Oakley	119,443	RA & DG Bibby	53,333
TG & JD Newman	117,845	T&G Hawthorn & Wood Walton Trustees	53,076
WV & WJ Flowerday	115,910	BF Grafas	52,309
Custodial Services Limited	105,633	Scotland Farms Limited	52,120
MC & HF Salt	103,770	Ohiwa Investments Limited	50,865
J Slater & RA Slater	100,000	B & P Investments Limited	50,455
RB Tait & JG Tait & IJ Craig	100,000	Birdwood Farms Ltd	50,000

ANALYSIS OF SHAREHOLDER BY SIZE AT 31 MARCH 2008*

	No. of Shareholders	Shares Held	Percentage of Shareholders	Shares	Average Holding
Up to 1,000 Shares	240	120,331	30.34%	0.96%	501
1001 to 5,000 Shares	306	788,943	38.69%	6.26%	2,578
5001 to 10,000 Shares	98	729,037	12.39%	5.79%	7,439
10,001 to 100,000 Shares	124	3,876,302	15.68%	30.76%	31,261
100,001 Shares or More	23	7,085,382	2.91%	56.23%	308,060
Total	**791**	**12,599,995**	**100.0%**	**100.0%**	**15,929**

SUBSTANTIAL SECURITY HOLDERS AT 31 MARCH 2008**

	Shares Held	Percentage of Shareholding
CR Morton**	2,363,608	18.76%

*All shares fully paid up

**Shares that are fully paid and have voting rights

Our Mission

To maximise the value we deliver to our shareholders and suppliers.

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