SEEKA KIWIFRUIT INDUSTRIES LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

2012

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Seeka's Business

Seeka's primary business strategy is to continue the organic growth of the company's kiwifruit and avocado orcharding and post harvest business. In addition, Seeka will consider acquisition and alliance opportunities in areas that will enable the company to leverage off its existing core capabilities.

BUSINESS COMPONENTS

SEEKA ORCHARDING

Seeka is New Zealand's largest kiwifruit orcharding business growing more than 900 hectares of kiwifruit in the Coromandel and Bay of Plenty regions.

Orcharding operations produced approximately 7.4m trays of class 1 kiwifruit from harvest 2012, representing 36% of Seeka's post harvest volumes.

In addition to kiwifruit, Seeka also grows 26 hectares of avocados.

SEEKA POST HARVEST

Seeka operates six packhouses and 15 coolstores organised into two regions. In full production the facilities are capable of packing 650,000 class 1 trays of kiwifruit a day. Seeka uses the latest packing technology and has the scale to deliver an efficient service to its growers. The company's investment in plant and facilities along with its Advanced Inventory Management System (AIMS), ensure its growers' fruit is delivered to Zespri in full, on time and in peak condition.

Post harvest operations handled 20.7m class 1 trays of kiwifruit from harvest 2012 (plus 1.1m class 2 trays), representing 21% of New Zealand's total Zespri class 1 production.

Post harvest also undertakes avocado packing and coolstorage.

IFSL
INTEGRATED FRUIT SUPPLY LOGISTICS LIMITED

Seeka IFSL is a Zespri-registered supply entity that fully manages the order and supply interface between Seeka, Seeka Growers and Zespri.

SEEKAFRESH

SeekaFresh manages the marketing and supply of non-class-1 kiwifruit in Australasia, and in collaboration with Zespri markets and supplies class 1 kiwifruit into Malaysia. SeekaFresh also undertakes avocado marketing and supply to Australia and Asia.

VERIFIED LAB SERVICES

VLS delivers timely and cost-efficient maturity monitoring services to the company and growers for kiwifruit and avocado, and provides an independent coolstore testing service for more than half of the kiwifruit industry.

VLS also provides the industry with a rapid Psa-V detection service and supports industry research by safely culturing Psa-V bacteria in a registered physical containment PC2 laboratory.

Contents

Report of the Chairman and Chief Executive

The directors and management are pleased to present Seeka's financial results for the year ended 31 December 2012. The results are ahead of guidance given to stakeholders at their September meeting. Specifically:

- Profit before tax, impairment, revaluations and restructuring totalled $8.9m (guidance range $5.7m to $6.4m);
- Cashflow from operations totalled $12.6m (guidance range $9.8m to $10.5m);
- Total bank debt totalled $17.8m (guidance range $20.8m to $21.5m).

Seeka achieved earnings of $0.41 per share for the year and a net tangible asset backing of $3.89 per share at 31 December 2012.

During the period Seeka has implemented its strategy to enable the company to weather the impact of Psa on the industry. The company is now in a stronger financial position, with significantly lower debt and leaner operating cost structures. It is well positioned in an environment with continuing Psa, intense competition, decreasing gold fruit volumes, and an uncertain industry pathway to recovery.

Actions have included selling surplus assets, reducing debt, restructuring operations to lower costs, and limiting capital expenditure. The company has withheld the payment of dividends through the period in order to concentrate on lowering debt.

The directors and management thank staff, contractors and suppliers for their service and growers for their loyal support during the year.

DIVIDEND

The Directors have declared a fully imputed dividend of 6 cents per share, to be paid on 20 March 2013. The dividend will be paid to those shareholders on the register at 5pm 13 March 2013.

OPERATING PERFORMANCE

Operating revenue totalled $108.3m, down 22% from the previous corresponding period (pcp). This reflects lower post harvest and orcharding volumes, primarily caused by the removal of Psa-affected Zespri Gold. The volume of gold fruit processed declined to 3.3m trays from 6.4m trays in the pcp. The volume of gold fruit yielded from long-term lease orchards declined to 670,000 trays from 1.5m trays in the pcp. The outlook is for a further significant reduction in Zespri Gold, with no Gold trays from long-term lease orchards due to the removal of the productive vines.

EBITDA of $15.5m compares favourably against $11.3m in the pcp. The previous year included a $9.7m impairment of long-term lease biological assets ($0.3m in the current year). The current year also includes $0.6m in restructuring costs.

Positive earnings before tax of $7.4m compares to a $7.3m loss in the pcp.

Cashflow from operations totalled $12.6m, compared to $18.3m in the pcp.

Debt is significantly lower. Total bank debt at year end of $23.0m included $2.4m current debt. Seeka also held $5.2m in cash deposits, which lowered net bank debt to $17.8m (down by $12.0m or 40% from $29.8m in the pcp). By December 2012, Seeka invested an amount of $8.7m in next season's crop. Core debt net of this seasonal finance is $9.1m, funding $62.7m of property, plant and equipment.

REVIEW POST HARVEST OPERATIONS

Seeka's post harvest division coordinates the harvest, packing, coolstore and logistics operations for kiwifruit and avocados.

EBITDA from the post harvest division totalled $15.2m, compared to $17.4m in the pcp. Total kiwifruit volumes of 21.8m trays handled compares to 27.1m trays in the pcp. Importantly, gold volumes of 3.3m trays handled compares to 6.4m trays in the pcp.

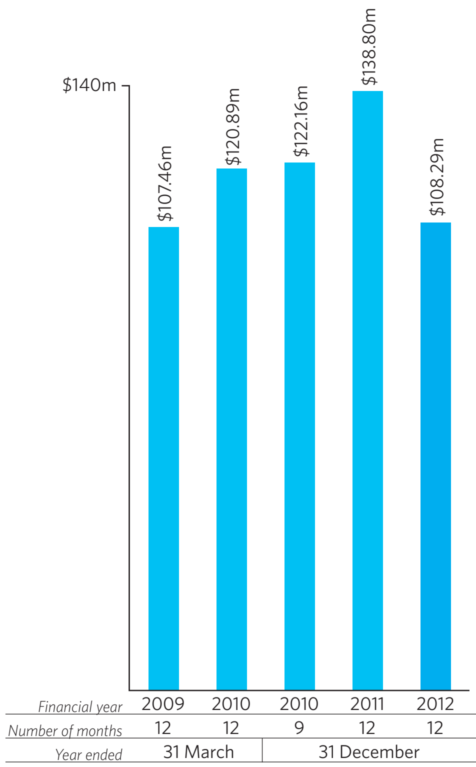
Seeka's gold catchment was substantially within the Te Puke region, with 72% of its fruit coming from the area. This region was the first to be hit by Psa, and many gold orchards ceased production as their vines were cut back to their trunk and made ready for grafting with new varieties. While gold fruit production in the wider industry fell 27%, Seeka's dependency on the Te Puke catchment saw its production fall by 48%.

Green volumes were also lower than expected. Fruit size was very small with Seeka's profile an average 34.2 count size. Smaller fruit results in more fruit per tray and lower overall yields. Seeka's yield of 8,260 trays per hectare compared to 8,950 in the pcp.

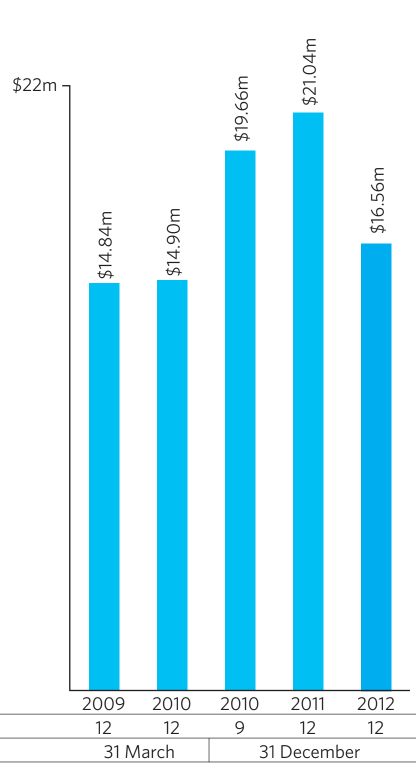
To reduce costs and increase returns to growers, Seeka concentrated production at its most efficient sheds and continued its innovation drive. New systems predicting the suitability of fruit for storage were deployed with good effect. Near-infra-red (NIR) technology was installed at the Oakside packhouse. Seeka undertook various trials to understand and calibrate this technology, which will deliver incremental returns in the coming years. NIR was very useful in handling the new G9 variety, which can have significant colour variation amongst fruit from the same orchard. This technology will also enable fruit selection on fruit pressure and dry matter once fully operational.

KEY FINANCIAL INDICATORS

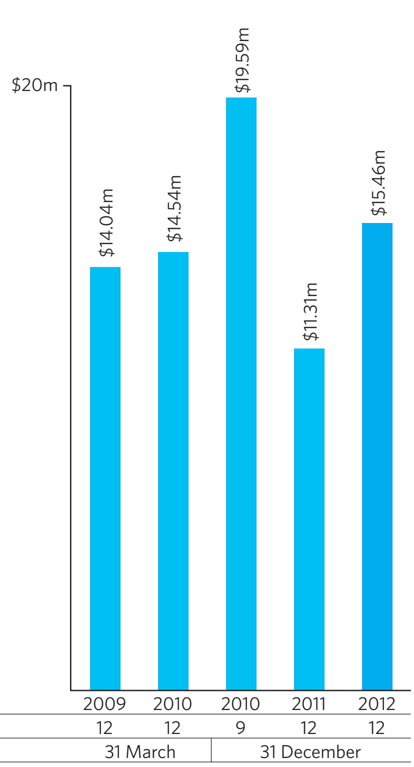
TOTAL REVENUE



EBITDAF



EBITDA



KEY INDICATORS

	12 months 31 March 2009	12 months 31 March 2010	9 months 31 December 2010	12 months 31 December 2011	12 months 31 December 2012
Revenue ($000s)	$ 107,464	$ 120,887	$ 122,157	$ 138,797	$ 108,290
EBITDA ($000s)	$ 14,042	$ 14,538	$ 19,588	$ 11,306	$ 15,464
EBITDA POST HARVEST ($000s)	$ 15,016	$ 15,294	$ 21,487	$ 17,364	$ 15,244
EBITDA ORCHARD ($000s)	$ 4,070	$ 5,239	$ 4,250	$ (5,537)	$ 6,943

OPERATING EARNINGS — EBITDAF

	12 months 31 March 2009	12 months 31 March 2010	9 months 31 December 2010	12 months 31 December 2011	12 months 31 December 2012
Earnings before interest, tax, depreciation, amortisation, fair value adjustments, impairments and asset revaluations	**$ 14,843**	**$ 14,902**	**$ 19,660**	**$ 21,036**	**$ 16,563**
Depreciation and amortisation expense	(4,630)	(5,103)	(4,938)	(6,394)	(5,584)
Amortisation of intangibles	—	—	—	(209)	(92)
Fair value movement in biological assets — vines	(106)	(194)	(282)	(9,730)	(292)
Impairment charges					
Short-term lease costs	(779)	(170)	367	(262)	(62)
Plant and equipment	—	—	—	(818)	(383)
Goodwill	—	—	—	(2,850)	—
Investments in associates	—	—	—	(1,228)	(89)
Land held for resale	—	—	—	(221)	—
Leased interest in land	—	—	—	(417)	(418)
Investment in Vital Foods	—	(1,794)	—	—	—
Revaluation					
Available for sale assets	—	—	—	(530)	—
Land and buildings	—	—	(157)	(3,233)	(6)
Huka Pak acquisition costs — cancellation of management contract	—	(3,900)	—	—	—
Loss on sale of joint venture	—	(400)	—	—	—
Movement in onerous lease provision	84	—	—	—	(807)
Interest	(2,831)	(2,107)	(2,055)	(2,766)	(1,878)
Fair value of non—hedge derivatives	(992)	211	84	300	422
Net profit / (loss) before tax	**$ 5,589**	**$ 1,445**	**$ 12,679**	**$ (7,322)**	**$ 7,374**
Tax (charge) / credit	(1,609)	(1,075)	(6,248)	269	(1,494)
Net profit / (loss) attributable to shareholders	**$3,980**	**$370**	**$6,431**	**$ (7,053)**	**$ 5,880**

As outlined in the half-year review, Bayliss, MacLoughlin, Waimapu, KCG and Rea Road sites closed for packing operations but were used for coolstorage. Rea Road has now been sold, with a lease back of the coolstores. MacLoughlin has been leased to a third party and the Bayliss and Waimapu sites are in the process of being sold, with conditional agreements in place. Shareholders will be advised should the Waimapu sale settle.

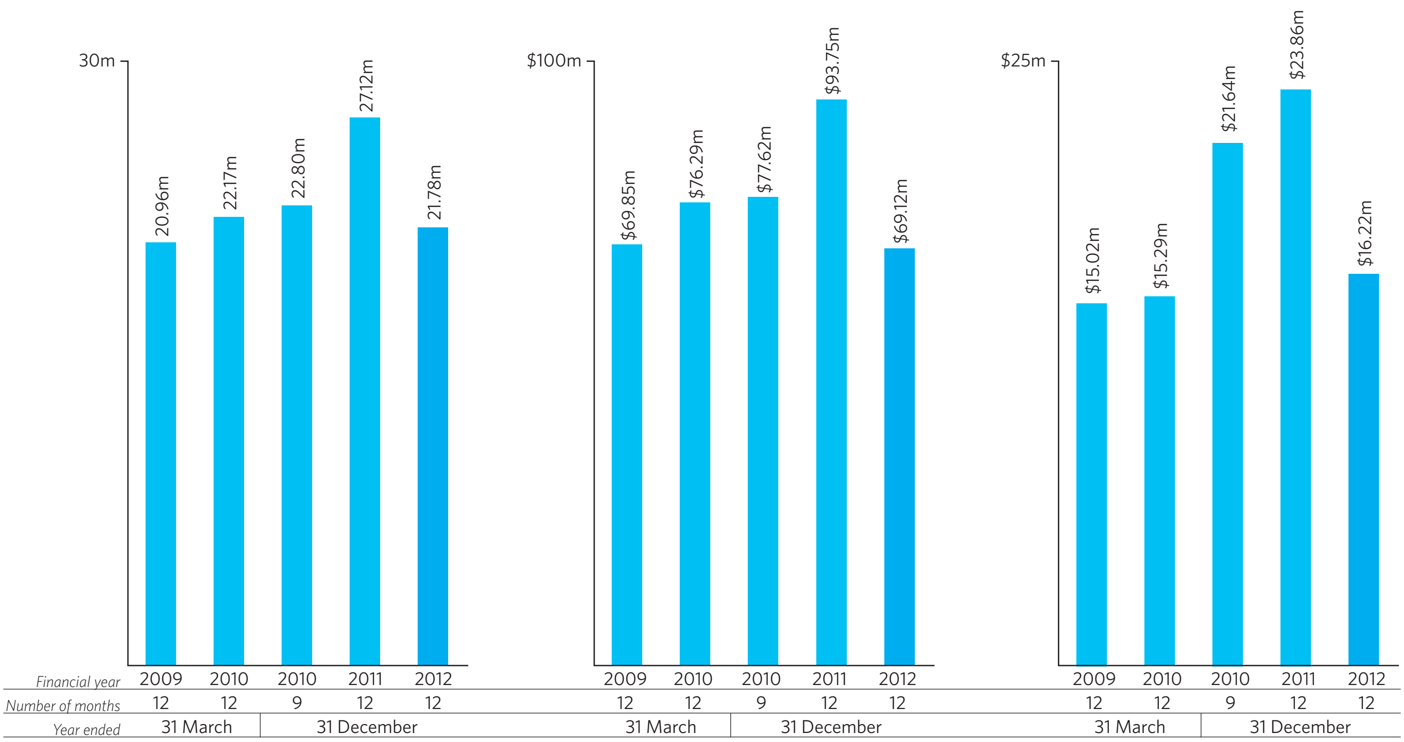
The post harvest division's performance for growers was one of the best on record for the company.

Low green fruit loss of 2% resulted in net storage incentives payable to growers averaging some $0.77 per tray (approximately $0.17 ahead of the industry average). The highest return to a Seeka grower was $1.61 per tray net storage incentives (i.e. incentive income for storing fruit late, less the costs of fruit loss and incremental costs of handling that fruit). Overall, Seeka growers have averaged a forecast $4.50 per tray return for the season to date, which is an increase from $3.89 per tray in the pcp.

Gold fruit loss of 1.52% compared to the 1.07% industry average. Seeka's Te Puke gold fruit catchment was challenging because of the prevalence of Psa – its average net storage income to growers totalled $0.97 per tray compared to the $1.14 industry average. Seeka growers proactively moved to create sub-pools, with Te Puna/Katikati averaging $1.77 per tray and the Coromandel $2.25. The highest return was $2.85 for storage incentives. Overall, the average gold return was $10.06 per tray, compared to $7.45 in the pcp.

POST HARVEST PERFORMANCE

CLASS 1 & 2 PACKED TRAYS — TOTAL REVENUE — EBITDAF



Green organic fruit is an important category to Seeka and Seeka strengthened its capabilities with Andrew Wood, organic category specialist, joining the team in 2012. Green organic fruit loss totalled 2.30%, compared to a 2.24% industry average. Average net storage returns were exceptional for the category at $0.50 per tray (compared to a $0.33 industry average). Overall, the average return to organic green growers totalled $6.30 per tray. Understandably, Seeka is now experiencing strong growth in the supply of organic fruit and expects significant increase on the 465,000 trays handled in 2012.

New varieties have been released by Zespri and handled by Seeka during the year. Each brought new challenges and complexities for post harvest personnel, but Seeka achieved excellent results with each variety.

Overall the post harvest division delivered a professional and competitive performance in a challenging environment. EBITDA earnings were reduced because of lower volumes, but the improved performance for growers was creditable.

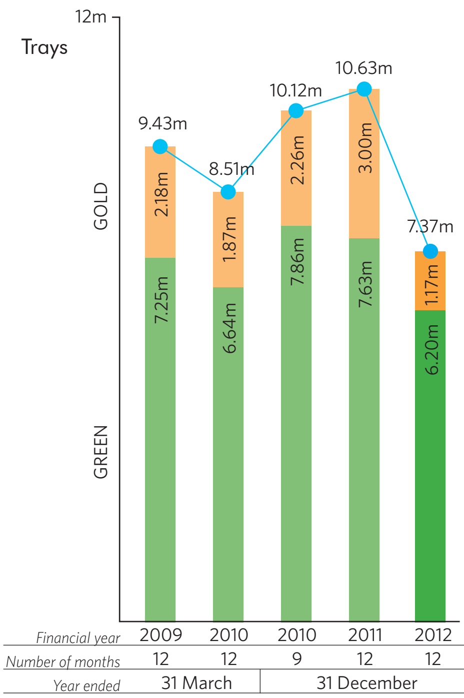
REVIEW OF ORCHARD DIVISION PERFORMANCE

The orchard division handles all growing and orchard management services for the company's orchards (owned and long-term leased), as well as for short-term leased and managed orchards.

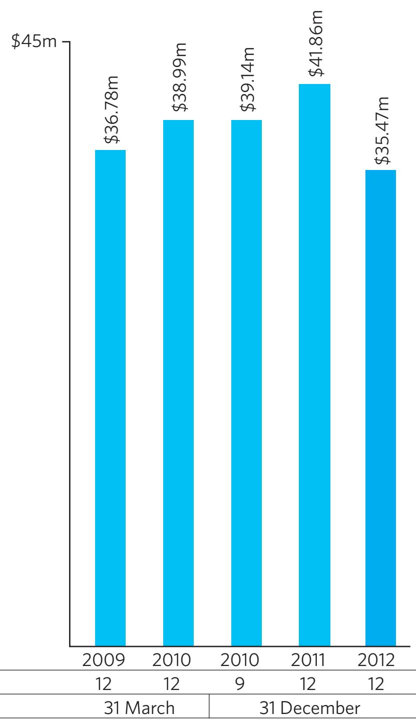
EBITDA from the orchard division totalled $6.9m compared to a loss of $5.5m in 2011 (following the impairment of the long-term lease biological assets in that year).

ORCHARD DIVISION PERFORMANCE

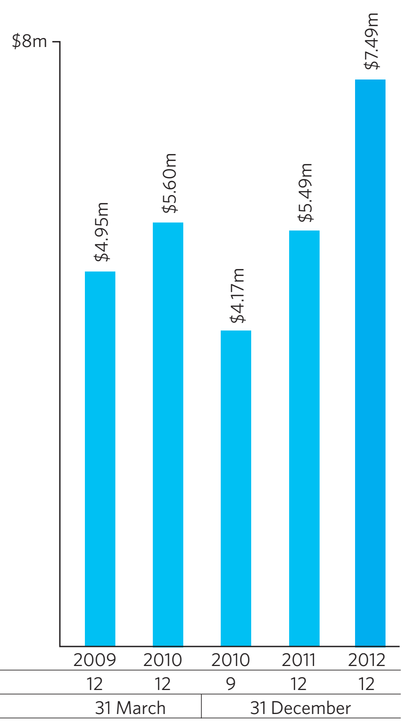
KIWIFRUIT PRODUCTION



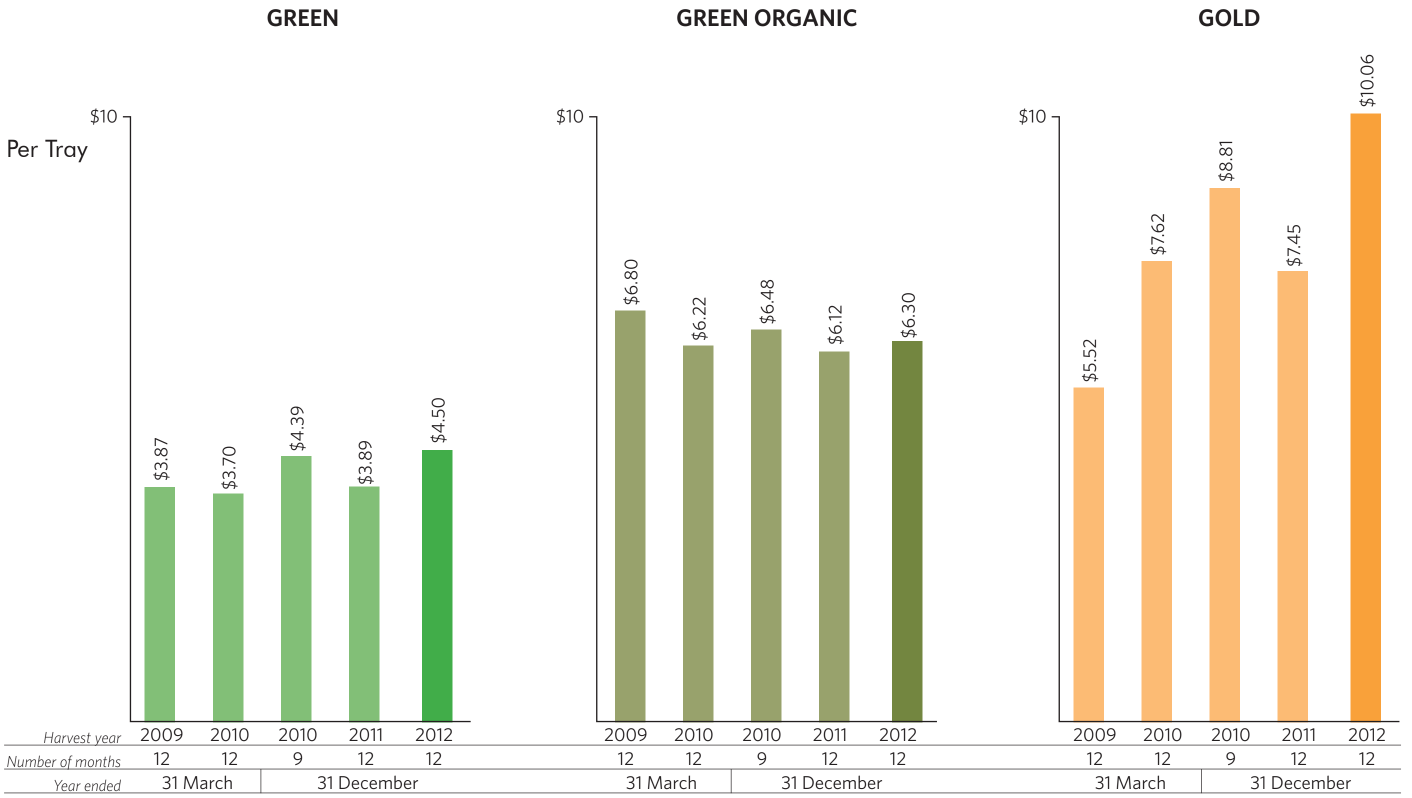
TOTAL REVENUE



EBITDAF

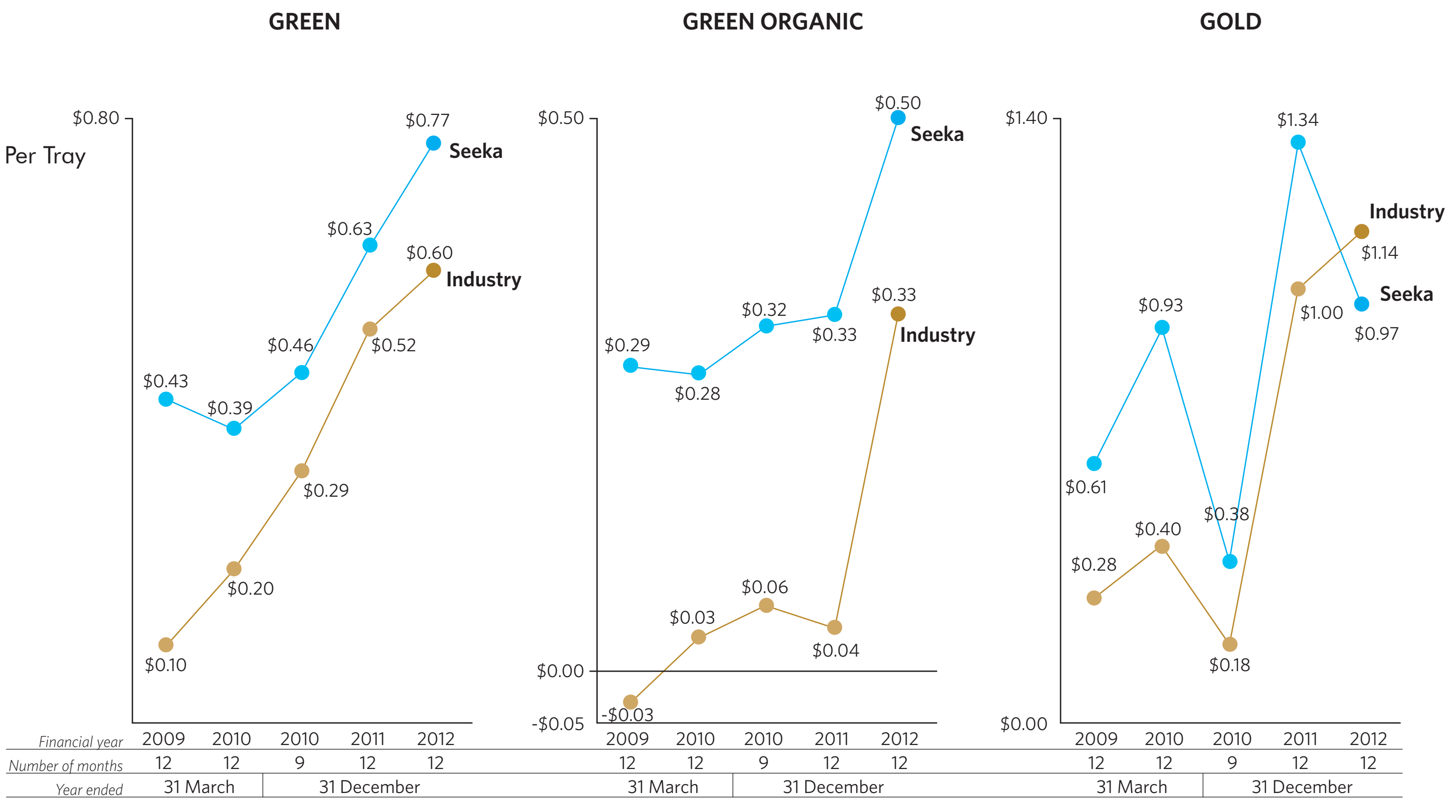


HISTORICAL SEEKA ORCHARD GATE RETURNS



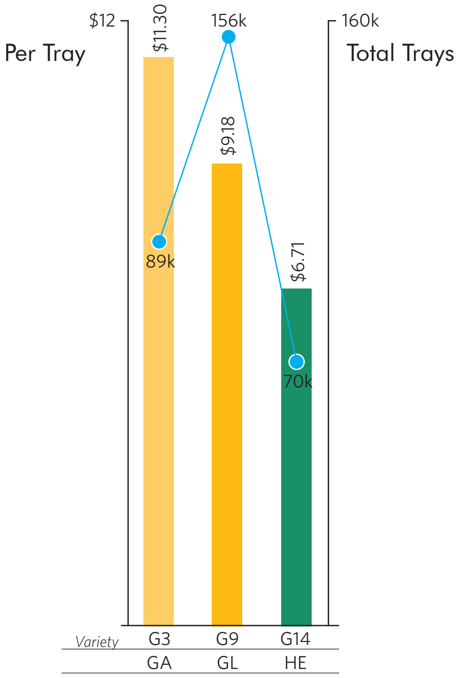
HISTORICAL SEEKA NET TIME RELATED RETURNS

SEEKA VS INDUSTRY



* *2012 data based Zespri Forecast #3*

NEW VARIETY OGR AND PACKED TRAYS



Gold trays harvested totalled 670,000 trays from long-term leased orchards (down from 1.5m trays in the pcp). Seeka continues to restructure its long-term leases where Psa has destroyed the productive capability of the orchard. The standard long-term lease allows for Seeka to proportionately alter the lease or terminate where Psa was prevalent and vines destroyed (a position confirmed through arbitration). Seeka has sought to work constructively with owners to renegotiate lease terms; while Seeka has continuing leases, some leases have been partially or totally terminated.

Across the remaining orchards in the long-term lease portfolio, some 62 hectares have been re-grafted or replanted with new Zespri varieties or Hayward.

Seeka included kiwiberry (aguta hort gem Tahi "K2D4") in its evaluation of alternate varieties for grafting into Psa-affected orchards. A sub-license was entered into with marketer Freshmax Limited, enabling Seeka's growers to access and graft the variety. Seeka also renewed its relationship with Prim'land of France, which markets the fruit under the brand Nergi. Demand for the variety is strong in Europe and Prim'land have regularly visited our growers during grafting. Supported by Seeka's orchard division, some ten hectares of supplying orchards have been grafted, doubling the size of this fledging industry and there is potential for a significant increase in the future.

The demand for Seeka's leasing and managed orchard services remains high, particularly in light of the uncertainties caused by Psa. Competition for leases amongst post harvest companies is high, with some companies offering unprofitable deals; Seeka carefully evaluates each lease before confirmation.

SEEKAFRESH AND AVOFRESH

SeekaFresh handles all the non-Zespri supplied fruit sales. These include class 2 kiwifruit sales to Australia and New Zealand, and avocado sales to Japan, Australia and New Zealand. AvoFresh handles the organisation of our avocado business, grower relations, technical, post harvest and logistics.

SeekaFresh continues to expand its operations in a controlled manner. Quality is all-important in the fruit marketing business and SeekaFresh is gaining a reputation of reliably delivering high-quality produce to our discerning customers.

Competitive returns have been delivered to growers from SeekaFresh in 2012. Average forecast FOBS market returns for green class 2 fruit totalled some $4.35 per tray.

The new kiwiberry will be offered by SeekaFresh progressively from 2013 onwards.

The outlook for both SeekaFresh and AvoFresh remains positive.

PEOPLE

Our people are a significant point of difference for Seeka. We have talented and experienced people across the company. They are organised into teams designed to deliver professional service and competitive returns to our growers.

In the face of Psa and the associated decline in fruit volumes, Seeka has restructured its operations and lowered the number of permanent employees (both full and part-time). The company now has 163 permanent employees compared to 262 before the Psa outbreak. Approximately 80 people have left the company by way of a voluntary or company-initiated process, saving approximately $4.5m per annum. The redundancies cost totalled $0.6m in the current year.

Seeka has lost some very good people but treated everyone fairly and with the dignity they deserve. Personnel levels are now matched to the anticipated crop volumes, in structures and with the experience to deliver excellent results. Our focus on safety remains, with initiatives underway to ensure our people are safe at all times.

Seeka remains committed to investing in its people because of the important contribution they make to the company. Seeka thanks its staff for their excellent performance and their commitment to our shareholders and growers.

KIM ELLIS

The board and management would like to thank Kim, who left the board this year after five years as chairman.

The financial results delivered to shareholders by the company and the strengthening of the balance sheet are due to the strategy led by Kim as chairman of the board. Kim is thanked for his dedicated service and both the board and the company wish him well with his further endeavours.

OUTLOOK AND CLOSE

This remains a testing time for the kiwifruit industry and Seeka. The immediate outlook is cautious with lower volumes anticipated across the industry – particularly with gold varieties – and uncertainty about forward crop volumes. Seeka is well-positioned because it has proactively and patiently lowered cost structures, sold surplus assets and reduced debt. It has dedicated people and determined leadership. In addition, it has growers and shareholders whose loyalty has been founded on performance.

F Hutchings

Fred Hutchings
Chairman

Michael Franks

Michael Franks
Chief Executive

Financial Statements

Statement of Financial Performance *For the year ended 31 December 2012*

	Notes	GROUP 2012 $000s	GROUP 2011 $000s	PARENT 2012 $000s	PARENT 2011 $000s
Revenue	7	108,290	138,797	108,290	138,797
Cost of sales	8	82,715	107,114	82,715	107,114
Gross profit		**25,575**	**31,683**	**25,575**	**31,683**
Other income	7	437	242	630	561
Share of profit of associates	20	433	340	-	-
Other costs	8	9,952	9,494	9,953	9,493
Fair value movement in biological assets – crop and vines	18	1,029	11,465	1,029	11,465
Earnings (EBITDA) before revaluations and impairments		**15,464**	**11,306**	**15,223**	**11,286**
Depreciation expense	8	5,584	6,394	5,584	6,394
Loss on revaluation of land and buildings	8	6	3,233	6	3,233
Impairment of lease interest in land	8	418	417	-	-
Impairment of plant and equipment	8	383	818	383	818
Impairment of goodwill	16	-	2,850	-	2,850
Impairment of investments in associates	20	89	1,228	89	1,228
Impairment of investments in subsidiaries		-	-	241	3,330
Impairment of short term lease prepayments		62	262	62	262
Impairment of land held for resale		-	221	-	221
Loss on revaluation of available for sale assets	17	-	530	-	530
Amortisation of intangibles	16	92	209	60	177
Earnings (EBIT)		**8,830**	**(4,856)**	**8,798**	**(7,757)**
Interest expense	8	1,878	2,766	1,878	2,766
Fair value adjustments on non-hedging derivatives	8	(422)	(300)	(422)	(300)
Net profit/(loss) before tax		**7,374**	**(7,322)**	**7,342**	**(10,223)**
Income tax charge/(credit)	9	1,494	(269)	1,620	(619)
NET PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS		**5,880**	**(7,053)**	**5,722**	**(9,604)**
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company during the year					
Basic earnings per share	29	$0.41	$(0.50)	$0.40	$(0.67)
Diluted earnings per share	29	$0.41	$(0.50)	$0.40	$(0.67)

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income *For the year ended 31 December 2012*

	Notes	GROUP 2012 $000s	GROUP 2011 $000s	PARENT 2012 $000s	PARENT 2011 $000s
Net profit/(loss) for the year		**5,880**	**(7,053)**	**5,722**	**(9,604)**
Movement in cash flow hedge reserve, net of tax	26	(2)	(69)	(2)	(69)
Loss on revaluation of land and buildings, net of tax	26	(330)	(5,237)	(330)	(5,237)
Gain/(loss) on revaluation of available for sale financial assets, net of tax	26	174	(317)	174	(317)
Other comprehensive (loss) for the year, net of tax		**(158)**	**(5,623)**	**(158)**	**(5,623)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		**5,722**	**(12,676)**	**5,564**	**(15,227)**

Statement of Financial Position *As at 31 December 2012*

		GROUP		PARENT	
	Notes	2012 $000s	2011 $000s	2012 $000s	2011 $000s
EQUITY					
Share capital	25	35,690	35,690	35,690	35,690
Reserves	26	2,895	3,053	2,895	3,053
Retained earnings	26	17,612	11,732	17,736	12,014
TOTAL EQUITY		**56,197**	**50,475**	**56,321**	**50,757**
CURRENT ASSETS					
Cash and cash equivalents	10	5,183	903	5,090	816
Trade and other receivables	11	7,594	11,141	7,572	11,122
Short term lease prepayments		8,731	7,636	8,731	7,636
Inventories	12	1,681	2,167	1,681	2,167
Land and property held for sale	12	3,756	899	3,756	899
TOTAL CURRENT ASSETS		**26,945**	**22,746**	**26,830**	**22,640**
NON CURRENT ASSETS					
Advances		834	938	819	923
Property, plant and equipment	15	62,659	72,137	62,659	72,137
Intangible assets	16	895	1,349	94	98
Available for sale financial assets	17	1,110	944	1,055	889
Biological assets	18	914	1,123	914	1,123
Investment in subsidiaries	19	-	-	681	1,006
Investment in associates	20	3,073	3,005	3,140	3,229
TOTAL NON CURRENT ASSETS		**69,485**	**79,496**	**69,362**	**79,405**
TOTAL ASSETS		**96,430**	**102,242**	**96,192**	**102,045**
CURRENT LIABILITIES					
Current tax liabilities	9	2,412	3,235	2,412	3,235
Trade and other payables	21	6,834	9,157	6,696	9,028
Onerous lease provision	22	322	-	322	-
Interest bearing liabilities	24	2,376	6,703	2,376	6,703
Financial derivatives	13	245	662	245	662
TOTAL CURRENT LIABILITIES		**12,189**	**19,757**	**12,051**	**19,628**
NON CURRENT LIABILITIES					
Onerous lease provision	22	485	-	485	-
Interest bearing liabilities	24	20,590	23,966	20,590	23,966
Deferred tax	23	6,969	8,044	6,745	7,694
TOTAL NON CURRENT LIABILITIES		**28,044**	**32,010**	**27,820**	**31,660**
TOTAL LIABILITIES		**40,233**	**51,767**	**39,871**	**51,288**
NET ASSETS		**56,197**	**50,475**	**56,321**	**50,757**

On behalf of the Board

F A Hutchings
Chairman

S B Burns
Director

Dated: 20 February 2013

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 December 2012

	Notes	Share capital $000s	Available for sale revaluation reserve $000s	Cash flow hedge reserve $000s	Share based payments reserve $000s	Land and buildings revaluation reserve $000s	Retained earnings $000s	Total $000s
GROUP								
Equity at 1 January 2011		35,657	372	(105)	114	8,295	20,516	64,849
Net (loss) for the year		-	-	-	-	-	(7,053)	(7,053)
Other comprehensive (loss) for the year		-	(317)	(69)	-	(5,237)	-	(5,623)
Total comprehensive (loss) for the year		-	(317)	(69)	-	(5,237)	(7,053)	(12,676)
Transactions with owners								
Shares issued	25	33	-	-	-	-	-	33
Dividends paid	27	-	-	-	-	-	(1,731)	(1,731)
Total transactions with owners		33	-	-	-	-	(1,731)	(1,698)
Equity at 31 December 2011		35,690	55	(174)	114	3,058	11,732	50,475
Net profit for the year		-	-	-	-	-	5,880	5,880
Other comprehensive income/(loss) for the year		-	174	(2)	-	(330)	-	(158)
Total comprehensive income/(loss) for the year		-	174	(2)	-	(330)	5,880	5,722
Transactions with owners		-	-	-	-	-	-	-
EQUITY AT 31 DECEMBER 2012		35,690	229	(176)	114	2,728	17,612	56,197
PARENT								
Equity at 1 January 2011		35,657	372	(105)	114	8,295	23,349	67,682
Net (loss) for the year		-	-	-	-	-	(9,604)	(9,604)
Other comprehensive (loss) for the year		-	(317)	(69)	-	(5,237)	-	(5,623)
Total comprehensive (loss) for the year		-	(317)	(69)	-	(5,237)	(9,604)	(15,227)
Transactions with owners								
Shares issued	25	33	-	-	-	-	-	33
Dividends paid	27	-	-	-	-	-	(1,731)	(1,731)
Total transactions with owners		33	-	-	-	-	(1,731)	(1,698)
Equity at 31 December 2011		35,690	55	(174)	114	3,058	12,014	50,757
Net profit for the year		-	-	-	-	-	5,722	5,722
Other comprehensive income/(loss) for the year		-	174	(2)	-	(330)	-	(158)
Total comprehensive income/(loss) for the year		-	174	(2)	-	(330)	5,722	5,564
Transactions with owners		-	-	-	-	-	-	-
EQUITY AT 31 DECEMBER 2012		35,690	229	(176)	114	2,728	17,736	56,321

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows *For the year ended 31 December 2012*

	Notes	GROUP 2012 $000s	GROUP 2011 $000s	PARENT 2012 $000s	PARENT 2011 $000
Operating Activities					
Cash was provided from:					
Receipts from customers		111,891	140,870	111,893	140,885
Interest and dividends received		713	552	630	552
Cash was disbursed to:					
Payments to suppliers and employees		(94,934)	(116,396)	(94,943)	(116,363)
Interest paid		(1,827)	(2,626)	(1,827)	(2,668)
Income taxes paid		(3,250)	(4,084)	(3,250)	(4,084)
NET CASH FLOWS FROM OPERATING ACTIVITIES	28	12,593	18,316	12,503	18,322
Investing activities					
Cash was provided from:					
Sale of property, plant and equipment		1,080	16	1,080	17
Sale of available for sale investments		82	13	82	13
Repayment of advances		104	-	188	-
Cash was applied to:					
Purchase of property, plant and equipment		(978)	(6,826)	(978)	(6,826)
Purchase of available for sale investments net of cash acquired		(78)	-	(78)	-
Advances		-	(136)	-	(137)
Development of long term lease assets		(820)	-	(820)	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(610)	(6,933)	(526)	(6,933)
Financing activities					
Cash was provided from:					
Proceeds of short term bank borrowings		26,073	27,969	26,073	27,969
Issue of shares		-	32	-	32
Cash was applied to:					
Repayment of term bank borrowings		(3,376)	(5,376)	(3,376)	(5,376)
Repayment of short term bank borrowings		(30,400)	(31,928)	(30,400)	(31,928)
Payment of dividend to shareholders	27	-	(1,731)	-	(1,731)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(7,703)	(11,034)	(7,703)	(11,034)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,280	349	4,274	355
Opening cash and cash equivalents		903	554	816	461
CLOSING CASH AND CASH EQUIVALENTS		5,183	903	5,090	816

The accompanying notes form an integral part of these financial statements

1) Reporting entity

Seeka Kiwifruit Industries Limited and its subsidiaries (together 'the Group') provide orchard lease and management, and post harvest service activities to the horticultural industry. 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 (NZX). The Company is an issuer in terms of the Financial Reporting Act 1993. The Consolidated Financial Statements of the Group for the year ended 31 December 2012 comprise the Company and its subsidiaries and interests in associates. The address of its registered office is 6 Queen Street, Te Puke.

Glossary:

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

The financial statements were authorised for issue by the Board of Directors on 20 February 2013. The Directors do not have the authority to amend the financial statements after issue.

2) Summary of significant accounting policies

a) Basis of preparation

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

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

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

ii) *Historical cost convention*
The financial statements have been prepared under the historical cost convention as modified by the following:

- Financial instruments at fair value through profit or loss are measured at fair value.
- Biological assets are measured at fair value less point-of-sale costs (as applicable).
- Land and buildings are measured using the revaluation model.

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

iv) *Going concern assumption*
Directors continue to adopt the going concern assumption in preparing the financial statements for the year ended 31 December 2012. In doing so they have, amongst other things, considered;
- Forecast information relating to operational profitability and cash flow requirements.
- The security of bank funding and compliance with bank covenants
- The impact of Psa on crop supply to the Group and that the supply volumes of green kiwifruit have, thus far, demonstrated resilience to Psa.
- The ability of the Group to achieve economies of scale, and to consolidate post harvest operational activities to its most efficient sites.
- Significant investments in capital have occurred in recent years thereby reducing the need for significant capital expenditure in the near term.

b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and associates of Seeka Kiwifruit Industries Limited (the 'Parent') as at 31 December 2012 and their results for the year then ended. Seeka Kiwifruit Industries Limited, its subsidiaries and associates together are referred to in these financial statements as the Group or the consolidated entity.

i) *Subsidiaries*
Subsidiaries are all those entities (including special purpose entities) over which the Parent has 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.

2) Summary of significant accounting policies

b) Principles of consolidation (continued)

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

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

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

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

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

c) Segment reporting

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

d) Functional currency

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

2) Summary of significant accounting policies (continued)

e) Revenue recognition

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

i) *Sales of services*
The Group provides post harvest, orchard services and fruit marketing services to the horticultural industry.

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

Orchard services
This includes orchard management, and associated services provided to growers who supply fruit to the Group. Fees for these services are invoiced and recognised as incurred on a monthly basis.

The Group also enters into orchard leases via financial arrangements with landowners to produce kiwifruit crops. The costs of growing these crops are incurred over an 11 month period prior to harvest during March to June each year. The revenue from these crops is received over the 10 month period following harvest and is applied against growing costs incurred and payments to landowners.

Other sales:

(i) Fruit marketing services

The Group conducts sale programs for fruit on behalf of supplying growers as their agent, in return for a commission based on the FOBS value of the fruit sold.

(ii) Collaborative marketing services

The Group conducts collaborative marketing operations in conjunction with its agents. The Group purchases fruit from Zespri for sale in agreed international markets under licence from Kiwifruit New Zealand.

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

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

f) Income tax

The income tax expense comprises both current and deferred tax. Income tax expense is recognised in the Statement of Financial Performance.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

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

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

2) Summary of significant accounting policies (continued)

g) Goods and Services Tax (GST)

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

h) Cash and cash equivalents

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

i) Cash flow statements

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

j) Leases

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

Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases include short term orchard leases, classified as short term lease prepayments in the balance sheet, and long term orchard leases which are classified as biological assets in the balance sheet, refer note 2(aa). Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight line basis over the period of the lease, except for short term orchard leases where lease costs are recognised at the same time as other crop related income and expenses.

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

k) Impairment of non-financial assets

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

l) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis including debts past due but not considered impaired. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence, such as default or bankruptcy that indicate that the Group will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Financial Performance.

2) Summary of significant accounting policies (continued)

m) 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.

n) Investments and other financial assets

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

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

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

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

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

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

2) Summary of significant accounting policies

n) Investments and other financial assets (continued)

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

iv) *Impairment of financial assets*

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Refer to the trade receivables policy in note 2(l). In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the Statement of Financial Performance. Impairment losses recognised in the Statement of Financial Performance on equity instruments are not reversed through other comprehensive Income.

o) Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The resulting gain or loss is recognised as a financing cost in profit or loss immediately unless the derivative is designated and effective as a hedge instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Refer to Note 13. Derivatives are classified as current or non-current based on the effective date.

p) Hedge accounting

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

i) *Cash flow hedge*

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

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

q) Non-current assets held for sale

Upon determination that a sale by the Group is highly probable and an asset's carrying amount will be recovered principally through a sale transaction rather than by continued use, the asset will be reclassified on the face of the Statement of Financial Position as an asset held-for-sale.

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

2) Summary of significant accounting policies (continued)

r) Trade and other payables

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

s) Fair value estimation

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

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

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

The carrying value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial 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.

t) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by independent valuers, less subsequent depreciation for buildings. Revaluations are performed more frequently than triennially when there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value (See Note 4). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment 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 Statement of Financial Performance during the financial period in which they are incurred.

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

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

2) Summary of significant accounting policies

t) Property, plant and equipment (continued)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in other reserves in respect of those assets is transferred to retained earnings.

u) Borrowings

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

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

v) Provisions

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

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

w) Intangible assets

i) *Goodwill*
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business or associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii) *Computer software*
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years).

iii) *Lease interest in land*
The Group interest in long term leased land occupied, or held for future development, is amortised over the life of the lease and tested for impairment at each balance date.

x) Employee benefits

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

2) Summary of significant accounting policies

x) Employee benefits (continued)

Employee Staff Share Scheme

ii)

The Group 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, calculated using the Black Scholes pricing model, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

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

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

The scheme is managed by a trust established in October 2002 and the directors of the trustee company (Seeka Employee Share Plan Trust Limited) also hold office as directors of Seeka Kiwifruit Industries Limited.

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

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.

y) Dividends

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

z) Earning per Share

i) *Basic earnings per share*

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

ii) *Diluted earnings per share*

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

2) Summary of significant accounting policies (continued)

aa) Biological assets - Long Term Leases

At the annual balance date, kiwifruit and avocado orchards under long term leases and the related kiwifruit and avocado crops are measured at their fair value. See Notes 4 and 18.

Fully Developed Orchards:
Biological assets are initially valued at cost while orchards are under development. Once sufficient biological transformation has occurred the fair value of fully developed orchards (vines and trees) is determined by an independent valuer at the annual balance date. Included in the biological asset value is an amount for the fair value of the existing crop on the vine which is represented by the costs incurred to date to grow those crops that are recoverable from the harvest.

Orchards Under Development:
The fair value of the orchards under development is determined at cost due to insufficient biological transformation having occurred at balance date. Cost is tested for impairment at balance date. In assessing the cost of developing kiwifruit orchards consideration is given to the level of uncertainity that exists as to the ability of the new vines, or grafts, to survive through to full production.

The gain or loss in the fair value of the kiwifruit and avocado orchards under long term lease and their related kiwifruit crops, are recorded in the Statement of Financial Performance.

ab) Share capital

Ordinary shares are classified as equity.

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

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

ac) Comparative information

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

3) Application of new and revised New Zealand International Financial Reporting Standards

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

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

NZ IFRS 44 'Harmonisation Amendments' (effective for annual periods beginning on or after 1 July 2011). Amends various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards. The significant amendments include:
- deletion of the requirement for an independent valuer to conduct the valuation of investment property and property, plant and equipment;
- The option to account for investment property using either cost or fair value model;
- The option to use the indirect method of reporting cash flows that is not currently in NZ IAS 7.

In addition, various disclosure requirements have been deleted.

There is no significant effect on the financial statements as a result of applying the updates above.

The following new standards, amendments to standards or interpretations are mandatory for the first time in the current period, but are not currently relevant for the Group:

3) Application of new and revised New Zealand International Financial Reporting Standards (cont'd)

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

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

a) NZ IFRS 9 'Financial instruments' (effective for annual periods beginning on or after 1 January 2015). NZ IFRS 9 is to replace IAS 39 and will simplify the mixed measurement model as well as establish two primary measurement categories for financial assets: amortised cost and fair value. Basis of classification depends on the entity's business model and contractual cash flow characteristics of the asset. IAS 39 guidance on impairment and hedge accounting will continue to apply.

b) NZ IAS 1 (Amendment) 'Presentation of financial statements' (effective from 1 July 2012). The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. This standard is not expected to significantly affect the Group.

c) NZ IFRS 10 'Consolidated financial statements' (effective for annual periods beginning on or after 1 January 2013). NZ IFRS 10 replaces all of the guidance on control and consolidation in NZ IAS 27 Consolidated and separate financial statements, and NZ SIC-12 Consolidation – special purpose entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns.

d) NZ IFRS 12 'Disclosures unconsolidated entities' (effective for annual periods beginning on or after 1 January 2013). Brings together in one standard the disclosure requirements related to subsidiaries, joint arrangements, joint ventures and associates and replaces the disclosure requirements currently found in NZ IAS 28.

e) NZ IAS 27 'Separate financial statements' (effective from 1 January 2013). NZ IAS 27 is renamed Separate financial statements and is now a standard dealing solely with separate financial statements. Application of this standard by the group and parent entity will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements.

f) NZ IAS 28 (Amendment) 'Investments in associates and joint ventures' (effective from 1 January 2013). Amendments to NZ IAS 28 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a 'partial disposal' concept.

g) NZ IFRS 43 'Summary financial statements' (effective for annual periods beginning on or after 1 January 2012). FRS 43 now applies to multi-period summaries. The amendment removes the requirement to disclose information about events occurring after the date of authorisation of the full financial statements.

h) NZ IFRS 11 'Joint arrangements' introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. NZ IFRS 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. As the group is not party to any joint arrangements, this standard will not have any impact on its financial statements.

i) NZ IFRS 13 'Fair value measurement guidance' (effective from 1 January 2013) contained in individual IFRS is replaced with a single, unified definition of fair value; it also contains authoritative guidance on the application of fair value measurement in inactive markets. There are likely to be significant additional disclosures where fair values are used.

4) Critical accounting estimates and judgements

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

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

a) *Valuation of biological assets*
Fully developed long term leased orchards (vines and crop) are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. Included in the biological asset valuation is a provision for the fair value of the existing crop on the vine, which is represented by the costs incurred to date to grow those crops which are considered recoverable through future crop harvest. Crop on the vine is measured at cost as insufficient biological transformation has occurred at balance date.

Orchards under development are measured at cost as insufficient biological transformation has occurred at balance date. Consideration is also given to the ability of an orchard surviving through to full production. Cost is tested for impairment.

Judgement has also been applied to the determination of the fair value of the biological assets relating to any potential effects or impact from the spread of the Psa bacteria. See Note 18.

b) *Valuation of land and buildings*
Land and buildings are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. Refer to Note 15.

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

d) *Fair value of derivatives and other financial instruments*
Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are based on quoted market rates and reliance placed on quotes provided by Westpac. Refer to Note 13.

e) *Goodwill*
Goodwill is tested to assess whether its suffered any impairment, in accordance with the accounting policy stated in note 2(w). Impairment tests are based on the value-in-use approach. Directors use their judgement in forecasting future cashflows and selecting appropriate discount and growth rates when calculating the Net Present Value of cash generating units for the value in use calculation. Refer Note 16.

f) *Short term lease prepayments*
Short term lease prepayments are measured at cost and tested for impairment at balance date. The Group tests annually whether short term lease prepayments have suffered any impairment, according to their recoverability from crop proceeds at time of harvest. Directors use their judgement to forecast the future recoverability of lease prepayments on an orchard by orchard basis taking into account the likely crop estimate, plus orchard costs spent to time of harvest date and the groups estimate of future orchard gate returns.

g) *Valuation of Investments in Subsidiaries and Associates*
Investments in subsidiaries and associates are tested annually to assess whether they have suffered any impairment. Any impairment tests are based on the value-in-use approach. Directors use their judgement in forecasting future cashflows and selecting appropriate discount and growth rates when calculating the Net Present Value of cash generating units for the value in use calculation. Refer Note 19 and 20.

h) *Land and buildings held for sale*
Orchard land held for sale is stated at the revaluation value as at 31 December 2011. The Directors believe this to be a fair value. Post Harvest land and buildings held for sale are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation.

5) Financial risk management

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

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

a) Market risk

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

The Group also conducts a sales programme exporting kiwifruit and avocados to Australia and avocados to Japan as agent on behalf of its supplying growers. The Group and Parent have no material direct currency risk as a result of this sales programme for which sales to Australia are denominated in Australian dollars and sales to Japan are denominated in New Zealand dollars. The Group will hedge no more than the total cash flows from the operation based upon actual sales made and estimated total fruit volumes to be exported.

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 Statement of Financial Position either as available-for-sale or at fair value through profit or loss. These investments are incidental to the business. Directors periodically review investments held in terms of their individual performance and whether they form a strategic benefit to the Group. No other formal risk management procedures are deemed necessary. Refer to Note 17.

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

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

Group	**Impact on post-tax profit**				**Impact on equity**			
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	+10%		-10%		+10%		-10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Ballance Agri Nutrients Limited		-		-	20	20	(20)	(20)
Direct Management Services Limited		-	(1)	(1)	1	1		-
Ravensdown Fertiliser Co-Operative		-	(8)	(8)	8	8		-
UPNZ Limited		-	(34)	(36)	34	36		-
CMS Logistics Limited		-		-		-		-
Zespri Group Limited		-	(38)	(27)	38	27		-

Parent	**Impact on post-tax profit**				**Impact on equity**			
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	+10%		-10%		+10%		-10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Ballance Agri Nutrients Limited		-		-	20	20	(20)	(20)
Direct Management Services Limited		-	(1)	(1)	1	1		-
Ravensdown Fertiliser Co-Operative		-	(6)	(6)	6	6		-
UPNZ Limited		-	(31)	(33)	31	33		-
Zespri Group Limited		-	(38)	(27)	38	27		-

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

5) Financial Risk Management (continued)

iii) *Cash flow interest rate risk*

The Group's cash flow interest rate risk arises primarily from short and long term variable rate borrowings from a financial institution. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. In relation to these variable rate borrowings, the Board continuously reviews the Group's interest rate risk on term borrowings and maintains a portion of the Group's borrowings at fixed rates by entering into interest rate swaps to hedge against its exposure to changes in the cash flows resulting from those borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is applied (see Note 2). During the year ended 31 December 2012 and the year ended 31 December 2011, the Group's borrowings were denominated in New Zealand Dollars.

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

Group as at 31 December 2012		**Interest Rate Risk**				**Price Risk**			
	Carrying	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	amount	-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	7,450	-	-	-	-	(327)	(327)	327	327
Available for sale investments	1,110	-	-	-	-	(111)	-	-	111
Financial Liabilities	-	-	-	-	-	-	-	-	-
Derivative liabilities	245	-	(403)	-	267	-	-	-	-
Trade payables	6,834	-	-	-	-	87	87	(87)	(87)
Term liabilities	20,590	148	148	(296)	(296)	-	-	-	-
Bank borrowings and current portion of term liabilities	2,376	17	17	(34)	(34)	-	-	-	-
Total Increase/Decrease	**-**	**165**	**(238)**	**(330)**	**(63)**	**(351)**	**(240)**	**240**	**351**

Parent as at 31 December 2012		**Interest Rate Risk**				**Price Risk**			
	Carrying	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	amount	-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	7,428	-	-	-	-	(327)	(327)	327	327
Available for sale investments	1,055	-	-	-	-	(106)	-	-	106
Financial Liabilities	-	-	-	-	-	-	-	-	-
Derivative liabilities	245	-	(403)	-	267	-	-	-	-
Trade payables	6,696	-	-	-	-	87	87	(87)	(87)
Term liabilities	20,590	148	148	(296)	(296)	-	-	-	-
Bank borrowings and current portion of term liabilities	2,376	17	17	(34)	(34)	-	-	-	-
Total Increase/Decrease	**-**	**165**	**(238)**	**(330)**	**(63)**	**(346)**	**(240)**	**240**	**346**

Group as at 31 December 2011		**Interest Rate Risk**				**Price Risk**			
	Carrying	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	amount	-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	10,983	-	-	-	-	(328)	(328)	328	328
Available for sale investments	944	-	-	-	-	(94)	-	-	94
Financial Liabilities	-	-	-	-	-	-	-	-	-
Derivative liabilities	662	(76)	(539)	149	1,004	-	-	-	-
Trade payables	9,157	-	-	-	-	170	170	(170)	(170)
Term liabilities	23,966	172	172	(345)	(345)	-	-	-	-
Bank borrowings and current portion of term liabilities	6,703	48	48	(96)	(96)	-	-	-	-
Total Increase/Decrease	**-**	**144**	**(319)**	**(292)**	**563**	**(252)**	**(158)**	**158**	**252**

Parent as at 31 December 2011		**Interest Rate Risk**				**Price Risk**			
	Carrying	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	amount	-1%		+2%		-10%		+10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets	-	-	-	-	-	-	-	-	-
Accounts receivable	10,964	-	-	-	-	(328)	(328)	328	328
Available for sale investments	889	-	-	-	-	(89)	-	-	89
Financial Liabilities	-	-	-	-	-	-	-	-	-
Derivative liabilities	662	(76)	(539)	149	1,004	-	-	-	-
Trade payables	9,028	-	-	-	-	170	170	(170)	(170)
Term liabilities	23,966	172	172	(345)	(345)	-	-	-	-
Bank borrowings and current portion of term liabilities	6,703	48	48	(96)	(96)	-	-	-	-
Total Increase/Decrease	**-**	**144**	**(319)**	**(292)**	**563**	**(247)**	**(158)**	**158**	**247**

5) Financial Risk Management (continued)

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

At 31 December 2012	Between 0 and 3 months $'000	Between 3 months and 6 months $'000	Between 6 months and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Expected undiscounted cash flows based on current market interest rates	2,681	2,025	7,104	22,868	1,564	-
Floating rate	4.47%					
Average term rate	4.47%					

At 31 December 2011	Between 0 and 3 months $'000	Between 3 months and 6 months $'000	Between 6 months and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Expected undiscounted cash flows based on current market interest rates	2,532	2,060	7,365	25,943	1,616	-
Floating rate	4.50%					
Average term rate	4.50%					

b) Credit risk

As at 31 December 2012, the Group's maximum exposure to credit risk is the risk that could cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties. As at 31 December 2012, the Group's maximum exposure arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated Statement of Financial Position; and

- the amount of contingent liabilities in relation to the financial guarantees provided by the Group as disclosed in Note 30.

Credit risk is managed on a regular basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, derivative financial instruments and committed transactions. As part of the Group's financial risk policy, exposures are monitored on a regular basis. For banks and financial institutions, only registered banks or their subsidiaries are accepted. For customers, including outstanding receivables, the Group deals predominantly with growers for which it receives payment for post harvest services directly from Seeka Growers Limited. Credit risk is therefore not considered significant. The Group does not generally require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

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

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

	2012	2011	**2012**	2011
	Group		**Parent**	
	$'000	$'000	**$'000**	$'000
Counter party				
Westpac bank deposits	5,182	902	5,089	815
Cash on hand	1	1	1	1
	5,183	**903**	**5,090**	**816**

Refer to trade and other receivables Note 11 for further information on the credit risk of trade and other receivables.

5) Financial risk management (continued)

c) Liquidity risk

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

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

At balance date, the Group had $47.5m (Dec 2011 - $50.8m) of available credit of which $23.0m (Dec 2011 - $30.7m) was drawn. All credit lines are currently provided by one finance provider.

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

Group as at 31 December 2012		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
		$'000	$'000	$'000	$'000
Trade payables		6,834	-	-	-
Derivatives		57	188	-	-
Bank borrowings and current portion of term liabilities		2,376	-	-	-
Term liabilities		-	20,590	-	-
Total		9,267	20,778	-	-

Parent as at 31 December 2012		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
		$'000	$'000	$'000	$'000
Trade payables		6,696	-	-	-
Derivatives		57	188	-	-
Bank borrowings and current portion of term liabilities		2,376	-	-	-
Term liabilities		-	20,590	-	-
Total		9,129	20,778	-	-

Group as at 31 December 2011		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
		$'000	$'000	$'000	$'000
Trade payables		9,157	-	-	-
Derivatives		422	155	85	-
Bank borrowings and current portion of term liabilities		6,703	-	-	-
Term liabilities		-	12,376	11,590	-
Total		16,282	12,531	11,675	-

Parent as at 31 December 2011		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
		$'000	$'000	$'000	$'000
Trade payables		9,028	-	-	-
Derivatives		422	155	85	-
Bank borrowings and current portion of term liabilities		6,703	-	-	-
Term liabilities		-	12,376	11,590	-
Total		16,153	12,531	11,675	-

Financial risk management (continued)

d) Capital risk

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

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

The shareholder equity ratio at 31 December is:

	2012 **$'000**	2011 $'000
Total shareholder funds	56,197	50,475
Total assets	96,430	102,242
Shareholder equity ratio	58.28%	49.37%

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

The Group has current bank facilities of $24.5 million and term bank facilities of $23.0 million with the Westpac Banking Corporation, of which $24.5 million remains undrawn as at balance date. The Group expects that all facilities will be refinanced when they become due for review in the normal course of business.

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 as discussed in Note 2(s).

The following table presents the Group's financial assets and liabilities that are measured at fair value at period end.

At 31 December 2012	Level I $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale				
- Equity securities	381	-	-	381
Total assets	**381**	**-**	**-**	**381**
Liabilities				
Financial liabilities at fair value through profit & loss				
Derivatives used for hedging	-	245	-	245
Total liabilities	**-**	**245**	**-**	**245**

At 31 December 2011	Level I $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale				
- Equity securities	269	-	-	269
Total assets	**269**	**-**	**-**	**269**
Liabilities				
Financial liabilities at fair value through profit & loss				
- Derivatives held for trading	-	422	-	422
Derivatives used for hedging	-	240	-	240
Total liabilities	**-**	**662**	**-**	**662**

5) Financial risk management (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. These instruments are included in level 1. Instruments in level 1 are comprised of equity holdings in Zespri Group Limited.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

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 has adopted the following strategies to manage risk.

i) Climatic risks
The Group grows kiwifruit on 207 orchards (Dec-2011 - 233) located throughout the Coromandel, Waikato and Bay of Plenty regions. This geographical spread provides risk diversification from localised climatic events, such as hail damage, that may negatively impact on the crops. In addition to this the Group encourages the adoption of active crop protection measures, such as frost protection systems, on orchards operated by both it and contract growers who supply the Group's post harvest division.

ii) Disease and Pests
The Group grows kiwifruit on 207 orchards (Dec-2011 - 233) located throughout the Coromandel, Waikato and Bay of Plenty regions. Along with all horticultural undertakings kiwifruit crops are susceptible to disease and pest incursions. To minimise the risk of crop loss the Group monitors its orchards and undertakes a recognised spray programme to protect its crops to the fullest extent possible. As at 31 December 2012 the bacteria Pseudomonas syringae pv. actinidiae (Psa) was confirmed in orchards throughout the Group's catchment.

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

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

6) Segment Information

a) Description of segments

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

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

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

The reportable operating segments are as follows:

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

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

Business development operations
The Group provides grower and marketing services including local, Australian and Asian fruit marketing programmes.

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

The segment information for the period ended 31 December 2012 is as follows:

	Group		Parent	
	2012	2011	**2012**	2011
b) Segment revenue	**$'000**	$'000	**$'000**	$'000
Orchard division	35,474	41,859	35,474	41,859
Post harvest division	69,123	93,754	69,123	93,754
Business development division	3,267	2,746	3,267	2,746
All other segments	426	438	426	438
Total revenue	**108,290**	**138,797**	**108,290**	**138,797**
Segment earnings (EBIT)				
Orchard division	6,677	(6,037)	6,677	(6,037)
Post harvest division	10,007	11,651	10,425	12,069
Business development division	(1,096)	(1,036)	(1,096)	(1,036)
All other segments	(7,191)	(9,774)	(7,208)	(12,753)
Share of profit of associates	433	340	-	-
Total EBIT	**8,830**	**(4,856)**	**8,798**	**(7,757)**
Net finance costs	1,456	2,466	1,456	2,466
Profit/(loss) before tax	**7,374**	**(7,322)**	**7,342**	**(10,223)**
Tax charge/(credit) on profit/(loss)	1,494	(269)	1,620	(619)
Profit/(loss) after tax	**5,880**	**(7,053)**	**5,722**	**(9,604)**
Segment impairment and revaluation				
Orchard division	(258)	(1,301)	(258)	(1,301)
Post harvest division	(611)	(6,500)	(193)	(6,083)
All other segments	(89)	(1,758)	(330)	(5,088)
Total impairment and revaluation	**(958)**	**(9,559)**	**(781)**	**(12,472)**

c) Segment assets

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

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

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

	Group		Parent	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Orchard division	18,189	20,414	18,189	20,414
Post harvest division	64,335	71,420	64,335	71,420
Business development division	935	649	935	649
All other segments	2,692	3,253	2,673	3,235
Unallocated:				
Cash	5,183	903	5,090	816
GST receivable	18	305	-	289
Available-for-sale financial assets	1,110	944	1,055	889
Investment in associates	3,073	3,005	3,140	3,229
Investment in subsidiaries	-	-	681	1,006
Intangible assets	895	1,349	94	98
Total assets per the Statement of Financial Position	**96,430**	**102,242**	**96,192**	**102,045**

d) Segment liabilities

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

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

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

	Group		Parent	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Orchard division	1,846	2,488	1,846	2,488
Post harvest division	1,048	842	1,048	842
Business development division	1,378	1,701	1,378	1,701
All other segments	3,070	2,932	2,932	2,803
Unallocated:				
Deferred tax	6,969	8,044	6,745	7,694
Current tax	2,412	3,235	2,412	3,235
GST payable	299	1,194	299	1,194
Current borrowings	2,376	6,703	2,376	6,703
Non-current borrowings	20,590	23,966	20,590	23,966
Financial derivatives	245	662	245	662
Total liabilities per the Statement of Financial Position	**40,233**	**51,767**	**39,871**	**51,288**

e) Impact of seasonality

The financial statements reflect the revenues associated with the kiwifruit harvested between March and June 2012, excluding kiwifruit crops owned by the Group under long term lease contracts which are recorded at fair value at each reporting date.

7) Revenue & other income

	Group 2012 $'000	Group 2011 $'000	Parent 2012 $'000	Parent 2011 $'000
Revenue				
Orchard sales	35,474	41,859	35,474	41,859
Post harvest sales	69,123	93,754	69,123	93,754
Other sales	3,693	3,184	3,693	3,184
Total revenue	108,290	138,797	108,290	138,797
Other Income				
Interest income	83	-	83	-
Dividend income	354	242	547	561
Total other income	437	242	630	561
	108,727	**139,039**	**108,920**	**139,358**

8) Operating expenses

	Group 2012 $'000	Group 2011 $'000	Parent 2012 $'000	Parent 2011 $'000
Cost of sales				
Operating materials and services	55,217	71,394	55,217	71,394
Short term orchard lease costs	4,918	6,718	4,918	6,718
Total other employee benefits expense	22,546	28,877	22,546	28,877
Research and development costs	34	125	34	125
	82,715	107,114	82,715	107,114
Other costs				
Employee termination benefits expense	587	760	587	760
Total other employee benefits expense	4,261	4,625	4,261	4,625
General administrative expenses	2,712	2,963	2,713	2,963
Audit fees paid to principal auditors	145	121	145	121
Tax fees paid to principal auditors	53	73	53	73
Other accounting fees	21	120	21	120
Bad and doubtful debts expense	(1)	(47)	(1)	(47)
Directors' fees and expenses	370	349	370	349
Donations	3	1	3	1
Movement in onerous lease provision	807	-	807	-
Rent and lease expenses	545	545	545	545
Loss/(profit) on sale of property plant and equipment	219	(16)	219	(17)
Provision for purchase and sale of land and buildings	230	-	230	-
	9,952	9,494	9,953	9,493
Fair value movement				
Fair value movement in biological assets - vines	292	9,730	292	9,730
Fair value movement in biological assets - crop	737	1,735	737	1,735
	1,029	11,465	1,029	11,465
Depreciation				
Buildings	1,408	1,773	1,408	1,773
Plant and equipment	4,125	4,585	4,125	4,585
Motor vehicles	51	36	51	36
	5,584	6,394	5,584	6,394
Impairment and Revaluation				
Revaluation of land and buildings	6	3,233	6	3,233
Revaluation of lease interest in land	418	417	-	-
Impairment of goodwill	-	2,850	-	2,850
Impairment of investments in associates	89	1,228	89	1,228
Impairment of investments in subsidiaries	-	-	241	3,330
Impairment of land held for resale	-	221	-	221
Impairment of plant and equipment	383	818	383	818
Impairment of short term lease prepayments	62	262	62	262
Revaluation of available for sale assets	-	530	-	530
	958	9,559	781	12,472
Amortisation				
Software amortisation	60	177	60	177
Lease interest in land amortisation	32	32	-	-
	92	209	60	177
Finance costs				
Interest expense	1,878	2,766	1,878	2,766
Fair value adjustments on non-hedging derivatives	(422)	(300)	(422)	(300)
	1,456	2,466	1,456	2,466
Total expenses	**101,786**	**146,701**	**101,578**	**149,581**

9) Income tax expense

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
a) Income tax expense/(credit)				
Current tax expense				
Current year	2,557	3,353	2,557	3,353
Adjustments for prior year	(130)	1,078	(130)	1,078
	2,427	**4,431**	**2,427**	**4,431**
Deferred tax expense/(income) (note 23 (b))				
Origination and reversal of temporary differences	(933)	(4,700)	(807)	(5,050)
	(933)	**(4,700)**	**(807)**	**(5,050)**
Total income tax expense/(income)	**1,494**	**(269)**	**1,620**	**(619)**

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) before income tax expense	7,374	(7,322)	7,342	(10,223)
Tax at the New Zealand tax rate of 28%	2,065	(2,050)	2,056	(2,862)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	172	1,706	172	2,512
Tax exempt income	(288)	(162)	(153)	(156)
Deferred Tax impact on sale and reclassification of property	(320)	-	(320)	-
(Over) under provision in prior years	(135)	237	(135)	(113)
Income tax expense/(credit)	**1,494**	**(269)**	**1,620**	**(619)**
c) Imputation credit account				
Imputation credits available for use in subsequent reporting periods	**16,023**	**9,525**	**15,990**	**9,525**

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

a) Imputation credits that will arise from the payment of the amount of the provision for income tax
b) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c) Imputation credits that will arise from the receipts of dividends recognised as receivables at the reporting date.

d) Current tax liabilities

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Opening balance of current tax liabilities	3,235	2,888	3,235	2,888
Adjustments for prior periods	(130)	1,078	(130)	1,078
Current year tax	2,557	3,353	2,557	3,353
Less tax paid	(3,250)	(4,084)	(3,250)	(4,084)
Current tax liabilities	**2,412**	**3,235**	**2,412**	**3,235**

10) Cash and cash equivalents

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents in the Statement of Financial Position	5,183	903	5,090	816
Cash and cash equivalents in the cashflow statement	**5,183**	**903**	**5,090**	**816**

11) Trade and other receivables

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Net trade receivables				
Trade receivables	3,136	3,285	3,133	3,280
Prepayments	144	158	144	158
GST refund due	18	305	-	289
Other sundry receivables	4,296	7,393	4,295	7,395
Total receivables	**7,594**	**11,141**	**7,572**	**11,122**

Within trade receivables, $1.24m are past due (Dec 2011 - $0.91m), of which 19.4% are more than 90 days (Dec 2011 - 15.7%). Trade receivables are considered to be recoverable. The fair value of receivables equals their carrying value.

12) Inventories and land and buildings held for sale

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Packaging and other stock				
Total packaging at cost	1,116	1,465	1,116	1,465
Other inventories at cost	565	702	565	702
Total inventories	**1,681**	**2,167**	**1,681**	**2,167**

Packaging goods purchased but not paid for as at balance date from specific vendors are covered by a security interest. At 31 December 2012, this was nil (Dec 2011 - $0.17m).

Total packaging inventory costs expensed to cost of sales in the Statement of Financial Performance in the current year was $18.10m (Dec 2011 - $21.31m).

Land and buildings held for sale

Orchard land and Post Harvest land and buildings held for sale	**3,756**	**899**	**3,756**	**899**

At balance date the Group has determined to sell an orchard situated in Te Puke and a packhouse and coolstore complex situated on the outskirts of Tauranga. Both properties have been listed for sale with real estate agents.

At balance date the Group had entered into a conditional sale agreement for the packhouse and coolstore complex. The agreement remains conditional and the Directors have retained the property at the fair value as assessed by the independent valuer at balance date (Note 15).

13) Derivative financial instruments

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Liabilities				
Interest rate swap contracts - cash flow hedge	245	240	245	240
Interest rate swap contracts - held for trading	-	422	-	422
	245	**662**	**245**	**662**

Bank loans of the Group currently bear an average variable interest rate of 4.5% (Dec 2011 - 4.5%). It is policy to protect the term portion of the loans from exposure to changing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. Swaps currently in place cover 61% (Dec 2011 - 100%) of the term liabilities outstanding at balance date and are classified as either 'held for trading' or as 'cashflow hedges'.

Derivatives held for trading

A gain on valuation of interest rate swap contracts of $0.42m (Dec 2011 - $0.30m gain) was recognised during the year owing to the maturity of one of the instruments on 30 October 2012 for Term Loan #96 $10.00m. During the term of the swap, the Group relies upon Westpac Banking Corporation for the provision of the period end swap fair values which are then reviewed by directors. For each interest rate swap, the asset or liability recognised in the Statement of Financial Position will be continually revalued through to the Statement of Financial Performance until the swap expires and the value becomes nil.

Cash flow hedges

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

	Term Loan		SWAP	
	Variable Rate	Maturity	Fixed Rate	Expiry
Term Loan #93 - $3,966,000	4.45%	7 December 2014	6.42%	2 December 2013
Term Loan #95 - $10,000,000	4.47%	31 May 2014	5.49%	30 December 2016

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

The gains and losses recognised in other comprehensive income will be released to the Statement of Financial Performance until the expiry of the related hedge instrument. No gains or losses were reclassified in the current period (Dec 2011 - $NIL).

14) Financial instruments summary

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

31 December 2012 **Financial Assets ($'000)**	**Loans and receivables**	**Assets at fair value through profit and loss**	**Held to maturity**	**Available for sale**	**Total**
Cash and cash equivalents	5,183	-	-	-	5,183
Trade and other receivables excluding prepayments	7,450	-	-	-	7,450
Advances	834	-	-	-	834
Available for sale financial assets	-	-	-	1,110	1,110
Total	**13,467**	**-**	**-**	**1,110**	**14,577**

Financial Liabilities ($'000)	**Liabilities at fair value through profit and loss**	**Other financial liabilities**	**Total**
Trade and other payables	-	6,834	6,834
Bank borrowings	-	2,376	2,376
Derivative financial instruments	245	-	245
Term liabilities	-	20,590	20,590
Total	**245**	**29,800**	**30,045**

31 December 2011 **Financial Assets ($'000)**	**Loans and receivables**	**Assets at fair value through profit and loss**	**Held to maturity**	**Available for sale**	**Total**
Cash and cash equivalents	903	-	-	-	903
Trade and other receivables excluding prepayments	10,983	-	-	-	10,983
Advances	938	-	-	-	938
Available for sale financial assets	-	-	-	944	944
Total	**12,824**	**-**	**-**	**944**	**13,768**

Financial Liabilities ($'000)	**Liabilities at fair value through profit and loss**	**Other financial liabilities**	**Total**
Trade and other payables	-	9,157	9,157
Bank borrowings	-	6,703	6,703
Derivative financial instruments	662	-	662
Term liabilities	-	23,966	23,966
Total	**662**	**39,826**	**40,488**

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2012

14) Financial instruments summary (continued)

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

31 December 2012 Financial Assets ($'000)	Loans and receivables	Assets at fair value through profit and loss	Held to maturity	Available for sale	Total
Cash and cash equivalents	5,090	-	-	-	5,090
Trade and other receivables excluding prepayments	7,428	-	-	-	7,428
Advances	819	-	-	-	819
Available for sale financial assets	-	-	-	1,055	1,055
Total	13,337	-	-	1,055	14,392

Financial Liabilities ($'000)	Liabilities at fair value through profit and loss	Other financial liabilities	Total
Trade or other payables	-	6,696	6,696
Bank borrowings	-	2,376	2,376
Derivative financial instruments	245	-	245
Term liabilities	-	20,590	20,590
Total	245	29,662	29,907

31 December 2011 Financial Assets ($'000)	Loans and receivables	Assets at fair value through profit and loss	Held to maturity	Available for sale	Total
Cash and cash equivalents	816	-	-	-	816
Trade and other receivables excluding prepayments	10,964	-	-	-	10,964
Advances	923	-	-	-	923
Available for sale financial assets	-	-	-	889	889
Total	12,703	-	-	889	13,592

Financial Liabilities ($'000)	Liabilities at fair value through profit and loss	Other financial liabilities	Total
Trade or other payables	-	9,028	9,028
Bank borrowings	-	6,703	6,703
Derivative financial instruments	662	-	662
Term liabilities	-	23,966	23,966
Total	662	39,697	40,359

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

15) Property, plant and equipment

Group

	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
At 1 January 2011					
Cost or valuation	5,185	49,987	61,851	500	117,523
Accumulated depreciation and impairment	-	(3,790)	(30,024)	(282)	(34,096)
Net book amount	5,185	46,197	31,827	218	83,427
Year ended 31 December 2011					
Opening net book amount	5,185	46,197	31,827	218	83,427
Additions	-	766	5,114	75	5,955
Revaluation before tax	(2,325)	(7,569)	-	-	(9,894)
Impairment before tax	-	-	(818)	-	(818)
Depreciation	-	(1,773)	(4,585)	(36)	(6,394)
Disposals	-	-	(96)	(43)	(139)
Closing net book amount	2,860	37,621	31,442	214	72,137
At 1 January 2012					
Cost or valuation	2,860	41,483	66,051	532	110,926
Accumulated depreciation and impairment	-	(3,862)	(34,609)	(318)	(38,789)
Net book amount	**2,860**	**37,621**	**31,442**	**214**	**72,137**
Year ended 31 December 2012					
Opening net book amount	2,860	37,621	31,442	214	72,137
Additions	-	327	589	-	916
Revaluation before tax	(70)	(406)	-	-	(476)
Impairment before tax	-	-	(383)	-	(383)
Depreciation	-	(1,408)	(4,125)	(51)	(5,584)
Disposals	(160)	(557)	(371)	(6)	(1,094)
Asset transferred as held for resale	(250)	(2,357)	(250)	-	(2,857)
Closing net book amount	2,380	33,220	26,902	157	62,659
At 31 December 2012					
Cost or valuation	2,380	33,220	63,724	501	99,825
Accumulated depreciation and impairment	-	-	(36,822)	(344)	(37,166)
Net book amount	**2,380**	**33,220**	**26,902**	**157**	**62,659**

Parent

	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
At 1 January 2011					
Cost or valuation	5,185	48,890	61,784	500	116,359
Accumulated depreciation and impairment	-	(2,693)	(29,957)	(282)	(32,932)
Net book amount	5,185	46,197	31,827	218	83,427
Year ended 31 December 2011					
Opening net book amount	5,185	46,197	31,827	218	83,427
Additions	-	766	5,114	75	5,955
Revaluation before tax	(2,325)	(7,569)	-	-	(9,894)
Impairment before tax	-	-	(818)	-	(818)
Depreciation	-	(1,773)	(4,585)	(36)	(6,394)
Disposals	-	-	(96)	(43)	(139)
Closing net book amount	2,860	37,621	31,442	214	72,137
At 1 January 2012					
Cost or valuation	2,860	41,379	65,984	532	110,755
Accumulated depreciation and impairment	-	(3,758)	(34,542)	(318)	(38,618)
Net book amount	**2,860**	**37,621**	**31,442**	**214**	**72,137**
Year ended 31 December 2012					
Opening net book amount	2,860	37,621	31,442	214	72,137
Additions	-	327	589	-	916
Revaluation before tax	(70)	(406)	-	-	(476)
Impairment before tax			(383)		(383)
Depreciation	-	(1,408)	(4,125)	(51)	(5,584)
Disposals	(160)	(557)	(371)	(6)	(1,094)
Asset transferred as held for resale	(250)	(2,357)	(250)	-	(2,857)
Closing net book amount	2,380	33,220	26,902	157	62,659
At 31 December 2012					
Cost or valuation	2,380	33,220	63,724	501	99,825
Accumulated depreciation and impairment	-	-	(36,822)	(344)	(37,166)
Net book amount	**2,380**	**33,220**	**26,902**	**157**	**62,659**

15) Property, plant and equipment (continued)

a) Land and buildings are revalued to their estimated market value on a rolling three year cycle unless there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value. Due to the continued spread of Psa the directors made the decision to revalue all the Groups land and building assets at 31 December 2012. The current year's valuations were completed by TelferYoung Valuers, ANZIV, independent registered valuer as at 31 December 2012. Subsequent additions are at cost. The movements in the revaluation reserve, net of tax, are summarised below:

	Land $	Orchard $	Buildings $	Total $
Total Property, plant and equipment	**30,000**	**7,200**	**(367,027)**	**(329,827)**

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

Replacement cost approach - adds the value of the land to the value of the buildings and other improvements based on the current level of buildings cost with an allowance for physical depreciation (2%). Specific consideration is given to the 'optimised depreciated replacement cost' methodology.

Sales approach - considers sales of other comparable properties.

Investment approach - assumes a hypothetical lease of the property with a current market rental being established and capitalising this at an appropriate rate of return (12 - 15%) that would be expected by a prudent investor.

As a consequence of the building revaluations conducted in December 2012, $1.41m (Dec 2011 - $1.70m) of accumulated depreciation was offset directly against the assets' cost or valuation, prior to revaluation.

b) Impairment

Property, plant and equipment not subject to a revaluation has been reviewed for impairment. Any impairment assumes that the assets impaired are no longer required. Directors have reviewed property, plant and equipment and made an impairment charge of $0.38m (Dec 2011 - $0.82m).

c) Sale of land and buildings that has been partly leased back

During the year the Group sold a packhouse and coolstore complex and leased back the coolstore. The transaction was at fair value, and as a result a profit of $0.09m was recognised in the Statement of Financial Performance.

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

	2012 **$'000**	2011 $'000
Cost	51,222	51,619
Accumulated depreciation	(12,265)	(10,657)
Net book amount	38,957	40,962

e) Assets under construction

As at 31 December 2012, there were no significant capital projects which the Group had not completed (Dec 2011 - nil).

f) Jointly controlled assets

Included in plant and equipment is $nil (Dec 2011 - $0.04m) representing the net book value of a bin tip and packing equipment acquired as part of an investment in a joint asset in Shanghai, China (see Note 33).

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16) Intangible assets

Group	Software $'000	Goodwill $'000	Interest in leased land $'000	Total $'000
At 1 January 2011				
Cost	1,959	2,768	1,735	6,462
Accumulated amortisation	(1,705)	-	(35)	(1,740)
Net book amount	254	2,768	1,700	4,722
Year ended 31 December 2011				
Opening net book amount	254	2,768	1,700	4,722
Additions	21	82	-	103
Impairment Charge	-	(2,850)	(417)	(3,267)
Amortisation	(177)	-	(32)	(209)
Closing net book amount	98	-	1,251	1,349
At 31 December 2011				
Cost	1,980	-	1,318	3,298
Accumulated amortisation	(1,882)	-	(67)	(1,949)
Net book amount	**98**	**-**	**1,251**	**1,349**
Year ended 31 December 2012				
Opening net book amount	98	-	1,251	1,349
Additions	60	-	-	60
Impairment	-	-	(418)	(418)
Disposals	(4)	-	-	(4)
Amortisation	(60)	-	(32)	(92)
Closing net book amount	94	-	801	895
As at 31 December 2012				
Cost	1,746	-	801	2,547
Accumulated amortisation	(1,652)	-	-	(1,652)
Net book amount	**94**	**-**	**801**	**895**

The remaining amortisation period of software is four to five years and the remaining amortisation period for the interest in leased land is from 38 to 97 years.

The Group interest in long term leased land occupied, or held for future development, arose on the acquisition of Huka Pak and is the difference in the value of the lease terms to relative market terms. The Group interest in long term leased land is amortised over the life of the lease and tested for impairment at each balance date.

Parent	Software $'000	Goodwill $'000	Total $'000
At 1 January 2011			
Cost	1,959	2,768	4,727
Accumulated amortisation	(1,705)	-	(1,705)
Net book amount	254	2,768	3,022
Year ended 31 December 2011			
Opening net book amount	254	2,768	3,022
Additions	21	82	103
Impairment charge	-	(2,850)	(2,850)
Amortisation	(177)	-	(177)
Closing net book amount	98	-	98
At 31 December 2011			
Cost	1,980	-	1,980
Accumulated amortisation	(1,882)	-	(1,882)
Net book amount	**98**	**-**	**98**
Year ended 31 December 2012			
Opening net book amount	98	-	98
Additions	60	-	60
Disposals	(4)	-	(4)
Amortisation	(60)	-	(60)
Closing net book amount	94	-	94
As at 31 December 2012			
Cost	1,746	-	1,746
Accumulated amortisation	(1,652)	-	(1,652)
Net book amount	**94**	**-**	**94**

The remaining amortisation period of software is four to five years.

16) Intangible assets (continued)

Impairment tests for goodwill

The directors review business performance based on operating segments and monitor goodwill at the operating segment level. Goodwill supports the Group's post harvest operations and is allocated to the post harvest segment cash generating unit (CGU) as a whole for the purpose of assessing impairment. Impairment tests are undertaken on the post harvest segment which is considered the lowest identifiable level of CGU and the value of the CGU is calculated using a value-in-use approach.

The value-in-use approach uses the net present value of the 5 year after-tax cashflow projection, with a terminal value beyond 5 years, for the post harvest segment. As this investment represent a permanent addition to the Group structure. Cashflows beyond the 5 year period are extrapolated using an estimated growth rate of 3% to reflect a future recovery in kiwifruit volumes. The growth rate used during the first 4 years of the discount period is 0% due to the expected impact of Pseudomonas syringae pv. actinidiae (Psa) on crop volumes. The assumptions used for the analysis of the net present value of forecast gross margin for the CGU, is determined based on past performance and directors expectations of future market development. The discount rate applied is 12%.

As a result of tests undertaken at 31 December 2011 goodwill was fully impaired by $2.85m of which $0.08m related to goodwill acquired during that year. The impairment reflected the impact that Psa has had on gold kiwifruit orchards in the Tauranga and Te Puke regions since it was first identified in November 2010.

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.

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the year	944	1,804	889	1,749
Sale of shares	(82)	(13)	(82)	(13)
Purchase of shares	78	-	78	-
Revaluation recognised in statement of financial performance	-	(530)	-	(530)
Revaluation recognised in equity	170	(317)	170	(317)
Balance at end of year	**1,110**	**944**	**1,055**	**889**

Available-for-sale financial assets include the following listed securities				
- Zespri Group Limited	381	269	381	269
Unlisted securities				
- Oropi Management Services Limited	78	-	78	-
- Ravensdown Fertiliser Co-Operative Limited	77	77	60	60
- UPNZ Limited	307	334	307	334
- Ballance Agri Nutrients Limited	206	202	202	202
- CMS Logistics Limited	33	33	-	-
- Other share holdings	28	29	27	24
	1,110	**944**	**1,055**	**889**

The fair values of the listed securities are based on closing share price at balance date. All unlisted securities are currently held at cost less impairment as it reasonably represents current fair value. The carrying amount of all unlisted securities has been reviewed at balance date.

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

18) Biological assets

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Kiwifruit/avocado biological assets at fair value				
Carrying amount at beginning of period	1,123	12,588	1,123	12,588
Orchard lease development	820	-	820	-
Fair value movement in crop	(737)	(1,735)	(737)	(1,735)
Fair value movement in vines	(292)	(9,730)	(292)	(9,730)
Carrying value at end of period	**914**	**1,123**	**914**	**1,123**
Biological assets are classified as follows				
- Fully Developed orchards - Kiwifruit	644	992	644	992
- Fully Developed orchards - Avocado	91	131	91	131
- Orchards Under Development - Kiwifruit	179	-	179	-
Carrying value at end of period	**914**	**1,123**	**914**	**1,123**
Biological asset - crop	542	1,278	542	1,278
Biological asset - vines	372	(155)	372	(155)
Carrying value at end of period	**914**	**1,123**	**914**	**1,123**

The Group, as part of its operations, leases land and grows and harvests kiwifruit and avocados on orchards for which it has long term leases. Harvesting of orchards takes place from March to June each year. The orchards are situated throughout the Bay of Plenty region of New Zealand. During the year, the Group began redeveloping orchards that were cut-out due to the impact of Psa.

As at 31 December 2012 the Group had long term leases on a total of 97 hectares (Dec 2011 - 124) of kiwifruit and 26 hectares (Dec 2011 - 26) of avocado orchards comprising 14 individual orchards (Dec 2011 - 16). The leases were entered into over a period of time and have a maximum term of up to 20 years with the last lease expiring in June 2025 .

Long term leases are classified as either:

- Fully Developed: Being 35 hectares of established kiwifruit orchards (Dec 2011 - 124) and 26 hectares of avocado orchards (Dec 2011 - 26) that have full canopies or trees and are producing crops

- Orchards under development: Being those orchards that have been affected by Psa and are being either replanted or re-grafted with new varieties. At balance date the Group was redeveloping 62 hectares (Dec 2011 - nil) and was in the final stages of agreeing and completing contract variations with the affected landowners.

Valuation Methodology
Fully Developed Orchards;

The fair value of the fully developed kiwifruit and avocado orchards (land, vines and trees) is 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. In preparing their valuation, Logan Stone have assumed that the green/Hayward variety will remain tolerant to Psa and continue to be grown through to the end of the lease.

Orchards Under Development;

The fair value of the orchards under development is determined as cost due to insufficient biological transformation having occurred at balance date. Cost is tested for impairment at balance date. In assessing the cost of developing kiwifruit orchards, consideration is given to the level of uncertainity that exists as to the ability of the new vines, or grafts, to survive through to full production.

Crop
During the year to 31 December 2012, the Group harvested 972,966 trays of kiwifruit with a value of $8.13m (Dec 2011 - 1,845,425, $13.03m) from long term leased orchards. The fair value of the crop at the balance date has been assessed at $0.54 million (Dec-2011 - $1.28m) being the costs to grow the crop that are considered recoverable at harvest. During the year no further growing costs were expensed (Dec 2011 - $1.03m). During the year to 31 December 2012, the Group harvested 43,902 trays of avocados with a value of $0.48m (Dec 2011 - 21,163, $0.47m).

Impact of Pseudomonas syringae pv. actinidiae (Psa) on Long Term Leases
The standard long term lease allows the Group to exit the lease where there has been partial or total destruction of the improvements to the land, being the orchard. Where an orchard is confirmed as being infected with Psa the group will cease making lease payments at the conclusion of the last viable harvest and exit the lease.

In a number of cases the Group has reached agreement with landowners to amend the lease, cease rental payments and work with them to re-establish the affected orchard with one of the new varieties released by Zespri. At balance date the terms of the amended leases were being finalised to reflect the investment and risk to the Group and the landowners of re-establishing the orchards.

During the year the Group, after reaching agreement with the landowners, relinquished leases on 23 hectares of Psa affected gold orchards. Leases on a further four hectares expired and were not renewed.

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	
			Dec-2012	Dec-2011
			%	%
Eleos Limited - *Not trading*	New Zealand	Ordinary	100%	100%
Envirogrow Limited - *Not trading*	New Zealand	Ordinary	100%	100%
Kiwi Coast Growers (Te Puke) Limited - *Not trading*	New Zealand	Ordinary	100%	100%
Seeka Te Puke Limited - *Not trading*	New Zealand	Ordinary	100%	100%

The carrying values of subsidaries in the Parent have been reviewed at balance date. Kiwi Coast Growers (Te Puke) Limited has been impaired by $0.24m to reflect the net revaluaton of interest in land.

20) Investment in associates

The Group's principal associates are:

	Business activity	Share of issued capital and voting rights	
		Dec-2012	Dec-2011
Kiwifruit Supply Research Limited	Research	20%	20%
Tauranga Kiwifruit Logistics Limited	Port service	20%	20%
Opotiki Packing and Cool storage Limited (OPAC)	Post harvest	19.9%	19.9%
Kiwi Produce Limited	Prepacking	25%	25%
Kiwifruit Vine Protection Company Limited	Not trading	50%	50%

All associate companies are incorporated in New Zealand and have a 31 March balance date, except for Opotiki Packing and Cool Storage Limited which have a 31 December balance date. For those companies with a 31 March balance date, their financial performance, for the period to 31 December 2012 and balance sheet as at 31 December 2012 have been incorporated in these financial statements.

The Group holds 19.9% of OPAC. Although not 20%, the Group still maintains the investment in OPAC as an associate utilising equity accounting as it maintains a member on the board of directors of OPAC. As well, the consitution of OPAC effectively gives the Parent the equivalent of 25% voting rights. Due to these factors, the Board has concluded that significant influence still exists.

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Results of associate companies				
Share of profit before income tax	601	472	-	-
Income tax	(168)	(132)	-	-
Net profit	**433**	**340**	**-**	**-**
Interests in associates				
Carrying value at beginning of period	3,005	4,211	3,229	4,457
Net earnings	433	340	-	-
Dividends received	(276)	(318)	-	-
Impairment charge - OPAC	(89)	(1,228)	(89)	(1,228)
Balance at end of period	**3,073**	**3,005**	**3,140**	**3,229**
Interests in associates by holding				
Kiwifruit Supply Research Limited	-	-	-	-
Tauranga Kiwifruit Logistics Limited	-	-	-	-
Opotiki Packing and Cool storage Limited	1,915	1,876	2,338	2,427
Kiwi Produce Limited	1,158	1,129	802	802
Balance at end of period	**3,073**	**3,005**	**3,140**	**3,229**
The amount of goodwill included in the opening balance	**-**	**1,103**	**-**	**1,103**
The amount of goodwill included in the closing balance	**-**	**-**	**-**	**-**

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

Associate	Assets	Liabilities	Revenues	Net profit
Dec-2012				
Opotiki Packing and Cool storage Limited	17,293	4,816	34,675	3,202
	17,293	**4,816**	**34,675**	**3,202**
	Assets	Liabilities	Revenues	Net profit
Dec-2011				
Opotiki Packing and Cool storage Limited	19,234	8,921	31,037	215
	19,234	**8,921**	**31,037**	**215**

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

21) Trade and other payables

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Trade payables	870	1,702	870	1,702
Accrued expenses	4,131	5,132	3,993	5,003
Employee expenses	1,534	1,129	1,534	1,129
Other payables	299	1,194	299	1,194
	6,834	**9,157**	**6,696**	**9,028**

22) Onerous lease provision

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Provision arising during the year	807	-	807	-
Carrying amount at end of year	**807**	**-**	**807**	**-**
Current provision	322	-	322	-
Non current provision	485	-	485	-
Carrying amount at end of year	**807**	**-**	**807**	**-**

A provision for onerous leases has arisen during the year for two bare land leases and two coolstore leases. The bare land leases expire on 3 December 2014 the Board has decided to not renew at that time and as a result the provision is for the entirety of the remaining leases. The coolstore leases expire on 3 December 2014 and 31 March 2017, these facilites are not required under the capacity plan and as a result the provision is for the entirety of the remaining lease. The provision for onerous leases has been discounted at 10%.

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

23) Deferred tax

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

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
a) Expected settlement:				
Within 12 months	2,552	3,302	2,552	3,302
In excess of 12 months	4,417	4,742	4,193	4,392
	6,969	**8,044**	**6,745**	**7,694**
b) Net deferred tax (assets) liabilities:				
Opening balance	8,044	14,194	7,694	14,194
Prior year deferred tax expense	224	350	-	-
(Credited)/charged to the Statement of Financial Performance	(1,157)	(5,050)	(807)	(5,050)
(Credited)/charged to revaluation reserve	(141)	(1,424)	(141)	(1,424)
(Credited)/charged to hedge reserve	(1)	(26)	(1)	(26)
Closing balance at end of year	**6,969**	**8,044**	**6,745**	**7,694**

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

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Temporary differences on non-current assets	4,417	4,743	4,193	4,393
Current liabilities	(986)	(1,123)	(986)	(1,123)
Prepayments and accrued income	3,538	4,424	3,538	4,424
	6,969	**8,044**	**6,745**	**7,694**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. No amounts were recognised at balance date and there were no unrecognised tax losses (Dec 2011 - nil).

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

24) Interest bearing liabilities

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Current				
Secured				
Bank borrowings	-	4,327	-	4,327
Current portion of term liabilities	2,376	2,376	2,376	2,376
Total current interest bearing liabilities	**2,376**	**6,703**	**2,376**	**6,703**

	Group		Parent	
	2012	2011	**2012**	2011
Non-current	**$'000**	$'000	**$'000**	$'000
Secured				
Term liabilities	20,590	23,966	20,590	23,966
Total non-current interest bearing liabilities	**20,590**	**23,966**	**20,590**	**23,966**

The Group's bank facilities are secured by debentures and mortages over property. The Group has total facilities of $47.5m (Dec 2011 - $50.8m). This is made up of a multi option credit facility of $24.5m (Dec 2011 - $24.5m) and term loans of $23.0m (Dec 2011 - $26.3m).

The Board has assessed the fair value of the term loans as the outstanding balance at 31 December 2012. Refer to the tables below which outline loan terms and maturities.

As at 31 December 2012:

	Term Loans			
	Balance due	Variable	Maturity	Repayment terms
Term loan #93	$ 3,966,000	4.45%	7 December 2014	Monthly repayment
Term loan #95	$ 10,000,000	4.47%	31 May 2014	Interest only
Term loan #96	$ 9,000,000	4.47%	30 September 2014	Interest only

As at 31 December 2011:

	Term Loans			
	Balance due	Variable	Maturity	Repayment terms
Term loan #93	$ 6,342,000	4.45%	7 December 2014	Monthly repayment
Term loan #95	$ 10,000,000	4.43%	31 May 2013	Interest only
Term loan #96	$ 10,000,000	4.43%	30 September 2014	Interest only

a) Assets pledged as security

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

25) Share capital

	Group		Parent	
	2012	2011	**2012**	2011
	Shares	Shares	**Shares**	Shares
a) Authorised and issued share capital				
Ordinary shares - fully paid and no par value	14,169,486	14,169,486	14,169,486	14,169,486
Treasury shares - fully paid and no par value	263,842	263,842	263,842	263,842
	14,433,328	**14,433,328**	**14,433,328**	**14,433,328**

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
b) Movements in ordinary share capital				
Opening balance of ordinary shares held	36,758	36,758	36,758	36,758
Closing balance of ordinary share capital	**36,758**	**36,758**	**36,758**	**36,758**
c) Treasury share capital				
Movements in treasury share capital				
Opening balance of ordinary shares held	1,068	1,101	1,068	1,101
Shares re-issued in year	-	(33)	-	(33)
Closing balance of held as treasury capital	**1,068**	**1,068**	**1,068**	**1,068**
d) Net share capital				
	35,690	**35,690**	**35,690**	**35,690**

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

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

26) Retained earnings and reserves

	Group 2012 $'000	Group 2011 $'000	Parent 2012 $'000	Parent 2011 $'000
Total reserves as identified below	**2,895**	**3,053**	**2,895**	**3,053**

a) Cash-flow hedge reserve

	Group 2012 $'000	Group 2011 $'000	Parent 2012 $'000	Parent 2011 $'000
Balance at beginning of year	(174)	(105)	(174)	(105)
Fair value (losses) in the year	(4)	(95)	(4)	(95)
Deferred tax adjustment	2	26	2	26
Balance at end of year	**(176)**	**(174)**	**(176)**	**(174)**

b) Available-for-sale revaluation reserve

	Group 2012 $'000	Group 2011 $'000	Parent 2012 $'000	Parent 2011 $'000
Balance at beginning of year	55	372	55	372
Bonus shares issued	4	-	4	-
Change in fair value	170	(317)	170	(317)
Balance at end of year	**229**	**55**	**229**	**55**

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

c) Land and buildings revaluation reserve

	Group 2012 $'000	Group 2011 $'000	Parent 2012 $'000	Parent 2011 $'000
Balance at beginning of year	3,058	8,295	3,058	8,295
Revaluation reserve (reduction)	(470)	(6,661)	(470)	(6,661)
Deferred tax adjustment	140	1,424	140	1,424
Balance at end of year	**2,728**	**3,058**	**2,728**	**3,058**

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

d) Share based payments reserve

The Group operates 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.

	Group 2012 $'000	Group 2011 $'000	Parent 2012 $'000	Parent 2011 $'000
Balance at beginning of year	114	114	114	114
Balance at end of year	**114**	**114**	**114**	**114**

At 31 December 2012, the number of shares in respect of which options have been granted to employees and remain outstanding under the scheme was nil (Dec 2011 - Nil), representing 0.00% (Dec 2011 - Nil) of the shares of the Company in issue at that date.

Options are granted periodically and permanent employees are eligible to participate in the plan, subject to availability and board discretion and no consideration is payable on the grant of an option. The vesting periods 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. The option exercise price is determined by the directors of the Company based upon the closing price of the Company's shares on the date of grant.

Options are priced using a Black Scholes pricing model. Expected volatility is based on Directors judgement as the Company has a small market capitalisation with minimum trading.

As at 31 December 2012 there are no outstanding options, nor were there any transactions during the current year.

Set out below is the summary of movements of options granted under the scheme as at 31 December 2011:

As at 31 December 2011

Grant Date	Expiry Date	Fair Value of Option at Grant Date	Exercise Price	1 Jan 2011 Open Balance (Shares)	Exercised (Shares)	Lapsed/Relinquished (Shares)	31 December 2011 Close Balance (Shares)
31 August 2006	02 September 2011 - Expired	0.28	4.00	169,560	(17,080)	(152,480)	-
			Total	**169,560**	**(17,080)**	**(152,480)**	**-**
Weighted average exercise price (on exercisable options)		-					
Weighted average contractual life		-	(years)				

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26) Retained earnings and reserves (continued)

e) Retained Earnings

Movements in retained earnings were as follows:

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	11,732	20,516	12,014	23,349
Net profit/(loss) for the year	5,880	(7,053)	5,722	(9,604)
Dividends paid	-	(1,731)	-	(1,731)
Balance at end of year	**17,612**	**11,732**	**17,736**	**12,014**

27) Dividends

	2012		2011	
a) Ordinary shares	**$'000**	**Per share**	$'000	Per share
Dividend paid 27th May 2011	-	$ -	1,731	$ 0.12
Total dividend paid	**-**		**1,731**	

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

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

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

	Group		Parent	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Net operating surplus after Taxation	5,880	(7,053)	5,722	(9,604)
Add non cash items:				
Depreciation	5,584	6,394	5,584	6,394
Loss on revaluation of buildings	6	3,233	6	3,233
Revaluation of lease interest in land	418	417	-	-
Impairment on investment in subsidiaries	-	-	241	3,330
Impairment on goodwill	-	2,850	-	2,850
Movement in deferred tax	(934)	(4,563)	(808)	(4,911)
Movement in fair value of biological assets - Crop	737	1,735	737	1,735
Movement in fair value of Biological assets - Vines	292	9,730	292	9,730
Movement in fair value of non-biological assets	196	818	196	818
Amortisation of orchard development	-	475	-	475
Impairment of investments in associates	89	1,228	89	1,228
Impairment of plant and equipment	187	-	187	-
Impairment of land held for resale	-	221	-	221
Movement in onerous leases	807	-	807	-
Gain on revaluation of available for sale assets	-	55	-	55
Loss on revaluation of available for sale assets	-	530	-	530
Amortisation of intangibles	92	209	60	177
Movement in derivatives	(417)	(205)	(417)	(205)
Share of income from associates	(156)	(22)	-	-
	6,901	23,105	6,974	25,660
Add (less) items not classified as an operating Activity:				
Loss/(gain) on sale of property, plant and equipment	219	(16)	219	(17)
	219	(16)	219	(17)
(Increase) decrease in working capital:				
Increase (decrease) in accounts payable	(2,323)	803	(2,331)	791
(Increase) decrease in accounts receivable/prepayments	3,544	1,479	3,547	1,494
(Increase) decrease in inventory	486	(119)	486	(119)
(Increase) decrease in work in progress	(1,291)	(231)	(1,291)	(231)
Increase (decrease) in taxes due	(823)	348	(823)	348
	(407)	2,280	(412)	2,283
Net cash flow from/(used in) operating activities	12,593	18,316	12,503	18,322

29) Earnings per share

a) Basic earnings per share

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

	Group		Parent	
	2012	2011	**2012**	2011
Profit/(loss) attributable to equity holders of the Company (Thousands)	5,880	(7,053)	5,722	(9,604)
Weighted average number of ordinary shares in issue (thousands)	14,169	14,237	14,169	14,237
Basic earnings per share	$ 0.41	$ (0.50)	$ 0.40	$ (0.67)

b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options (Note 25 (d)).

	Group		Parent	
	2012	2011	**2012**	2011
Profit/(loss) attributable to equity holders of the Company (Thousands)	5,880	(7,053)	5,722	(9,604)
Weighted average number of ordinary shares for diluted earnings per share	14,169	14,237	14,169	14,237
Diluted earnings per share	$ 0.41	$ (0.50)	$ 0.40	$ (0.67)

30) Contingencies

There are no contingent liabilities as at 31 December 2012. As at 31 December 2011 the Parent and Group had a contingent liability in relation to lease payments on gold long term leased orchards due to the impact of Psa. A contingent liability existed in the event that the Group may have been required to continue to make lease payments where a gold orchard was no longer able to produce a crop after having exited the lease during 2011. The Group believed the standard long term lease terms allowed for Seeka to proportionately alter the lease or terminate where Psa was prevalent and destroyed the vines (Note 18). The Group's position was confirmed through arbitration during the current year.

31) Commitments

a) Capital commitments

As at 31 December 2012 the total capital expenditure contracted but not provided for was nil (Dec 2011 - $0.03m).

As at 31 December 2012, the associate, Opotiki Packing and Coolstorage Limited had capital commitments at their 31 December 2012 balance date of $Nil (Dec 2011 - $Nil).

b) Lease commitments : Group and Parent as lessee

Operating leases
The Group has the following lease commitments:

Orchard leases:
At balance date, 136 (Dec 2011 - 152) orchards are leased by the Group with terms ranging from 1 to 3 years. Orchard leases are non-cancellable and typically a lease payment is related to the volume of crop harvested and orchard gate return earned. Some orchards have a fixed lease element to their lease payment.

	Group		**Parent**	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	441	705	441	705
Later than one year but not later than five years	382	214	382	214
	823	**919**	**823**	**919**

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

	Group		**Parent**	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	3,568	3,570	3,568	3,570
Later than one year but not later than five years	5,496	6,764	5,496	6,764
Later than five years	5,806	5,820	5,806	5,820
	14,870	**16,154**	**14,870**	**16,154**

In addition to the above lease commitments there are commitments for orchard leases which are contingent on the number of trays harvested in each year of the lease. A receivable of an equal or greater value than the lease commitment accrues at the time of harvest.

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

	Group		**Parent**	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	827	958	827	958
Later than one year but not later than five years	656	680	656	680
	1,483	**1,638**	**1,483**	**1,638**

iii) Long term leased orchards: The Group lease 123 hectares of bare land on which it has developed kiwifruit and avocado orchards. The leases are for periods up to 20 years at the end of which the land, structures and vines revert back to the lessor. Rental reviews are normally every 3 years and the Group has a conditional right to lease the properties for a future term at the expiration of each lease.

The following table details lease commitments on long term leased orchards:

	Group		**Parent**	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	400	711	400	711
Later than one year but not later than five years	1,191	2,158	1,191	2,158
Later than five years	727	1,351	727	1,351
	2,318	**4,220**	**2,318**	**4,220**

In a number of cases the Group has reached agreement with landowners to amend the lease, cease rental payments and work with them to re-establish the affected orchard with one of the new varieties released by Zespri. At balance date the terms of the amended leases were being finalised to reflect the investment and risk to the group and the landowners of re-establishing the orchards (Note 18).

32) Related party transactions

a) Seeka Growers Limited

In the normal course of business the Group undertakes transactions with Seeka Growers Limited, a related party which administers all post harvest operations and revenues from the sale of kiwifruit on behalf of growers with whom it holds a contract. In the current period the Group received $97.84m (Dec 2011 - $118.64m) for the provision of post harvest and orchard management services to Seeka Growers Limited.

b) Directors

The names of persons who were directors of the Company at any time during the period are as follows: K R Ellis, M J Cartwright, J A Scotland, D J Emslie, S B Burns, A Diaz, T Nicholas, J Burke and F Hutchings.

c) Key management and personnel and compensation

Key management personnel compensation for the year ended 31 December 2012 and the year ended 31 December 2011 is set out below. The key management personnel are all the directors of the company and the executives with the greatest authority for the strategic direction and management of the Group.

	2012 $'000	2011 $'000
Directors fees	350	329
Other directors remuneration	20	20
Executive salaries	1,441	1,703
Short term benefits	120	191
Total	**1,931**	**2,243**

d) Transactions

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

	Group		**Parent**	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Sale of services				
Associates	77	132	77	112
Directors, management and other personnel	587	763	587	641
Purchase of services				
Associates	(400)	(358)	(400)	(340)
Directors, management and other personnel	(88)	(78)	(88)	(41)

e) Outstanding balances

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

	Group		**Parent**	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Current receivables (operating)				
Directors, management and other personnel	73	87	73	87

f) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of advances between the parties and no interest is charged in relation to the amount payable by the Parent to its subsidiaries. No balances outstanding at 31 December 2012 (Dec 2011 - nil).

Outstanding balances are unsecured and are repayable in cash.

33) Investment in jointly controlled assets

On 22 July 2010, the Group entered into a joint operation agreement with the Shanghai-Neuhof Trading Company to pack pre-graded green kiwifruit in Shanghai, China for the local market. As part of this agreement, the Group paid $0.13m for its 50% share of the cost of bin tip and packing equipment which was to be used by the joint operation. The Group recognised a net loss from the joint operation of $0.04m for the year ended 31 December 2012 (Dec 2011 - $0.16m net profit).

34) Events occurring after balance date

The Directors have declared a fully imputed dividend of 6 cents per share, to be paid on 20 March 2013. The dividend will be paid to those shareholders on the register at 5pm 13 March 2013. There are no further events occurring subsequent to balance date requiring adjustment to or disclosure in the financial statements.

Independent Auditors' Report
to the shareholders of Seeka Kiwifruit Industries Limited

Report on the Financial Statements

We have audited the financial statements of Seeka Kiwifruit Industries Limited ("the Company") on pages 10 to 52, which comprise the statement of financial position as at 31 December 2012, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2012 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

We have no relationship with, or interests in, Seeka Kiwifruit Industries Limited or any of its subsidiaries other than in our capacities as auditors and providers of tax and other assurance services. These services have not impaired our independence as auditors of the Company and the Group.

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Independent Auditors' Report

Seeka Kiwifruit Industries Limited

Opinion

In our opinion, the financial statements on pages 10 to 52:

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

(ii) comply with International Financial Reporting Standards; and

(i) give a true and fair view of the financial position of the Company and the Group as at 31 December 2012, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2012:

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

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

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants Auckland
20 February 2013

Directors

Fred Hutchings

Independent Chairman

Appointed September 2012. Fred is a Fellow Chartered Accountant and Vice President of NZICA. For 27 years he was a partner at PricewaterhouseCoopers specialising in assurance and advisory services, particularly for agribusiness. Fred is chairman of the audit and risk committees of the Auditor General and the Ministry of Foreign Affairs and Trade.

John Burke

Independent Director

Appointed April 2012. John is a kiwifruit orchardist and has held the positions of general manager KVH and chief executive Te Awanui Huka Pak. Before entering the kiwifruit post harvest business, John operated a rural valuation and consultancy practice.

Stuart Burns

Independent Director

Chief Executive of Rotorua Trust and a director of Hubbard Foods Limited, Stuart is a Fellow Chartered Accountant and a Member of the Institute of Finance Professionals of New Zealand and an Member of the Institute of Directors of New Zealand.

Malcolm Cartwright

Director

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

Amiel Diaz

Director

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

David Emslie

Independent Director

Kiwifruit orchardist since 1980, David is also a director and shareholder of OPAC.

Taari Nicholas

Director

A director of Te Awanui Huka Pak Limited, Taari is a Chartered Accountant, an Accredited Member of the Institute of Directors of New Zealand, and a Certified Securities Analyst Professional Member of the Institute of Finance Professionals of New Zealand.

	Remuneration committee	Audit committee
Fred Hutchings	Chairman	
Stuart Burns		Chairman
Malcolm Cartwright	Member	
David Emslie	Member	
Taari Nicholas		Member
John Burke		Member

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

Principal activities

The principal activity of the Group is to provide orchard lease and management, and post harvest service activities to the horticulture industry. The nature of the Company's business has not changed in the year to 31 December 2012 under review.

Dividends

During the year ended 31 December 2011, a fully imputed dividend of $0.12 per share was paid on 27 May 2011.
During the year ended 31 December 2012, no dividend has been paid.

Directors holding office during the year

The directors holding office during the year were:

F A Hutchings (appointed 10 September 2012)
M J Cartwright (1)
T A W Nicholas (1)
J Burke *(appointed 24 April 2012)*
A A Diaz (1)
K R Ellis *(resigned 24 July 2012)*
S B Burns
D J Emslie
J A Scotland *(retired 24 April 2012)*

(1) Non-independent Directors

Use of Company information

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

Directors shareholding

Directors held a relevant interest in the following shares at 31 December 2012:

Current Directors	Beneficially held shares	Non-beneficially held shares
M J Cartwright	54,294	-
D J Emslie	155,348	-
T Nicholas - Te Awanui Huka Pak Limited	-	2,534,820
J Burke - J&D Burke Holdings Limited	20,000	

Share dealings

The following tables show transactions recorded in respect of shares held by directors' interests, either directly or indirectly.

Non beneficially held shares: T Nicholas (Te Awanui Huka Pak Limited). During the year a transaction was recorded for shares non-beneficially held by T Nicholas, a director of a company that owns them.

T Nicholas - Te Awanui Huka Pak Limited	Quantity	Closing balance	$ Value
Opening Balance 1 January 2012		2,453,968	
Purchase - 23 May 2012	80,852	2,534,820	$1.700
CLOSING BALANCE		2,534,820	

Non beneficially held shares: S B Burns (Rotorua Trust Perpetual Capital Fund Limited). During the year transactions were recorded for shares non-beneficially held by S B Burns a director of a trustee company that owns them. As a director of Seeka, Mr Burns does not participate nor does he have influence or control over the trustee company in relation to its investment in Seeka.

S B Burns - Rotorua Trust Perpetual Capital Fund Limited	Quantity	Closing balance	$ Value
Opening Balance 1 January 2012		288,776	
Disposal - 18 January 2012	(10,865)	277,911	$0.960
Disposal - 18 January 2012	(14,000)	263,911	$0.930
Disposal - 25 January 2012	(3,000)	260,911	$0.930
Disposal - 3 February 2012	(60,911)	200,000	$0.920
Disposal - 11 May 2012	(50,000)	150,000	$1.770
Disposal - 5-7 September 2012	(27,523)	122,477	$1.000
Disposal - 10 September 2012	(10,000)	112,477	$0.920
Disposal - 11 September 2012	(15,000)	97,477	$0.899
Disposal - 17 September 2012	(10,000)	87,477	$0.890
Disposal - 18 September 2012	(17,477)	70,000	$0.890
Disposal - 1 October 2012	(10,000)	60,000	$0.950
Disposal - 10 October 2012	(10,000)	50,000	$1.000
Disposal - 17 - 19 October 2012	(6,996)	43,004	$1.000
Disposal - 23 October 2012	(510)	42,494	$1.000
Disposal - 29 October 2012	(19,544)	22,950	$0.926
Disposal - 14 November 2012	(12,950)	10,000	$0.922
Disposal - 15 November 2012	(3,000)	7,000	$0.930
Disposal - 16 November 2012	(7,000)	-	$0.900
CLOSING BALANCE		-	

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

Remuneration and other benefits

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

Director	Directors fees	Other remuneration	Total
K R Ellis	106,667	-	106,667
S B Burns	39,667	-	39,667
M J Cartwright	34,000	20,000	54,000
D J Emslie	34,000	-	34,000
J A Scotland	16,667	-	16,667
A Diaz	34,000	-	34,000
T Nicholas	34,000	-	34,000
F Hutchings	16,666	-	16,666
J Burke	34,000	-	34,000
	349,667	20,000	369,667

Remuneration of employees

The Company had 44 (December 2011 - 46) employees that are not directors whose annual cash remuneration and benefits (including motor vehicles and termination costs) exceed $100,000 in the financial year.

Remuneration	December 2012 number of employees		December 2011 number of employees	
	Continuing	Former	Continuing	Former
$100k - $110k	11	-	12	-
$110k - $120k	3	1	9	1
$120k - $130k	8	-	5	2
$130k - $140k	2	-	1	1
$140k - $150k	3	2	2	-
$150k - $160k	1	2	4	1
$160k - $170k	2	1	2	-
$170k - $180k	-	-	1	-
$180k - $190k	1	1	-	-
$190k - $200k	1	-	-	-

Remuneration	December 2012 number of employees		December 2011 number of employees	
	Continuing	Former	Continuing	Former
$220k - $230k	-	-	1	-
$230k - $240k	1	-	-	-
$240k - $250k	-	-	1	-
$250k - $260k	-	-	1	-
$270k - $280k	-	-	1	-
$280k - $290k	1	1	-	-
$290k - $300k	1	-	-	-
$390k - $440k	-	-	1	-
$460k - $470k	1	-	-	-
TOTAL	36	8	41	5

Directors' interests

During the year the Company undertook transactions with the directors as set out in Note 32 to the financial statements "Related Party Transactions". At 31 December 2012, the following general disclosures of interests have been made by the directors in terms of section 140 (2) of the Companies Act 1993.

	Director	Shareholder
F Hutchings		
Amwell Holdings Limited	✓	✓
Walker Nominees Limited	✓	
J Burke		
J & D Burke Holdings Limited	✓	✓
Jackall Holdings Limited	✓	
Zespri International Limited		✓
S B Burns		
Rotorua Trust Perpetual Capital Fund Limited	✓	
Hubbard Foods Limited	✓	
M J Cartwright		
Seeka Growers Limited	✓	
Avofresh Limited	✓	
Seeka Employee Share Plan Trustees Limited	✓	
Zespri International Limited		✓
A A Diaz		
FreshRemix Corporation of Japan	Officer	
FreshRemix Asia Software	Officer	

	Director	Shareholder
D J Emslie		
OPAC Properties Limited	✓	
Fraser Road Orchard Limited	✓	✓
Highcrest Limited	✓	✓
DCD Orchards Limited	✓	
Seeka Growers Limited	✓	
Kaiaua Holdings Limited	✓	✓
OPAC Limited	✓	✓
Kaiaponi Farms Limited	✓	
Seeka Employee Share Plan Trustees Limited	✓	
Zespri International Limited		✓
T A W Nicholas		
Te Awanui Huka Pak Limited	✓	
Miraka Limited	✓	
Southern Pastures Limited	✓	✓
Ngati Ruanui Holdings Corporation Limited	✓	
Parininihi ki Waitotara Incorporation	✓	✓
Tarit Holdings Limited	✓	
Direct Capital 4 - Shareholders Advisory Council	Member	

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.

Responsibilities and functions of the board

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

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

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

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

Composition of the board

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

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

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

Dealings in company shares

Directors or senior executives can buy or sell shares within the guidelines of the NZX.

Committees

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

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

Audit and risk committee

The audit committee is comprised of three non-executive directors. The role of the committee is to advise on the establishment and maintenance of the framework of internal control and appropriate ethical standards. The chief executive, chief financial officer and external auditors are invited to audit committee meetings as deemed necessary. The committee is comprised of Stuart Burns, Taari Nicholas and John Burke.

The responsibilities of the audit committee include:

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

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

Remuneration committee

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

The responsibilities of the remuneration committee include:

- review and recommend to the Board any changes regarding the chief executive officer's appointment, remuneration and succession planning
- review of the Company's compensation policy and procedures for all employees
- management of risk and compliance with statutory and regulatory requirements of human resources.

Internal control

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

Business risks

The chief executive officer is required to identify and report on the major risks affecting each business segment and to develop strategies to mitigate these risks.

The role of the shareholders

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

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

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

Shareholder Analysis

TOP 50 SHAREHOLDERS AT 31 DECEMBER 2012*

Fresh MD Holdings Inc	2,557,822	D Grindell	75,000
Te Awanui Huka Pak Limited	2,534,820	Birdwood Farms Limited	73,506
DMS Orchard Management Limited	608,148	Worthington Limited	73,000
CW Flood & M Schlagel	477,130	Estate AR Wright & HO Wright	71,362
National Nominees New Zealand Limited	386,732	Penmaen Limited	70,000
J & PC Law	306,353	AJ Hill & JM Hill & VW Brownrigg	64,457
Seeka Employee Share Plan Trustees Limited	263,842	AM Baldwin	59,190
Rod Bayliss Orchards Limited	234,457	GA Cole	57,000
Burts Orchards (1997) Limited	166,663	JP & PJ Jensen	56,837
DJ Emslie & DJ Emslie & Others	155,348	DJ Hicks, JF Hicks & Others	55,700
ID Greaves & CM Thompson & MS Thompson	153,890	Bowyer Orchards Limited	54,586
S Moss	148,016	MJ Cartwright & HC Cartwright & Others	54,294
HSBC Nominees (NZ) Limited	134,541	RA & DG Bibby	53,333
Pho Holdings Limited	130,000	T&G Hawthorn, G Hawthorne & Others	53,076
LJ Christie	125,000	BF Grafas	52,309
J Slater & RA Slater & Others	122,291	JA, JA & NA Scotland	50,350
Omega Fruit Limited	118,291	RD & CB Clarke	49,529
TG & JD Newman	117,845	HD Spencer	48,785
Custodial Services Limited	108,125	DW Hay	46,085
MC & HF Salt	103,770	GB Lowe	45,181
J Slater & RA Slater	100,000	GK & DJ Oakley	44,213
MI & BM Tremain	86,963	Custodial Services Limited	43,580
WV & WJ Flowerday	85,910	IG Arnot	42,000
RB Tait & JG Tait & IJ Craig	80,000	SE Fisher & JA Fisher	40,662
BJ & L Cotton-Stapleton	78,772	JR Griffin & Others	40,000

ANALYSIS OF SHAREHOLDERS BY SIZE AT 31 DECEMBER 2012*

	Number of shareholders	Shares held	Percentage of shareholders	Shares	Average holding
Up to 1,000 Shares	260	127,374	31.06%	0.88%	490
1,001 to 5,000 Shares	321	822,138	38.34%	5.70%	2,561
5,001 to 10,000 Shares	102	774,628	12.20%	5.37%	7,594
10,001 to 100,000 Shares	135	3,764,836	16.13%	26.08%	27,888
100,001 Shares or More	19	8,944,352	2.27%	61.97%	470,755
TOTAL	**837**	**14,433,328**	**100.0%**	**100.0%**	**17,244**

SUBSTANTIAL SECURITY HOLDERS AT 31 DECEMBER 2012**

	Shares held	Percentage of shareholding
Fresh MD Holdings Inc	2,557,822	17.72%
Te Awanui Huka Pak Limited	2,534,820	17.56%

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

Directory

DIRECTORS

Fred Hutchings
Independent Chairman

John Burke
Independent Director

Stuart Burns
Independent Director

Malcolm Cartwright
Director

Amiel Diaz
Director

David Emslie
Independent Director

Taari Nicholas
Director

MANAGEMENT

Michael Franks
Chief Executive

Bryan Grafas
GM Orchard Operations

Kevin Halliday
GM Corporate Services

Stuart McKinstry
Chief Financial Officer
and Company Secretary

Rob Towgood
GM Post Harvest Operations

CORPORATE

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

AUDITOR

PricewaterhouseCoopers
Auckland

BANKERS

Westpac Banking Corporation
Auckland

SHARE REGISTRAR

Link Market Services Limited
Ashburton

NZX

www.nzx.com

LEGAL ADVISORS

Harmos Horton Lusk
Auckland

McKenzie Elvin
Tauranga

Seeka Kiwifruit Industries Limited
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