

SEEKA KIWIFRUIT INDUSTRIES LIMITED
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER

2013



SEEKA'S BUSINESS PROFILE AND STRATEGY

PROFILE AND STRATEGY

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

KIWIFRUIT ORCHARDING AND POST HARVEST SERVICES

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

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

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

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

SEEKAFRESH

SeekaFresh handles the distribution and marketing of all non-Zespri supplied produce including collaborative marketing agreements. Along with kiwifruit and avocados, limited volumes of kiwiberry will be handled by SeekaFresh in 2014. SeekaFresh allows Seeka to deliver orchardists and international clients a full orchard-to-market service for an expanding range of products. It attracts new grower clients, improves post harvest asset utilisation and diversifies Seeka's revenue streams.

Contents

1	Report of the Chairman and Chief Executive	14	Statement of Cash Flows	59	Corporate Governance Statement
10	Statement of Financial Performance	15	Notes to the Financial Statements	60	Shareholder Analysis
11	Statement of Comprehensive Income	54	Auditors' Report	61	Directory
12	Statement of Financial Position	56	Directors		
13	Statement of Changes in Equity	57	Disclosures		

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 2013.

The results are better than NZX guidance given to shareholders at their 22 October 2013 meeting, specifically:

- Profit before tax, impairments and revaluations totalled \$3.33m (guidance range \$1.7m to \$2.2m);
- Earnings before interest, tax, depreciation and amortisation totalled \$9.94m (guidance range \$8.2m to \$8.7m).

Seeka achieved earnings of \$0.19 per share for the year, and at the year's end each share had a net tangible asset backing of \$4.05 and on 31 December a market price of \$2.10.

Seeka's after-tax profit of \$2.67m is down from \$5.88m in the previous corresponding period (pcp). This is significantly better than anticipated; the company has successfully absorbed the downturn in fruit volumes and margins caused by Psa-V.

Overall revenue of \$97.37m is 10% down from \$108.29m in the pcp, and 30% down from \$138.8m two years ago. The lower revenue reflects the drop in volume of Zespri Hort16A gold fruit (less is being grown and processed). Volumes are expected to recover from 2015 when the new, disease tolerant Zespri G3 variety comes on-stream.

Seeka's strategy to weather the Psa-V outbreak in recent years included selling surplus non-core assets, reducing debt, restructuring operations to reduce costs, and limiting capital expenditure. Seeka pursued new business areas to improve earnings. The company withheld dividends while it focused on lowering debt. Dividend payments have been reinstated now that net debt levels are well within the Board's target range. Net bank debt (term loans less cash deposits) at 31 December totalled \$14.67m, compared to \$17.78m pcp. At 31 December 2013, Seeka had invested \$9.24m in next year's crop; removing this short-term investment reduces core debt to \$5.43m. This is low relative to the context of the company's long-term assets of \$67.87m.

Seeka reviewed and revamped its strategy in 2013. In October, the company outlined to shareholders a bold vision to be "New Zealand's Premier Produce Business". Kiwifruit remains the foundation and heart of the business, but there is a realisation that Seeka must diversify to provide additional earnings, growth and capital appreciation to shareholders. While the recovery in kiwifruit provides exciting growth prospects, developing complementary business in the produce sector adds to the company's prospects for future growth.

The past two years have been a difficult time for Seeka and parties associated with it. It remains a difficult time for some, as the industry rebuilds and growers re-graft their orchards with fruit varieties understood to be more tolerant to the Psa disease. However, the steps taken by Seeka have strengthened the company and will position it to re-emerge from difficult times on an exciting growth path.

Directors and management thank staff, contractors and suppliers for their service, and we thank growers in particular for their loyal support during the past year.

DIVIDEND

The directors have declared a fully-imputed dividend of \$0.07 per share, to be paid on 28 March 2014. This is a \$0.01 increase on the 27 September 2013 dividend distribution. The dividend will be paid to those shareholders on the register at 5pm, 21 March 2014. The dividend reinvestment plan will apply.

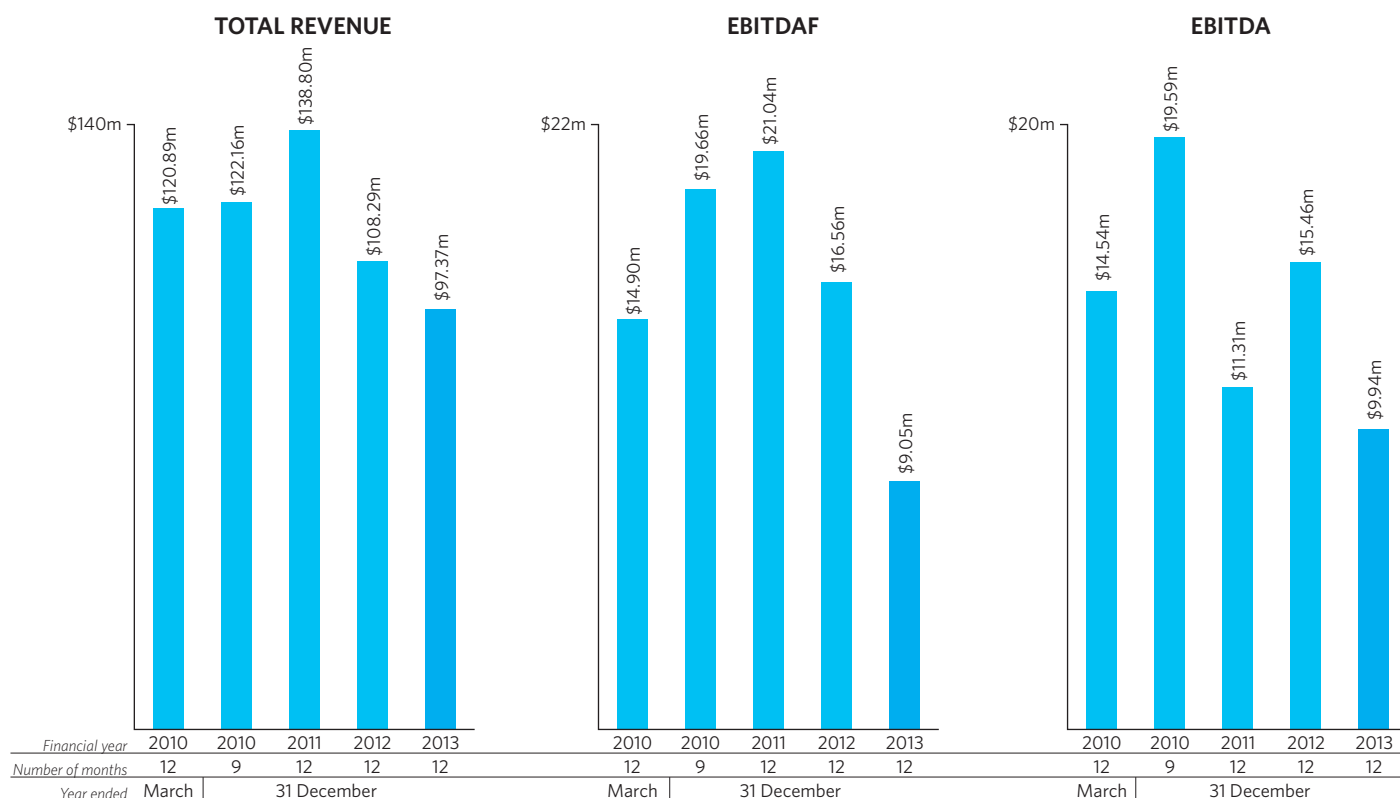
PROFIT BEFORE TAX, IMPAIRMENTS AND REVALUATIONS	
\$000s	2013
Net profit before tax	3,514
Adjustment for impairment charges	
Short-term lease (gain)	(22)
Investments in associates	615
Revaluation	
Land and buildings (gain)	(776)
Profit before tax, impairments and revaluations	3,331

OPERATING PERFORMANCE

Operating revenue totalled \$97.37m, down 10% from the pcp. This reflects lower post-harvest and orcharding volumes, primarily caused by the removal of Psa-affected Zespri Hort16A and the time taken for newly-grafted orchards to regenerate.

- EBITDA was \$9.94m, compared to \$15.46m in the pcp.
- Profit before tax was \$3.51m, compared to \$7.37m in the pcp. It includes a \$776,000 gain from the revaluation of buildings and a \$615,000 write-down of associates' investments.
- Interest cost reduced with lower debt levels and totalled \$1.14m, compared to \$1.88m in the pcp.
- Net profit after tax totalled \$2.66m, compared to \$5.88m in the pcp.
- Cashflow from operations totalled \$8.83m, compared to \$12.59m in the pcp. The company invested \$1.24m in the development of long-term leased orchards and \$1.61m in property, plant and equipment.
- Dividends distributed to shareholders during the year totalled \$1.73m and no dividend was paid in the pcp.

KEY FINANCIAL INDICATORS



KEY INDICATORS

(\$000s)	12 months 31 March 2010	9 months 31 December 2010	12 months 31 December 2011	12 months 31 December 2012	12 months 31 December 2013
Revenue	\$ 120,887	\$ 122,157	\$ 138,797	\$ 108,290	\$ 97,371
EBITDA POST HARVEST	\$ 15,294	\$ 21,487	\$ 23,864	\$ 15,855	\$ 12,355
EBITDA ORCHARD	\$ 5,239	\$ 4,250	\$ (4,236)	\$ 7,201	\$ 3,318
OPERATING EARNINGS					
EBITDAF Earnings before interest, tax, depreciation, amortisation, fair value adjustments, impairments and asset revaluations	\$ 14,902	\$ 19,660	\$ 21,036	\$ 16,563	\$ 9,049
Fair value movement in biological assets — vines	(194)	(282)	(9,730)	(292)	392
Movement in onerous lease provision	-	-	-	(807)	494
EBITDA — before impairments and revaluations (\$000s)	\$ 14,538	\$ 19,588	\$ 11,306	\$ 15,464	\$ 9,935
Depreciation and amortisation expense	(5,103)	(4,938)	(6,394)	(5,584)	(5,392)
Amortisation of intangibles	-	-	(209)	(92)	(73)
<i>Impairment charges</i>					
Short-term lease costs	(170)	367	(262)	(62)	22
Plant and equipment	-	-	(818)	(383)	-
Goodwill	-	-	(2,850)	-	-
Investments in associates	-	-	(1,228)	(89)	(615)
Land held for resale	-	-	(221)	-	-
Leased interest in land	-	-	(417)	(418)	-
Investment in Vital Foods	(1,794)	-	-	-	-
<i>Revaluation</i>					
Available for sale assets	-	-	(530)	-	-
Land and buildings	-	(157)	(3,233)	(6)	776
Huka Pak acquisition costs — cancellation of management contract	(3,900)	-	-	-	-
Loss on sale of joint venture	(400)	-	-	-	-
Interest	(2,107)	(2,055)	(2,766)	(1,878)	(1,139)
Fair value of non—hedge derivatives	211	84	300	422	-
Net profit / (loss) before tax	\$ 1,445	\$ 12,679	\$ (7,322)	\$ 7,374	\$ 3,514
Tax (charge) / credit	(1,075)	(6,248)	269	(1,494)	(850)
Net profit / (loss) attributable to shareholders	\$ 370	\$ 6,431	\$ (7,053)	\$ 5,880	\$ 2,664
Net assets per share	\$ 3.84	\$ 4.17	\$ 3.50	\$ 3.89	\$ 4.05

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

REVIEW OF POST HARVEST OPERATIONS

Seeka's post harvest division coordinates the harvest, packing, coolstore and logistics operations for kiwifruit and avocados. Changes made in 2013 have seen the addition of in-house prepacking for the Australian market as well as a new packhouse and coolstore operation in Kerikeri. Kiwiberries will be packed for the first time in 2014, albeit in limited volumes.

EBITDA from the post harvest division totalled \$12.35m, compared to \$15.85m in the pcp.

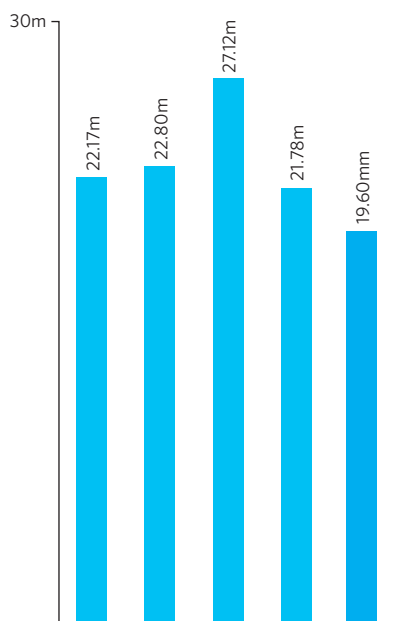
Total kiwifruit volumes handled were more than expected, reflecting new growers choosing Seeka to process their fruit after harvest.

Avocado volumes rebounded to 334,000 trays packed, compared to 253,000 trays in the pcp. (The avocado business is more fully canvassed later in this report.)

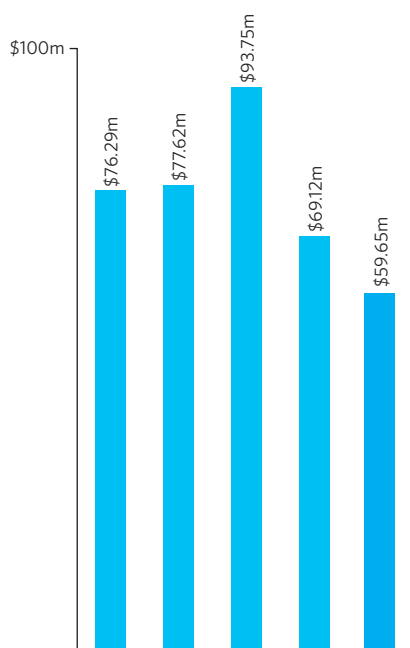
Competition in the post harvest sector remains intense. Price has been the key component in maintaining grower supply (though orchard gate returns, quality, relationship and service are of course also important). Margins are tightening and Seeka has implemented new strategies to target costs and improve efficiency. Seeka has innovatively rewarded growers for their loyalty with a new grower share scheme covering supply years 2014, 2015 and 2016.

POST HARVEST PERFORMANCE

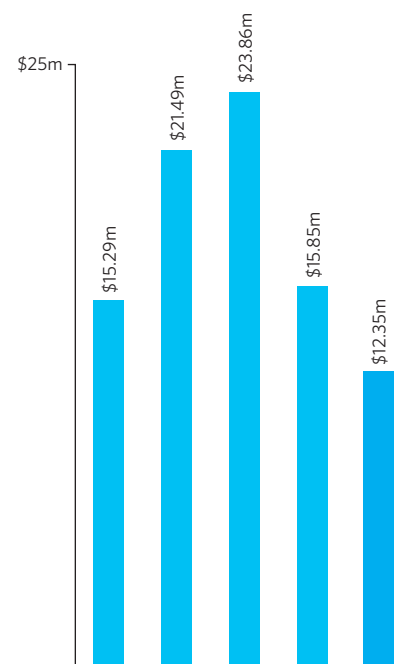
**CLASS 1 & 2 PACKED TRAYS
(KIWIFRUIT)**



TOTAL REVENUE



EBITDA



Financial year	2010	2010	2011	2012	2013
Number of months	12	9	12	12	12
Year ended	March		31 December		

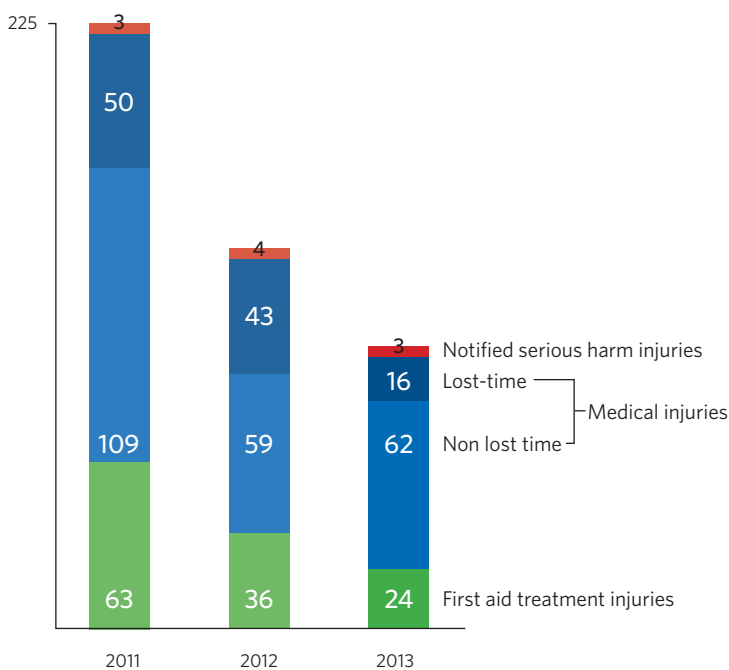
Seeka concentrated production at its most-efficient sheds and continued its innovation drive. Near infra red technology continues to deliver excellent benefits, particularly in relation to the new G9 variety. Packing operations expanded in 2013 to include prepacking and punnetting to provide new offerings to the quality-conscious Australian retail market. Consumer uptake in Australia was strong, with Seeka struggling to keep up with demand. All up, Seeka handled and sold more than 400,000 punnets – which provided incremental returns to growers while increasing company earnings.

Seeka's Northland packhouse was successfully commissioned during the year, and it processed kiwifruit and avocados in the 2013 season. The start-up placed the Seeka teams under some pressure, but it was a profitable first season for both growers and the company. Seeka recruited excellent orchard and post harvest staff to the facility, and the combination of good performance and good people has resulted in high demand for 2014. This facility is close to capacity for the upcoming season (it's fully booked for kiwifruit in 2014 and there's a waiting list for 2015, when more capacity is anticipated).

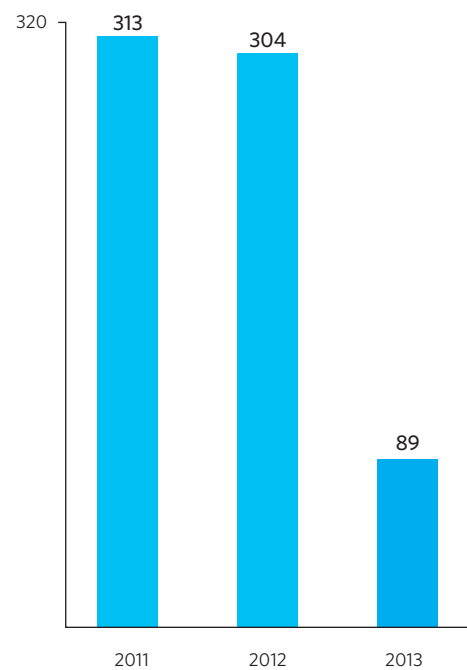
Overall the post harvest division delivered a professional and competitive performance in a challenging environment. EBITDA earnings reduced because of the lower fruit volumes, but the improved performance for growers was creditable. The company continues to innovate to maintain earnings and the outlook is positive for the next 24 months as volumes recover.

HEALTH AND SAFETY STATISTICS

EMPLOYEE INJURIES BY TYPE



LOST TIME DAYS



See page 8 for commentary

REVIEW OF ORCHARD DIVISION PERFORMANCE

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

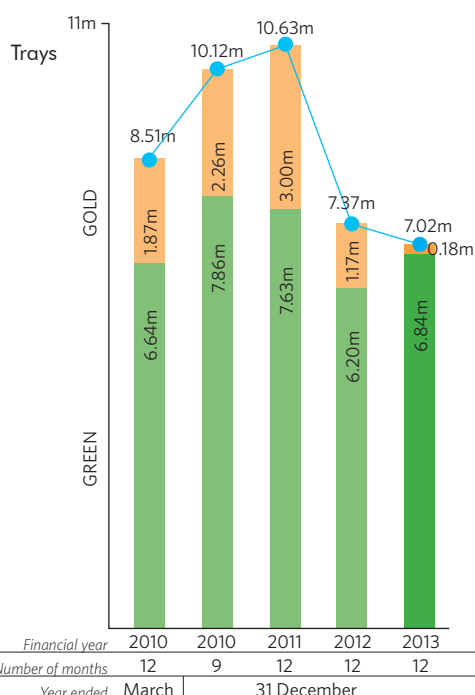
EBITDA from the orchard division totalled \$3.32m, compared to \$7.20m in the pcp (2012 included the residual Zespri Hort16A crop).

The orchard division produced 7.02m trays in 2013, compared to 7.37m trays in the pcp. Importantly, gold volumes fell from 1.17m trays in the pcp to 178,000 trays this year. Gold fruit from the long-term lease orchards fell from 514,000 in the pcp to zero. Overall yields from orcharding operations were excellent, with over 9,000 trays per hectare produced from the Hayward orchards under Seeka's management.

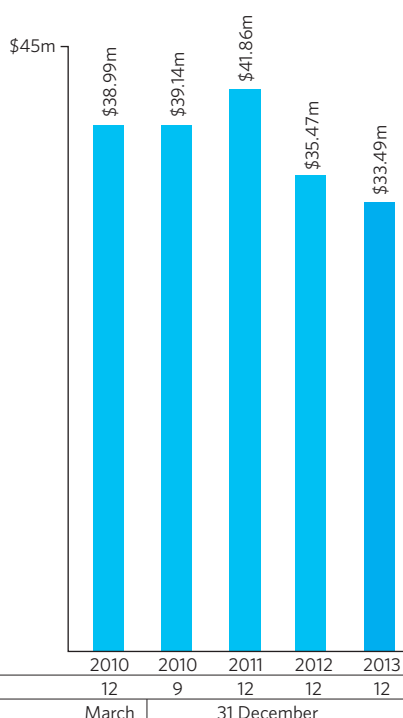
The company has worked to redevelop orchards under long-term leases. The leases themselves have been substantially reshaped in consultation with land owners to rebalance terms, risks and rewards in light of the investment Seeka must make to return these orchards to production. Seeka has now redeveloped 38.10 hectares in G3 gold, 7.12 hectares in G14, and 17.07 hectares in Hayward which are expected to produce fruit from 2015. In addition there are 34.77 hectares of Hayward long-term-lease orchards that remain in production.

ORCHARD DIVISION PERFORMANCE

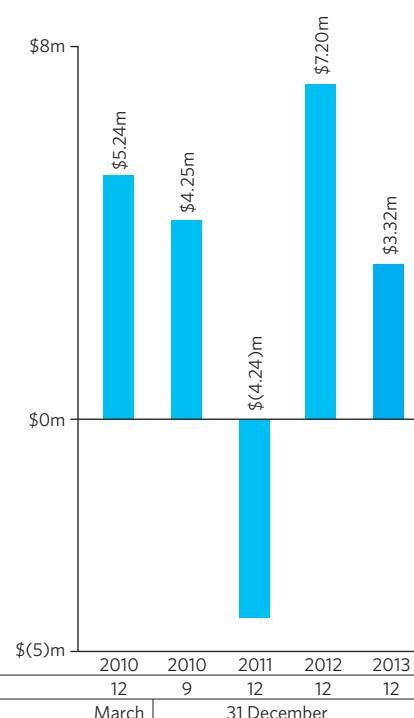
KIWIFRUIT PRODUCTION



TOTAL REVENUE



EBITDA



Seeka operates avocado orchards including a 26 hectare avocado orchard on a long-term lease at Motuhoa Island. This orchard lease was acquired as part of the 2010 purchase of Huka Pak. The orchard, which is operated in conjunction with its owners, has an excellent production history and in 2013 benefited from consistent production and excellent market conditions.

The kiwiberry crop (aguta hort gem Tahi K2D4) has been grafted to a limited area following a collaborative deal between Seeka and the owner of the variety, Freshmax. A first commercial harvest of approximately 20,000 trays is expected in 2014. This variety has shown no susceptibility to Psa-V and has good consumer demand in the berry category. New harvesting and packing technology has been developed for this new component of the business. This lease was extended during the year.

The orchard division continues to innovate. Seeka's competitive pollination business has thrived, with pollen milling upgraded to a large-scale operation in 2013. The resulting service provides growers with a cost-effective source of pollen and pollen application.

SEEKAFRESH AND AVOFRESH

SeekaFresh handles all the non-Zespri supplied fruit sales, the kiwifruit sales under collaborative marketing agreements, avocado marketing and in 2014 kiwiberry sales. AvoFresh handles the organisation of our avocado business, grower relations, technical, post harvest and logistics.

SeekaFresh continues to expand operations in a controlled manner. Quality is all-important in the fruit marketing business and SeekaFresh is gaining a reputation for reliable delivery of high-quality produce to discerning customers. Collaborative marketing applications continue to be lodged with Kiwifruit New Zealand where Seeka believes those programmes add to the wealth of all growers.

Competitive returns have again been delivered to growers from SeekaFresh in 2013.

AvoFresh co-ordinates all of the company's avocado activities: interaction with growers, technical support, and the interface between post-harvest and SeekaFresh marketing. AvoFresh was restructured during the year with key new staff recruited to lead the operations. They have made an effective impact to our business, increasing market share. Avocado returns from the 2013/14 programme are high, reflecting strong market conditions and returns to growers are forecast to be \$25 per tray.

The outlook for both SeekaFresh and AvoFresh remains positive.

PSA-V

The kiwifruit industry has been rocked by the repercussions of the Psa-V outbreak which started in November 2010. The release of the Zespri tolerant varieties gives rise to optimism that there is a pathway to recovery. Certainly there has been a rebound in orchard capital values, suggesting that this optimism is widespread. The releases by Zespri mean that in total some 4,075 hectares have been grafted with the new G3 variety. Hayward, the dominant variety, is showing good tolerance to the disease. While there is increasing optimism, Seeka continues to exercise caution in all facets of its operations in case the success of G3 turns out to be variable across seasons. We want to see consistent results over time.

PEOPLE

Our people are a significant point of difference for Seeka. The company has benefited from loyal and experienced people dedicated to the company and its growers. Our people are organised into teams designed to deliver professional service and leading returns. The impact of Psa-V on the business led Seeka to reorganise and downsize significantly, lowering employee numbers and requiring our remaining employees to dig deep to deliver for the company and its growers. This effect has flowed on to parties associated with the company, including independent orchard managers and other contractors.

Seeka continues to refine its safety strategy. Safety statistics (on page 5 of this report) show a reduction in injuries and lost-time days. A new safety induction process for visitors to our sites will be introduced in 2014. Drugs and alcohol testing remains a normal process within the company.

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

TAARI NICHOLAS

The board and management would like to thank Taari for his service as a director for three years. Taari served on the audit committee and is thanked for service to the board and company.

DAVE EMSLIE

The board and management would also like to thank and acknowledge Dave, who retired from the board earlier in the year after 13 years' service. Dave played a valuable role within the company's governance and strategy-making process, providing useful and unique insights into the issues the company faced.

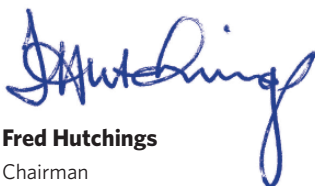
STUART BURNS

The board and management would like to thank Stuart, who will leave the board at the 2014 Annual Shareholder's Meeting after six years with us. Stuart serves as the chairman of the audit committee and is an Institute of Chartered Accountants fellow. Stuart has been a loyal and generous director, diligently attending to governance issues. He has been greatly appreciated by his fellow directors and management for his valuable contribution to the company's recovery strategy, with particular service to its financial matters. Our better than anticipated results are in part due to him.

The board is undertaking a search and interview process to identify a new director to fill the vacancy created by the retirement of Stuart Burns.

OUTLOOK AND CLOSE

As a result of its strategy to weather Psa-V, the company has lowered costs, lowered debt, reinstated the dividend and moved to redevelop disease-affected orchards so they become productive again. The kiwifruit industry is expected to recover, and the company's strategy now includes diversification within the produce sector to create even greater prospects for growth. Seeka will continue to refine its asset and investment holdings to ensure the sustainable delivery of value to shareholders. Its mission in 2014 is to again deliver excellent kiwifruit results and earnings, to rebuild the long-term lease orchards, and to deliver growth in accordance with our long-term vision.



Fred Hutchings
Chairman



Michael Franks
Chief Executive

Financial Statements

10	Statement of Financial Performance
11	Statement of Comprehensive Income
12	Statement of Financial Position
13	Statement of Changes in Equity
14	Statement of Cash Flows
15	Notes to the Financial Statements
54	Auditors' Report
56	Directors
57	Disclosures
59	Corporate Governance Statement
60	Shareholder Analysis
61	Directory

Statement of Financial Performance For the year ended 31 December 2013

	Notes	GROUP		PARENT	
		2013 \$000s	2012 \$000s	2013 \$000s	2012 \$000s
Revenue	8	97,371	108,290	97,371	108,290
Cost of sales	9	80,957	82,715	80,957	82,715
Gross profit		16,414	25,575	16,414	25,575
Other income	8	160	437	444	630
Share of profit of associates	21	130	433	-	-
Other costs	9	7,380	9,952	7,380	9,953
(Increase)/decrease in fair value of biological assets - crop and vines	19	(611)	1,029	(611)	1,029
Earnings (EBITDA) before revaluations and impairments		9,935	15,464	10,089	15,223
Depreciation expense	9	5,392	5,584	5,392	5,584
(Gain)/loss on revaluation of land and buildings	9	(776)	6	(776)	6
Impairment of lease interest in land	9	-	418	-	-
Impairment of plant and equipment	9	-	383	-	383
Impairment of investments in associates	21	615	89	615	89
Impairment of investments in subsidiaries		-	-	-	241
Impairment/(recovery) of short term lease prepayments	9	(22)	62	(22)	62
Amortisation of intangibles	17	73	92	40	60
Earnings (EBIT)		4,653	8,830	4,840	8,798
Interest expense	9	1,139	1,878	1,139	1,878
(Gain) in fair value adjustments on non-hedging derivatives	9	-	(422)	-	(422)
Net profit before tax		3,514	7,374	3,701	7,342
Income tax charge	10	850	1,494	850	1,620
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS		2,664	5,880	2,851	5,722
Earnings per share for profit attributable to the ordinary equity holders of the company during the year					
Basic earnings per share	30	\$0.19	\$0.41	\$0.20	\$0.40
Diluted earnings per share	30	\$0.19	\$0.41	\$0.20	\$0.40

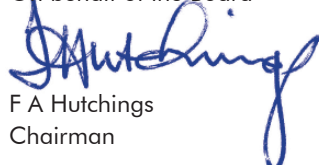
Statement of Comprehensive Income For the year ended 31 December 2013

	Notes	GROUP		PARENT	
		2013 \$000s	2012 \$000s	2013 \$000s	2012 \$000s
Net profit for the year		2,664	5,880	2,851	5,722
<i>Items that will not be reclassified to profit or loss</i>					
Gain/(loss) on revaluation of land and buildings, net of tax		768	(330)	768	(330)
Total items that will not be reclassified to profit or loss		768	(330)	768	(330)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Movement in cash flow hedge reserve, net of tax	27	297	(2)	297	(2)
Gain on revaluation of available for sale financial assets, net of tax	27	238	174	238	174
Total items that may be reclassified subsequently to profit or loss		535	172	535	172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS		3,967	5,722	4,154	5,564

Statement of Financial Position As at 31 December 2013

	Notes	GROUP		PARENT	
		2013 \$000s	2012 \$000s	2013 \$000s	2012 \$000s
EQUITY					
Share capital	26	35,753	35,690	35,753	35,690
Reserves	27	4,198	2,895	4,198	2,895
Retained earnings	27	18,545	17,612	18,856	17,736
TOTAL EQUITY		58,496	56,197	58,807	56,321
CURRENT ASSETS					
Cash and cash equivalents	11	5,916	5,183	5,699	5,090
Trade and other receivables	12	11,044	7,594	11,179	7,572
Short term lease prepayments		9,241	8,731	9,241	8,731
Biological assets - crop	19	761	542	761	542
Inventories	13	1,334	1,681	1,334	1,681
Financial derivatives	14	170	-	170	-
Land and property held for sale	13	2,857	3,756	2,857	3,756
TOTAL CURRENT ASSETS		31,323	27,487	31,241	27,372
NON CURRENT ASSETS					
Trade and other receivables	12	1,203	834	1,187	819
Property, plant and equipment	16	60,297	62,659	60,297	62,659
Intangible assets	17	836	895	68	94
Available for sale financial assets	18	1,085	1,110	1,033	1,055
Biological assets - vines	19	1,999	372	1,999	372
Investment in subsidiaries	20	-	-	635	681
Investment in associates	21	2,451	3,073	2,716	3,140
TOTAL NON CURRENT ASSETS		67,871	68,943	67,935	68,820
TOTAL ASSETS		99,194	96,430	99,176	96,192
CURRENT LIABILITIES					
Current tax liabilities	10	134	2,412	134	2,412
Trade and other payables	22	11,804	6,834	11,699	6,696
Onerous lease provision	23	248	322	248	322
Interest bearing liabilities	25	1,590	2,376	1,590	2,376
Financial derivatives	14	-	245	-	245
TOTAL CURRENT LIABILITIES		13,776	12,189	13,671	12,051
NON CURRENT LIABILITIES					
Onerous lease provision	23	65	485	65	485
Interest bearing liabilities	25	19,000	20,590	19,000	20,590
Deferred tax	24	7,857	6,969	7,633	6,745
TOTAL NON CURRENT LIABILITIES		26,922	28,044	26,698	27,820
TOTAL LIABILITIES		40,698	40,233	40,369	39,871
NET ASSETS		58,496	56,197	58,807	56,321

On behalf of the Board


F A Hutchings
Chairman


S B Burns
Director

Dated: 27 February 2014

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity For the year ended 31 December 2013

	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 2012		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
Equity at 31 December 2012		35,690	229	(176)	114	2,728	17,612	56,197
Net profit for the year		-	-	-	-	-	2,664	2,664
Other comprehensive income for the year		-	238	297	-	768	-	1,303
Total comprehensive income for the year		-	238	297	-	768	2,664	3,967
<i>Transactions with owners</i>								
Shares issued	26	33	-	-	-	-	-	33
Employee share scheme receipts	26	30	-	-	-	-	-	30
Dividends paid	28	-	-	-	-	-	(1,731)	(1,731)
Total transactions with owners		63	-	-	-	-	(1,731)	(1,668)
Equity at 31 December 2013		35,753	467	121	114	3,496	18,545	58,496
PARENT								
Equity at 1 January 2012		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
Equity at 31 December 2012		35,690	229	(176)	114	2,728	17,736	56,321
Net profit for the year		-	-	-	-	-	2,851	2,851
Other comprehensive income for the year		-	238	297	-	768	-	1,303
Total comprehensive income for the year		-	238	297	-	768	2,851	4,154
<i>Transactions with owners</i>								
Shares issued	26	33	-	-	-	-	-	33
Employee share scheme receipts	26	30	-	-	-	-	-	30
Dividends paid	28	-	-	-	-	-	(1,731)	(1,731)
Total transactions with owners		63	-	-	-	-	(1,731)	(1,668)
Equity at 31 December 2013		35,753	467	121	114	3,496	18,856	58,807

Statement of Cash Flows For the year ended 31 December 2013

	Notes	GROUP		PARENT	
		2013 \$000s	2012 \$000s	2013 \$000s	2012 \$000s
Operating Activities					
<i>Cash was provided from:</i>					
Receipts from customers		95,855	111,891	95,743	111,893
Interest and dividends received		488	713	446	630
<i>Cash was disbursed to:</i>					
Payments to suppliers and employees		(83,972)	(94,934)	(83,939)	(94,943)
Interest paid		(1,115)	(1,827)	(1,115)	(1,827)
Income taxes paid		(2,427)	(3,250)	(2,427)	(3,250)
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	8,829	12,593	8,708	12,503
Investing activities					
<i>Cash was provided from:</i>					
Sale of property, plant and equipment		130	1,080	130	1,080
Sale of available for sale financial assets		275	82	275	82
Received from investments		48	-	48	-
Repayment of advances		30	104	30	188
<i>Cash was applied to:</i>					
Purchase of property, plant and equipment		(1,615)	(978)	(1,615)	(978)
Purchase of shares in associate investments		(189)	(78)	(192)	(78)
Advances		(1,466)	-	(1,466)	-
Development of long term lease assets		(1,235)	(820)	(1,235)	(820)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(4,022)	(610)	(4,025)	(526)
Financing activities					
<i>Cash was provided from:</i>					
Proceeds of short term bank borrowings		16,940	26,073	16,940	26,073
Issue of shares		33	-	33	-
<i>Cash was applied to:</i>					
Repayment of term bank borrowings		(2,376)	(3,376)	(2,376)	(3,376)
Repayment of short term bank borrowings		(16,940)	(30,400)	(16,940)	(30,400)
Payment of dividend to shareholders	28	(1,731)	-	(1,731)	-
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(4,074)	(7,703)	(4,074)	(7,703)
NET INCREASE IN CASH AND CASH EQUIVALENTS		733	4,280	609	4,274
Opening cash and cash equivalents		5,183	903	5,090	816
CLOSING CASH AND CASH EQUIVALENTS		5,916	5,183	5,699	5,090

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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 2013 comprise the Company and its subsidiaries and interests in associates. The address of its registered office is 6 Queen Street, Te Puke.

Glossary:

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

The financial statements were authorised for issue by the Board of Directors on 27 February 2014. 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 2013. 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 Hayward kiwifruit have, thus far, demonstrated some resilience to Psa.
- The continued redevelopment of Psa affected Hort16A orchards into new varieties and Hayward kiwifruit which have this far demonstrated some resistance 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 2013 and their results for the year then ended. Seeka Kiwifruit Industries Limited, its subsidiaries and associates together are referred to in these financial statements as the Group or the consolidated entity.

i) Subsidiaries

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

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

2) Summary of significant accounting policies (continued)

b) Principles of consolidation (continued)

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

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

EBITDA Earnings before interest, taxes, depreciation and amortisation. The EBITDA of a company gives an indication of the current profitability of the business and is a reflection of cash flow generation.

EBIT Earnings before interest and taxes, it is a measure of a firm's profit that excludes interest and income tax expenses.

d) Functional currency

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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.

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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

2) Summary of significant accounting policies (continued)

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 Statement of Financial Position, 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.

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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

2) Summary of significant accounting policies (continued)

n) Investments and other financial assets

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

i) *Financial assets at fair value through profit or loss*

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

ii) *Loans and receivables*

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

iii) *Available for sale financial assets*

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

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

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

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

iv) *Impairment of financial assets*

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the Statement of Financial Performance. Impairment losses 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 14. Derivatives are classified as current or non-current based on the effective date.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

2) Summary of significant accounting policies (continued)

p) Hedge accounting

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

i) Cash flow hedge

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

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

q) Non current assets held for sale

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

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

r) Trade and other payables

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

s) Fair value estimation

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

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

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

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

2) Summary of significant accounting policies (continued)

t) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by independent valuers, 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.

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 prepayment 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) 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).

ii) Lease interest in land

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

2) Summary of significant accounting policies (continued)

x) Employee benefits

i) Wages and salaries, annual leave and sick leave

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

ii) Employee Staff Share Scheme

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 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.

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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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 19.

Fully Developed Orchards:

Biological assets are valued at fair value. Fair value for orchards under development is deemed as cost due to insufficient biological transformation. 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 deemed as cost due to insufficient biological transformation having occurred at balance date. When assessing the cost of developing kiwifruit orchards, consideration is given to the level of uncertainty that exists as to the risk of the new vines, or grafts, surviving through to full production due to the impact of Psa.

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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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

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

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

- a) NZ IAS 1 'Presentation of financial statements' (effective for annual periods beginning on or after 1 July 2012). The amendment requires profit or loss and other comprehensive income (OCI) to be presented, either in a single continuous statement or in two separate but consecutive statements. However, the format of the OCI section is required to separate items that might be recycled from items that will not be recycled to profit.
- b) 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. The core principles that a consolidated entity presents a parent and its subsidiaries as if they are single economic entities remain unchanged as do the mechanics behind the consolidation. The standard introduces a single definition of control that applies to all entities focusing on the need to have both power and rights or exposure to variable returns before control is present.
- c) NZ IFRS 11 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2013). NZ IFRS 11 introduces a principle based approach to accounting for joint arrangements. The focus is no longer on the legal structure of the joint arrangement but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on this assessment a joint arrangement will be classified as either a joint operation or joint venture.
- d) NZ IFRS 12 'Consolidation - disclosure of involvement with other entities' (effective for annual periods beginning on or after 1 January 2013). IFRS 12 brings together in one standard the disclosure requirements related to subsidiaries, joint arrangements, joint ventures and associates.
- e) NZ IFRS 13 'Fair value measurement guidance' (effective for annual periods beginning on or after 1 January 2013). Fair value measurement guidance contained in individual IFRS is replaced with a single, unified definition of fair value; it also contains guidance on the application of fair value measurement in inactive markets.
- f) NZ IAS 27 'Separate financial statements' (effective for annual periods beginning on or after 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.
- g) NZ IAS 28 (Amendment) 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 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.
- h) NZ IFRS 43 'Summary financial statements' (effective for annual periods beginning on or after 1 January 2013). 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.

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

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:

- i) 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.
- j) Financial instruments - general hedge accounting (effective for annual periods beginning on or after 1 January 2015). Hedge accounting will be based on internal risk management. It will introduce the concept of an optimal or unbiased hedge, which is the hedge ratio that produces the least ineffectiveness. Hedge effectiveness testing will only be required prospectively; it can be qualitative or quantitative, depending on an entity's risk management techniques and expected sources of ineffectiveness. More items will qualify as hedge items, and the time value of options will be allowed to be deferred in other comprehensive income.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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 fair value which is determined as 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 and the recoverability of the development costs. Cost is tested for impairment. Refer Note 2aa.

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 19.

b) Valuation of land and buildings

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

c) Valuation of other property and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount and recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated will flow to the Group and the cost of the asset can be measured reliably. Such cost includes the cost of replacing parts that were eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance costs are recognised in the income statement as incurred. The Group reviews the value of other property and equipment annually or, 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 14.

e) 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.

f) Valuation of Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are tested annually to assess whether they have suffered any impairment. Any impairment tests are based on the value-in-use approach. Directors use their judgement in forecasting future cashflows and selecting appropriate discount and growth rates when calculating the Net Present Value of cash generating units for the value in use calculation. Refer Note 20 and 21.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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, kiwifruit to China and avocados to Japan as an agent on behalf of its supplying growers. The Group and Parent have no material direct currency risk as they are acting as an agent on behalf of the grower. Australia are denominated in Australian dollars, sales to China in US dollars and Japan in New Zealand dollars. The Group will hedge no more than the total cash flows from the operation based upon actual sales made and estimated total fruit volumes to be exported.

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.

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			
	2013	2012	2013	2012	2013	2012	2013	2012
	+10%		-10%		+10%		-10%	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ballance Agri Nutrients Limited		-		-	22	20	(22)	(20)
Direct Management Services Limited		-	(1)	(1)	1	1		-
Ravensdown Fertiliser Co-Operative Limited		-	(8)	(8)	8	8		-
UPNZ Limited		-	(34)	(34)	34	34		-
CMS Logistics Limited		-	-	-	-	-		-
Zespri Group Limited		-	-	(38)	40	38	(40)	-

Parent	Impact on post-tax profit				Impact on equity			
	2013	2012	2013	2012	2013	2012	2013	2012
	+10%		-10%		+10%		-10%	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ballance Agri Nutrients Limited		-		-	21	20	(21)	(20)
Direct Management Services Limited		-	(1)	(1)	1	1		-
Ravensdown Fertiliser Co-Operative Limited		-	(6)	(6)	6	6		-
UPNZ Limited		-	(31)	(31)	31	31		-
Zespri Group Limited		-	-	(38)	40	38	(40)	-

The decision as to whether an increase or decrease in the fair value of an investment is recorded through 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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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 2013 and the year ended 31 December 2012, 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 2013	Carrying amount \$'000	Interest Rate Risk				Price Risk			
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		-1%		+2%		-10%		+10%	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets									
Accounts receivable	11,985	-	-	-	-	(634)	(634)	634	634
Available for sale investments	1,085	-	-	-	-	(46)	(63)	-	108
Derivative assets	170	-	(530)	-	995	-	-	-	-
Financial Liabilities									
Trade payables	11,804	-	-	-	-	189	189	(189)	(189)
Term liabilities	19,000	137	137	(274)	(274)	-	-	-	-
Bank borrowings and current portion of term liabilities	1,590	11	11	(23)	(23)	-	-	-	-
Total Increase/Decrease	-	148	(382)	(297)	698	(491)	(508)	445	553

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

Group as at 31 December 2012	Carrying amount \$'000	Interest Rate Risk				Price Risk			
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		-1%		+2%		-10%		+10%	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets									
Accounts receivable	8,284	-	-	-	-	(410)	(410)	410	410
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)	(434)	(323)	323	434

Parent as at 31 December 2012	Carrying amount \$'000	Interest Rate Risk				Price Risk			
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		-1%		+2%		-10%		+10%	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets									
Accounts receivable	8,247	-	-	-	-	(408)	(408)	408	408
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)	(427)	(321)	321	427

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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:

	Between 0 and 3 months	Between 3 months and 6 months	Between 6 months and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected undiscounted cash flows based on current market interest rates	2,068	3,056	4,862	19,849	-	-
Floating rate	4.47%					
Average term rate	4.45%					

	Between 0 and 3 months	Between 3 months and 6 months	Between 6 months and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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%					

b) Credit risk

As at 31 December 2013, 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 2013, the Group's maximum exposure arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated Statement of Financial Position; and
- the amount of contingent liabilities, if any, in relation to the financial guarantees provided by the Group as disclosed in Note 31.

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

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

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

	Group		Parent	
	2013	2012	2013	2012
Counter party	\$'000	\$'000	\$'000	\$'000
Westpac bank deposits	5,915	5,182	5,698	5,089
Cash on hand	1	1	1	1
	5,916	5,183	5,699	5,090

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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 \$45.1m (2012 - \$47.5m) of available credit of which \$20.6m (2012 - \$23.0m) 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 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000
Trade payables	11,804	-	-	-
Bank borrowings and current portion of term liabilities	1,590	-	-	-
Term liabilities	-	19,000	-	-
Total	13,394	19,000	-	-

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

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	-	-

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:

	2013 \$'000	2012 \$'000
Total shareholder funds	58,496	56,197
Total assets	99,194	96,430
Shareholder equity ratio	58.97%	58.28%

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 \$20.6 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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

5) Financial risk management (continued)

e) 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 165 orchards (Dec-2012 - 158 orchards) 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 165 orchards (Dec-2012 - 158 orchards) 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 2013 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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

6) Determination of Fair Values

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

The fair value of borrowings are as follows:

	Group		Parent	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Non-current	19,000	20,590	19,000	20,590
Current	1,590	2,376	1,590	2,376
	20,590	22,966	20,590	22,966

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

i) Trade and other receivables	11,985	8,284	12,104	8,247
ii) Other current financial assets	1,255	1,110	1,203	1,055
iii) Cash and cash equivalents	5,916	5,183	5,699	5,090
iv) Trade and other payables	11,804	7,079	11,699	6,941
	30,960	21,656	30,705	21,333

b) Fair value measurement

The table below analyses assets and liabilities carried at fair value according to the valuation technique used to determine their fair value. The different levels of technique are defined below:

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

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

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

Group as at 31 December 2013	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Vines	-	-	1,999	1,999
Crop	-	-	761	761
Total Biological assets	-	-	2,760	2,760
Intangible assets - Interest in leased land	-	-	768	768
Land and property held for sale	-	-	2,857	2,857
Land	-	-	3,320	3,320
Buildings	-	-	32,963	32,963
Total Land and Buildings	-	-	36,283	36,283
Listed Equity Securities	403	-	-	403
Unlisted Equity Securities	-	-	682	682
Derivatives used for Hedging (asset)	-	170	-	170

Parent as at 31 December 2013	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Vines	-	-	1,999	1,999
Crop	-	-	761	761
Total Biological assets	-	-	2,760	2,760
Intangible assets - Interest in leased land	-	-	-	-
Land and property held for sale	-	-	2,857	2,857
Land	-	-	3,320	3,320
Buildings	-	-	32,963	32,963
Total Land and Buildings	-	-	36,283	36,283
Listed Equity Securities	403	-	-	403
Unlisted Equity Securities	-	-	630	630
Derivatives used for Hedging (asset)	-	170	-	170

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

6) Determination of Fair Values (continued)

b) Fair value measurement (continued)

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

Group as at 31 December 2013	Vines	Crop	Land and Buildings	Interest in Leased Land	Land and property held for sale	Unlisted Equity Securities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance a 1 January 2013	372	542	35,600	801	3,756	729
Acquisitions	-	-	408	-	-	-
Disposals / Receipts	-	-	(16)	-	(899)	(47)
Harvested Crop / Sales	-	(802)	-	-	-	-
Depreciation of Assets	-	-	(1,322)	(33)	-	-
Orchard Lease Development Expenditure	1,235	1,021	-	-	-	-
<i>Gains and losses for the period</i>						
Changes in Fair value - Realised in P&L	392	-	776	-	-	-
Changes in Fair value - Realised in Reserves	-	-	768	-	-	-
Changes in Fair value - Deferred tax impact	-	-	69	-	-	-
Balance at 31 December 2013	1,999	761	36,283	768	2,857	682

Parent as at 31 December 2013	Vines	Crop	Land and Buildings	Interest in Leased Land	Land and property held for sale	Unlisted Equity Securities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance a 1 January 2013	372	542	35,600	-	3,756	674
Acquisitions	-	-	408	-	-	-
Disposals / Receipts	-	-	(16)	-	(899)	(44)
Harvested Crop / Sales	-	(802)	-	-	-	-
Depreciation of Assets	-	-	(1,322)	-	-	-
Orchard Lease Development Expenditure	1,235	1,021	-	-	-	-
<i>Gains and losses for the period</i>						
Changes in Fair value - Realised in P&L	392	-	776	-	-	-
Changes in Fair value - Realised in Reserves	-	-	768	-	-	-
Changes in Fair value - Deferred tax impact	-	-	69	-	-	-
Balance at 31 December 2013	1,999	761	36,283	-	2,857	630

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

Type	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Biological assets			
Vines			
Fully Developed Vines	The fair value of the fully developed kiwifruit and avocado orchards (land, vines and trees) \$0.67m 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 Hayward variety will remain tolerant to Psa and continue to be grown through to the end of the lease.	<ol style="list-style-type: none"> 1. Estimated OGR returns per tray and estimated yields per hectare. 2. Orchard costs per Hectare. 3. Discount rate applied to cashflow 	<p>The estimated fair value increases the higher the OGR return per tray and the higher the yield per hectare.</p> <p>The estimated fair value increases the lower the discount rate.</p>
Vines Under Development	The fair value of the orchards under development \$1.32m is deemed 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 uncertainty that exists as to the ability of the new vines, or grafts, to survive through to full production.	<ol style="list-style-type: none"> 1. Cost 	The estimated fair value reduces if cost is impaired at balance date.
Crop			
Crop on orchards fully developed and under development	The fair value of the crop \$0.76m is deemed 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 uncertainty that exists as to the ability of the new vines, or grafts, to survive through to full production.	<ol style="list-style-type: none"> 1. Cost 	The estimated fair value reduces if cost is impaired at balance date.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

6) **Determination of Fair Values (continued)**

b) **Fair value measurement (continued)**

Type	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
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Land and Buildings

Interest in Leased Land

Land and Property Held for Sale

The fair value of land and buildings is determined on a rolling 3-year cycle (Note 16) using valuations prepared by an independent valuer. In conducting the valuations, the valuer considered three different approaches. These approaches are considered in concert in order to arrive at a fair value of the land and buildings. The methodology considered was as follows:

Replacement Cost approach - adds the value of the land to the 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 (8-15%) that would be expected by a prudent investor.

Revaluations are performed more frequently than triennially when there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value. Refer to Note 2t.

1. Comparative market rents and the discount rate applied to such.
2. Comparative market sales
3. Current level of building costs.
4. Physical depreciation allowance.

The estimated fair value increases the higher the market rental.
The estimated fair value increases the lower the discount rate.
The estimated fair value increases the higher the building cost.
The estimated fair value increases the lower the depreciation allowance.

Unlisted Equity Securities

The fair value of the unlisted equity securities is \$0.68m for the Group (\$0.63m - Parent) based on the most recent information available from the securities management. Fair value is tested for impairment and the carrying amount of all unlisted equity securities is assessed at each balance date.

1. Securities management information on share price.

The estimated fair value increases the higher the share price information. The estimated fair value reduces if cost is impaired at balance date.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

7) Segment Information

a) Description of segments

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

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

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

The reportable operating segments are as follows:

Orchard operations

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

Post Harvest operations

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

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, along with impairments and revaluations of other assets not attributed directly to any other segment.

The segment information for the period ended 31 December 2013 is as follows:

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
b) Segment revenue				
Orchard division	33,492	35,474	33,492	35,474
Post harvest division	59,651	69,123	59,651	69,123
Business development division	3,789	3,267	3,789	3,267
All other segments	439	426	439	426
Total revenue	97,371	108,290	97,371	108,290
Segment earnings (EBITDA)				
Orchard division	3,318	7,201	3,318	7,201
Post harvest division	12,355	15,855	12,355	15,855
Business development division	(651)	(1,096)	(651)	(1,096)
All other segments	(5,217)	(6,929)	(4,933)	(6,737)
Share of profit of associates	130	433	-	-
Total EBITDA	9,935	15,464	10,089	15,223
Segment earnings				
Orchard division	3,078	6,677	3,078	6,677
Post harvest division	8,073	10,007	8,073	10,425
Business development division	(651)	(1,096)	(651)	(1,096)
All other segments	(5,977)	(7,191)	(5,660)	(7,208)
Share of profit of associates	130	433	-	-
Total EBIT	4,653	8,830	4,840	8,798
Net finance costs	1,139	1,456	1,139	1,456
Profit before tax	3,514	7,374	3,701	7,342
Tax charge on profit	850	1,494	850	1,620
Profit after tax	2,664	5,880	2,851	5,722
Segment impairment and revaluation				
Orchard division	22	(258)	22	(258)
Post harvest division	776	(611)	776	(193)
All other segments	(615)	(89)	(615)	(330)
Total impairment and revaluation	183	(958)	183	(781)

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Orchard division	21,851	18,189	21,851	18,189
Post harvest division	62,709	64,335	62,709	64,335
Business development division	2,137	935	2,137	935
All other segments	1,923	2,692	2,063	2,673
Unallocated:				
Cash	5,916	5,183	5,699	5,090
GST receivable	116	18	95	-
Available-for-sale financial assets	1,085	1,110	1,033	1,055
Investment in associates	2,451	3,073	2,716	3,140
Investment in subsidiaries	-	-	635	681
Intangible assets	836	895	68	94
Financial Derivatives	170	-	170	-
Total assets per the Statement of Financial Position	99,194	96,430	99,176	96,192

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Orchard division	1,130	1,846	1,130	1,846
Post harvest division	2,965	1,048	2,965	1,048
Business development division	5,006	1,378	5,006	1,378
All other segments	3,016	3,070	2,911	2,932
Unallocated:				
Deferred tax	7,857	6,969	7,633	6,745
Current tax	134	2,412	134	2,412
GST payable	-	299	-	299
Current borrowings	1,590	2,376	1,590	2,376
Non-current borrowings	19,000	20,590	19,000	20,590
Financial derivatives	-	245	-	245
Total liabilities per the Statement of Financial Position	40,698	40,233	40,369	39,871

e) Impact of seasonality

The financial statements reflect the revenues associated with the kiwifruit harvested between March and June 2013, and which is normally loaded out to Zespri and other customers by balance date.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
8) Revenue & other income				
Revenue				
Orchard revenue	33,492	35,474	33,492	35,474
Post harvest revenue	59,651	69,123	59,651	69,123
Other sales revenue	4,228	3,693	4,228	3,693
Total revenue	97,371	108,290	97,371	108,290
Other Income				
Interest income	5	83	5	83
Dividend income	155	354	439	547
Total other income	160	437	444	630
Total share of profit of associates	130	433	-	-
	97,661	109,160	97,815	108,920

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
9) Operating expenses				
<i>Cost of sales</i>				
Operating materials and services	54,655	55,217	54,655	55,217
Short term orchard lease costs	7,050	4,918	7,050	4,918
Total other employee benefits expense	19,251	22,546	19,251	22,546
Research and development costs	1	34	1	34
	80,957	82,715	80,957	82,715
<i>Other costs</i>				
Employee termination benefits expense	-	587	-	587
Total other employee benefits expense	3,864	4,261	3,864	4,261
General administrative expenses	2,796	2,712	2,796	2,713
Audit fees paid to principal auditors	120	145	120	145
Tax fees paid to principal auditors	88	53	88	53
Other accounting fees	5	21	5	21
Bad and doubtful debts expense	(12)	(1)	(12)	(1)
Directors' fees and expenses	357	370	357	370
Donations	3	3	3	3
Movement in onerous lease provision	(494)	807	(494)	807
Rent and lease expenses	517	545	517	545
(Profit) on sale of shares	(75)	-	(75)	-
Loss on sale of property plant and equipment	211	219	211	219
Provision for purchase and sale of land and buildings	-	230	-	230
	7,380	9,952	7,380	9,953
<i>Fair value movement</i>				
Fair value movement in biological assets - vines	(392)	292	(392)	292
Fair value movement in biological assets - crop	(219)	737	(219)	737
	(611)	1,029	(611)	1,029
<i>Depreciation</i>				
Buildings	1,322	1,408	1,322	1,408
Plant and equipment	4,029	4,125	4,029	4,125
Motor vehicles	41	51	41	51
	5,392	5,584	5,392	5,584
<i>Impairment and Revaluation</i>				
Revaluation of land and buildings	(776)	6	(776)	6
Impairment of lease interest in land	-	418	-	-
Impairment of investments in associates	615	89	615	89
Impairment of investments in subsidiaries	-	-	-	241
Impairment of plant and equipment	-	383	-	383
Impairment of short term lease prepayments	(22)	62	(22)	62
	(183)	958	(183)	781
<i>Amortisation</i>				
Software amortisation	40	60	40	60
Lease interest in land amortisation	33	32	-	-
	73	92	40	60
<i>Finance costs</i>				
Interest expense	1,139	1,878	1,139	1,878
Fair value adjustments on non-hedging derivatives	-	(422)	-	(422)
	1,139	1,456	1,139	1,456
Total expenses	94,147	101,786	94,114	101,578

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
10) Income tax expense				
a) Income tax expense				
Current tax expense				
Current year	136	2,557	136	2,557
Adjustments for prior year	13	(130)	13	(130)
	149	2,427	149	2,427
Deferred tax expense/(income) (note 24 (b))				
Origination and reversal of temporary differences	701	(933)	701	(807)
	701	(933)	701	(807)
Total income tax expense	850	1,494	850	1,620

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	3,514	7,374	3,701	7,342
Tax at the New Zealand tax rate of 28%	984	2,065	1,036	2,056
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	67	172	67	172
Tax exempt income	(160)	(288)	(212)	(153)
Deferred Tax impact on sale and reclassification of property	-	(320)	-	(320)
Under/(over) provision in prior years	(41)	(135)	(41)	(135)
Income tax expense	850	1,494	850	1,620

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
c) Imputation credit account				
Imputation credits available for use in subsequent reporting periods	11,711	11,808	11,656	11,775

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.

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
d) Current tax liabilities				
Opening balance of current tax liabilities	2,412	3,235	2,412	3,235
Adjustments for prior periods	13	(130)	13	(130)
Current year tax	136	2,557	136	2,557
Less tax paid	(2,427)	(3,250)	(2,427)	(3,250)
Current tax liabilities	134	2,412	134	2,412

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
11) Cash and cash equivalents				
Cash and cash equivalents in the Statement of Financial Position	5,916	5,183	5,699	5,090
Cash and cash equivalents in the cashflow statement	5,916	5,183	5,699	5,090

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
12) Trade and other receivables				
Trade and other receivables				
Current trade receivables	4,238	3,136	4,233	3,133
Grower advances 2014	1,466	-	1,466	-
Prepayments	262	144	262	144
GST refund due	116	18	95	-
Other sundry receivables	4,962	4,296	5,123	4,295
Current trade and other receivables	11,044	7,594	11,179	7,572
Non current trade receivables	1,203	834	1,187	819
Total trade and other receivables	12,247	8,428	12,366	8,391

Within current trade receivables, \$1.32m are past due (Dec 2012 - \$1.24m), of which 4% are more than 90 days (Dec 2012 - 19.4%). Current trade receivables are considered to be recoverable. The fair value of receivables equals their carrying value. Non current trade receivables relate to debtors secured against crop supply commitments with repayment terms of up to 5 years, they are considered to be recoverable.

13) Inventories and land and buildings held for sale

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Packaging and other stock				
Total packaging at cost	912	1,116	912	1,116
Other inventories at cost	422	565	422	565
Total inventories	1,334	1,681	1,334	1,681

Packaging goods purchased but not paid for as at balance date from specific vendors are covered by a security interest. At 31 December 2013, this was \$0.03m (Dec 2012 - Nil).

Total packaging inventory costs expensed to cost of sales in the Statement of Financial Performance in the current year was \$16.85m (Dec 2012 - \$18.10m).

Orchard land and Post Harvest land and buildings held for sale	2,857	3,756	2,857	3,756
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On 29 November 2013 the Group signed a conditional memorandum of understanding (MOU) with an international company to pack and handle dairy products based at the Group's Waimapu site. Under the MOU the Group would sell the Waimapu site into a new proposed company to be owned 50% by the Group. At balance date the MOU remains subject to resource consent and agreement of a final contract of sale and is still under negotiation. The Directors have determined that the property remains classified as held for sale at the fair value assessed by an independent valuer at 31 December 2012.

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
14) Derivative financial instruments				
Assets				
Interest rate swap contracts - cash flow hedge	170	-	170	-
	170	-	170	-
Liabilities				
Interest rate swap contracts - cash flow hedge	-	245	-	245
	-	245	-	245

Bank loans of the Group currently bear an average variable interest rate of 4.5% (Dec 2012 - 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 93% (Dec 2012 - 61%) of the term liabilities outstanding at balance date and are classified as either 'held for trading' or as 'cashflow hedges'.

Cash flow hedges

At balance date, the Group had the following interest rate 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 #95 - \$10,000,000	4.47%	7 December 2015	5.49%	30 December 2016
Term Loan #96 (a) - \$5,000,000	4.47%	7 December 2015	6.39%	30 December 2017
Term Loan #96 (b) - \$4,000,000	4.47%	7 December 2015	5.76%	30 December 2015

The fair values of the interest rate swaps are determined by Westpac Banking Corporation and reviewed by Directors.

The gains and losses recognised in other comprehensive income will be released to the Statement of Financial Performance until the expiry of the related hedge instrument. No gains or losses were reclassified in the current period (Dec 2012 - \$Nil).

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

15) Financial instruments summary

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

Group as at 31 December 2013					
Financial Assets (\$'000)	Loans and receivables	Assets at fair value through reserves	Held to maturity	Available for sale	Total
Cash and cash equivalents	5,916	-	-	-	5,916
Trade and other receivables excluding prepayments	10,782	-	-	-	10,782
Derivative financial instruments	-	170	-	-	170
Non current trade and other receivables	1,203	-	-	-	1,203
Available for sale financial assets	-	-	-	1,085	1,085
Total	17,901	170	-	1,085	19,156

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

Group as at 31 December 2012					
Financial Assets (\$'000)	Loans and receivables	Assets at fair value through reserves	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
Non current trade and other receivables	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 reserves	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

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 2013

15) Financial instruments summary (continued)

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

Parent as at 31 December 2013					
Financial Assets (\$'000)	Loans and receivables	Assets at fair value through reserves	Held to maturity	Available for sale	Total
Cash and cash equivalents	5,699	-	-	-	5,699
Trade and other receivables excluding prepayments	10,917	-	-	-	10,917
Derivative financial instruments	-	170	-	-	170
Non current trade and other receivables	1,187	-	-	-	1,187
Available for sale financial assets	-	-	-	1,033	1,033
Total	17,803	170	-	1,033	19,006
Financial Liabilities (\$'000)					
			Liabilities at fair value through reserves	Other financial liabilities	Total
Trade or other payables			-	11,699	11,699
Bank borrowings			-	1,590	1,590
Term liabilities			-	19,000	19,000
Total			-	32,289	32,289

Parent as at 31 December 2012					
Financial Assets (\$'000)	Loans and receivables	Assets at fair value through reserves	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
Non current trade and other receivables	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 reserves	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

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

16) Property, plant and equipment

Group

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
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	<u>2,860</u>	<u>37,621</u>	<u>31,442</u>	<u>214</u>	<u>72,137</u>
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)
Assets transferred as held for resale	(250)	(2,357)	(250)	-	(2,857)
Closing net book amount	<u>2,380</u>	<u>33,220</u>	<u>26,902</u>	<u>157</u>	<u>62,659</u>
At 1 January 2013					
Cost or valuation	2,380	33,220	63,724	501	99,825
Accumulated depreciation and impairment	-	-	(36,822)	(344)	(37,166)
Net book amount	<u>2,380</u>	<u>33,220</u>	<u>26,902</u>	<u>157</u>	<u>62,659</u>
Year ended 31 December 2013					
Opening net book amount	2,380	33,220	26,902	157	62,659
Additions	-	408	1,165	28	1,601
Revaluation before tax	940	673	-	-	1,613
Depreciation	-	(1,322)	(4,029)	(41)	(5,392)
Disposals	-	(16)	(163)	(5)	(184)
Closing net book amount	<u>3,320</u>	<u>32,963</u>	<u>23,875</u>	<u>139</u>	<u>60,297</u>
At 31 December 2013					
Cost or valuation	3,320	33,771	64,726	518	102,335
Accumulated depreciation and impairment	-	(808)	(40,851)	(379)	(42,038)
Net book amount	<u>3,320</u>	<u>32,963</u>	<u>23,875</u>	<u>139</u>	<u>60,297</u>

Parent

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
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	<u>2,860</u>	<u>37,621</u>	<u>31,442</u>	<u>214</u>	<u>72,137</u>
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	<u>2,380</u>	<u>33,220</u>	<u>26,902</u>	<u>157</u>	<u>62,659</u>
At 1 January 2013					
Cost or valuation	2,380	33,220	63,724	501	99,825
Accumulated depreciation and impairment	-	-	(36,822)	(344)	(37,166)
Net book amount	<u>2,380</u>	<u>33,220</u>	<u>26,902</u>	<u>157</u>	<u>62,659</u>
Year ended 31 December 2013					
Opening net book amount	2,380	33,220	26,902	157	62,659
Additions	-	408	1,165	28	1,601
Revaluation before tax	940	673	-	-	1,613
Depreciation	-	(1,322)	(4,029)	(41)	(5,392)
Disposals	-	(16)	(163)	(5)	(184)
Closing net book amount	<u>3,320</u>	<u>32,963</u>	<u>23,875</u>	<u>139</u>	<u>60,297</u>
At 31 December 2013					
Cost or valuation	3,320	33,771	64,726	518	102,335
Accumulated depreciation and impairment	-	(808)	(40,851)	(379)	(42,038)
Net book amount	<u>3,320</u>	<u>32,963</u>	<u>23,875</u>	<u>139</u>	<u>60,297</u>

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

16) Property, plant and equipment (continued)

- a) Land and buildings are revalued to their estimated market value on a rolling three year cycle unless there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value. The current year's valuations were completed by TelferYoung Valuers, ANZIV, independent registered valuer as at 31 December 2013. 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	(585,000)	-	(183,469)	(768,469)

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 (8 - 15%) that would be expected by a prudent investor.

As a consequence of the building revaluations conducted in December 2013, \$0.51m (Dec 2012 - \$1.41m) of accumulated depreciation was offset directly against the assets' cost or valuation, prior to revaluation.

All the Groups land and building assets were revalued at 31 December 2012 due to the continued spread of Psa at that time.

b) Impairment

Property, plant and equipment not subject to a revaluation has been reviewed for impairment. Directors have reviewed property, plant and equipment and there is no impairment charge (Dec 2012 - \$0.38m).

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

	2013 \$'000	2012 \$'000
Cost	51,614	51,222
Accumulated depreciation	(13,887)	(12,265)
Net book amount	37,727	38,957

d) Assets under construction

As at 31 December 2013, there were no significant capital projects which the Group had not completed (Dec 2012 - nil).

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

17) Intangible assets

Group	Software \$'000	Goodwill \$'000	Interest in leased land \$'000	Total \$'000
At 1 January 2012				
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 Charge	-	-	(418)	(418)
Disposals	(4)	-	-	(4)
Amortisation	(60)	-	(32)	(92)
Closing net book amount	94	-	801	895
At 31 December 2012				
Cost	1,746	-	801	2,547
Accumulated amortisation	(1,652)	-	-	(1,652)
Net book amount	94	-	801	895
Year ended 31 December 2013				
Opening net book amount	94	-	801	895
Additions	14	-	-	14
Amortisation	(40)	-	(33)	(73)
Closing net book amount	68	-	768	836
As at 31 December 2013				
Cost	1,760	-	801	2,561
Accumulated amortisation	(1,692)	-	(33)	(1,725)
Net book amount	68	-	768	836

The remaining amortisation period of software is four to five years and the remaining amortisation period for the interest in leased land is from 36 to 95 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 on a triennial basis along with Land and Buildings. Refer to Note 6b. The Group interest in long term leased land was revalued at the fair value assessed by an independent valuer at 31 December 2012.

Parent	Software \$'000	Goodwill \$'000	Total \$'000
At 1 January 2012			
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
Impairment charge	(4)	-	(4)
Amortisation	(60)	-	(60)
Closing net book amount	94	-	94
At 31 December 2012			
Cost	1,746	-	1,746
Accumulated amortisation	(1,652)	-	(1,652)
Net book amount	94	-	94
Year ended 31 December 2013			
Opening net book amount	94	-	94
Additions	14	-	14
Amortisation	(40)	-	(40)
Closing net book amount	68	-	68
As at 31 December 2013			
Cost	1,760	-	1,760
Accumulated amortisation	(1,692)	-	(1,692)
Net book amount	68	-	68

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

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

18) Available for sale financial assets

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

	Group		Parent	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	1,110	944	1,055	889
Sale of shares	(215)	(82)	(212)	(82)
Repayment of Investment	(48)	78	(48)	78
Revaluation recognised in equity	238	170	238	170
Balance at end of year	1,085	1,110	1,033	1,055

Available for sale financial assets include the following listed securities

- Zespri Group Limited	403	381	403	381
Unlisted securities				
- Oropi Management Services Limited	30	78	30	78
- Ravensdown Fertiliser Co-operative Limited	77	77	59	60
- UPNZ Limited	340	307	307	307
- Ballance Agri Nutrients Limited	219	206	218	202
- CMS Logistics Limited	-	33	-	-
- Other share holdings	16	28	16	27
	1,085	1,110	1,033	1,055

The fair values of the listed securities are based on closing share price at balance date. All unlisted securities are currently held at fair value less impairment as it reasonably represents current market value (see Note 6b). 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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

19) Biological assets

	Group		Parent	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Kiwifruit/avocado biological assets at fair value				
Carrying amount at beginning of period	914	1,123	914	1,123
Orchard lease development	1,235	820	1,235	820
Fair value movement in crop	219	(737)	219	(737)
Fair value movement in vines	392	(292)	392	(292)
Carrying value at end of period	2,760	914	2,760	914
Biological assets are classified as follows				
- Fully Developed orchards - Kiwifruit	1,442	644	1,442	644
- Fully Developed orchards - Avocado	178	91	178	91
- Orchards Under Development - Kiwifruit	1,140	179	1,140	179
Carrying value at end of period	2,760	914	2,760	914
Biological asset - crop	761	542	761	542
Biological asset - vines	1,999	372	1,999	372
Carrying value at end of period	2,760	914	2,760	914

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.

As at 31 December 2013 the Group had long term leases on a total of 97 hectares (Dec 2012 - 97 hectares) of kiwifruit and 26 hectares (Dec 2012 - 26 hectares) of avocado orchards. In total this comprises of 14 individual kiwifruit and avocado orchards (Dec 2012 - 14 orchards). The leases were entered into over a period of time and have a maximum term of up to 25 years with the last lease expiring in June 2025.

Long term leases are classified as either:

- Fully Developed: Being 35 hectares of established kiwifruit orchards (Dec 2012 - 35 hectares) and 26 hectares of avocado orchards (Dec 2012 - 26 hectares) 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 continuing to redevelop 62 hectares (Dec 2012 - 62 hectares) and is still 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 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 deemed 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 uncertainty 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 2013, the Group harvested 335,610 trays of kiwifruit with a value of \$1.61m (Dec 2012 - 972,966 trays, \$8.13m) from long term leased orchards. The fair value of the crop at balance date has been assessed at \$0.76 million (Dec-2012 - \$0.54m) being the costs to grow the crop that are considered recoverable at harvest. During the year no further growing costs were expensed (Dec 2012 - Nil). During the year to 31 December 2013, the Group harvested 29,000 trays of avocados with a value of \$0.46m (Dec 2012 - 43,902 trays, \$0.48m).

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

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

The Group has reached agreement with landowners to amend the leases on orchards affected by Psa, and is working with growers to re-establish the affected orchards with one of the new varieties released by Zespri and the Hayward variety. The leases were amended to reflect the investment and risk to the Group and the landowners of re-establishing the orchards, and at balance date all but two leases were complete, with the remaining two leases in the process of being signed.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

20) Investment in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			Dec-2013 %	Dec-2012 %
Eleos Limited - <i>Not trading</i>	New Zealand	Ordinary	100%	100%
Envirogrow Limited - <i>Not trading</i>	New Zealand	Ordinary	100%	100%
Kiwi Coast Growers (Te Puke) Limited - <i>Not trading</i>	New Zealand	Ordinary	100%	100%
Seeka Te Puke Limited - <i>Not trading</i>	New Zealand	Ordinary	100%	100%

The carrying values of subsidiaries in the Parent have been reviewed at balance date. Kiwi Coast Growers (Te Puke) Limited has not been impaired (Dec 2012 - \$0.24m).

21) Investment in associates

The Group's principal associates are:

	Country of incorporation	Business activity	Share of issued capital and voting rights	
			Dec-2013	Dec-2012
Kiwifruit Supply Research Limited	New Zealand	Research	20%	20%
Tauranga Kiwifruit Logistics Limited	New Zealand	Port service	20%	20%
Opotiki Packing and Cool storage Limited (OPAC)	New Zealand	Post harvest	19.9%	19.9%
Kiwi Produce Limited	New Zealand	Prepacking	25%	25%
Eastern Pier SD BHD Malaysia	Malaysia	Coolstore D.C.	25%	0%
Kiwifruit Vine Protection Company Limited	New Zealand	Not trading	50%	50%

Eastern Pier SD BHD Malaysia and Opotiki Packing and Cool Storage Limited have a balance date of 31 December, all other associate companies have a 31 March balance date. For those companies with a 31 March balance date, their financial performance, for the period to 31 December 2013 and balance sheet as at 31 December 2013 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 constitution 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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Results of associate companies				
Share of profit before income tax	181	601	-	-
Income tax	(51)	(168)	-	-
Net profit	130	433	-	-
Interests in associates				
Carrying value at beginning of period	3,073	3,005	3,140	3,229
Acquisition of further associate	191	-	191	-
Net earnings	130	433	-	-
Dividends received	(328)	(276)	-	-
Impairment charge - Kiwi Produce Limited	(615)	(89)	(615)	(89)
Balance at end of period	2,451	3,073	2,716	3,140
Interests in associates by holding				
Eastern Pier SD BHD Malaysia	191	-	191	-
Opotiki Packing and Cool storage Limited	1,761	1,915	2,026	2,338
Kiwi Produce Limited	499	1,158	499	802
Balance at end of period	2,451	3,073	2,716	3,140

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

Associate	Assets \$'000	Liabilities \$'000	Revenues \$'000	Net profit \$'000
Dec-2013				
Opotiki Packing and Cool storage Limited	16,056	2,971	24,078	610
	16,056	2,971	24,078	610
Dec-2012				
Opotiki Packing and Cool storage Limited	17,293	4,816	34,675	3,202
	17,293	4,816	34,675	3,202

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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

22) Trade and other payables

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade payables	1,894	870	1,894	870
Accrued expenses	8,268	4,131	8,163	3,993
Employee expenses	1,642	1,534	1,642	1,534
Other payables	-	299	-	299
	11,804	6,834	11,699	6,696

23) Onerous lease provision

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Carrying amount at start of year	807	-	807	-
Provision released during the year	(323)	807	(323)	807
Onerous lease terminated early	(171)	-	(171)	-
Carrying amount at end of year	313	807	313	807
Current provision	248	322	248	322
Non current provision	65	485	65	485
Carrying amount at end of year	313	807	313	807

A provision for onerous leases arose during the previous year for two bare land leases and two coolstore leases. The bare land leases expire on 3 December 2014 and the Board has decided not to renew at that time, as a result the provision is for the entirety of the remaining leases. One of the coolstore leases has been terminated within the period and the provision released. The remaining coolstore lease expires on 31 March 2017, this facility is not required under the capacity plan and as a result the provision is for the entirety of the remaining lease. The provision for onerous leases has been discounted at 10%.

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

24) 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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
a) Expected settlement:				
Within 12 months	2,926	2,552	2,926	2,552
In excess of 12 months	4,931	4,417	4,707	4,193
	7,857	6,969	7,633	6,745
b) Net deferred tax liabilities:				
Opening balance	6,969	8,044	6,745	7,694
Prior year deferred tax expense	-	224	-	-
(Credited)/charged to the Statement of Financial Performance	701	(1,157)	701	(807)
(Credited)/charged to revaluation reserve	71	(141)	71	(141)
(Credited)/charged to hedge reserve	116	(1)	116	(1)
Closing balance at end of year	7,857	6,969	7,633	6,745

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

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Temporary differences on non-current assets	4,931	4,417	4,707	4,193
Current liabilities	(951)	(986)	(951)	(986)
Prepayments and accrued income	3,877	3,538	3,877	3,538
	7,857	6,969	7,633	6,745

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 2012 - 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.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

25) **Interest bearing liabilities**

	Group		Parent	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current				
Secured				
Current portion of term liabilities	1,590	2,376	1,590	2,376
Total current interest bearing liabilities	1,590	2,376	1,590	2,376
Non-current				
Secured				
Non current portion of term liabilities	19,000	20,590	19,000	20,590
Total non-current interest bearing liabilities	19,000	20,590	19,000	20,590

The Group's bank facilities are secured by debentures and mortgages over property. The Group has total facilities of \$45.1m (Dec 2012 - \$47.5m). This is made up of a multi option credit facility of \$24.5m (Dec 2012 - \$24.5m) and term loans of \$20.6m (Dec 2012 - \$23.0m).

The Board has assessed the fair value of the term loans as the outstanding balance at 31 December 2013. Refer to the tables below which outline loan terms and maturities.

As at 31 December 2013:

	Term Loans			
	Balance Due	Interest Rate	Maturity	Repayment Terms
Term Loan #93	\$ 1,590,000	4.55%	30 September 2014	Monthly Repayment
Term Loan #95	\$ 10,000,000	4.47%	7 December 2015	Interest only
Term Loan #96	\$ 9,000,000	4.47%	7 December 2015	Interest only

As at 31 December 2012:

	Term Loans			
	Balance Due	Interest Rate	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

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

It is policy to protect the term portion of the loans from exposure to changing interest rates. See Note 14

The interest rates shown include bank margins.

26) **Share capital**

	Group		Parent	
	2013	2012	2013	2012
	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
Ordinary shares - issued under dividend reinvestment program	17,721	-	17,721	-
Treasury shares - fully paid and no par value	263,842	263,842	263,842	263,842
	14,451,049	14,433,328	14,451,049	14,433,328
b) Movements in ordinary paid up share capital				
Opening balance of ordinary shares held	36,758	36,758	36,758	36,758
Issues of ordinary shares during the year	33	-	33	-
Closing balance of ordinary share capital	36,791	36,758	36,791	36,758
c) Treasury share capital				
Movements in treasury share capital				
Opening balance of ordinary shares held	1,068	1,068	1,068	1,068
Cash received under employee share scheme	(30)	-	(30)	-
Closing balance of held as treasury capital	1,038	1,068	1,038	1,068
d) Net share capital	35,753	35,690	35,753	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 relate to the Employee Share Scheme and are held in trust by Seeka Employee Share Trust Limited.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

27) Retained earnings and reserves

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Total reserves as identified below	4,198	2,895	4,198	2,895

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
a) Cash-flow hedge reserve				
Balance at beginning of year	(176)	(174)	(176)	(174)
Fair value gain/(loss) in the year	413	(4)	413	(4)
Deferred tax adjustment	(116)	2	(116)	2
Balance at end of year	121	(176)	121	(176)

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

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
b) Available-for-sale revaluation reserve				
Balance at beginning of year	229	55	229	55
Bonus shares issued	-	4	-	4
Change in fair value	238	170	238	170
Balance at end of year	467	229	467	229

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

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
c) Land and buildings revaluation reserve				
Balance at beginning of year	2,728	3,058	2,728	3,058
Revaluation reserve increase/(reduction)	839	(470)	839	(470)
Deferred tax adjustment	(71)	140	(71)	140
Balance at end of year	3,496	2,728	3,496	2,728

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		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at beginning of year	114	114	114	114
Balance at end of year	114	114	114	114

At 31 December 2013, the number of shares in respect of which options have been granted to employees and remain outstanding under the scheme was nil (Dec 2012 - Nil), representing 0.00% (Dec 2012 - 0.00%) 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 2013 there are no outstanding options, nor were there any transactions during the current year.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

27) Retained earnings and reserves (continued)

e) Retained Earnings

Movements in retained earnings were as follows:

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at beginning of year	17,612	11,732	17,736	12,014
Net profit for the year	2,664	5,880	2,851	5,722
Dividends paid	(1,731)	-	(1,731)	-
Balance at end of year	18,545	17,612	18,856	17,736

28) Dividends

a) Ordinary shares

	2013	2013	2012	2012
	\$'000	Per share	\$'000	Per share
Dividend paid 20th March 2013	865	\$ 0.06	-	\$ -
Dividend paid 27th September 2013	866	\$ 0.06	-	\$ -
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.

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

	Group		Parent	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Net operating surplus after Taxation	2,664	5,880	2,851	5,722
<i>Add non cash items:</i>				
Depreciation	5,392	5,584	5,392	5,584
(Gain)/loss on revaluation of buildings	(776)	6	(776)	6
Impairment of lease interest in land	-	418	-	-
Impairment of investment in subsidiaries	-	-	-	241
Movement in deferred tax	700	(934)	700	(808)
Movement in fair value of biological assets - Crop	(219)	737	(219)	737
Movement in fair value of biological assets - Vines	(392)	292	(392)	292
Movement in fair value of non-biological assets	-	196	-	196
Impairment of investments in associates	615	89	615	89
Impairment of plant and equipment	-	187	-	187
Movement in onerous leases	(494)	807	(494)	807
Amortisation of intangibles	73	92	40	60
Movement in fair value of derivatives	-	(417)	-	(417)
Share of income from associates	197	(156)	-	-
	5,096	6,901	4,866	6,974
Add (less) items not classified as an operating Activity:				
Loss on sale of property, plant and equipment	211	219	211	219
(Gain) on sale of shares	(75)	-	(75)	-
	136	219	136	219
<i>(Increase) decrease in working capital:</i>				
Increase (decrease) in accounts payable	4,970	(2,323)	5,004	(2,331)
(Increase) decrease in accounts receivable/prepayments	(1,504)	3,544	(1,616)	3,547
Decrease (increase) in inventory	347	486	347	486
(Increase) decrease in work in progress	(602)	(1,291)	(602)	(1,291)
(Decrease) increase in taxes due	(2,278)	(823)	(2,278)	(823)
	933	(407)	855	(412)
Net cash flow from operating activities	8,829	12,593	8,708	12,503

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

30) Earnings per share

a) Basic earnings per share

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

	Group		Parent	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Profit attributable to equity holders of the Company (Thousands)	2,664	5,880	2,851	5,722
Weighted average number of ordinary shares in issue (thousands)	14,187	14,169	14,187	14,169
Basic earnings per share	\$ 0.19	\$ 0.41	\$ 0.20	\$ 0.40

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 26 (d)).

	Group		Parent	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Profit attributable to equity holders of the Company (Thousands)	2,664	5,880	2,851	5,722
Weighted average number of ordinary shares for diluted earnings per share	14,187	14,169	14,187	14,169
Diluted earnings per share	\$ 0.19	\$ 0.41	\$ 0.20	\$ 0.40

31) Contingencies

There are no contingent liabilities as at 31 December 2013 (Dec 2012 - Nil).

32) Commitments

a) Capital commitments

As at 31 December 2013 the total capital expenditure contracted but not provided for was Nil (Dec 2012 - Nil).

As at 31 December 2013, the associate, Opotiki Packing and Coolstorage Limited had capital commitments at their 31 December 2013 balance date of Nil (Dec 2012 - Nil).

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

32) Commitments (continued)

b) Lease commitments : Group and Parent as lessee

Operating leases

The Group has the following lease commitments:

Orchard leases:

At balance date, 141 (Dec 2012 - 136) 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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	335	441	335	441
Later than one year but not later than five years	441	462	441	462
	776	903	776	903

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	2,768	3,414	2,768	3,414
Later than one year but not later than five years	4,590	6,628	4,590	6,628
Later than five years	65,503	66,374	65,503	66,374
	72,861	76,416	72,861	76,416

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	1,036	827	1,036	827
Later than one year but not later than five years	1,298	656	1,298	656
	2,334	1,483	2,334	1,483

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	413	400	413	400
Later than one year but not later than five years	1,542	1,500	1,542	1,500
Later than five years	620	955	620	955
	2,575	2,855	2,575	2,855

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 19).

c) Other commitments

Grower incentive scheme

On 23 September 2013 the Group registered a Simplified Disclosure Prospectus for a Grower Incentive Scheme, the scheme rewards eligible growers who sign a three year supply commitment with the company. At the end of each season, eligible growers will be issued with \$0.10 worth of shares for every tray packed in each of the 2014, 2015 and 2016 supply seasons and once issued shares rank equally with existing Seeka shares. The scheme remains open until the 31 March 2014 and the first issue of shares will be made by 7 October 2014 for trays packed in the 2014 supply season. At which time the company anticipates to issue additional shares, by way of new equity, to the approximate value of \$1.8m to \$2.2m. This will become an expense to the business when the shares are issued.

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the year ended 31 December 2013

33) 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 monies from the sale of kiwifruit on behalf of growers with whom it holds a contract. In the current period the Group received \$80.15m (Dec 2012 - \$97.84m) for the provision of post harvest and orchard management services to Seeka Growers Limited.

b) Directors

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

c) Key management and personnel and compensation

Key management personnel compensation for the year ended 31 December 2013 and the year ended 31 December 2012 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.

	2013	2012
	\$'000	\$'000
Directors fees	337	350
Other directors remuneration	20	20
Executive salaries	1,558	1,441
Short term benefits	148	120
Total	2,063	1,931

d) Transactions

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

	Group		Parent	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<i>Sale of services</i>				
Associates	282	77	282	77
Directors, management and other personnel	637	587	637	587
<i>Purchase of services</i>				
Associates	(29)	(400)	(29)	(400)
Directors, management and other personnel	-	(88)	-	(88)

e) Outstanding balances

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

	Group		Parent	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
<i>Current receivables (operating)</i>				
Associates	7	-	7	-
Directors, management and other personnel	114	73	114	73

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 2013 (Dec 2012 - Nil).

Outstanding balances are unsecured and are repayable in cash.

34) Events occurring after balance date

The Directors have declared a fully imputed dividend of 7 cents per share, to be paid on 28th March 2014. The dividend will be paid to those shareholders on the register at 5pm 21 March 2014. 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 53 which comprise the statement of financial position as at 31 December 2013, 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 2013 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.



Independent Auditors' Report

Seeka Kiwifruit Industries Limited

Opinion

In our opinion, the financial statements on pages 10 to 53:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company and the Group as at 31 December 2013, and of the financial performance and cash flows of the Company and Group for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2013:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Use of our Report

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

A handwritten signature in blue ink that reads 'Priya Waterhouse Coopers'.

Chartered Accountants
27 February 2014

Auckland

Directors

Fred Hutchings

Independent Chairman

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

Martyn Brick

Director

Appointed June 2013. Martyn has extensive experience in agribusiness having worked in rural banking and finance, and as the former general manager of the publicly-listed horticultural business Grocorp Pacific Limited. He is a former director of Te Awanui Huka Pak and former chairman of the Te Awanui Growers Council.

John Burke

Independent Director

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

Stuart Burns

Independent Director

Chief Executive of Rotorua Energy Charitable 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.

Neil Te Kani

Director

Appointed April 2013. Neil has a broad governance background with a special interest in Maori-based horticulture and agriculture businesses. He is chairman of Te Awanui Huka Pak Limited and of the Maori Grower Forum. Neil is also a Registered Environmental Commissioner and Tauranga representative of New Zealand Kiwifruit Growers Incorporated.

	Remuneration committee	Audit committee
Fred Hutchings	Chairman	
Stuart Burns		Chairman
Martyn Brick		Member
John Burke		Member
Malcolm Cartwright	Member	
Neil Te Kani	Member	

Disclosures as required by Section 211 of the Companies Act 1993

Principal activities

The principal activity of the Group is to provide integrated orcharding and post harvest service activities to the fresh produce industry. The nature of the Company's business has not changed in the year to 31 December 2013 under review.

Dividends

During the year ended 31 December 2012, no dividend was paid.

During the year ended 31 December 2013, a fully imputed dividend of \$0.06 per share was paid on 20 March 2013.

During the year ended 31 December 2013, a fully imputed dividend of \$0.06 per share was paid on 27 September 2013.

Directors holding office during the year

The directors holding office during the year were:

F A Hutchings ⁽¹⁾	M Brick (appointed 23 April 2013)	J Burke ⁽¹⁾
S B Burns ⁽¹⁾	M J Cartwright	A A Diaz
D J Emslie ⁽¹⁾ (retired 18 June 2013)	T A W Nicholas (retired 23 April 2013)	N Te Kani (appointed 23 April 2013)

(1) 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 2013:

Current Directors	Beneficially held shares	Non-beneficially held shares
M J Cartwright	54,294	-
J Burke - J & D Burke Holdings Limited	20,588	-
M Brick - Omega Kiwifruit Limited and Strathboss Kiwifruit Limited	242,428	-
N Te Kani - Te Awanui Huka Pak Limited	-	2,534,820

Share dealings

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

	Quantity	Closing balance	\$ Value
J Burke - J & D Burke Holdings Limited			
Opening Balance 1 January 2013		20,000	
Dividend re-investment plan - 27 September 2013	588	20,588	\$1.90
CLOSING BALANCE		20,588	
M Brick - Omega Kiwifruit Limited			
Opening Balance 24 June 2013		151,928	
Purchase - 25 June 2013	10,000	161,928	\$1.80
Purchase - 14 November 2013	1,500	163,428	\$1.75
Purchase - 15 November 2013	1,800	165,228	\$1.75
Purchase - 21 November 2013	36,000	201,228	\$1.80
Purchase - 29 November 2013	6,200	207,428	\$1.75
Purchase - 6 December 2013	15,000	222,428	\$1.80
CLOSING BALANCE		222,428	

Remuneration and other benefits

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

Director	Directors' fees	Other remuneration	Total
F A Hutchings	80,000	-	80,000
M J Cartwright	40,000	20,000	60,000
S B Burns	50,000	-	50,000
J G Burke	40,000	-	40,000
A A Diaz	40,000	-	40,000
D J Emslie	20,000	-	20,000
M T Brick	26,667	-	26,667
N Te Kani	26,667	-	26,667
T Nicholas	13,333	-	13,333
	336,667	20,000	356,667

Disclosures as required by Section 211 of the Companies Act 1993

Remuneration of employees

The Company had 41 (December 2012 - 44) 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 2013 number of employees		December 2012 number of employees		Remuneration	December 2013 number of employees		December 2012 number of employees	
	Continuing	Former	Continuing	Former		Continuing	Former	Continuing	Former
\$100k - \$110k	13	-	11	-	\$200k - \$210k	1	-	-	-
\$110k - \$120k	3	-	3	1	\$230k - \$240k	-	-	1	-
\$120k - \$130k	8	-	8	-	\$240k - \$250k	-	-	-	-
\$130k - \$140k	3	-	2	-	\$260k - \$270k	1	-	-	-
\$140k - \$150k	3	-	3	2	\$270k - \$280k	1	-	-	-
\$150k - \$160k	3	-	1	2	\$280k - \$290k	-	-	1	1
\$160k - \$170k	-	-	2	1	\$290k - \$300k	1	-	1	-
\$170k - \$180k	2	-	-	-	\$330k - \$340k	1	-	-	-
\$180k - \$190k	1	-	1	1	\$460k - \$470k	-	-	1	-
\$190k - \$200k	-	-	1	-	TOTAL	41	-	36	8

Directors' interests

During the year the Company undertook transactions with the directors as "Related Party Transactions". At 31 December 2013, 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		Director	Shareholder
F Hutchings			M Brick		
Amwell Holdings Limited	✓	✓	Strathboss Kiwifruit Limited	✓	✓
Walker Nominees Limited	✓		Seeka Growers Limited	✓	
Seeka Employee Share Plan Trustees Limited	✓		Omega Kiwifruit Limited	✓	✓
J Burke			Katoa Partnership		✓
J & D Burke Holdings Limited	✓	✓	Zespri International Limited		✓
Rokeby Trust	✓		Rokeby Trust	✓	
Zespri International Limited		✓	N Te Kani		
S B Burns			Tukairangi Investments Limited	✓	
Hubbard Foods Limited	✓		Te Awanui Huka Pak Limited	✓	
M J Cartwright			Te Orea Trust	✓	
Seeka Growers Limited	✓		Mangatawa Papamoa Blocks Inc	✓	
Avofresh Limited	✓		Seeka Employee Share Plan Trustees Limited	✓	
Seeka Employee Share Plan Trustees Limited	✓		Poripori Kumikumi Trust	✓	
Zespri International Limited		✓	Zespri International Limited		✓
MJ & HC Cartwright Trust	✓		Ngai Tukairangi Trust		Trustee
A A Diaz					
FreshRemix Corporation of Japan	Officer				
FreshRemix Asia Software	Officer				

Indemnity insurance

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

Directors and officers composition

As at 31 December 2013 the gender composition of the groups' Directors and Officers was as follows:

	Current Year		Prior Year	
	Male	Female	Male	Female
Directors	7	-	7	-
Officers	2	-	2	-
	9	-	9	-

Corporate Governance Statement *in summary*

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

Responsibilities and functions of the board

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

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

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

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

Composition of the board

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

The responsibilities of the audit committee include:

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

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

Remuneration committee

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

The responsibilities of the remuneration committee include:

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

Internal control

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

Business risks

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

The role of the shareholders

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

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

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

Shareholder Analysis

TOP 50 SHAREHOLDERS AT 31 DECEMBER 2013*

Fresh MD Holdings Inc	2,560,904	Penmaen Limited	75,000
Te Awanui Huka Pak Limited	2,534,820	Birdwood Farms Limited	73,506
DMS Orchard Management Limited	608,148	Estate AR Wright & HO Wright	71,362
CW Flood & M Schlagel	477,130	AJ Northcote Hill & JM Hill	64,457
National Nominees New Zealand Limited	427,170	AM Baldwin	59,190
J & PC Law	310,240	JP & PJ Jensen	56,837
Seeka Employee Share Plan Trustees Limited	263,842	DJ Hicks, JF Hicks & Others	55,700
Rod Bayliss Orchards Limited	234,457	Bowyer Orchards Limited	54,586
Omega Kiwifruit Limited	222,428	MJ Cartwright & HC Cartwright & Others	54,294
Pho Holdings Limited	203,000	T&G Hawthorn, G Hawthorne & Others	53,076
Burts Orchards (1997) Limited	166,663	BF Grafas	52,309
DJ Emslie & DJ Emslie & Others	155,348	GK & DJ Oakley	50,441
ID Greaves & CM Thompson & MS Thompson	153,890	RD & CB Clarke	49,529
S Moss	148,016	HD Spencer	48,785
LJ Christie	125,000	DW Hay	46,085
J Slater & RA Slater & Others	122,291	GB Lowe	45,181
TG & JD Newman	117,845	IG Arnot	42,000
GA Cole	109,477	SE Fisher & JA Fisher	40,662
MC & HF Salt	103,770	JA, JA & NA Scotland	40,350
J Slater & RA Slater	100,000	CW Flood	40,000
MI & BM Tremain	86,963	JR Griffin & Others	40,000
Custodial Services Limited	86,125	CK Urry & SE Urry	38,954
D Grindell	84,735	Custodial Services Limited	38,801
G Tait & IJ Craig	80,000	PB Wiltshire	36,600
BJ & L Cotton-Stapleton	78,772	RB Millar & JL Millar	33,125

ANALYSIS OF SHAREHOLDERS BY SIZE AT 31 DECEMBER 2013*

	Number of shareholders	Shares held	Percentage of shareholders	Shares	Average holding
Up to 1,000 shares	247	117,533	30.39%	0.81%	476
1,001 to 5,000 shares	306	766,403	37.63%	5.30%	2,505
5,001 to 10,000 shares	108	789,613	13.29%	5.46%	7,311
10,001 to 100,000 shares	134	3,589,410	16.48%	24.84%	26,787
100,001 shares or more	18	9,188,090	2.21%	63.59%	510,449
TOTAL	813	14,451,049	100.0%	100.0%	17,775

SUBSTANTIAL SECURITY HOLDERS AT 31 DECEMBER 2013**

	Shares held	Percentage of shareholding
Fresh MD Holdings Inc	2,560,904	17.72%
Te Awanui Huka Pak Limited	2,534,820	17.54%

*All shares fully paid up

**All shares are fully paid and have voting rights

Directory

DIRECTORS

Fred Hutchings

Independent Chairman

Martyn Brick

Director

John Burke

Independent Director

Stuart Burns

Independent Director

Malcolm Cartwright

Director

Amiel Diaz

Director

Neil Te Kani

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

Simon Wells

GM Growers

CORPORATE

Head Office of Seeka Kiwifruit Industries Limited

6 Queen Street, PO Box 47, Te Puke 3153
www.seeka.co.nz

AUDITOR

PricewaterhouseCoopers

Auckland

BANKERS

Westpac Banking Corporation

Auckland

SHARE REGISTRAR

Link Market Services Limited

Ashburton

NZX

www.nzx.com

LEGAL ADVISORS

Harmos Horton Lusk

Auckland

MacKenzie Elvin

Tauranga



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