ANNUAL REPORT

FOR THE NINE MONTHS ENDED 31 DECEMBER 2010

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Seeka's Business

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

BUSINESS COMPONENTS

Seeka Orcharding

Seeka is New Zealand's largest kiwifruit orcharding business growing more than 1,100 hectares of kiwifruit in the Coromandel and Bay of Plenty regions. Along with leased and managed orchards, Seeka has also 140 hectares of mainly Gold kiwifruit orchards on long-term-leased land.

Orcharding operations produced approximately 10.3m trays of class 1 kiwifruit from harvest 2010, representing 44% of total supply.

In addition to kiwifruit, Seeka also grows 36 hectares of avocados.

Seeka Post Harvest

Seeka operates eight packhouses and 23 coolstores organised into four operational hubs. In full production, the facilities are capable of packing 650,000 class 1 trays of kiwifruit a day. Seeka operates controlled atmosphere stores capable of holding 3.5m trays of kiwifruit. Controlled atmosphere fruit is stored in bulk and packed after the main harvest has been completed, effectively ensuring a timely harvest and extending the packing season.

Post harvest operations handled 24m class 1 trays of kiwifruit from harvest 2010, representing 23% of New Zealand's total production, of which 21m trays were packed during the period under review.

Post harvest also undertakes avocado packing and coolstorage.

Seeka IFSL

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

SeekaFresh

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

Contents

Chairman's Report

On behalf of the board, I am pleased to present Seeka's financial results for the period ended 31 December 2010.

In August last year Seeka's Directors determined to change the company's balance date to 31 December from 31 March 2011. The new balance date better reflects Seeka's post harvest business cycle and simplifies accounting for Seeka's investment in long term leased orchards. The financial statements are therefore for nine months, and the results are compared to the full year to 31 March 2010.

Profit before non-recurring items and tax is $12.7m, which exceeds Seeka's NZX market guidance of a profit in the range of $11.5m and $12.5m.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the nine months remained strong at $19.6m.

The result reflects the improved operating performance of the company, the successful integration of the Huka Pak business during the period, and the change in balance date.

Shareholder funds stood at $64.8m on 31 December. The shareholder equity ratio is 49.3% at balance date. Net asset backing per share is $4.49.

Tax law changes from 1 April 2011 meant a $2.4m non-cash tax expense, increasing the period's total tax charge to $6.2m. Net profit after tax is $6.4m for the period.

Group operating cashflow for the period of $26.0m allowed for continued investment in plant and equipment ($7m for the period), and for maintenance of the company's dividend distribution policy.

Directors declared fully imputed dividends of 20 cents per share during the period. Dividends for the 2011 financial year are scheduled to be considered and paid in May and December 2011.

The company has continued to perform strongly both operationally and financially, and we look forward to discussing the year with you in greater depth at the annual shareholders meeting to be held Wednesday, 27 April.

Kim Ellis
Chairman

Chief Executive's Report

INTRODUCTION

Seeka's management and staff are pleased to present this financial report for the nine months to 31 December 2010. Record earnings are among its highlights. Please note that results are compared to the previous 12 months ended 31 March 2010, unless otherwise stated.

Total revenue was a record $122.2m, up from $120.9m the previous period.

The Huka Pak acquisition's contribution to this result is emphasised by direct comparison — revenue for the past nine months rose 22% above the corresponding nine months ended 31 December 2009.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $19.6m, up 35% on the previous year's $14.5m. (Unaudited EBITDA for the nine months ended 31 December 2009 was $14.8m.)

Earnings before non-recurring items and tax was $12.7m, up from $7.5m the previous period. Guidance provided to the market had anticipated earnings would be between $11.5m and $12.5m. On a full 12-month basis to 31 March 2011, the company's profit before tax is expected to be at the upper end of the range between $9.5m and $10.5m.

The change in the rules governing the tax deductibility of depreciation of buildings with useful lives over 50 years combined with a change in tax rate resulted in Seeka incurring a one-off, non-cash tax expense of $2.4m. Nonetheless, profit after tax has increased to $6.4m (or 45 cents per share) compared to $370,000 the previous year.

Seeka's operations generated cashflow of $26m over the nine months. More than $7m was invested in new plant and equipment. A net $15.4m has been used to pay down debt since March 2010. Total bank debt was $40m at 31 December 2010, down from $42.6m at 31 December 2009.

Seeka's improved financial performance stems from the successful integration of Huka Pak, the company's continued focus on costs, innovation and efficiencies, as well as its orcharding expertise and good market returns from the gold variety.

OPERATIONAL UPDATE THE DRIVE TO INNOVATE CONTINUES

Post Harvest and Supply Operations

Post harvest operations delivered EBITDA of $21.5m from revenue of $77.6m, compared to $15.3m and $76.3m respectively in the previous period. Total volume handled increased to 22.9m from 22.2m. (The previous year included more than 2.7m trays packed from harvest 2010 in March 2010).

Seeka achieved its best-ever fruit loss statistics for gold variety — 1.3% fruit loss compared to a 2.4% industry average. This is a creditable performance given the large volume of gold fruit handled by Seeka (22.5% of the industry).

Green fruit loss of 4.4% was closer to the 4.3% industry average. There was a difficult storage season late in the year. However, net time earnings delivered to growers was very competitive.

Our aim is that Seeka-handled fruit is synonymous with quality. The company continues to focus on cool chain efficiency and inventory management systems that enhance our ability to deliver fruit to the market at its best.

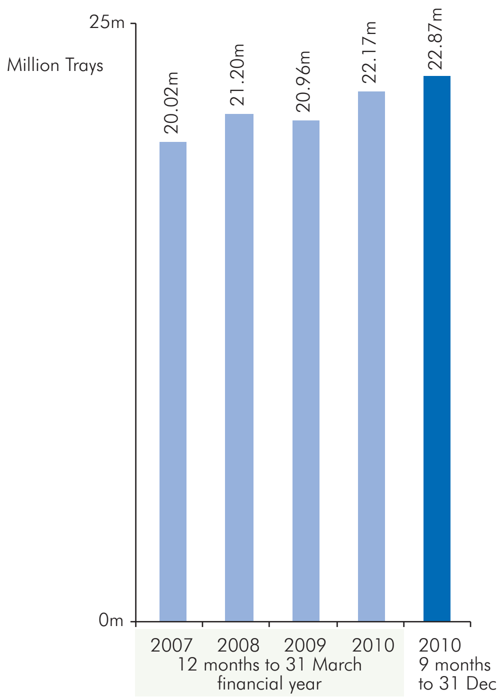
Through our technical and innovation teams, Seeka has invested in inventory management systems which provide timely information to our network of inventory managers. This assists our goal of delivering quality fruit to our markets in specification, in full and on time.

In 2011, Seeka will invest in a state-of-the-art, eight-lane MAF Roda packing machine to be located at Huka Pak. Targeted at the green variety, the increased level of automation will reduce costs and create efficiencies.

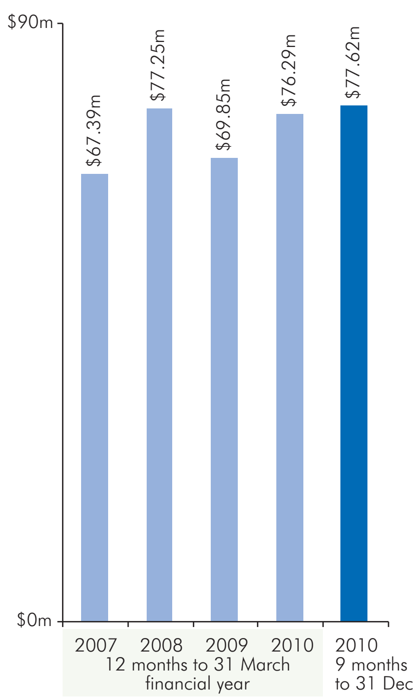
	12 months to 31 March				9 months to 31 December
	2007	2008	2009	2010	2010
Revenue ($000s)	$96,682	$106,868	$107,464	$120,887	$122,157
Earnings before interest, depreciation and amortisation and non-recurring items ($000s)	$13,932	$10,118	$14,042	$14,538	$19,588
Profit before non-recurring items and tax ($000s)	$7,092	$2,030	$5,589	$7,539	$12,679
POST HARVEST DIVISION					
Total trays packed (class 1 and 2 in 000s)	20,019	21,198	20,961	22,174	22,795
Post harvest revenue ($000s)	$67,387	$77,245	$69,849	$76,290	$77,620
Post harvest EBITDA ($000s)	$14,132	$15,654	$15,016	$15,294	$21,487
ORCHARD DIVISION					
Harvest volumes green leased & managed (trays in 000s)	6,202	7,448	7,253	6,638	7,861
Harvest volumes gold leased & managed (trays in 000s)	1,395	2,057	2,184	1,874	2,258
Orchard revenue ($000s)	$28,969	$29,222	$36,780	$38,990	$39,141
Orchard EBITDA ($000s)	$3,371	-$1,742	$4,070	$5,239	$4,250

POST HARVEST PERFORMANCE

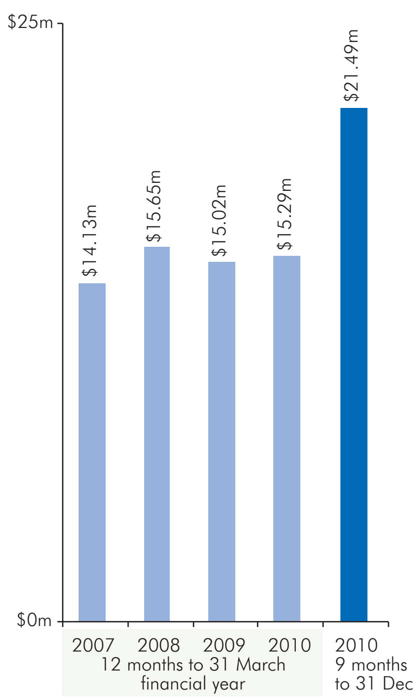
CLASS 1 & 2 PACKED TRAYS



TOTAL REVENUE

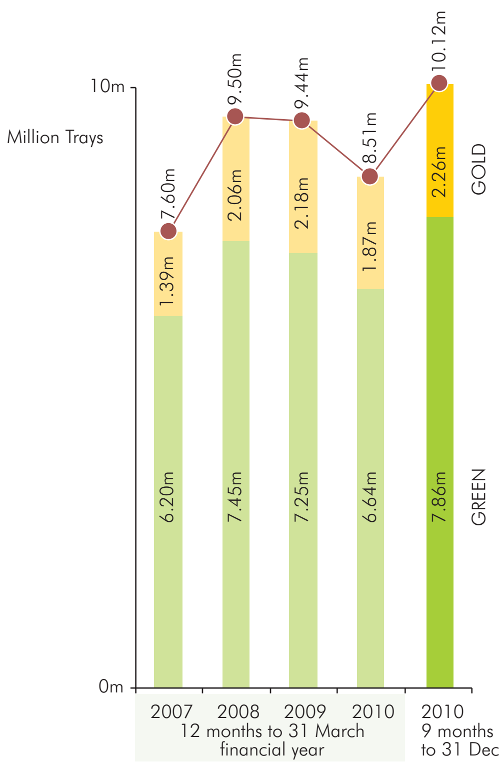


EBITDA

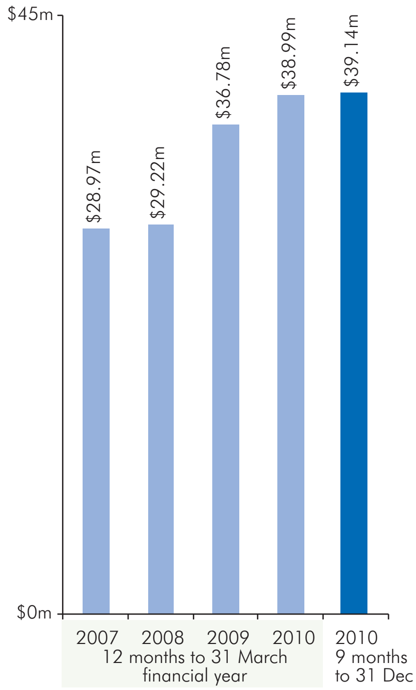


ORCHARD DIVISION PERFORMANCE

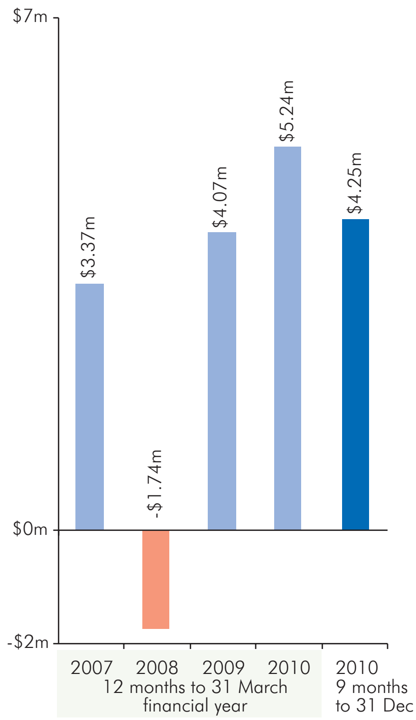
GREEN & GOLD CLASS 1 VOLUMES LEASED & MANAGED ORCHARDS



TOTAL REVENUE



EBITDA



The existing six-lane machine at Huka Pak will be upgraded to become an even softer-handling gold machine that provides our growers and market with optimum quality fruit.

As a result of these innovations packing operations at Waimapu and Bayliss will discontinue, and two machines at Huka Pak and Oakside will be decommissioned. KiwiCoast, Waimapu and Bayliss will be on standby to handle any overflow.

The company has restructured its post harvest operations, reducing five hubs to four. This streamlined post harvest business, along with the new and upgraded machinery, provides both fixed and variable cost savings.

Seeka in 2010 trialled a new supply-chain model by establishing a packing operation in Shanghai. This venture with the Zespri distributor Neuhof Shanghai Trade Company was successful, with low fruit loss and an efficient fruit handling and supply line.

Importantly, the Huka Pak operations were successfully integrated within Seeka in 2010, to the extent that the team and operation functioned as if it was always part of the company. The supply operations merged seamlessly with our supply chain and logistics arm (IFSL).

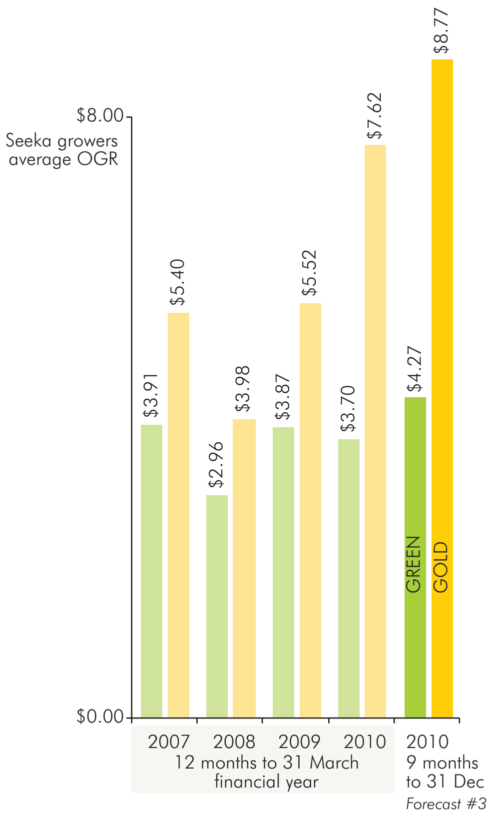
Post harvest and supply operations performed well in 2010. Financial performance has lifted and key fruit performance indicators are competitive. Huka Pak has been successfully integrated, and the operations rationalised ahead of a new machine to be commissioned in 2011. Our drive to innovate continues.

FRUIT LOSS — SEEKA vs THE INDUSTRY

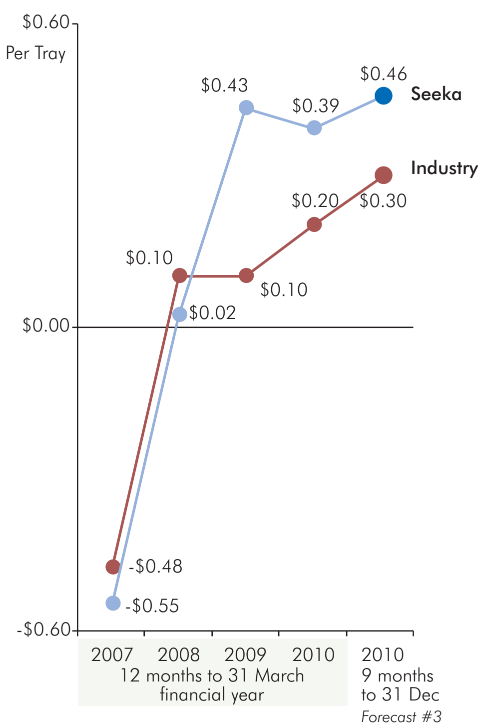
	12 months to 31 March financial year				9 months to 31 December
FRUIT LOSS	2007	2008	2009	2010	2010
GREEN					
Seeka Green	16.08%	10.29%	5.68%	5.26%	4.43%
Industry Green	11.06%	6.24%	6.40%	4.90%	4.29%
GOLD					
Seeka Gold	5.46%	12.39%	4.21%	3.58%	1.30%
Industry Gold	10.60%	7.15%	4.44%	3.70%	2.39%

HISTORICAL SEEKA ORCHARD GATE RETURNS & NET TIME RELATED RETURNS

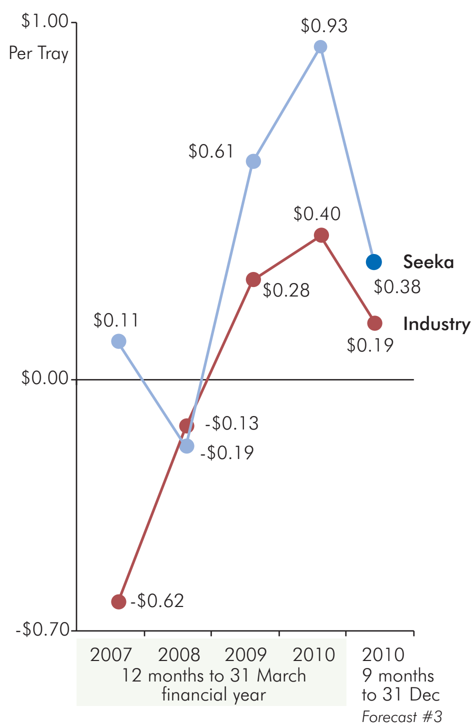
AVERAGE ORCHARD GATE RETURNS PER TRAY



GREEN NET TIME RELATED EARNINGS SEEKA vs INDUSTRY

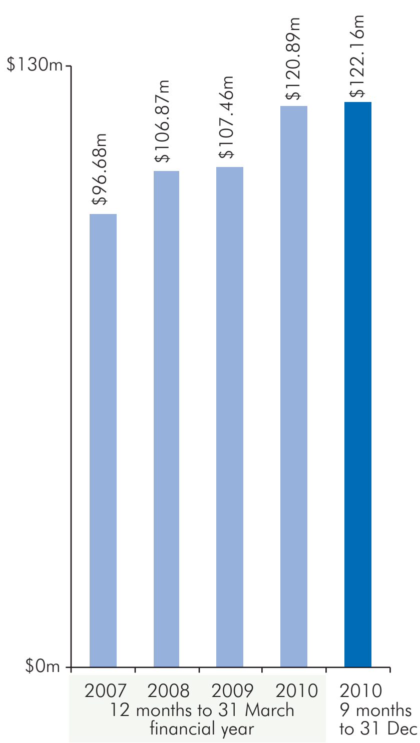


GOLD NET TIME RELATED EARNINGS SEEKA vs INDUSTRY

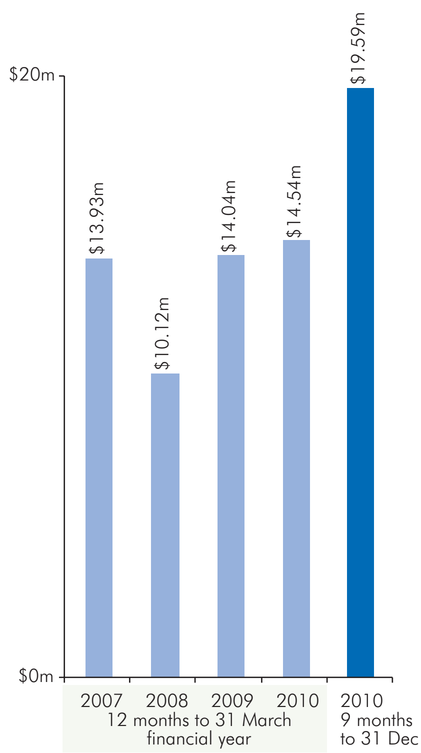


KEY FINANCIAL INDICATORS

TOTAL REVENUE



EBITDA BEFORE NON-RECURRING ITEMS



Orchard Operations

Performance and experience

Orchard operations delivered EBITDA of $4.3m from revenue of $39.1m, compared to $5.2m and $39m respectively in the previous period. The change in balance date negatively impacted the division's earnings by an estimated $2.5m.

The yields and returns from Seeka's long-term lease orcharding operations continues to be a highlight. Seeka harvested 1.2m trays of gold kiwifruit and 344,000 trays of green from its long-term lease orchards. This fruit produced an orchard gate return of $9.36 per gold tray and $4.36 per green tray.

As reported at six months, the change to the Total Value Lease structure is now complete. This lease structure more equitably shares the risks and rewards of orcharding between Seeka and the orchard owner, with Seeka taking less risk but also a lower profit margin. Seeka continues to experience strong demand for its orchard management and leasing services, which reflects the expertise of our orchard managers.

In nearly all cases incremental returns to orchards were in excess of the cost of professional management.

SeekaFresh and AvoFresh

Emerging fresh business

SeekaFresh and AvoFresh remain emerging business for Seeka.

SeekaFresh supplies kiwifruit to Australian and New Zealand wholesale and retail customers taking advantage of a direct-to-market supply line. This delivers a premium-quality product to customers through an efficient supply interface. Established three years ago, this business is making a positive contribution to the company, shareholders and growers. The business continues to experience good demand; there's potential to expand the product range.

Avocados remain an emerging business for Seeka. The avocado industry is affected by uneven cropping between seasons. This was again a low-volume year, 2011 looks to be a higher-volume year. Seeka is experiencing good demand from both growers and the market, and expects an increasing contribution from this business.

Pseudomonas Syringae pv. Actinidiae (Psa)

A threat to New Zealand kiwifruit orcharding

In November 2010 Psa was detected on an orchard in Te Puke, the heartland of New Zealand kiwifruit orcharding. Testing confirmed that more than one form of this disease was present — one form is understood to have existed in New Zealand for sometime with little impact, another has been seen in Italy. The latter has had significant affect particularly on gold fruit, and Italian growers removed orchards to contain the disease. In New Zealand the situation is dynamic with only a small number of orchards removed to date.

The outbreak here is in its early stages. The industry is moving to contain it and an agency has been established to coordinate the response. Kiwifruit Vine Health Incorporated is funded jointly by Government and Zespri.

Stricter hygiene and movement protocols have been introduced. This entails more-costly preventative sprays. Post harvest installations are being upgraded to prevent cross-contamination and careful capacity planning will restrict fruit movement between regions during harvest. Seeka's laboratory business (Verified Lab Services) is being upgraded with the intention to provide rapid Psa isolate testing results on a commercial basis.

Seeka's professional management team and structure have enabled a rapid response to the challenge.

Our People

Our point of difference

Our people are a significant point of difference for Seeka. We have a talented team of people in efficient structures designed to deliver professional service and performance to our growers. The company has a talented technical and innovation teams that, everyday, make a difference to our business.

Our people have responded to the Psa outbreak by proactively providing support, service and advice where required.

Seeka continues to focus on the leaders of tomorrow, investing in overseas work experience and leadership development programmes.

Outlook

Seeka remains well-placed to meet future challenges because of its scale, assets and dedicated growers. We have a history of performance and resilience, and have demonstrated the ability to adapt our business so that sustainable earnings are delivered to our shareholders.

Michael Franks

Michael Franks
Chief Executive

Seeka Kiwifruit Industries Limited
Statement of Financial Performance
For the nine months ended 31 December 2010

		Group		Parent	
		9 Months Dec - 2010 $'000	12 Months Mar - 2010 $'000	**9 Months Dec - 2010 $'000**	12 Months Mar - 2010 $'000
	Notes				
Revenue	7	122,157	120,887	122,157	120,251
Cost of sales	8	94,702	98,702	94,702	98,764
Gross profit		**27,455**	**22,185**	**27,455**	**21,487**
Other income	7	360	552	446	924
Share of profit (loss) profit of associates	20	303	(847)	-	-
Other costs	8	8,530	7,352	8,531	7,366
Earnings (EBITDA) before non-recurring items		**19,588**	**14,538**	**19,370**	**15,045**
Depreciation and amortisation expense	8	4,938	5,103	4,903	4,647
Earnings (EBIT) before non-recurring items		**14,650**	**9,435**	**14,467**	**10,398**
Interest expense	8	2,055	2,107	2,055	2,107
Fair value adjustments on non-hedging derivatives	8	(84)	(211)	(84)	(211)
Profit before non-recurring items and tax		**12,679**	**7,539**	**12,496**	**8,502**
Cancellation of management contract	32	-	3,900	-	-
Investment impairment	17	-	1,794	-	1,794
Reduction in consideration received on sale of joint venture	34	-	400	-	400
Net profit before tax		**12,679**	**1,445**	**12,496**	**6,308**
Tax charge on profits	9	3,853	1,075	3,853	2,159
Change in tax depreciation rules	9	3,236	-	3,236	-
Change in tax rate	9	(841)	-	(841)	-
Total tax charge		**6,248**	**1,075**	**6,248**	**2,159**
Net profit attributable to equity holders		**6,431**	**370**	**6,248**	**4,149**
Earnings per share for profit attributable to the ordinary equity holders of the company during the period					
Basic earnings per share	28	**$ 0.45**	**$ 0.03**	**$ 0.44**	**$ 0.32**
Diluted earnings per share	28	**$ 0.45**	**$ 0.03**	**$ 0.44**	**$ 0.32**
Earnings per share for profit before non-recurring items and tax attributable to the ordinary equity holders of the company during the period					
Basic earnings per share	28	**$ 0.89**	**$ 0.58**	**$ 0.88**	**$ 0.66**
Diluted earnings per share	28	**$ 0.89**	**$ 0.58**	**$ 0.88**	**$ 0.66**

Seeka Kiwifruit Industries Limited
Statement of Comprehensive Income
For the nine months ended 31 December 2010

	Notes	Group		Parent	
		9 Months Dec - 2010 $'000	12 Months Mar - 2010 $'000	**9 Months Dec - 2010 $'000**	12 Months Mar - 2010 $'000
Net profit for the period		**6,431**	**370**	**6,248**	**4,149**
Movement in cash flow hedge reserve, net of tax	25	(4)	50	(4)	50
Gain on revaluation of land and buildings, net of tax	25	866	814	866	814
Gain (loss) on revaluation of available for sale financial assets, net of tax	25	(41)	42	(39)	40
Realisation of available for sale financial asset reserves	25	(19)	(83)	(19)	(83)
Effect of change in tax rates on land and building reserve balances	25	131	-	131	-
Other comprehensive income for the period, net of tax		**933**	**823**	**935**	**821**
Total comprehensive income for the period attributable to equity holders		**7,364**	**1,193**	**7,183**	**4,970**

Seeka Kiwifruit Industries Limited
Statement of Financial Position
As at 31 December 2010

	Notes	Group		Parent	
		Dec - 2010 $'000	Mar - 2010 $'000	**Dec - 2010 $'000**	Mar - 2010 $'000
Equity					
Share capital	24	35,657	35,600	35,657	35,600
Reserves	25	8,675	7,742	8,675	7,741
Retained earnings	25	20,516	16,970	23,349	19,985
Total equity		**64,848**	**60,312**	**67,681**	**63,326**
Current assets					
Cash and cash equivalents	10	554	531	461	339
Trade and other receivables	11	12,092	11,476	12,087	11,038
Short term lease prepayments		8,466	13,283	8,466	13,283
Inventories	12	1,827	7,774	1,827	7,774
Current tax receivables		-	658	-	658
Land held for resale	31	1,120	-	1,120	-
Total current assets		**24,059**	**33,722**	**23,961**	**33,092**
Non current assets					
Advances		802	1,290	785	1,273
Property, plant and equipment	15	83,427	81,190	83,427	66,817
Intangible assets	16	4,721	4,943	3,022	3,208
Available for sale financial assets	17	1,804	1,893	1,749	1,800
Biological assets	18	12,588	17,151	12,588	13,353
Investment in subsidiaries	19	-	-	23,662	23,662
Investment in associates	20	4,211	3,993	4,457	4,457
Total non current assets		**107,553**	**110,460**	**129,690**	**114,570**
Total assets		**131,612**	**144,182**	**153,651**	**147,662**
Current liabilities					
Current tax liabilities		2,888	436	2,888	-
Trade and other payables	21	8,811	13,206	28,017	15,768
Interest bearing liabilities	23	10,662	24,236	10,662	24,236
Financial derivatives	13	867	951	867	951
Total current liabilities		**23,228**	**38,829**	**42,434**	**40,955**
Non current liabilities					
Interest bearing liabilities	23	29,342	31,124	29,342	31,124
Deferred tax	22	14,194	13,917	14,194	12,257
Total non current liabilities		**43,536**	**45,041**	**43,536**	**43,381**
Total liabilities		**66,764**	**83,870**	**85,970**	**84,336**
Net assets		**64,848**	**60,312**	**67,681**	**63,326**

On behalf of the board:

K. R. Ellis
(Chairman)

J. Scotland
(Director)

Dated: 23 February 2011

Seeka Kiwifruit Industries Limited
Statement of Changes in Equity
For the nine months ended 31 December 2010

	Notes	Share capital	Available for sale revaluation reserve	Cash flow hedge reserve	Share based payments reserve	Land and buildings revaluation reserve	Retained earnings	**Total**
		$000	$000	$000	$000	$000	$000	**$000**
GROUP								
Equity at 1 April 2009		**28,947**	**473**	**(151)**	**114**	**6,484**	**19,301**	**55,168**
Total comprehensive income		**-**	**(41)**	**50**	**-**	**814**	**370**	**1,193**
Transactions with owners								
Shares issued	24	6,653	-	-	-	-	-	**6,653**
Dividends paid	25	-	-	-	-	-	(2,702)	**(2,702)**
Total transactions with owners		**6,653**	**-**	**-**	**-**	**-**	**(2,702)**	**3,951**
Equity at 31 March 2010		**35,600**	**432**	**(101)**	**114**	**7,298**	**16,970**	**60,312**
Total comprehensive income		**-**	**(60)**	**(4)**	**-**	**997**	**6,431**	**7,364**
Transactions with owners								
Shares issued	24	57	-	-	-	-	-	**57**
Dividends paid	25	-	-	-	-	-	(2,885)	**(2,885)**
Total transactions with owners		**57**	**-**	**-**	**-**	**-**	**(2,885)**	**(2,828)**
EQUITY AT 31 DECEMBER 2010		**35,657**	**372**	**(105)**	**114**	**8,295**	**20,516**	**64,848**
PARENT								
Equity at 1 April 2009		**28,947**	**473**	**(151)**	**114**	**6,484**	**18,538**	**54,405**
Total comprehensive income		**-**	**(43)**	**50**	**-**	**814**	**4,149**	**4,970**
Transactions with owners								
Shares issued	24	6,653	-	-	-	-	-	**6,653**
Dividends paid	25	-	-	-	-	-	(2,702)	**(2,702)**
Total transactions with owners		**6,653**	**-**	**-**	**-**	**-**	**(2,702)**	**3,951**
Equity at 31 March 2010		**35,600**	**430**	**(101)**	**114**	**7,298**	**19,985**	**63,326**
Total comprehensive income		**-**	**(58)**	**(4)**	**-**	**997**	**6,248**	**7,183**
Transactions with owners								
Shares issued	24	57	-	-	-	-	-	**57**
Dividends paid	25	-	-	-	-	-	(2,885)	**(2,885)**
Total transactions with owners		**57**	**-**	**-**	**-**	**-**	**(2,885)**	**(2,828)**
EQUITY AT 31 DECEMBER 2010		**35,657**	**372**	**(105)**	**114**	**8,295**	**23,349**	**67,681**

Seeka Kiwifruit Industries Limited
Statement of Cash Flows
For the nine months ended 31 December 2010

	Notes	Group		Parent	
		9 Months Dec - 2010 $'000	12 Months Mar - 2010 $'000	**9 Months Dec - 2010 $'000**	12 Months Mar - 2010 $'000
Operating Activities					
Cash was provided from:					
Receipts from customers		125,631	113,188	125,223	112,417
Interest and dividends received		438	1,012	438	981
Cash was disbursed to:					
Payments to suppliers and employees		(95,067)	(103,333)	(94,973)	(102,632)
Cancellation of management contract	32	-	(3,900)	-	-
Interest paid		(2,011)	(2,053)	(2,011)	(2,053)
Income taxes paid		(2,966)	(1,177)	(2,976)	(1,065)
Net cash flows from operating activities	27	**26,025**	**3,737**	**25,701**	**7,648**
Investing activities					
Cash was provided from:					
Sale of property, plant and equipment		94	49	94	49
Sale of available for sale investments		42	229	3	229
Proceeds from land held for sale	31	6,880	-	6,880	-
Repayment of advances		216	3,513	1,151	4,783
Cash was applied to:					
Purchase of property, plant and equipment		(7,006)	(8,396)	(7,479)	(8,396)
Purchase of available for sale investments net of cash acquired		-	(144)	-	(143)
Purchase of land held for sale	31	(8,000)	-	(8,000)	-
Purchase of subsidiaries	32	-	(4,601)	-	(17,975)
Long term lease assets		(17)	-	(17)	-
Net cash flow from investing activities		**(7,791)**	**(9,350)**	**(7,368)**	**(21,453)**
Financing activities					
Cash was provided from:					
Proceeds of term bank borrowings		-	10,500	-	10,500
Proceeds of short term bank borrowings		27,602	32,403	27,602	32,403
Issue of shares		30	53	30	53
Cash was applied to:					
Repayment of term bank borrowings		(1,782)	(9,000)	(1,782)	(1,000)
Repayment of short term bank borrowings		(41,176)	(25,568)	(41,176)	(25,568)
Payment of dividend to shareholders	26	(2,885)	(2,702)	(2,885)	(2,702)
Net cash flows from financing activities		**(18,211)**	**5,686**	**(18,211)**	**13,686**
Net increase (decrease) in cash and cash equivalents		**23**	**73**	**122**	**(119)**
Opening cash and cash equivalents		531	458	339	458
Closing cash and cash equivalents		**554**	**531**	**461**	**339**

Seeka Kiwifruit Industries Limited
Notes to the financial statements
For the nine months ended 31 December 2010

1) Reporting entity

Seeka Kiwifruit Industries Limited and its subsidiaries (together 'the Group') provide and manage 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 nine months ended 31 December 2010 comprise the Company and its subsidiaries and interests in associates. The address of its registered office is 6 Queen Street, Te Puke.

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 management 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.

iv) *Change to Parent and Group year end*
Subsequent to a decision by the Company's directors on 17 August 2010, the financial year end of the Parent and Group was changed from 31 March to 31 December with effect from the current financial period ended 31 December 2010. The 31 December 2010 balance date will only encompass a period of 9 months. Additionally, on 6 October 2010, the Company received approval from Inland Revenue to amend the tax year to coincide with the new Company year end.

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 2010 and their results for the nine months then ended. Seeka Kiwifruit Industries Limited, its subsidiaries and associates together are referred to in these financial statements as the Group or the consolidated entity.

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

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

2) Summary of significant accounting policies

b) Principles of consolidation (continued)

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

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

ii) *Associates*

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

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

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

iii) *Jointly controlled assets*

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

c) Segment reporting

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

d) Functional currency

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

2) Summary of significant accounting policies (continued)

e) Revenue recognition

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

i) *Sales of services*
The Group provides post harvest and orchard 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.

Orchard services
This includes orchard management, leasing and associated services. Orchard management services are provided to growers who supply fruit to the Group. Fees for these services are invoiced 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/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.

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

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

f) Income tax

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

Current tax is the expected tax payable on the taxable income for the period, 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.

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.

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

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

2) Summary of significant accounting policies (continued)

g) Goods and Services Tax (GST)

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

h) Cash and cash equivalents

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

i) Cash flow statements

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

j) Leases

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.

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

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

k) Impairment of non-financial assets

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

l) Trade receivables

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

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

2) Summary of significant accounting policies (continued)

m) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n) Investments and other financial assets

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

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

ii) *Loans and receivables*
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in receivables in the 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 Company intends to dispose of the investment within 12 months of the 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 company has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in The 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. When securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in the Statement of Financial Performance as gains and losses from investment securities.

2) Summary of significant accounting policies

n) Investments and other financial assets (continued)

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

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

o) Derivative financial instruments and hedging

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

p) Hedge accounting

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

i) *Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in Other Comprehensive Income. Amounts accumulated in Other Comprehensive Income are recycled to the Statement of Financial Performance in the periods when the hedged item affects P&L. 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 investment held-for-sale.

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

2) Summary of significant accounting policies (continued)

r) Trade and other payables

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

s) Fair value estimation

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

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

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

The carrying value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

t) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the 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 first recognised in the Statement of Financial Performance. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves in Other Comprehensive Income to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Financial Performance.

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

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

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

2) Summary of significant accounting policies

t) Property, plant and equipment (continued)

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

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

u) Borrowings

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

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

v) Provisions

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

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

w) Intangible assets

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

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

x) Employee benefits

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

2) Summary of significant accounting policies

x) Employee benefits (continued)

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 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.

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

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

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

y) Dividends

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

z) Earning per Share

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

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

2) Summary of significant accounting policies (continued)

aa) Biological assets - Long Term Leases

At the annual balance date, kiwifruit and avocado orchards under long term lease and the related kiwifruit and avocado crops are measured at their fair value. The fair value of the orchards are determined by an independent valuer. Included in the biological asset value 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. See Note 18.

The gain or loss in the fair value of the kiwifruit and avocado orchards under long term lease and related kiwifruit crop 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.

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 standards, amendments to standards or interpretations are mandatory for the first time in the current period and adopted by the Group:

i) NZ IFRIC 17 'Distribution of non-cash assets to owners' (effective for annual periods beginning on or after 1 July 2009). The pronouncement reviews when dividends should be recognised and how they should be measured .

ii) NZ IFRS 3 (Amendment and Revision) 'Business combinations' and consequential amendments to NZ IAS 27, 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 July 2009). The amendment includes a number of updates which will impact recognised goodwill as well as reported results in the period of acquisition. Further, the amendment requires that a change in the ownership interest of a subsidiary be accounted for as an equity transaction as well as changing how subsidiary losses are accounted for.

iii) IAS 27 (Revised) 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting for when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss.

iv) IAS 38 (Amendment) 'Intangible Assets' (published April 2009). The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

v) IFRS 5 (Amendment) 'Measurement of non-current assets' (published April 2009). The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

vi) IAS 1 (Amendment) 'Presentation of financial statements' (published April 2009). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

The standard has also been revised to clarify that an entity may present an analysis of Other Comprehensive Income for each component of equity either in the Statement of Changes in Equity or in the notes to the financial statements. The Group has early adopted the revision.

vii) IFRS 2 (Amendment) 'Group cash-settled and share based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2' and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

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

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:

viii) IAS 12 'Deferred tax: Recovery of underlying assets' (Amendment, effective for annual periods beginning on or after 1 January 2012). IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally, be through sale. This will have no direct application for the Group, as the amendment will only be applicable for investment assets.

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

ix) NZ IFRIC 19 'Extinguishing financial liabilities with equity instruments' (effective for annual periods beginning on or after 1 July 2010). The standard clarifies requirements when an entity renegotiates the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the liability in full or partially.

x) IAS 24 'Related party disclosures' (Revision, effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain disclosure requirements for government-related entities.

xi) NZ IFRIC 13 & IAS 19 'Defined benefit assets' (Amendment, effective for annual periods beginning on or after 1 January 2011). The amendment removes consequences arising from the treatment of prepayments where there is a minimum funding requirement resulting in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense.

xii) NZ IFRS 9 'Financial instruments' (effective for annual periods beginning on or after 1 January 2013). 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. No retroactive restatement required if adopted prior to 1 January 2012.

xiii) NZ IFRS 3 'Business combinations' (Revision, effective for annual periods beginning on or after 1 July 2010). The revision clarifies amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration so they do not apply to consideration arising from business combinations whose acquisition dates precede the application of NZ IFRS 3. As well, the choice for measuring non-controlling interest at fair value or proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle holders to a proportionate share of the net assets in the event of liquidation. Otherwise fair value must be used. Finally, guidance is provided for share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment rewards.

xiv) NZ IFRS 7 'Financial instruments' (Revision, effective for annual periods beginning on or after 1 January 2011). The revision emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

xv) IAS 34 'Interim financial reporting' (Revision, effective for annual periods beginning on or after 1 January 2011). The revision provides guidance to illustrate how to apply disclosure principles and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification.

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*
Long leased orchards (land and vines) are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. 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.

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 infection. See Note 18.

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

Critical accounting estimates and judgements (cont'd)

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

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

d) *Share based payments*
Share based payments are measured at fair value. Refer to Note 25(d).

Changes to the above valuation assumptions would have a significant impact on the Statement of Financial Performance and Other Comprehensive Income portion of the Company and Group.

5) Financial Risk Management

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

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

a) Market risk

i) *Foreign exchange risk*
The Group and Parent have no 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.

During the period, the Parent conducted a sales program exporting kiwifruit to Australia. Foreign exchange risk arises as sales and related on-shore costs are denominated in Australian dollars. Management set up a policy to hedge the total cash flows from the operation based upon estimated fruit volumes to be exported. Sufficient forward currency coverage is then obtained to fix the Australian/New Zealand dollar exchange for the duration of the export season which runs from April to November. At 31 December 2010, if the New Zealand dollar had weakened/strengthened 10% against the Australian dollar with all other variables held constant, pre-tax profit for the year would have been $27,752 (Mar 2010 - $15,686) higher/lower, mainly as a result of foreign exchange gains and losses on translation of Australian dollar denominated trade receivables and payables as well as cash balances.

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. Management periodically reviews investments held in terms of their individual performance and whether they form a strategic benefit to the Group. No other formal risk management procedures are deemed necessary. Refer to Note 17.

The majority of the Group and the Parent entity's equity instruments 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**			
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010	**Dec-2010**	Mar-2010	**Dec-2010**	Mar-2010
	+10%		-10%		+10%		-10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Ballance AGR	-	-	(15)	(15)	15	15	(15)	(15)
Golden Heights	-	-	-	-	-	4	-	(4)
DMS	-	-	(1)	(1)	1	1	(1)	(1)
Ravensdown Fertiliser Co-Operative Limited	-	-	(8)	(8)	8	8	(8)	(8)
UPNZ	-	-	(33)	(33)	33	33	(33)	(33)
Vital Foods Limited	-	-	-	-	-	-	-	-
CMS Logistics Limited	-	-	(3)	(3)	3	3	(3)	(3)
Zespri Group Limited	-	-	-	-	118	123	(118)	(123)

Parent	**Impact on post-tax profit**				**Impact on equity**			
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010	**Dec-2010**	Mar-2010	**Dec-2010**	Mar-2010
	+10%		-10%		+10%		-10%	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Ballance AGR	-	-	(15)	(15)	15	15	(15)	(15)
Golden Heights	-	-	-	-	-	4	-	(4)
DMS	-	-	(1)	(1)	1	1	(1)	(1)
Ravensdown Fertiliser Co-Operative Limited	-	-	(6)	(6)	6	6	(6)	(6)
UPNZ	-	-	(33)	(33)	33	33	(33)	(33)
Vital Foods Limited	-	-	-	-	-	-	-	-
Zespri Group Limited	-	-	-	-	118	119	(118)	(119)

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

5) Financial Risk Management (continued)

iii) *Cash flow interest rate risk*

The Group's cash flow interest rate risk arises primarily from short and long term variable rate borrowings from a financial institution. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. In relation to these variable rate borrowings, the Board continuously reviews the Group's interest rate risk on term borrowings and maintains a portion of the Group's borrowings at fixed rates by entering into interest rate swaps to hedge against its exposure to changes in the cash flows resulting from those borrowings. These interest rate swaps are designated as effective hedging instruments and hedge accounting is applied (see Notes 2(p) and 13). During the nine months ended 31 December 2010 and the year ended 31 March 2010, the Group's borrowings were denominated in New Zealand Dollars.

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

Group as at 31 December 2010

		Interest rate risk				Price risk			
		-1%		+2%		-10%		+10%	
31 December 2010	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets									
Accounts receivable	11,907	-	-	-	-	(558)	(558)	558	558
Available for sale investments	1,804	-	-	-	-	(60)	(180)	-	180
Financial liabilities									
Derivative liabilities	867	(128)	(306)	257	443	-	-	-	-
Trade payables	8,811	-	-	-	-	131	131	(131)	(131)
Term liabilities	29,342	205	205	(411)	(411)	-	-	-	-
Bank borrowings and current portion of term liabilities	10,662	75	75	(149)	(149)	-	-	-	-
Total increase/ (decrease)		152	(26)	(303)	(117)	(487)	(607)	427	607

Parent as at 31 December 2010

		Interest rate risk				Price risk			
		-1%		+2%		-10%		+10%	
31 December 2010	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets									
Accounts receivable	11,902	-	-	-	-	(558)	(558)	558	558
Available for sale investments	1,749	-	-	-	-	(55)	(175)	-	175
Financial liabilities									
Derivative liabilities	867	(128)	(308)	257	443	-	-	-	-
Trade payables	28,016	-	-	-	-	131	131	(131)	(131)
Term liabilities	29,342	205	205	(411)	(411)	-	-	-	-
Bank borrowings and current portion of term liabilities	10,662	75	75	(149)	(149)	-	-	-	-
Total increase/ (decrease)		152	(26)	(303)	(117)	(482)	(602)	427	602

Group as at 31 March 2010

		Interest rate risk				Price risk			
		-1%		+1%		-10%		+10%	
31 March 2010	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets									
Accounts receivable	11.233	-	-	-	-	(154)	(154)	154	154
Available for sale investments	1.893	-	-	-	-	(60)	(189)	-	189
Financial liabilities									
Derivative liabilities	951	(186)	(219)	358	422	-	-	-	-
Trade payables	13,206	-	-	-	-	45	45	(45)	(45)
Term liabilities	31,124	218	218	(436)	(436)	-	-	-	-
Bank borrowings and current portion of term liabilities	24,.236	169	169	(339)	(339)	-	-	-	-
Total increase/ (decrease)		201	168	(417)	(353)	(169)	(298)	109	298

5) **Financial Risk Management (continued)**

Parent as at 31 March 2010

31 March 2010	Carrying amount $'000	Interest rate risk -1% Profit $'000	Interest rate risk -1% Equity $'000	Interest rate risk +1% Profit $'000	Interest rate risk +1% Equity $'000	Price risk -10% Profit $'000	Price risk -10% Equity $'000	Price risk +10% Profit $'000	Price risk +10% Equity $'000
Financial assets									
Accounts receivable	10,795	-	-	-	-	(131)	(131)	131	131
Available for sale investments	1,800	-	-	-	-	(55)	(180)	-	180
Financial liabilities									
Derivative liabilities	951	(186)	(219)	358	422	-	-	-	-
Trade payables	15,768	-	-	-	-	29	29	(29)	(29)
Term liabilities	31,124	218	218	(436)	(436)	-	-	-	-
Bank borrowings and current portion of term liabilities	24,236	169	169	(339)	(339)	-	-	-	-
Total increase/ (decrease)		201	168	(417)	(353)	(157)	(282)	102	282

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

At 31 December 2010	Between 0 and 3 months $'000	Between 3 months and 6 months $'000	Between 6 months and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Expected undiscounted cash flows based on current market interest rates	4,141	2,163	6,042	26,276	4,141	-
Floating rate	5.00%					
Average term rate	5.00%					

At 31 March 2010	Between 0 and 3 months $'000	Between 3 months and 6 months $'000	Between 6 months and 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Expected undiscounted cash flows based on current market interest rates	9,277	4,065	12,645	23,427	8,963	-
Floating rate	4.50%					
Average term rate	4.51%					

b) **Credit risk**

As at 31 December 2010, 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 2010, the Group's maximum exposure arises from:

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

- the amount of contingent liabilities in relation to the financial guarantees provided by the Group as disclosed in Note 29 and 30(b).

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 Company'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 Company 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 Company does not generally require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

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

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

	Dec-2010 Group	Mar-10 Group	**Dec-2010** Parent	Mar-10 Parent
	$	$	**$**	$
Counter party				
Westpac bank deposits	553,834	530,938	460,647	338,276
Cash on hand	600	400	600	400
	554,434	**531,338**	**461,247**	**338,676**

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

5) Financial Risk Management (continued)

c) Liquidity risk

Management and the Board regularly monitor the Group's liquidity reserves on the basis of expected cashflows 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 the reporting date, the Group did not hold any excess funds.

At the balance date, the Group had $60,338,000 (Mar-2010 - $58,000,000) of available lines of credit of which $40,004,000 (Mar-2010 - $55,360,000) were drawn. All credit lines are currently provided by one finance provider. Typically, at the March balance date, lines of credit are drawn to their maximum value just prior to receiving cash flows from post harvest activities beginning in April.

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 2010

At 31 December 2010		Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade payables		8,811	-	-	-
Derivatives		23	-	844	-
Bank borrowings and current portion of term liabilities		10,662	-	-	-
Term liabilities		-	25,376	3,966	-
Total		19,496	25,376	4,810	-

Parent as at 31 December 2010

At 31 December 2010		Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade payables		28,017	-	-	-
Derivatives		23	-	844	-
Bank borrowings and current portion of term liabilities		10,662	-	-	-
Term liabilities		-	25,376	3,966	-
Total		38,702	25,376	4,810	-

Group as at 31 March 2010

At 31 March 2010		Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade payables		13,206	-	-	-
Derivatives		144	-	807	-
Bank borrowings and current portion of term liabilities		24,236	-	-	-
Term liabilities		-	22,376	8,748	-
Total		37,586	22,376	9,555	-

Parent as at 31 March 2010

At 31 March 2010		Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade payables		15,768	-	-	-
Derivatives		144	-	807	-
Bank borrowings and current portion of term liabilities		24,236	-	-	-
Term liabilities		-	22,376	8,748	-
Total		40,148	22,376	9,555	-

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.

5) Financial Risk Management (continued)

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:

	Dec-2010	Mar-2010
	$'000	$'000
Total shareholder funds	64,848	60,312
Total assets	131,612	144,182
Shareholder equity ratio	49.27%	41.83%

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 period did the Group breach any of its lending covenants.

The Group has current bank facilities of $28.6 million and term bank facilities of $31.7 million with the Westpac Banking Corporation, of which $20.3 million remains undrawn as at the balance date. Typically, under the previous March balance date, lines of credit were drawn to their maximum value just prior to receiving cash flows from post harvest activities in April. The Group expects that all facilities will be refinanced when they become due for review in the normal course of business.

e) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes. Refer to the accounting policies for fair value estimation methods as discussed in Note 2(s).

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

		Level I	Level 2	Level 3	Total
At 31 December 2010		$'000	$'000	$'000	$'000
Assets					
Available-for-sale					
- Equity securities		1,184	-	-	1,184
Total assets		**1,184**	**-**	**-**	**1,184**
Liabilities					
Financial liabilities at fair value through profit & loss					
- Derivatives held for trading		-	722	-	722
Derivatives used for hedging		-	145	-	145
Total liabilities		**-**	**867**	**-**	**867**

		Level I	Level 2	Level 3	Total
At 31 March 2010		$'000	$'000	$'000	$'000
Assets					
Available-for-sale					
- Equity securities		1,227	-	-	1,227
Total assets		**1,227**	**-**	**-**	**1,227**
Liabilities					
Financial liabilities at fair value through profit & loss					
- Derivatives held for trading		-	807	-	807
Derivatives used for hedging		-	144	-	144
Total liabilities		**-**	**951**	**-**	**951**

5) Financial Risk Management (continued)

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

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

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

f) Financial risk management strategies related to agricultural activity.

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

i) Climatic risks
The Group grows kiwifruit on 176 orchards (Mar-2010 - 196) located throughout the Coromandel, Waikato and Bay of Plenty region. This geographical spread provides risk diversification from localised climatic events, such as hail damage, that may negatively impact on the crop. In addition to this the Group encourages the adoption of active crop protection measures, such as frost protection systems, on orchards operated by both it and contract growers who supply the Group's post harvest division.

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

Leased orchard contracts are typically entered into for a term of three years with renewal dates staggered so that approximately 1/3 of orchard leases are renegotiated each year.

6) Segment Information

a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Senior Management Team, which are used to make operational decisions.

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

Management assesses the performance of the operating segments based on a measure of adjusted EBIT. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as impairments 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 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 and Australian fruit marketing programs.

All Other Segments
These represent the aggregated administration, grower services and overhead sections of the Group.

b) The segment information for the period ended 31 December 2010 is as follows:

	Group		**Parent**	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	$'000	$'000
Segment revenue				
Orchard Division	39,141	38,990	39,141	38,708
Post Harvest Division	77,620	76,290	77,620	75,942
Business Development Division	5,023	5,141	5,023	5,145
All other segments	373	466	373	456
Total Revenue	**122,157**	**120,887**	**122,157**	**120,251**
Segment earnings (EBIT) before non-recurring items				
Orchard Division	3,905	4,747	3,905	4,523
Post Harvest Division	17,555	11,201	17,555	11,189
Business Development Division	(1,063)	(1,009)	(1,063)	(1,009)
All other segments	(6,050)	(4,657)	(5,930)	(4,305)
Share of profit of associates	303	166	-	-
Share of associates investment impairment	-	(1,013)	-	-
Total EBIT before non-recurring items	**14,650**	**9,435**	**14,467**	**10,398**
Net finance costs	1,971	1,896	1,971	1,896
Cancellation of Management Contract	-	3,900	-	-
Investment impairment	-	1,794	-	1,794
Reduction in consideration received on sale of joint venture	-	400	-	400
Profit before tax	**12,679**	**1,445**	**12,496**	**6,308**
Tax charge on profits	3,853	1,075	3,853	2,159
Change in tax depreciation rules	3,236	-	3,236	-
Change in tax rate	(841)	-	(841)	-
Total tax charge	**6,248**	**1,075**	**6,248**	**2,159**
Profit after tax	**6,431**	**370**	**6,248**	**4,149**

The presentation of the comparative Orchard and Post Harvest Division EBIT balances have been amended to ensure consistency with the current year disclosure.

c) Segment assets

The amounts provided to management 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	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	$'000	$'000
Orchard Division	33,055	37,256	33,055	33,458
Post Harvest Division	81,698	92,472	81,693	76,626
Business Development Division	1,319	90	1,319	90
All other segments	3,939	6,320	3,922	4,651
Unallocated:				
Cash	554	531	461	339
GST receivable	311	969	311	969
Available-for-sale financial assets	1,804	1,893	1,749	1,800
Investment in associates	4,211	3,993	4,457	4,457
Investment in subsidiaries	-	-	23,662	24,614
Intangibles	4,721		3,022	
Current tax	-	658	-	658
Total assets per the Statement of Financial Position	**131,612**	**144,182**	**153,651**	**147,662**

d) Segment liabilities

The amounts provided to management 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	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	$'000	$'000
Orchard Division	2,378	1,277	2,378	2,605
Post Harvest Division	882	9,491	799	9,502
Business Development Division	1,140	140	1,140	140
All other segments	2,752	2,291	22,079	3,521
Unallocated:				
Deferred tax	14,194	13,917	14,194	12,257
Current tax	2,888	436	2,888	-
GST payable	1,621	7	1,621	-
Current borrowings	10,662	24,236	10,662	24,236
Non-current borrowings	29,380	31,124	29,342	31,124
Financial derivatives	867	951	867	951
Total liabilities per the Statement of Financial Position	**66,764**	**83,870**	**85,970**	**84,336**

e) Impact of seasonality

The financial statements reflect the revenues associated with the kiwifruit harvested between March and June 2010, excluding kiwifruit crops owned by the Group under long term lease contracts which are recorded at fair value at each reporting date.

7) Revenue & other income

	Group		Parent	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Revenue				
Orchard sales	39,141	38,990	39,141	38,708
Post harvest sales	77,620	76,290	77,620	75,942
Other sales	5,396	5,607	5,396	5,601
Total revenue	122,157	120,887	122,157	120,251
Other Income				
Interest income	17	85	17	55
Dividend income	343	467	429	869
Total other income	360	552	446	924
Total revenue and other income	**122,517**	**121,439**	**122,603**	**121,175**

8) Direct & short term administrative expenses

	Group		Parent	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Operating materials and services	60,384	64,846	60,385	64,924
Short term orchard lease costs	11,696	7,381	11,696	7,332
Net impairment charges on short term lease payments	(367)	170	(367)	170
Total employee benefits expense	26,662	30,158	26,662	30,192
General administrative expenses	3,389	2,743	3,389	2,743
Audit fees	144	114	144	129
Tax fees paid to auditors	68	38	68	36
Other accounting fees	25	20	25	20
Bad and doubtful debts expense	309	1	309	1
Movement in onerous lease provision	-	(45)	-	(45)
Directors' fees and expenses	261	354	261	354
Donations	8	3	8	3
Research and development costs	8	10	8	10
Rent and lease expenses	389	168	389	168
(Profit) loss on sale of shares	(22)	(98)	(22)	(98)
(Profit) loss on sale of property plant and equipment	(4)	(3)	(4)	(3)
Fair value movement in biological assets	282	194	282	194
	103,232	106,054	103,233	106,130
Depreciation and impairment				
Buildings	1,558	1,512	1,379	1,302
Plant and equipment	2,952	3,309	3,131	3,063
Motor vehicles	47	32	47	32
Loss on revaluation of building improvements	157	-	157	-
	4,714	4,853	4,714	4,397
Amortisation				
Software amortisation	189	250	189	250
Lease interest in land amortisation	35	-	-	-
	224	250	189	250
Finance costs				
Interest expense	2,055	2,107	2,055	2,107
Fair value adjustments on non-hedging derivatives and ineffectiveness	(84)	(211)	(84)	(211)
	1,971	1,896	1,971	1,896
Non-recurring items				
Settlement of Management Contract (Note 32)	-	3,900	-	-
Investment impairment (Note 17)	-	1,794	-	1,794
Reduction in consideration received on sale of joint venture (Note 34)	-	400	-	400
	-	6,094	-	2,194
Total expenses	**110,141**	**119,147**	**110,107**	**114,867**

9) Income tax expense

a) Income tax expense

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Current tax expense				
Current period	6,161	(263)	6,161	356
Adjustments for prior periods	(83)	154	(83)	154
	6,078	**(109)**	**6,078**	**510**
Deferred tax expense (income)				
Origination and reversal of temporary differences	1,011	1,184	1,011	1,649
Reduction in tax rate	(841)	-	(841)	-
	170	**1,184**	**170**	**1,649**
Total income tax expense (credit)	**6,248**	**1,075**	**6,248**	**2,159**

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

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Profit before income tax expense	12,679	1,445	12,496	6,308
Tax at the New Zealand tax rate of 30%	3,804	434	3,749	1,892
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	213	917	203	543
Tax exempt income	(81)	(430)	(16)	(430)
(Over) under provision in prior years	(83)	154	(83)	154
Tax rate reduction	(841)	-	(841)	-
Effect of change in allowed tax depreciation	3,236	-	3,236	-
Income tax expense	**6,248**	**1,075**	**6,248**	**2,159**

The company tax rate in New Zealand is 30% (Mar 2010 - 30%). With effect from 1 January 2011, the company tax rate for the Group has reduced to 28%.

c) Imputation credit account

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Balance at beginning of period	799	384	691	384
Adjustment for change in tax rate	(14)	-	(14)	-
Net tax paid	3,012	1,195	2,564	1,088
Imputation credits attached to dividends received	217	429	191	428
Imputation on dividends paid	(1,236)	(1,209)	(1,236)	(1,209)
Balance available to shareholders at period end	**2,778**	**799**	**2,196**	**691**

10) Cash and cash equivalents

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Cash and cash equivalents in the Statement of Financial Position	554	531	461	339
Cash and cash equivalents in the cash flow statement	**554**	**531**	**461**	**339**

11) Trade and other receivables

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Net trade receivables				
Trade receivables	3,475	2,524	3,471	2,413
Seeka Growers Limited	-	93	-	93
	3,475	2,617	3,471	2,506
Prepayments	185	243	185	243
GST refund due	311	969	310	969
Other sundry receivables	8,121	7,647	8,121	7,320
Total receivables	**12,092**	**11,476**	**12,087**	**11,038**

Within trade receivables, $1,192,348 are past due (Mar 2010 - $608,745), of which 54.31% are more than 90 days (Mar 2010 - 41.3%). However, trade receivables are generally felt to be fully recoverable by management as balances can be recovered directly from grower payments. Thus no provision is made in the financial statements for doubtful balances. Management expect that the fair value of receivables equals their carrying value.

12) Inventories

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Packaging and other stock				
Total packaging at cost	1,447	7,388	1,447	7,388
Other inventories at cost	380	386	380	386
Total inventories	**1,827**	**7,774**	**1,827**	**7,774**

Packaging goods purchased but not paid for as at balance date from specific vendors are covered by a security interest. At 31 December 2010, this was $NIL (Mar 2010 - $6,254,403).

Total packaging inventory costs expensed to cost of sales in the Statement of Financial Performance in the current period was $20,704,593 (Mar 2010 - $19,565,376).

13) Derivative financial instruments

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Liabilities				
Interest rate swap contracts - cash flow hedge	145	144	145	144
Interest rate swap contracts - held for trading	722	807	722	807
	867	**951**	**867**	**951**

Bank loans of the Group currently bear an average variable interest rate of 5.00% (Mar 2010 - 4.51%). 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 59% (Mar 2010 - 60%) of the term liabilities outstanding at the balance date and are classified as either 'held for trading' or as 'cashflow hedges'.

Derivatives held for trading

A gain on valuation of interest rate swap contracts of $84,423 (Mar 2010 - $210,985 gain) was recognised during the period owing to a change in the underlying forward interest rates used to value the instruments. Currently, the Group relies upon Westpac for the provision of the period end swap fair values which are then reviewed by management. For each interest rate swap, the asset or liability recognised in the Statement of Financial Position will be continually revalued through to the Statement of Financial Performance until the swap expires and the value becomes NIL.

	Term Loan		SWAP	
	Variable Rate	Maturity	Fixed Rate	Expiry
Term Loan #96 - $10,000,000	4.98%	30 June 2012	9.55%	30 October 2012

Cash flow hedges

The Group elected to apply hedge accounting to a swap contract entered into on 2 September 2010 thereby creating a cash flow hedge. At the 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 of the respective designated hedged item. The major terms for this contract are as follows:

	Term Loan		SWAP	
	Variable Rate	Maturity	Fixed Rate	Expiry
Term Loan #93 - $10,500,000	5.05%	7 December 2014	6.42%	2 December 2013
Term Loan #95 - $10,000,000	4.98%	30 June 2012	5.73%	1 December 2010

During the period, the swap on term loan #95 expired at zero value, therefore recognising a gain of $144,163 on expiry in Other Comprehensive Income. This was offset by the inclusion of the new swap contract entered into on 2 September 2010, resulting in a valuation loss of $121,920. Therefore, total fair value gains before tax of $22,243 (Mar 2010 - $71,193 gain) have been recognised in Other Comprehensive Income. The fair values of the interest rate swaps are determined by Westpac and reviewed by management.

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 (Mar 2010 - $NIL).

As part of the funding of a new grading machine to be installed at the Huka Pak site, the Group elected to apply hedge accounting to a foreign exchange contract entered into on 22 September 2010 thereby creating a cash flow hedge. At the balance date, the Group had the following foreign exchange contract designated as a highly effective hedging instrument in order to fix the New Zealand dollar cost of a Euro denominated payment due on the new machinery. The terms of the exchange contract have been negotiated to match the terms of the respective designated hedged item. The major terms for this contract are as follows:

	Rate	Value Date	NZD$
Foreign Exchange Contract - EUR 229,000	$ 0.5428	6 May 2011	$ 421,887

During the period, fair value losses before tax of $23,156 (Mar 2010 - $NIL) have been recognised in Other Comprehensive Income. The fair values of the foreign exchange contract are measured using quoted values as supplied by Westpac.

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 (Mar 2010 - $NIL).

14) Financial instruments summary

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

31 December 2010 **Financial Assets ($'000)**	**Loans and receivables**	**Assets at fair value through profit and loss**	**Held to maturity**	**Available for sale**	**Total**
Cash and cash equivalents	554	-	-	-	554
Trade and other receivables excluding prepaids	11,907	-	-	-	11,907
Advances	802	-	-	-	802
Available-for-sale investments	-	-	-	1,804	1,804
Total	13,263	-	-	1,804	15,067

Financial Liabilities ($'000)	**Liabilities at fair value through profit and loss**	**Other financial liabilities**	**Total**
Trade or other payables	-	8,811	8,811
Bank borrowings	-	10,662	10,662
Derivative financial instruments	867	-	867
Term liabilities	-	29,342	29,342
Total	867	48,815	49,682

31 March 2010 **Financial Assets ($'000)**	**Loans and receivables**	**Assets at fair value through profit and loss**	**Held to maturity**	**Available for sale**	**Total**
Cash and cash equivalents	531	-	-	-	531
Trade and other receivables excluding prepaids	11,233	-	-	-	11,233
Advances	1,290	-	-	-	1,290
Available-for-sale investments	-	-	-	1,893	1,893
Total	13,054	-	-	1,893	14,947

Financial Liabilities ($'000)	**Liabilities at fair value through profit and loss**	**Other financial liabilities**	**Total**
Trade or other payables	-	13,206	13,206
Bank borrowings	-	24,236	24,236
Derivative financial instruments	951	-	951
Term liabilities	-	31,124	31,124
Total	951	68,566	69,517

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

14) Financial instruments summary (continued)

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

31 December 2010 **Financial Assets ($'000)**	**Loans and receivables**	**Assets at fair value through profit and loss**	**Held to maturity**	**Available for sale**	**Total**
Cash and cash equivalents	461	-	-	-	461
Trade and other receivables excluding prepaids	11,902	-	-	-	11,902
Advances	785	-	-	-	785
Available-for-sale investments	-	-	-	1,749	1,749
Total	**13,148**	**-**	**-**	**1,749**	**14,897**

Financial Liabilities ($'000)	**Liabilities at fair value through profit and loss**	**Other financial liabilities**	**Total**
Trade or other payables	-	28,017	28,017
Related party payables	-	-	-
Bank borrowings	-	10,662	10,662
Derivative financial instruments	867	-	867
Term liabilities	-	29,342	29,342
Total	**867**	**68,021**	**68,888**

31 March 2010 **Financial Assets ($'000)**	**Loans and receivables**	**Assets at fair value through profit and loss**	**Held to maturity**	**Available for sale**	**Total**
Cash and cash equivalents	339	-	-	-	339
Trade and other receivables excluding prepaids	10,795	-	-	-	10,795
Advances	1,273	-	-	-	1,273
Available-for-sale investments	-	-	-	1,800	1,800
Total	**12,407**	**-**	**-**	**1,800**	**14,207**

Financial Liabilities ($'000)	**Liabilities at fair value through profit and loss**	**Other financial liabilities**	**Total**
Trade or other payables	-	15,768	15,768
Bank borrowings	-	24,236	24,236
Derivative financial instruments	951	-	951
Term liabilities	-	31,124	31,124
Total	**951**	**71,128**	**72,079**

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 nine months ended 31 December 2010

15) Property, plant and equipment

Group

	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
At 1 April 2009					
Cost	5,035	36,034	45,986	512	87,567
Accumulated depreciation	-	(1,428)	(23,606)	(203)	(25,237)
Net book amount	5,035	34,606	22,380	309	62,330
Year ended 31 March 2010					
Opening net book amount	5,035	34,606	22,380	309	62,330
Additions	-	1,632	6,104	-	7,736
Acquisitions (Note 32)	-	10,866	3,964	-	14,830
Revaluation before tax	(70)	1,263	-	-	1,193
Depreciation	-	(1,512)	(3,309)	(32)	(4,853)
Disposals	-	-	(46)	-	(46)
Closing net book amount	4,965	46,855	29,093	277	81,190
At 1 April 2010					
Cost	4,965	49,087	56,008	512	110,572
Accumulated depreciation	-	(2,232)	(26,915)	(235)	(29,382)
Net book amount	**4,965**	**46,855**	**29,093**	**277**	**81,190**
Period ended 31 December 2010					
Opening net book amount	4,965	46,855	29,093	277	81,190
Additions	-	18	5,885	-	5,903
Revaluation before tax	258	844	-	-	1,102
Depreciation	-	(1,558)	(3,109)	(47)	(4,714)
Disposals	-	-	(42)	(12)	(54)
Asset reclassifications	(38)	38	-	-	-
Closing net book amount	5,185	46,197	31,827	218	83,427
At 31 December 2010					
Cost	5,185	49,987	61,851	500	117,523
Accumulated depreciation	-	(3,790)	(30,024)	(282)	(34,096)
Net book amount	**5,185**	**46,197**	**31,827**	**218**	**83,427**

Parent

	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
At 1 April 2009					
Cost	5,035	36,034	45,986	512	87,567
Accumulated depreciation	-	(1,428)	(23,606)	(203)	(25,237)
Net book amount	5,035	34,606	22,380	309	62,330
Year ended 31 March 2010					
Opening net book amount	5,035	34,606	22,380	309	62,330
Additions	-	1,632	6,104	-	7,736
Revaluation before tax	(70)	1,263	-	-	1,193
Depreciation	-	(1,302)	(3,063)	(32)	(4,397)
Disposals	-	-	(45)	-	(45)
Closing net book amount	4,965	36,199	25,376	277	66,817
At 1 April 2010					
Cost	4,965	38,221	52,045	512	95,743
Accumulated depreciation	-	(2,022)	(26,669)	(235)	(28,926)
Net book amount	**4,965**	**36,199**	**25,376**	**277**	**66,817**
Period ended 31 December 2010					
Opening net book amount	4,965	36,199	25,376	277	66,817
Additions	-	10,495	9,781	-	20,276
Revaluation before tax	258	844	-	-	1,102
Depreciation	-	(1,379)	(3,288)	(47)	(4,714)
Disposals	-	-	(42)	(12)	(54)
Asset reclassifications	(38)	38	-	-	-
Closing net book amount	5,185	46,197	31,827	218	83,427
At 31 December 2010					
Cost	5,185	48,890	61,784	500	116,359
Accumulated depreciation	-	(2,693)	(29,957)	(282)	(32,932)
Net book amount	**5,185**	**46,197**	**31,827**	**218**	**83,427**

15) Property, plant and equipment (continued)

a) Land and buildings are revalued to their estimated market value on a rolling three year cycle. The current year's valuations were completed by J L Middleton, ANZIV, independent registered valuer. Subsequent additions are at cost. Valuations were as at 31 December 2010. The movements in the revaluation reserve, net of tax, are summarised in the table below:

	Land $	**Buildings** $	**Total** $
Transcool	-	272,871	272,871
Waimapu	65,000	100,402	165,402
Oakside	95,000	85,051	180,051
Main Road	98,308	149,200	247,508
Rea Road	-	-	-
	258,308	**607,524**	**865,832**

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 type properties.

Investment approach - assumes a hypothetical lease of the property with a current market rental being established and capitalising this at an appropriate rate of return (10 - 12%) that would be expected by a prudent investor.

As a consequence of the building revaluations conducted in December 2010, $2,725,404 (Mar 2010 - $708,358) of accumulated depreciation was offset directly against the assets' book value.

Management has reviewed property, plant and equipment for potential impairment. No impairments have been identified.

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

	Dec-2010 **$'000**	Mar-2010 $'000
Cost	50,853	50,835
Accumulated depreciation	(9,041)	(7,450)
Net book amount	41,812	43,385

c) Assets under construction

Prior to 31 March 2010, there were no significant capital projects which the Group had not completed.

Prior to 31 December 2010, the Group entered into a contract to purchase a new green grader for its Huka Pak facility. Machinery and construction costs incurred up to the balance date totalled $4,148,041 and are included in the property, plant & equipment balance.

d) Jointly controlled assets

Included in fixed assets is $123,071 representing the net book value of bin tip and packing equipment acquired as part of an investment in a new joint operation in Shanghai, China (see Note 33).

16) Intangible assets

Group	Software $'000	Goodwill $'000	Interest in Leased Land $'000	Total $'000
At 1 April 2009				
Cost	1,916	1,757	-	3,673
Accumulated amortisation	(1,266)	-	-	(1,266)
Net book amount	650	1,757	-	2,407
Year ended 31 March 2010				
Opening net book amount	650	1,757	-	2,407
Additions	40	60	-	100
Acquisition of subsidiary (Note 32)	-	951	1,735	2,686
Amortisation	(250)	-	-	(250)
Closing net book amount	440	2,768	1,735	4,943
At 31 March 2010				
Cost	1,956	2,768	1,735	6,459
Accumulated amortisation	(1,516)	-	-	(1,516)
Net book amount	**440**	**2,768**	**1,735**	**4,943**
Period ended 31 December 2010				
Opening net book amount	440	2,768	1,735	4,943
Additions	3	-	-	3
Amortisation	(189)	-	(35)	(224)
Closing net book amount	254	2,768	1,699	4,721
As at 31 December 2010				
Cost	1,959	2,768	1,735	6,462
Accumulated amortisation	(1,705)	-	(35)	(1,740)
Net book amount	**254**	**2,768**	**1,699**	**4,721**

The remaining amortisation period of software is 5 years and the remaining amortisation period for the interest in leased land is from 40 to 99 years.

Parent	Software $'000	Goodwill $'000	Total $'000
At 1 April 2009			
Cost	1,916	1,757	3,673
Accumulated amortisation	(1,266)	-	(1,266)
Net book amount	650	1,757	2,407
Year ended 31 March 2010			
Opening net book amount	650	1,757	2,407
Additions	40	60	100
Acquisition of subsidiary (Note 32)	-	951	951
Amortisation	(250)	-	(250)
Closing net book amount	440	2,768	3,208
At 31 March 2010			
Cost	1,956	2,768	4,724
Accumulated amortisation	(1,516)	-	(1,516)
Net book amount	**440**	**2,768**	**3,208**
Period ended 31 December 2010			
Opening net book amount	440	2,768	3,208
Additions	3	-	3
Amortisation	(189)	-	(189)
Closing net book amount	254	2,768	3,022
As at 31 December 2010			
Cost	1,959	2,768	4,727
Accumulated amortisation	(1,705)	-	(1,705)
Net book amount	**254**	**2,768**	**3,022**

The remaining amortisation period of software is 5 years.

16) Intangible assets (continued)

Impairment tests for goodwill

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

The net present value is based on a 10 year return. The return is calculated on the expected number of trays multiplied by the margin on packing and coolstorage. The inflation correction used amounts to 1%.

A CGU level summary of the goodwill allocation is presented below.

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Kiwicoast Growers (Te Puke) Limited (Note 32)	951	951	951	951
Bridgecool Holdings Limited	1,298	1,298	1,298	1,298
Corogrow Kiwifruit Limited	100	100	100	100
Eleos Limited	260	260	260	260
Other post harvest	159	159	159	159
	2,768	**2,768**	**2,768**	**2,768**

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

a) Key assumptions used for net present value calculations

CGU - Dec-2010	**Discount Period**	**Growth rate**	**Discount rate**
Kiwicoast Growers (Te Puke) Limited	10 Yrs	1%	10%
Bridgecool Holdings Limited	10 Yrs	1%	10%
Corogrow Kiwifruit Limited	10 Yrs	1%	10%
Eleos Limited	10 Yrs	1%	10%
Other post harvest	10 Yrs	1%	10%

CGU - Mar-2010	**Discount Period**	**Growth rate**	**Discount rate**
Kiwicoast Growers (Te Puke) Limited	10 Yrs	1%	10%
Bridgecool Holdings Limited	10 Yrs	1%	10%
Corogrow Kiwifruit Limited	10 Yrs	1%	10%
Eleos Limited	10 Yrs	1%	10%
Other post harvest	10 Yrs	1%	10%

The above assumptions have been used for the analysis of the net present value of budget gross margin of each CGU, which are determined by management based on past performance and its expectations of market development. The discount period used reflects managements intention that these are investments which represent a permanent addition to the Group structure and thus reflect a long investment horizon. The above discount rates are applied to after-tax cash flows and reflect the expected period of benefit from each segment.

No impairments have been identified (Mar 2010 - NIL).

17) Available-for-sale financial assets

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

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the period	1,893	3,689	1,800	3,689
Additions/acquisitions	-	93	33	-
Disposals/impairment	(48)	(1,931)	(45)	(1,929)
Revaluation recognised in equity	(41)	42	(39)	40
Balance at end of period	1,804	1,893	1,749	1,800
Less: Current portion	-	-	-	-
Non-current portion	**1,804**	**1,893**	**1,749**	**1,800**
Available-for-sale financial assets include the following				
Listed securities				
- Zespri Group Limited	1,184	1,227	1,184	1,193
Unlisted securities				
- Vital Foods Limited	-	-	-	-
- Golden Heights	-	39	-	39
- Koura Mara	-	-	-	-
- Ravensdown Fertiliser Co-Operative Limited	77	77	60	60
- UPNZ	334	334	334	334
- Ballance AGR	149	153	149	149
- CMS Logistics Limited	33	33	-	-
- Other share holdings	27	30	22	25
	1,804	**1,893**	**1,749**	**1,800**

The fair values of the listed securities are based on closing share price at balance date. All unlisted securities are currently held at cost less impairment as it reasonably represents current fair value. Management has reviewed the carrying amount of all unlisted securities. As part of this review, Company decided to write off its investment in Vital Foods Limited in the prior financial year. This resulted in a non recurring impairment expense of $1.794m to the earnings for the Group's financial year ended 31 March 2010.

17) Available-for-sale financial assets (continued)

The Group had not regarded its investment in Vital Foods as a strategic asset for some time and have declined to invest in capital raisings undertaken by Vital Foods since June 2007. Those capital raisings were at prices which supported the carrying cost of the Vital Foods investment in the Group's Statement of Financial Position. During the prior year, a capital raising, in which the Group did not participate, reduced the value of the Group's shareholding in the business to such an extent that the Group fully impaired it's investment. The Vital Foods investment had not contributed to the operating earnings and cashflow of the Group and, accordingly, the impairment has had no impact on the Group's ongoing operating cashflow.

During the period, the Golden Heights investment was liquidated upon wind up of the company. This resulted in a realised gain on disposal of $21,836. Additionally, during the prior year, the Koura Mara investment was liquidated upon the wind up of the company and resulted in a realised gain on disposal of $98,203.

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

Other than the investment in Vital Foods, none of the available-for-sale financial assets at balance date are considered to be impaired.

18) Biological assets

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Kiwifruit / avocado biological assets at fair value				
Carrying amount at 1 April	17,151	10,892	13,353	10,892
Additions/acquisitions (Note 31 & 32)	-	3,798	3,798	-
Orchard lease development	17		17	
Fair value movement in crop	(4,298)	2,655	(4,298)	2,655
Fair value movement in vines	(282)	(194)	(282)	(194)
Carrying value at end of period	**12,588**	**17,151**	**12,588**	**13,353**

The Group, as part of its operations, leases land and grows and harvests kiwifruit 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 Coromandel, Waikato and Bay of Plenty regions of New Zealand.

As at 31 December 2010 the Group had long term leases on a total of 140 hectares (Mar 2010 - 140) of kiwifruit and 26 hectares (Mar 2010 - 26) of avocado orchards comprising 16 individual orchards (Mar 2010 - 16). The leases were entered into over a period of time and generally have a maximum term of 19 years and 11 months with the last lease expiring in June 2025 .

Kiwifruit

Number of Orchards	Hectares	2010 Production	Remaining Lease Term	Carrying Value ($)
2	4.06	46,280	2	208,967
1	16.61	164,578	5	968,475
2	16.02	166,603	9	1,800,014
8	94.53	1,070,261	10	8,512,586
1	5.43	57,362	11	734,229
1	4.08	28,540	15	99,779
	140.73	1,533,624		12,324,050

Avocado

Number of Orchards	Hectares	2010 Production	Remaining Lease Term	Carrying Value ($)
1	26.25	3,047	4	263,819
	26.25	3,047		263,819

The fair value of the kiwifruit and avocado orchards (land, vines and trees) have been determined in accordance with an independent valuation performed at each annual reporting date by Crighton 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, Crighton Stone have based their assumptions for orchard gate returns ('OGR') on 10 year averages for each variety.

During the period to 31 December 2010, the Group harvested 1,533,624 trays of kiwifruit (Mar-2010 - 1,498,697) from long term leased orchards. The fair value of the crop at the balance date has been assessed at $3.013 million (Mar-2010 - $7.311 million) which represents the costs to grow the crop that have been incurred to date. At 31 March 2010, the fair value of the crop was determined based on expected returns in relation to that crop.

19) Investment in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			Dec-2010 %	Mar-2010 %
Eleos Limited - *Not trading*	New Zealand	Ordinary	100%	100%
Envirogrow Limited - *Not trading*	New Zealand	Ordinary	100%	100%
Kiwi Coast Growers (Te Puke) Limited - *Not trading* (Note 32)	New Zealand	Ordinary	100%	100%

20) Investment in associates

The Group's principal associates are:

	Business activity	Share of issued capital and voting rights Dec-2010	Mar-2010
Kiwifruit Supply Research Limited	Research	20%	20%
Tauranga Kiwifruit Logistics Limited	Port Service	20%	20%
Opotiki Packing and Cool storage Limited	Post Harvest	19.2%	19.2%
Kiwi Produce Limited	Prepacking	25%	25%

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

In prior years, the Group's position in Opotiki Packing and Cool Storage Limited ('OPAC') was diluted to 19.2%. Although no longer 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, a shareholders agreement exists between Seeka Kiwifruit Industries Limited and OPAC which 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	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Results of associate companies				
Share of (loss) profit before income tax	744	(712)	-	-
Income tax	(441)	(135)	-	-
Net (loss) profit	**303**	**(847)**	**-**	**-**

In the prior year, OPAC impaired the full value ($5,277,000) of its investment in its associate, New Gold SRL. The impairment was due to the outbreak of the Psa bacteria in the New Gold orchards which has resulted in the destruction of the existing kiwifruit vines. The Group's share of this impairment was $1,013,184.

	Group Dec-2010	Group Mar-2010	Parent Dec-2010	Parent Mar-2010
Interests in associates				
Carrying value at beginning of period	3,993	5,242	4,457	4,457
Net earnings	303	(847)	-	-
Dividends received	(85)	(402)	-	-
Balance at end of period	**4,211**	**3,993**	**4,457**	**4,457**
Interests in associates by holding				
Kiwifruit Supply Research Limited	-	-	-	-
Tauranga Kiwifruit Logistics Limited	-	-	-	-
Opotiki Packing and Cool storage Limited	3,059	3,021	3,655	3,655
Kiwi Produce Limited	1,152	972	802	802
Net earnings	**4,211**	**3,993**	**4,457**	**4,457**
The amount of goodwill included in the opening balance	**1,103**	**1,103**	**1,103**	**1,103**
The amount of goodwill included in the closing balance.	**1,103**	**1,103**	**1,103**	**1,103**

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

Associate	Assets	Liabilities	Revenues	Net profit/(loss)
Dec-2010				
Opotiki Packing and Cool storage Limited	20,290	8,526	28,941	646
	20,290	**8,526**	**28,941**	**646**
	Assets	Liabilities	Revenues	Net profit/(loss)
Mar-2010				
Opotiki Packing and Cool storage Limited	19,231	7,748	32,759	(5,299)
	19,231	**7,748**	**32,759**	**(5,299)**

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

21) Trade and other payables

	Group		Parent	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Trade payables	1,326	9,845	1,326	9,780
Accrued expenses	4,088	1,749	4,009	1,414
Employee expenses	1,768	1,605	1,768	1,605
Loan from subsidiary	-	-	19,326	2,969
Other payables	1,629	7	1,588	-
	8,811	**13,206**	**28,017**	**15,768**

Within the prior year and subsequent to the acquisition of Te Awanui Huka Pak Limited on 7 December 2009, cash and other working capital balances have been transferred to the Parent as part of the process to bring the acquired company's operations into Seeka Kiwifruit Industries Limited. Transfers were conducted at fair value. The balance of the loan from subsidiary is due on demand and carries no interest.

22) Deferred tax

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

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
a) Expected settlement:				
Within 12 months	11,013	8,094	11,013	6,530
In excess of 12 months	3,181	5,823	3,181	5,727
	14,194	**13,917**	**14,194**	**12,257**
b) Net deferred tax (assets) liabilities:				
Opening balance	13,917	10,207	12,257	10,207
Acquisition (Note 32)	-	2,125	-	-
Transfer of assets from subsidiary	-	-	1,660	-
Charged/(credited) to the Statement of Financial Performance	(3,067)	1,184	(3,067)	1,649
Change in tax depreciation of building assets	3,236	-	3,236	-
Charged to revaluation reserve	105	380	105	380
Charged to hedge reserve	3	21	3	21
Closing balance at end of period	**14,194**	**13,917**	**14,194**	**12,257**

Buildings are currently depreciated for tax purposes. As a result of a change in tax legislation that was announced on 20 May 2010 and which will come into effect for the Group from 1 January 2011 (being the beginning of the new tax year), the tax depreciation rate on buildings with an estimated useful life of 50 years or more has been reduced to 0%. As future tax deductions will no longer be available subsequent to 1 January 2011, for those assets identified as coming within the 50 year definition the tax base has been reduced by $11.6 million. The change in tax legislation has resulted in a non-cash increase in the deferred tax liability relating to those buildings of $3.2 million and has been recognised as a tax expense in the current period.

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

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Temporary differences on non-current assets	11,013	7,650	11,013	6,529
Current liabilities	(1,228)	(83)	(1,228)	(526)
Prepayments and accrued income	4,409	6,350	4,409	6,254
	14,194	**13,917**	**14,194**	**12,257**

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 (Mar 2010 - NIL).

23) Interest bearing liabilities

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Current				
Secured				
Bank borrowings	8,286	21,860	8,286	21,860
Current portion of term liabilities	2,376	2,376	2,376	2,376
Total current interest bearing liabilities	**10,662**	**24,236**	**10,662**	**24,236**

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
Non-current	**$'000**	$'000	**$'000**	$'000
Secured				
Term liabilities	29,342	31,124	29,342	31,124
Total non-current interest bearing liabilities	**29,342**	**31,124**	**29,342**	**31,124**

The bank overdraft is secured under the same debentures and mortgages as the term debt. The Group has total facilities of $60,338,000 (Mar 2010 - $58,000,000). This is made up of a multi option credit facility of $28,620,000 (Mar 2010 - $24,500,000) and term loans of $31,718,000 (Mar 2010 - $33,500,000).

23) Interest bearing liabilities (continued)

The Board has assessed the fair value of the term loans as the outstanding balance at 31 December 2010. Refer to the table below which outlines loan terms and maturities.

	Term Loans			
	Balance Due	Variable Rate	Maturity	Repayment Terms
Term Loan #92 - $3,000,000	$ 3,000,000	4.98%	30 November 2012	Interest Only
Term Loan #93 - $10,500,000	$ 8,718,000	5.05%	7 December 2014	Monthly Repayment
Term Loan #95 - $10,000,000	$ 10,000,000	4.98%	30 June 2012	Interest Only
Term Loan #96 - $10,000,000	$ 10,000,000	4.98%	30 June 2012	Interest Only

a) Assets pledged as security

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

24) Contributed equity

a) Authorised share capital

	Group Dec-2010 Shares	Group Mar-2010 Shares	Parent Dec-2010 Shares	Parent Mar-2010 Shares
Ordinary shares - fully paid and no par value	14,433,328	14,433,328	14,433,328	14,433,328
	14,433,328	**14,433,328**	**14,433,328**	**14,433,328**

b) Movements in ordinary share capital

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Opening balance of ordinary shares issued	36,758	30,158	36,758	30,158
Issues of ordinary shares during the period	-	6,600	-	6,600
Closing balance of ordinary share capital	**36,758**	**36,758**	**36,758**	**36,758**

c) Treasury share capital

Movements in treasury share capital				
Opening balance of ordinary shares issued	1,158	1,211	1,158	1,211
Shares re-issued in period	(57)	(53)	(57)	(53)
Closing balance of held as treasury capital	**1,101**	**1,158**	**1,101**	**1,158**

d) Net share capital

	35,657	**35,600**	**35,657**	**35,600**

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

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

In the prior year, the Company issued 1,833,333 shares on 7th December 2009 (12.70% of the total ordinary share capital issued) to Te Awanui Whenua Trust Limited as part of the purchase consideration for 100% of the subscribed shares of Te Awanui Huka Pak Limited (Note 32). The ordinary shares issued have the same rights as the other shares on issue. The fair market value of the shares at the date of issue amounted to $6,599,999 ($3.60 per share).

25) Retained earnings and reserves

a) Cash-flow Hedge reserve

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Balance at 1 April	(101)	(151)	(101)	(151)
Fair value gains (losses) in the period	(1)	71	(1)	71
Deferred tax adjustment	(3)	(21)	(3)	(21)
Balance at end of period	**(105)**	**(101)**	**(105)**	**(101)**

b) Available-for-sale reserve

	Group Dec-2010 $'000	Group Mar-2010 $'000	Parent Dec-2010 $'000	Parent Mar-2010 $'000
Balance at 1 April	432	473	430	473
Realised reserves on disposal	(19)	(83)	(19)	(83)
Change in fair value	(41)	42	(39)	40
Balance at end of period	**372**	**432**	**372**	**430**

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

25) Retained earnings and reserves (continued)

c) Land and buildings revaluation reserve

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Balance at 1 April	7,298	6,484	7,298	6,484
Revaluation reserve addition	1,102	1,193	1,102	1,193
Deferred tax adjustment	(105)	(379)	(105)	(379)
Balance at end of period	**8,295**	**7,298**	**8,295**	**7,298**

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	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Balance at 1 April	114	114	114	114
Seeka Employee Share Trust reserve addition	-	-	-	-
Balance at end of period	**114**	**114**	**114**	**114**

At 31 December 2010, the number of shares in respect of which options have been granted and remain outstanding under the scheme was 75,000 (Mar 2010 - 288,198), representing 0.52% (Mar 2010 - 2.0%) of the shares of the company in issue at that date.

Options are granted periodically and permanent staff 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 were priced using a Black Scholes pricing model. Expected volatility was based on management judgement as the Company has a small market capitalisation and had only been listed in November 2003.

Inputs into the model

	30 August 2003	30 November 2004	31 August 2006
Grant date share price	$ 2.91	$ 4.70	$ 4.00
Exercise price	$ 2.91	$ 4.70	$ 4.00
Expected life (interest free loan period)	5 years	5 years	5 years
Maximum loan period	6 years	6 years	6 years
Time to vest	3 years	3 years	3 years
Employee exit rate pre-vesting (% per year)	30.00%	30.00%	30.00%
Expected volatility (% per year)	35.00%	35.00%	35.00%
Risk-free interest rate	10.30%	6.50%	7.25%
Dividend yield	6.87%	6.38%	7.50%
Value of option	$ 0.13	$ 0.36	$ 0.28

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

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

As at 31 December 2010

Grant Date	Expiry Date	Fair Value of Option at Grant Date	Exercise Price	1 April 2010 Open Balance	Exercised	Lapsed/Relinquished	31 December 2010 Close Balance
				(Shares)	(Shares)	(Shares)	(Shares)
30 November 2004	30 November 2010	0.36	4.70	72,003	(7,276)	(64,727)	-
31 August 2006	31 August 2012	0.28	4.00	169,560	(1,590)	(92,970)	75,000
			Total	**241,563**	**(8,866)**	**(157,697)**	**75,000**
Weighted average exercise price (on exercisable options)				4.21	4.57	4.29	4.00
Weighted average contractual life			(years)	1.90			1.67

The 64,727 and 92,970 lapsed and relinquished shares under the 30 November 2010 and 31 August 2012 option grants have been forfeited and are now held as treasury shares.

25) Retained earnings and reserves

d) Share based payments reserve (continued)

As at 31 March 2010

Grant Date	Expiry Date	Fair Value of Option at Grant Date	Exercise Price	1 April 2009 Open Balance (Shares)	Exercised (Shares)	Lapsed/Relinquished (Shares)	31 March 2010 Close Balance (Shares)
30 August 2003	30 August 2009	0.13	2.91	50,135	(3,500)	(46,635)	-
30 November 2004	30 November 2010	0.36	4.70	73,000	(997)	-	72,003
31 August 2006	31 August 2012	0.28	4.00	172,590	(3,030)	-	169,560
			Total	**295,725**	**(7,527)**	**(46,635)**	**241,563**
Weighted average exercise price (on exercisable options)				3.99	3.59	2.91	4.21
Weighted average contractual life			(years)	2.48			1.90

There has been no change in the effective exercise price of any outstanding options during the period and, other than the options granted on 30 November 2004, no further options have expired during the periods covered by the above tables. The Company's average share price during the period was $2.90 (Mar 2010 - $2.61).

e) Retained Earnings

Movements in Retained Earnings were as follows:

	Group		Parent	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Balance 1 April	16,970	19,301	19,985	18,538
Net profit for the period	6,431	370	6,249	4,149
Dividends paid	(2,885)	(2,702)	(2,885)	(2,702)
Balance 31 December	**20,516**	**16,970**	**23,349**	**19,985**

26) Dividends

	Dec-2010		Mar-2010	
a) Ordinary shares	**$'000**	**Per share**	$'000	Per share
Dividend paid 26th June 2009	-	-	1,259	0.10
Dividend paid 16th December 2009	-	-	1,443	0.10
Dividend paid 29th June 2010	1,442	0.10	-	-
Dividend paid 31st December 2010	1,443	0.10	-	-
Total dividend paid	**2,885**		**2,702**	

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

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

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

	Group		Parent	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Net Operating Surplus after Taxation	6,431	370	6,248	4,149
Add non cash items:				
Depreciation	4,557	4,853	4,557	4,397
Amortisation of intangibles	224	250	189	250
Loss on revaluation of buildings	157	-	157	-
Movement in deferred tax	172	1,184	(276)	1,649
Movement in fair value of biological assets	4,580	(2,461)	4,580	(2,461)
Movement in onerous leases	-	(45)	-	(45)
Movement in derivatives	(84)	(211)	(84)	(211)
Share of income from associates	(218)	204	-	-
Share of OPAC orchard impairment	-	1,013	-	-
	9,388	4,787	9,123	3,579
Add (less) Items Not Classified as an Operating Activity:				
Gain on sale of property, plant and equipment	(4)	(3)	(4)	(3)
Impairment of investment	-	1,794	-	1,794
Adjustment to consideration received on sale of joint venture	-	400	-	400
Gain on sale of shares	(22)	(98)	(22)	(98)
	(26)	2,093	(26)	2,093
(Increase) decrease in working capital:				
Increase (decrease) in accounts payable	(3,331)	(3,017)	(3,213)	(972)
(Increase) decrease in accounts receivable/prepayments	(314)	(2,577)	(747)	(4,013)
(Increase) decrease in inventory	5,947	1,736	5,947	1,736
(Increase) decrease in work in progress	4,821	1,631	4,821	1,631
Increase (decrease) in taxes due	3,109	(1,286)	3,548	(555)
	10,232	(3,513)	10,356	(2,173)
Net cash flow from operating activities	26,025	3,737	25,701	7,648

28) 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	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
Profit before non-recurring items and tax attributable to equity holders of the Company (thousands)	12,679	7,539	12,496	8,502
Weighted average number of ordinary shares in issue	14,247	12,934	14,247	12,934
Basic earnings per share	$ 0.89	$ 0.58	$ 0.88	$ 0.66
Profit attributable to equity holders of the Company (thousands)	6,431	370	6,248	4,149
Weighted average number of ordinary shares in issue	14,247	12,934	14,247	12,934
Basic earnings per share	$ 0.45	$ 0.03	$ 0.44	$ 0.32

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.

	Group		Parent	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
Profit before non-recurring items and tax attributable to equity holders of the Company (thousands)	12,679	7,539	12,496	8,502
Weighted average number of ordinary shares in issue (thousan(	14,247	12,934	14,247	12,934
Adjustment for share options	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	14,247	12,934	14,247	12,934
Diluted earnings per share	$ 0.89	$ 0.58	$ 0.88	$ 0.66
Profit attributable to equity holders of the Company (thousands)	6,431	370	6,248	4,149
Weighted average number of ordinary shares in issue (thousan(	14,247	12,934	14,247	12,934
Adjustment for share options	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	14,247	12,934	14,247	12,934
Diluted earnings per share	$ 0.45	$ 0.03	$ 0.44	$ 0.32

29) Contingencies

As at 31 December 2010 the parent entity and Group had no contingent liabilities or assets (Mar 2010 - Nil).

NZX/Westpac: Westpac holds a guarantee for a bond of $75,000 (Mar 2010 - $75,000) in favour of the New Zealand Stock Exchange.

30) Commitments

a) Capital commitments

As at 31 December 2010 the total capital expenditure contracted but not provided for was $1,605,805 and relates to the installation of a new green grader in the Huka Pak facility (Mar 2010 - NIL)

As at 31 December 2010, the associate, Opotiki Packing and Coolstorage Limited had capital commitments at their 31 December 2010 balance date of $NIL (Mar 2010 - $1,398,000).

b) Lease commitments : Group and Parent as lessee

Operating leases
The Group has the following lease commitments:

Orchard leases:
At the balance date, 156 (Mar 2010 - 179) orchards are leased by the Group with terms ranging from 1 to 3 years. Orchard leases are non-cancellable and typically a lease payment is related to the volume of crop harvested and orchard gate return earned. Some orchards have a fixed lease element to their lease payment.

Long term leases:

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

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

iii) Long term leased orchards: The Group lease 167 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.

	Group		**Parent**	
	Dec-2010	Mar-2010	**Dec-2010**	Mar-2010
	$'000	$'000	**$'000**	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	6,716	5,833	6,716	5,833
Later than one year but not later than five years	12,892	11,569	12,892	11,569
Later than five years	10,306	10,695	10,306	10,695
	29,914	**28,097**	**29,914**	**28,097**

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.

31) Related party transactions

a) Seeka Growers Limited

In the normal course of business the Group undertakes transactions with Seeka Growers Limited, a related party which administers all post harvest operations and revenues from the sale of kiwifruit on behalf of growers with whom it holds a contract. In the current period the Group received $104,439,371 (Mar 2010 - $101,387,830) for the provision of post harvest and orchard management services to Seeka Growers Limited.

b) Subsidiary

With effect from 1 April 2010, the following assets were transferred to the parent from its subsidiary, Kiwicoast Growers (Te Puke) Limited (see Note 21):

Packaging stock	71,651
Biological assets	3,798,209
Long term lease fixed assets	472,618
Property, plant & equipment	13,506,316
Available for sale financial assets	33,263
Total	**17,882,057**

c) Land sale

To support continued demand for post-harvest and orchard services, on 29 October 2010, the Group entered into a contract to acquire 21.09 Ha of producing green orchards in five titles for $8,000,000 on No. 3 Road, Te Puke. The acquisition contract settled on 30 November 2010. The orchard property titles' fixed assets included a private dwelling as well as a packhouse and coolstore facility (including plant and equipment). The property titles were immediately on-sold to four separate purchasers for an aggregate $8,000,000. One title was sold for $565,000, being market value and the same value which the Group had originally paid, to two members of the Group's senior management team. One title was sold to an unrelated party on a conditional agreement to 1 March 2011, with a value of $1,120,000. Until that time, the Group is holding the asset as land held for sale.

d) Directors

The names of persons who were directors of the company at any time during the period are as follows: K R Ellis, M J Cartwright, J A Scotland, D J Emslie, P G Dawe (retired 20 April 2010), S B Burns, J Moryia (retired 18 August 2010), A Diaz, and T Nicholas (appointed 23 April 2010).

31) Related party transactions (continued)

e) Key management and personnel and compensation

Key management personnel compensation for the period ended 31 December 2010 and the year ended 31 March 2010 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 company.

	Dec-2010 $'000	Mar-2010 $'000
Directors fees	261	343
Other directors remuneration	15	25
Executive salaries	1,276	1,760
Short term benefits	143	189
Long term benefits	516	-
Total	**2,211**	**2,317**

During 2008, the Group established a long term incentive scheme that will reward the executives if agreed profit targets are achieved by 31 March 2011. The Board have made a provision of $516,668 for the full cost of the scheme in the current period.

f) Transactions

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

	Group		**Parent**	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Sale of services				
Associates	112	330	112	330
Directors, management and other personnel	641	812	641	812
Purchase of services				
Associates	(340)	-	(340)	-
Directors, management and other personnel	(41)	(59)	(41)	(59)

g) Outstanding balances

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

	Group		**Parent**	
	Dec-2010 $'000	Mar-2010 $'000	**Dec-2010 $'000**	Mar-2010 $'000
Current receivables (operating)				
Directors, management and other personnel	173	243	173	243
Current payables (operating)				
Associates	(6)	-	-	-
Directors, management and other personnel	-	(194)	-	(194)

h) 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.

Outstanding balances are unsecured and are repayable in cash.

32) Business combinations

Acquisition of Te Awanui Huka Pak Limited ('Huka Pak')

On 9 November 2009, the Company entered into an agreement to acquire 100% of the 11,001,500 subscribed shares of Huka Pak. Huka Pak is a significant post harvest business based in the Bay of Plenty that packs over 5,500,000 trays of kiwifruit in addition to an expanding avocado business of approximately 100,000 trays. The transaction was completed on 7 December 2009.

Huka Pak is not a Code Company (under the Takeovers Act), so the acquisition was undertaken by way of an amalgamation under the Companies Act 1993. Upon acquisition on 7 December 2009, Huka Pak amalgamated with a wholly owned, non-trading subsidiary of the Company (Kiwi Coast Growers (Te Puke) Limited). The subsidiary held no assets nor liabilities at the time of the amalgamation. Subsequently, on 7 December 2009, Huka Pak changed its name to Kiwi Coast Growers (Te Puke) Limited. Immediately after the amalgamation, the management contract between Huka Pak and Coolstore Management Services Limited was cancelled for consideration of $3,900,000 which was expensed by Huka Pak in the current period.

32) Business combinations (continued)

The acquired Huka Pak business contributed revenues of $636,135 and net loss of $(2,529,241) to the Group for the period from 7 December 2009 to 31 March 2010. If the acquisition had occurred on 1 April 2009, contributed Group revenue would have been approximately $28.0M and estimated net profit before tax would have been $3.4M, calculated using the Group's accounting policies and excluding the amounts paid for cancellation of the management contract.

Details of net assets acquired and goodwill are as follows:

Purchase consideration	$'000
Cash paid	6,603
Fair value of shares issued (Note 24)	6,600
Direct costs relating to the acquisition	372
Total purchase consideration	**13,575**

Assets and liabilities acquired as of 7 December 2009

	Fair Value $'000	Carrying Value $'000
Cash and cash equivalents	2,374	2,374
Trade and other receivables	1,842	1,842
Short term lease prepayments	693	693
Biological assets - crop on the vine (Note 18)	604	604
Inventories	570	570
Financial derivatives	-	58
Current tax receivable	291	291
Property, plant and equipment	14,830	14,766
Intangible assets - lease interest in land (Note 16)	1,735	-
Available-for-sale financial assets	93	288
Biological assets - vines (Note 18)	3,798	3,503
Current tax liabilities	(1,458)	(1,406)
Trade and other payables	(2,623)	(2,623)
Interest bearing liabilities	(8,000)	(8,000)
Deferred tax	(2,125)	(2,088)
Fair value of net assets	**12,624**	**10,872**
Goodwill	951	
Net purchase consideration	**13,575**	

The goodwill is attributable to the future revenues related to the acquired grower base and the economies of scale expected from combining the operations of the Group and Huka Pak.

Summary of cash outflows on acquisition

Value of shares in Huka Pak	24,575
Less: Seeka shares issued at $3.60 per share	(6,600)
Parent cash outflows on acquisition	**17,975**
Less: Proceeds received from sale of land by subsidiary as condition of the acquisition	(11,000)
Group purchase consideration settled in cash	6,975
Cash and cash equivalents acquired in subsidiary	(2,374)
Group cash outflows on acquisition	**4,601**

As part of the acquisition, the land under the Huka Pak facility was sold to Te Awanui Whenua Trusts Limited for $11,000,000 and leased back by the Group.

33) Investment in jointly controlled assets

On 22 July 2010, the Group entered into a joint operation agreement with the Shanghai-Neuhof Trading Company to pack pre-graded green kiwifruit in Shanghai, China for the local market. As part of this agreement, the Group paid $129,492 for its 50% share of the cost of bin tip and packing equipment which was to be used by the joint operation. The Group recognised net revenues from the joint operation of $98,810 for the period ended 31 December 2010.

34) Disposal of joint venture

Prior to 31 March 2008, the Group entered into a contract to sell its 50% share in the SAPAC joint venture. This sale contract was completed on 1 April 2008. In October 2009, the Group and SAPAC revisited the terms of the sale agreement and agreed upon an adjustment to the value originally attributed to the work in process on short term orchard leases under the original sales contract. The adjustment resulted in a reduction in sale proceeds of $400,000.

35) Pseudomonas syringe pv actinidiae ("Psa")

In November 2010 the bacteria Pseudomonas syringae pv. actinidiae (Psa) was confirmed in orchards in Tauranga, Te Puke, Edgecumbe, Whakatane, Hawkes Bay and Motueka. Subsequent information has indicated that there are two forms of the bacteria present. An Asian isolate which appears to have been present for some time, but has had little effect and is believed to be benign. The second isolate being an Italian form which has been far more aggressive and has been localised in the Te Puke area.

As a result of the discovery of the bacterial outbreak, the industry created the entity, Kiwifruit Vine Health Authority (KVH), an independent pan-industry organisation charged with leading the kiwifruit industry response to the Psa incursion. It was established following agreement of the Industry Advisory Council (IAC) to transition the management of the Psa response from MAF Biosecurity NZ and Zespri to a separate entity.

The Group is working with KVH to implement an aggressive containment strategy in response to the detection of the Italian isolate on orchards supplying Seeka. This strategy essentially sees that where there is lab confirmation of the presence of the Italian isolate in the orchard and secondary symptoms are present in the plants, vine or full orchard removal will proceed with a commensurate compensation package paid to the orchardist.

The possible impact of Psa has been considered in relation to the valuation of biological assets and the recoverability of short term lease prepayments. As at the date of the release of these accounts, no reliable estimate of the future financial impact, if any, from the Psa outbreak can be made.

36) Events occurring after balance date

Other than a continuing information flow regarding Psa, there are no 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

We have audited the financial statements of Seeka Kiwifruit Industries Limited on pages 9 to 54, which comprise the statement of financial position as at 31 December 2010, the statement of financial performance, statement of comprehensive income and statement of changes in equity and statement of cash flows for the nine month period then ended, and 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 2010 or from time to time during the financial period.

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 auditor considers the internal controls relevant to the entity'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 entity'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, tax advisors and providers of other assurance services. These matters have not impaired our independence as auditors of the Company and Group.

Opinion

In our opinion, the financial statements on pages 9 to 54:

(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 2010, and their financial performance and cash flows for the nine month period 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 nine month period ended 31 December 2010:

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

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

Restriction on Distribution or Use

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

PricewaterhouseCoopers.

Chartered Accountants Auckland
23 February 2011

Directors

Kim Ellis

Chairman

Kim is a director of a number of public and private companies and is the former Managing Director of Waste Management.

Jim Scotland

Director

Independent director since 1998, Jim is also chairman of the Port of Napier, a director of Plant & Food Research and a Fellow of the Institute of Directors.

David Emslie

Director

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

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.

Stuart Burns

Director

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

Malcolm Cartwright

Director

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

Taari Nicholas

Director

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

	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Kim Ellis	Chairman	
Stuart Burns		Member
Malcolm Cartwright	Member	
David Emslie	Member	
Taari Nicholas		Member
Jim Scotland		Chairman

Disclosures as required by Section 211 of the Companies Act 1993

PRINCIPAL ACTIVITIES

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

DIVIDENDS

During the year ended 31 March 2010, a fully imputed dividend of $0.10 per share was paid on 26 June 2009.
During the year ended 31 March 2010, a fully imputed dividend of $0.10 per share was paid on 15 December 2009.
During the period ended 31 December 2010, a fully imputed dividend of $0.10 per share was paid on 29 June 2010.
During the period ended 31 December 2010, a fully imputed dividend of $0.10 per share was paid on 31 December 2010.

DIRECTORS HOLDING OFFICE DURING THE PERIOD

The directors holding office during the period were:

M J Cartwright (1)
P G Dawe (4)
D J Emslie
J Moriya (3)
T Nicholas (1) (2)
J A Scotland
K R Ellis
S B Burns
A Diaz (1)

(1) Non-independent director.
(2) Appointed 23 April 2010.
(3) Retired effective 18 August 2010.
(4) Retired effective 20 April 2010.

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 2010:

Current Directors	Beneficially Held Shares	Non-beneficially Held Shares
S B Burns - RotoruaTrust Perpetual Capital Fund Limited	-	306,663
M J Cartwright	54,294	-
D J Emslie	155,348	-
T Nicholas - Te Awanui Huka Pak Limited	-	2,453,968
J A Scotland	52,120	-

SHARE DEALINGS

During the period there were no share dealings whereby directors acquired (or sold) interests, either directly or indirectly, in ordinary shares issued by the Company.

REMUNERATION AND OTHER BENEFITS

Directors fees and other remuneration paid to directors during the period was:

Director	Directors Fees	Other Remuneration	Total
K R Ellis	60,000	-	60,000
S B Burns	30,000	-	30,000
M J Cartwright	30,000	15,000	45,000
P G Dawe	3,333	-	3,333
D J Emslie	30,000	-	30,000
J Moriya	16,667	-	16,667
J A Scotland	33,750	-	33,750
A Diaz	30,000	-	30,000
T Nicholas	27,556	-	27,556
	261,306	**15,000**	**276,306**

REMUNERATION OF EMPLOYEES

The Company had 43 (March 2010 - 31) employees that are not directors whose annual remuneration and benefits exceed $100,000 in the financial period.

Remuneration	December 2010 No of Employees	March 2010 No of Employees
$100,000 - $110,000	15	8
$110,000 - $120,000	9	7
$120,000 - $130,000	5	4
$130,000 - $140,000	2	2
$140,000 - $150,000	3	2
$150,000 - $160,000	1	1
$160,000 - $170,000	2	2
$170,000 - $180,000	1	1
$230,000 - $240,000	1	1
$240,000 - $250,000	1	1
$250,000 - $260,000	1	-
$260,000 - $270,000	1	1
$380,000 - $390,000	1	1

DIRECTORS INTERESTS

During the period the Company undertook transactions with the directors as set out in Note 31 to the financial statements "Related Party Transactions".

Directors have disclosed the following particular directorships held by them:

S B Burns
Rotorua Trust Perpetual Capital Fund Limited
Hubbard Foods Limited
Te Arawa Fisheries Holding Company Limited
Te Arawa Fisheries Limited

M J Cartwright
Seeka Growers Limited
Avofresh Limited
Seeka Employee Share Plan Trustees Limited

K R Ellis
Freightways Limited
NZ Glass Holding Company Limited
Enviro Waste Services Limited
Salvus Strategic Investments Limited
NZ Social Infrastructure Fund Limited
Quix NZ Limited
The Tasman Tanning Company Limited
Seeka Employee Share Plan Trustees Limited

D J Emslie
OPAC Properties Limited
Fraser Road Orchard Limited
Highcrest Limited
DCD Orchards Limited
Seeka Growers Limited
Kaiaua Holdings Limited
OPAC Limited
Seeka Employee Share Plan Trustees Limited

J A Scotland
The NZ Institute for Plant & Food Research Limited
Scotland Services Limited
Port of Napier Limited
3R Group Limted

T Nicholas
Te Awanui Huka Pak Limited
Miraka Limited

INDEMNITY INSURANCE

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

Corporate Governance Statement in summary

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 after filing a request with and obtaining the Company's approval, 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 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 financial officer and external auditors are invited to audit committee meetings as deemed necessary. The committee is comprised of Jim Scotland, Stuart Burns and Taari Nicholas.

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.

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 Kim Ellis, Malcolm Cartwright and David Emslie.

The responsibilities of the remuneration committee include:

> review and recommend to the Board any changes regarding the chief executive officer's appointment, remuneration and succession planning

> review of the Company's compensation policy and procedures for all employees

> management of risk and compliance with statutory and regulatory requirements of human resources.

INTERNAL CONTROL

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

BUSINESS RISKS

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

THE ROLE OF THE SHAREHOLDERS

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

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

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

Shareholder Analysis

TOP 50 SHAREHOLDERS AT 31 December 2010*

Te Awanui Huka Pak Limited	2,453,968	BJ Stapleton & LE Stapleton	78,772
Fresh MD Holdings, Inc.	2,363,608	Birdwood Farms Limited	78,506
DMS Orchard Management Limited	608,148	RB Tait & JG Tait & IJ Craig	74,000
CW Flood & M Schlagel	477,130	SW & RA Nelmes & PR Hills	71,942
HSBC Nominees (New Zealand)	378,000	AR Wright & HO Wright	71,362
RotoruaTrust Perpetual Capital Fund Limited	306,663	Fairview Orchards (1997) Limited	64,874
J & PC Law	306,353	Te Puke Orchards (1997) Limited	64,874
Seeka Employee Share Plan Trustees Limited.	279,486	AJ Hill & JM Hill & VW Brownrigg	64,457
Rod Bayliss Orchards Limited	234,457	HC & LL Zingle	64,012
Burts Orchards (1997) Limited	166,663	JR Griffin & Others	60,066
DJ Emslie & DJ Emslie & Others	155,348	Penmaen Limited	60,006
ID Greaves & CM Thompson & MS Thompson	153,890	WR Baldwin & AM Baldwin	59,190
S Moss	148,016	JP & PJ Jensen	56,837
Pho Holdings Limited	130,000	D J Hicks and Others	55,700
LJ Christie	125,000	Bowyer Orchards Limited	54,586
J Slater & RA Slater & Others	122,291	MJ Cartwright & HC Cartwright & Others	54,294
KM Oakley & MAS Oakley	119,443	RA & DG Bibby	53,333
TG & JD Newman	117,845	T&G Hawthorn & Wood Walton Trustees	53,076
MC & HF Salt	103,770	BF Grafas	52,309
J Slater & RA Slater	100,000	JA, JA & NA Scotland	52,120
SD Tebbutt	100,000	ID & NA Greaves & CM Thompson	51,078
MI & BM Tremain	86,963	GK & DJ Oakley	49,713
WV & WJ Flowerday	85,910	RD & CB Clarke	49,529
Omega Fruit Limited	83,625	HD Spencer	48,985
NP Gray, WR Gray, W Kameta & B Kingi	80,852	DW Hay	46,085

ANALYSIS OF SHAREHOLDER BY SIZE AT 31 DECEMBER 2010*

	No. of Shareholders	Shares Held	Percentage of Shareholders	Shares	Average Holding
Up to 1,000 Shares	244	124,762	30.77%	0.86%	511
1,001 to 5,000 Shares	302	783,502	38.08%	5.43%	2,594
5,001 to 10,000 Shares	89	649,264	11.22%	4.50%	7,295
10,001 to 100,000 Shares	139	4,125,721	17.53%	28.58%	29,681
100,001 Shares or More	19	8,750,079	2.40%	60.62%	460,530
Total	**793**	**14,433,328**	**100.0%**	**100.0%**	**18,201**

SUBSTANTIAL SECURITY HOLDERS AT 31 DECEMBER 2010**

	Shares Held	Percentage of Shareholding
Te Awanui Huka Pak Limited	2,453,968	17.00%
Fresh MD Holdings, Incorporated	2,363,608	16.38%

* All shares fully paid up.

** Shares that are fully paid and have voting rights.

Directory

DIRECTORS

Kim Ellis
Chairman

Amiel Diaz
Director

Stuart Burns
Director

Malcolm Cartwright
Director

David Emslie
Director

Taari Nicholas
Director

Jim Scotland
Director

MANAGEMENT

Michael Franks
Chief Executive

Geoff Carey
GM Grower Information Services

Bryan Grafas
GM Orchard Operations

Kevin Halliday
GM IFSL

Stuart McKinstry
Chief Financial Officer

Peter Mourits
GM Grower Relations &
Corporate Marketing

Greg Rodger
GM Information Systems

Rob Towgood
GM Post Harvest Operations

CORPORATE

OFFICES OF SEEKA KIWIFRUIT INDUSTRIES LIMITED
Head Office
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 and Lusk
Auckland

McKenzie Elvin
Tauranga

Seeka Kiwifruit Industries Limited
6 Queen Street, Te Puke 3119
PO Box 47, Te Puke 3153
www.seeka.co.nz
info@seeka.co.nz