Seeka

SELECT EXCELLENCE

ANNUAL REPORT

2017

CONTENTS

FROM THE CHAIRMAN AND CHIEF EXECUTIVE

Seeka is pleased to provide you with this report covering the 2017 financial year.

A seasonal reduction in New Zealand yields reduced kiwifruit harvested and processed by Seeka for the 2017 season by 21% compared to 2016. Within this total, the Hayward (green) component reduced by 33%. The scale of this reduction and its potential to significantly impact the company's operational earnings was identified early. Seeka updated shareholders and took steps to minimise costs and maximise earnings.

The steps taken by Seeka and outlined in this commentary led to a better profit from operations than forecast given the scale of the reduction in New Zealand kiwifruit volume.

Seeka's investment in new and upgraded plant, precooling and cool storage capacity in anticipation of higher crop volumes, particularly Zespri SunGold fruit, meant the company was able to optimise plant configuration and staff utilisation. Growers benefited through record low fruit loss while operational efficiencies reduced costs.

A significant change to the banana sourcing arrangements of a key retail customer led to Seeka's retail services business losing a supply contract. Annually the carrying values of all assets are reviewed for impairment, the loss of this supply contract resulted in an impairment of $2.031m in the carrying value of goodwill.

Seeka ended the year with an excellent operational result and enters 2018 with a strong financial and operational outlook.

Highlights

- Profit after tax of $5.833m (2016: $10.385m), a decrease of 44%
  (2016 comparative included the one-off after tax gain from insurance proceeds of $3.092m)
- Improved earnings from Seeka Australia with earnings before interest, tax and depreciation (EBITDA) of NZD$2.251m (2016: $1.029m), up 119%.
- Record low fruit loss to Seeka's New Zealand kiwifruit growers of 1.18% for Hayward (green) conventional, 0.42% for Hayward (green) organic growers and 0.73% for Zespri SunGold growers. Comparatively good results within the industry and specifically the best Seeka has ever delivered.
- Successful completion of the New Zealand 2016/17 avocado selling season with Seeka handling a record 487,095 export trays (2015/16: 225,656 export trays) delivering $24.85 per tray to growers (2016: $26.86). The forecast 2017/18 returns are in excess of $40.00 per export tray.
- Successful and safe harvest seasons for all crops across Australia and New Zealand including kiwifruit, avocados, nashi, plums, pears and cherries.
- Installation of a new $6.0m Compac Spectrim packing machine at Main Road Katikati that offers automated grading. Also the relocation of the existing machine to the Peninsula packhouse to handle increases in the Coromandel-grown crop.
- Completion of the coolstore and pre-cooling capacity upgrades at Main Road, Katikati and at KKP and Transcool, Te Puke, an investment in excess of $8.6m.
- Implementation of Seeka's Australian orchard plan resulting in the development of 60 hectares of new kiwifruit orchard over the next five years along with the introduction of exciting new pear varieties.
- Establishment and commissioning of the Delicious Nutritious Food Company delivering a first year earnings before interest, tax and depreciation of $0.294m.
- Net debt (bank loans less bank deposits) totalled $83.121m (2016: $72.757m); an increase of $10.364m. Total assets increased from $197.309m to $222.023m; an increase of $24.714m.

Historical summary of financial performance

12 months to 31 December

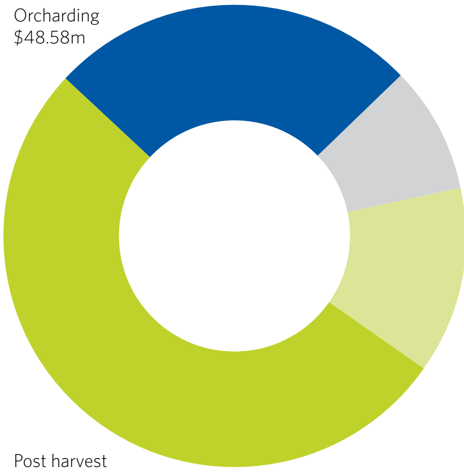
New Zealand dollars	2013[2]	2014	2015	2016	2017
Gross packed trays (excluding punnets and kiwiberry)	19,595,166	21,272,271	27,751,496	32,438,544	25,541,753
Turnover	$109,387	$148,568	$184,740	$229,397	$217,902
Revenue ($000s)	$97,371	$115,672	$142,112	$191,317	$186,814
EBITDA[1] ($000s)	$9,448	$11,288	$13,925	$24,764	$23,128
EBITDA[1] as a percentage of sales	9.7%	9.8%	9.8%	12.9%	12.4%
NPBT ($000s)	$3,001	$4,263	$5,246	$13,612	$9,908
NPAT ($000s)	$2,295	$3,168	$4,272	$10,385	$5,833
Earnings per share	$0.16	$0.22	$0.29	$0.65	$0.35
Operating cashflow ($000s)	$8,829	$8,529	$1,804	$21,252	$14,058
Operating cashflow per share	$0.61	$0.55	$0.11	$1.22	$0.80
Total assets ($000s)	$98,681	$109,791	$164,318	$197,309	$222,023
Net bank debt (000s)	$14,674	$17,242	$52,960	$72,757	$83,121
Net tangible assets per share	$4.02	$4.07	$3.76	$4.34	$5.18

1. EBITDA, a non-GAAP measure, is earnings before interest, tax, depreciation, amortisation and revaluations.
2. The Group's financial statements were restated in 2013 to comply with an amendment to NZIAS41 "Agriculture" and IAS16 "Property, plant and equipment" as related to bearer plants.

Revenue by operating segment overview

Seeka supplies high-value produce to world markets. Founded on New Zealand's kiwifruit industry, our New Zealand operating segments service the value chain from orchard to market, with the Seeka group also owning and operating a fully-integrated orchard-to-market business in Australia.

Operating segment revenue 2017



Orcharding, New Zealand

Growing export crops of kiwifruit, avocado and kiwiberry from more than 220 orchards via management, lease and long-term lease contracts.

$48.58m revenue 2017

Post harvest, New Zealand

A contract processing service to harvest, pack, coolstore and supply kiwifruit, avocado and kiwiberry from more than 700 orchards, including all produce from our orchard operations and for independent growers.

$96.70m revenue 2017

Retail services, New Zealand

Seeka markets local and imported produce in New Zealand, exports to Australia and niche international markets, plus manufactures and sells the high-value nutritional foods Kiwi Crush and avocado oil.

$24.29m revenue 2017

Seeka Australia

Owns nine large orchards plus post harvest facilities that supply Australian retailers with a large portion of Australia's locally-grown kiwifruit, nashi and pears.

$16.54m revenue 2017

Operational performance

The following table outlines Seeka's performance for the year. The 2016 result has been adjusted for non-recurring items including the grower incentive scheme costs for comparison with 2017.

New Zealand dollars	Reported result December 2016	Non-recurring items (Note 1)	December 2016 underlying trading result (Note 2)	Reported result December 2017	Non-recurring items (Note 3)	December 2017 underlying trading result (Note 2)	(Decrease) / increase to reported 2016 result	(Decrease) / increase to underlying 2016
Total revenue ($000s)	$ 191,317	$(1,164)	$ 190,153	$ 186,814	-	$ 186,814	(2)%	(2)%
EBITDA [4] before impairments and revaluations ($000s)	$ 24,764	$(1,560)	$23,204	$ 23,128	$(385)	$ 22,743	(7)%	(2)%
EBIT [5] ($000s)	$ 16,958	$(1,411)	$ 15,547	$ 13,689	$ 352	$ 14,041	(19)%	(10)%
NPAT ($000s)	$ 10,385	$(1,017)	$ 9,368	$ 5,833	$ 851	$ 6,684	(44)%	(29)%
Basic earnings per share	$ 0.65	$(0.06)	$ 0.59	$ 0.35	$ 0.05	$ 0.40	(46)%	(33)%
Net bank debt ($000s)	$ 72,757		$ 72,757	$ 83,121		$ 83,121	14%	14%

Dividend announcement

A dividend of $0.12 per share has been declared by the Board. The dividend is fully imputed and will be paid on 23 March 2018 to those shareholders on the register at 5pm, 16 March 2018. The dividend reinvestment plan will apply to the distribution. This dividend will bring the total dividends distributed in the last 12 months to $0.22 (prior twelve months $0.20).

Outlook

Seeka is anticipating a return to average Hayward (green) kiwifruit yields along with a steady increase in the Zespri SunGold volumes. The improvement programmes underway in Australia are expected to progressively improve earnings, and along with the anticipated increased New Zealand avocado earnings and continuing development of the Delicious Nutritious Food Company give Seeka a positive earnings outlook. Seeka is anticipating an improvement to earnings at an EBITDA level of between 5% and 10%.

1. Revenues reduced by $1.2m, and is made up of the increase of $2.9m ($2.1m after tax) for the grower incentive scheme, refer to note 3 and reduced by $4.1m ($3.1m after tax) for insurance proceeds, refer to note 3. EBITDA was reduced by $1.6m and includes the above and also by $0.4m ($0.3m after tax) relating to the early termination of long-term orchard lease agreements. EBIT was reduced by $1.4m and includes the above and also adjusted for impairment of property, plant and equipment $0.1m ($0.1m after tax, note 9), impairment of investments and shares $0.4m ($0.4m after tax, note 20 and 22) and gain on revaluation of land and buildings $0.3m ($0.3m after tax, note 9). All are considered to be non-recurring items.

2. Underlying trading result is considered by the Board to be a key measure of the business operational performance.

3. EBITDA was reduced by $0.4m ($0.3m after tax) for insurance proceeds received $0.1m ($0.1m after tax, note 3) and early termination of long-term orchard lease agreements $0.3m ($0.2m after tax). EBIT was increased by $0.4m and includes the above and also adjusted for impairment of property, plant and equipment $0.1m ($0.1m after tax, note 9), impairment of goodwill $2.0m ($2.0m after tax, note 10) and gain on revaluation of land and buildings $1.4m ($1.0m after tax, note 9 and 10). All are considered to be non-recurring items.

4. EBITDA, a non-GAAP measure, is earnings before interest, tax, depreciation, amortisation and revaluations. EBITDA is considered by the Board to be a key measure of performance and a reflection of cash flow generation.

5. EBIT, a non-GAPP measure is earnings before interest and tax.


Yale
530
Yale

Review of operations

Revenue for the twelve months ended December 2017 totalled $186.814m (2016: $191.317m). The reduction reflects lower total New Zealand kiwifruit volumes handled from 32.438m trays to 25.675m trays, a decline of 21%. Hayward (green) volume declined by 33%.

Consolidated earnings before interest tax, depreciation and amortisation (EBITDA) totalled $23.128m (2016: $24.764m); down 6.61%. EBITDA from Seeka Australia totalled $2.251m (2016: $1.029m); up 119%.

Seeka implemented a number of innovations to minimise the impact of lower New Zealand kiwifruit volumes along with concentrating on the Australian business, the avocado business and emerging business units including the establishment of the Delicious Nutritious Food Company.

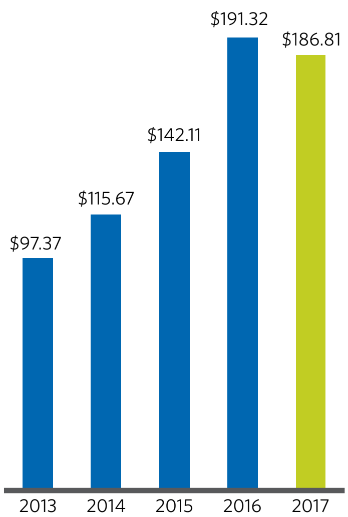
Consolidated profit after tax for the year totalled $5.833m (2016: $10.385m); down 43.8%. It should be noted that the 2016 result includes $3.092m in after tax one-off insurance proceeds.

Cash flow from operations totalled $14.058m (2016: $21.252m); down largely due to the gross insurance proceeds of $3.627m received in 2016.

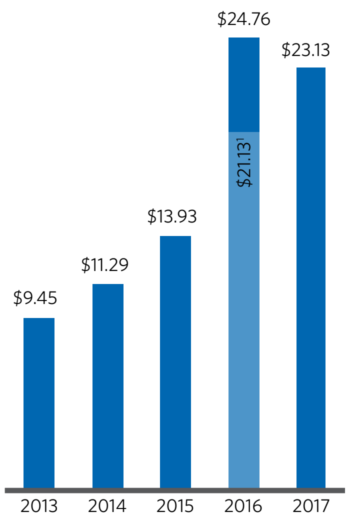
Cash invested in property, plant and equipment totalled $20.870m (2016: $40.920m); down on the previous corresponding period (pcp). Major capital expenditure items included the installation of a new Compac grader at Main Road and the relocation of the previous Main Road machine to the Peninsula packhouse. Capital works also included the construction of coolstores and pre-coolers at Main Road, KKP and Transcool along with the programme of converting wooden bins to plastic.

Seeka's New Zealand coolstore infrastructure is now largely in balance with expected crop volumes and the next large project under consideration is replacement of the packing machine at KKP to handle expected greater Zespri Sungold volumes in 2019.

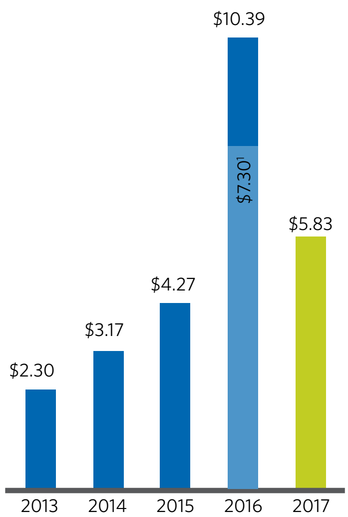
Total revenue
NZ$million



EBITDA
NZ$million



Net profit after tax
NZ$million



1. Excludes effect of insurance settlement.

Orchard operations in New Zealand

Activities include the servicing and growing of kiwifruit, kiwiberry and avocados through managed, leased and long term leased arrangements. Orchard operations span from Northland through the Coromandel, Bay of Plenty and East Coast.

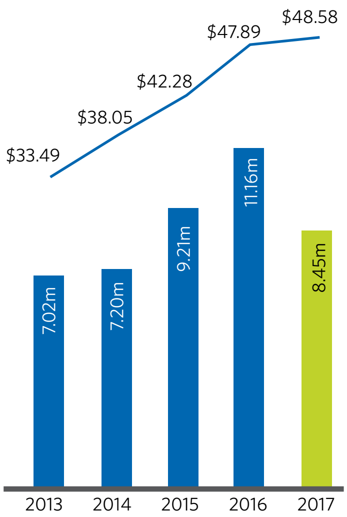
Kiwifruit volumes decreased in 2017 following an industry-wide drop in green kiwifruit yields. For the 2017 kiwifruit harvest Seeka grew 30.70m kilograms (8.45m trays) compared to 40.57m kilograms in 2016 (11.16m trays).

In addition Seeka grew 0.54m kilograms of avocados (98,356 trays) in the 2016/17 harvest (2015/16: 0.054m kilograms, 9,739 trays). Seeka also grew 0.04m kilograms of kiwiberry (24,402 trays) for harvest 2017 (2016: 0.03m kilograms, 20,202 trays).

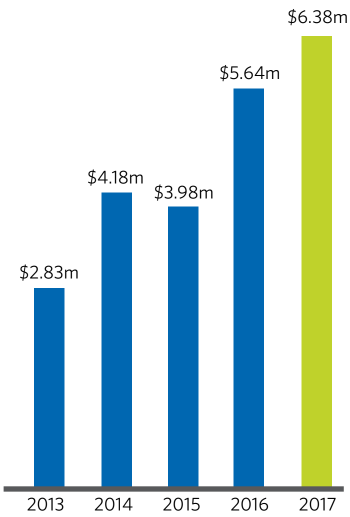
Seeka is actively investing in long term leases to replace those which have expired.

Total revenue for orchard operations for the year was $48.582m (2016: $47.889m). EBITDA of $6.376m (2016: $5.638m).

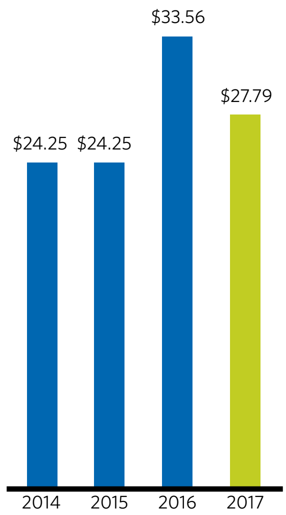
Orchard revenue and volumes
NZ$million, millions of class 1 kiwifruit trays



Orchard EBITDA
NZ$million



Orchard assets
NZ$million



Post harvest operations in New Zealand

Coordinate the harvest, packing, storage and dispatch of kiwifruit, kiwiberry and avocados to the market, or in the case of Zespri kiwifruit to the port.

In 2017 25.675m trays of New Zealand kiwifruit were packed (2016: 32.438m); a reduction of 6.724m trays being a direct effect of the industry-wide fall in Hayward (green) yields.

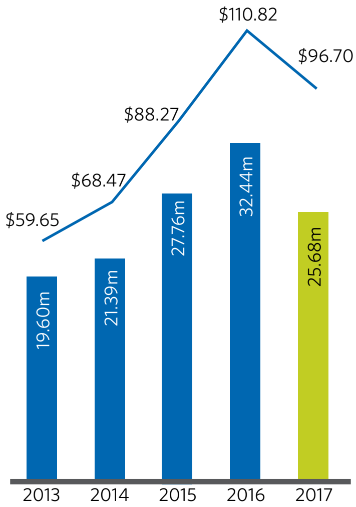
Seeka delivered a safe and timely harvest to growers. The harvest was rain interrupted creating issues, however Seeka coordinated the harvest to optimise fruit quality and minimise fruit loss. A new Compac Spectrim grader was built and commissioned at Main Road with the previous machine relocated to the Peninsula packhouse in the Coromandel. New coolstores were built at Main Road, KKP and Transcool.

Seeka innovated to mitigate the potential earnings impact of reduced volumes. Sensibly Seeka delayed capital expenditure and implemented procurement reviews that successfully reduced costs. Importantly Seeka developed a new capacity planning tool, called Blueprint. Blueprint has improved management's ability to match expected harvested crop volumes with optimised plant utilisation and coolstore capacity. It also ensures that a grower's fruit receives an optimal harvest, and Seeka is able to optimise packing, cooling and inventory management to minimise costs.

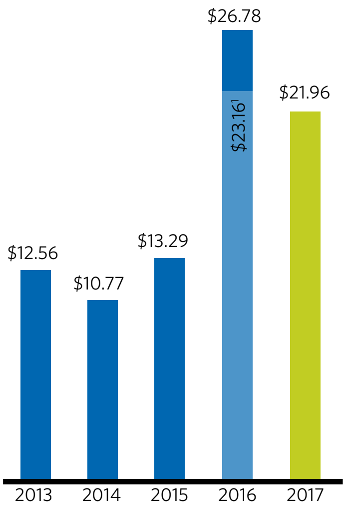
Fruit loss results were the best in Seeka's history. Fruit loss statistics, a measure of post-harvest performance included 1.18% for Hayward (green) conventional, 0.42% for Hayward (green) organic growers and 0.73% for Zespri SunGold growers.

Post-harvest revenue of $96.700m for the year is a reduction on the prior years $110.823m. EBITDA of $21.958m down on the prior year $26.784m.

Post harvest revenue and volumes
NZ$million, millions of kiwifruit trays

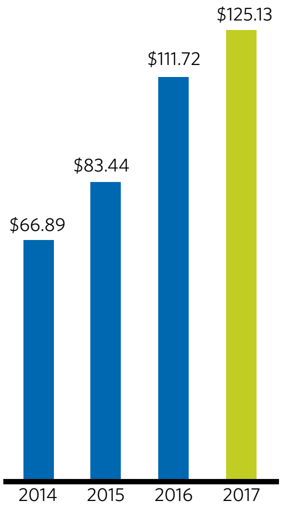


Post Harvest EBITDA
NZ$million



1. Excludes effect of insurance settlement.

Post harvest assets
NZ$million



Retail services operations

Includes the supply and sale of avocados, class 2 New Zealand kiwifruit, sale of New Zealand kiwifruit through approved collaborative marketing programmes and imported tropical fruits.

Revenue totalled $24.294m, ahead of the prior year of $16.847m. EBITDA of $2.920m compares favourably against pcp of $1.941m.

Avocado earnings continue to grow in importance in this division's revenue and earnings and the tray return to growers continues to lead the Industry. Seeka expects the current year sales programme (2017:2018) to approach $40 per export tray – well surpassing the previous record of $26.80. Seeka has gained a brand reputation for supreme quality throughout the customer base – with our retail customers able to rely on a supply chain that delivers them high quality fruit every time.

The tropical business including banana importation and ripening has delivered positive earnings. A decision by a key customer to rearrange their supply chain and source bananas direct from the market and only use Seeka for ripening has led Seeka to impair the goodwill associated with its sourcing contract by $2.031m.

Seeka has established a new business, the Delicious Nutritious Food Company as a wholly owned subsidiary. The business manufactures and markets a range of kiwi crush products, manufactures and supplies avocado oil and will include the packing and distribution of kiwiberry. The combined operations deliver a full year business cycle. EBITDA for the partial first year of manufacturing totalled $0.294m and is included in the overall EBITDA for retail services.

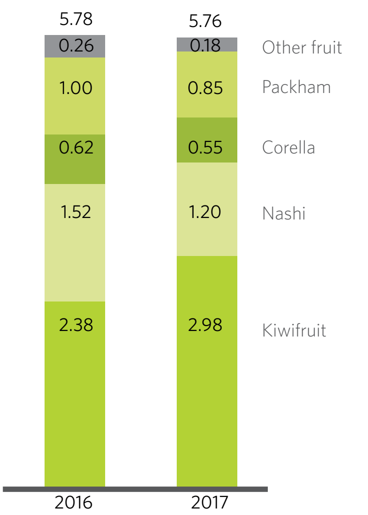
Seeka Australia PTY Limited

Owns and operates predominately kiwifruit, nashi and pear orchards, packing and logistics infrastructure. The company markets directly to retailers and wholesale markets for both Australian and New Zealand-grown fruit.

2017 kiwifruit harvest yields and quality were better than 2016 while nashi volumes were below expectation. Across all varieties Seeka is concentrating on quality as well as increasing yields. 2017 volumes by variety are outlined in the following table with comparatives.

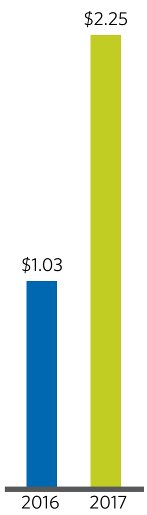
Class 1 and 2	2016 Kilograms	2016 Tray equivalents	2017 Kilograms	2017 Tray equivalents
Kiwifruit	2,374,720	656,000	2,981,834	823,711
Nashi	1,523,000		1,200,786	
Corella	623,784		553,592	
Packham	996,300		853,600	
Other pears	169,454		83,421	
Plums	31,500		40,150	
Apricots	43,682		38,383	
Cherries	16,074		11,799	

Seeka Australia production
Millions of kilograms

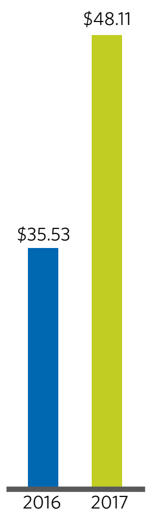


Seeka Australia revenue *NZ$million*

Seeka Australia EBITDA *NZ$million*



Seeka Australia assets *NZ$million*



Seeka has concentrated on upgrading the orchards, post-harvest infrastructure, safety and business systems and the general presentation of the business in Australia.

Seeka is further expanding its kiwifruit plantations with infill planting of existing orchards and the development of new orchards. The company has some 60 hectares of new kiwifruit orchards in development and purchased land adjacent to its existing orchards for further development. Developments will take three to five years to bear fruit, but Seeka is confident in both the orchards and Australian business.

Long range business planning has set AUD$8m as the targeted EBITDA for this business operation. Innovation includes new variety trials which are underway. Seeka is introducing new hybrid pear varieties to replace some commodity pears on its orchard.

The Australian team is focused on improving the presentation and quality of fruit sold to market. Goulburn Valley is a highly regarded fruit growing region in Australia with a hot climate, high sunshine hours and low rainfall. Fruit grown in this environment has high dry matter and great taste and is well received by the market as confirmed by independent consumer studies.

Seeka is actively investing in its Australian business as a future growth platform establishing new orchards and introducing new varieties. The quality of fruit grown in Australia, relatively low cost of establishment, established infrastructure and high value close domestic market provides confidence in the investment programme.

EBITDA of $2.251m is a significant improvement on prior year EBITDA of $1.029m.

The Seeka team

Inspirational people is a hallmark of our brand and we have focused on our people development strategy to ensure that Seeka is well resourced for the future.

Seeka is committed to the success of our people and has invested in the future by establishing a number of programmes. During the year Seeka established a leadership development programme to ensure that the future leaders are fully equipped to continue the success and growth of Seeka. Orchard cadetships are available for those looking to begin a career in horticulture and are exposed to the full remit of orchard management and can go on to become trainee managers. Seeka has been collaborating with Te Awanui Kiwi Leaders initiative to establish a fully-mentored cadet programme. Seeka also offers an overseas experience programme to selected employees.

The company has refined its health and safety strategy and systems to ensure that it complies with legislation and keeps its people, contractors and stakeholders safe. Established key performance measures including Total Recordable Injury Frequency Rate (TRIFR), Notifiable Injuries, Notifiable Incidents and Severity Rate (average days lost from injury) as key performance indicators for the company. The key performance indicators set with management staff include these key components.

The 2017 actual results and 2018 targets are shown in the following table below.

	2018 Target	2017 Actuals
Total recordable injury frequency rate [1]	Less than 4.6	5.8
Notifiable incidents	0	0
Notifiable event	0	1
Medical treatment	-	53
Severity rate [2]	Less than 3.0	2.91

Safety systems continue to be refined and actively managed to ensure our people are safe. The Company is continuing to make excellent progress with its health and safety strategy and deployment. Further Seeka continues to invest in training and systems, to ensure contractor compliance. Non-compliant contractors are removed from the approved Company supplier list. Generally contractors have worked cooperatively with Seeka to achieve compliance and Seeka is satisfied with the compliance of its contractor community.

Seeka also has a team of dedicated employees to source and care for its seasonal workforce. This includes the overseas workforce recruited under the RSE scheme which compliments the local New Zealand workforce. Our team ensures that we make all endeavours to employ New Zealanders first, including working with the Ministry of Business Innovation and Employment on innovative schemes. These schemes include transport arrangements, training courses and innovative incentives to bring regional people to Seeka's employment hubs.

1. Total recordable injury frequency rate (TRIFR) is a key measure that compares total lost time injuries and medical treatments against the total number of hours worked. TRIFR = (number of recordable lost time and medical treatment injuries) x 200,000 / (number of employee hours worked).

2. Severity rate = (number of lost time injuries) / (number of days lost).

Seeka360 Campus

Te Arikinui Kiingi Tuheitia opened Seeka's new headquarters in March 2017. The building and campus is utilised by Seeka, its growers, and community.

Progress is being made to address the deferred maintenance on the property and develop a commercial GEM avocado orchard to both showcase this variety and generate income from the previous amenity property.

Seeka is now planning on relocating its laboratory operations from Te Puke to the Seeka360 hub to further create this produce centre of excellence.

Innovation

Seeka continues to invest in innovation to support operations, fruit performance, automation and operational efficiency.

More recent innovations include information systems deployed by Seeka enabling faster decisions to be made at critical moments in the business cycle. Inventory managers are able to assess fruit in all stores, understand atmospheric conditions and fruit characteristics to prioritise fruit for optimal shipment to the market.

Information systems have been deployed to improve planning in increasingly complex situations. Blueprint, Seeka's innovation to the harvest of multiple varieties, maturities and sites, is now deployed in the business to improve operational efficiency.

Seeka's laboratory business, VLS, has continued to innovate to support growers and the business. Seeka has recently been awarded a contract to supply the kiwifruit industry with independent maturity testing services from 2018 – a highlight for Seeka.

Summary

Reduced New Zealand kiwifruit volumes primarily resulting from an industry-wide lower Hayward yield impacted negatively on Seeka's earnings. The company responded to this challenge positively and innovated to mitigate the impact. Australian operations and Seeka avocados delivered improved earnings and the emerging Delicious Nutritious Food Company is now fully operational. Changes in the supply arrangements of a key customer led Seeka to impair the goodwill in its banana sourcing business.

Seeka is constantly using innovative technological developments in the core kiwifruit business to optimise packhouse operations and deliver continuous improvement in performance to growers plus minimise cost to the company.

Seeka would like to thank all stakeholders for their continued support and all growers who supply Seeka for choosing Seeka as their preferred supply partner.

Seeka is well placed through the quality and focus of our people, our strategic investments in orchards and post harvest facilities, the broadening of our retail services business and the support of our shareholders.

Fred Hutchings
Chairman

Michael Franks
Chief executive

2017 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2017 - Audited

New Zealand dollars	Notes	2017 $000s	2016 $000s
Turnover [1]	2	**217,902**	**229,397**
Revenue	3	186,814	191,317
Cost of sales	4	151,537	157,883
Gross profit		**35,277**	**33,434**
Other income	3	404	370
Income from insurance proceeds	3	125	4,125
Other costs	4	12,678	13,165
Earnings (EBITDA) [2]		**23,128**	**24,764**
Depreciation expense	9	8,218	7,187
(Gain) on revaluation of land and buildings and interest in leased land	4	(1,396)	(347)
Impairment of investments in associates		-	38
Impairment of investments in shares	20	-	340
Impairment of property, plant and equipment	9	102	118
Impairment of intangible assets	10	2,031	-
Amortisation of intangible assets	10	484	470
Earnings (EBIT) [3]		**13,689**	**16,958**
Interest expense		3,781	3,346
Net profit before tax		**9,908**	**13,612**
Current tax expense	6	2,860	4,325
Deferred tax expense	6	1,215	(1,098)
Total tax charge		**4,075**	**3,227**
Net profit attributable to equity holders		**5,833**	**10,385**
Earnings per share for profit attributable to the ordinary equity holders of the company during the year			
Basic earnings per share	17	$0.35	$0.65
Diluted earnings per share	17	$0.34	$0.62

1. Turnover is a non-GAAP measure, see calculations in note 2.

2. EBITDA, a non-GAAP measure, is earnings before interest, tax, depreciation, amortisation and revaluations.

3. EBIT, a non-GAAP measure, is earnings before interest and tax.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017 - Audited

New Zealand dollars	Notes	2017 $000s	2016 $000s
Net profit for the year		**5,833**	**10,385**
Items that will not be reclassified to profit or loss, net of tax			
Gain on revaluation of land and buildings		4,455	2,071
Total items that will not be reclassified to profit or loss		**4,455**	**2,071**
Items that may be reclassified subsequently to profit or loss, net of tax			
Movement in cash flow hedge reserve	18	147	(57)
Movement in foreign currency translation reserve	18	(840)	611
Movement in foreign currency revaluation reserve	18	743	(425)
Gain on revaluation of water shares	10	976	-
Gain on revaluation of investment in shares	20	4,141	864
Total items that may be reclassified subsequently to profit or loss		**5,167**	**993**
Total comprehensive income for the year attributable to equity holders		**15,455**	**13,449**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017 - Audited

New Zealand dollars	Notes	2017 $000s	2016 $000s
Equity			
Share capital	*16*	46,195	44,950
Reserves	*18*	21,456	12,496
Retained earnings	*18*	30,974	27,865
Total equity		**98,625**	**85,311**
Current assets			
Cash and cash equivalents		2,389	1,688
Trade and other receivables	*12*	17,401	20,589
Biological assets - crop	*11*	16,682	16,046
Inventories	*13*	4,808	3,389
Irrigation water rights		151	195
Total current assets		**41,431**	**41,907**
Non current assets			
Trade and other receivables	*12*	1,066	3,350
Property, plant and equipment	*9*	155,371	134,489
Intangible assets	*10*	16,727	15,276
Investment in shares	*20*	7,428	2,287
Total non current assets		**180,592**	**155,402**
Total assets		**222,023**	**197,309**
Current liabilities			
Current tax liabilities	*6*	1,404	2,365
Trade and other payables	*14*	20,281	21,711
Interest bearing liabilities	*15*	10,827	5,716
Financial derivatives	*28*	128	332
Total current liabilities		**32,640**	**30,124**
Non current liabilities			
Interest bearing liabilities	*15*	74,683	68,729
Deferred tax	*7*	16,075	13,145
Total non current liabilities		**90,758**	**81,874**
Total liabilities		**123,398**	**111,998**
Net assets		**98,625**	**85,311**

On behalf of the Board.

F Hutchings
Chairman

A Waugh
Director

Dated: 23 February 2018

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017 - Audited

New Zealand dollars	Notes	Share capital $000s	Investment in shares revaluation reserve $000s	Cash flow hedge reserve $000s	Foreign currency revaluation reserve $000s	Foreign currency translation reserve $000s	Share based payments reserve $000s	Land and buildings revaluation reserve $000s	Retained earnings $000s	Total $000s
Equity at 1 January 2016		**40,651**	**1,075**	**(184)**	**(51)**	**9**	**142**	**8,427**	**20,750**	**70,819**
Net profit		-	-	-	-	-	-	-	10,385	**10,385**
Foreign exchange movement		-	-	-	(425)	611	-	-	-	**186**
Other comprehensive income / (loss)		-	864	(57)	-	-	-	1,943	128	**2,878**
Total comprehensive income / (loss)		-	864	(57)	(425)	611	-	1,943	10,513	**13,449**
Transactions with owners										
Shares issued	*16*	3,207	-	-	-	-	-	-	-	**3,207**
Employee share scheme receipts	*16*	1,092	-	-	-	-	-	-	-	**1,092**
Movement in employee share entitlement reserve	*18*	-	-	-	-	-	142	-	-	**142**
Dividends paid	*19*	-	-	-	-	-	-	-	(3,398)	**(3,398)**
Total transactions with owners		4,299	-	-	-	-	142	-	(3,398)	**1,043**
Equity at 31 December 2016		**44,950**	**1,939**	**(241)**	**(476)**	**620**	**284**	**10,370**	**27,865**	**85,311**
Net profit		-	-	-	-	-	-	-	5,833	**5,833**
Foreign exchange movement		-	-	-	741	(840)	-	-	2	**(97)**
Other comprehensive income		-	5,117	147	-	-	-	3,980	475	**9,719**
Total comprehensive income / (loss)		-	**5,117**	**147**	**741**	**(840)**	-	**3,980**	**6,310**	**15,455**
Transactions with owners										
Shares issued	*16*	329	-		-	-	-	-	-	**329**
Employee share scheme receipts	*16*	916	-	-	-	-	-	-	-	**916**
Movement in employee share entitlement reserve	*18*	-	-	-	-	-	(185)	-	318	**133**
Dividends paid	*19*	-	-	-	-	-	-	-	(3,519)	**(3,519)**
Total transactions with owners		**1,245**	-	-	-	-	**(185)**	-	(3,201)	**(2,141)**
Equity at 31 December 2017		**46,195**	**7,056**	**(94)**	**265**	**(220)**	**99**	**14,350**	**30,974**	**98,625**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017 - Audited

New Zealand dollars	Notes	2017 $000s	2016 $000s
Operating activities			
Cash was provided from:			
Receipts from customers		190,132	188,583
Interest and dividends received		519	204
Insurance proceeds - fruit loss mitigation claim and business interruption	3	125	3,627
Cash was disbursed to:			
Payments to suppliers and employees		(168,795)	(166,863)
Interest paid		(3,756)	(3,325)
Income taxes paid		(4,167)	(974)
Net cash flows from operating activities	5	**14,058**	**21,252**
Investing activities			
Cash was provided from:			
Sale of property, plant and equipment		1,267	4,124
Sale of investments in shares		-	30
Received from insurance proceeds for asset loss	3	-	3,478
Repayment of advances		4,133	1,614
Cash was applied to:			
Purchase of property, plant and equipment		(20,870)	(40,920)
Development of bearer plants		(3,488)	(882)
Investment in business combination and shares		(1,000)	(6,089)
Purchase of water shares		(689)	-
Advances		(1,536)	(1,192)
Net cash flows (used in) investing activities		**(22,183)**	**(39,837)**
Financing activities			
Cash was provided from:			
Proceeds of non current bank borrowings		11,880	38,886
Proceeds of current bank borrowings		29,880	23,140
Issue of shares		916	1,092
Cash was applied to:			
Repayment of non current bank borrowings		(7,500)	(16,003)
Repayment of current bank borrowings		(25,100)	(24,770)
Payment of dividend to shareholders	19	(3,190)	(3,122)
Net cash flows from financing activities		6,886	19,223
Net (decrease) / increase in cash and cash equivalents		**(1,239)**	**638**
Effect of foreign exchange rates		1,940	(142)
Opening cash and cash equivalents		1,688	1,192
Closing cash and cash equivalents		**2,389**	**1,688**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

This section contains the notes to the consolidated financial statements for Seeka Limited, its subsidiaries and associates. To give stakeholders a clear insight into how Seeka organises its business, the note disclosures are grouped into seven sections.

Basis of preparation

This section sets out the Group's accounting policies that apply to the full set of financial statements. Accounting policies which are limited to a specific note, are described in that note.

Reporting entity and statutory base

The financial statements presented are those of the consolidated Seeka group. Seeka Limited is referred to as the Company. The group is referred to as the Group, Seeka, or Seeka Group.

Seeka Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and a Financial Markets Conduct (FMC) Reporting Entity for the purposes of the FMC Act 2013. Seeka Limited is listed and its ordinary shares are quoted on the NZX main board equity security market (NZX Main Board).

Nature of operations

Seeka is a produce business operating in New Zealand and Australia.

In New Zealand the Group provides orcharding, post harvest and retail services to New Zealand's kiwifruit, avocado and kiwiberry industries. Seeka manufactures and sells the Kiwi Crush and Kiwi Crushies ranges along with avocado oil. The Group also provides retail and ripening services for imported tropical produce, and operates a wholesale market.

In Australia, Seeka owns and operates orchards and associated post harvest assets, making the Group the largest producer and supplier of Australian kiwifruit and nashi pears, a major supplier of European pears, plus lesser production of other temperate-climate fruits.

Statement of compliance and basis of preparation

The consolidated financial statements for the Group have been prepared in accordance with the requirements of Part 7 of the FMC Act 2013. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (GAAP), incorporating New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities. The Group financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements are prepared on a historical cost basis, with the exception of:

- financial assets and liabilities (including derivative instruments) at fair value through the profit or loss (note 28 and 29)
- biological assets - crop at fair value (note 11)
- land and buildings are revalued (note 9)
- water shares at fair value (note 10)

The significant accounting policies applied in the preparation of the financial statements are set out below.

The financial statements were approved by the Board of Directors (the Board) on 23 February 2018.

Basis of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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. Direct acquisition costs are expensed as incurred.

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.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing during the month of that transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each entity's balance sheet within the Group are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each entity's income statement and statement of other comprehensive income, are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the accompanying notes. The accounting policies adopted have been applied consistently throughout the periods presented in these financial statements, with the exception of a change in measurement basis for water shares in 2017. The water shares, an intangible asset, have been revalued to fair value from cost to better reflect the true value of the shares and align them with other shares held by the Group (note 29). Certain comparative information has been reclassified to conform with the current year's presentation. There are no new standards, amendments or interpretations that have been issued and effective, that are expected to have a significant impact on the Group (note 30).

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning future operational and financial performance. By definition, these assumptions may not always equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are identified in the notes below. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions underlying management's estimates can be found in the following notes to the financial statements.

Area of estimation or judgement	Note
Property, plant and equipment	9
Goodwill	10
Biological assets - crop	11

Going concern assumption

The consolidated financial statements have been prepared on a going concern basis.

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.

Performance

This section focuses on the Group's financial performance and details the contributions made from the individual operating segments.

Note 1. Segment information

The Group's operating segments are entities that engage in business activities that earn revenues, incur expenses and are reported in a manner consistent with the internal reports provided to the chief decision makers, being the Directors, who regularly evaluate the allocation of resources alongside operational outcomes and are responsible for implementing strategic decisions.

The Group has five operating segments:

- Four New Zealand segments express the range of complementary services delivered to New Zealand's produce industries and the retail sector.
- A single Australian segment encompasses the integrated business associated with the Group's Australian-grown produce.

Direct segment revenues and operating costs are allocated to each segment. Administration costs, overheads, grower service costs and insurance proceeds recorded in the statement of financial performance are allocated to all other segments. Transactions between segments are conducted at arm's length and are eliminated on consolidation.

New Zealand segments

Orchard operations

The Group provides on-orchard management services to orchard owners who produce kiwifruit, avocado and kiwiberry crops.

The Group produces kiwifruit, avocado and kiwiberry crops from:

- Leased orchards (typically three-year rolling contracts) whereby the Group recovers costs and shares any profits with the orchard owners.
- Leased land (long term contracts) which the Group has developed into productive orchards, pays all development and production costs, owns all crops for the term of the lease, and shares profit with the landowner after all costs are recovered.

Post harvest operations

The Group provides post harvest services to the kiwifruit, avocado and kiwiberry industries. This includes all crops from the Group's orchard management and lease operations, plus crops from independent orchard owners.

Retail service operations

The Group provides fruit marketing services in New Zealand and internationally, particularly in the Australian and Asian markets. This includes fruit from the Group's New Zealand based orchard and post harvest operations. In New Zealand the Group also provides retail and ripening services for imported fruit produce, and operates a wholesale market.

Following the Group's purchase of the Kiwi Crush and Kiwi Crushies product ranges in September 2016, retail service operations include the production and selling of Kiwi Crush and Kiwi Crushies to hospitals and the retail sector. Avocado oil is sold to the wholesale and retail sectors.

All other segments - New Zealand

This represents the Group's aggregated administration, grower services and overhead sections along with insurance proceeds recorded in the statement of financial performance and impairment and revaluations of other assets not attributed directly to any other segment.

Australian operations

The Group owns and operates Australian orchards, provides post harvest operations and markets the fruit produced from those orchards, primarily in Australia. The main products are kiwifruit, nashi pears and European pears.

Turnover

Turnover (a non-GAAP measure) includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent, and is considered the vendor by the purchasing party. (See note 2).

EBITDA and EBIT

EBITDA is earnings before interest, tax, depreciation, amortisation, impairments and revaluations. EBITDA is an indicator of profitability and reflects operating cash flow generation.

EBIT is earnings before interest and tax. EBIT is an indicator of profitability that excludes interest and income tax expenses.

The following table details the operating segments at balance date.

New Zealand dollars	New Zealand Orchard operations $000s	Post harvest operations $000s	Retail service operations $000s	All other segments $000s	Australia Australian operations $000s	Group Total $000s
2017						
Income statement						
Turnover [1]	**48,582**	**96,700**	**54,153**	**699**	**17,768**	**217,902**
Gross segment revenue	48,582	101,965	24,294	699	16,536	**192,076**
Eliminations	-	5,262	-	-	-	**5,262**
Total segment revenue	**48,582**	**96,703**	**24,294**	**699**	**16,536**	**186,814**
Income from insurance proceeds	-	125	-	-	-	**125**
EBITDA [2]	6,376	21,958	2,920	(10,377)	2,251	**23,128**
(Gain) on revaluation of land and buildings	-	(1,396)	-	-	-	**(1,396)**
Depreciation expense	547	6,241	13	589	828	**8,218**
Amortisation of intangibles	-	-	305	167	12	**484**
Impairment of assets	-	-	-	-	102	**102**
Impairment of intangibles	-	-	2,031	-	-	**2,031**
EBIT [3]	**5,829**	**17,113**	**571**	**(11,133)**	**1,309**	**13,689**
Net finance costs	-	-	-	3,138	643	**3,781**
Tax charge on profit	-	-	-	3,753	322	**4,075**
Profit after tax	**5,829**	**17,113**	**571**	**(18,024)**	**344**	**5,833**
Balance sheet						
Segment assets	27,794	125,129	4,856	5,074	48,114	**210,967**
Unallocated assets	-	-	-	11,056	-	**11,056**
Total assets	**27,794**	**125,129**	**4,856**	**16,130**	**48,114**	**222,023**
Segment liabilities	16,842	39,027	6,167	6,549	42,850	**111,435**
Unallocated liabilities	-	-	-	11,963	-	**11,963**
Total liabilities	**16,842**	**39,027**	**6,167**	**18,512**	**42,850**	**123,398**
2016						
Income statement						
Turnover [1]	**47,889**	**110,823**	**53,695**	**590**	**16,400**	**229,397**
Gross segment revenue	47,889	116,629	16,847	590	15,168	**197,123**
Eliminations	-	5,806	-	-	-	**5,806**
Total segment revenue	**47,889**	**110,823**	**16,847**	**590**	**15,168**	**191,317**
Income from insurance proceeds	-	3,627	-	498	-	**4,125**
EBITDA [2]	**5,638**	**26,784**	**1,941**	**(10,628)**	**1,029**	**24,764**
(Gain) on revaluation of land and buildings	-	(347)	-	-	-	**(347)**
Depreciation expense	515	5,550	118	367	637	**7,187**
Amortisation of intangibles	-	-	304	158	8	**470**
Impairment of investment in associates and shares	-	-	-	378	-	**378**
Impairments of asset	-	-	-	-	118	**118**
EBIT [3]	**5,123**	**21,581**	**1,519**	**(11,531)**	**266**	**16,958**
Net finance costs	-	-	-	2,814	532	**3,346**
Tax charge on profit	-	-	-	3,460	(233)	**3,227**
Profit after tax	**5,123**	**21,581**	**1,519**	**(17,805)**	**(33)**	**10,385**
Balance sheet						
Segment assets	33,557	111,721	4,696	6,619	35,530	**192,123**
Unallocated assets	-	-	-	5,186	-	**5,186**
Total assets	**33,557**	**111,721**	**4,696**	**11,805**	**35,530**	**197,309**
Segment liabilities	12,602	34,551	4,175	12,841	36,778	**100,947**
Unallocated liabilities	-	-	-	11,051	-	**11,051**
Total liabilities	**12,602**	**34,551**	**4,175**	**23,892**	**36,778**	**111,998**

1. Turnover is a non-GAAP measure, see calculations in note 2.
2. EBITDA, a non-GAAP measure, is earnings before interest, tax, depreciation, amortisation, impairments and revaluations.
3. EBIT, a non-GAAP measure, is earnings before interest and tax.

New Zealand dollars	2017 $000s	2016 $000s

Note 2. Turnover

The following table reconciles turnover to revenue.

Turnover	217,902	229,397
Value of sales made as agent	(31,088)	(38,080)
Revenue	**186,814**	**191,317**

Turnover

The Board considers turnover a useful measure of the Group's operating activity as it represents the total transactional value of goods and services provided to external customers during the year. As such turnover includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent, and is considered the vendor by the purchasing party. This includes all produce sales both local and export.

In the second half of 2016 the Group entered a direct buying arrangement for the importation and supply of bananas in New Zealand whereby total revenues and expenses are reported in the statement of financial performance. Previously the Group had imported bananas on an agency arrangement whereby the Group only reported commission revenue.

New Zealand dollars	2017 $000s	2016 $000s

Note 3. Revenue and other income

Total revenue	**186,814**	**191,317**
Other income		
Interest	-	1
Dividend	558	202
Net movement in fair value of irrigation water rights	(154)	167
	404	**370**
Income from insurance proceeds - asset loss	-	498
Income from insurance proceeds - fruit loss mitigation claim and business interruption	125	3,627
	125	**4,125**
Total other income	**529**	**4,495**
Total revenue and other income	**187,343**	**195,812**

The three year grower incentive scheme ended 31 December 2016. Revenue in 2016 is shown net of discounts and included $2.93m for the cost of the grower incentive scheme.

Impact of seasonality

Group revenues are generated from seasonal horticultural operations, with post harvest revenues recognised as services are provided and orchard revenues recognised once the fruit is harvested. Retail revenues are generated at the point of sale. In New Zealand kiwifruit are harvested from March to June, avocados from August to January, and kiwiberries from February to March. In Australia nashi and European pears are harvested January to March, and kiwifruit from March to May. As a result of these harvest timings around 80% of orchard revenues are recognised in the first six months of the financial year. The timing of the provision of post harvest services can vary from year to year. Normally 70% is recognised in the first six months of the financial year, but seasonal fluctuations can alter this.

Oakside fire - insurance proceeds for asset loss

On 4 March 2015 a fire at the Group's Oakside facility destroyed an ancillary packhouse and caused damage to an office space and a number of coolstore buildings and associated plant, all part of post harvest operations. The Group was fully insured for loss on assets and also business interruption. During the 2016 financial year the value of the property claim was finalised with the exception of some aspects of the business interruption policy. In the current financial year $0.13m was received from insurance proceeds and recorded in the statement of financial performance. In the 2016 financial year $0.50m was recorded in the statement of financial performance and $5.46m recorded in the 2015 financial year. In addition to the property and business interruption insurance receipts recorded in the 2016 statement of financial performance, a further $3.63m receipt was recorded for the settlement of the loss suffered by growers and Seeka due to extraordinary fruit softening and fruit loss as a result of the Oakside fire.

Accounting policies

Revenue comprises the fair value received for the sale of goods and services, net of goods and services tax (GST), rebates and discounts and after eliminating sales within the Group.

Orchard revenue

Managed orchards - revenue is invoiced and recognised as earned for orcharding services provided to managed orchards supplying the Group.

Leased orchards and leased land orchards - crop revenue is recognised in the statement of financial performance at the point of harvest based on forecast orchard gate returns (OGRs) with a corresponding increase in the statement of financial position. The proceeds are then received over the 12 month period following harvest. Revenue estimates are updated at balance date.

Post harvest revenue

Revenue is generated from fruit packing, coolstorage and other supply-chain activities. Services peak from April to December with the bulk of revenues collected by the end of November. Revenue is recognised as services are provided.

Retail service revenue

Ripening and delivery services, and fruit sales to key retail customers - revenue is recognised as services are provided on a principal or agency basis depending on who bears the risks and rewards.

Fruit marketing and wholesale market sales programmes (domestic and international) where the Group acts as an agent and collects a commission on sales - revenue is recognised when the produce is sold.

Where the Group purchases fruit directly from suppliers for resale - revenue is recognised when the produce is sold.

Collaborative marketing programmes (the Group purchases fruit from Zespri International for sale in agreed international markets under licence from Kiwifruit New Zealand) - revenue is recognised when the produce is sold.

Where the Group manufactures and sells products, including the Kiwi Crush, Kiwi Crushies and avocado oil range of products - revenue is recognised when the products are sold.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

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

Note 4. Cost of sales and operating expenses

New Zealand dollars	Notes	2017 $000s	2016 $000s
Operating materials and services		110,052	110,966
Direct employee benefits		36,651	39,871
Operating lease expense		5,470	5,727
(Increase) / decrease in fair value of biological assets - crop	11	(636)	1,319
Total cost of sales		**151,537**	**157,883**
Total other employee benefits		6,741	7,012
General administrative expenses		5,171	5,229
Audit fees paid to principal auditors - (paid on a Group basis)		281	227
Tax fees paid to principal auditors		113	145
Remuneration benchmarking fees paid to principal auditors		33	-
Directors' fees and expenses		400	396
Rent and lease expenses		254	257
(Gain) on sale of property plant and equipment and investments		(315)	(101)
Total other costs		**12,678**	**13,165**
Depreciation	9	**8,218**	**7,187**
Amortisation	10	484	470
Impairments and revaluations			
(Gain) on revaluation of land and buildings	9	(236)	(347)
(Gain) on revaluation of lease interest in land	10	(1,160)	-
Impairment of investments in associates	22	-	38
Impairment of investments in shares	20	-	340
Impairment of intangible assets	10	2,031	-
Impairment of property, plant and equipment	9	102	118
Total impairment and revaluation		**737**	**149**
Total expenses		**177,436**	**182,200**

Accounting policies

Operating expenses are recognised in the statement of financial performance as incurred, except where future economic benefits arise and they are recorded as a prepayment.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the Group are classified as finance leases. All other leases are classified as operating leases.

Operating leases include short term orchard 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.

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.

Note 5. Reconciliation of net operating surplus after taxation with cash flows from operating activities

New Zealand dollars	2017 $000s	2016 $000s
Net operating surplus after taxation	**5,833**	**10,385**
Add non cash items:		
Depreciation	8,218	7,187
(Gain) on revaluation of land and buildings	(1,396)	(347)
Impairment of intangible assets	2,031	-
Impairment of property, plant and equipment	102	118
Impairment of investment in associates	-	38
Impairment of investment in shares	-	340
Revaluation of employee share scheme	133	-
Movement in deferred tax	832	(1,426)
Movement in fair value of biological assets - crop	(636)	1,319
Movement in onerous leases	(8)	(34)
Amortisation of intangible assets	484	470
	9,760	**7,665**
Add / (less) items not classified as an operating activity:		
(Gain) / loss on sale of property, plant and equipment	(301)	(56)
Decrease in current water allocation account	44	146
(Gain) on sale of shares	-	(45)
(Income) from insurance proceeds - asset loss	-	(498)
	(257)	**(453)**
(Increase) / decrease in working capital:		
Increase / (decrease) in accounts payable	(1,640)	2,538
(Increase) / decrease in accounts receivable/prepayments	2,742	(2,358)
(Increase) in inventory	(1,419)	(204)
Increase / (decrease) in taxes due	(961)	3,679
	(1,278)	**3,655**
Net cash flow from operating activities	**14,058**	**21,252**

Accounting policies

Cash flows statements are prepared using the direct approach. Cash and cash equivalents are shown exclusive of GST.

New Zealand dollars	Notes	2017 $000s	2016 $000s

Note 6. Income tax expense

a. Current tax expense

	Notes	2017 $000s	2016 $000s
Current year		3,002	4,202
Prior period adjustment		(142)	123
Total current tax expense		**2,860**	**4,325**
Deferred tax expense	7		
Origination and reversal of temporary differences		203	(481)
Prior period adjustment		1,012	(617)
Total deferred tax expense		**1,215**	**(1,098)**
Total income tax expense		**4,075**	**3,227**

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

		2017 $000s	2016 $000s
Profit before income tax expense		**9,908**	**13,612**
Tax at the New Zealand tax rate of 28%		2,790	4,102
Tax at the Australian tax rate of 30%		(17)	(294)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		601	170
Tax exempt income		(156)	(157)
Under / (over) provision in prior years - temporary differences		857	(594)
Income tax expense		**4,075**	**3,227**

c. Imputation credit account

		2017 $000s	2016 $000s
Imputation credits available for use in subsequent reporting periods		**13,467**	**9,352**

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

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

d. Current tax (liability) / receivable

		2017 $000s	2016 $000s
Opening balance of current tax (liability) / receivable		**(2,365)**	**1,314**
Adjustments for prior periods		142	(123)
Current year tax		(3,002)	(4,202)
Reclassify income tax as deferred tax		(424)	(362)
Less tax paid		4,217	993
Exchange differences		28	15
Current tax (liability)		**(1,404)**	**(2,365)**

Accounting policies

Income tax expense comprises both current and deferred tax and is recognised in the statement of financial performance.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the tax losses of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination and that affects neither accounting or taxable profit.

Differences relating to investments in subsidiaries and jointly controlled entities are not recognised to the extent that they probably will not reverse in the foreseeable future.

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

Note 7. 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 following table details the offset amounts.

New Zealand dollars	2017 $000s	2016 $000s
Expected settlement:		
Within 12 months	(1,772)	(1,076)
In excess of 12 months	17,847	14,221
Total deferred tax liability	**16,075**	**13,145**
Net deferred tax liabilities:		
Opening balance	**13,145**	**14,197**
Reclassify income tax as deferred tax	(424)	(362)
Exchange differences	185	(61)
Charged to the statement of financial performance	203	(481)
Prior period adjustment	1,012	(617)
Charged to revaluation reserve	1,897	491
Debited / (credited) to hedge reserve	57	(22)
Closing balance at end of year	**16,075**	**13,145**
The balance comprises temporary differences attributable to:		
Temporary differences on non-current assets	17,847	14,221
Current liabilities	(1,738)	(2,149)
Prepayments and accrued income	1,743	1,073
Current tax losses reclassified as deferred tax	(1,777)	-
Total deferred tax liability	**16,075**	**13,145**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. No amounts were recognised at balance date and there were no unrecognised tax losses (Dec 2016 - Nil).

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

Note 8. Events occurring after balance date

There are no material events occurring subsequent to balance date requiring adjustment to or disclosure in the financial statements.

Assets

This section focuses on the physical and intangible assets used by the Group to operate the business, deliver benefits to stakeholders, add new income streams and generate revenues. Assets include post harvest facilities, retail service facilities, and software. Assets also include Group-owned land, vines, trees and crop on Group-owned and leased orchards, the Group's interest in water shares, along with goodwill and supplier contracts arising from Group acquisitions.

Disclosures are made on additions, disposals, revaluations, depreciation, impairments and amortisation.

Note 9. Property, plant and equipment

New Zealand dollars	Land and buildings $000s	Plant and equipment $000s	Motor vehicles $000s	Bearer plants $000s	Assets under construction $000s	Total $000s
At 1 January 2016						
Cost or valuation	68,602	73,162	1,296	7,550	-	**150,610**
Accumulated depreciation and impairment	(2,411)	(48,612)	(479)	(390)	-	**(51,892)**
Net book amount	**66,191**	**24,550**	**817**	**7,160**	-	**98,718**
Year ended 31 December 2016						
Opening net book amount	**66,191**	**24,550**	**817**	**7,160**	-	**98,718**
Reclassification to intangible assets	-	(29)	-	-	-	**(29)**
Additions and transfers	30,738	11,252	241	882	-	**43,113**
Depreciation	(2,312)	(4,344)	(79)	(452)	-	**(7,187)**
Disposals	(1,452)	(329)	(24)	(689)	-	**(2,494)**
Impairment of property, plant and equipment	-	-	-	(118)	-	**(118)**
Revaluation	2,881	-	-	-	-	**2,881**
Foreign exchange	(212)	(62)	(3)	(118)	-	**(395)**
Reclassification of asset classes	(12,458)	(840)	-	(765)	14,063	-
Closing net book amount	**83,376**	**30,198**	**952**	**5,900**	**14,063**	**134,489**
At 1 January 2017						
Cost or valuation	88,099	83,154	1,510	6,860	14,063	**193,686**
Accumulated depreciation and impairment	(4,723)	(52,956)	(558)	(960)	-	**(59,197)**
Net book amount	**83,376**	**30,198**	**952**	**5,900**	**14,063**	**134,489**
Year ended 31 December 2017						
Opening net book amount	**83,376**	**30,198**	**952**	**5,900**	**14,063**	**134,489**
Reclassification of asset classes	(472)	600	(436)	243	65	-
Additions and transfers	16,952	13,447	-	1,878	(10,861)	**21,416**
Depreciation recovery	-	57	-	-	-	**57**
Depreciation	(3,022)	(4,653)	(92)	(451)	-	**(8,218)**
Disposals	(5)	467	(12)	-	-	**450**
Impairment of property, plant and equipment	-	-	-	(70)	(32)	**(102)**
Revaluation	6,000	-	-	-	-	**6,000**
Foreign exchange	636	243	9	275	116	**1,279**
Closing net book amount	**103,465**	**40,359**	**421**	**7,775**	**3,351**	**155,371**
At 31 December 2017						
Cost or valuation	106,321	88,909	800	9,188	3,351	**208,569**
Accumulated depreciation and impairment	(2,856)	(48,550)	(379)	(1,413)	-	**(53,198)**
Net book amount	**103,465**	**40,359**	**421**	**7,775**	**3,351**	**155,371**

The assets under construction category was added for the 31 December 2017 financial statements to better reflect the assets in progress. The 2016 figures were revised to reflect the opening balance of this category.

Land and buildings

Land and buildings are revalued to their estimated market value on a three-year rolling cycle (excluding assets under construction), plus any subsequent additions at cost, less subsequent depreciation for buildings. In New Zealand valuations are undertaken by TelferYoung Valuers, ANZIV, independent registered valuer. In Australia valuations are undertaken by Goulburn Valley Property Services, independent valuers, Shepparton, Victoria, Australia. Australia land and buildings were revalued at 31 December 2017.

Valuations are undertaken by the independent valuers using inherently subjective techniques that include estimations.

The valuers consider four different approaches in concert to arrive at a fair value;

1. Direct replacement cost - adds the value of the land to the replacement cost of the buildings and other improvements based on the current cost of construction less depreciation based on the age of the building with an allowance for physical depreciation. Specific consideration is given to the 'optimised depreciated replacement cost' methodology.
2. Sales comparison - considers sales of other comparable properties.
3. Capitalisation of rentals - assumes a hypothetical lease of the property with a current market rental being established and capitalising this at an appropriate rate of return (8.75% – 11.5%) that would be expected by a prudent investor.
4. Discounted cash flow - a variation of the investment method whereby it takes the current market rental calculated under the investment method and forecasts net cash flows over a ten-year period. Cash flows are adjusted for expected growth in market rentals and estimated costs incurred to maintain land and buildings in operational use. This method assumes land and buildings are sold in the terminal year (year 11).

The following table details the gain on revaluation of land and buildings recognised in the revaluation reserve, net of tax of $3.98m (2016: $1.94m).

New Zealand dollars	Land $000s	Buildings $000s	Total $000s
Land and buildings revaluation reserve	**1,482**	**2,495**	**3,977**

As a consequence of the building revaluations conducted in December 2017, $3.04m (Dec 2016 - $1.63m) of accumulated depreciation was offset directly against the assets' cost or valuation, prior to revaluation.

The following table details the depreciated value of land and buildings if they were to be stated on a historical cost basis.

New Zealand dollars	2017 $000s	2016 $000s
Cost	123,436	106,489
Accumulated depreciation	(25,501)	(21,509)
Depreciated historical cost	**97,935**	**84,980**
Net book amount	**103,465**	**83,376**

Impairment

During the year the Group replaced some of its Australian bearer plants as part of a plant and crop renewal plan. This resulted in an impairment and the write off of the carrying value of bearer plants replaced by $0.10m (Dec 2016 - $0.12m) which was recognised in the statement of financial performance.

Accounting policies

Bearer plants

Bearer plants are the Group's investment in kiwifruit vines, pear, avocado and other fruiting trees on Group-owned and leased land. Bearer plants are stated at historical cost less depreciation. Historical cost includes all costs incurred to purchase or establish the asset.

Land and buildings

Land and buildings are shown at fair value, based on periodic, but at least triennial valuations by independent valuers, plus any subsequent improvements at cost, less subsequent depreciation for buildings. At each annual balance date, approximately one third of assets classified as land and buildings are revalued and those valuations are used to assess the appropriateness of the carrying values of all land and building assets held by the Group, which effectively revalues all land and buildings annually. Revaluations are performed more frequently if changing industry conditions may cause their carrying value to differ significantly from fair value. 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.

Changes in the carrying amounts arising on revaluation of land and buildings are accounted through comprehensive income and other reserves, except where an asset's fair value is less than the original cost, in which case the change is recognised in the statement of financial performance.

Plant, equipment and vehicles

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes all costs incurred to purchase the asset.

Subsequent additions at cost are included in the asset's carrying value 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.

Impairment of assets are recognised in the statement of financial performance.

Depreciation

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. The depreciation of bearer plants on leased land orchards is aligned to the term of the lease.

The estimated useful lives of assets are as follows:

- Buildings: 20 - 50 years
- Machinery: 10 - 20 years
- Vehicles: 4 - 7 years
- Furniture, fittings and equipment: 3 - 10 years
- Bearer plants: 5 - 50 years

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

An asset's carrying amount is immediately written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount, and any gain or loss is included in the statement of financial performance. When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets is transferred to retained earnings.

Note 10. Intangible assets

New Zealand dollars	Software $000s	Goodwill $000s	Water shares $000s	Supplier contract $000s	Interest in leased land $000s	Other intangibles $000s	Total $000s
At 1 January 2016							
Cost	2,247	9,440	3,938	1,877	768	-	**18,270**
Accumulated amortisation	(1,816)	-	-	(537)	(391)	-	**(2,744)**
Net book amount	**431**	**9,440**	**3,938**	**1,340**	**377**	-	**15,526**
Year ended 31 December 2016							
Opening net book amount	**431**	**9,440**	**3,938**	**1,340**	**377**	-	**15,526**
Additions	77	-	-	-	-	105	**182**
Additions through business combinations	-	244	-	-	-	-	**244**
Software reclassified from property, plant and equipment	29	-	-	-	-	-	**29**
Exchange differences	(1)	(142)	(92)	-	-	-	**(235)**
Amortisation	(134)	-	-	(304)	(32)	-	**(470)**
Closing net book amount	**402**	**9,542**	**3,846**	**1,036**	**345**	**105**	**15,276**
At 1 January 2017							
Cost	2,352	9,542	3,846	1,877	768	105	**18,490**
Accumulated amortisation	(1,950)	-	-	(841)	(423)	-	**(3,214)**
Net book amount	**402**	**9,542**	**3,846**	**1,036**	**345**	**105**	**15,276**
Year ended 31 December 2017							
Opening net book amount	**402**	**9,542**	**3,846**	**1,036**	**345**	**105**	**15,276**
Additions	164		689	-	-	-	**853**
Disposals	-	-	-	-	-	(105)	**(105)**
Revaluation	-	-	1,393	-	1,262	-	**2,655**
Impairment	-	(2,031)	-	-	-	-	**(2,031)**
Exchange differences	1	340	222	-	-	-	**563**
Amortisation	(147)	-	-	(305)	(32)	-	**(484)**
Closing net book amount	**420**	**7,851**	**6,150**	**731**	**1,575**	-	**16,727**
At 31 December 2017							
Cost	2,517	7,851	6,150	1,877	2,030	-	**20,425**
Accumulated amortisation	(2,097)	-	-	(1,146)	(455)	-	**(3,698)**
Net book amount	**420**	**7,851**	**6,150**	**731**	**1,575**	-	**16,727**

The amortisation period of software is four to five years and the remaining amortisation period for the interest in leased land is from 33 to 91 years.

The Group's interest in leased land occupied, or held for future development, arose on the acquisition of Huka Pak and is the difference in the value of the lease terms to relative market terms.

Water shares are an integral part of land and irrigation infrastructure required to grow pears, kiwifruit and other annual crops in Australia and are carried at fair value based on the closing water share market price. This is the first year the water shares are being valued at fair value. Previously they were recognised at cost; see the basis of consolidation section for the change in accounting policies.

Impairment tests for goodwill

The Board reviews business performance based on operating segments and monitors goodwill at the operating segment level in accordance with the policy below. Goodwill represents the Group's retail services acquired with Glassfields, the acquisition of Seeka Australia (Pty) Limited and the acquisition of the Kiwi Crush and Kiwi Crushies product ranges.

Following a major customer moving to their own direct supply of bananas, the Board reviewed and impaired the carrying value of the goodwill associated with Glassfields' banana business by $2.03m.

The recoverable amount is based on the net present value of the five-year after-tax cash flow projection, with a terminal value beyond five years. Cash flows beyond the five year period are extrapolated using estimated growth rates and discount rates stated below. The assumptions used for the analysis of the net present value of forecast gross margin for the cash generating unit, is determined based on past performance and the Board's expectations of future market development.

No other impairment arose in the current year.

The following table details the key assumptions used for value-in-use calculations and the recoverable amount in 2017.

	Cash generating unit within the business	Carrying amount $000s	Discount rate	Growth rate 1-5 years	Terminal growth rate
Goodwill					
Glassfields	Retail services segment	1,383	10.4%	1.0% - 2.0%	2.0%
Kiwi Crush	Retail services segment	244	10.9%	2.0% - 4.0%	2.0%
Seeka Australia Pty Limited	Australian operations	5,884	10.4%	2.3% - 3.0%	2.0%

The following table details how leased land would be stated on the historical cost basis.

New Zealand dollars	2017 $000s	2016 $000s
Cost	1,735	1,735
Accumulated amortisation	(294)	(262)
Depreciated historical cost	**1,441**	**1,473**
Net book amount	**1,575**	**345**

Accounting policies

Intangible assets

Assets with a finite useful life are subject to depreciation and amortisation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite life are not subject to amortisation and are tested at least annually for impairment, with impairment losses recognised when the carrying amount exceeds the recoverable amount. When assessing impairment, assets are grouped at the lowest identifiable unit able to generate cash flow.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Internally developed computer software is capitalised when it enters the development phase per NZ IAS 38 on the basis of costs incurred to develop and test the software for use. Intangible assets are amortised over their estimated useful life (typically three to five years).

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 acquisition of a business is included in intangible assets. Goodwill on acquisition of an associate 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 deemed prudent, with goodwill carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to that entity.

Water shares

The Group records permanent water shares at fair value based on the market price at balance date. The shares are fully tradeable and have an indefinite life and are not depreciated.

Supplier contracts

When an intangible asset is recognised on a supplier contract it is amortised over the life of the contract on a straight line basis. The expense is charged to the statement of financial performance.

Lease interest in land

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

Other intangibles

Other intangibles include a licence to grow G3 kiwifruit and is amortised over the life of the licence on a straight line basis. The expense is charged to the statement of financial performance.

Note 11. Biological assets - crop

Crops growing on bearer plants are classified as biological assets and measured at fair value.

Crop assets are kiwifruit, Nashi pears, Packham Pears, Corella Pears, other pears, cherries, avocado, apricot, and plum crops growing on leased and owned orchards and yet to be harvested at balance date.

The following table reconciles beginning balances to end balances for biological assets crop measured at fair value defined as level 3 in note 27.

New Zealand dollars	2017 $000s	2016 $000s
Carrying amount at beginning of period	**16,046**	**17,365**
Crop harvested during the period		
Fair value movement from the beginning of the period to point of harvest	20,903	21,276
Fair value when harvested	(36,949)	(38,641)
Crop growing on bearer plants at end of period		
Crop where cost is deemed fair value	16,470	15,657
Crop at fair value	212	389
Carrying value at end of period	**16,682**	**16,046**

The following table reconciles fair value movement of biological assets - crop.

New Zealand dollars	2017 $000s	2016 $000s
Movement in carrying amount	346	(1,152)
Exchange differences	290	(167)
Net fair value movement in crop	**636**	**(1,319)**

The following table details the classification of biological assets - crop.

New Zealand dollars	2017 $000s	2016 $000s
Australia - all varieties	5,918	4,678
New Zealand - kiwifruit crop	10,656	11,134
New Zealand - avocado crop	108	234
Carrying value at end of period	**16,682**	**16,046**

Crop where cost is deemed fair value

Kiwifruit, Nashi, Packham and Corella pear crops are not considered to have achieved sufficient biological transformation at balance date and as such cost is deemed fair value (note 27).

For each crop cost is tested for impairment at balance date using the Group budget for yields and market returns less costs yet to be incurred on an orchard-by-orchard basis to establish a recoverable value for the crop on each of the Group's orchards.

Where the recoverable value is less than cost, the cost is impaired through the statement of financial performance.

Accounting policies

Biological assets are the crops growing on bearer plants in the Group's leased and owned orchards. The method to determine fair value depends on the degree of biological transformation (the maturity of the fruit) at balance date.

When insufficient biological transformation has occurred, the fair value is the costs incurred at balance date to grow the crops (provided the costs are considered recoverable).

When sufficient biological transformation has occurred, fair value is the estimated net market return less selling cost and costs to market.

The estimated market return less selling cost is established by reference to current and expected sales returns when available. When market data is not available an assessment is made based on historical data.

Working capital

This section focuses on how the Group manages inventories, accounts receivable and accounts payable to ensure an appropriate level of working capital is available to operate the business, deliver benefits to stakeholders and generate revenues.

New Zealand dollars	2017 $000s	2016 $000s
Note 12. Trade and other receivables		
Current trade receivables	10,217	11,009
Prepayments	932	706
GST refund due	379	-
Accrued fruit income and other sundry receivables	5,873	8,874
Current trade and other receivables	**17,401**	**20,589**
Non current trade receivables	1,066	3,350
Total receivables	**18,467**	**23,939**

Within current trade receivables, $1.10m are past due (Dec 2016 - $1.14m), of which 3.5% are more than 90 days (Dec 2016 - 5%). Non-current trade receivables are considered recoverable and relate to debtors secured against crop supply commitments with repayment terms of up to five years.

Accounting policies

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 that the Group will not be able to collect all amounts due and is recognised in the statement of financial performance.

New Zealand dollars	2017 $000s	2016 $000s
Note 13. Inventories		
Total packaging at cost	2,549	1,783
Other inventories at cost	2,259	1,606
Total inventories	**4,808**	**3,389**

In the current year, $21.98m (Dec 2016 - $25.76m) of packaging inventory costs were expensed to cost of sales in the statement of financial performance.

Accounting policies

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

New Zealand dollars	2017 $000s	2016 $000s
Note 14. Trade and other payables		
Trade payables	3,472	5,638
Accrued expenses	12,363	12,152
Employee expenses	4,212	3,613
GST payable	-	280
Other payables	234	28
Total trade and other payables	**20,281**	**21,711**

Accounting policies

Trade payables are recognised initially at fair value (the invoiced amount). If the Group has been provided with extended terms of trade, they are then recognised at amortised cost using the effective interest method.

Funding

This section focuses on how the Group manages its capital structure to protect shareholder value while funding operations that deliver benefits to stakeholders and grow shareholder returns.

Disclosures are made on the Group's bank facilities, retained earnings, dividends paid to shareholders, and earnings per share. Details on the Company's share capital include shares issued under the dividend reinvestment plan, grower incentive and employee share schemes.

New Zealand dollars	2017 $000s	2016 $000s
Note 15. Interest bearing liabilities		
Current secured		
Bank borrowings	10,827	5,716
Total current interest bearing liabilities	**10,827**	**5,716**
Non current secured		
Non current portion of term liabilities	74,683	68,729
Total non-current interest bearing liabilities	**74,683**	**68,729**
Analysis of movements in borrowings:		
At 1 January 2017	74,445	
Cash flow - additional borrowings	41,760	
Cash flow - repayment of borrowings	(32,600)	
Exchange differences	1,905	
At 31 December 2017	**85,510**	

The Group's total facilities of $116.2m (Dec 2016 - $114.8m) comprise a multi-option credit facility of $31.0m (Dec 2016 - $31.2m) and term loans of $85.2m (Dec 2016 - $83.6m).

The Board has assessed the fair value of the term loans as the outstanding balance at balance date.

The Group's bank facilities are held with Westpac and it is expected that all facilities will be refinanced when they become due for review in the normal course of business.

The following table details the amounts of the term loans drawn down at balance date and their maturities.

	Balance due $000s	Interest rate	Maturity
Term loans as at 31 December 2017			
AUD $17m	18,690	3.46%	30 April 2019
AUD $10m	10,993	3.59%	28 February 2019
NZD $16.5m	16,500	3.19%	30 April 2019
NZD $10m	10,000	3.59%	30 April 2019
NZD $20m	9,500	3.28%	30 April 2019
NZD $9m	9,000	3.59%	30 April 2019
Term loans as at 31 December 2016			
AUD $17m	17,668	3.44%	28 February 2018
AUD $10m	9,561	3.16%	30 September 2018
NZD $16.5m	16,500	3.25%	28 February 2018
NZD $10m	10,000	3.65%	28 February 2018
NZD $9m	9,000	3.65%	28 February 2018
NZD $20m	6,000	3.30%	28 February 2018

All of the Group's term loans are on interest-only repayment terms.

Assets pledged as security

Bank loans and overdrafts are secured by first mortgages over the Group's freehold land and buildings. The Group's policy is to protect the term portion of the loans from exposure to changing interest rates via the use of derivatives. See note 28.

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

When it is probable that part or the entire loan will be drawn down, any loan facility establishment fee paid is recognised as a loan transaction cost. When the loan will probably remain undrawn, any loan fee paid is capitalised as a pre-payment for liquidity services and amortised over the period of the facility.

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

Note 16. Share capital

Shares	2017 Shares	2016 Shares
Authorised and issued share capital		
Ordinary shares - fully paid and no par value		
Opening balance	**17,458,652**	**16,325,730**
Shares issued under:		
Dividend reinvestment programme	62,627	68,698
Grower incentive scheme	-	666,124
Employee share scheme	-	398,100
Total shares issued	**17,521,279**	**17,458,652**
Ordinary shares - classified as follows:		
Held by ordinary shareholders	17,085,479	16,715,052
Held by Seeka Employee Share Plan Trustees	435,800	743,600
Total shares issued	**17,521,279**	**17,458,652**

New Zealand dollars	2017 $000s	2016 $000s
Movements in ordinary paid up share capital:		
Opening balance of ordinary shares	**47,482**	**42,730**
Issues of ordinary shares during the year	329	4,752
Closing balance of ordinary share capital	**47,811**	**47,482**
Movements in treasury share capital:		
Opening balance of ordinary shares	**2,532**	**2,079**
Issue of shares under the employee share scheme	-	1,545
Employee share scheme receipts	(916)	(1,092)
Closing balance of shares held as treasury capital	**1,616**	**2,532**
Net share capital	**46,195**	**44,950**

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.

Grower incentive scheme

On 7 September 2016, the Group issued 666,124 shares at a price of $4.40 each in respect of the 2016 kiwifruit supply season to participating growers. No shares were issued in 2017.

Accounting policies

Ordinary shares are classified as equity.

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.

New Zealand dollars	2017	2016

Note 17. Earnings and net tangible assets per share

Basic earnings per share		
Profit attributable to equity holders of the Company (thousands)	5,833	10,385
Weighted average number of ordinary shares in issue (thousands)	16,575	16,067
Basic earnings per share	$0.35	$0.65
Diluted earnings per share		
Profit attributable to equity holders of the Company (thousands)	5,833	10,385
Weighted average number of ordinary shares in issue plus employee share scheme (thousands)	17,392	16,770
Diluted earnings per share	$0.34	$0.62
Net tangible assets per share		
Net tangible assets (thousands)	90,774	75,769
Total ordinary shares issued at the end of the period (thousands)	17,521	17,459
Net tangible asset per share	$5.18	$4.34

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 outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

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.

Net tangible asset per share

Net tangible asset per share is calculated by dividing the Group's net assets less goodwill by the total shares on issue at the end of the period.

New Zealand dollars	2017 $000s	2016 $000s

Note 18. Retained earnings and reserves

Reserves

Cash flow hedge reserve	(94)	(241)
Investment in shares revaluation reserve	7,056	1,939
Land and buildings revaluation reserve	14,350	10,370
Foreign currency translation reserve	(220)	620
Foreign currency revaluation reserve	265	(476)
Share based payment reserve	99	284
Total reserves	**21,456**	**12,496**

The cash flow hedge reserve is used to record increases and decreases on the revaluation of derivative financial instruments.

The investment in shares reserve is used to record increases and decreases on the revaluation of Seeka's investment in shares.

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

The foreign currency translation reserve is used to record foreign currency translation differences on the translation of the Group entities results and financial position. The amounts are accumulated in other comprehensive income and recognised in profit and loss when the foreign operation is partially disposed of or sold.

The foreign currency revaluation reserve is used to record unrealised gains and losses on the Group's assets and liabilities held in foreign currencies.

Retained earnings

The following table details movements in retained earnings.

New Zealand dollars	2017 $000s	2016 $000s
Balance at 1 January	**27,865**	**20,750**
Net profit for the year	5,833	10,385
Dividends paid	(3,519)	(3,398)
Release of share-based payments	318	-
Foreign exchange movement	2	-
Realisation of land and buildings reserve	475	128
Balance at 31 December	**30,974**	**27,865**

Share based payment reserve

The Group operates an equity-settled, share-based compensation plan established in 2016.

The active scheme is managed by a trust established October 2014, and the directors of the trustee company (Seeka Employee Share Plan Trustee Limited) are also directors of Seeka.

Under the employee share schemes shares are issued to an employee share trust, with certain employees eligible to subscribe to shares held by the trust with this benefit recognised as a share-based payment expense and recorded as an expense over the vesting period. At the end of the vesting period the employee has an option to settle any outstanding debt on the shares and have the shares transferred to them, alternatively the employee can elect not to have the shares transferred to them and any outstanding debt will be forgiven and the shares sold by the trustees.

The following table details movement in the employee share entitlement reserve.

New Zealand dollars	2017 $000s	2016 $000s
Balance at 1 January	**284**	**142**
Movement in employee share entitlement reserve	(185)	142
Balance 31 December	**99**	**284**

At balance date, the number of shares in respect of which options have been granted to employees and remain outstanding under the scheme was 435,800 (Dec 2016 - 743,600), representing 2.51% (Dec 2016 - 4.43%) of the shares of the Company on issue at that date.

The shares are issued fully paid in exchange for a loan to the share scheme trust.

The shares held by the employee share scheme carry the same voting rights as other issued ordinary shares. While monies are owed on the shares they remain with the trustee.

The options element of the scheme is valued using a Black Scholes pricing model. Because the Company has a small market capitalisation with minimal trading, volatility is forecasted into the model.

During the year the shares issued in 2014 vested with employees, with all but 77,500 shares transferred to employees. The remaining shares are held by the trust for payment over two years with interest charged on the outstanding loan balance.

The following table details inputs to the Black Scholes pricing model, used to value the cost of the share scheme to the Group

Inputs into the model	20 May 2016
Shares issued	398,100
Grant date share price	$3.88
Exercise price	$3.88
Expected life (interest free loan period)	3 years
Maximum loan period	5 years
Time to vest	3 years
Employee exit rate pre-vesting (% per year)	8.00%
Expected volatility (% per year)	10.00%
Risk-free interest rate	3.14%
Dividend yield	6.83%
Value of option	$0.47

The following table details movements of options granted under the current active scheme.

Grant date	Expiry date	Fair value at grant date	Exercise price	1 January shares	Issued shares	Relinquished shares	Exercised shares	31 December shares
7 October 2014	7 October 2017	$0.74	$3.05	367,200	-	-	(289,700)	77,500
Weighted average exercise price				$3.05				$3.05
Weighted average contractual life (years)				3.00				3.00
20 May 2016	20 May 2019	$0.47	$3.88	376,400	-	-	(18,100)	358,300
Weighted average exercise price				$3.88				$3.88
Weighted average contractual life (years)				3.00				3.00

Accounting policies

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the statement of financial performance with a corresponding increase in the share based payment reserve. The fair value 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).

When the shares vest, the amount of the reserve relating to those shares is transferred to retained earnings.

Shares may be issued at the Board's discretion at a price set by the Board based on the Volume Weighted Average Price (VWAP) calculation of the Company's shares during the period prior to issue.

The Employee Share Scheme (ESS) cannot be issued with further shares if that issue would result in the ESS having an interest of more than 5% of the Company's issued capital.

Shares are issued fully paid in exchange for a loan to the share scheme trust. Dividends paid on the shares are applied towards repaying the debt between the ESS and the Group on behalf of the employee.

Proceeds received along with any employee contributions are credited to share capital when the options are exercised.

ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Group reviews the scheme and decides upon the allocation of further shares and the price at which those shares will be issued to the ESS. Trustees of ESS are appointed for an unspecified term and may be removed by the Company at any time.

Shares held by the ESS carry the same voting rights as other issued ordinary shares.

Note 19. Dividends

Dividends paid	2017 $000s	2017 Per share	2016 $000s	2016 Per share
24 March 2016	-	-	1,644	$0.10
29 September 2016	-	-	1,754	$0.10
24 March 2017	1,758	$0.10	-	-
22 September 2017	1,761	$0.10	-	-
Total dividend paid	**3,519**		**3,398**	

The dividends are imputed to the fullest extent allowable in the tax year. The total dividend paid includes the non-cash amounts for the dividend reinvestment plan. Cash dividend payment was $3.19m (Dec 2016: $3.12m).

On 22 February 2018, the directors declared a fully-imputed dividend of $0.12 per share. The dividend will be paid 23 March, 2018 to those shareholders on the register at 5pm on 19 March, 2018. The dividend reinvestment plan will apply to the dividend.

Accounting policies

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

Investments

This section focuses on how the Group invests in businesses to support Seeka's core kiwifruit operations, realise synergies along the produce supply chain and grow Seeka's product base and geographical reach. The Board manages business investments to strengthen the benefits delivered to stakeholders and grow shareholder returns.

Disclosures are made on the Group's holdings in associates and subsidiaries, along with details on the Group's holding of listed and unlisted shares.

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

New Zealand dollars	2017 $000s	2016 $000s
Note 20. Investment in shares		
Balance at the beginning of the year	2,287	1,689
(Repayment) of investment	-	(26)
Impairment of investment	-	(340)
Purchase of investment	1,000	100
Revaluation recognised in equity	4,141	864
Balance at end of year	**7,428**	**2,287**
Listed equity securities		
Zespri Group Limited	5,842	1,701
Unlisted securities		
Rising Sun Orchards Limited	1,000	-
Blackburn General Partner Limited	100	100
Ravensdown Fertiliser Co-operative Limited	238	238
Ballance Agri Nutrients Limited	225	225
Other share holdings	23	23
Total unlisted securities	**1,586**	**586**
Total investment in shares	**7,428**	**2,287**

The following table reconciles beginning balances to end balances for unlisted securities measured at fair value defined as level 3 in note 27.

New Zealand dollars	Unlisted equity securities Level 3 $000s
Balance at 1 January 2017	586
Purchases	1,000
Balance at 31 December 2017	**1,586**

Purchase of shares in Rising Sun Orchards Limited

In October 2017 the Group purchased a 16.67% share in Rising Sun Orchards Limited; a company that purchased and operates a 28 canopy hectare avocado orchard in Houhora, Northland, New Zealand.

Impairment of investment

The Group owns 32% of UPNZ Limited (UPNZ). During the 2016 financial year the Group fully impaired its $0.34m investment in UPNZ. UPNZ imports plastic pocket packs from China and Chile and distributes them to the New Zealand kiwifruit industry. In late March 2016, a visual inspection found grease deposits on several packs supplied by UPNZ. As a consequence Zespri Group Limited (Zespri) placed all kiwifruit packed into UPNZ pocket packs sourced from China on hold until they could determine whether the grease posed any potential food safety issues. UPNZ was forced to recall this product and as a result its customers, including Seeka, suffered costs checking the packed kiwifruit inventory to remove all affected trays. The Board believes this will have a major impact on the value of the Group's investment in UPNZ and it was recognised as an impairment in the statement of financial performance. No impairment was recognised in 2017.

Accounting policies

The fair values of the listed securities are based on the securities' closing share price at balance date. Where pricing information is available, unlisted securities are revalued at balance date. All other unlisted securities are currently held at cost less impairment as it reasonably represents current fair value. The carrying amount of all unlisted securities have been reviewed at balance date and any impairment is recognised through the statement of comprehensive income to the extent of any related reserve available and then through the statement of financial performance.

Name of entity	Country of incorporation	Class of shares	Equity holding 31 December 2017	Equity holding 31 December 2016

Note 21. Principal subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Class of shares	Equity holding 31 December 2017	Equity holding 31 December 2016
Trading subsidiaries				
Avofresh Limited	New Zealand	Ordinary	100%	100%
Delicious Nutritious Food Company Limited	New Zealand	Ordinary	100%	0%
Integrated Fruit Supply & Logistics Limited	New Zealand	Ordinary	100%	100%
Kiwi Coast Growers (Te Puke) Limited	New Zealand	Ordinary	100%	100%
Little Haven Holdings Pty Limited	Australia	Ordinary	100%	0%
Seeka Australia (Pty) Limited	Australia	Ordinary	100%	100%
Seeka Te Puke Limited	New Zealand	Ordinary	100%	100%
Not-trading subsidiaries				
Eleos Limited	New Zealand	Ordinary	100%	100%
Enviro Gro Limited	New Zealand	Ordinary	100%	100%
Glassfields (NZ) Limited	New Zealand	Ordinary	100%	100%
Guaranteed Sweet New Zealand Limited	New Zealand	Ordinary	100%	100%
Nutritious Delicious Food Company Limited	New Zealand	Ordinary	100%	0%
Seeka Fresh Limited	New Zealand	Ordinary	100%	100%
Seeka Pollen Australia (Pty) Limited	Australia	Ordinary	100%	100%

Note 22. Investment in associates

The following table details the Group's principal associates.

Name of entity	Country of incorporation	Business activity	Equity holding 31 December 2017	Equity holding 31 December 2016
Kiwifruit Supply Research Limited	New Zealand	Not trading	20%	20%
Tauranga Kiwifruit Logistics Limited	New Zealand	Port service	20%	20%
Kiwifruit Vine Protection Company Limited	New Zealand	Not trading	100%	100%

Accounting policies

Associates are entities over which the Group has significant influence, but not control, typically by holding between 20% to 50% of the voting rights in the entity.

Investments in associates are accounted for using the equity method after initially being recognised at cost.

The Group's share of associates' profits or losses are recognised in the statement of financial performance and the carrying amount of the investment in the statement of financial position.

Dividends received from associates are applied to reduce the carrying amount of the investment in the statement of financial position.

Other notes

This section contains all other note disclosures about the Group.

Note 23. Contingencies

There are no contingent liabilities as at 31 December 2017 (Dec 2016 - Nil).

Note 24. Commitments

a. Capital commitments

At year end the Group was committed to incur capital expenditure of $6.7m (Dec 2016: $21.31m). Commitments include $1.8m for plastic bins in New Zealand and Australia, and $1.2m for a kiwiberry grader in New Zealand.

b. Lease commitments

Operating leases

Under operating leases the Group has the following commitments.

1. Orchard leases - land and bearer plants

At balance date, 102 orchards (Dec 2016 - 118) are leased by the Group with terms ranging from one to three years. Orchard leases are non-cancellable with lease payments typically determined by total orchard gate returns.

Some orchards also have a fixed lease element to their lease payment.

The following table details minimum, non-cancellable operating lease commitments for land and bearer plants on leased orchards.

New Zealand dollars	2017 $000s	2016 $000s
Within one year	89	199
Later than one year but not later than five years	90	170
	179	**369**

In addition to the above fixed lease commitments the Group is committed to pay variable lease payments on orchard leases which are contingent on the number of trays harvested, and revenue earned less costs incurred in each year of the lease.

2. Orchard land leases - land only

The Group leases 84 hectares (2016: 82 hectares) of bare land on which it has developed kiwifruit and avocado orchards. Leases are for periods up to 20 years at the end of which the land, structures and vines revert back to the lessor.

The following table details minimum, non-cancellable operating lease commitments for leased land orchards.

New Zealand dollars	2017 $000s	2016 $000s
Within one year	181	172
Later than one year but not later than five years	504	366
Later than five years	557	27
	1,242	**565**

3. Land and buildings

The Group leases land and buildings for a number of its post harvest facilities. Lease terms are typically from three to six years, but can be up to 99 year terms.

The following table details minimum, non-cancellable operating lease commitments for land and buildings used in post harvest operations.

New Zealand dollars	2017 $000s	2016 $000s
Within one year	3,518	2,815
Later than one year but not later than five years	10,714	7,847
Later than five years	69,059	64,044
	83,291	**74,706**

4. Equipment and vehicles

The Group leases office equipment and vehicles on terms up to three years.

The following table details minimum, non-cancellable operating lease commitments for equipment and vehicles.

New Zealand dollars	2017 $000s	2016 $000s
Within one year	1,348	1,421
Later than one year but not later than five years	1,111	1,631
	2,459	**3,052**

Note 25. Related party transactions

Seeka Growers Limited

The Group undertakes transactions with Seeka Growers Limited (SGL), a related party which administers all kiwifruit revenues received for the New Zealand business on behalf of supplying growers.

In the current period the Group received $88.77m (Dec 2016 - $103.22m) for the provision of services to SGL.

Directors

Directors of the Company at any time during the period were: F Hutchings, M J Cartwright (retired 27 April 2017), A Waugh, A Diaz, N Te Kani, J Burke, M Brick, P R Cross, C Tarrant (appointed 27 April 2017).

Key management and compensation

Key management personnel are all Company directors or executives with the greatest authority for the Group's strategic direction and management.

The following table details key management personnel compensation.

New Zealand dollars	2017 $000s	2016 $000s
Director fees	400	396
Executive salaries	2,475	2,489
Short term benefits	495	725
Total	**3,370**	**3,610**

Transactions

Excluding transactions outlined and disclosed above, the following transactions were entered with related parties for post harvest and orchard management services.

New Zealand dollars	2017 $000s	2016 $000s
Sales of services		
Directors, management and other personnel	1,330	1,841
Purchase of services		
Directors, management and other personnel	200	61

Outstanding balances

The following table details outstanding balances at balance date.

New Zealand dollars	2017 $000s	2016 $000s
Current receivables (operating)		
Directors, management and other personnel	119	520
Current payables (operating)		
Directors, management and other personnel	4	12

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and repayable in cash.

Note 26. Risk management

The Group’s activities expose it to a variety of risks specific to producing and selling horticultural crops, along with corporate financial risks related to credit, liquidity and capital risk. The Group operates a comprehensive risk assessment and mitigation programme via its audit and risk committee.

The Group's policy is to ensure that the Group creates value and maximises returns to its shareholders and benefits for other stakeholders, as well as ensuring that adequate financial resources are available for the development of the Group’s business whilst managing its financial risks.

a. Risk management strategies related to orchard and retail operations

Horticultural operations expose the Group to risks to production and market returns. The main production risks are climatic events, diseases and pests. These impact on volumes produced from the Group's orchards, volumes to post harvest (both from Group operations and independent growers) and volumes available for retail.

Market risks of pricing and exchange rates impact on orchard operations (the amount the Group is paid for growing crops) and impact on retail revenues where the Group imports and sells fruit produce, mainly bananas. The exchange rate risk on imports is managed through the use of foreign exchange contracts to match known and planned purchases. Market risks do not directly impact on post harvest operations, as charges are normally set prior to harvest and deducted before sales revenues are paid to supplying growers.

The Group operates in four regions spread over two countries; New Zealand's Northland, Coromandel and the Bay of Plenty, and in Australia's Mundoona region of Victoria. Main produce lines are kiwifruit, nashi pears, European pears and avocados, with small production of other temperate-climate fruits. Group retail activities are in New Zealand (including imported tropical produce), Australia and Asia. The Group's geographical, product and market spread limits the impact on Group operations from an adverse event occurring in a specific region, produce or market. To further mitigate risks, the Board uses the following strategies.

Production risks - climatic events, disease and pests

The Group follows industry best practice to mitigate production risks. This includes orchard management practices to optimise production from Group orchards, and extensive planning to ensure post harvest and retail services are suitably resourced to manage each season's crop volumes.

In New Zealand, the major climatic risks are hail, frost and storm damage.

- Hail events are typically highly localised, and for kiwifruit the Group has access to industry hail insurance for its orchard operations, plus top-up payments from a Seeka Growers Limited hail insurance programme.
- Frost events are typically regional, and the Group advocates best-practice crop protection, including active frost management on kiwifruit orchards operated by the Group and other growers supplying the Group's post harvest operations.
- Storm events are typically regional, and the Group advocates best-practice crop protection, including shelter belts on all orchards operated by the Group and other growers supplying the Group's post harvest operations.

In Australia, the major climatic risks are drought, hail and fire. As the owner and operator of all orchards supplying its Australian operations, the Group actively manages climatic risks of its total production base. The orchards are located on three sites in the Mundoona region.

- Drought events are typically regional, and to secure adequate irrigation, the Group has purchased extensive, long-term water shares from a reliable irrigation programme.
- Hail events are typically localised, and the Group currently has hail cloth protecting one orchard.
- Fire risk is typically from serious grass wild-fire occuring during periods of extreme weather, with the Country Fire Authority responsible for risk assessment and management of fire events. The Group takes all practical steps to internally manage fire risk including removing excess vegetation from Group properties.

All horticultural undertakings are susceptible to disease and pest incursions. The kiwifruit vine disease Pseudomonas syringae pv. actinidiae (Psa) is widespread throughout New Zealand, and is being actively managed. To date Psa has not been detected in Australia. The brown marmorated stink bug is also a potential threat to the horticulture industry. To minimise the risk of crop loss the Group monitors its orchards and undertakes recognised spray programmes to protect crops to the fullest extent possible. Seeka also relies on the Ministry for Primary Industries to protect New Zealand's borders from introduced diseases.

Market returns

New Zealand kiwifruit

The Group has no direct market risk from the sale of kiwifruit harvested from lease operations, as all export marketing activities are undertaken by Zespri Group Limited (Zespri) under statutory regulations. The Group, however, is impacted by the level of Zespri's market returns which impact on the Group's orchard profitability. The Group monitors Zespri returns and uses modelling techniques to analyse current and projected orchard income. This information is used when setting Group budgets and orchard lease terms.

New Zealand avocados and kiwiberries

The Group has a direct market risk from the sale of avocados and kiwiberries, with half of kiwiberry sales and all avocado sales managed by the Group's retail operations. The Group forecasts seasonal supply, monitors market conditions, develops a sales programme around the needs of key retailers and controls product quality and supply to optimise market access and returns. This information is used when setting Group budgets and orchard lease terms.

The Group has no direct currency risk from export sales as it does not own the products but acts as the growers’ agent.

Imported tropical produce

The Group has a direct market, price and currency risk from imported fruit produce (banana, pineapple and papaya) where the Group imports fruit produce for sale as the principal through its supply and sale contracts. The Group may hedge up to the total known and projected cash flows to manage exchange risk. The Group has no material direct price and currency risk from imported fruit produce where the supply agreement enables the Group to amend its purchase price according to trading conditions.

Australian produce

The Group has a direct market and price risk from the sale of all Australian product which is managed by the Group's Australian operations. As the largest single grower and supplier of Australian kiwifruit and nashi pears, the Group has developed strong relationships with key retailers. The Group forecasts seasonal supply, monitors market conditions, develops a sales programme around the needs of key retailers and controls product quality and supply to optimise market access and returns.

Seeka Australia is the Group’s single major international operation, exposing the Group to the Australian dollar. Foreign exchange risk includes future commercial transactions, assets, liabilities and net investments. Currency exposure from net assets is managed through borrowings in Australian dollars.

b. Credit risk

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.

The maximum credit risk is the financial loss to the Group if counterparties fail to discharge a contractual obligation. The Group's maximum exposure is:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, and
- the amount of contingent liabilities, if any, in relation to the financial guarantees provided by the Group.

For banks and financial institutions, only registered banks or their subsidiaries are accepted. The Group does not generally require any collateral or security to support financial instruments due to the quality of the financial institutions.

For customers, including outstanding receivables, the Group deals predominantly with growers for which it receives payment for post harvest services directly from Seeka Growers Limited. Credit risk is therefore not considered significant.

Other than concentration of credit risk on liquid funds deposited with one bank with a high credit rating, the Group does not have any other significant concentration of credit risk as trade receivables are spread over approximately 400 customers.

The following table details cash balances at balance date.

New Zealand dollars	2017 $000s	2016 $000s
Counter party		
Westpac bank deposits	2,389	1,688
	2,389	**1,688**

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's policy is to regularly monitor its expected cash flows, liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Cash flow forecasting allows for the seasonal nature of Group operations.

When cash flow exceeds working capital management, funds are invested in interest bearing current accounts.

At balance date, the Group had $116.2m (2016 - $114.8m) of available credit of which $85.5m (2016 - $74.4m) was drawn. All credit lines are currently provided by one finance provider.

The following table details the remaining contractual maturities at balance date of the Group's financial liabilities.

New Zealand dollars	Less than 1 year $000s	Between 1 and 2 years $000s	Between 2 and 5 years $000s	Over 5 years $000s
Group as at 31 December 2017				
Trade payables	20,281	-	-	-
Derivatives	128	-	-	-
Bank borrowings and current portion of term liabilities	10,827	-	-	-
Term liabilities	-	74,683	-	-
Total	**31,236**	**74,683**	-	-
Group as at 31 December 2016				
Trade payables	21,703	-	-	-
Derivative liability	332	-	-	-
Bank borrowings and current portion of term liabilities	5,716	-	-	-
Term liabilities	-	68,729	-	-
Total	**27,751**	**68,729**	-	-

d. Capital risk

Capital risk management focuses on ensuring the Group continues to operate as a going concern and maintains an optimal capital structure to support its business, maximise shareholder value, and the benefits delivered to other stakeholders.

The Group may maintain or adjust its capital structure by adjusting dividends, returning capital to shareholders, issuing new shares or selling assets.

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

The following table details the Group's shareholder equity ratio at balance date.

New Zealand dollars	2017 $000s	2016 $000s
Total shareholder funds	98,625	85,311
Total assets	222,023	197,309
Shareholder equity ratio	**44.42%**	**43.24%**

The Group is subject to, and monitors, financial covenants imposed by its lenders, including maintenance of equity ratios and earnings times interest cover. At no stage during the year did the Group breach any of its lending covenants. Refer to note 15.

e. Price risk - equity securities

The Group has minor exposure to equity securities price risk through incidental investments classified on the statement of financial position either as investment in shares and water shares within intangible assets at fair value. The majority of these investments are in industry-related entities, only some of which are publicly traded.

A 10% increase or decrease in equity investments with all other variables held constant, has minimal impact on the Group's profit and equity reserves.

The Board periodically reviews the performance and strategic benefits of these investments. No other formal risk management procedures are deemed necessary.

The decision to change the fair value of an investment is recorded through other comprehensive income or the statement of financial performance whenever a previous revaluation reserve balance was available. When no such reserve existed, any related loss is processed directly in the statement of financial performance, otherwise available reserves are utilised to offset the loss.

f. Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from short and long-term variable rate borrowings from financial institutions. The Board continuously reviews term borrowings and uses interest rate swaps to hold a portion of borrowings at fixed rates; these are designated as effective hedging instruments and hedge accounting is applied.

The following table details interest rate and price sensitivity of the Group's financial assets and liabilities and their impact on the statement of financial performance or equity. Cash and advance balances do not attract interest and are not subject to pricing risk, and are therefore excluded from this analysis.

		Interest rate risk				Price risk			
		-1 %		+ 2%		- 10%		+ 10%	
New Zealand dollars	Carrying amount $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s
At 31 December 2017									
Financial assets									
Accounts receivable	17,530	-	-	-	-	(1,753)	(1,753)	1,753	1,753
Investment in shares	7,428	-	-	-	-	(11)	(732)	-	743
Water shares	6,150	-	-	-	-	-	(615)	-	615
Financial liabilities									
Derivative liabilities	128	-	(430)	-	789	-	-	-	-
Trade payables	20,278	-	-	-	-	-	-	-	-
Term liabilities	74,683	538	538	(1,075)	(1,075)	-	-	-	-
Bank borrowings and current portion of term liabilities	10,827	78	78	(156)	(156)	-	-	-	-
Total increase / (decrease)		616	186	(1,231)	(442)	(1,764)	(3,100)	1,753	3,111
At 31 December 2016									
Financial assets									
Accounts receivable	23,233	-	-	-	-	(1,488)	(1,488)	1,488	1,488
Investment in shares	2,287	-	-	-	-	(11)	(218)	-	229
Financial liabilities									
Derivative liabilities	332	-	(916)	-	1,975	-	-	-	-
Trade payables	21,711	-	-	-	-	-	-	-	-
Term liabilities	68,729	495	495	(990)	(990)	-	-	-	-
Bank borrowings and current portion of term liabilities	5,716	41	41	(82)	(82)	-	-	-	-
Total increase / (decrease)		536	(380)	(1,072)	903	(1,499)	(1,706)	1,488	1,717

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

New Zealand dollars	Between 0 and 3 months $000s	Between 3 and 6 months $000s	Between 6 and 12 months $000s	Between 1 and 2 years $000s	Between 2 and 5 years $000s	Over 5 years $000s
At 31 December 2017						
Expected undiscounted cash flows based on current market interest rates	916	970	1,790	86,113	-	-
Floating rate	3.40%					
Average term rate	4.23%					
At 31 December 2016						
Expected undiscounted cash flows based on current market interest rates	1,056	955	1,752	74,970	-	-
Floating rate	3.46%					
Average term rate	4.23%					

Note 27. Determination of fair values of financial assets and liabilities

The following table analyses assets and liabilities carried at fair value.

The different levels are defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Instruments in level 1 are comprised of equity holdings in Zespri Group Limited and water shares.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability that have to be developed to reflect the assumptions that a market participant would use when determining an appropriate price.

New Zealand dollars	Level 1 $000s	Level 2 $000s	Level 3 $000s	Total $000s
Biological assets - crop at cost	-	-	16,470	**16,470**
Biological assets - crop at fair value	-	-	212	**212**
Intangible assets - interest in leased land	-	-	1,575	**1,575**
Water shares	6,150	-	-	**6,150**
Land	-	-	17,804	**17,804**
Buildings	-	-	85,661	**85,661**
Listed equity securities	5,842			**5,842**
Unlisted equity securities	-	-	1,586	**1,586**
Derivatives used for hedging (liability)	-	128	-	**128**

The reconciliations for level 3 fair value requirements are shown.

- Land and buildings (note 9)
- Interest in leased land (note 10)
- Biological assets - crop (note 11)
- Unlisted equity securities (note 20)

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

Type	Fair value	Method	Key unobservable inputs	How unobservables impact estimated fair value
Biological assets - crop at cost Includes New Zealand kiwifruit and Australian kiwifruit, nashi, packham and corella pears.	**$ 16.47 m**	Cost is used as a proxy for fair value, as the crop has yet to achieve sufficient biological transformation. Cost is tested for impairment at balance date using the Group's budgets on an orchard-by-orchard basis.	Cost.	Reduces if cost is impaired at balance date.
Biological assets - crop at fair value Includes New Zealand avocados and Australian plums and speciality pears.	**$ 0.21 m**	Estimated market value less selling costs and costs to market (have achieved sufficient biological transformation).	Forecast yields. Market sales price. Costs to harvest.	Increases with yields. Increases with price. Decreases with higher costs.
Land and buildings, and interest in leased land	**$ 105.04 m**	An annual revaluation is used to estimate fair value, which is performed on approximately one third of land and buildings on a rolling 3-year cycle by an independent valuer using four different approaches; replacement cost approach, sales approach, investment approach and discounted cash flow approach. See accounting policies below and notes 9 and 10 for further details.	Comparative market rents and applicable discount rate. Comparative market sales. Current level of building costs.	Increases with market rental, and lower discount rates. Increases with market sales. Increases with building costs.
Unlisted equity securities	**$ 1.59 m**	Based on latest information from securities management. Tested for impairment with carrying amount assesed at balance date.	Securities management information on share price.	Increases with share price information. Reduces if cost is impaired at balance date.

Accounting policies

Financial assets, liabilities and instruments

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

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

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

Trade receivable and payables

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

Land and buildings and interest in leased land

Fair value is based on an annual revaluation, which is performed on land and buildings based on a rolling three-year cycle by an independent valuer, with approximately one third of land and buildings assets valued each year using four different approaches as described in note 9.

New Zealand dollars	2017 $000s	2016 $000s

Note 28. Derivative financial instruments

Liabilities

Interest rate swap contracts and forward exchange contracts - cash flow hedge	**128**	**332**

Group bank loans currently bear an average variable interest rate of 3.7% (Dec 2016 – 3.5%), with the Group using interest rate swaps to protect the term portion of the loans.

Swaps cover 58% (Dec 2016 - 64%) of the term liabilities at balance date and are classified as held for trading or as cash flow hedges.

Cash flow hedges

The following table details the interest rate swaps.

Term loan	Amount $000s	Variable rate	Loan maturity	Hedge fixed rate excluding bank margin	Hedge expiry
NZD $10m	10,000	3.59%	30 April 2019	2.79%	30 December 2018
NZD $4m	4,000	3.59%	30 April 2019	2.60%	30 December 2018
NZD $16.5m	16,500	3.19%	30 April 2019	2.60%	30 December 2018
AUD $17m	18,764	3.46%	30 April 2019	2.08%	30 December 2018

The following table details the forward exchange contracts.

Term loan	Amount $000s	Spot rate	Hedge fixed rate	Last hedge expiry
Euro hedges (multiple)	2,399	0.591	0.6253	18 April 2019

The fair values of the interest rate swaps and forward exchange contracts are determined by Westpac and reviewed by the Board.

The gains and losses recognised in other comprehensive income appear in the statement of financial performance.

Accounting policies

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured 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. Derivatives are classified as current or non-current based on the effective date.

Hedge accounting

The Group designates certain derivatives as cash flow hedges. At the inception of the hedge relationship the Group 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.

Cash flow hedge

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, is sold, or 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).

Derivatives and financial instruments

The Board 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.

Note 29. Financial instruments summary

The following tables summarise the categories of the Group's financial assets and liabilities.

New Zealand dollars	Loans and receivables $000s	Assets at fair value through reserves $000s	Available for sale $000s	Total $000s
Financial assets as at 31 December 2017				
Cash and cash equivalents	2,389	-	-	2,389
Trade and other receivables excluding prepayments	16,467	-	-	16,467
Non current trade and other receivables	1,066	-	-	1,066
Investment in shares	-	-	7,428	7,428
Total financial assets	**19,922**	**-**	**7,428**	**27,350**

New Zealand dollars	Liabilities at fair value through reserves $000s	Other financial liabilities $000s	Total $000s
Financial liabilities as at 31 December 2017			
Trade and other payables	-	20,281	20,281
Bank borrowings	-	10,827	10,827
Derivative financial instruments	128	-	128
Term liabilities	-	74,683	74,683
Total financial liabilities	**128**	**105,791**	**105,919**

New Zealand dollars	Loans and receivables $000s	Assets at fair value through reserves $000s	Available for sale $000s	Total $000s
Financial assets as at 31 December 2016				
Cash and cash equivalents	1,688	-	-	1,688
Trade and other receivables excluding prepayments	19,883	-	-	19,883
Non current trade and other receivables	3,350	-	-	3,350
Investment in shares	-	-	2,287	2,287
Total financial assets	**24,921**	**-**	**2,287**	**27,208**

New Zealand dollars	Liabilities at fair value through reserves $000s	Other financial liabilities $000s	Total $000s
Financial liabilities as at 31 December 2016			
Trade and other payables	-	21,703	21,703
Bank borrowings	-	5,716	5,716
Derivative financial instruments	332	-	332
Term liabilities	-	68,729	68,729
Total financial liabilities	**332**	**96,148**	**96,480**

Accounting policies

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

Regular purchases and sales of financial assets are recognised when the Group commits to purchase or sell the asset. Investments are initially recognised at cost plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of financial performance. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

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.

Assets at fair value through reserves

Assets at fair value through reserves are financial assets which are quoted in an active market. Increases in the fair value of the asset are recognised through reserves in the statement of equity. Any decreases in the fair value will first reduce from the amount held in the reserve account and further decreases will then be recognised in the statement of financial performance. They are included in non-current assets unless the Group intends to sell the asset within 12 months of balance date.

Available for sale financial assets

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

Available for sale financial assets are recognised on trade date or the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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

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

Impairment of financial assets

At balance date the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss, as 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 on equity instruments recognised in the statement of financial performance are not reversed through other comprehensive income.

Note 30. Application of new and revised New Zealand International Financial Reporting Standards

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

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is assessing the impacts of the new standards as below:

NZ IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). NZ IFRS 15 addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction contracts and is applicable to all entities with revenue. It sets out a five-step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has established a process to review its sources of revenue, but has yet to assess the full impact of NZ IFRS 15.

The vast majority of the Group's revenue is represented by transactions that have been settled in cash within the financial year, and for this reason the recognition guidance within NZ IFRS 15 is not anticipated to have a significant impact on the Group's annual financial statements. The Group is considering the impacts on their interim reporting where due to the seasonal nature of the Group's business there is anticipated to be a larger impact upon adoption of NZ IFRS 15. The Group will apply this standard from 1 January 2018.

NZ IFRS 9 'Financial instruments'instruments' (effective for annual periods beginning on or after 1 January 2018). NZ IFRS 9 is to replace IAS 39 and will simplify the mixed measurement model as well as establish three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit and loss. 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. The Group has updated the existing hedge documentation to ensure that hedge accounting will continue to be applicable when applying NZ IFRS 9. The Group is in the process of assessing other impacts of the adoption of NZ IFRS 9 including the application of the expected credit losses model to trade and other receivables.

NZ IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019). NZ IFRS 16 replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same as NZ IAS 17. However, because the guidance on the definition of a lease has been updated (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers'. The Group intends to adopt NZ IFRS 16 on its effective date and has begun a process to review its operating leases; the Group's existing lease commitments are set out in note 24. The Group is in the process of gathering all required information in order to calculate the lease liability and right-of-use assets. The Group's expectation is that the variable lease payments on orchard leases which are contingent on the number of trays harvested will not be included in the calculation of the Group's lease liability upon adoption of NZ IFRS 16.

Independent auditor's report

To the shareholders of Seeka Limited

The consolidated financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of financial performance for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Seeka Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax services and remuneration benchmarking. The provision of these other services has not impaired our independence as auditor of the Group.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

Our audit approach

Overview

An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall group materiality: $1.9 million, which approximates 1% of Group revenue.

We selected 1% of revenue as the benchmark for our materiality as we consider this is an appropriate measure of performance of the Group. The Group operates in a high volume low margin industry where net profit is not representative of the scale of the Group.

Key Audit Matters

- Valuation of Biological Assets – crop
- Valuation of Land and Buildings

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We audited both the New Zealand and Australian operations of the Group at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned or based on materiality calculated for statutory reporting purposes where the statutory materiality was lower than that allocated in the Group calculation.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Biological Assets - crop The total value of biological assets at balance date was $16.7 million. Biological assets are disclosed in note 11 of the financial statements and comprise the crops on the vines and trees in the Group's leased and owned orchards. Biological assets are recorded at fair value. The method to determine fair value depends on the degree of biological transformation (the maturity of the fruit) at balance date. As at 31 December 2017, a total of $16.5 million (99%) of biological assets used cost as a proxy for fair value. In determining the fair value of the biological assets, management exercises judgement utilising industry knowledge and internal experts in determining the level of biological transformation at balance date. When insufficient biological transformation has occurred, the fair value is the costs incurred at balance date to grow the crops (provided the costs are considered recoverable). For those biological assets where cost has been used as a proxy for fair value, management assessed the recoverability of capitalised costs by comparing the carrying amount to budgeted costs at year end and ensuring that actual costs incurred plus costs to be incurred in order to get the crop to market did not exceed budgeted revenues from the sale of the crops. Management uses historical results and anticipated crop levels as a basis for budgeted revenues. An impairment is recognised when the actual costs incurred plus costs to be incurred in order to get the crop to market exceed budgeted revenues.	Our audit focused on the biological assets valued at cost, being the most significant component of the balance. We have evaluated judgements applied by management to determine the crop value including the degree of biological transformation, the attribution of costs capitalised to the following year's crop and the recoverability of capitalised costs. Our audit procedures included: - Gaining an understanding of the crop life cycle and growth periods with reference to relevant independent horticultural industry information to determine the appropriateness of management's assessment of biological transformation. - Selecting a sample of expenses that were capitalised to determine whether capitalisation was valid and directly related to the unharvested crop at 31 December 2017. - Testing the mathematical accuracy of the models used by management in their calculation of the fair value of the crops. - Reviewing management's assessment of the recoverability of capitalised costs. Our procedures included comparing the expected crop yield determined by management to the historical production yield and expected number of trays that can be produced per hectare based on the land that is currently owned and leased. We assessed whether any variances in historical or expected volumes are consistent with our understanding of planned changes in the Group's operations. Additionally we compared the future selling price used by management in their model to available industry information. - Evaluating the historical accuracy of management's forecasted information through comparing prior year forecast to actual results. We had no matters to report as a result of our procedures.
Valuation of Land and Buildings As reflected in note 9 of the financial statements, the Group has a policy of revaluing their land and buildings on a three year rolling cycle (excluding assets under construction). At each balance date approximately one third of the Group's assets are revalued by an independent external valuer. The Group then utilises their internal valuation expertise to evaluate whether, based on the results of the third party valuations, the remaining asset	Our audit of the land and buildings of the Group focused on the judgements inherent in the valuation of those assets. Our procedures included: - Assessing the objectivity and competence of management's internal valuation experts and third party valuers, in addition to assessing the independence of the third party valuers utilised by management.

Key audit matter	How our audit addressed the key audit matter
values remain appropriate and materially reflect fair value. Because the Group does not possess the internal valuation capability to assess the appropriateness of the carrying value of the Australian land and buildings relative to the estimated fair value, management engaged an independent third party valuer based in Australia to revalue all land and buildings owned in Australia as at 31 December 2017. The total value of Group's land and buildings at year end is $103.5 million.	- Utilising our PwC valuation expert, we have assessed key assumptions used in the external valuations by comparing the valuation assumptions and inputs used, such as capitalisation and discount rates, to externally available data. Where external data was not available, our internal valuation expert has utilised his experience and knowledge to determine whether the assumptions used by the third party valuer were reasonable and appropriate in the circumstances. - Reviewing and challenging management's assessment of the carrying values of the land and buildings not independently revalued during 2017 by comparing our own independent assessment of valuation ranges using our PwC valuation expert. We had no matters to report as a result of our procedures.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Pip Cameron.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
23 February 2018

Auckland

PwC

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

As at 31 December 2017

At Seeka, we conduct our business sustainably, safely and ethically, within the legal and regulatory framework, so we can deliver the best outcomes for our growers, clients, employees, shareholders, customers and the communities we operate in.

Seeka supports the NZX Corporate Governance Code 2017 (the Code), and Seeka's Board has reviewed and refined the company's corporate governance policies against the eight principles of the Code.

Seeka's corporate governance statement and governance policies are available on Seeka's website Seeka.co.nz/corporate-governance.

The following is a summary of Seeka's governance actions and performance against each of the Code's eight principles during the reporting period. Seeka's governance complies with the Code, with exceptions to any principle noted in this governance statement, and listed on page 66 of this annual report.

The Board approved this governance statement on 23 February 2018.

Principle 1. Code of ethical behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Seeka commits to high ethical standards in all dealings undertaken by the Group's directors, employees and suppliers. We are a produce business that connects growers with customers. Our business spans, cultural, regulatory and country boundaries, and our directors and management understand that high ethical standards deliver the best outcomes for our growers, clients, employees, shareholders, customers and communities.

Our commitment to ethical dealings is captured by Seeka's published core brand attribute "founded on relationships."

Seeka's Code of Ethics is included in employee induction packs and available on Seeka's intranet. The code outlines how directors and management are to consistently act with honesty and integrity, and model high ethical standards to all employees and stakeholders, adhering to the principle "we do what we say and are accountable for what we do."

The Code of Ethics provides clear guidance on:

- Conflicts of interest
- Use of Seeka information, assets and property
- Dealing with gifts or gratuities
- Respecting all stakeholders
- Whistle blowing for safe reporting of potential wrong doing
- Compliance with laws and Seeka policies
- Managing any breaches of Seeka's Code of Ethics

Seeka also has a strict Insider Trading Policy prohibiting the direct or indirect dealing of Seeka securities when holding inside information, plus a duty of confidentiality that protects the dissemination and use of confidential company information.

Principle 2. Board composition and performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspective."

Seeka's Board commits to acting in the best interest of the company, deliver benefits to stakeholders and grow shareholder returns.

Board charter and responsibilities

The Board's charter sets out the Board's structure, appointments, remuneration, committees and process for performance review, along with the duties and responsibilities of the Board and chief executive officer. Seeka's Board is responsible for:

- Robust and effective health and safety systems and standards
- Establishing corporate objectives and strategies
- Monitoring management's implementation of Seeka's strategies
- Approving budgets and monitoring financial performance
- Managing risk to Seeka's business
- Ensuring timely and transparent stakeholder and market communication

The Board delegates the chief executive officer to lead and manage Seeka's operations, including being the company's principal representative. The chief executive officer is not a Board member.

The Board Charter was established December 2017. Prior to the charter, the Board operated to the same set of principles defined in the charter.

Board composition

Seeka's Company Constitution specifies that the Board has a minimum of three and a maximum of seven directors, with provision for an eighth to be appointed between annual shareholder meetings. Directors are to contribute a mix of complementary skills that support Seeka's objectives and strategies, with at least two being independent, and at least two ordinarily residing in New Zealand. To maintain proper separation between governance and management, all directors are non-executive and the constitution has no provision for a managing director.

Seeka's Board currently has seven directors, led by the Independent Chairman Fred Hutchings, who joined the board in September 2012. Non-independent director Amiel Diaz is the only director residing overseas.

The following table summarises director qualifications, skills and experience.

	Qualification	Executive leadership	Financial	Legal	Kiwifruit industry	Governance	Cultural	International markets	Brand management	Technology
Fred Hutchings	BBS, FCA	●	●			●				
Martyn Brick	BAgCom		●		●					
John Burke	BAgSc	●	●		●	●				
Ratahi Cross					●	●	●			
Amiel Diaz	BA, BSc, CPA, CISA	●	●				●	●		●
Cecilia Tarrant	BA/LLB Hons, LLM	●	●	●		●				
Ashley Waugh	BBS	●	●			●		●	●	

Director independence

The Board's Charter follows NZX Listing Rules to determine the independence of a director. Directors must inform the Board of all relevant information and the Board confirms director independence at least annually.

Two directors are appointees of large shareholders and deemed non independent;

- Amiel Diaz, representative of Seeka's largest shareholder Farmind Corporation of Japan, and
- Ratahi Cross, representative of Seeka's largest New Zealand shareholder Te Awanui Huka Pak Limited and is the chairman of the Ngai Tukairangi Trust, a large kiwifruit grower supplying Seeka.

As Seeka's foundation business is kiwifruit, the Board considers experience in the kiwifruit industry a core competency. Three directors have extensive experience in kiwifruit production and handling, and through their interests in kiwifruit orchards that supply Seeka are considered non-independent directors;

- Martyn Brick
- John Burke, and
- Ratahi Cross

The Board has three independent directors;

- Fred Hutchings, Chairman
- Ashley Waugh, audit and risk committee chairman, and
- Cecilia Tarrant.

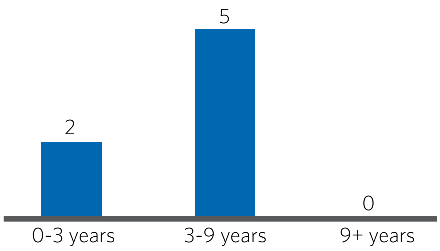
Director appointments and induction

As required the Chairman establishes a nominations committee to review the Board's composition and performance, and recommend people with complementary skills to join the Board. Nominees can be appointed by the Board, with the appointment to be approved by shareholders at the next annual shareholder meeting, or nominated and elected to the Board by shareholders at the annual shareholder meeting. The Board provides guidance to shareholders on a candidate's suitability before any vote.

In 2017, following 15 years of service Malcolm Cartwright retired as a director. A nominations committee was formed to identify a replacement, with Cecilia Tarrant recommended to shareholders and subsequently elected by shareholders at the 27 April 2017 annual shareholder meeting.

Directors enter a written agreement covering the term of their appointment and are provided with detailed information about Seeka, the company's strategies, policies and procedures, and any other training or other support that will help the director become a fully-functioning member of the Board.

Director tenure



The Chairman undertakes an annual assessment of Board, director and committee performance, seeking assistance, as required, from the nominations committee.

Director profiles

Director profiles are listed on Seeka's website (see Seeka.co.nz/investors), and are included on page 67 of this annual report. Full disclosure of director interests according to section 140 (2) of the Companies Act 1993 are listed on page 69 of this annual report.

Diversity

Diversity is the range of attributes held by members of a group. Seeka's Board believes diversity within the Board and the company provides a deeper understanding of stakeholders, broadens the range of skills available to Seeka, and will lead to improved business performance.

The Board works to optimise diversity across director members, while managing an efficient governance process. The Board's focus is on diversity in culture and ethnicity, business skills and innovative thinking as these attributes are key to understanding the operating environment of our key clients, creating unique solutions, and improving stakeholder outcomes and shareholder returns.

With Seeka's key client groups diversely spread from rural New Zealand to large urban centres in Asia, Seeka's Board has encompassed cultural, ethnical and gender diversity to strengthen business governance:

- Ratahi Cross of Ngai Tukairangi is also a lecturer in Maori history
- Amiel Diaz is a Filipino businessman based in Asia
- Martyn Brick, John Burke, Cecilia Tarrant and Ashley Waugh have rural backgrounds

The following table reports gender composition of the Board and senior management team as at 31 December 2017.

	FY17		FY16	
	Female	Male	Female	Male
Directors	1	6	0	7
Senior managers	2	7	2	7
Total	3	13	2	14

Diversity Policy

Seeka is committed to providing an inclusive environment that supports a diversity of thinking and skills. This policy formalises the existing conduct of the Board and management. Aspects of diversity include gender, ethnic background, religion, marital status, culture, disability, economic background, education, language, physical appearance and sexual orientation.

During the year ended 31 December 2017, Seeka performed in adherence to its diversity policy.

Principle 3. Board committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

The Board has established permanent committees and will form ad-hoc committees to efficiently and effectively carry out key governance functions, while retaining ultimate responsibility for all decisions and actions.

All committees operate under written charters which define the role, authority and operations of the committee. All Seeka directors and committee members are non-executive, and Seeka management and other employees may only attend committee meetings when invited by the committee. Committee charters are reviewed annually by the Board.

Committee membership and workload management

Seeka is governed by a seven-member Board with three independent directors. To provide effective and transparent committee governance, while managing workload across Board members, Seeka's committee charters ensure each committee is chaired by an independent director, with committee members drawn from both independent and non-independent directors that furnish the best skill set.

The current standing committees are:

Audit and risk

Composition	Role	Members
Independent chair with a minimum of two other directors. The chair may not be the Board Chairman.	Examines financial reporting, compliance, external and internal auditing, risk management and risk insurance.	Ashley Waugh, chair Martyn Brick John Burke Ex-officio – Fred Hutchings

While audit and risk committee members Ashley Waugh, Martyn Brick and John Burke do not have an accounting background, specialist accounting and financial expertise is available from ex-officio member Fred Hutchings who is a Fellow Chartered Accountant.

Remuneration

Composition	Role	Members
Independent chair with a minimum of two other directors.	Examines the performance, remuneration and succession planning of the chief executive officer, the remuneration of senior managers, company-wide employee remuneration policy and human resource plans and policies.	Fred Hutchings, chair Ratahi Cross Cecilia Tarrant

In addition, the Chairman periodically establishes an ad-hoc nominations committee.

Nominations

Composition	Role	Members
Independent chair with a minimum of two other directors.	Examines the directors' terms of engagement, Board succession planning, seeks and evaluates nominees, and advises the Board on director appointments.	Appointed by the Board.

The Nominations Committee Charter was established December 2017. Prior to the charter, the Chairman established ad-hoc Board meetings to examine Board succession plans, evaluate nominees and assess director performance.

In the event of a takeover offer, the Board Charter provides for the formation of an ad-hoc takeovers committee to operate under a written charter.

Takeovers

Composition	Role	Members
Limited to independent directors.	Seek appropriate advice and act in the interests of all shareholders.	Independent directors appointed by the Board.

A formal charter for the takeovers committee has not been established, and to date there has been no need to form a takeovers committee.

While the Board considers the current range of committees comprehensively manages the governance of Seeka's business, and provides the best outcomes for shareholders and other stakeholders, the Board Charter allows ad-hoc committees to be formed as required to aid Board decision making.

The following table reports Board and committee meeting attendance in 2017.

	Board		Audit and risk		Remuneration	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Fred Hutchings	11	11	8[1]	7	2	2
Martyn Brick	11	10	8	7	-	-
John Burke	11	10	8	6	-	-
Malcolm Cartwright[2]	2	2	-	-	1	1
Ratahi Cross	11	9	-	-	2	2
Amiel Diaz	11	11	-	-	-	-
Cecilia Tarrant[3]	9	7	-	-	1	1
Ashley Waugh	11	9	8	7	-	-

1. Fred Hutchings is an ex-officio member of the audit and risk committee.

2. Malcolm Cartwright retired 27 April 2017.

3. Cecilia Tarrant was appointed 27 April 2017.

Principle 4. Reporting and disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Seeka's Board is committed to keeping investors and the wider market fully informed of all material information concerning the company's operating environment and business performance. In addition to all information required by law and NZX Listing Rules, Seeka provides stakeholders with a mid-year performance update, along with regular operational updates to supplying clients.

Seeka follows NZX continuous disclosure guidelines for the classification, timing and release of material information to investors and other stakeholders. The Chairman, chief executive and chief financial officer are responsible for identifying material information between Board meetings, with continuous disclosure covered at every Board meeting. Seeka's Code of Ethics, Board and committee charters and policies as recommended in the Code are available on Seeka's website, see Seeka.co.nz/corporate-governance.

As stewards of more than 230 orchards in New Zealand and Australia, Seeka is committed to applying industry best practices and international guidelines for all asset management, backed up by rigorous auditing. This includes following the international GLOBALG.A.P standard for good agricultural practice that focuses production and supply management on the consumer's demand for safe food.

Seeka as an employer is focused on sustainable land management that supports long-term employment and wealth creation in our rural communities, and has formally implemented the GLOBALG.A.P GRASP module with its extended social standards for worker health, safety and welfare.

In New Zealand, Seeka has partnered with all supplying growers to form independent, grower-controlled entities that manage grower fruit value; kiwifruit growers appoint Seeka Growers Limited as their agent for the supply of kiwifruit to Seeka, with avocado growers appointing AvoFresh Limited.

Seeka Growers Limited and AvoFresh Limited manage market returns in independent bank accounts, approve all service distributions and grower payments, and publish independently-audited annual statements. Seeka is represented on the entities' controlling councils, provides management support, and ensures grower representatives are kept informed on market conditions, industry issues and Seeka's operational performance for their fruit.

Seeka complies with the financial reporting requirements prescribed by the Companies Act 1993, Financial Markets Conduct Act 2013 and the NZX Listing Rules. Seeka also supports environmental, social and governance concerns, and discloses to the markets any environmental factors that may materially affect operations.

Principle 5. Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Director remuneration

In accordance with the Board Charter, the Chairman uses professional advice and market information to review director remuneration within a two year period, with shareholders having to approve any increase to the pool available to pay directors' fees. Approval was last sought in April 2015, when the pool limit was set at $400,000 per annum. Directors are remunerated by fixed fees that are set according to expected time commitments and responsibilities as determined by the Board. Directors receive no equity-based remuneration, and receive no performance or retirement benefits. Directors are not required to own Seeka shares.

The following table reports the allocation of the pool at the date of this report, and directors' fees paid during the financial year. No other benefits were remunerated to directors during the year.

	Position	Base director fee	Chairman fee	Audit and risk committee chair fee	Director fees paid during the year
Fred Hutchings	Chairman	$50,000	$40,000		$90,000
Ashley Waugh	Director, Audit and risk committee chair	$50,000		$10,000	$60,000
Martyn Brick	Director	$50,000			$50,000
John Burke	Director	$50,000			$50,000
Ratahi Cross	Director	$50,000			$50,000
Amiel Diaz	Director	$50,000			$50,000
Cecilia Tarrant	Director – Elected April 17	$50,000			$33,333
Malcolm Cartwright	Director – Retired April 17				$16,667
Total		$350,000	$40,000	$10,000	$400,000

The base director fee includes remuneration for committee membership.

Chief executive officer remuneration

The review of the chief executive's remuneration is undertaken by the remunerations committee with the remuneration package the responsibility of the Board.

Michael Franks was appointed chief executive in 2006. His remuneration package comprises a fixed annual remuneration that covers base salary, vehicle, Kiwisaver contributions, medical and life insurance, and an at-risk annual performance incentive.

The following table reports chief executive remuneration in 2017.

	Base salary	Benefits[1]	Annual performance incentive[2]	Total remuneration
Michael Franks	$519,952	$50,374	$182,500	$752,826

1. Benefits are delivered through vehicle, Kiwisaver contributions, medical and life insurance.

2. Performance incentive earned from FY16 and paid in 2017.

Performance incentive

The chief executive officer's performance incentive has a maximum value of 40% of fixed remuneration for achieving annual targets set by the Board, including financial performance, strategic goals, health and safety, and risk management. For the 2016 financial year, chief executive officer Michael Franks earned an $182,500 performance incentive. This payment was made in 2017.

For the 2017 financial year, the chief executive officer earned a $156,800 performance incentive. This payment will be made in 2018.

Employee share scheme

Chief executive Michael Franks was allocated 15,000 shares at $3.05 per share under the 2014 employee share scheme. In 2017, these shares vested, were taken up and issued to the chief executive at $2.372 per share.

At balance date, the chief executive had 8,000 shares allocated at $3.88 per share under the 2016 employee share scheme. These shares vest in 2019.

Principle 6. Risk management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

The Board consider risk management a major governance function that protects all stakeholders, builds long-term wealth in our communities and optimises shareholder value. The Board retains ultimate control of risk management, with the audit and risk committee providing a specific focus on material risks as defined in the Audit and Risk Committee Charter.

Business risks are identified, recorded on a risk register, assessed, managed through risk mitigation strategies and reviewed at least annually.

Financial statements and key operational measures are prepared monthly and reviewed by the Board throughout the year to assess business performance against budget and forecasts.

The Board composition includes directors with long-term experience in New Zealand's kiwifruit industry, and Australian and Asian produce handling and marketing. Board meetings include periodic site visits in New Zealand and Australia to ensure all directors understand the Group's operating environments when assessing material risk.

The Board's complementary skill set and understanding of the core business have allowed it to implement strategies to mitigate risk associated with being a New Zealand kiwifruit handler by diversifying operations across multiple products, expanding into the Australian market and sourcing revenue from more points along the value chain. Since the incursion of the kiwifruit vine-killing disease Psa in 2010, Seeka has transformed from being a New Zealand kiwifruit handler to become an Australasian produce business involved in the growing, handling, supply and marketing of multiple products.

Health and safety

Operating in a seasonal industry, in 2017 Seeka employed more than 3,900 people working in multiple complex environments. This includes 24-hour operations over the harvest period. Group salary and wages equate to 1,175 full time equivalents.

The Board is responsible for health and safety across Group operations, with the chief executive appointing a health and safety manager to ensure Seeka complies with legislation and operates industry best practice across the Group, while also supporting the management of health and safety risks by clients and suppliers. The Board reviews performance against set targets at each meeting.

The following table reports key health and safety measures in 2017 and 2018 targets.

	2018 Annual threshold	2017 Actuals
Total recordable injury frequency rate [1]	Less than 4.6	5.8
Notifiable incidents	0	0
Notifiable event	0	1
Medical treatment		53
Severity rate [2]	Less than 3.0	2.91

1. Total recordable injury frequency rate (TRIFR) is a key measure that compares total lost time injuries and medical treatments against the total number of hours worked. TRIFR = (number of recordable lost time and medical treatment injuries) x 200,000 / (number of employee hours worked).

2. Severity rate = (number of lost time injuries) / (number of days lost).

Principle 7. Auditors

"The board should ensure the quality and independence of the external audit process."

Seeka's Audit and Risk Committee Charter outlines Seeka's commitment to an independent audit process that provides shareholders and the markets with objective, clear and timely financial reporting.

The audit and risk committee in consultation with management and the external auditor reviews the efficiency and effectiveness of the external audit process, and provides a formal channel of communication between the Board, senior management and the external auditor. The audit and risk committee:

- Oversees the independence of the auditor and ensures they conduct their operations free from any actual or perceived impairments, and
- Monitors the provision of any services beyond the auditor's statutory audit services.

For financial year 2017, PricewaterhouseCoopers (PwC) was the external auditor for Seeka Limited, having been reappointed Seeka's auditor under the Companies Act 1993 at the 2017 annual shareholder meeting. PwC have confirmed their independence to the audit and risk committee, and their independence was not compromised during the reporting period. The last audit partner rotation was in FY16.

PwC auditors attend the annual shareholder meeting to answer any shareholder questions about the audit.

Internal audit

Seeka has a number of internal controls overseen by the audit and risk committee to ensure the integrity of key financial and operational data. This includes data access, internal financial controls, adequate resourcing, targeted internal audit programmes and monitoring management's response to external audit findings.

Due to the size of Group operations, rather than operating a dedicated audit function, Seeka uses its compliance team to conduct internal audit processes and monitor operational compliance, along with independent providers to regularly test the integrity of the Group's financial systems.

Principle 8. Shareholder rights and relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Seeka's shareholders include a significant number of grower clients, employees, suppliers and people living in our rural communities. Seeka maintains open channels of communication with a diverse range of groups to uphold our key brand attribute of delivering excellence to all stakeholders.

The Board is motivated and committed to transparent and regular reporting and engagement with shareholders including:

- Annual and interim reports
- Market announcements
- Annual shareholder meeting
- Mid-year stakeholder meeting
- Ad-hoc investor presentations
- Attendance of directors at seasonal grower roadshows held throughout the catchment for each produce type
- Quarterly all staff updates
- Clear access to investor information on the company's website, see Seeka.co.nz/investors
- Open access to senior managers via phone and email, see Seeka.co.nz/senior-management-team

Shareholders are actively encouraged to attend the annual shareholder meeting and mid-year stakeholder update, where they can raise matters for discussion by directors and senior management. Shareholders vote on major decisions which affect Seeka at the annual shareholder meeting. Voting is by poll, conducted by the Company's registrar Link Market Services and overseen by the company's auditor PwC, on a one share, one vote principle.

Shareholders are provided with copies of the annual and interim report, and are encouraged to receive electronic communication by contacting our registrar Link Market Services, see Linkmarketservices.co.nz. The annual shareholders notice of meeting is posted on the NZX website and sent to shareholders at least 20 working days prior to the meeting. A link to Seeka's announcements can be directly accessed from Seeka's website, see Seeka.co.nz/nzx-announcements.

Seeka's current and historical share price is located on the NZX website, see nzx.com/instruments/SEK

Corporate calendar

In the normal course of business, the Board reports to the following schedule.

End of year market announcement	Late February
Dividend payment	Late March
Annual shareholder meeting	Late April
Dividend payment	Late September
Stakeholder update	Mid October

Differences in practice to NZX Code

The following table summarises the material differences between Seeka's corporate governance and the Code during the year. Where there are differences, these have been approved by the Board.

Principle	Paragraph	Concerning	Key difference
2. Board Charter	2.1	Board should operate under a written charter.	The Board adopted a written charter December 2017. Prior to this, the Board operated to the same set of principles defined in the Board Charter.
3. Board Committees	3.1	Audit committee should have a majority of independent directors.	To manage work load across the Board and best utilise skills, the audit and risk committee has an independent chair and two non-independent members.
	3.1	Audit committee should have a director with an accounting or financial background.	Audit and risk committee members do not have an accounting background. Accounting expertise, however, is provided by ex-officio member Fred Hutchings who is a Fellow Chartered Accountant, with two members of the committee having valuation and banking experience.
	3.3	Remuneration committee should have a majority of independent directors.	To manage workload across the Board, the charter only specifies an independent chair. The current remuneration committee, however, fulfils the code with an independent chair, and independent director and a non-independent director.
	3.4	Standing nominations committee.	Nominations Committee Charter allows for the formation of an ad-hoc committee as required.
	3.4	Nominations Committee Charter.	Nominations Committee Charter established December 2017. Prior to the charter, the Chairman established ad-hoc Board meetings to examine the Board's succession plan, evaluate director nominees and assess director performance.
	3.6	Takeover offer committee.	Board Charter provides for the formation of an ad-hoc takeovers committee, comprised of independent directors, to oversee the Board's response to any takeover offer.
4. Reporting and Disclosure	4.1	Written continuous disclosure policy.	Currently follow NZX Listing Rules and guidelines for continuous disclosure, with a continuous disclosure policy to be adopted in 2018.
	4.3	Non-financial disclosures, including environmental, economic and social sustainability risks.	Currently provide extensive reports on non-financial information to shareholders and other stakeholders. A formal sustainability report will be developed by December 2018.
8. Shareholder Rights and Relations	8.5	Posting annual shareholder notice at least 28 days prior to the meeting.	Current practice is a minimum of 20 working days prior to the meeting. However, as this period includes three public holidays, this meets the 28-day minimum.

DIRECTOR PROFILES

The following directors held office on 31 December 2017.

Fred Hutchings BBS, FCA

Independent, non-executive Chairman

Ex-officio member Audit and Risk Committee, Chair Remuneration Committee

Appointed 10 September 2012

Fred has commercial and business experience having been a partner at PricewaterhouseCoopers for 27 years where he specialised in assurance and advisory services, particularly for agribusiness. He also held leadership roles in the partnership including Wellington and South Island managing partner and for three years was a member of the firm's executive board.

Fred is chairman of Tui Products Limited a director of Speirs Group Limited and Speirs Food Limited. He is a past president of Chartered Accountants Australia and New Zealand.

Martyn (Marty) Brick BAgCom

Non-executive Director

Member Audit and Risk Committee

Appointed 23 April 2013

Marty has experience in agribusiness having worked in a rural banking, finance, and horticulture. He established kiwifruit orchards in the Bay of Plenty, and a post harvest operation which was later sold to Huka Pak. Marty became a director of Te Awanui Huka Pak and chairman of Te Awanui Grower Council up until Huka Pak's merger with Seeka in 2009.

Marty holds interests in kiwifruit orchards supplying Seeka.

John Burke BAgSc

Non-executive Director

Member Audit and Risk Committee

Appointed 24 April 2012

John has an agribusiness background and qualifications, having worked for the Rural Bank and operated a rural valuation and consultancy practice. He has knowledge of kiwifruit operations from the orchard to the market having been the chief executive of Te Awanui Huka Pak where he helped establish collaborative programmes into Asia and North America, before becoming the general manager Kiwifruit Vine Health.

John is a kiwifruit orchardist supplying Seeka, and a farmer.

Peter Ratahi (Ratahi) Cross

Non-executive Director

Member Remuneration Committee

Appointed 1 March 2016

Ratahi is the chairman of several trust boards throughout the eastern areas of the North Island. He chairs Te Awanui Huka Pak Limited and Ngai Tukairangi Trust, the largest Maori kiwifruit grower in New Zealand. The trust operates orchards on the Matapihi Peninsula at Mount Maunganui, and in 2017 purchased 60 hectares of SunGold orchards in the Hawke's Bay.

Ratahi has a background in natural science specialising in native flora and fauna. He also lectures in Maori history for several tribes he belongs to.

Amiel (Mel) Diaz BA, BSc, CPA, CISA

Non-executive Director

Appointed 19 October 2009

Mel is the head of the Philippine subsidiaries of Farmind Corporation. He has knowledge of the Asian fresh produce business, with an emphasis on Japan and the Philippines, having previously been the head of new business ventures and the chief information technology officer at Dole Asia.

Mel has executive management experience in technology, telecommunications, manufacturing, finance, service, business consultancy and the fresh produce industry, having worked for more than 30 years' in various executive positions, board memberships and advisory roles.

Mel is a certified public accountant (CPA) in the Philippines and a certified information systems auditor (CISA) in the USA and the Philippines.

Cecilia Tarrant BA/LLB Hons, LLM

Independent, non-executive Director

Member Remuneration Committee

Appointed 27 April 2017

Cecilia is a professional company director. She is a director of Fletcher Building Limited and Payments NZ, chair of the Government Superannuation Fund Authority, a trustee of the University of Auckland Foundation and a member of the University of Auckland Council. She has more than 25-years' experience in law and banking, having firstly worked as a lawyer in Auckland and San Francisco before becoming an investment banker in New York and London.

Cecilia is involved in both the beef and dairy industries through her family's ownership of a dry stock farm in the Waitomo area and partnership in a dairy farm in the Otorohanga district. Her family have lived in the Waitomo area for more than 100 years.

Ashley Waugh BBS

Independent, non-executive Director

Chair Audit and Risk Committee

Appointed 21 May 2014

Ashley has experience in the fresh food industry having worked within the Australasian Fast Moving Consumer Goods (FMCG) markets for more than 30 years. He also holds global experience in the FMCG, foodservice and ingredients markets.

Ashley was the chief executive officer of Australian dairy foods and juice giant National Foods until its merger with Lion Nathan in 2009. His prior business experience was with the New Zealand Dairy Board and Ford Motor Company.

He currently serves on the board of Colonial Motor Company, and Fonterra Group as a farmer elected director, and chaired Moa, New Zealand's largest craft brewer, until retiring in December 2017.

Ashley chairs Seeka's Audit and Risk Committee.

Changes in Board membership

In 2017, following 15 years of service Malcolm Cartwright retired as a director. A nominations committee was formed to identify a replacement, with Cecilia Tarrant recommended to shareholders and subsequently elected by shareholders at the 27 April 2017 annual shareholder meeting.

INTERESTS REGISTER

During the year the Group undertook related party transactions with directors in the ordinary course of the Company's business and on usual terms and conditions.

Directors have made general disclosures of interests in accordance with s140 (2) of the Companies Act 1993. New disclosures advised since 31 December 2016 are italicised.

Fred Hutchings	Amwell Holdings Limited	Director / Shareholder
	Walker Nominees Limited	Director
	Seeka Employee Share Plan Trustees Limited	Director
	Speirs Group Limited and subsidiaries	Director
	Tui Products Limited	Director
	AvoFresh Limited	*Director*
Martyn Brick	Strathboss Kiwifruit Limited	Director / Shareholder
	Seeka Growers Limited	Director
	Omega Kiwifruit Limited	Director / Shareholder
	Katoa Partnership	*Partner*
	Zespri International Limited	Shareholder
	Rokeby Trust	Beneficiary
	Rising Sun Orchards Limited	*Shareholder*
John Burke	J & D Burke Holdings Limited	Director / Shareholder
	Rokeby Trust	Trustee
	Zespri International Limited	Shareholder
Malcolm Cartwright [1]	Seeka Growers Limited	Director
	Seeka Employee Share Plan Trustees Limited	Director
	AvoFresh Limited	Director
	Zespri International Limited	Shareholder
	MJ & HC Cartwright Trust	Beneficiary / Trustee
Peter Cross	Ngai Tukairangi Trust	Trustee / Chairman
	Te Awanui Huka Pak Limited	Director
Amiel Diaz	Farmind Philippines Inc.	Director / Officer
	Farmind Corporation of Japan	Officer
Cecilia Tarrant [2]	*Fletcher Building Limited*	*Director*
	Payments NZ Limited	*Director*
	Government Superannuation Fund Authority	*Chair*
	University of Auckland Foundation	*Trustee*
	ArcAngels Angel Investment Network	*Chair*
	University of Auckland Council	*Member*
Ashley Waugh	Primrose Hill Farm (Puke-Roha Limited) - Te Awamutu	Director / Shareholder
	Moa Group Limited (retired 31 December 2017)	*Director / Shareholder*
	The Colonial Motor Group Limited	Director / Shareholder
	Fonterra Co-operative Group Limited	Director / Shareholder

1. Malcolm Cartwright retired 27 April 2017.

2. Cecilia Tarrant was appointed 27 April 2017.

DIRECTORS' INTERESTS IN SEEKA LIMITED SECURITIES

The following table details director interests in shares at 31 December 2017.

	Interest	Shares
Martyn Brick [1]	Beneficial	412,306
John Burke [2]	Beneficial	34,954
Peter Cross	Beneficial	54,780
Peter Cross [3]	Non beneficial	1,267,410
Fred Hutchings [4]	Beneficial	10,000
Ashley Waugh	Beneficial	4,300

1. Held by Omega Kiwifruit Limited and Strathboss Kiwifruit Limited.

2. Held by J&D Burke Holdings Limited.

3. Held by Ngai Tukairangi Trust and Te Awanui Huka Pak Limited.

4. Held by Walker Nominees Limited.

The following table details director dealings in Seeka shares during the year.

	Transaction	Date	Number	Total consideration
Martyn Brick [1]	Purchase	29 March 2017	20,000	$91,000
	Purchase	16 November 2017	600	$3,300
John Burke [2]	Purchase [3]	11 April 2017	12	$64
	Purchase [3]	11 October 2017	619	$3,194
Malcolm Cartwright [4]	Purchase [3]	11 April 2017	1,310	$7,009
Peter Cross [5]	Purchase [3]	11 April 2017	920	$4,922
	Purchase [3]	11 October 2017	970	$5,006

1. Held by Omega Kiwifruit Limited and Strathboss Kiwifruit Limited.

2. Held by J&D Burke Holdings Limited.

3. Acquired under Seeka's dividend reinvestment plan.

4. Malcolm Cartwright retired 27 April 2017.

5. Held by Ngai Tukairangi Trust and Te Awanui Huka Pak Limited.

SUBSIDIARY COMPANIES

The following table details directors of Seeka Limited subsidiary companies in the financial year to 31 December 2017.

Michael Franks and Stuart McKinstry are officers of Seeka Limited. Robert Towgood is a senior manager at Seeka Limited. Anthony Motion is an independent director for the Group's Australian subsidiaries. New subsidiaries formed since 31 December 2016 are italicised.

New Zealand incorporated companies

AvoFresh Limited	Michael Franks
Delicious Nutritious Food Company Limited (Registered 4 May 2017)	*Michael Franks, Stuart McKinstry*
Eleos Limited	Michael Franks, Stuart McKinstry
Enviro Gro Limited	Michael Franks
Glassfields (NZ) Limited	Michael Franks, Stuart McKinstry
Guaranteed Sweet Limited	Michael Franks, Stuart McKinstry
Integrated Fruit Supply & Logistics Limited	Michael Franks
Kiwi Coast Growers (Te Puke) Limited	Michael Franks, Stuart McKinstry
Nutritious Delicious Food Company Limited (Registered 4 May 2017)	*Michael Franks, Stuart McKinstry*
Rising Sun Orchards Limited (Registered 20 October 2017)	*Michael Franks*
Seeka Dairy Ventures Limited	Michael Franks, Robert Towgood
Seeka Fresh Limited	Michael Franks, Stuart McKinstry
Seeka Growers Limited	Michael Franks
Seeka Te Puke Limited	Michael Franks, Stuart McKinstry

Australian incorporated companies

Little Haven Holdings Pty Limited (Registered 2 November 2017)	*Michael Franks, Stuart McKinstry, Anthony Motion*
Seeka Australia Pty Limited	Michael Franks, Stuart McKinstry, Anthony Motion
Seeka Pollen Australia Pty Limited	Michael Franks, Stuart McKinstry, Anthony Motion

Directors of Group subsidiary companies did not undertake any share dealings in those companies.

Subsidiary directors' interests register

Directors of Seeka subsidiaries have made general disclosures of interests in accordance with s140 (2) of the Companies Act 1993. New disclosures advised since 31 December 2016 are italicised.

Michael Franks	*Rising Star Orchards Limited*	*Director / Shareholder*
Stuart McKinstry	Rivas Orchards Limited	Director / Shareholder
	R&M Orchards Limited	Director / Shareholder

Anthony Motion has not made any general interest disclosures in New Zealand incorporated companies.

Subsidiary company director remuneration

Seeka Limited officers Michael Franks and Stuart McKinstry, and senior manager Robert Towgood received no beneficial director's fees or other benefits except as employees.

The following table details the remuneration of Anthony Motion, the independent director for the Group's Australian subsidiary companies.

Director fees	AUD	NZD @ $1.08
Anthony Motion	$ 20,000	$ 21,600

EMPLOYEE REMUNERATION

In 2017, the Group employed 237 permanent and more than 3,700 seasonal employees.

The Group had 95 employees (December 2016 - 76), including 6 employees (December 2016 – 3) employed by subsidiaries, that are not directors whose annual cash remuneration and benefits (including motor vehicles and termination costs) exceed $100,000 in the financial year.

Remuneration	2017	2016
$100,000 - $109,999	25	14
$110,000 - $119,999	18	16
$120,000 - $129,999	14	9
$130,000 - $139,999	12	9
$140,000 - $149,999	2	6
$150,000 - $159,999	2	3
$160,000 - $169,999	1	4
$170,000 - $179,999	6	2
$180,000 - $189,999	1	1
$190,000 - $199,999	2	2
$200,000 - $209,999	1	2
$210,000 - $219,999	1	-
$230,000 - $239,999	2	-
$250,000 - $259,999	-	2
$260,000 - $269,999	-	1
$270,000 - $279,000	1	-
$280,000 - $289,000	3	-
$290,000 - $299,999	1	1
$300,000 - $309,999	-	1
$330,000 - $339,999	1	-
$350,000 - $359,999	1	1
$380,000 - $389,999	-	1
$610,000 - $620,000	-	-
$720,000 - $729,999	-	1
$750,000 - $759,999	1	-
Total	95	76

Remuneration includes key performance indicator payments. Remuneration by the Group's Australian subsidiary Seeka Australia in Australian dollars was converted to New Zealand dollars using the average exchange rate for the year. The impact of movements in exchange rates from 2016 to 2017 was reviewed and would not have significantly changed the employee remuneration disclosure.

Employee share scheme

As part of their employment benefits, eligible permanent employees are invited to participate in Seeka's employee share schemes. The 2014 employee share scheme allocated 343,000 shares to permanent employees at $3.05 per share. In 2017, these shares vested and were taken up by permanent employees at $2.372 per share.

OTHER DISCLOSURES

Indemnities and 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 and officers, including directors of subsidiaries.

Summary of waivers granted by NZX

No waivers were granted, published or relied on by Seeka in the financial year ended 31 December 2017.

Donations

No donations were made by the company or its subsidiaries in the year ended 31 December 2017

Divided reinvestment plan

Under the company's dividend reinvestment plan, holders of ordinary shares may elect to reinvest the net proceeds of cash dividends payable or credited to acquire fully paid ordinary shares in the company.

Substantial product holders

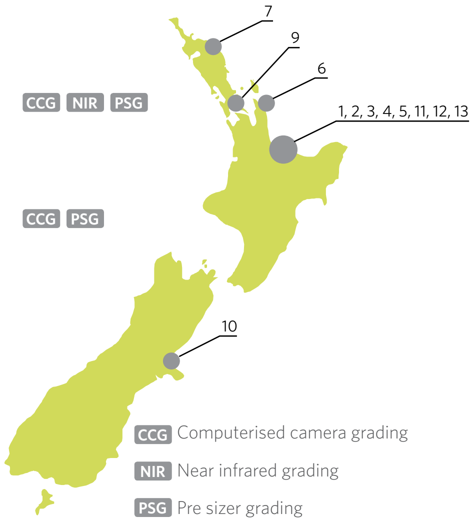
The following table details information in compliance with s293 of the Financial Markets Act 2013 and is stated as at 31 December 2017. The total number of ordinary listed shares of Seeka Limited at that date was 17,521,279.

	Shares	Percentage of shareholding
Te Awanui Huka Pak Limited	1,267,410	7.23
Sumifru Singapore Pte Limited	2,093,558	11.95
Farmind Corporation of Japan	2,800,567	15.98

OPERATING ASSETS STATISTICS

Post harvest facilities

		Commissioned	Lanes	Automation
1	**Oakside**			
	Compac Oakside 1	1998	6	
	Compac Oakside 2	2006	8	CCG PSG
	Compac Oakside 3	2009	8	NIR
2	**Transpack**			
	Compac	2004	6	CCG PSG
3	**KKP**			
	Lynx	2000	10	
4	**Huka Pak**			
	MAF Roda [1]	2011	6	CCG NIR PSG
	Compac	2005	6	
5	**Main Road**			
	Compac	2017	6	CCG PSG
6	**Peninsula**			
	Lynx [2]	2017	4	
7	**Keripack**			
	Compac	Leased	4	
8	**Australia**			
	Compac	2016	4	



CCG Computerised camera grading

NIR Near infrared grading

PSG Pre sizer grading

1 NIR installed 2018

2 Relocated and upgraded from Main Road

10 hectares

Retail services

9 **Glassfields Auckland**

Imported produce, ripening services, wholesale market

10 **Glassfields Christchurch**

Imported produce, ripening services

11 **Delicious Nutritious Food Company**

Food manufacturing; Kiwi Crush, Kiwi Crushies, Kiwiberry handling, Avocado oil

Laboratory services

12 **VLS**

Maturity and coolstore testing

Head Office

13 **Seeka360**

Grower centre

Orchards

	Hectares
14 **Seeka Australia**	
Seeka-owned orchards and land	
In production (9 orchards)	228
In development	63
Land available for development	151
Long term lease - New Zealand	
Orchards developed on leased land	
In production (10 orchards)	84
In development	8
Leased orchards - New Zealand	
Orchards leased from owners	
In production (102 orchards)	412
In development	2
Managed orchards - New Zealand	
Orchards managed for owners	
In production (101 orchards)	418
In development	9

SECURITIES STATISTICS

Top 50 shareholders, as at 10 January 2018

Shareholders	Number of ordinary shares	Percent
Farmind Corporation of Japan	2,800,567	15.98
Sumifru Singapore Pte Limited	2,093,558	11.95
Te Awanui Huka Pak Limited	1,267,410	7.23
Christopher William Flood & Mark Schlagel	477,130	2.72
Seeka Employee Share Plan Trustees Limited	435,800	2.49
National Nominees New Zealand Limited	378,000	2.16
Omega Kiwifruit Limited	340,994	1.95
Jack Law & Patricia Colleen Law	310,240	1.77
Anne Louise Bayliss & Christopher James Mcfadden	234,457	1.34
Burts Orchards (1997) Ltd	195,922	1.12
Gregory Alan Cole	195,612	1.12
Lloyd James Christie	150,000	0.86
Stewart Moss	148,016	0.84
Custodial Services Limited	145,447	0.83
John Slater & Robyn Adere Slater	122,291	0.70
Grant Keith Oakley & Deborah Jane Oakley & Brg Trustees 2013 Limited	113,945	0.65
Murray Charles Salt & Heather Florrence Salt	103,770	0.59
HSBC Nominees (New Zealand) Limited	103,607	0.59
David Grindell	99,441	0.57
John Slater & Robyn Adair Slater	98,089	0.56
Brian John Cotton Stapleton & Lois Eileen Cotton Stapleton	91,098	0.52
Matthew Ian Tremain & Beth Moreen Tremain	86,963	0.50
Ian Dunbar Greaves & Nicola Anne Greaves & Craig Murray Thompson	84,395	0.48
Bryan Francis Grafas	79,771	0.46
Malcolm John Cartwright & Helen Catherine Cartwright & Graeme Ingham Trustee Co Limited	78,017	0.45
Custodial Services Limited	77,638	0.44
Birdwood Farms Limited	76,562	0.44
Andrew James Northcote Hill & Janice Margaret Hill & Brg Trustees Limited	73,890	0.42
Heather Olive Wright	71,362	0.41
Strathboss Kiwifruit Limited	71,312	0.41
New Zealand Permanent Trustees Limited	70,000	0.40
Michael Gilbert Franks	65,875	0.38
Bowyer Orchards Limited	63,683	0.36
John Peter Jensen & Patricia Joan Jensen	62,867	0.36
Penmaen Limited	58,535	0.33
Christopher Robert Malcolm & Helen Ann Malcolm	56,833	0.32
Peter Ratahi Cross & Neil Te Kani	54,780	0.31
Bnp Paribas Nominees NZ Limited	54,722	0.31
Forsyth Barr Custodians Limited	53,862	0.31
Terence Morrow Hawthorne & Gloria Nancy Hawthorne & Wood Walton Trustees (2007) Limited	53,076	0.30
Custodial Services Limited	51,155	0.29
Roger Daryl Clark & Colleen Beth Clark	49,529	0.28
David W Hay	46,085	0.26
David Murray Reid & Beverley Ann Reid & John Alexander Stewart	45,566	0.26
John Edwin Bourke & Raewyn Joyce Bourke	44,837	0.26
Christopher William Flood	44,520	0.25
Helen Margaret Bowyer	42,255	0.24
Ian Gerald Arnot	42,000	0.24
Lynne Marie Marx Sheather & Walter Brent Sheather & Patricia Vera Sheather & Simon Middleton Palmer	41,438	0.24
Judith Ann Fisher	40,662	0.23
Maketu Estates Limited	38,323	0.22
Total	11,685,907	66.70

Shareholder statistics, as at 10 January 2018

	Investors	Percentage of investors	Shares	Percentage of shares
Up to 1,000 shares	429	29.02	216,782	1.23
1,001 to 5,000 shares	645	43.64	1,605,337	9.16
5,001 to 10,000 shares	214	14.48	1,536,322	8.77
10,001 to 50,000 shares	149	10.08	2,912,146	16.62
50,001 to 100,000	23	1.56	1,633,926	9.33
More than 100,000	18	1.22	9,616,766	54.89
Total	1,478	100.00	17,521,279	100.00

DIRECTORY

Board of directors

Fred Hutchings - Chairman

Martyn Brick

John Burke

Peter Ratahi Cross

Amiel Diaz

Cecilia Tarrant

Ashley Waugh

Audit and risk committee

Ashley Waugh – Chair

Martyn Brick

John Burke

Fred Hutchings - Ex-officio

Remuneration committee

Fred Hutchings – Chair

Ratahi Cross

Cecilia Tarrant

Company officers

Michael Franks

Chief Executive Officer

Stuart McKinstry

Chief Financial Officer and Company Secretary

Senior management team

Michael Franks

Chief Executive

Kate Bryant

GM Supply

Stuart McKinstry

Chief Financial Officer

Kevin Halliday

GM Post Harvest Services

Jason Swain

GM Information Services

Ray Hook

GM Retail Services

Rob Towgood

Commercial Manager

Annmarie Lee

GM Growers

Simon Wells

GM Orchards

Registered office

Seeka Limited

34 Young Road, Paengaroa 3186

PO Box 47, Te Puke 3153

Seeka.co.nz

Auditor

PricewaterhouseCoopers

Auckland

Bankers

Westpac Banking Corporation

Auckland

Share register

Link Market Services Limited

Auckland

NZX

www.nzx.com

Legal advisors

Harmos Horton Lusk Limited

Auckland

MacKenzie Elvin

Tauranga

34 Young Road, RD 9
Te Puke 3189

P.O. Box 47
Te Puke 3153

New Zealand

+64 7 573 0303
info@seeka.co.nz
seeka.co.nz