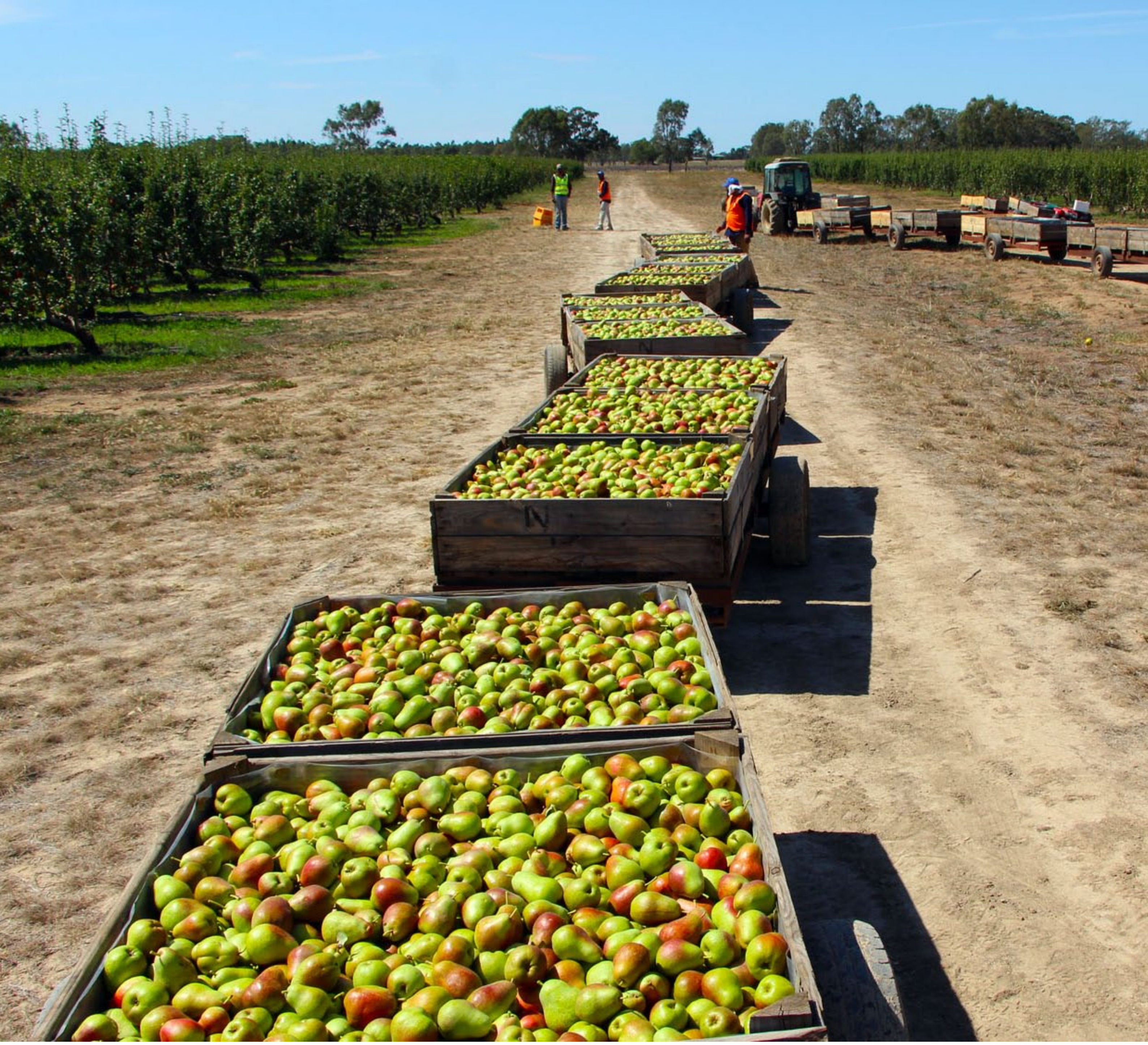
JUNE 2017

INTERIM REPORT

Seeka

SELECT EXCELLENCE



Contents

From the Chairman and Chief Executive

In this review we comment on the financial performance for the 30 June half year, the operations of Seeka's business segments and provide an outlook for the financial year ending 31 December 2017.

The seasonal nature of Seeka's main business segments of growing, packing, storing, shipping and selling fresh produce means the company is more profitable in the first six months of each financial year. Accordingly the financial performance for the half year does not reflect the company's publicised guidance of operational earnings for the 2017 financial year. Our guidance remains unchanged from earlier indications being operational earnings may be up to 15% lower than 2016.

Highlights for the six months ended 30 June 2017

- Profit after tax of $11.09m (2016: $7.12m), an increase of 56%.
- Significant improvement in earnings from Seeka Australia with earnings before interest and tax of NZD$3.00m (2016: $1.23m), up 144%.
- Successful completion to the New Zealand avocado selling season with Seeka handling 487,095 export trays (2016: 225,656 export trays) delivering $24.85 per tray to growers (2016: $26.86).
- 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 $5.8m Compac Spectrim packing machine at Main Road Katikati that offers automated grading with relocation of the existing machine to the Peninsula packhouse to handle increases in Coromandel-grown crop.
- Completion of the coolstore and pre-cooling capacity upgrades at Main Road, Katikati and at KKP and Transcool, Te Puke costing in excess of $9.2m.
- Initiation of Seeka's Australian orchard plan that will result in Seeka developing at least 40 hectares of new kiwifruit orchard at Shepparton over the next five years.

Operational performance

The following table outlines Seeka's performance for the six months ended 30 June 2017. In preparing this table the 2016 result has been adjusted for non-recurring items including the grower incentive scheme costs for comparison with 2017.

New Zealand dollars	June 2016	Non-recurring items [1]	June 2016 underlying trading result	June 2017	Non-recurring items [2]	June 2017 underlying trading result	Increase / (decrease)
Total revenue	$ 134.2 m	$ 2.9 m	$ 137.1 m	$ 134.0 m	-	$ 134.0 m	(2)%
EBITDA before impairments and revaluations	$ 15.8 m	$ 2.5 m	$ 18.3 m	$ 21.9 m	$(0.1)m	$ 21.8 m	19 %
EBIT	$ 12.1 m	$ 2.5 m	$ 14.6 m	$ 17.7 m	$(0.1)m	$ 17.6 m	21 %
NPAT	$ 7.1 m	$ 1.8 m	$ 8.9 m	$ 11.1 m	$(0.1)m	$ 11.0 m	24 %
Basic earnings per share ($)	$ 0.45	$ 0.12	$ 0.57	$ 0.69	-	$ 0.69	21 %
Net bank debt	$ 76.9 m	-	$ 76.9 m	$ 94.5 m	-	$ 94.5 m	23 %

1. 2016
- *Revenues increased by $2.9m ($2.1m after tax) for the grower incentive scheme, refer to Note 3 of the interim report.*
- *In addition to the above, EBITDA was reduced by a $0.5m benefit ($0.3m after tax) relating to the early termination of long-term orchard lease agreements. Both are considered to be non-recurring items.*

2. 2017
- *EBITDA was reduced by a non-recurring benefit of $0.1m ($0.07m after tax) relating to the early termination of a long-term orchard lease agreement.*

Dividend announcement

A dividend of $0.10 per share has been declared by the Board. The dividend is fully imputed and will be paid on the 22 September 2017 to those shareholders on the register at 5pm on 15 September 2017. The dividend reinvestment plan will apply to the distribution.

Outlook

Seeka is anticipating lower operational earnings for the full financial year in 2017 reflecting a significantly lower Hayward (green) kiwifruit crop across New Zealand. Seeka's New Zealand kiwifruit volumes were 21% lower than the previous corresponding period (pcp).

Operational earnings are anticipated to be lower by up to 15% and this guidance remains in place. Seeka will advise the market should there be a significant change in guidance and will confirm guidance at the stakeholder meeting to be held on Wednesday 18 October 2017.

2016 full year audited financial result	
Net profit after tax (NPAT)	$ 10.4 m
Less insurance settlement for grower fruit loss payment	$ 2.6 m
Net profit from operational earnings (NPAT)	**$ 7.8 m**

2017 operational earnings guidance	
Net profit from operational earnings - 15% reduction on 2016 NPAT	**$ 6.6 m**

Review of operations

Revenue for the six months ended June 2017 totalled $134.01m (2016: $134.24m).

Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) totalled $21.93m (2016: $15.84m); up 38%. EBITDA from Seeka Australia totalled $3.41m (2016: $1.52m); up 124%.

Profits are up in the first six months reflecting a strong lift in earnings in Australia and a lift in earnings from Seeka's avocado business and seasonal timing differences.

Consolidated profit after tax for the six months totalled $11.09m (2016: $7.12m); up 56%.

Cash flow from operations totalled $1.13m (2016: $3.31m); down largely due to the decrease of green kiwifruit yields in the current year.

Cash invested in property plant and equipment totalled $13.22m (2016: $24.84m); down on the pcp. Major capital expenditure items included packing plant at Peninsula and Main Road, and the completion of coolstores at Main Road and Transcool.

Seeka's New Zealand coolstore infrastructure is now largely in balance with 2018 expected crop volumes. The next large project under consideration is replacement of the KKP packing machine in 2019.

Net debt at 30 June (bank loans less bank deposits) totalled $94.55m (2016: $76.87m); an increase of $17.68m. Advances of $7.5m were repaid from Seeka Growers to Seeka in July 2017.

Orchard operations: 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 grown by Seeka 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, 9,818 trays). Seeka also grew 0.04m kilograms of kiwiberry (24,402 trays) for harvest 2017 (2016: 0.03m kilograms, 20,202 trays).

Total revenue for orchard operations for the six months of $36.83m compares with $37.70m in the pcp. EBITDA of $5.82m compares with $5.53m in the pcp.

Post harvest operations: coordination of the harvest, packing, storage and dispatch of kiwifruit, kiwiberry and avocados to the market, or in the case of Zespri kiwifruit to the port.

25.52m trays of kiwifruit were packed in 2017 (2016: 32.35m); a reduction of 6.83m trays being a direct effect of the industry-wide fall in green yields.

The company delivered a safe and timely harvest to growers. New coolstore infrastructure capacity builds at Main Road, Transcool and the commissioning of a new Compac Spectrim grader at Main Road, including relocating the existing Main Road grader to the Peninsula Packhouse in the Coromandel, were completed on time and within budget. Seeka operates near infra-red scanning technology at Oakside and plans to install this technology at either Huka Pak or Main Road for the 2018 season.

Post harvest revenue of $74.37m in the six months is a reduction on the pcp's $78.03m reflecting lower packed volumes. At 30 June 2017, Seeka's coolstores were not full, and these lower fruit volumes will impact on storage and load out income in the second half of the financial year.

Retail services operations: include the supply and sale of avocados, class 2 New Zealand kiwifruit and imported tropical fruits. EBITDA of $1.32m compares favourably against pcp's $0.52m reflecting a strong avocado sales market in the first six months of the year. Earnings from imported tropical fruits were flat. The next avocado harvest is expected to be down and affect second half year earnings.

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.

The 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. Historical volumes by variety are in the following table:

	30 June 2017		31 December 2016	
Class 1 and 2	Kilograms	Tray equivalents	Kilograms	Tray equivalents
Kiwifruit	2,990,826	826,195	2,374,720	656,000
Nashi	1,172,163		1,523,000	
Corella	423,788		623,784	
Packham	854,000		996,300	
Other pears	83,421		169,454	
Plums	25,605		31,500	
Apricots [1]	-		43,682	
Cherries [1]	-		16,074	

1. Apricots and cherries are harvested in the second half of the year.

Seeka is further expanding its kiwifruit orchards with infill planting of existing orchards and the development of new orchards. Small new variety trials are underway.

The Australian team is focussed on improving the presentation and quality of fruit sold to market. Shepparton can be a challenging environment to grow kiwifruit, however the fruit benefits from a hot climate, high sunshine and low rainfall. Consumer surveys confirm our Australian-grown kiwifruit has great taste. Customers have responded in paying a higher price.

In other produce varieties including nashi and European pears Seeka has established a reputation for quality. Cherry plantings are reducing as aged trees are not replaced.

EBITDA of $3.41m (2016: $1.52m) compares favourably with the pcp.

The company's Australian business is an important investment in diversity and we will continue to invest to further develop the business, including new orchards and improvements to existing orchards. Yields will improve over the next three years as new plantings mature.

Seeka continues to closely monitor and invest in water to ensure that it has sufficient supply to grow existing and future crops.

The Delicious Nutritious Food Company: Seeka's new food business. The Delicious Nutritious Food Company produces three innovative products with a new manufacturing and processing facility commissioned at Seeka's KiwiCoast facility (KCG) in Te Puke:

- Kiwi Crush - the Kiwi Crush range turns non-export grade kiwifruit into a high quality and high value functional food sold to hospitals and the retail market.
- Avocado oil – the manufacture, processing, bottling and distribution of avocado oil products destined for premium export markets.
- Kiwiberry – the specialist packing storage and distribution of kiwiberry, with a new punnet line to be installed that will increase packing capacity for this high-value product.

The Delicious Nutritious Food Company is delivering new income and profit streams to Seeka and is poised for further growth.

Seeka 360

Kiingi Tuheitia Potatau Te Wherowhero Tuawhitu opened Seeka's new headquarters at Seeka 360 in March 2017. Kimihia House is the first stage in Seeka's development of a centre of excellence for its growers and community. The building is now complete and the 7.9 hectare property is being developed into a GEM avocado orchard to show case Seeka's GEM variety. The adjacent 5.4 hectare Pukenga Orchard is strategic land held for future post harvest development.

Seeka is considering relocating the laboratory to Seeka360 as the next phase of the campus development.

The Seeka team

Seeka people have excelled through the six months. The company continues to refine its health and safety strategy and systems to ensure that it complies with legislation and keeps its people, contractors and stakeholders safe. During the six months a new health and safety manager was employed and a new safety team established. The company is making excellent headway in its safety strategy and deployment.

The first project to develop inspirational leaders in the company was launched. Inaugural participants undertook a two-day leadership programme and are now working through strategic projects for the company.

Sourcing seasonal labour continues to challenge the industry. Increasingly the industry is reliant on overseas seasonal labour to complement the local available workforce. Seeka recruits some 460 overseas workers through the RSE scheme from a total seasonal workforce of over 3,000. The company has gone to significant lengths to ensure contractors and subcontractors comply with labour and health and safety legislation and that they also strive to achieve best practice. Seeka has a dedicated team of personnel to work with our contractor and subcontractor community to coach them, audit and undertake gap analysis to ensure that we achieve better than compliance.

Summary

Reduced Hayward yields will impact operational earnings for the 2017 financial year. Despite this the company continues to invest in fruit handling infrastructure to meet additional SunGold volumes and anticipated improvement in Hayward yields. Our strategy of geographic diversification continues. The Australian orchard investment is performing well and will further improve as plantings mature over the next three years.

Great progress has been made in developing our people and keeping everyone on Seeka sites safe.

We thank all stakeholders for the loyalty and support you willing give to Seeka.

Fred Hutchings
Chairman

Michael Franks
Chief Executive

Financial statements

Statement of financial performance For the six months ended 30 June 2017

New Zealand dollars	Notes	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Turnover [1]	2	**148,900**	**151,258**	**229,397**
Revenue	3	134,012	134,243	191,317
Cost of sales		91,104	96,837	156,564
Net movement in fair value of Biological assets - crop	6	14,872	15,928	1,319
Gross profit		28,036	21,478	33,434
Other income	3	-	1	370
Income from insurance proceeds	3	-	-	4,125
Other costs		6,109	5,635	13,165
Earnings (EBITDA) [2]		**21,927**	**15,844**	**24,764**
Depreciation expense	5	3,940	3,227	7,187
(Gain) on revaluation of land and buildings		-	-	(347)
Impairment of investments in associates		-	-	38
Impairment of investments in shares		-	340	340
Impairment of assets	5	29	-	118
Amortisation of intangibles		222	218	470
Earnings (EBIT) [3]		**17,736**	**12,059**	**16,958**
Interest expense		1,904	1,670	3,346
Net profit before tax		**15,832**	**10,389**	**13,612**
Income tax charge		4,739	3,268	3,227
Total tax charge		**4,739**	**3,268**	**3,227**
Net profit attributable to equity holders		**11,093**	**7,121**	**10,385**
Earnings per share for profit attributable to the ordinary equity holders of the company during the period				
Basic earnings per share		$0.69	$0.45	$0.65
Diluted earnings per share		$0.64	$0.43	$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 six months ended 30 June 2017

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Net profit for the period	**11,093**	**7,121**	**10,385**
Items that will not be reclassified to profit or loss			
Movement in revaluation of land and buildings, net of tax	-	(127)	2,071
Total items that will not be reclassified to profit or loss	**-**	**(127)**	**2,071**
Items that may be reclassified subsequently to profit or loss			
Movement in cash flow hedge reserve, net of tax	(37)	(82)	(57)
Movement in foreign currency translation reserve, net of tax	(91)	333	611
Movement in foreign currency revaluation reserve, net of tax	13	127	(425)
Gain on revaluation of investment in shares, net of tax	1,180	535	864
Total items that may be reclassified subsequently to profit or loss	**1,065**	**913**	**993**
Total comprehensive income for the period attributable to equity holders	**12,158**	**7,907**	**13,449**

The accompanying notes form an integral part of these financial statements

Statement of financial position As at 30 June 2017

New Zealand dollars	Notes	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Equity				
Share capital		45,241	41,674	44,950
Reserves		13,643	10,077	12,496
Retained earnings		37,200	26,354	27,865
Total equity		**96,084**	**78,105**	**85,311**
Current assets				
Cash and cash equivalents		887	2,855	1,688
Trade and other receivables	7	60,406	48,994	20,589
Biological assets - crop	6	1,174	1,437	16,046
Inventories	8	9,359	17,212	3,389
Irrigation water rights		83	95	195
Current tax receivables		-	3,884	-
Property held for sale	10	700	-	-
Total current assets		**72,609**	**74,477**	**41,907**
Non current assets				
Trade and other receivables	7	2,579	4,323	3,350
Property, plant and equipment	5	143,940	118,039	134,489
Intangible assets		15,534	15,227	15,276
Investment in shares		3,467	1,972	2,287
Investment in associates		-	9	-
Total non current assets		**165,520**	**139,570**	**155,402**
Total assets		**238,129**	**214,047**	**197,309**
Current liabilities				
Current tax liabilities		2,806	25	2,365
Trade and other payables	9	26,057	32,954	21,703
Liability on grower incentive scheme	3	-	2,936	-
Onerous lease provision		-	17	8
Interest bearing liabilities		14,535	20,425	5,716
Financial derivatives		384	367	332
Total current liabilities		**43,782**	**56,724**	**30,124**
Non current liabilities				
Onerous lease provision		-	8	-
Interest bearing liabilities		80,897	59,295	68,729
Deferred tax		17,366	19,915	13,145
Total non current liabilities		**98,263**	**79,218**	**81,874**
Total liabilities		**142,045**	**135,942**	**111,998**
Net assets		**96,084**	**78,105**	**85,311**

On behalf of the board

F Hutchings
Chairman

A Waugh
Director

Dated: 25 August 2017

The accompanying notes form an integral part of these financial statements

Statement of changes in equity For the six months ended 30 June 2017

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 (audited)		**40,651**	**1,075**	**(184)**	**(51)**	**9**	**142**	**8,427**	**20,750**	**70,819**
Net profit for the period		-	-	-	-	-	-	-	7,121	7,121
Foreign exchange movement		-	-	-	-	333	-	-	-	333
Other comprehensive income/(loss) for the period		-	535	(82)	-	-	-	(127)	127	453
Total comprehensive income for the period		**-**	**535**	**(82)**	**-**	**333**	**-**	**(127)**	**7,248**	**7,907**
Transactions with owners										
Shares issued		126	-	-	-	-	-	-	-	126
Employee share scheme receipts		897	-	-	-	-	-	-	-	897
Dividends paid	*11*	-	-	-	-	-	-	-	(1,644)	(1,644)
Total transactions with owners		**1,023**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,644)**	**(621)**
Equity at 30 June 2016		**41,674**	**1,610**	**(266)**	**(51)**	**342**	**142**	**8,300**	**26,354**	**78,105**
Net profit for the period		-	-	-	-	-	-	-	3,264	3,264
Foreign exchange movement		-	-	-	(425)	278	-	-	-	(147)
Other comprehensive income for the period		-	329	25	-	-	-	2,070	1	2,425
Total comprehensive income/(loss) for the period		**-**	**329**	**25**	**(425)**	**278**	**-**	**2,070**	**3,265**	**5,542**
Transactions with owners										
Shares issued		3,081	-	-	-	-	-	-	-	3,081
Employee share scheme receipts		195	-	-	-	-	-	-	-	195
Movement in employee share entitlement reserve		-	-	-	-	-	142	-	-	142
Dividends paid	*11*	-	-	-	-	-	-	-	(1,754)	(1,754)
Total transactions with owners		**3,276**	**-**	**-**	**-**	**-**	**142**	**-**	**(1,754)**	**1,664**
Equity at 31 December 2016 (audited)		**44,950**	**1,939**	**(241)**	**(476)**	**620**	**284**	**10,370**	**27,865**	**85,311**
Net profit for the period		-	-	-	-	-	-	-	11,093	11,093
Foreign exchange movement		-	-	-	13	(91)	-	-	-	(78)
Other comprehensive income/(loss) for the period		-	1,180	(37)	-	-	-	-	-	1,143
Total comprehensive income/(loss) for the period		**-**	**1,180**	**(37)**	**13**	**(91)**	**-**	**-**	**11,093**	**12,158**
Transactions with owners		-	-	-	-	-	-	-	-	-
Shares issued	*12*	157	-	-	-	-	-	-	-	157
Employee share scheme receipts	*12*	134	-	-	-	-	-	-	-	134
Movement in employee share entitlement reserve		-	-	-	-	-	82	-	-	82
Dividends paid	*11*	-	-	-	-	-	-	-	(1,758)	(1,758)
Total transactions with owners		**291**	**-**	**-**	**-**	**-**	**82**	**-**	**(1,758)**	**(1,385)**
Equity at 30 June 2017		**45,241**	**3,119**	**(278)**	**(463)**	**529**	**366**	**10,370**	**37,200**	**96,084**

The accompanying notes form an integral part of these financial statements

Statement of cash flows For the six months ended 30 June 2017

New Zealand dollars	Notes	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Operating activities				
Cash was provided from:				
Receipts from customers		105,854	109,726	188,583
Interest and dividends received		-	1	204
Insurance proceeds - fruit loss mitigation claim	3	-	-	3,627
Cash was disbursed to:				
Payments to suppliers and employees		(102,773)	(104,547)	(166,863)
Interest paid		(1,886)	(1,651)	(3,325)
Income taxes paid		(63)	(219)	(974)
Net cash flows from operating activities	4	**1,132**	**3,310**	**21,252**
Investing activities				
Cash was provided from:				
Sale of property, plant and equipment		42	3,900	4,124
Sale of investments in shares		-	-	30
Received from insurance proceeds for asset loss	3	-	2,000	3,478
Repayment of advances		839	-	1,614
Cash was applied to:				
Purchase of property, plant and equipment		(13,217)	(24,835)	(40,920)
Development of bearer plants		(815)	(399)	(882)
Investment in business combinations and subsidiaries		-	(3,490)	(6,089)
Purchase of water shares		(254)	-	-
Advances		(7,552)	(4,665)	(1,192)
Net cash flows (used in) investing activities		**(20,957)**	**(27,489)**	**(39,837)**
Financing activities				
Cash was provided from:				
Proceeds of long term bank borrowings		11,841	21,931	38,886
Proceeds of short term bank borrowings		22,890	26,945	23,140
Issue of shares		134	897	1,092
Cash was applied to:				
Repayment of long term bank borrowings		-	(14,340)	(16,003)
Repayment of short term bank borrowings		(14,140)	(8,150)	(24,770)
Payment of dividend to shareholders	11	(1,601)	(1,518)	(3,122)
Net cash flows from financing activities		**19,124**	**25,765**	**19,223**
Net (decrease) / increase in cash and cash equivalents		**(701)**	**1,586**	**638**
Effect of foreign exchange rates		(100)	77	(142)
Opening cash and cash equivalents		1,688	1,192	1,192
Closing cash and cash equivalents		**887**	**2,855**	**1,688**

Notes to the financial statements For the six months ended 30 June 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 the following sections.

Basis of preparation

Accounting policies that apply to the full set of financial statements

Performance

Where revenues are generated and their associated operating costs

Assets

How Seeka allocates resources across its operations

Working capital

How Seeka manages its operating cash flow

Dividends, funding and fair value

How Seeka distributes dividends to shareholders, manages share capital and determines the fair value of financial instruments

Basis of Preparation

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

Reporting entity and statutory base

The Group interim financial statements presented are those of the consolidated Seeka group comprising Seeka Limited (the company) together with its subsidiaries (the Group, Seeka or Seeka Group).

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

On Friday, 28 October 2016 Seeka Kiwifruit Industries Limited was renamed Seeka Limited.

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. The Group also provides retail and ripening services for imported tropical produce, and operates a wholesale market.

In Australia the Group is a major producer and supplier of Australian kiwifruit, nashi pears, European pears, plus a lesser production of other temperate-climate fruits.

Statement of compliance and basis of preparation

Group interim financial information for the six months ended 30 June 2017 has been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP) and complies with the New Zealand International Financial Reporting Standards (NZIFRS) and other reporting standards as applicable to profit-orientated entities. Specifically, Group interim financial information has been prepared in accordance with NZ IAS 34, "Interim Financial Reporting". This interim financial information does not include all of the information required for the full annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2016, which have been prepared in accordance with NZIFRS.

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 25 August 2017. The Directors do not have the authority to amend the financial statements after issue.

Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual audited financial statements for the year ended 31 December 2016, as described in those annual financial statements.

Where a change in the presentational format of the financial statements has been made during the period, comparative figures have been restated accordingly. 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.

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.
- 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 and grower service costs are allocated to all other segments. Transactions between segments are conducted at arm's length and are eliminated on consolidation.

Segment information is prepared on the same basis as the annual audited financial statements for the year ended 31 December 2016.

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, and owns all crops for the term of the lease.

Post harvest operations

The Group provides post harvest services to the kiwifruit, avocado and kiwiberry industries. This includes all produce from the Group's orchard management and lease operations, plus produce 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 orchard and post harvest operations. In New Zealand the Group also provides retail and ripening services for imported produce, and operates a wholesale market.

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.

Since September 2016, following the Group's purchase of the Kiwi Crush and Kiwi Crushies product ranges, retail service operations includes the sale of Kiwi Crush and Kiwi Crushies to hospitals and the New Zealand retail sector.

All other segments - New Zealand

This represents the Group's aggregated administration, grower services and overhead sections along with impairments 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 produce from those orchards, primarily in Australia. The main fruit grown by the group are kiwifruit, nashi pears and European pears.

Turnover

Turnover (a non-GAAP measure) includes revenue plus the value of fruit sold 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 (a non-GAAP measure) is earnings before interest, tax, depreciation, amortisation, impairments and revaluations. EBITDA is an indicator of profitability and reflects operating cash flow generation.

EBIT (a non-GAAP measure) is earnings before interest and tax; an indicator of profitability that excludes interest and income tax expenses.

The following table details the operating segments at balance date.

New Zealand dollars	Orchard operations $000s	Post harvest operations $000s	Retail service operations $000s	New Zealand All other segments $000s	Australia Australian operations $000s	Group Total $000s
June 2017						
Income statement						
Turnover [1]	**36,830**	**74,373**	**25,830**	**29**	**11,838**	**148,900**
Gross segment revenue	36,830	76,413	10,942	29	11,838	136,052
Eliminations	-	(2,040)	-	-	-	(2,040)
Total segment revenue	**36,830**	**74,373**	**10,942**	**29**	**11,838**	**134,012**
EBITDA [2]	**5,816**	**17,068**	**1,317**	**(5,687)**	**3,413**	**21,927**
Depreciation expense	(364)	(2,901)	(59)	(240)	(376)	(3,940)
Amortisation of intangibles	-	-	-	(218)	(4)	(222)
Impairment of assets	-	-	-	-	(29)	(29)
EBIT [3]	5,452	14,167	1,258	(6,145)	3,004	17,736
Net finance costs	-	-	-	(1,596)	(308)	(1,904)
Tax charge on profit	-	-	-	(3,704)	(1,035)	(4,739)
Profit after tax	5,452	14,167	1,258	(11,445)	1,661	11,093
Balance sheet						
Segment assets	37,151	143,825	5,863	1,728	39,683	228,250
Unallocated assets	-	-	-	9,879	-	9,879
Total assets	37,151	143,825	5,863	11,607	39,683	238,129
Segment liabilities	23,183	37,338	5,058	11,253	33,502	110,334
Unallocated liabilities	-	-	-	31,711	-	31,711
Total liabilities	**23,183**	**37,338**	**5,058**	**42,964**	**33,502**	**142,045**
June 2016						
Income statement						
Turnover [1]	**37,704**	**78,029**	**22,106**	**78**	**13,341**	**151,258**
Gross segment revenue	37,704	83,713	5,091	78	13,341	139,927
Eliminations	-	(5,684)	-	-	-	(5,684)
Total segment revenue	**37,704**	**78,029**	**5,091**	**78**	**13,341**	**134,243**
EBITDA [2]	**5,531**	**13,833**	**523**	**(5,562)**	**1,519**	**15,844**
Depreciation expense	(199)	(2,452)	(59)	(231)	(286)	(3,227)
Amortisiation of intangibles		-	-	(215)	(3)	(218)
Impairments of assets	-	-	-	(340)	-	(340)
EBIT [3]	**5,332**	**11,381**	**464**	**(6,348)**	**1,230**	**12,059**
Net finance costs	-	-	-	(1,599)	(71)	(1,670)
Tax charge on profit	-	-	-	(2,769)	(499)	(3,268)
Profit after tax	**5,332**	**11,381**	**464**	**(10,716)**	**660**	**7,121**
Balance sheet						
Segment assets	40,223	107,952	4,651	13,481	35,977	202,284
Unallocated assets	-	-	-	11,763	-	11,763
Total assets	**40,223**	**107,952**	**4,651**	**25,244**	**35,977**	**214,047**
Segment liabilities	20,385	33,533	5,031	8,557	37,456	104,962
Unallocated liabilities	-	-	-	30,980	-	30,980
Total liabilities	**20,385**	**33,533**	**5,031**	**39,537**	**37,456**	**135,942**

Seeka

New Zealand dollars	New Zealand				Australia	Group
	Orchard operations	Post harvest operations	Retail service operations	All other segments	Australian operations	Total
	$000s	$000s	$000s	$000s	$000s	$000s
December 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
Impairment of assets	-	-	-	-	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**

The June 2016 Unallocated liabilities have been restated to apportion the term loans across the New Zealand segments. This is consistent with the treatment of the term loans as at 31 December 2016 and 30 June 2017.

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.

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Note 2. Turnover			
The following table reconciles turnover to revenue.			
Turnover	148,900	151,258	229,397
Value of sales made as agent	(14,888)	(17,015)	(38,080)
Revenue	**134,012**	**134,243**	**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 period. 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 the 2016 financial year the Group entered into 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. Had the current arrangement been in place at 30 June 2016 revenues would increase by $9.6m (Dec 16: $10.2m).

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Note 3. Revenue and other income			
Total revenue	**134,012**	**134,243**	**191,317**
Other Income			
Interest	-	1	1
Dividend	-	-	202
Net movement in fair value of irrigation water rights	-	-	167
	-	**1**	**370**
Income from insurance proceeds	-	-	498
Income from insurance proceeds - fruit loss mitigation claim		-	3,627
Total other income	**-**	**1**	**4,495**
Total revenue and other income	**134,012**	**134,244**	**195,812**

Revenue is shown net of discounts and includes nil (Dec 2016 - $2.94m) for the cost of the grower incentive scheme (see below for details).

Impact of seasonality

Group revenues are generated from seasonal horticultural operations, with post harvest revenues recognised as services are provided and orcharding 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 month 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. The loss on the asset claim was accepted by the Group insurers NZI, QBE and AIG. The claim was finalised and $0.5m was recorded in the statement of financial performance during the year ended 31 December 2016 (2015: $5.46m)

Seeka

Insurance proceeds – fruit loss mitigation claim

As a result of the March 2015 fire at the Groups Oakside facility, Seeka and its growers suffered a financial loss due to extraordinary fruit softening and fruit loss. The loss was subject to an insurance claim and Seeka advanced the grower pool $4.04m to minimise the risk of grower loss with the advance only to be repaid as a priority charge from any further insurance proceeds received should the active claim be accepted and paid.

During the 2016 financial year the growers insurance claim was accepted and a full and final settlement agreed with the insurer, with Seeka receiving $3.63m which was recorded in the statement of financial performance.

Grower incentive scheme

In response to industry-wide crop loss from the kiwifruit vine disease Psa-V in 2013 the Group initiated a grower incentive scheme to secure post harvest volumes for harvests 2014, 2015 and 2016. Eligible growers that joined the scheme committed to supply all kiwifruit and kiwiberry crops from their orchards up to and including harvest 2016. In return, when each season's supply obligation were met (in September) the Company issued each complying grower with $0.10 worth of shares for every tray supplied that season. Shares were issued at the NZX volume weighted average price (VWAP) of shares prior to the issue.

For accounting purposes, the Group recognised:

- the expense as a discount to sales from post harvest revenue in the statement of financial performance, and
- the value of issued shares as share capital when the shares were issued.

The year ended 31 December 2016 was the final year of the three year scheme.

Note 4. Reconciliation of net operating surplus after taxation with cash flows from operating activities

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Net operating surplus after taxation	**11,093**	**7,121**	**10,385**
Add non cash items:			
Depreciation	3,940	3,227	7,187
(Gain) on revaluation of land and buildings	-	-	(347)
Impairment of assets	29	-	118
Impairment of investment in associates	-	-	38
Impairment of investment in shares	-	-	340
Movement in deferred tax	4,234	5,593	(1,426)
Movement in fair value of biological assets - crop	14,929	15,928	1,319
Impairment of investment in shares	-	340	-
Movement in onerous leases	(8)	(17)	(34)
Amortisation of intangibles	222	218	470
	23,346	**25,289**	**7,665**
Add / (less) items not classified as an operating activity:			
(Gain) / loss on sale of property, plant and equipment	(1)	(449)	(56)
Decrease in current water allocation account	115	-	146
(Gain) on sale of shares	-	-	(45)
Income from insurance proceeds - asset loss	-	(2,000)	(498)
	114	**(2,449)**	**(453)**
(Increase) / decrease in working capital:			
Increase in accounts payable	4,437	14,574	2,538
(Increase) in accounts receivable / prepayments	(32,061)	(24,739)	(2,358)
(Increase) in inventory	(5,970)	(13,927)	(204)
(Increase) in work in progress	(268)	(14)	-
Increase / (Decrease) in taxes due	441	(2,545)	3,679
	(33,421)	**(26,651)**	**3,655**
Net cash flow from operating activities	**1,132**	**3,310**	**21,252**

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 land, bearer plants and crops on Group-owned and leased orchards, along with goodwill and supplier contracts arising from Group acquisitions.

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

Note 5. 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 2017						
Cost or valuation	88,099	83,154	1,510	7,625	13,299	193,687
Accumulated depreciation and impairment	(4,723)	(52,956)	(558)	(960)	-	(59,197)
Net book amount	**83,376**	**30,198**	**952**	**6,665**	**13,299**	**134,490**
Period ended 30 June 2017						
Opening net book amount	**83,376**	**30,198**	**952**	**6,665**	**13,299**	**134,490**
Additions	9,206	8,696	-	289	(4,270)	13,921
Exchange differences	114	44	2	65	13	238
Reclassification of asset classes	(470)	665	(436)	241	-	0
Reclassified as Held for sale	(700)	-	-	-	-	(700)
Impairment of assets	-	-	-	-	(29)	(29)
Depreciation	(1,350)	(2,237)	(46)	(307)	-	(3,940)
Disposals	-	(28)	(12)	-	-	(40)
Closing net book amount	**90,176**	**37,338**	**460**	**6,953**	**9,013**	**143,940**
Period ended 30 June 2017						
Cost or valuation	96,249	92,531	1,064	8,220	9,042	207,106
Accumulated depreciation and impairment	(6,073)	(55,193)	(604)	(1,267)	(29)	(63,166)
Net book amount	**90,176**	**37,338**	**460**	**6,953**	**9,013**	**143,940**

Land and buildings

Land and buildings are revalued to their estimated market value on a three-year rolling cycle (excluding assets under construction and in the 2015 financial year those damaged by the Oakside fire), 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.

As at 30 June 2017 the directors believe there are no material indicators of impairment that would suggest that the carrying value of land and buildings differs from their fair value and as a consequence there is no need to revalue those assets at balance date.

Seeka

Note 6. 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 13.

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Carrying amount at beginning of period	16,046	17,365	17,365
Prior year crop harvested			
Fair value movement from previous balance date to point of harvest	13,188	7,666	21,276
Fair value when harvested	(29,234)	(25,031)	(38,641)
Current year crop			
Crop where cost is deemed fair value	1,174	1,437	15,657
Crop at fair value	-	-	389
Carrying value at end of period	**1,174**	**1,437**	**16,046**

The following table reconciles fair value movement of biological assets crop:

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Movement in carrying amount	(14,928)	(15,928)	(1,152)
Less exchange differences	56	-	(167)
Net fair value movement in crop	**(14,872)**	**(15,928)**	**(1,319)**

Biological assets are classfied as follows:

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Australia - all varieties	672	744	4,678
New Zealand - kiwifruit crop	431	634	11,134
New Zealand - avocado crop	71	59	234
Carrying value at end of period	**1,174**	**1,437**	**16,046**

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	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Note 7. Trade and other receivables			
Current trade receivables	10,708	10,478	11,009
Prepayments	1,654	2,057	706
Insurance receivable for asset loss - fire	-	984	-
GST refund due	73	79	-
Accrued fruit income and other sundry receivables	47,971	35,396	8,874
Current trade and other receivables	**60,406**	**48,994**	**20,589**
Non current trade receivables	2,579	4,323	3,350
Total trade and other receivables	**62,985**	**53,317**	**23,939**

Accrued fruit and other sundry receivables includes $24.6m (Jun 2016 - $13.68m) of kiwifruit income for kiwifruit harvested and delivered to Zespri from the Group's New Zealand orchards and $12.38m (Jun 2016 - $12.63m) for post harvest operations in New Zealand.

Income from the New Zealand kiwifruit crop is accrued based on forecast information prepared by the Group, being an average Green HW OGR of $6.06 per tray (Jun 2016 - $4.26) and an average Gold G3 OGR of $9.21 per tray (Jun 2016 - $8.71).

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s
Note 8. Inventories			
Crop inventories	5,573	12,939	-
Total packaging at cost	1,784	613	1,783
Other inventories at cost	2,002	3,660	1,606
Total inventories	**9,359**	**17,212**	**3,389**

Crop inventories relate to kiwifruit harvested from New Zealand orchards and held in coolstores at balance date as well as Australian crops harvested at balance date. As at 30 June 2017 63.7% (June 16 – 56.0%) of New Zealand Class 1 trays have been loaded out. New Zealand kiwifruit inventory is valued at a Green HW OGR of $6.06 per tray and a Gold G3 OGR of $9.21 per tray.

Crop inventory from fruit harvested from the Group's Australian orchards is based on actual and forecast market returns for each variety.

At balance date, $22.36m (Dec 2016 - $25.76m) of packaging inventory costs were expensed to cost of sales in the statement of financial performance.

New Zealand dollars	6 months to June 2017 Unaudited $000s	6 months to June 2016 Unaudited $000s	12 months to December 2016 Audited $000s

Note 9. Trade and other payables

Trade payables	7,677	11,917	5,638
Accrued expenses	13,719	12,069	12,152
Employee expenses	4,148	4,033	3,613
GST payable	-	-	280
Other payables	513	4,935	20
Total trade and other payables	**26,057**	**32,954**	**21,703**

Trade payables includes $3.42m (Dec 2016 – Nil, Jun 2016: $5.81m) of packaging costs relating to post harvest operations.

Other payables at 30 June 2016 included $2.76m as the third and final instalment due on the acquisition of the Australian business, Seeka Australia Pty Limited. This was settled during the year ended 31 December 2016.

Note 10. Property held for sale

During the period to 30 June 2017 the Group put a 3.48 hectare orchard at the Transpack facility up for sale by tender. The property was being held for future post-harvest development and is no longer required as a result of the purchase of the 13.298 hectare Pukenga orchard and Kiwi 360 properties in 2016. On 21 June 2017 a tender was accepted for the sale of the orchard with settlement after balance date subject to completion of a subdivision of the orchard from the remaining post-harvest facility.

Dividends, funding and fair value

This section focuses on how the Group uses dividends to deliver benefits to stakeholders and grow shareholder returns, how the Group manages share capital and how the Group determines the fair value of its financial assets, securities and liabilities.

	6 months to June 2017 Unaudited		12 months to December 2016 Audited	
New Zealand dollars	$000s	Per share	$000s	Per share
Note 11. Dividends				
24 March 2016			1,644	$0.10
29 September 2016			1,754	$0.10
24 March 2017	1,758	$0.10		
Total dividend paid or credited as shares under the dividend reinvestment plan (DRP)	**1,758**		**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 re-investment plan. Cash dividend payment was $1.60m (Dec 2016 - $3.12m).

At the date of signing the directors have declared a fully-imputed dividend of $0.10 per share. The dividend will be paid on 22 September 2017 to those shareholders on the register at 5pm on 15 September 2017. The dividend reinvestment plan will apply.

Note 12. Share capital

During the period to 30 June 2017 $0.13m (Jun 2016: $0.90m) was received in relation to shares issued under the employee share scheme established in 2014.

Under the dividend reinvestment plan 29,458 shares were issued on the 11 April 2017 (Dec 2016 – 68,698).

Note 13. Determination of fair values

Fair value of financial assets

The following table analyses assets and liabilities carried at fair value as at 30 June 2017.

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.

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 fair value	-	-	1,174	**1,174**
Water allocation account	83	-	-	**83**
Intangible assets - interest in leased land	-	-	345	**345**
Land	-	-	14,761	**14,761**
Buildings	-	-	75,415	**75,415**
Total land and buildings	-	-	**90,176**	**90,176**
Listed equity securities	2,881			**2,881**
Unlisted equity securities	-	-	586	**586**
Derivatives used for hedging (liability)	-	384	-	**384**

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 fair value Includes New Zealand avocados and Australian plums and speciality pears.	$ 1.17 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	$ 90.52 m	Fair value is determined 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 note 5 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	$ 0.59 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.

Note 14. Related party transactions

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 $53.73m (Dec 2016 - $103.22m) for the provision of services to SGL.

Note 15. Events occurring after balance date

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

Directory

Directors

Fred Hutchings
Independent Chairman

Martyn Brick
Director

John Burke
Director

Peter Ratahi Cross
Director

Amiel Diaz
Director

Cecilia Tarrant
Independent Director

Ashley Waugh
Independent Director

Management

Michael Franks
Chief Executive

Kate Bryant
GM Supply

Kevin Halliday
GM Post Harvest Services

Ray Hook
GM Retail Services

Annmarie Lee
GM Growers

Stuart McKinstry
Chief Financial Officer
and Company Secretary

Jason Swain
GM Information Systems

Rob Towgood
Commercial Manager

Simon Wells
GM Orchards

Company directory

Head office
34 Young Road
Paengaroa 3186

Auditor
PwC
Auckland

Share registrar
Link Market Services
Auckland

Bankers
Westpac Banking Corporation
Auckland

Seeka Limited
34 Young Road, Paengaroa 3186
PO Box 47, Te Puke 3153
info@seeka.co.nz
Seeka.co.nz