

Seeka Kiwifruit Industries Limited

# June 2015

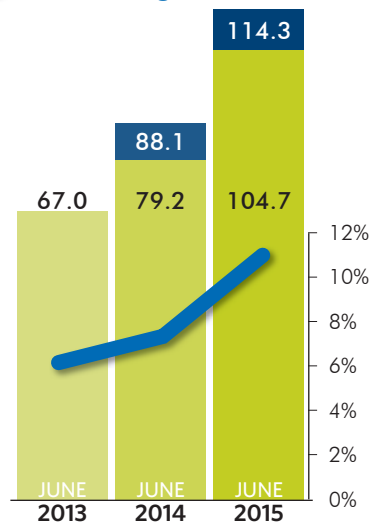
INTERIM REPORT



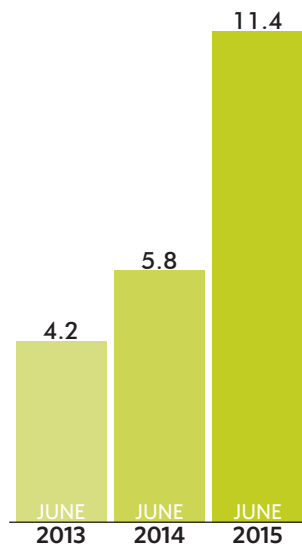
**SEEKA**  
KIWIFRUIT INDUSTRIES LIMITED

## Performance benchmarks

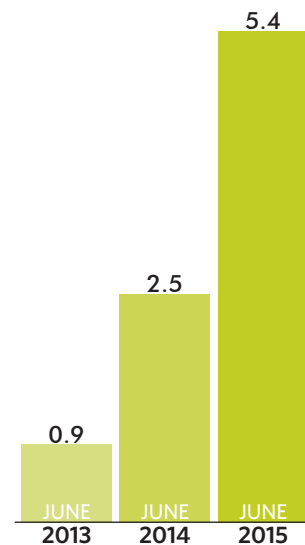
- Turnover \$m
- Revenue \$m, and
- EBITDA margin



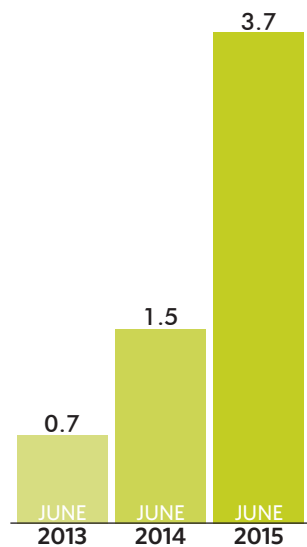
**EBITDA**  
\$m



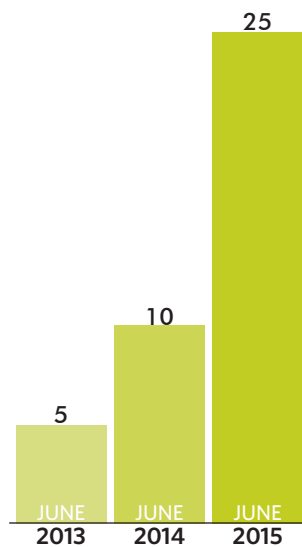
**Net profit before tax**  
\$m



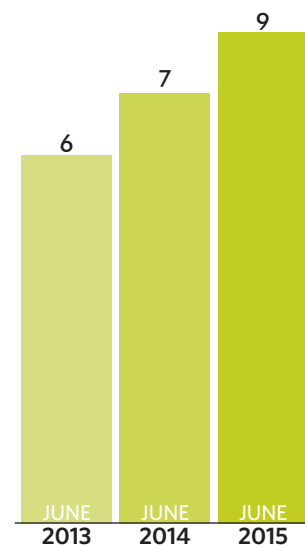
**Net profit after tax**  
\$m



**Basic earnings per share**  
Cents



**June dividend per share**  
Cents



## Introduction

Directors and management are pleased to present Seeka's financial results for the six months to 30 June 2015. It was a challenging six months for the Company with a fire significantly damaging Seeka's Oakside post-harvest facility just prior to harvest, then having to focus on managing a record 27.7m trays of kiwifruit; the first major lift in production since 2011's previous high of 27.1m trays.

Profits are up. Profit before tax this half year is ahead of the previous corresponding period (pcp) by \$2.87m [+115%] at \$5.36m, reflecting record kiwifruit volumes handled by post-harvest along with good earnings achieved by the orchard division. The half year results include an allowance for the full second year cost of the three-year grower share scheme totalling \$2.55m. The results also include the costs of the impairment of the destroyed buildings at Oakside and the insurance proceeds to date. The net impact at the six months of these two items is a \$143,000 addition to profit. Later when the insurance claim is finalised and settled, a one-off gain is likely to arise which could be available to fund any further reinstatement or other costs associated with the fire.

Kiwifruit volumes are up. Hayward volumes handled by post-harvest increased by 3.9m trays while market share remained steady at 24.8%. Zespri SunGold volumes increased by 2.8m trays with market share up from 10% to 14%. Further growth in Zespri SunGold volumes are anticipated as orchards continue their recovery from PsA-V.

Our facilities were fully utilised this year with a record 27.7m trays handled compared to 21.2m trays in the pcp.

Margins have been maintained. The post-harvest environment remains competitive. Seeka has strived to deliver competitive pricing for services to growers understanding that many growers are still recovering their financial positions after the devastating effects of PsA-V. While margins have remained tight, the greater volumes of fruit delivered the benefits of scale to both shareholders and growers. In 2015, supplying growers delivered an exceptional crop. Exceptional yields of largely good quality fruit make the post-harvest job easier.

## Financial summary

(\$000s)	6 months 30 June 2015	6 months 30 June 2014	12 months 31 December 2014
Turnover	114,315	88,060	148,568
Revenue	104,739	79,244	115,672
<b>EBITDA</b>			
Orchard	4,464	2,965	4,179
Post harvest	10,975	5,148	10,770
Retail services	526	839	1,773
<b>EBITDAF</b>	11,448	5,921	11,529
Movement in onerous lease provision	(14)	(106)	(241)
<b>EBITDA</b>	11,434	5,815	11,288
Depreciation and amortisation expense	(2,924)	(2,602)	(5,250)
Amortisation of intangibles	(186)	(96)	(272)
Impairment charges			
Land and buildings, plant and equipment	(2,174)	-	-
Investments in associates	-	-	(120)
Lease interest in land	-	-	(325)
Revaluation			
Land and buildings	-	-	245
Interest	(794)	(631)	(1,303)
<b>Net profit before tax</b>	5,356	2,486	4,263
Tax (charge)	(1,638)	(1,013)	(1,095)
<b>Net profit attributable to shareholders</b>	3,718	1,473	3,168

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

*Turnover represents the total value of goods and services provided to customers and is considered a useful measure.*

Seeka continues to focus on infrastructure expansion and careful capacity planning to ensure adequate capacity for anticipated volumes. There is little alternative to further investment in New Zealand infrastructure considering the industry's inertia to implementing offshore handling and storage, and limited collaborative marketing opportunities. Seeka remains well prepared for investment with low core debt and unutilised debt facilities.

Orchard earnings are increasing. As New Zealand's largest kiwifruit grower, Seeka benefited from record Hayward yields and new Zespri SunGold volumes. Seeka's long term leases are returning to profitability following intense reinvestment. While Zespri's forecast market returns are down, total orchard returns are supported by higher yields across all varieties. Orchard costs continue to be under inflationary pressure and per tray orchard returns volatile.

New business delivers incremental earnings despite being seasonally affected. The New Zealand banana business remains very competitive with large volumes of fruit depressing wholesale prices resulting in lower than anticipated returns to Glassfields. New supply lines to retail have opened for domestic supply of kiwifruit and avocados. SeekaFresh earnings have been affected by an earlier avocado selling season and lower volumes. Market prices were lower in the first quarter of 2015, however Seeka's performance delivered supplying growers incremental returns, leading the market in grower returns for the second year in a row.

Seeka continues its growth strategy through operational growth and acquisitions that deliver accretive value. Our foundation and principal focus is kiwifruit. We will continue to pursue excellence and strive for improvements in this our core business. Our strategy is to build on that foundation and our vision is to become "New Zealand's Premier Produce Business".

Seeka continues to pursue excellence in its core business and will continue to strive for improvements to make it the best of breed in our kiwifruit business. Seeka will continue to look for opportunities to innovate and expand or diversify to secure long term growth and sustainable profitability. At the same time the Company will review its asset base to ensure that our operating assets and investments are aligned to our strategy and commercial drivers.

## Six month operating snapshot

**\$104.74m operating revenue**, up 32% from the pcp and up 56% against same period two years ago.

**\$11.43m EBITDA**, up 97% from the pcp and 173% from the same period two years ago. This includes the anticipated second year cost of the grower share scheme of \$2.55m [ \$1.8m in pcp ].

**\$5.36m profit before tax**, up 115% on the pcp and up 530% on the same period two years ago.

**\$31.72m net debt** [bank debt less bank deposits] compared against \$31.41m at the same time in 2014. At 30 June 2015 Seeka had invested \$14.36m in crops [ \$11.60m in 2014 ]; removing this reduces core debt to \$17.36m. This equates to less than \$0.65 per tray packed, considered a low level of debt.

**\$2.44m negative cash flow from operations** compared to negative \$9.17m in the pcp. It is normal that Seeka operates at a cash deficit through the first six months and cash positive through the second six months. Seeka invested \$10.09m in capital expenditure [ net of insurance recoveries ] compared against \$2.0m in pcp.

**\$0.25 basic earnings per share** for the six months compares to \$0.10 per share at the same time in 2014.

## Segment summary

6 months to June [ \$ million ]	Orcharding		Post harvest		Retail services	
	2014	2015	2014	2015	2014	2015
Revenue	26.9	32.9	45.2	59.8	7.1	12.0
EBITDA	3.0	4.5	5.1	11.0	0.8	0.5
EBIT	2.8	4.1	2.7	6.2	0.8	0.5

## Outlook

Seeka normally provides current-year profit guidance at the “Stakeholder Update” typically held in October, by which time the Company has greater certainty over fruit selling prices and international market performance. Given, however, the extent of the profit variation for the six months ended 30 June 2015, and the seasonal nature of the kiwifruit business, it is considered prudent to provide earlier guidance this year. Seeka expects the stronger operational financial performance achieved in the first six months to push into the second half of the year. The Company expects its full year net profit after tax to be up by between 30% and 40% on the pcp level of \$3.17m.

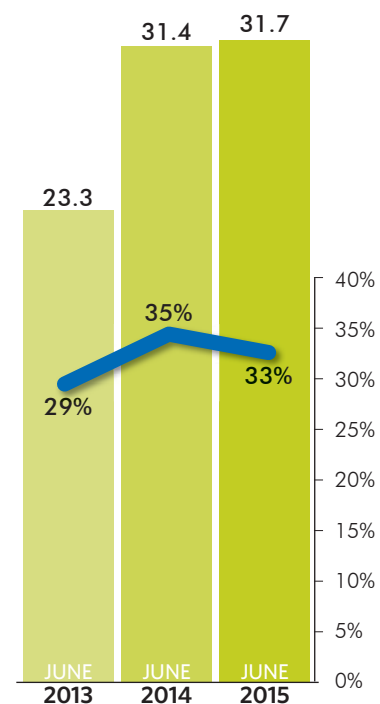
This profit forecast excludes any one-off gain arising from accounting for the insurance proceeds from the Oakside fire which is expected to be settled in the second six months. This is outlined below and could further boost earnings noting that any one-off gain will be required for ultimate reinstatement.

The Company will advise the market should there be a material variation to the guidance and will further update stakeholders and shareholders at the October stakeholder meeting, and will provide an update on the insurance accounting aspect once it is known. The forecast also excludes any revaluations or impairments and excludes any costs associated with acquisitions or disposals and any interest cost or benefit associated with those.

## Dividend

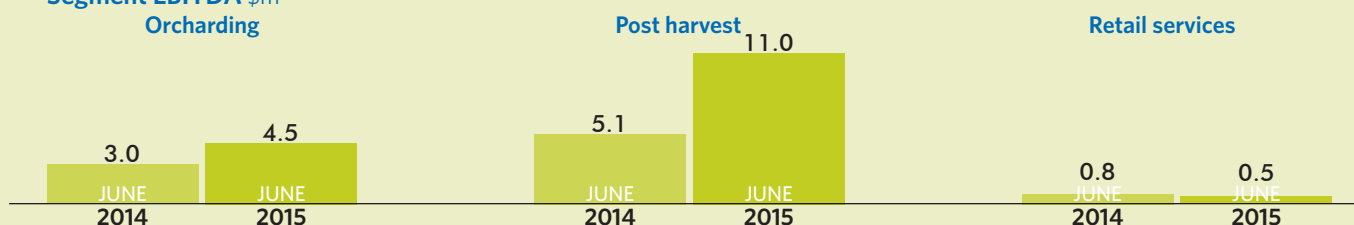
An increased dividend of \$0.09 per share has been declared by the Board as result of the reported financial results. The dividend is fully imputed and will be paid 18 September 2015 to all shareholders on the register at 5pm 11 September.

■ Total net debt \$m, and  
● Gearing ratio



Gearing ratio =  
total net debt / (total net debt + total equity)

Segment EBITDA \$m  
Orcharding



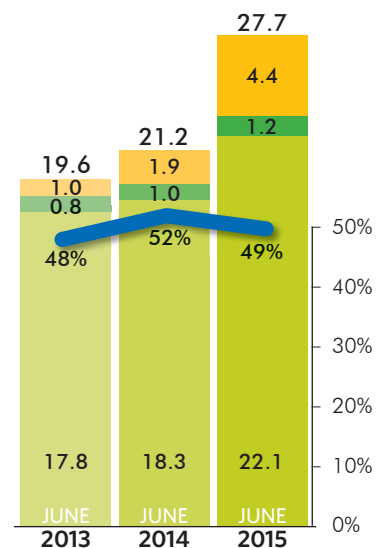
## Review of Operations

Post-harvest earnings increased substantially. Post-harvest division coordinates the harvest, packing, coolstore and logistics operations for our kiwifruit, kiwiberry and avocado growers. EBITDA of \$11.0m for the six months compares to \$5.1m in the pcp. Overall kiwifruit harvest packed volumes increased by 6.3m trays to 26.5m trays [class 1 and 2].

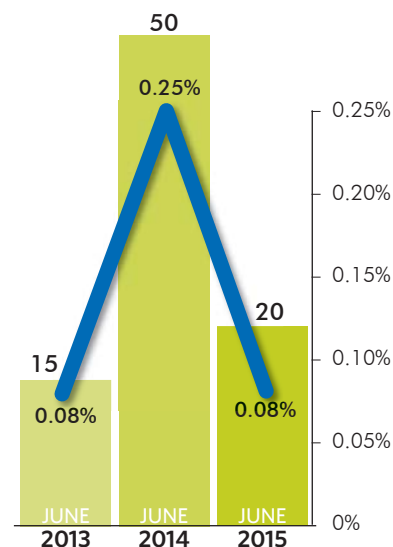
The Company suffered a major fire at its Oakside facility on 4 March just prior to the commencement of the 2015 harvest. The Fire Service responded and while the damage was limited to the North Shed, there was significant damage to the heart of the coolstores, container docks and bulk load-out facilities. The cause of the fire was ascertained to be electrical, either initiating in the upstairs tea room or immediately below it in one of the electrical circuit boards. Our insurers accepted our claim, engineers appointed, contractors responded and alongside our managers the site was returned to near full operational capacity on 20 May. It was a major undertaking under pressure of an approaching harvest and required careful management to ensure people and product safety. While compromises were made in the operation, Oakside processed a total of 9.4m class 1 trays [8% of the national crop]. This site will be further reinstated later this year including fire response systems and a water reservoir. Some issues have been experienced with softer than average Hayward fruit pressures at Oakside and the Company has responded by priority loading and shipping this fruit. An investigation is underway to determine the cause. Once done, if there is a fire-related loss then this may lead to insurance processes. The Company is working to understand and quantify the financial effect on the grower pools, if any.

Seeka built new capacity for 2015. Two major coolstore projects were commissioned. Firstly a significant upgrade at Oakside with a new coolstore facility [550,000 trays static], precooling [30,000 trays static], new canopy and a complete overhaul of security. The total investment for this project was \$5.6m and was funded by the Company with the coolstores completed and commissioned on 15 May 2015.

**Post harvest class 1 and 2 trays** millions  
 ■ Green cultivars packed  
 ■ Green cultivars UFI storage  
 ■ Gold cultivars packed, and  
 ● Percent loaded by 30 June



**Class 1 trays coolstore fruit loss** 000s, and  
 ● Percent of total submit



Also Seeka worked with the landlord at the Pioneer site to build new coolstore capacity [850,000 trays], precooling [60,000 trays] and office. This investment of more than \$5m was funded by the landlord and our commercial lease adjusted. Planning, designing and constructing facilities with the overlay of a commercial lease negotiation is complicated, however with the goodwill of the parties the project was completed and a world-class coolstore facility constructed.

The Hayward conventional [non organic] average yield was outstanding at 11,720 trays per hectare across the entire catchment and compares to last year's record 9,242 trays per hectare. Te Puke averaged 12,792 trays per hectare creating localised pressure. The total Hayward conventional class 1 volume increased to 20.7m trays from 17.2m in the pcp reflecting the yield increase. Capacity as a consequence was full.

The continuing recovery of gold orchards with the SunGold cutover increased SunGold volumes from 1.1m trays in 2014 to 3.9m in 2015. Market share increased from approximately 10% to 14% in an intense harvest season complicated by early harvest maturity protocols. In spite of these challenges post-harvest performance and earnings were pleasing.

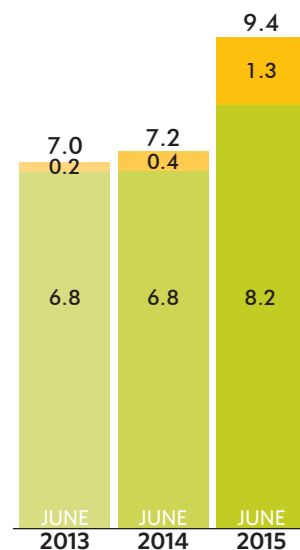
Seeka continued to focus on value added activities and new varieties at a post-harvest level, and handled 38,675 trays of the new kiwiberry crop.

Efficiency targets were achieved in the 2015 harvest. The Company is continuing to consider the capacity matrix for 2016 and beyond including considering the construction of a new major packhouse and fruit processing facility. Shareholders will be advised about this at future updates as they are considered by the Board.

Orchard operations increased profit. The orchard division handles all the growing and orchard management services for the Company's own long-term leased orchards and for the short-term leased and managed orchards. EBITDA of \$4.5m compares to \$3.0m pcp.

### Orchard operations class 1 trays harvested millions

■ Green cultivars harvested  
■ Gold cultivars harvested



The long-term leases returned to profitability following a period of intense reinvestment. Total production from the long-term leases in 2015 was 928,000 trays made up of 540,000 trays Hayward, 358,000 trays SunGold and 30,000 trays Sweet Green. This compares with the prior year of 440,000 trays comprising 392,000 trays Hayward and 49,000 trays SunGold.

In total Seeka produced 9.4m trays as a grower across all orchard operations [managed, leased and long-term leased] and varieties and this compares against 7.2m in 2014. The Company is continuing to grow its leasing and managed operations expanding into new areas including Edgecumbe, Opotiki, East Cape and Northland.

In addition to delivering exceptional performance, the division is focused on getting all of the long-term leased orchards back to full production, with progress to date excellent. Leases expire between 2019 and 2025.

Retail services earnings down. The retail services operations comprise domestic and overseas selling of produce and kiwifruit not sold through Zespri. EBITDA of \$0.5m for the six months compares to \$0.8m in 2014, noting that only 1.5 months of Glassfields were included in 2014.

Retail services includes the operations of SeekaFresh exporting kiwifruit, kiwiberries and avocados and the domestic supply programmes which include avocados, kiwifruit, seasonal produce and importation and ripening services of bananas, pineapples and papaya for Sumifru. Earnings are down principally due to volume and price changes in avocados, noting that the previous six months was an exceptional period for avocado volumes and market prices. While early 2015 prices were good, they were not as good as 2014 and volumes were well down. Seeka delivered on average \$16.84 per tray to the grower for the full season, believed to be the highest in the avocado industry – second season in a row.

The New Zealand banana market has been difficult with periods of over supply and some irregular supply issues from the Philippines. Seeka's supplier Sumifru have stabilised supply through the addition of South American fruit from Ecuador. Wholesale pricing will not stabilise until volumes find a new equilibrium. In this phase Seeka has picked up new programmes supplying retail with kiwifruit and avocados [new business for Seeka] and handling fruit supply programmes to retail for third-party customers.

The Glassfields business is fully integrated into Seeka, operating and management systems established and the business making improvements that should result in better service to its customers and a greater financial contribution.

## Innovation

Innovation continues to be a hallmark and highlight as the Company managed capacity, record crop volumes and Oakside remediation.

The introduction of the Seeka plastic bin programme will accelerate. Developed with TCI Industries of Auckland, feedback on the 3000 bins deployed in 2015 was excellent and complimentary, while feedback on the condition of the remaining stock of wooden bins uncomplimentary. The new plastic bins provide slightly better volumes and efficiency and are less prone to failure in the sheds which cuts downtime. Also the bins are gentler on fruit, particularly gold, producing lower levels of physical damage.

The new stores built at Oakside and Pioneer use the new glycol refrigeration systems providing better cooling performance and cost efficiency.

Seeka has moved to automate more of its operating systems, for example the new on-line reject reporting system developed in 2015 delivers live shed performance data direct to apps on operators' and growers' smart phones. The system is complex and was trialled at a number of sheds with full deployment scheduled in 2016.

On the theme of systems, the Company has conducted a strategic review of its fundamental operating and financial systems and is now moving to refine that plan towards deployment.

## People

Seeka people have excelled through the six months. They have faced significant challenges with the fire, consequential remediation and fruit management. This has reached all facets of our people. The Company has also responded to record kiwifruit volumes. Our people have been asked to go the extra mile, take on new responsibilities and take on new business. They remain a significant point of difference for our Company and they have made a tremendous effort this year.



Safety also remains a high priority. Drugs testing, active safety management processes, contractor management and compliance remain key initiatives. The levels of drugs testing failures in the seasonal workforce along with instances of failure in the permanent workforce were disappointing. The Company continues to take a firm line in these instances and is resolute in delivering a safe work environment that is not impaired by drug-related issues.

There were two serious harm injuries in the six months. Firstly a hand injury at Kerikeri when the bin tip operator caught his hand between a bin and a cross member, and secondly a hand injury to a worker for a contracted orchard manager who broke his hand after a tractor accident involving two hands and one gear leaver. Both injuries were preventable with better attention and were disappointing.

Seeka remains committed to the safety and development of all employees; formal safety processes and policies are in place. Seeka has introduced an on-line safety induction system. All staff, contractors and visitors must undertake an induction (and demonstrate that they understand it) before being allowed into any of our post-harvest facilities unaccompanied. Seeka's safety statistics show pleasing improvement but do include the two serious harm incidents.

Seeka is now considering how it creates a sustainable workforce and has moved to recruit cadets into its business – with two hired just prior to the end of 2014 now complemented with three cadets in this six month period.

### Subsequent events

On 5 August 2015, Seeka announced its purchase of the kiwifruit and other orchard operations and assets of Australian produce company, Bunbartha Fruit Packers and associated entities for AUD\$22m. The acquisition is scheduled for 20 August following satisfaction of conditions usual for a transaction of this nature, including Australian Foreign Review Board approval.

The purchase builds on Seeka's foundation of kiwifruit while adding new produce lines to the Company including pears, plums, apricots and cherries. It is consistent with the Company's strategy and will result in Seeka having its produce in the Australian market all year round. The kiwifruit pollen venture established with Bunbartha in 2014 will be wholly owned as a result of this transaction.

The purchase price will be funded through debt facilities with settlement including an element of deferred payment. Seeka anticipates revenue to increase by approximately NZD\$17m with EBITDA to increase by NZD\$3.2m to NZD\$4.0m before any synergy gains.

An Australian company Seeka Australia Pty Limited has been established with Seeka's operations in Australia to be run as an Australian business.

Seeka is pleased with the purchase, the businesses are strategically aligned and complement each other. Both sell to similar customers at different times of the year and the acquisition delivers opportunities to integrate selling and marketing operations. The fruit produced and marketed by Seeka Australia will broaden and complement Seeka's existing offering of kiwifruit, avocados and kiwiberries. We expect optimisation to occur.

### Close

The six months operations and activities covered in the report have been challenging for the Company, but the financial results and late developments with the purchase, pleasing. The Company thanks all staff, contractors, growers, suppliers and customers for their efforts and looks forward to the successful completion of the year.

  
**Fred Hutchings**  
Chairman

  
**Michael Franks**  
Chief Executive

# June 2015

INTERIM REPORT

## Financial statements

Statement of financial performance	9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Directory	Inside back cover



## Statement of financial performance for the six months ended 30 June 2015

	Notes	6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
Turnover	19	114,315	88,060	148,568
Revenue	5	104,739	79,244	115,672
Cost of sales		79,876	60,955	98,243
<b>Gross profit</b>		<b>24,863</b>	<b>18,289</b>	<b>17,429</b>
Other income	5	19	1,373	216
Income from insurance proceeds	5	2,317	-	-
Share of (loss) of associates		-	-	( 69)
Other costs		4,691	4,876	7,880
Decrease/(increase) in fair value movement in biological assets - crop	7	11,074	8,971	( 1,592)
<b>Earnings (EBITDA) before revaluations and impairments</b>		<b>11,434</b>	<b>5,815</b>	<b>11,288</b>
Depreciation expense	14	2,924	2,602	5,250
(Gain) on revaluation of land and buildings		-	-	( 245)
Impairment of lease interest in land		-	-	325
Impairment of investments in associates		-	-	120
Impairment of land and buildings	14a	2,174	-	-
Amortisation of intangibles		186	96	272
<b>Earnings (EBIT)</b>		<b>6,150</b>	<b>3,117</b>	<b>5,566</b>
Interest expense		794	631	1,303
<b>Net profit before tax</b>		<b>5,356</b>	<b>2,486</b>	<b>4,263</b>
Income Tax Charge		1,638	1,013	1,095
<b>NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>3,718</b>	<b>1,473</b>	<b>3,168</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company during the period</b>				
Basic earnings per share		\$0.25	\$0.10	\$0.22
Diluted earnings per share		\$0.24	\$0.10	\$0.22

## Statement of comprehensive income for the six months ended 30 June 2015

	6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
Net profit for the period	3,718	1,473	3,168
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of land and buildings, net of tax	-	-	1,801
<b>Total items that will not be reclassified to profit or loss</b>	-	-	<b>1,801</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in cashflow hedge reserve, net of tax	( 141)	2	( 158)
Gain on revaluation of available for sale financial assets, net of tax	-	181	476
Movement in share based payment reserve, net of tax	-	-	36
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>( 141)</b>	<b>183</b>	<b>354</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>3,577</b>	<b>1,656</b>	<b>5,323</b>

## Statement of financial position *as at 30 June 2015*

	Notes	June 2015 \$'000s Unaudited	June 2014 \$'000s Unaudited	December 2014 \$'000s Audited
<b>Equity</b>				
Share capital		37,898	35,815	37,773
Reserves		6,098	4,381	6,239
Retained earnings		21,662	18,638	19,185
<b>TOTAL EQUITY</b>		<b>65,658</b>	<b>58,834</b>	<b>63,197</b>
<b>Current assets</b>				
Cash and cash equivalents		549	882	2,923
Trade and other receivables	11	33,385	26,772	12,959
Biological assets - crop	7	520	1,031	11,594
Inventories and land held for re-sale	12	16,547	17,245	2,250
Property held for sale	13	1,190	-	-
Financial derivatives		-	175	-
Current tax receivables		3,593	3,422	244
<b>Total current assets</b>		<b>55,784</b>	<b>49,527</b>	<b>29,970</b>
<b>Non current assets</b>				
Trade and other receivables		4,383	2,028	2,170
Property, plant and equipment	14	73,374	65,482	69,947
Intangible assets		5,735	6,177	5,608
Available for sale financial assets		1,601	1,559	1,621
Investment in associates		497	736	475
<b>Total non current assets</b>		<b>85,590</b>	<b>75,982</b>	<b>79,821</b>
<b>Total assets</b>		<b>141,374</b>	<b>125,509</b>	<b>109,791</b>
<b>Current liabilities</b>				
Trade and other payables	15	26,669	19,902	16,604
Liability on grower incentive scheme	16	2,546	1,856	-
Onerous lease provision		20	142	34
Interest bearing liabilities	17	13,265	13,292	1,165
Financial derivatives		246	-	50
<b>Total current liabilities</b>		<b>42,746</b>	<b>35,192</b>	<b>17,853</b>
<b>Non current liabilities</b>				
Onerous lease provision		38	65	38
Interest bearing liabilities	17	19,000	19,000	19,000
Deferred tax		13,932	12,418	9,703
<b>Total non current liabilities</b>		<b>32,970</b>	<b>31,483</b>	<b>28,741</b>
<b>Total liabilities</b>		<b>75,716</b>	<b>66,675</b>	<b>46,594</b>
<b>NET ASSETS</b>		<b>65,658</b>	<b>58,834</b>	<b>63,197</b>

On behalf of the Board

  
F. Hutchings  
Chairman

  
A. Waugh  
Director

Dated: 18 August 2015

## Statement of changes in equity for the six months ended 30 June 2015

Notes	Share capital \$000s	Available for Sale revaluation reserve \$000s	Cash flow hedge reserve \$000s	Share based payments reserve \$000s	Land and buildings revaluation reserve \$000s	Retained earnings \$000s	Total \$000s
<b>Equity at 1 January 2014 (audited)</b>	<b>35,753</b>	<b>467</b>	<b>121</b>	<b>114</b>	<b>3,496</b>	<b>18,176</b>	<b>58,127</b>
Net profit for the period	-	-	-	-	-	1,473	1,473
Other comprehensive income for the period	-	181	2	-	-	-	183
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>181</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>1,473</b>	<b>1,656</b>
<i>Transactions with owners</i>							
Shares issued	45	-	-	-	-	-	45
Employee share scheme receipts	17	-	-	-	-	-	17
Dividends paid	6	-	-	-	-	(1,011)	(1,011)
<b>Total transactions with owners</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,011)</b>	<b>(949)</b>
<b>Equity at 30 June 2014 (restated)</b>	<b>35,815</b>	<b>648</b>	<b>123</b>	<b>114</b>	<b>3,496</b>	<b>18,638</b>	<b>58,834</b>
Net profit for the period	-	-	-	-	-	1,695	1,695
Other comprehensive income/(loss) for the period	-	295	(160)	36	1,801	-	1,972
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>295</b>	<b>(160)</b>	<b>36</b>	<b>1,801</b>	<b>1,695</b>	<b>3,667</b>
<i>Transactions with owners</i>							
Shares issued	1,906	-	-	-	-	-	1,906
Employee share scheme receipts	52	-	-	-	-	-	52
Transfer to retained earnings	-	-	-	(114)	-	114	-
Dividends paid	6	-	-	-	-	(1,262)	(1,262)
<b>Total transactions with owners</b>	<b>1,958</b>	<b>-</b>	<b>-</b>	<b>(114)</b>	<b>-</b>	<b>(1,148)</b>	<b>696</b>
<b>Equity at 31 December 2014 (audited)</b>	<b>37,773</b>	<b>943</b>	<b>(37)</b>	<b>36</b>	<b>5,297</b>	<b>19,185</b>	<b>63,197</b>
Net profit for the period	-	-	-	-	-	3,718	3,718
Other comprehensive (loss) for the period	-	-	(141)	-	-	-	(141)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(141)</b>	<b>-</b>	<b>-</b>	<b>3,718</b>	<b>3,577</b>
<i>Transactions with owners</i>							
Shares issued	74	-	-	-	-	-	74
Employee share scheme receipts	51	-	-	-	-	-	51
Dividends paid	6	-	-	-	-	(1,241)	(1,241)
<b>Total transactions with owners</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,241)</b>	<b>(1,116)</b>
<b>EQUITY AT 30 JUNE 2015</b>	<b>37,898</b>	<b>943</b>	<b>(178)</b>	<b>36</b>	<b>5,297</b>	<b>21,662</b>	<b>65,658</b>

## Statement of cash flows for the six months ended 30 June 2015

	6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
<b>Operating activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers	74,058	56,411	117,607
Interest and dividends received	19	10	370
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees	( 75,082)	( 60,339)	( 107,401)
Land held for re-sale	-	( 4,190)	-
Interest paid	( 727)	( 574)	( 1,294)
Income taxes paid	( 704)	( 492)	( 753)
<b>Net cash flows (used in)/from operating activities</b>	<b>9</b>	<b>( 9,174)</b>	<b>8,529</b>
<b>Investing activities</b>			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment	43	171	113
Sale of available for sale investments	-	3,125	3,125
Received from investments	20	17	-
Repayment of advances	50	-	69
Received from insurance proceeds	2,317	-	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	( 10,090)	( 1,990)	( 5,641)
Investment in associates and subsidiaries	-	( 5,754)	( 5,539)
Advances	( 3,186)	( 1,965)	( 132)
Development of bearer plants	( 25)	( 200)	( 925)
<b>Net cash flow (used in) investing activities</b>	<b>( 10,871)</b>	<b>( 6,596)</b>	<b>( 8,930)</b>
<b>Financing activities</b>			
<i>Cash was provided from:</i>			
Proceeds of short term bank borrowings	18,800	13,207	21,062
Issue of shares	74	45	106
<i>Cash was applied to:</i>			
Repayment of term bank borrowings	-	( 1,188)	( 1,590)
Repayment of short term bank borrowings	( 6,700)	( 317)	( 19,897)
Payment of dividend to shareholders	6	( 1,011)	( 2,273)
<b>Net cash flows from/(used in) financing activities</b>	<b>10,933</b>	<b>10,736</b>	<b>( 2,592)</b>
<b>Net (decrease) in cash flow</b>	<b>( 2,374)</b>	<b>( 5,034)</b>	<b>( 2,993)</b>
Opening cash and cash equivalents	2,923	5,916	5,916
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>549</b>	<b>882</b>	<b>2,923</b>

## Notes to the financial statements *for the six months ended 30 June 2015*

### 1. REPORTING ENTITY

Seeka Kiwifruit Industries Limited (the 'Company') and its subsidiaries (together the 'Group') provide orchard lease and management, and post harvest service activities to the horticultural industry and leases and operates kiwifruit and avocado orchards. The Group also provides retail services including ripening and delivery for key retail customers in New Zealand and wholesale market services to independent operators in New Zealand and Australia. The Company is a limited liability company incorporated and domiciled in New Zealand and is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The Company is an issuer in terms of the Financial Reporting Act 1993. The Consolidated Financial Statements of the Group for the period ended 30 June 2015 comprise the Company and its subsidiaries and interests in associates. The address of its registered office is 6 Queen Street, Te Puke.

The financial statements were authorised for issue by the Board of Directors on 18 August 2015. The Directors do not have the authority to amend the financial statements after issue.

### 2. BASIS OF PREPARATION

The Group interim financial information for the six months ended 30 June 2015 has been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP) and comply with the New Zealand International Financial Reporting Standards (NZIFRS) and other reporting standards as applicable to profit-orientated entities. Specifically the Group interim financial information has been prepared in accordance with NZ IAS 34, "Interim Financial Reporting". The Group interim financial information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2014, which have been prepared in accordance with NZIFRS.

### 3. 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 2014, as described in those annual financial statements.

#### a. Comparatives

Where a change in the presentational format of the financial statements has been made during the period, comparative figures have been restated accordingly. Where necessary, certain comparative information has been restated in order to provide a more appropriate basis for comparison. See note 18.

#### b. Grower incentive scheme (Refer to note 16)

### 4. SEGMENT INFORMATION

#### a. Description of segments

Directors have determined the operating segments based on the reports reviewed by the senior management team, which are used to make operational decisions. Directors consider the business from an operational/product perspective rather than geographically, as predominantly all of the Group's business is conducted within New Zealand.

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

#### Orchard operations

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

#### Post harvest operations

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

#### Retail services operations

The Group provides fruit marketing services including local, Australian and Asian collaborative marketing programmes. The retail services segment provides ripening and delivery services to key retail customers as well as wholesale market services to independent operators.

#### All other segments

These represent the aggregated administration, grower services and overhead sections of the Group, along with impairments and revaluations of other assets not attributed directly to any other segment.



	6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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b. The segment information for the period ended 30 June 2015 is as follows:

**Segment revenues**

Orchard operations	32,864	26,855	38,046
Post harvest operations	59,767	45,165	68,471
Retail service operations	11,967	7,109	8,682
All other segments	141	115	473
<b>Total revenue</b>	<b>104,739</b>	<b>79,244</b>	<b>115,672</b>

**Segment earnings (EBITDA)**

Orchard operations	4,464	2,965	4,179
Post harvest operations	10,975	5,148	10,770
Retail service operations	526	839	1,773
All other segments	(4,531)	(3,137)	(5,365)
Share of profit of associates	-	-	(69)
<b>Total EBITDA</b>	<b>11,434</b>	<b>5,815</b>	<b>11,288</b>

**Segment earnings (EBIT)**

Orchard operations	4,093	2,822	3,907
Post harvest operations	6,240	2,725	5,856
Retail service operations	526	778	1,708
All other segments	(4,709)	(3,208)	(5,836)
Share of profit of associates	-	-	(69)
<b>Total EBIT</b>	<b>6,150</b>	<b>3,117</b>	<b>5,566</b>

Net finance costs	794	631	1,303
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<b>Profit before tax</b>	<b>5,356</b>	<b>2,486</b>	<b>4,263</b>
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Tax charge on profit	1,638	1,013	1,095
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<b>PROFIT AFTER TAX</b>	<b>3,718</b>	<b>1,473</b>	<b>3,168</b>
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**Segment impairment and revaluation**

Post harvest operations	(2,174)	-	(80)
All other segments	-	-	(120)

<b>TOTAL IMPAIRMENT AND REVALUATION</b>	<b>(2,174)</b>	<b>-</b>	<b>(200)</b>
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c. **Segment assets**

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

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

## Notes to the financial statements for the six months ended 30 June 2015

6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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Reportable segments' assets are reconciled to total assets as follows:

Orchard operations	38,009	33,878	24,256
Post harvest operations	87,011	75,544	66,890
Retail service operations	2,948	2,549	9,774
All other segments	1,431	587	3,088
<i>Unallocated:</i>			
Cash	549	882	2,923
Available-for-sale financial assets	1,601	1,559	1,621
Financial derivatives	-	175	-
Investment in associates	497	736	475
Intangible assets	5,735	6,177	520
Current tax receivable	3,593	3,422	244
<b>TOTAL ASSETS PER THE STATEMENT OF FINANCIAL POSITION</b>	<b>141,374</b>	<b>125,509</b>	<b>109,791</b>

### d. Impact of seasonality

The interim financial statements reflect the revenues associated with the kiwifruit harvested between March and June 2015, including kiwifruit crops owned by the Company under short and long term lease contracts which are recorded at fair value at each reporting date.

6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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## 5. REVENUE AND OTHER INCOME

### Revenue

Orchard revenue	32,864	26,855	38,046
Post harvest revenue	59,767	45,165	68,471
Retail services revenue	11,967	7,109	8,682
Other sales revenue	141	115	473
<b>Total revenue</b>	<b>104,739</b>	<b>79,244</b>	<b>115,672</b>

### Other Income

Interest income	-	4	6
Dividend income	19	6	210
Income from insurance proceeds	2,317	-	-
Gain on sale of investment in associates	-	1,363	-
<b>Total other income</b>	<b>2,336</b>	<b>1,373</b>	<b>216</b>

Total share of (loss) of associates	-	-	(69)
<b>TOTAL REVENUE AND OTHER INCOME</b>	<b>107,075</b>	<b>80,617</b>	<b>115,819</b>

Revenue is shown net of discounts. Discounts include the cost of the grower share scheme. (Note 16).

On 4 March the Group's Oakside facility suffered a fire which led to the destruction of an ancillary packhouse and office, and a number of coolstore buildings and associated plant, all of which were part of the post harvest operations. The Group is fully insured for loss on assets and also business interruption, and the claim has been accepted by the Group insurers NZI, QBE and AIG. To date the Group has received insurance recoveries of \$2.32m that has been recognised as other income in the statement of financial performance. The value of the claim is yet to be finalised as the rebuild of the asset will not be completed until 2016. (Refer note 14(a))

June 2015 \$000s Unaudited	December 2014 \$000s Audited	Per share
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## 6. DIVIDENDS

### Ordinary shares

Dividend paid 28 March 2014	-	1,011	\$0.07
Dividend paid 13 November 2014	-	1,262	\$0.08
Dividend paid 27 March 2015	1,241	-	\$0.08
<b>TOTAL DIVIDEND PAID</b>	<b>1,241</b>	<b>2,273</b>	

The dividends are imputed to the fullest extent allowable in the tax year.  
At the half year balance date, no dividend has been declared by the Company.

6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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## 7. BIOLOGICAL ASSETS - CROP

### Kiwifruit/avocado - crop at fair value

Carrying amount at beginning of period	11,594	10,002	10,002
Fair value movement in crop	(11,074)	(8,971)	1,592
<b>CARRYING VALUE AT END OF PERIOD</b>	<b>520</b>	<b>1,031</b>	<b>11,594</b>

### Biological assets are classified as follows

Kiwifruit crop	450	1,031	11,422
Avocado crop	70	-	172
<b>CARRYING VALUE AT END OF PERIOD</b>	<b>520</b>	<b>1,031</b>	<b>11,594</b>

The Group, as part of its operations, leases land and grows and harvests kiwifruit and avocados on orchards for which it has long term and short term leases. Harvesting of orchards takes place from March to June each year. The orchards are situated throughout Northland, the Coromandel, Waikato and the Bay of Plenty regions of New Zealand.

As at 30 June 2015 the Group had long and short term leases on a total of 538 hectares (Dec 2014 - 589 hectares) of kiwifruit and 26 hectares (Dec 2014 - 26 hectares) of avocado orchards. In total this comprises of 141 individual kiwifruit and avocado orchards (Dec 2014 - 158 orchards). The leases were entered into over a period of time and have a maximum term of up to 25 years with the last lease expiring in June 2025.

### Crop - Kiwifruit

During the period to 30 June 2015, the Group harvested 4.51m trays of kiwifruit with a value of \$29.31m (Dec 2014 - 4.48m trays, \$27.30m) from leased orchards. A portion of this crop is still held in Seeka's coolstores at the half year balance date and recorded as crop inventories of \$14.36m (Dec 2014 - Nil). The remaining \$14.95m (Dec 2014 - \$5.10m) is recorded within trade and other receivables. The fair value of the crop at balance date has been assessed at \$0.45m (Dec 2014 - \$11.42m) being costs to date.

### Crop - Avocado

During the period to 30 June 2015, the Group harvested 17,000 trays of avocados with a value of \$0.23m (Dec 2014 - 51,000 trays, \$0.68m). The fair value of the crop at balance date has been assessed at \$0.07m (Dec 2014 - \$0.17m) being costs to date.

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

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

## Notes to the financial statements *for the six months ended 30 June 2015*

The Group has reached agreement with landowners to amend the leases on orchards affected by Psa, and is working with growers to re-establish the affected orchards with one of the new varieties released by Zespri and the Hayward variety. The leases were amended to reflect the investment and risk to the Group and the landowners of re-establishing the orchards.

A total of 97.05 hectares of the Group's long term leases have been re-established with 47.99 hectares in full production, 43.01 hectares in partial production and 6.05 hectares non producing this season. Next season 65.45 hectares are expected to be in full production with the remainder in partial production until the year 2017/18.

### 8. DETERMINATION OF FAIR VALUES

#### a. Fair value measurement

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

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

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

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

At 30 June 2015	Level 1 \$000s	Level 2 \$000s	Level 3 \$000s	Total \$000s
Listed equity securities	873	-	-	873
Unlisted equity securities	-	-	728	728

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

At 30 June 2015	Unlisted equity securities \$000s
<b>Balance at 1 January 2015</b>	<b>748</b>
Disposals / Receipts	( 20)
<b>BALANCE AT 30 JUNE 2015</b>	<b>728</b>

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

Type	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>UNLISTED EQUITY SECURITIES</b>			
	The fair value of the unlisted equity securities is \$0.73m for the Group based on the most recent information available from the securities management. Fair value is tested for impairment and the carrying amount of all unlisted securities is assessed at each balance date.	1. Securities management information on share price.	The estimated fair value increases the higher the share price information. The estimated fair value reduces if cost is impaired at balance date.

	6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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**b. Fair value of financial assets and liabilities measured at amortised cost**

The fair value of borrowings are as follows:

Non-current interest bearing	19,000	19,000	19,000
Current interest bearing	13,265	13,292	1,165
	<b>32,265</b>	<b>32,292</b>	<b>20,165</b>

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

i) Trade and other receivables	36,691	39,778	14,432
ii) Other current financial assets	1,601	1,734	1,621
iii) Cash and cash equivalents	549	882	2,923
iv) Trade and other payables	26,669	19,902	16,604
	<b>65,510</b>	<b>62,296</b>	<b>35,580</b>

**9. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES**

Net Operating Surplus after Taxation	3,718	1,473	3,168
<i>Add non cash items:</i>			-
Depreciation	2,924	2,602	5,250
Amortisation of intangibles	186	96	272
Impairment of investments in associates	-	-	120
Impairment of land and buildings	2,174	-	-
Revaluation of lease interest in land	-	-	325
Gain on revaluation of land and buildings	-	-	(245)
Movement in deferred tax	4,284	3,884	720
Movement in fair value of biological assets - Crop	11,074	8,971	(1,592)
Movement in onerous leases	(14)	(106)	(241)
Movement in fair value of derivatives	-	(5)	-
Share of income from associates	-	-	223
	<b>20,628</b>	<b>15,442</b>	<b>4,832</b>
<i>Add/(less) items not classified as an operating activity:</i>			
Insurance proceeds	(2,317)	-	-
Loss/(gain) on sale of property, plant and equipment	29	(1)	76
Gain on sale of shares	-	(1,363)	(1,363)
	<b>(2,288)</b>	<b>(1,364)</b>	<b>(1,287)</b>
<i>(Increase)/decrease in working capital:</i>			
Increase/(decrease) in accounts payable	12,624	7,412	2,254
(Increase)/decrease in accounts receivable / prepayments	(19,473)	(13,329)	392
(Increase)/decrease in inventory	(14,296)	(15,445)	(451)
(Decrease)/increase in taxes due	(3,349)	(3,354)	(379)
	<b>(24,494)</b>	<b>(24,716)</b>	<b>1,816</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(2,436)</b>	<b>(9,165)</b>	<b>8,529</b>

## Notes to the financial statements for the six months ended 30 June 2015

### 10. COMMITMENTS AND CONTINGENCIES

**NZX/Westpac:** Westpac Bank holds a guarantee for a bond of \$75,000 (2014 - \$75,000) in favour of the New Zealand Stock Exchange.

**NZ Customs/Westpac:** Westpac Bank holds a guarantee for a bond of \$150,000 (2014 - \$150,000) in favour of the New Zealand Customs Service.

**ANZ/Westpac:** Westpac Bank holds a guarantee for a bond of \$350,000 (2014 - Nil) in favour of Zespri Limited.

### 11. RELATED PARTY TRANSACTIONS

#### *Seeka Growers Limited*

In the normal course of business the Group undertakes transactions with Seeka Growers Limited, a related party which administers all monies from the sale of kiwifruit on behalf of growers with whom it holds a contract. In the current period the Group received \$49.51m (Dec 2014 - \$92.79m) for the provision of post harvest and orchard management services to Seeka Growers Limited. At balance date, a significant portion of receivables are due from Seeka Growers Limited. These receivables are funded by future fruit payments from Zespri Group Limited to Seeka Growers Limited.

	6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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### 12. INVENTORIES AND LAND HELD FOR RE-SALE

#### Packaging and other stock

Crop inventories	14,362	11,604	-
Total packaging	1,706	1,451	1,157
Land held for re-sale	-	4,190	-
Other inventories	479	-	1,093
<b>TOTAL INVENTORIES</b>	<b>16,547</b>	<b>17,245</b>	<b>2,250</b>

	6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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### 13. LAND AND BUILDINGS HELD FOR SALE

<b>LAND AND BUILDINGS HELD FOR SALE</b>	<b>1,190</b>	<b>-</b>	<b>-</b>
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As at 30 June 2015, the Group has taken the opportunity to purchase its current head office at 6 Queen Street, Te Puke. As a result the Group will no longer develop and relocate to 13 Oxford Street, Te Puke. This property is now being actively marketed and as a result the property has been classified as held for sale.

#### 14. PROPERTY PLANT AND EQUIPMENT

Land and buildings are revalued to their estimated market value on a rolling three year cycle unless there is evidence that indicates the carrying value of the land and buildings may differ significantly from their fair value. The most current valuations were completed by TelferYoung Valuers, ANZIV, independent registered valuer as at 31 December 2014. Subsequent additions are at cost.

At the half year balance date the Directors believe that the carrying value of land and building assets (excluding assets under construction and those damaged in the fire at Oakside) does not differ materially from its fair value, and therefore the assets have not been revalued at this half year balance date. (Note 14(a)).

##### a. Impairment

On 4 March the Group's Oakside facility suffered a fire which led to the destruction of an ancillary packhouse and office, and a number of coolstore buildings and associated plant, all of which were part of the post harvest operations. As a result the Group has an impairment loss that has been recognised within the Statement of Financial Performance for \$2.17m for the period to June 2015.

The Group is fully insured for loss on assets and also business interruption and to date has received \$2.32m insurance recoveries as a consequence of the fire event, the details of which are set out in note 5. Due to the nature of the assets damages it will be some months before the full nature of the claim is assessed and agreed with insurers, noting that the Group's policy is for full replacement of the impaired assets.

	Land and buildings \$000s	Plant and Equipment \$000s	Motor vehicles \$000s	Bearer plants \$000s	Total \$000s
<b>At 1 January 2015</b>					
Cost or valuation	45,529	67,503	621	2,437	116,090
Accumulated depreciation and impairment	( 966)	( 44,700)	( 426)	( 51)	( 46,143)
<b>NET BOOK AMOUNT</b>	<b>44,563</b>	<b>22,803</b>	<b>195</b>	<b>2,386</b>	<b>69,947</b>
<b>Period ended 30 June 2015</b>					
Opening net book amount	44,563	22,803	195	2,386	69,947
Additions	7,935	1,743	99	25	9,802
Impairment before tax	( 1,982)	( 192)	-	-	( 2,174)
Depreciation	( 757)	( 1,995)	( 27)	( 145)	( 2,924)
Disposals	-	( 87)	-	-	( 87)
Asset held for resale	( 1,190)	-	-	-	( 1,190)
<b>Closing net book amount</b>	<b>48,569</b>	<b>22,272</b>	<b>267</b>	<b>2,266</b>	<b>73,374</b>
<b>Period ended 30 June 2015</b>					
Cost or valuation	52,274	69,159	720	2,462	124,615
Accumulated depreciation and impairment	( 3,705)	( 46,887)	( 453)	( 196)	( 51,241)
<b>Net book amount</b>	<b>48,569</b>	<b>22,272</b>	<b>267</b>	<b>2,266</b>	<b>73,374</b>

## Notes to the financial statements *for the six months ended 30 June 2015*

6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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### 15. TRADE AND OTHER PAYABLES

Trade payables	9,013	7,446	2,560
Accrued expenses	12,965	9,433	11,358
Employee expenses	2,784	2,204	2,113
Other payables	1,907	819	573
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>26,669</b>	<b>19,902</b>	<b>16,604</b>

### 16. GROWER INCENTIVE SCHEME

The Company operates a grower incentive scheme that rewards eligible growers who sign a supply commitment with the Company. The scheme will operate for three years and at the end of each season, eligible growers are issued with \$0.10 worth of shares for every tray packed in the 2014, 2015 and 2016 seasons.

The Group has recognised \$2.55m as a discount on sales in the statement of financial performance and the liability in current liabilities in the statement of financial position for the period ended 30 June 2015.

### 17. INTEREST BEARING LIABILITIES

The Group's bank facilities are secured by debentures and mortgages over property. The Group has total facilities of \$48.5m (Dec 2014 - \$46m). This is made up of a multi option credit facility of \$24.5m (Dec 2014 - \$24.5m), of which \$13.3m is currently drawn down, and term loans of \$24.0m (Dec 2014 - \$21.5m) of which \$19m is currently drawn down.

### 18. TRANSITION TO NZ IAS (AMENDMENT) 'AGRICULTURE'

Amendments to NZ IAS 41 'Agriculture' and IAS 16 and 'Property, Plant and Equipment' are set in out in the annual audited financial statements for the year ended 31 December 2014.

Amendments to NZ IAS 41 are applicable to annual periods beginning on 1 January 2016 and the transition provisions in NZ IAS 16 allow for early adoption of the standard. The Directors have determined to accept the amended standard as at 1 January 2014 which requires the comparative financial statements to be re-stated as if the amended standard has been adopted from 1 January 2013.

The Groups financial statements for the period ended 30 June 2014 have been re-stated in the following reconciliation.



	NZ IAS 41 / NZ IAS 16 June 2014 \$000s	Effect of transition June 2014 \$000s	Amended NZ IAS 41 / NZ IAS 16 June 2014 \$000s
<b>a. Period ended 30 June 2014</b>			
<b>Equity</b>			
Share capital	35,815	-	35,815
Reserves	4,381	-	4,381
Retained earnings	19,016	( 378)	18,638
<b>TOTAL EQUITY</b>	<b>59,212</b>	<b>( 378)</b>	<b>58,834</b>
<b>Current assets</b>			
Short term lease prepayments	912	( 912)	-
Biological assets - crop	119	912	1,031
<b>Total current assets</b>	<b>49,527</b>	<b>-</b>	<b>49,527</b>
<b>Non current assets</b>			
Property, plant and equipment	63,809	1,673	65,482
Biological assets - vines	2,199	( 2,199)	-
<b>Total non current assets</b>	<b>76,508</b>	<b>( 526)</b>	<b>75,982</b>
<b>Total assets</b>	<b>126,035</b>	<b>( 526)</b>	<b>125,509</b>
<b>Non current liabilities</b>			
Deferred tax	12,566	( 148)	12,418
<b>Total non current liabilities</b>	<b>31,631</b>	<b>( 148)</b>	<b>31,483</b>
<b>Total liabilities</b>	<b>66,823</b>	<b>( 148)</b>	<b>66,675</b>
<b>NET ASSETS</b>	<b>59,212</b>	<b>( 378)</b>	<b>58,834</b>
<b>b. Reconciliation of profit for the period to 30 June 2014</b>			
Revenue	79,244	-	79,244
Cost of sales	69,284	( 8,329)	60,955
<b>Gross profit</b>	<b>9,960</b>	<b>( 8,329)</b>	<b>18,289</b>
Other income	1,373	-	1,373
Other costs	4,876	-	4,876
Decrease in fair value of biological assets - crop	642	8,329	8,971
<b>Earnings (EBITDA) before revaluations and impairments</b>	<b>5,815</b>	<b>-</b>	<b>5,815</b>
Depreciation expense	2,589	13	2,602
Amortisation of intangibles	96	-	96
<b>Earnings (EBIT)</b>	<b>3,130</b>	<b>( 13)</b>	<b>3,117</b>
Interest expense	631	-	631
<b>Net profit before tax</b>	<b>2,499</b>	<b>( 13)</b>	<b>2,486</b>
Total tax charge/(credit)	1,017	( 4)	1,013
<b>NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>1,482</b>	<b>( 9)</b>	<b>1,473</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company during the period</b>			
Basic Earnings per share	\$0.10		\$0.10
Diluted earnings per share	\$0.10		\$0.10

6 months to June 2015 \$000s Unaudited	6 months to June 2014 \$000s Unaudited	12 months to December 2014 \$000s Audited
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## 19. TURNOVER

### Reconciliation of turnover to revenue

Turnover	114,315	88,060	148,568
Value of sales made as agent	( 9,576)	( 8,816)	( 32,896)
<b>REVENUE</b>	<b>104,739</b>	<b>79,244</b>	<b>115,672</b>

Turnover represents the total value of goods and services provided to customers during the period. It includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent.

The Directors consider that sales turnover is a useful measure for the readers of the Group financial statements as it provides an indication of the Group's operating activity including the value of sales as an agent made on behalf of growers and suppliers but where the Group is considered as the vendor by the end customer. The value of the sales made as agent includes all produce sales both local and export.

## 20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

### Acquisition of Bunbartha Fruit Packers Pty Limited ("BFP")

On 5 August 2015, the Group entered into an agreement to acquire 100% of the orcharding business and assets of Australian company Bunbartha Fruit Packers Pty Limited ("BFP") and its associated entities for a purchase price of AUD\$22 million. Seeka's and BFP's businesses are strategically aligned and complement each other. Both sell to similar customers at different times of the year, and now have the opportunity to integrate selling and marketing operations. The fruit produced and marketed by BFP broadens and complements Seeka's existing offering of kiwifruit, avocados and kiwiberries.

The completion of the acquisition is anticipated to occur on 20 August 2015 following satisfaction of conditions usual for a transaction of this nature, including Foreign Investment Review Board (FIRB) approval. Seeka has established a wholly-owned Australian-based subsidiary to acquire the business and handle debt financing. The purchase price is intended to be funded through debt facilities with \$17.0m to be paid on completion and two further deferred payments of \$2.5m to be paid 15 January 2016 and 1 July 2016 respectively. Seeka has accepted an offer from their current bankers to fund this acquisition and any future capital needs.

BFP's business has revenue of approximately NZD\$17m which would be expected to increase Seeka's EBITDA by between NZD\$3.2m to NZD\$4.0m, this is before any synergy gains arising from the acquisition. Seeka expects to add further value through the synergies that both businesses can deliver to each other from internal optimisation and market expansion. The Group anticipates that these synergies will deliver incremental returns to our shareholders and our growers.

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

# Directory

## DIRECTORS

### Fred Hutchings

Independent Chairman

### Malcolm Cartwright

Deputy Chairman

### Amiel Diaz

Director

### Martyn Brick

Director

### Neil Te Kani

Director

### John Burke

Independent Director

### Ashley Waugh

Independent Director

## MANAGEMENT

### Michael Franks

Chief Executive

### Bryan Grafas

GM Orchard Operations

### Ray Hook

GM Retail Services

### Kevin Halliday

GM Corporate Services

### Rob Towgood

GM Post Harvest Operations

### Stuart McKinstry

Chief Financial Officer  
and Company Secretary

### Simon Wells

GM Growers

## CORPORATE

### Head Office of Seeka Kiwifruit Industries Limited

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[www.seeka.co.nz](http://www.seeka.co.nz)

### AUDITOR

PwC

Auckland

### SHARE REGISTRAR

Link Market Services Limited

Auckland

### BANKERS

Westpac Banking Corporation

Auckland

### NZX

[www.nzx.com](http://www.nzx.com)



[www.seeka.co.nz](http://www.seeka.co.nz)

