SEEKA KIWIFRUIT INDUSTRIES LIMITED

REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2012 [UNAUDITED]

JUNE 2012

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Contents

FINANCIAL SUMMARY	Unaudited 6 months to 30 June 2012	Audited 12 months to 31 December 2011	Unaudited 6 months to 30 June 2011
Revenue ($000s)	$ 79,540	$ 137,062	$ 98,070
Earnings before interest, depreciation, & amortisation EBITDA ($000s)	$ 14,642	$ 10,226	$ 18,233
Profit before tax ($000s)	$ 11,424	$ (7,322)	$ 12,031
Profit after tax ($000s)	$ 8,471	$ (7,053)	$ 9,220
Operating cash flow ($000s)	$ (1,215)	$ 18,316	$ 6,167
POST HARVEST DIVISION			
Total trays packed (Class 1 & 2 in 000s)	21,338	27,115	24,660
Post harvest revenue ($000s)	$ 51,219	$ 93,754	$ 66,246
Post harvest EBITDA ($000s)	$ 12,546	$ 17,364	$ 16,941
ORCHARD DIVISION			
Harvest volumes Green leased & managed (trays in 000s)	6,203	7,626	7,506
Harvest volumes Gold leased & managed (trays in 000s)	1,150	2,966	2,951
Orchard revenue ($000s)	$ 27,082	$ 40,124	$ 30,335
Orchard EBITDA ($000s)	$ 5,597	$ (5,537)	$ 4,394

Half Year Review

Seeka is pleased to provide financial results for the six months to 30 June 2012. It has been a difficult and uncertain period for the company and wider kiwifruit industry due to the Psa disease.

Since the outset of the outbreak, Seeka implemented a strategy to weather the company through the period and position it for redevelopment once a resistant cultivar is found. Actions included selling surplus assets, reducing debt, restructuring operations to reduce costs, the continuing suspension of the dividend and limiting capital expenditure. Steps have been taken to renegotiate long-term orcharding assets. Interest bearing debt has been significantly reduced.

OPERATING PERFORMANCE

Operating revenue totalled $79.5m, down by 18.9% from the previous corresponding period (pcp).

EBITDA of $14.6m excluding any extraordinary items was 19.7% down from $18.2m in the pcp. There were no significant impairments required in the reported period.

NPAT totalled $8.5m compared to $9.2m in the pcp.

Negative operating cash flows of $1.2m reflects the early close to the 2012 harvest season. This enabled an earlier repayment of seasonal trade creditors than in the pcp. As with prior years, operating cash flows are expected to become strongly positive in the second half of the year.

Careful cash management enabled Seeka to reduce total interest-bearing debt to $31.5m, down from $40.6m at the same time last year (noting that Seeka operates in a seasonal business).

REVIEW OF OPERATIONS

Overall harvest volumes were down by 13.5% from the pcp. Total trays handled was 21.3m, compared to 24.7m in the pcp.

Gold fruit volumes were halved as Psa-V ravaged the local Te Puke crop – the heartland of Seeka's grower catchment. Seeka packed some 3.3m trays of gold compared to last year's 6.3m trays. Positively, Seeka was able to harvest 674k gold trays from infected long-term lease orchards (in 2011 these orchards produced some 1.5m trays, delivering more than $5.5m EBITDA.)

Green fruit volumes were affected by the Psa-V management regime. Orchards were sprayed with copper and elicitors, which reduced crop yields, size and overall volumes. Green volumes totalled 16.6m trays (the same hectares produced 18.5m trays last year).

The company was well prepared for the lower crop volumes. It had restructured staffing and operating facilities to achieve a timely harvest for growers and to maximise plant efficiency. Volumes were reallocated to the most locally efficient sites and machines. The harvest of gold crops in Psa-V regions was prioritised to minimise the added risk from fruit hanging in a Psa-rich environment. The number of leased coolstores was reduced to match capacity to the reduced volumes.

Competition within the post-harvest sector increased significantly as operators sought to fill vacant packing and coolstore capacity. Prices charged to growers decreased across the industry despite increasing costs. The outlook is for an increasingly competitive post-harvest market, with further price refinement likely.

POST HARVEST OPERATIONS

The post harvest division co-ordinates the harvest, packing, coolstore, and logistics operations for kiwifruit and avocados.

EBITDA for the six months totalled $12.5m, down from$16.9m in the pcp.

Total kiwifruit volumes fell from 24.7m trays in 2011 to 21.3m in 2012 (down 13.5%). Harvest teams prioritised gold fruit in order to reduce the risk of disease. The harvest of gold fruit was completed on 26 May; earlier in the Te Puke catchment.

Green volumes were lower than expected. An average fruit size of 34.2 was smaller than previous years, and orchard yields reduced from 8,950 trays per hectare in 2011 to 8,260 in 2012. This meant Seeka handled 16.6m green Class 1 trays (the same hectares produced 18.5m trays last year).

Seeka invested in Near-Infra-Red (NIR) technology, which was installed at Oakside. This technology segregates soft fruit or lines with differing internal flesh colours, and assists the company to better process the new Zespri G9 variety. This variety has a wider internal colour variation and NIR enables the fruit to be sorted into differing and appropriate management regimes.

Packing operations were rationalised for maximum efficiency, and closed sites were used for cool storage or sold. Bayliss, MacLoughlin, Waimapu, KCG and Rea Road were closed. In the case of Rea Road, a conditional sale agreement was entered into and subsequently went unconditional after balance date. Waimapu is for sale.

Seeka continues to assess future crop volumes so packing and coolstore capacity can be adjusted accordingly. Detailed planning continues to optimise sites and packing efficiencies for 2013, including the scenario where the new varieties are successful and volumes rebuild rapidly.

	Audited 12 months 31 March 2010	Audited 9 months 31 December 2010	Audited 12 months 31 December 2011	Unaudited 6 months 30 June 2011	Unaudited 6 months 30 June 2012
OPERATING EARNINGS — EBITDAF					
Earnings before interest, tax, depreciation, amortisation, fair value adjustments, impairments and asset revaluations	**$ 14,902**	**$ 19,660**	**$ 21,036**	**$ 18,805**	**$ 14,642**
Depreciation and amortisation expense	(5,103)	(4,938)	(6,603)	(3,270)	(2,922)
Fair value movement in biological assets — vines	(194)	(282)	(9,730)	(572)	—
Impairment charges	(1,964)	367	(5,796)	—	—
Revaluation	—	(157)	(3,763)	(1,631)	530
Huka Pak acquisition costs — cancellation of management contract	(3,900)	—	—	—	—
Loss on sale of joint venture	(400)	—	—	—	—
Interest	(2,107)	(2,055)	(2,766)	(1,356)	(881)
Fair value of non — hedge derivatives	211	84	300	55	55
Net profit / (loss) attributable to shareholders	**$ 1,445**	**$ 12,679**	**$ (7,322)**	**$ 12,031**	**$ 11,424**
Tax (charge) / credit	(1,075)	(6,248)	269	(2,811)	(2,953)
Net profit / (loss) attributable to shareholders	**$ 370**	**$ 6,431**	**$ (7,053)**	**$ 9,220**	**$ 8,471**

ORCHARD OPERATIONS

This division handles all growing and orchard management services for the company's own long-term lease orchards and for short-term leased and managed orchards.

EBITDA of $5.6m compares to $4.4m in the pcp and reflects a higher-than- anticipated return on the company's orchards.

Gold trays harvested from the long-term leased orchards totalled 674k, down from 1.5m in 2011. Seeka entered into negotiations to reset long-term leases infected with Psa-V. The standard long-term lease allows Seeka to reduce or exit the lease where there is partial or total destruction to Seeka's improvements on the land. Seeka's right to terminate the lease was confirmed via arbitration. Importantly, there needs to be enough time for Seeka to recoup its investment and earn a commercial return should it choose to replant.

Two gold orchard leases totalling 4.09 hectares expired during the six months and a further 3.62 hectares were relinquished by agreement with the land owner (to be redeveloped by them, with the fruit to be handled by Seeka).

At 30 June negotiations had been substantially completed to redevelop seven orchards totalling 46.75 hectares. These orchards will be regrafted or replanted as appropriate with either the Zespri new varieties or Hayward as the targeted cropping variety. Negotiations to replant or regraft two orchards, covering some 34.95 hectares, were continuing at balance date.

SEEKAFRESH AND AVOFRESH

SeekaFresh handles all the non-Zespri supplied fruit sales. These include kiwifruit sales programmes for class 2 fruit to Australia and avocado sales supplied by its avocado operation, AvoFresh.

SeekaFresh continues to expand its operations and contribution to the business. New avocado programmes in 2012 included Korea and Japan in conjunction with Fresh MD Holdings. These programmes help reduce growers' reliance on the Australian market, which has been the largest market for New Zealand avocados but which also has a rapidly increasing local supply.

The outlook for the SeekaFresh and AvoFresh business remains positive.

PSA-V

The kiwifruit industry has been rocked since the outbreak of Psa-V in November 2010. The release of the Zespri tolerant varieties gives rise to some fragile optimism of a pathway to recovery. Over 2,000 hectares of orchards have been grafted to the new G3 variety alone. Hayward, the dominant variety within the industry, has shown good tolerance to the disease to date. The spring period will be a critical time for the industry as it monitors orchards for any signs of deterioration. Seeka continues to exercise caution in all facets of its operation.

CLOSE

This remains a testing time for the industry and Seeka. The pressure of the Psa-V outbreak alongside a challenging harvest and grower uncertainty has again demonstrated how Seeka's dedicated leadership, dedicated people and its strategy, position the company well to deliver the best outcome to growers and shareholders in the current environment.

John Burke
Chairman of Directors

Statement of Financial Performance *For the six months ended 30 June 2012*

	6 months to June 2012 $000s Unaudited	12 months to December 2011 $000s Audited	6 months to June 2011 $000s Unaudited
Revenue	79,540	137,062	98,070
Cost of sales	59,185	105,359	75,770
Gross operating profit	**20,355**	**31,703**	**22,300**
Other income	99	242	21
Share of profit of equity accounted investees	52	340	545
Other costs	5,864	12,329	4,061
Fair value movement in biological assets — vines	-	9,730	572
Earnings (EBITDA) before revaluations and impairments	**14,642**	**10,226**	**18,233**
Depreciation and amortisation expense	2,871	6,394	3,147
Loss on revaluation of land and buildings	-	3,233	1,400
Impairment of lease interest in land	-	417	-
Impairment of goodwill	-	2,850	-
Impairment of investments in associates	-	1,228	-
Impairment of land held for resale	-	221	-
(Gain)/loss on revaluation of available for sale financial assets	(530)	530	231
Amortisation of intangibles	51	209	123
Earnings (EBIT)	**12,250**	**(4,856)**	**13,332**
Interest expense	881	2,766	1,356
Fair value adjustments on non-hedging derivatives	(55)	(300)	(55)
Net profit/(loss) before tax	**11,424**	**(7,322)**	**12,031**
Tax charge/(credit) on profit/(loss)	2,953	(269)	2,811
Total tax charge/(credit)	**2,953**	**(269)**	**2,811**
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	8,471	(7,053)	9,220
Earnings per share for profit attributable to the ordinary equity holders of the Company during the period			
Earnings per share	**$0.59**	**-$0.50**	**$0.65**
Diluted earnings per share	**$0.59**	**-$0.50**	**$0.65**

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income

For the six months ended 30 June 2012

	6 months to June 2012 $000s Unaudited	12 months to December 2011 $000s Audited	6 months to June 2011 $000s Unaudited
Net profit/(loss) attributable to shareholders	**8,471**	**(7,053)**	**9,220**
Movement in cash flow hedge reserve, net of tax	18	(69)	19
(Loss) on revaluation of land and buildings, net of tax	-	(5,237)	(4,900)
Gain/(loss) on revaluation of available for sale financial assets, net of tax	90	(317)	(372)
Other comprehensive income/(loss) for the period	**108**	**(5,623)**	**(5,253)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	8,579	(12,676)	3,967

The accompanying notes form an integral part of these financial statements

Statement of Financial Position *As at 30 June 2012*

	Notes	June 2012 $000s Unaudited	December 2011 $000s Audited	June 2011 $000s Unaudited
EQUITY				
Share capital		35,690	35,690	35,689
Reserves		3,161	3,053	3,422
Retained earnings		20,203	11,732	28,005
TOTAL EQUITY		59,054	50,475	67,116
CURRENT ASSETS				
Cash and cash equivalents		244	903	662
Trade and other receivables	9	28,471	11,141	27,026
Short term lease prepayments		277	7,636	197
Inventories — crop		9,198	-	14,248
Inventories — packaging and other		1,094	2,167	1,889
Current tax receivables		-	-	973
Land and buildings held for resale	12	1,619	899	1,120
TOTAL CURRENT ASSETS		40,903	22,746	46,115
NON CURRENT ASSETS				
Advances		704	938	1,026
Property, plant and equipment		68,901	72,137	76,878
Intangible assets		1,370	1,349	4,707
Available for sale financial assets		1,537	944	1,201
Biological assets	5	141	1,123	9,002
Investment in associates		2,971	3,005	4,437
TOTAL NON CURRENT ASSETS		75,624	79,496	97,251
TOTAL ASSETS		116,527	102,242	143,366
CURRENT LIABILITIES				
Current tax liabilities		1,731	3,235	5,616
Trade and other payables		12,801	9,157	17,830
Interest bearing liabilities		8,738	6,703	32,430
Financial derivatives		396	662	787
TOTAL CURRENT LIABILITIES		23,666	19,757	56,663
NON CURRENT LIABILITIES				
Interest bearing liabilities		22,778	23,966	8,154
Deferred tax		11,029	8,044	11,433
TOTAL NON CURRENT LIABILITIES		33,807	32,010	19,587
TOTAL LIABILITIES		57,473	51,767	76,250
NET ASSETS		59,054	50,475	67,116

On behalf of the Board

J. Burke
Chairman

S. Burns
Director

Dated: 28 August 2012

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the six months ended 30 June 2012

	Notes	Share capital $000s	Available for Sale revaluation reserve $000s	Cash flow hedge reserve $000s	Share based payments reserve $000s	Land and buildings revaluation reserve $000s	Retained earnings $000s	Total $000s
GROUP								
EQUITY AT 1 JANUARY 2011		35,657	372	(105)	114	8,295	20,516	64,849
Total comprehensive income		-	(372)	19	-	(4,900)	9,220	3,967
Transactions with owners								
Shares issued		31	-	-	-	-	-	31
Dividends paid	6	-	-	-	-	-	(1,731)	(1,731)
Total transactions with owners		**31**	**-**	**-**	**-**	**-**	**(1,731)**	**(1,700)**
EQUITY AT 30 JUNE 2011 (UNAUDITED)		35,688	-	(86)	114	3,395	28,005	67,116
Total comprehensive income		-	55	(88)	-	(337)	(16,273)	(16,643)
Transactions with owners								
Shares issued		2	-	-	-	-	-	2
Dividends paid	6	-	-	-	-	-	-	-
Total transactions with owners		**2**	**-**	**-**	**-**	**-**	**-**	**2**
EQUITY AT 31 DECEMBER 2011 (AUDITED)		35,690	55	(174)	114	3,058	11,732	50,475
Total comprehensive income		-	90	18	-	-	8,471	8,579
Transactions with owners								
Shares issued		-	-	-	-	-	-	-
Dividends paid	6	-	-	-	-	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**-**
EQUITY AT 30 JUNE 2012 (UNAUDITED)		35,690	145	(156)	114	3,058	20,203	59,054

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the six months ended 30 June 2012

	Notes	6 months to June 2012 $000s Unaudited	12 months to December 2011 $000s Audited	6 months to June 2011 $000s Unaudited
Operating Activities				
Cash was provided from:				
Receipts from customers		60,259	140,870	76,834
Interest and dividends received		185	552	340
Cash was disbursed to:				
Payments to suppliers and employees		(59,159)	(116,396)	(67,064)
Interest paid		(1,035)	(2,626)	(1,427)
Income taxes paid		(1,465)	(4,084)	(2,516)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	(1,215)	18,316	6,167
Investing activities				
Cash was provided from:				
Sale of property, plant and equipment		106	16	(4)
Sale of available for sale investments		27	13	-
Repayment of advances		237	-	-
Cash was applied to:				
Purchase of property, plant and equipment		(605)	(6,826)	(4,713)
Advances		(3)	(136)	(223)
Long term lease development		(53)	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		(291)	(6,933)	(4,940)
Financing activities				
Cash was provided from:				
Proceeds of short term bank borrowings		13,795	27,969	11,316
Issue of shares		-	32	32
Cash was applied to:				
Repayment of term debt		(1,188)	(5,376)	(1,188)
Repayment of short term bank borrowings		(11,760)	(31,928)	(9,548)
Payment of dividend		-	(1,731)	(1,731)
NET CASH FLOWS FROM FINANCING ACTIVITIES		847	(11,034)	(1,119)
NET (DECREASE)/INCREASE IN CASH FLOW		(659)	349	108
Opening cash and cash equivalents		903	554	554
CLOSING CASH AND CASH EQUIVALENTS		244	903	662

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements *For the six months ended 30 June 2012*

NOTE 1. REPORTING ENTITY

Seeka Kiwifruit Industries Limited ('The Company") and its subsidiaries (together 'the Group') provide and manage service activities to the horticultural industry. The Company is a limited liability company incorporated and domiciled in New Zealand and is registered under the Companies Act 1993 and listed on the New Zealand Stock Market (NZX). The Company is an issuer in terms of the Financial Reporting Act 1993, and is designated as a profit oriented entity for financial reporting purposes. The Consolidated Financial Statements of the Group for the period ended 30 June 2012 comprise the Company and its subsidiaries and interest in associates. The address of its registered office is 6 Queen Street, Te Puke.

NOTE 2. BASIS OF PREPARATION

The Group interim financial information for the six months ended 30 June 2012 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 2011, which have been prepared in accordance with IFRS.

NOTE 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 2011, 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.

NOTE 4. SEGMENT INFORMATION

a. Description of segments

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

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

Management assesses the performance of the operating segments based on a measure of adjusted EBIT. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as impairments when the impairment is the result of an isolated non-recurring event and restructuring costs.

The reportable operating segments are as follows:

Orchard Operations

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

Post Harvest Operations

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

Business Development Operations

The Group provides grower and marketing services including local and Australian fruit marketing programmes.

All Other Segments

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

	6 months to June 2012 $000s Unaudited	12 months to December 2011 $000s Audited	6 months to June 2011 $000s Unaudited

b. The segment information for the period ended 30 June 2012 is as follows:

Segment revenues			
Orchard Division	27,082	40,124	30,335
Post Harvest Division	51,219	93,754	66,246
Business Development Division	1,220	2,746	1,287
All other segments	19	438	202
TOTAL REVENUE	79,540	137,062	98,070
Segment earnings (EBIT)			
Orchard Division	5,452	(6,037)	4,327
Post Harvest Division	10,177	11,651	14,063
Business Development Division	(699)	(1,036)	(769)
All other segments	(2,732)	(9,774)	(4,834)
Share of associates	52	340	545
TOTAL EBIT	12,250	(4,856)	13,332
Net finance costs	826	2,466	1,301
PROFIT/(LOSS) BEFORE TAX	11,424	(7,322)	12,031
Tax charge/(credit) on profits	2,953	(269)	2,811
TOTAL TAX CHARGE/(CREDIT)	2,953	(269)	2,811
PROFIT/(LOSS) AFTER TAX	8,471	(7,053)	9,220

c. Segment assets

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

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

Reportable segments' assets are reconciled to total assets as follows:

Orchard Division	27,213	20,414	40,585
Post Harvest Division	81,817	71,420	90,680
Business Development Division	241	649	241
All other segments	2,504	3,253	6,318
Unallocated:			
Cash	244	903	662
Net GST receivable (payable)	-	305	(1,731)
Available-for-sale financial assets	1,537	944	1,201
Investment in associates	2,971	3,005	4,437
Intangibles	-	1,349	-
Current tax	-	-	973
TOTAL ASSETS PER THE STATEMENT OF FINANCIAL POSITION	116,527	102,242	143,366

d. Impact of seasonality

The interim financial statements reflect the revenues associated with the kiwifruit harvested between March and June 2012, including kiwifruit crops owned by the Group under short and long term lease contracts which are recorded at fair value at each reporting date.

NOTE 5. BIOLOGICAL ASSETS

a. Long term leases

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

	6 months to June 2012 $000s Unaudited	12 months to December 2011 $000s Audited	6 months to June 2011 $000s Unaudited
Kiwifruit/avocado biological assets at fair value			
Carrying amount at beginning of period	1,123	12,588	12,588
Change in fair value of crop	(982)	(1,735)	(3,014)
Fair value movement in vines	-	(9,730)	(572)
CARRYING VALUE AT END OF PERIOD	141	1,123	9,002

As at 30 June 2012 the Group had long term leases on a total of 116.44 hectares (December 2011 - 140 hectares) of kiwifruit and 26 hectares (December 2011 - 26 hectares) of avocado orchards comprising 13 (December 2011 - 16) individual orchards. The leases were entered into over a period of time and generally have a maximum term of 19 years and 11 months with the last lease expiring in June 2025.

The fair value of the kiwifruit and avocado orchards (land, vines and trees) for long term leased orchards is determined by Directors having taken into account an independent valuation performed at each annual reporting date by Logan Stone Registered Valuers and any events subsequent to that valuation.

The carrying value of kiwifruit biological assets at 30 June 2012 has been reduced by a provision of $0.38m (December 2011 - $0.58m) for the cost of removing gold vines after harvest.

Impact of Pseudomonas syringae pv. actinidiae (Psa) on long term leases

The standard lease allows the Group to exit the lease where there has been partial or total destruction of the improvements to the land, being the orchard. The Group's right to cancel a 15.28 hectare gold lease as a result of partial and total destruction was confirmed by arbitration during the period to 30 June 2012. A further 2 gold leases totalling 4.09 hectares expired during the 6 months to 30 June. In addition, a gold lease of 3.62 hectares was relinquished during the period and is being re-developed by the lessor with the crop to be packed by Seeka.

At balance date the Group had substantially completed negotiations to re-establish 7 gold orchards being 46.75 hectares with a combination of new varieties and Hayward green. As part of these negotiations the leases will be amended to reflect the investment and risk to the Group of re-establishing those orchards. Lease terms on a further 2 orchards, 34.95 hectares, were being re-negotiated at balance date.

b. Fair value of harvested crops

During the period to 30 June 2012, the Group harvested 972,966 trays of kiwifruit (December 2011 - 1,836,651 trays) from long term leased orchards and 3,820,194 trays of kiwifruit (December 2011 - 4,924,550 trays) from short term leased orchards.

The value of the harvested crop at balance date is $19.02 million (December 2011 - $6.09), based on the assumptions below for orchard gate returns. A portion of this crop is still held in Seeka's coolstores at the half year balance date and recorded as inventory-crops of $9.19 million (December 2011 - Nil). The remaining $9.83m (December 2011 - $6.09) is recorded within trade and other receivables.

Variety	Short term lease	Long term lease
Green — OGR per tray	$3.85	$3.85
Gold — OGR per tray	$7.99	$7.99

	June 2012 $000s Unaudited	December 2011 $000s Audited	Per share $
NOTE 6. DIVIDENDS			
Ordinary shares			
Dividend paid 27 May 2011	-	1,731	0.12
TOTAL DIVIDEND PAID	**-**	**1,731**	

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

	6 months to June 2012 $000s Unaudited	12 months to December 2011 $000s Audited	6 months to June 2011 $000s Unaudited
NOTE 7. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Surplus after Taxation	**8,471**	**(7,053)**	**9,220**
Add non cash items:			
Depreciation	2,871	6,394	3,147
Amortisation of orchard development	-	475	-
Amortisation of intangibles	51	209	123
Impairment of lease interest in land	-	417	-
Impairment on goodwill	-	2,850	-
Impairment of investment in associates	-	1,228	-
Impairment of land held for resale	-	221	-
Gain on revaluation of available for sale assets	-	55	-
Loss on revaluation of available for sale assets	-	530	231
Loss on revaluation of land and buildings	-	3,233	1,400
Movement in deferred tax	2,993	(4,563)	(1,461)
Movement in fair value of biological assets — vines	-	9,730	572
Movement in fair value of biological assets — crop	982	1,735	3,014
Movement in fair value of non-biological assets	-	818	-
Movement in derivatives	(255)	(205)	(80)
Movement in employee share scheme	-	-	18
Share of income from associates	34	(22)	(220)
	6,676	**23,105**	**6,744**
Add items not classified as an operating activity:			
Loss/(gain) on sale of property, plant and equipment	71	(16)	4
Gain on sale of shares	(530)	-	-
	(459)	**(16)**	**4**
(Increase) decrease in working capital:			
Increase (decrease) in accounts payable	3,643	803	9,187
(Increase) decrease in accounts receivable	(26,526)	1,479	(28,951)
(Increase) decrease in inventory	1,072	(119)	(62)
(Increase) decrease in work in progress / prepayments	7,412	(231)	8,269
Increase (decrease) in taxes and GST due	(1,504)	348	1,756
	(15,903)	**2,280**	**(9,801)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**(1,215)**	**18,316**	**6,167**

NOTE 8. COMMITMENTS AND CONTINGENCIES

NZX/Westpac: Westpac Bank holds a guarantee for a bond of $75,000 (2011 - $75,000) in favour of the New Zealand Stock Exchange.

As at 30 June 2012 the Group had no contingent liabilities or assets (2011 - Nil).

NOTE 9. 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 post harvest operations and revenues from the sale of kiwifruit on behalf of growers with whom it holds a contract. In the current period the Group received $50,318,169 (2011: $51,195,190) 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.

NOTE 10. INTEREST BEARING LIABILITIES

At balance date, interest bearing liabilities described as current include $2.376m for the current portion of term loans.

NOTE 11. 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. With the discovery of Psa the Directors made the decision to revalue all the Group's land and building assets at 31 December 2011. The valuations were completed by TelferYoung Valuers, (incorporating J L Middleton), ANZIV, independent registered valuer. Subsequent additions are at cost. Valuations were as at 31 December 2011.

At the half year balance date the Directors, having considered advice from TelferYoung Valuers, believe that the carrying value of land and building assets (excluding assets under construction) does not differ materially from its fair value, and therefore the assets have not been revalued at this half year balance date.

NOTE 12. EVENTS OCCURRING AFTER BALANCE DATE

At the half year balance date a conditional offer from an external party has been received on the Rea Road packhouse and coolstore for $0.94m. The contract became unconditional on 15 August 2012, and will result in a $0.22m gain on sale. The Group's intention is to lease back the coolstore portion of the facility for five years. This asset has been included in land and buildings held for resale at balance date,

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

Directory

DIRECTORS

John Burke
Chairman

Amiel Diaz
Director

Stuart Burns
Director

Malcolm Cartwright
Director

David Emslie
Director

Taari Nicholas
Director

MANAGEMENT

Michael Franks
Chief Executive

Bryan Grafas
GM Orchard Operations

Kevin Halliday
GM Corporate Services

Stuart McKinstry
Chief Financial Officer

Peter Mourits
GM Corporate Marketing

Rob Towgood
GM Post Harvest Operations

CORPORATE

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PricewaterhouseCoopers
Auckland

BANKERS

Westpac Banking Corporation
Auckland

SHARE REGISTRAR

Link Market Services Limited
Ashburton

NZX

www.nzx.com

LEGAL ADVISORS

Harmos Horton and Lusk
Auckland

McKenzie Elvin
Tauranga

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