SEEKA KIWIFRUIT INDUSTRIES LIMITED

REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2011 [UNAUDITED]

SEEKA

KIWIFRUIT INDUSTRIES LIMITED

Contents

1	Half Year Review
4	Statement of Financial Performance
5	Statement of Comprehensive Income
6	Statement of Financial Position
7	Statement of Changes in Equity
8	Statement of Cash Flows
9	Notes to the Financial Statements
14	Directory

FINANCIAL SUMMARY	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 September 2010	Audited 9 months to 31 December 2010
Revenue ($000s)	$ 98,070	$ 110,389	$ 122,157
Earnings before interest, depreciation, & amortisation EBITDA ($000s)	$ 18,233	$ 24,464	$ 19,588
Profit before tax ($000s)	$ 12,031	$ 19,958	$ 12,679
Profit after tax ($000s)	$ 9,220	$ 11,044	$ 6,431
Operating cash flow ($000s)	$ 6,167	$ 24,636	$ 26,025
POST HARVEST DIVISION			
Total trays packed (Class 1 & 2 in 000s)	24,660	22,591	22,795
Post harvest revenue ($000s)	$ 66,246	$ 73,982	$ 77,620
Post harvest EBITDA ($000s)	$ 16,941	$ 23,362	$ 21,487
ORCHARD DIVISION			
Harvest volumes Green leased & managed (trays in 000s)	7,506	7,776	7,861
Harvest volumes Gold leased & managed (trays in 000s)	2,951	2,285	2,258
Orchard revenue ($000s)	$ 30,335	$ 33,094	$ 39,141
Orchard EBITDA ($000s)	$ 4,394	$ 5,605	$ 4,250

Half Year Review

Seeka is pleased to provide financial results for the six months to 30 June 2011. This is the first half-year report delivered for a period ending in June, as the company recently changed its annual balance date to December.

Comparisons in the report are made against the six months to 30 September 2010 (referred to as the 'previous comparative period', or pcp). The company advises that due to the seasonal nature of its business, significant revenue is earned in the quarter ending 30 September.

Strategies focusing on quality, professional service and price leadership have seen Seeka continue to perform strongly over the half year. The company is operating in an environment where the outbreak of Pseudomona syringae pv. actinitidiae (Psa-V) has been confirmed as a fundamental threat to the New Zealand kiwifruit industry.

The disease creates uncertainties across the industry, and could have a significant impact on the national economy. The company has responded to the outbreak, and ensured shareholders and the market are kept abreast of developments as they occur. Seeka has formed a research team that brings together specialists in biochemistry, genetics, outbreak intervention, microbiology, elicitor analysis and biotechnology to assist industry efforts to remove or mitigate the threat.

OPERATING PERFORMANCE

Total revenue of $98.07m was down on pcp, in line with expectations due to the new six-month balance date. Total trays packed by Seeka was 24.66 million, up by 2.07 million from the previous year.

EBITDA totalled $18.23m, against $24.46m in pcp. Seeka earned an unaudited EBITDA of $6.24m in the quarter ended 30 September 2010.

Net profit after tax was $9.22m, against $11.04m in pcp (pcp included a one-off tax charge of $3.24m resulting from changes to depreciation rules on buildings).

Operating cash flow was $6.17m, against $24.64m pcp. This is not a 'like for like' comparison because of Seeka's seasonal cash flow, which is negative January to March, and significantly positive July to November (after harvest).

The 2011 harvest period was wet - fruit matured later, delaying harvest. The fruit was of good quality but, generally, of lower Brix. This normally affects its storage life. The later harvest has flowed through to slower shipping and packing programmes.

There was a significant increase in crop volume from 2010. The national Green crop totalled 83 million trays (compared to 76 million trays in 2010). Gold totalled 31 million trays (23 million trays in 2010).

Markets are difficult, particularly among Europe's troubled economies.

The combination of a late harvest, large crop and soft markets has led to Zespri reducing forecast market returns. Lower market returns have, in turn, been forecast by Seeka Growers. Gold orchard gate returns are forecast to be $7.09 per tray, which is still rewarding for growers. At $3.65 per tray, orchard gate returns for Green fruit remain lackluster. Orchard gate returns in 2010 were $8.81 and $4.39 respectively.

The effect of New Zealand's rising dollar has been softened by an industry hedging programme that insulates growers by as much as $1 per tray. Orchard profitability will be under threat if the trends for lower returns and rising orchard costs combine with the run out of hedging.

The impact of Psa-V has been felt in all parts of Seeka's business in some way. There are new hygiene protocols. Seeka has made the responsible decision to restrict the movement of fruit harvested in the Te Puke "hot zone". Fruit from infected orchards is handled at restricted sites. New equipment to disinfect and wash bins has been installed at all processing sites to reduce the risk of cross-contamination.

Psa-V has not had a material impact on the half-year's cash flow from operations. About 300k trays of Gold fruit out of Seeka's 6.7m tray catchment were not harvested due to Psa-V. There has, however, been an impact on Seeka's asset valuations. At 30 June, Directors revalued land and building assets down by $7.6m. This resulted in a $1.4m revaluation loss in the statement of financial performance, a reduction of $4.9m in the asset revaluation reserve, and a reduction of $1.3m in the deferred tax liability. There were additional operational costs, but these were minimised and managed through the careful planning of post-harvest operations.

Seeka has detected Psa-V in two of its long-term lease orchards: Goldfields and Swift Current. At Swift Current the disease has not been able to be contained, despite efforts to do so. Therefore Directors have taken the step to fully impair this orchard, with a $572k write-down on its value. If the entire orchard must be removed, this will reduce full-year EBITDA by approximately $904k. At Goldfields, just one plant was found to be infected. It was removed, as were adjacent plants, which later tested negative for the disease. This orchard has been disease-free for at least two months; it remains under close surveillance.

POST HARVEST AND SUPPLY OPERATIONS

Post harvest operations handle harvest coordination, fruit packing and dispatch across the company's packing sites and coolstores. The division produces about two-thirds of Seeka's revenue. In the half-year, it delivered EBITDA of $16.94m from revenues of $66.25m ($23.36m and $73.98m pcp). Significant revenue is earned in the quarter ending 30 September. The division's current year EBITDA is in line with expectation and crop volumes are up 18 per cent.

The division completed a significant $5m upgrade to the Huka Pak site including new pre-cooling stores, a canopy and the MAF Roda fruit packing machine. The former Satara Totara coolstore near to Huka Pak was leased to provide balanced coolstore and packing capacity.

Commissioning the new machine was pressured, with shipping delays because of French port strike action. It was commissioned on time through the efforts of our supplier. This machine provides a leading-edge, highly-sophisticated packing line. At the end of the season it was performing to expectation, and it has the potential to do even better in 2012.

OPERATING EARNINGS — EBITDAF

$000s	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 September 2010	Audited 9 months to 31 December 2010
Earnings before interest, tax, depreciation, amortisation, fair value adjustments and asset revaluations — EBITDAF	$ 18,805	$ 24,464	$ 19,869
Depreciation and amortisation	$ (3,270)	$ (3,088)	$ (4,781)
Biological asset revaluations	$ (572)	-	$ (281)
Loss on revaluation of available for sale financial assets	$ (231)	-	-
Loss on revaluation of land and building assets	$ (1,400)	-	$ (157)
Interest	$ (1,356)	$ (1,402)	$ (2,055)
Fair value adjustments on non-hedging derivatives	$ 55	$ (16)	$ 84
Tax	$ (2,811)	$ (8,914)	$ (6,248)
Net profit after tax	**$ 9,220**	**$ 11,044**	**$ 6,431**

The division underwent an internal restructure in late 2010 in anticipation of the investment at Huka Pak. The previous structure of five hubs was consolidated to four, and the Waimapu packing site closed. Down-sizing was a difficult decision and process, though the subsequent results have shown the benefits.

Detailed planning is being undertaken to optimise sites and packing efficiencies in 2012. Growers and shareholders are best served by a committed, professionally planned and prepared post harvest division.

ORCHARD OPERATIONS

Orchard operations delivered EBITDA of $4.39m from total revenue of $30.33m ($5.60m and $33.09m respectively pcp). The division's earnings have been affected by the company's new balance date, which entails a significant change to orchard accounting under IFRS accounting rules. The company recognises the difficulty in forecasting orchard gate returns so early in the selling season, and has appropriately applied a 15 per cent discount to individual orchard gate return forecasts to determine orchard revenues at 30 June 2011.

Yields from Seeka's long-term lease orchards were exceptional, with 105 hectares yielding some 1.5m Gold trays and 315k Green trays. This is forecast to generate EBITDA of $6.52m. Similarly, the orchard division has grown 4.2m trays of Green, 117k trays of Organic Green and 593k trays of Gold through short-term leasing arrangements, which are also forecast to make a positive contribution to EBITDA.

The division has responded quickly to the outbreak of Psa-V by implementing strict hygiene protocols and a spraying regime. A detection team has been trained to undertake surveillance of orchards so there can be a rapid response if the disease is found. This team has up-skilled the industry by training others.

Management reviewed the risk profile of the leasing operations and, in the case of Gold, worked with orchard owners to assess risk. Many leased orchards transferred to a managed contract. This limits risk to both the company and the orchard owner.

SEEKAFRESH AND AVOFRESH

The SeekaFresh and AvoFresh business units continue to expand. SeekaFresh handles all domestic and Australian kiwifruit supply and marketing activities. It also markets Seeka avocados worldwide. The kiwifruit marketing category continues to grow, with Australian sales increasing by 26 per cent over three years. Competitive returns have been delivered to growers.

In 2010 Seeka established an avocado marketing programme to Australia and Japan, backed by retail programmes. Seeka has moved to build its avocado business and hired Dr Jonathan Cutting to lead it.

The outlook for SeekaFresh and our avocado business remains positive.

PSA-V

Seeka has responded to the Psa-V outbreak. Seeka and EastPack have together invested in research and technology to provide the industry with a rapid Psa confirmation and typing service. Based at Seeka's lab, Verified Lab Services (VLS), the service delivers up to 250 results per day on a 48-hour turnaround. VLS has lifted its capability to PC2 (a MAF-accredited status allowing the lab to handle, grow and test the bacteria to various remedies). Seeka and EastPack have also formed a team of leading researchers and academics called the 'Taskforce Green Network' focused on finding a solution to Psa-V. It has a number of projects underway and products in development and trial.

CLOSE

This has been a testing time for the industry and Seeka. The pressure of the Psa-V outbreak alongside a challenging harvest has demonstrated the tremendous work ethic that Seeka people have. The board acknowledges their efforts and their commitment to the company and our growers.

Kim Ellis
Chairman of Directors

Michael Franks
Chief Executive

Statement of Financial Performance

For the six months ended 30 June 2011

	Notes	Six months to June 2011 $000s Unaudited	Nine months to December 2010 $000s Audited	Six months to September 2010 $000s Unaudited
Revenue		98,070	122,157	110,389
Cost of sales		75,770	94,702	82,765
Gross profit		**22,300**	**27,455**	**27,624**
Other income		21	360	121
Share of profit of equity accounted investees		545	303	-
Other costs		4,633	8,530	3,281
Earnings (EBITDA)		**18,233**	**19,588**	**24,464**
Depreciation and amortisation expense		3,147	4,557	2,935
Loss on revaluation of land and buildings	12	1,400	157	-
Loss on revaluation of available for sale financial assets		231	-	-
Amortisation of intangibles		123	224	153
Earnings (EBIT)		**13,332**	**14,650**	**21,376**
Interest expense		1,356	2,055	1,402
Fair value adjustments on non-hedging derivatives		(55)	(84)	16
Net profit before tax		**12,031**	**12,679**	**19,958**
Tax charge on profits		2,811	3,853	5,678
Change in tax depreciation rules		-	3,236	3,236
Change in tax rate		-	(841)	-
Total Tax Charge		**2,811**	**6,248**	**8,914**
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		9,220	6,431	11,044
Earnings per share for profit attributable to the ordinary equity holders of the Company during the period				
Earnings per share		**$0.65**	**$0.45**	**$0.78**
Diluted earnings per share		**$0.65**	**$0.45**	**$0.78**

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	Six months to June 2011 $000s Unaudited	Nine months to December 2010 $000s Audited	Six months to September 2010 $000s Unaudited
Net profit attributable to shareholders		9,220	6,431	11,044
Movement in cash flow hedge reserve, net of tax		19	(4)	(19)
Gain\(loss) on revaluation of land and buildings, net of tax	12	(4,900)	866	131
Gain\(loss) on revaluation of available for sale financial assets, net of tax		(372)	(41)	50
Realisation of available for sale financial asset reserves		-	(19)	(19)
Effect of change in tax rates on land and building reserve balances		-	131	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		(5,253)	933	143
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		3,967	7,364	11,187

The accompanying notes form an integral part of these financial statements

Statement of Financial Position

As at 30 June 2011

	Notes	June 2011 $000s Unaudited	December 2010 $000s Audited	September 2010 $000s Unaudited
EQUITY				
Share capital		35,689	35,657	35,631
Reserves		3,422	8,675	7,884
Retained earnings		28,005	20,516	26,572
TOTAL EQUITY		67,116	64,848	70,087
CURRENT ASSETS				
Cash and cash equivalents		662	554	867
Trade and other receivables	10	20,075	12,092	27,889
Short term lease prepayments		197	8,466	4,275
Inventories - Crop		14,248	-	-
Inventories - Packaging and other		1,889	1,827	2,007
Financial derivatives		-	-	80
Current tax receivables		973	-	1,654
Land held for resale		1,120	1,120	-
TOTAL CURRENT ASSETS		39,164	24,059	36,772
NON CURRENT ASSETS				
Advances		7,977	802	4,868
Property, plant and equipment	12	76,878	83,427	80,990
Intangible assets		4,707	4,721	4,793
Available for sale financial assets		1,201	1,804	1,894
Biological assets	5	9,002	12,588	11,675
Investment in associates		4,437	4,211	3,993
TOTAL NON CURRENT ASSETS		104,202	107,553	108,213
TOTAL ASSETS		143,366	131,612	144,985
CURRENT LIABILITIES				
Current tax liabilities		5,616	2,888	5,981
Trade and other payables		17,830	8,811	15,818
Interest bearing liabilities	11	32,430	10,662	4,951
Financial derivatives		787	867	1,069
TOTAL CURRENT LIABILITIES		56,663	23,228	27,819
NON CURRENT LIABILITIES				
Interest bearing liabilities	11	8,154	29,342	29,936
Deferred tax		11,433	14,194	17,143
TOTAL NON CURRENT LIABILITIES		19,587	43,536	47,079
TOTAL LIABILITIES		76,250	66,764	74,898
NET ASSETS		67,116	64,848	70,087

On behalf of the Board

K.R. Ellis
Chairman

J. Scotland
Director

Dated: 26 August 2011

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the six months ended 30 June 2011

	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 APRIL 2010		35,600	432	(101)	114	7,297	16,970	60,312
Total comprehensive income		-	31	(19)	-	131	11,044	11,187
Transactions with owners								
Shares issued		31	-	-	-	-	-	31
Dividends paid	6	-	-	-	-	-	(1,442)	(1,442)
Total transactions with owners		**31**	**-**	**-**	**-**	**-**	**(1,442)**	**(1,411)**
EQUITY AT 30 SEPTEMBER 2010 (UNAUDITED)		35,631	463	(120)	114	7,428	26,572	70,087
Total comprehensive income		-	(91)	15	-	866	(4,613)	(3,823)
Transactions with owners								
Shares issued		26	-	-	-	-	-	26
Dividends paid	6	-	-	-	-	-	(1,443)	(1,443)
Total transactions with owners		**26**	**-**	**-**	**-**	**-**	**(1,443)**	**(1,417)**
EQUITY AT 31 DECEMBER 2010 (AUDITED)		35,657	372	(105)	114	8,294	20,516	64,848
Total comprehensive income		-	(372)	19	-	(4,900)	9,220	3,967
Transactions with owners								
Shares issued		32	-	-	-	-	-	32
Dividends paid	6	-	-	-	-	-	(1,731)	(1,731)
Total transactions with owners		**32**	**-**	**-**	**-**	**-**	**(1,731)**	**(1,699)**
EQUITY AT 30 JUNE 2011 (UNAUDITED)		35,689	-	(86)	114	3,394	28,005	67,116

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the six months ended 30 June 2011

	Notes	Six months to June 2011 $000s Unaudited	Nine months to December 2010 $000s Audited	Six months to September 2010 $000s Unaudited
Operating Activities				
Cash was provided from:				
Receipts from customers		76,834	125,631	101,222
Interest and dividends received		340	438	121
Cash was disbursed to:				
Payments to suppliers and employees		(67,064)	(95,067)	(74,327)
Interest paid		(1,427)	(2,011)	(1,331)
Income taxes paid		(2,516)	(2,966)	(1,049)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	6,167	26,025	24,636
Investing activities				
Cash was provided from:				
Sale of property, plant and equipment		(4)	94	42
Sale of available for sale investments		-	42	40
Proceeds from land held for sale		-	6,880	-
Repayment of advances		-	216	-
Cash was applied to:				
Purchase of property, plant and equipment		(4,713)	(7,006)	(2,563)
Purchase of land held for sale		-	(8,000)	-
Purchase of available for sale investments		-	-	35
Advances		(223)	-	31
Long term lease development		-	(17)	-
NET CASH FLOW FROM INVESTING ACTIVITIES		(4,940)	(7,791)	(2,415)
Financing activities				
Cash was provided from:				
Proceeds of short term bank borrowings		(7,780)	27,602	15,401
Issue of shares		32	30	31
Cash was applied to:				
Repayment of term debt		(1,188)	(1,782)	(1,188)
Repayment of short term bank borrowings		9,548	(41,176)	(34,686)
Payment of dividend to shareholders		(1,731)	(2,885)	(1,443)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,119)	(18,211)	(21,885)
NET INCREASE IN CASH FLOW		108	23	336
Opening cash brought forward		554	531	531
ENDING CASH CARRIED FORWARD		662	554	867

The accompanying notes form an integral part of these financial statements

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 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 2011 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 2011 has been prepared in accordance with NZ IAS 34, "Interim Financial Reporting" and IAS 3. The Group interim financial information should be read in conjunction with the annual audited financial statements for the nine months ended 31 December 2010, which have been prepared in accordance with NZ IFRS and IFRS.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual audited financial statements for the nine months ended 31 December 2010, as described in those annual financial statements.

a. Change to company year end

Subsequent to a decision by the Company's Directors on 17 August 2010, the financial year end of the Company was changed from 31 March to 31 December with effect from the financial period ended 31 December 2010. The 31 December 2010 balance date encompass a period of nine months. Additionally, on 6 October 2010, the Group received approval from Inland Revenue to amend the tax year to coincide with the new Group year end.

b. Biological Assets - Long Term Leases

At the annual balance date, kiwifruit and avocado orchards under long term lease and the related kiwifruit and avocado crops are measured at their fair value. The fair value of orchards is determined by Directors having taken into account valuations from an independent valuer and any events subsequent to that valuation.

At the June half year balance date, the Directors determine the fair value of orchards by reference to the fair value of orchards at the previous annual balance date and consider any events occurring subsequent to that annual balance date that may have an impact on their valuation. Where an event has occurred the Directors adjust the valuation to reflect any change in expected future cashflows.

Included in the biological asset value is a provision for the fair value of the existing crop on the vine which is represented by the costs incurred to date to grow those crops. See Note 5.

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

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.

	Six months to June 2011 $000s Unaudited	Nine months to December 2010 $000s Audited	Six months to September 2010 $000s Unaudited
b. The segment information for the period ended 30 June 2011 is as follows:			
Segment revenues			
Orchard Division	30,335	39,141	33,094
Post Harvest Division	66,246	77,620	73,982
Business Development Division	1,287	5,023	3,267
All other segments	202	373	46
TOTAL REVENUE	98,070	122,157	110,389
Segment earnings (EBIT)			
Orchard Division	4,327	3,905	5,403
Post Harvest Division	14,063	17,555	20,802
Business Development Division	(769)	(1,063)	(823)
All other segments	(4,834)	(6,050)	(4,006)
Share of associates	545	303	-
TOTAL EBIT	13,332	14,650	21,376
Net finance costs	1,301	1,971	1,418
PROFIT BEFORE TAX	12,031	12,679	19,958
Tax charge on profits	2,811	3,853	5,678
Change in tax depreciation rules	-	3,236	3,236
Change in tax rate	-	(841)	-
TOTAL TAX CHARGE	2,811	6,248	8,914
PROFIT AFTER TAX	9,220	6,431	11,044

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:

	Six months to June 2011	Nine months to December 2010	Six months to September 2010
Orchard Division	40,585	33,055	38,188
Post Harvest Division	90,680	81,698	89,225
Business Development Division	241	1,319	2,537
All other segments	6,318	3,939	7,809
Unallocated:			
Cash	662	554	867
Net GST receivable (payable)	(1,731)	311	(1,262)
Available-for-sale financial assets	1,201	1,804	1,894
Financial derivatives	-	-	80
Investment in associates	4,437	4,211	3,993
Investment in joint venture	-	-	-
Intangibles	-	4,721	-
Current tax	973	-	1,654
TOTAL ASSETS PER THE STATEMENT OF FINANCIAL POSITION	143,366	131,612	144,985

d. Impact of seasonality

The interim financial statements reflect the revenues associated with the kiwifruit harvested between March and June 2011, including kiwifruit crops owned by the Group under short and long term lease contracts which are recorded at fair value at each reporting date.

	Six months to June 2011 $000s Unaudited	Nine months to December 2010 $000s Audited	Six months to September 2010 $000s Unaudited
NOTE 5. BIOLOGICAL ASSETS			
Kiwifruit/avocado biological assets at fair value			
Carrying amount at 31 December	12,588	17,151	17,151
Orchard lease development	-	17	-
Change in fair value of crop	(3,014)	(4,298)	(5,476)
Fair value movement in vines	-	(282)	-
Fair value movement in vines due to Psa-V	(572)	-	-
CARRYING VALUE AT END OF PERIOD	9,002	12,588	11,675

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

Number of orchards	Hectares	2011 production trays	Remaining lease term (years)	Carrying value $
Kiwifruit				
2	4.06	47,260	1	146,499
1	16.61	188,627	4	-
2	16.02	227,386	8	1,485,185
8	94.53	1,253,032	9	6,438,273
1	5.43	70,977	10	621,225
1	4.08	40,353	14	46,709
	140.73	1,827,635		8,737,891
Avocado				
1	26.25	-	3	263,819
	26.25	-		263,819

The fair value of the kiwifruit and avocado orchards (land, vines and trees) is determined by Directors having taken into account an independent valuation performed at each annual reporting date by Crighton Stone Registered Valuers and any events subsequent to that valuation. The basis of valuation is Valuation Standard Number 1 - Market Value Basis of Valuation and Practice Standard Number 3 - The Valuation of Rural Properties. In preparing their valuation, Crighton Stone have based their assumptions for orchard gate returns ('OGR') on 10 year averages for each variety.

Where an event has occurred since the independent valuation was undertaken the Directors adjust their valuation to reflect any change in expected future cashflows.

At the June 2011 half year balance date Psa-V was identified on one orchard and the biological fair values of that orchard excluding the value of the crop, was adjusted as shown in the table below.

Number of orchards	Hectares	30 June 2011 carrying value $	Remaining lease term (years)	31 December 2010 carrying value $
1	16.61	-	4	572,714
	16.61	-		572,714

During the period to 30 June 2011, the Group harvested 1,827,635 trays of kiwifruit (Dec-2010 - 1,533,624) from long term leased orchards. The fair value of the crop on the vine at the balance date has been assessed at $0.017 million (Dec-2010 - $3.013 million) which represents the costs to grow the crop that have been incurred to date.

The fair value of the crop harvested at balance date and still held in Seeka's coolstores is recorded as inventory crops and has been assessed at $14.248 million (Dec-2010 - Nil) based on the following assumptions for orchard gate return (OGR) which are shown net of a 15% discount on the forecast OGR. This discount is to allow for the time value money and the risk associated with OGR forecasts at 30 June 2011.

Variety	Long Term Lease		Short Term Lease
Green — OGR per tray	$2.96		$2.96
Gold — OGR per tray	$6.23		$6.08

	June 2011 $000s Unaudited	December 2010 $000s Audited	Per share $
NOTE 6. DIVIDENDS			
Ordinary shares			
Dividend paid 29th June 2010	-	1,442	0.10
Dividend paid 31st December 2010	-	1,443	0.10
Dividend paid 26th May 2011	1,731	-	0.12
TOTAL DIVIDEND PAID	1,731	2,885	

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

	Six months to June 2011 $000s Unaudited	Nine months to December 2010 $000s Audited	Six months to September 2010 $000s Unaudited
NOTE 7. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Surplus after Taxation	9,220	6,431	11,044
Add non cash items:			
Depreciation	3,147	4,557	2,935
Amortisation of intangibles	123	224	153
Movement in deferred tax	(1,461)	172	3,317
Movement in fair value of biological assets	572	4,580	5,343
Loss on Revaluation of Available for Sale Financial Assets	231	-	-
Movement in derivatives	(80)	(84)	23
Share of income from associates	(220)	(218)	-
Movement in employee share scheme	18	-	-
Loss on revaluation of land and buildings	1,400	157	-
	3,730	9,388	11,771
Add Items Not Classified as an Operating Activity:			
Gain on sale of property, plant and equipment	4	(4)	(8)
Gain on sale of shares	-	(22)	(20)
	4	(26)	(28)
(Increase) decrease in working capital:			
Increase (decrease) in accounts payable	9,187	(3,331)	2,536
(Increase) decrease in accounts receivable and fruit inventory	(25,937)	(314)	(20,011)
(Increase) decrease in inventory and fruit inventory	(62)	5,947	5,767
(Increase) decrease in work in progress / prepayments	8,269	4,821	9,008
Increase (decrease) in taxes and GST due	1,756	3,109	4,549
	(6,787)	10,232	1,849
NET CASH FLOW FROM OPERATING ACTIVITIES	6,167	26,025	24,636

NOTE 8. COMMITMENTS AND CONTINGENCIES

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

As at 30 June 2011 the Group had no contingent liabilities or assets (2010 - 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 $51,195,190 (2010: $104,439,371) for the provision of post harvest and orchard management services to Seeka Growers Limited.

NOTE 10. RECEIVABLES

At balance date, a significant portion of receivables are due from Seeka Growers Limited ("SGL"). These receivables are funded by future fruit payments from Zespri Group Limited to SGL.

NOTE 11. INTEREST BEARING LIABILITIES

At balance date, interest bearing liabilities described as current include $20m for two term loans of $10m due 30 June 2012, and previously classified as non current interest bearing liabilities at 31 December 2010.

NOTE 12. LAND AND BUILDING ASSET REVALUATION

The Psa-V high risk zone around Te Puke has expanded in size, and as a result the Directors have reviewed the carrying values of the Group's land and building assets. Having considered all available information and taken advice, the Directors have estimated the impact of Psa-V on the Group's land and building assets at 30 June 2011. A range of scenarios and values have been reviewed and the Directors have determined to reduce the value of land and building assets by $7.6m. As a result the Group has recorded a revaluation loss of $1.4m in the Statement of Financial Performance, a $4.9m reduction in the Asset Revaluation Reserve, and a $1.3m reduction in Deferred Tax Liabilities. Directors note that subsequent events may determine that this revaluation could be materially different. Full independent valuations will be carried out on the Group's land and building assets at the 31 December annual balance date.

NOTE 13. PSEUDOMONAS SYRINGE PV ACTINIDIAE ("Psa")

In November 2010 the bacteria Pseudomonas syringae pv. actinidiae (Psa) was confirmed in orchards in Tauranga, Te Puke, Edgecumbe, Whakatane, Hawkes Bay and Motueka. An aggressive isolate Psa-V was identified in the Te Puke region.

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

The Group is responding to the Psa-V outbreak in three ways.

Firstly, the Group is working with KVH to implement an aggressive containment strategy in response to the detection of the Psa-V isolate on orchards supplying Seeka. This strategy essentially sees that where there is laboratory confirmation of the presence of the Italian isolate in the orchard and secondary symptoms are present in the plants, vine or full orchard removal will proceed.

Secondly, in conjunction with Eastpack, the Group has upgraded its VLS laboratory to PC2 status and invested in new research and technology. This enables the VLS lab to deliver the industry a rapid Psa confirmation and typing service. The laboratory is also now accredited by MAF to handle, grow and trial various remedies on Psa-V.

Thirdly, also in conjunction with Eastpack, the Group has established Taskforce Green. This is a team of leading researchers and academics who are working to find a solution to the Psa-V infection in kiwifruit vines. Seeka and Eastpack are jointly funding Taskforce Green and a number of novel projects established by them.

The possible impact of Psa-V has been considered in relation to the valuation of biological assets and the recoverability of short term lease prepayments and the valuation of property, plant and equipment. As at the date of the release of these accounts, other than an adjustment to the biological asset value of an infected orchard and the write down of land and building values, no reliable estimate of the future financial impact, if any, from the Psa-V outbreak can be made. The Group advises that while the impact of Psa-V is limited to date on the current year's cash flow from operations, and the Group is taking steps to mitigate, the potential remains for further impact on Seeka's valuation of assets and net profit after tax.

NOTE 14. EVENTS OCCURRING AFTER THE BALANCE DATE

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

Directory

DIRECTORS

Kim Ellis
Chairman

Amiel Diaz
Director

Stuart Burns
Director

Malcolm Cartwright
Director

David Emslie
Director

Taari Nicholas
Director

Jim Scotland
Director

MANAGEMENT

Michael Franks
Chief Executive

Geoff Carey
GM Grower Information Services

Bryan Grafas
GM Orchard Operations

Kevin Halliday
GM IFSL

Stuart McKinstry
Chief Financial Officer

Peter Mourits
GM Corporate Marketing

Greg Rodger
GM Information Systems

Rob Towgood
GM Post Harvest Operations

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Link Market Services Limited
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Harmos Horton and Lusk
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