SEEKA KIWIFRUIT INDUSTRIES LIMITED

REVIEW FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010 [UNAUDITED]

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Chairman's Review

This report covers the six months ended 30 September 2010. The company has significantly increased revenue and earnings. This reflects our continued focus on efficiency, quality and innovation across all operations. In particular, and despite a challenging operating environment, the orchard division has achieved higher fruit returns (particularly from Gold fruit). Last year's acquisition of Huka Pak has also boosted post harvest operations according to plan.

This excellent operational performance has ensured that our supplying growers received competitive returns; our reputation continues to bring us new suppliers that enable us to grow the Company.

OVERVIEW OF FIRST-HALF RESULTS

An early harvest followed a very dry summer. The dry conditions meant fruit matured early, reducing fruit size and quality. Volumes and fruit size were slightly down on expectation but still ahead of 2009 by 3.2 million trays (up 16.8%). Lower-than-anticipated volumes across the industry, particularly in the Gold variety, improved the market mix and increased orchardists' returns. The forecast average orchard gate return to Seeka for Gold fruit rose to $8.67 per tray (up $0.99 per tray) and the Green return rose to $4.21 per tray (up $0.44). Gold orchard profitability remains strong with a 2010 forecast for an average per hectare income of $86,223. Green profitability remains lacklustre at an average of $35,466.

Seeka's total revenue for the 6 months increased to $110.4m, up 15.6% on the previous year. Earnings before non-recurring items, interest, tax, depreciation and amortization (EBITDA) of $24.5m compares to $17.7m for the same period, up 38.5%. Net profit before tax, non-recurring items and impairments rose by 35.9% to $20.0m.

Tax law changes to the deductibility of buildings with a life of 50 years or more affected our net profit after tax. Despite a one-off non-cash deferred tax expense adjustment of $3.2m, earnings after tax for the six months increased by 34.6% to $11.0m.

DIVIDEND

A dividend decision will be made mid December.

CHANGE TO BALANCE DATE

As advised at the annual shareholder meeting, Seeka will change its annual balance date from 31 March to 31 December. This better reflects the cycle of Seeka's business, significantly simplifies accounting and improves the meaningfulness of financial statements.

Accordingly, the current financial year will be for the nine months ending on 31 December 2010, with the new financial year commencing 1 January 2011. The board envisages the annual shareholder meeting will be held in April.

Item $000s	6 months ended 30-Sep-10	6 months ended 30-Sep-09	12 months ended 31-Mar-10
Revenue	110,389	95,512	120,887
Earnings before non-recurring items, interest, depreciation and amortisation	24,464	17,658	14,538
Profit before non-recurring items and tax	19,958	14,684	7,539
Profit after tax	11,044	8,205	370
Operating cash flow	24,636	16,992	3,737

POST HARVEST VOLUME AND EBITDA INCREASES

Revenue and EBITDA both increased over the six months. Total revenue of $74.0m compares to $66.3m for the same 6-month period in 2009. EBITDA rose by 31.7% to $23.4m.

Overall volumes processed increased because of the purchase and successful integration of Huka Pak. Importantly, the new orchards associated with Huka Pak provided a new catchment of early maturing fruit which saw Seeka's infrastructure assets, packhouses and coolstores, opening earlier resulting in better asset utilisation and efficiency.

The ability to provide timely facilities improved growers risk profile. In total 22.6m trays were processed. This was slightly below forecast; a dry summer impacted on fruit size, plus an early start to harvest meant 2 million trays were packed in March (prior to this reporting period).

Seeka delivered very competitive fruit loss statistics and incremental financial returns to growers. Growers use this measure to assess the relative performance of post-harvest providers. There was only a 1.28% fruit loss in Gold, which is exceptional considering that more than 5 million trays were handled. In Green, the 4.2% fruit loss is anticipated to be slightly better than industry average. This is a creditable performance considering the influence that Seeka's market share of 24% has on the industry average.

Innovation to improve efficiency continues to be a focus, and Seeka remains an industry leader. As well as developing our inventory and information systems, our new automated packing technology is bringing significant gains. Seeka has selected MAF Roda to build a new packing machine for the Huka Pak facility in 2011. This investment of over $5m will be focused on the Green variety – the machine will have the latest computer grading and automated packing technology. It will improve throughputs, efficiency and simplify Seeka's post harvest business by reducing the number of packing machines required. A simpler, leaner post-harvest business will result.

	6 months ended		12 months ended
	30-Sep-10	30-Sep-09	31-Mar-10
POST HARVEST			
Total trays packed (Class 1 & 2)	22,591,214	19,334,298	22,173,568
Post harvest revenue ($000s)	73,982	66,257	76,290
EBITDA ($000s)	23,362	17,735	12,899
ORCHARD DIVISON			
Green total harvest volumes (trays)	7,776,319	6,626,110	6,638,335
Gold total harvest volumes (trays)	2,284,668	1,867,103	1,874,279
Orchard revenue ($000s)	33,093	26,787	38,990
EBITDA ($000s)	5,605	2,602	7,680

ORCHARD DIVISION

Orchard division harvest volumes increased from 8.5 million trays in 2009 to 10 million in 2010. The increase is due to the additional Huka Pak orchards, and also to the rising demand for orchard leasing and management services. The division's revenue totalled $33.1m, up 23.5%.

EBITDA for the 6 months was strong at $5.6m, compared to the $2.6m in same period last year. Gold variety returns are forecast to be very strong in the current year, with an average of $9.27 per tray for Seeka's 1.2 million long-term lease Gold trays. This compares to $7.82 per tray in 2009.

The transition to the new "Total Value Lease" structure is now complete. This lease structure more fairly shares the risks and rewards of orcharding between Seeka and the orchard owner, with Seeka taking a lower profit margin but less risk.

The demand for orchard leasing and management services reflects the team's professionalism and results. The orchard division's experienced and dedicated staff and contractors have again delivered excellent yields and returns across their orchards. In nearly all cases incremental returns to orchards were more than the cost of professional management.

OUTLOOK AND FULL YEAR FORECAST

Although occurring outside the reporting period, the industry has detected an outbreak of the bacteria Pseudomonas syringae pv actinidiae (Psa). Orchards have been confirmed with Psa across a wide area with a significant occurrence in the Te Puke region.

Overseas, experiences in Italy have shown unless contained the effects of this disease are potentially devastating. The disease has been successfully managed in Korea and Japan.

The New Zealand kiwifruit industry has moved rapidly and agreed a strategy of aggressive containment. The industry has agreed to orchard management protocols, including best-practice hygiene principles, to contain the outbreak. A compensation package totalling $50m has also been agreed with Government and the industry for the cost of managing the outbreak.

Shareholders are reminded that Seeka operates within a seasonal industry with a significant proportion of profits earned in the first 6 months of the year. At the annual shareholders meeting in August, the company predicted earnings before non-recurring items and tax for the 9 months to 31 December 2010 to be between $11.5m and $12.5m, compared to $9.8m for the same period in 2009.

The company confirms the forecast guidance subject to any unknown impact that Psa may have on the valuation of its biological assets.

Kim Ellis
Chairman of Directors

Statement of Financial Performance

For the six months ended 30 September 2010

	Notes	Group Six months to September 10 $000 Unaudited	Group Year to March 10 $000 Audited	Group Six Months to September 09 $000 Unaudited
Revenue		110,389	120,887	95,512
Cost of sales		82,765	98,702	76,048
GROSS OPERATING PROFIT		**27,624**	**22,185**	**19,464**
Other income		121	552	206
Share of loss of associates		-	(847)	-
Other costs		3,281	7,352	2,012
EARNINGS (EBITDA) BEFORE NON-RECURRING ITEMS		**24,464**	**14,538**	**17,658**
Depreciation and amortisation expense		3,088	5,103	2,262
EARNINGS (EBIT) BEFORE NON-RECURRING ITEMS		**21,376**	**9,435**	**15,396**
Interest expense		1,402	2,107	899
Fair value adjustments on non-hedging derivatives		16	(211)	(187)
PROFIT BEFORE NON-RECURRING ITEMS AND TAX		**19,958**	**7,539**	**14,684**
Cancellation of management contract		-	3,900	-
Investment impairment		-	1,794	1,794
Reduction in consideration received on sale of joint venture		-	400	400
NET PROFIT BEFORE TAX		**19,958**	**1,445**	**12,490**
Income tax expense	5	8,914	1,075	4,285
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**11,044**	**370**	**8,205**
EARNINGS PER SHARE FOR PROFIT BEFORE NON-RECURRING ITEMS AND TAX ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY DURING THE PERIOD				
Earnings per share	8	$1.40	$0.58	$1.17
Diluted earnings per share	8	$1.40	$0.58	$1.17
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY DURING THE PERIOD				
Earnings per share	8	$0.78	$0.03	$0.65
Diluted earnings per share	8	$0.78	$0.03	$0.65

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income

For the six months ended 30 September 2010

	Group Six months to September 10 $000 Unaudited	Group Year to March 10 $000 Audited	Group Six Months to September 09 $000 Unaudited
NET PROFIT FOR THE PERIOD	**11,044**	**370**	**8,205**
Movement in cash flow hedge reserve, net of tax	(19)	50	86
Gain on revaluation of land and buildings, net of tax	131	814	-
Gain on revaluation of available for sale financial assets, net of tax	50	42	99
Realisation of available for sale financial asset reserves	(19)	(83)	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**143**	**823**	**185**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	**11,187**	**1,193**	**8,390**

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Statement of Financial Position

As at 30 September 2010

	Notes	Group As at September 10 $000 Unaudited	Group As at March 10 $000 Audited	Group As at September 09 $000 Unaudited
EQUITY				
Share capital		35,631	35,600	28,972
Reserves		7,884	7,742	7,105
Retained earnings		26,572	16,970	26,246
TOTAL EQUITY		**70,087**	**60,312**	**62,323**
CURRENT ASSETS				
Cash and cash equivalents		867	531	57
Trade and other receivables	11	27,889	11,476	22,039
Advances		-	-	3,100
Short term lease prepayments		4,275	13,283	4,919
Inventories		2,007	7,774	565
Financial derivatives		80	-	60
Current tax receivables		1,654	658	476
TOTAL CURRENT ASSETS		**36,772**	**33,722**	**31,216**
NON CURRENT ASSETS				
Advances		4,868	1,290	2,689
Property, plant and equipment		80,990	81,190	61,845
Intangible assets		4,793	4,943	2,373
Available for sale financial assets		1,894	1,893	1,851
Biological assets		11,675	17,151	7,732
Investment in associates		3,993	3,993	5,088
TOTAL NON CURRENT ASSETS		**108,213**	**110,460**	**81,578**
TOTAL ASSETS		**144,985**	**144,182**	**112,794**
CURRENT LIABILITIES				
Current tax liabilities		5,981	436	4,174
Trade and other payables		15,818	13,206	10,553
Interest bearing liabilities		4,951	24,236	1,517
Financial derivatives		1,069	951	1,020
TOTAL CURRENT LIABILITIES		**27,819**	**38,829**	**17,264**
NON CURRENT LIABILITIES				
Interest bearing liabilities		29,936	31,124	23,000
Deferred tax	5	17,143	13,917	10,207
TOTAL NON CURRENT LIABILITIES		**47,079**	**45,041**	**33,207**
TOTAL LIABILITIES		**74,898**	**83,870**	**50,471**
NET ASSETS		**70,087**	**60,312**	**62,323**

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the six months ended 30 September 2010

	Notes	Share capital $000	Available for sale revaluation reserve $000	Cash flow hedge reserve $000	Share based payments reserve $000	Land and buildings revaluation reserve $000	Retained earnings $000	Total $000
GROUP								
EQUITY AT 1 APRIL 2009		**28,947**	**473**	**(151)**	**114**	**6,484**	**19,301**	**55,168**
Total comprehensive income		-	99	86	-	-	8,205	8,390
Transactions with owners								
Shares issued		25	-	-	-	-	-	25
Dividends paid	6	-	-	-	-	-	(1,260)	(1,260)
Total transactions with owners		**25**	**-**	**-**	**-**	**-**	**(1,260)**	**(1,235)**
EQUITY AT 30 SEPTEMBER 2009		**28,972**	**572**	**(65)**	**114**	**6,484**	**26,246**	**62,323**
Total comprehensive income		-	(140)	(36)	-	814	(7,835)	(7,197)
Transactions with owners								
Shares issued		6,628	-	-	-	-	-	6,628
Dividends paid	6	-	-	-	-	-	(1,442)	(1,442)
Total transactions with owners		**6,628**	**-**	**-**	**-**	**-**	**(1,442)**	**5,186**
EQUITY AT 31 MARCH 2010		**35,600**	**432**	**(101)**	**114**	**7,298**	**16,970**	**60,312**
Total comprehensive income		-	31	(19)	-	131	11,044	11,187
Transactions with owners								
Shares issued		31	-	-	-	-	-	31
Dividends paid	6	-	-	-	-	-	(1,443)	(1,443)
Total transactions with owners		**31**	**-**	**-**	**-**	**-**	**(1,443)**	**(1,412)**
EQUITY AT 30 SEPTEMBER 2010		**35,631**	**463**	**(120)**	**114**	**7,429**	**26,571**	**70,087**

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the six months ended 30 September 2010

	Group Six months to September 10 $000 Unaudited	Group Year to March 10 $000 Audited	Group Six Months to September 09 $000 Unaudited
OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers	101,222	113,188	83,651
Interest and dividends received	121	1,012	526
Cash was disbursed to:			
Payments to suppliers and employees	(74,327)	(103,333)	(65,837)
Cancellation of management contract	-	(3,900)	-
Interest paid	(1,331)	(2,053)	(864)
Income taxes paid	(1,049)	(1,177)	(484)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**24,636**	**3,737**	**16,992**
INVESTING ACTIVITIES			
Cash was provided from:			
Sale of property, plant and equipment	42	49	3
Sale of available for sale investments	40	229	-
Repayment of advances	-	3,513	344
Cash was applied to:			
Purchase of property, plant and equipment	(2,563)	(8,396)	(2,140)
Purchase of available for sale investments	35	(144)	142
Purchase of subsidiaries	-	(4,601)	-
Advances	31	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES	**(2,415)**	**(9,350)**	**(1,651)**
FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds of term bank borrowings	-	10,500	-
Proceeds of short term bank borrowings	15,401	32,403	7,393
Issue of shares	31	53	25
Cash was applied to:			
Repayment of term debt	(1,188)	(9,000)	(500)
Repayment of short term bank borrowings	(34,686)	(25,568)	(21,400)
Payment of dividend	(1,443)	(2,702)	(1,260)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(21,885)**	**5,686**	**(15,742)**
NET INCREASE (DECREASE) IN CASH FLOW	**336**	**73**	**(401)**
Opening cash brought forward	531	458	458
ENDING CASH CARRIED FORWARD	**867**	**531**	**57**

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

NOTE 1. REPORTING ENTITY

Seeka Kiwifruit Industries Limited 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. The Consolidated Financial Statements of the Group for the period ended 30 September 2010 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 September 2010 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 year ended 31 March 2010, which have been prepared in accordance with NZ IFRS and IFRS.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual audited financial statements for the year ended 31 March 2010, as described in those annual financial statements.

a. Change to Company year end

Subsequent to a decision by the Company directors on 17 August 2010, the financial year end of the Company was changed from 31 March to 31 December with effect from the current financial period ended 31 December 2010. The 31 December 2010 year end will only encompass a period of 9 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. Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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 company'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.

	Group Six months to September 10 $000 Unaudited	Group Year to March 10 $000 Audited	Group Six Months to September 09 $000 Unaudited
b. The segment information for the period ended 30 September 2010 is as follows:			
SEGMENT REVENUE			
Orchard Division	33,094	38,990	26,787
Post Harvest Division	73,982	76,290	66,257
Business Development Division	3,267	5,141	2,234
All other segments	46	466	234
TOTAL REVENUE	**110,389**	**120,887**	**95,512**
SEGMENT EARNINGS (EBIT) BEFORE NON-RECURRING ITEMS			
Orchard division	5,403	7,188	2,458
Post harvest division	20,802	8,761	15,847
Business development division	(823)	(1,009)	(446)
All other segments	(4,006)	(4,658)	(2,463)
Share of associates	-	(847)	-
TOTAL EBIT BEFORE NON-RECURRING ITEMS	**21,376**	**9,435**	**15,396**
Net finance costs	1,418	1,896	712
Cancellation of management contract	-	3,900	-
Investment impairment	-	1,794	1,794
Reduction in consideration received on sale of joint venture	-	400	400
PROFIT BEFORE TAX	**19,958**	**1,445**	**12,490**
Taxation	8,914	1,075	4,285
PROFIT AFTER TAX	**11,044**	**370**	**8,205**

Comparative segment earnings have been restated to be consistent with the current year's EBIT disclosure (previously EBITDA used).

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	38,188	37,256	28,029
Post Harvest Division	89,225	92,472	68,279
Business Development Division	2,537	90	2,150
All other segments	7,809	6,320	8,054
Unallocated:			
Cash	867	531	57
Net GST receivable (payable)	(1,262)	969	(1,250)
Available-for-sale financial assets	1,894	1,893	1,851
Financial derivatives	80	-	60
Investment in associates	3,993	3,993	5,088
Current tax	1,654	658	476
TOTAL ASSETS PER THE STATEMENT OF FINANCIAL POSITION	**144,985**	**144,182**	**112,794**

d) Impact of seasonality

The interim financial statements reflect the revenues associated with the kiwifruit harvested between April and June 2010, excluding kiwifruit crops owned by the Company under long term lease contracts which are recorded at fair value at each reporting date.

NOTE 5. INCOME TAXES

Income tax expense is recognised based on the current applicable company tax rate which for the 31 December 2010 year end is currently 30%. On 20 May 2010, the New Zealand government announced a change to the corporate tax rate from 30% to 28% which, for the Group, will be effective from 1 January 2011.

With the reduction in the company tax rate to 28%, the Group deferred tax liability has been reduced by $928K. This change has been recognised as a reduction of deferred taxes in the current period.

Buildings are currently depreciated for tax purposes. As a result of the change in tax legislation that was announced on 20 May 2010 and which will come into effect for the Group from 1 January 2011 (being the begining of the new tax year), the tax depreciation rate on buildings with an estimated useful life of 50 years or more will be reduced to 0%. As future tax deductions will no longer be available subsequent to 1 January 2011, for those assets identified as coming within the 50 year definition the tax base has been reduced by $11.5 million. The change in tax legislation has resulted in a non-cash increase in the deferred tax liability relating to those buildings of $3.2 million and has been recognised as a tax expense in the current period.

	Six months to September 10 $000 Unaudited	Year to March 10 $000 Audited	Per share
NOTE 6. DIVIDENDS			
ORDINARY SHARES			
Dividend paid 26 June 2009	-	1,260	0.10
Dividend paid 16 December 2009	-	1,442	0.10
Dividend paid 28 June 2010	1,443	-	0.10
TOTAL DIVIDEND PAID	**1,443**	**2,702**	

The dividends are imputed to the extent allowable in the tax year.

At the balance date, no dividend has been declared by the Company.

	Group Six months to September 10 Unaudited	Group Year to March 10 Audited	Group Six months to September 09 Unaudited
NOTE 7. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating surplus after taxation	11,044	370	8,205
Add non cash items:			
Depreciation	2,935	4,853	2,138
Amortisation of intangibles	153	250	124
Movement in deferred tax	3,317	1,184	-
Movement in fair value of biological assets	5,343	(2,461)	3,068
Movement in onerous leases	-	(45)	(45)
Movement in derivatives	23	(211)	(187)
Share of income from associates	-	204	156
Share of loss OPAC impairment	-	1,013	-
	11,771	**4,787**	**5,254**
Add items not classified as an operating activity:			
Gain on sale of property, plant and equipment	(8)	(3)	(3)
Adjustment to consideration received on sale of joint venture	-	400	400
Investment impairment	-	1,794	1,794
Gain on sale of shares	(20)	(98)	-
	(28)	**2,093**	**2,191**
(Increase) decrease in working capital:			
Increase (decrease) in accounts payable	2,536	(3,017)	(3,357)
(Increase) decrease in accounts receivable	(20,011)	(2,577)	(16,386)
(Increase) decrease in inventory	5,767	1,736	8,591
(Increase) decrease in work in progress / prepayments	9,008	1,631	8,693
Increase (decrease) in taxes and GST due	4,549	(1,286)	3,801
	1,849	**(3,513)**	**1,342**
Net cash flow from operating activities	**24,636**	**3,737**	**16,992**

	Group Six months to September 10 Unaudited	Group Year to March 10 Audited	Group Six months to September 09 Unaudited

NOTE 8. EARNINGS PER SHARE

a) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	Group Six months to September 10 Unaudited	Group Year to March 10 Audited	Group Six months to September 09 Unaudited
PROFIT BEFORE NON-RECURRING ITEMS AND TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY ($ THOUSANDS)	19,958	7,539	14,684
Weighted average number of ordinary shares in issue (thousands)	**14,229**	**12,934**	**12,600**
Basic earnings per share	$1.40	$0.58	$1.17
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY ($ THOUSANDS)	11,044	370	8,205
Weighted average number of ordinary shares in issue (thousands)	**14,229**	**12,934**	**12,600**
Basic earnings per share	$0.78	$0.03	$0.65

b) **Diluted earnings per share**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group Six months to September 10 Unaudited	Group Year to March 10 Audited	Group Six months to September 09 Unaudited
PROFIT BEFORE NON-RECURRING ITEMS AND TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY ($ THOUSANDS)	19,958	7,539	14,684
Weighted average number of ordinary shares in issue (thousands)	14,229	12,934	12,600
Adjustment for share options	-	-	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**14,229**	**12,934**	**12,600**
Diluted earnings per share	$1.40	$0.58	$1.17
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY ($ THOUSANDS)	11,044	370	8,205
Weighted average number of ordinary shares for diluted earnings per share (thousands)	14,229	12,934	12,600
Adjustment for share options	-	-	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**14,229**	**12,934**	**12,600**
Diluted earnings per share	$0.78	$0.03	$0.65

9 COMMITMENTS AND CONTINGENCIES

NZX/Westpac: Westpac Bank holds a guarantee for a bond of $75,000 (2009 - $75,000) in favour of the New Zealand Stock Exchange.

Equipment purchase

On 22 September 2010, the Group entered a contract to acquire a new Green grading and packing machine for EUR 2,290,000. Under the terms of the contract, the Group is to pay for the machine in 3 instalments. The first payment of EUR 667,000 was made on 1 October 2010. The second payment of EUR 1,374,000 is due in December 2010 and the final payment of EUR 229,000 is due upon completion and commissioning of the machine, which is currently estimated to be in early May 2011.

As at 30 September 2010 the Group had no other contingent liabilities or assets (2009 - Nil).

NOTE 10. 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 $97,974,440 (2009: $82,657,444) for the provision of post harvest and orchard management services to Seeka Growers Limited.

NOTE 11. 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 through SGL.

NOTE 12. EVENTS OCCURRING AFTER THE BALANCE DATE

IFRS exposure draft

In September 2010, the IASB issued a new exposure draft to IAS 12 proposing changes to deferred tax on revalued property. Specifically, should the exposure draft be adopted, the deferred tax on revalued buildings would be calculated as the actual tax liability arising if the buildings were sold at balance date. Any revaluation above historic cost would give rise to a non-taxable gain, and thus attract no deferred tax. Deferred tax would be limited to the difference between the tax book value and the historic cost. Comments on the exposure draft are due on 9 November 2010 and if adopted, it is expected that it would come into force for New Zealand companies in early 2011 and the Group would seek to early adopt. This change would materially reduce the deferred tax libility currently shown by the Group.

Property purchase and sale

To support continued demand for post-harvest and orchard services, on 29 October 2010, the Group entered into a contract to acquire 21.09 hectares of producing green orchards in five titles for $8,000,000 on No. 3 Road, Te Puke. The acquisition contract is expected to settle on 30 November 2010. The orchard property titles' fixed assets include a private dwelling as well as a packhouse and coolstore facility (including plant and equipment). Through contemporaneous agreements, three of the five property titles were immediately on-sold to three separate purchasers for an aggregate $4.230m with settlement on 30 November 2010. One of the three titles sold was for $565,000, being market value and the same value which the Group had originally paid, to two members of the Group’s senior management. The remaining properties are held for resale.

Pseudomona syringe pv actinidiae ("Psa")

In November 2010 the bacteria Pseudomonas syringae pv. actinidiae (Psa) was confirmed in orchards in Te Puke. Subsequent testing has confirmed the disease as being present through Tauranga, Te Puke, Edgecumbe, Whakatane, Hawkes Bay and Motueka.

The Group is a large grower producing approximately 1.2m trays of gold kiwifruit and 300k trays of green kiwifruit from long term lease orchards.

The Group handles approximately 23% of the national gold crop and 24% of the national green crop. As at 22 November 2010, fourteen orchards supplying the Group and totalling 78 hectares, or 4% of the Group’s total kiwifruit supply, have been confirmed as having the bacteria present to some extent on their orchard. Two of those orchards are gold long term lease orchards covering 7.4 hectares. Based on current knowledge the symptoms on these particular orchards are considered light and action has been taken to contain the disease. Monitoring has been established to determine how widespread the infection is and until such time as that is known no reliable estimate on the financial impact, if any, can be made.

In the meantime, the Group has implemented appropriate control and hygiene protocols throughout its orchard operations and is working with all supplying growers. As at the date of the release of these accounts, no impact on cash earnings or the valuation of the Group’s biological assets has been identified from the outbreak of Psa.

No other events requiring adjustment to or disclosure in the financial statements occurred after balance sheet date (2009 - Nil).

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

CORPORATE

OFFICES OF SEEKA KIWIFRUIT INDUSTRIES LIMITED
Head Office
6 Queen Street, PO Box 47, Te Puke 3119
www.seeka.co.nz

AUDITOR
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

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Seeka Kiwifruit Industries Limited
6 Queen Street, Te Puke 3119
PO Box 47, Te Puke 3153
info@seeka.co.nz