SEEKA KIWIFRUIT INDUSTRIES LIMITED

HALF YEAR REVIEW 30 SEPTEMBER 2009

HALF YEARLY REVIEW FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009 [UNAUDITED]

SEEKA
KIWIFRUIT INDUSTRIES LIMITED

Chairman's Review

On behalf of the Board of Directors I am pleased to present Seeka's unaudited results for the six months ended 30 September 2009. A robust first six month result has been delivered despite a challenging operating environment. The Company has managed to hold revenue at the same level as the previous comparable period and has grown its earnings before impairments despite lower processing volumes.

Excellent operational performance has ensured growers have received competitive returns and has resulted in a healthy level of interest amongst potential new supplying growers.

OVERVIEW OF THE FIRST HALF RESULTS

The six month period was challenging for Seeka with a severe hail storm during the harvest and world wide economic turmoil in key markets affecting green fruit returns from Zespri. This hail storm reduced fruit volumes, made fruit processing more difficult and devastated returns for affected orchards. Zespri returns for the gold variety strengthened, reflecting a lower New Zealand dollar and strong market pricing, particularly from Asia.

Despite the adverse events, Seeka was able to maintain revenues at $95.5 million and increase EBITDA by $1.2 million to $17.6 million. Net profit before tax, non-recurring items and impairments, for the six months ended September 2009 was up 21.3% at $14.6 million. Net profit after tax and non-recurring items was down $0.2 million (2.9%) at $8.2 million due to write-downs of $1.7 million associated with Seeka's investment in Vital Foods and a $400,000 reduction in the consideration from the sale of South Auckland Packing and Coolstore Limited.

Seeka has achieved an operating cash flow of $17.0 million, which is $2.0 million (13.5%) higher than for the previous comparable period. This cash flow enabled Seeka to reduce its bank borrowings by $6.7 million. As a result Seeka's equity ratio (shareholders equity to total assets) improved to 55% from 53%.

Item $000s	Unaudited 6 months ended 30-Sep-09	30-Sep-08	12 months ended 31-Mar-09
Revenue	95,512	95,442	107,464
Earnings before impairments, interest, depreciation and amortisation	17,613	16,400	14,042
Profit before impairments and tax	14,639	12,065	5,589
Profit after tax	8,205	8,447	3,980
Operating cash flow	16,992	14,968	12,591

Operational Update

POST HARVEST

In 2009, the volume of kiwifruit packed by Seeka declined by 1.6 million trays to 19.3 million trays. This reduction in kiwifruit packed volumes reflected crop management, the switch from class 2 to class 1 in Australia (resulting in a lower volume of class 2 packed) and crop losses from the severe hail storm in May.

The hail storm affected a total of 3.4 million trays of green and 959,000 trays of gold crops within Seeka's catchment. Approximately 500,000 trays were not harvested after the crops were assessed as uneconomic to harvest in the orchards. The affected fruit was difficult to handle and provided challenges once processed into a tray.

Although packing volumes were down approximately 7.8%, Seeka's post harvest revenue for the six months to 30 September 2009 was down only 2.1% at $66.3 million. The importance of the Company's focus on operational improvement was demonstrated by improved EBITDA despite lower revenue.

Notwithstanding the challenging inventory, Seeka delivered competitive fruit loss results in every category. Green full year fruit loss is estimated to be 5.2%, green organic 2.5% and gold 3.7%.

ORCHARD DIVISION

Orchard division harvest volumes fell from 9.5 million trays in 2008 to 8.6 million trays in 2009. This reduction in volume was the result of hail-related fruit losses and a small decline in the number of hectares under lease through changes to contract arrangements. Orchards unaffected by hail continued to deliver high yields of good quality fruit.

Orchard gate returns for green were below the levels of the full 2008 season with the impact of the lower New Zealand dollar being offset by softer market conditions, particularly in Europe. Orchard gate returns for gold were significantly up on the full 2008 season due to the impact of a lower New Zealand dollar and continuing high levels of sales to Asia.

Overall although harvest volumes were down 9.5%, orchard revenue was down only 2.6% at $26.8 million. Importantly orchard EBITDA for the six months to 30 September 2009 was up 23% on the previous comparable period at $2.6 million.

This result shows the benefits arising from the large volume of gold fruit produced from Seeka's long term lease orchards, and the Company's focus on reducing the impact of loss-making orchards through the introduction of the Total Value Lease.

Seeka continues to focus on high performing, high yielding orchards and transitioning its orchard leases to the new lease arrangements. At 30 September approximately 67% of Seeka's leases were Total Value Leases.

	Unaudited 6 months ended		12 months ended
	30-Sep-09	30-Sep-08	31-Mar-09
POST HARVEST			
Total trays packed (Class 1 & 2)	19,334,298	20,961,475	20,961,475
Post harvest revenue ($000s)	66,257	67,663	69,849
EBITDA ($000s)	17,735	17,402	15,017
ORCHARD DIVISION			
Harvest volumes green leases (trays)	4,525,407	5,449,673	5,449,673
Harvest volumes gold leases (trays)	1,497,355	1,780,233	1,780,233
Revenue ($000s)	26,787	27,502	36,780
EBITDA ($000s)	2,602	2,109	4,069

NON-RECURRING ITEMS

In 2005 Seeka invested in Vital Foods, a company involved in researching and producing kiwifruit nutraceutical products. Some time ago the Board of Seeka determined that the investment in Vital Foods was not strategic and chose not to invest further capital.

Whilst previous capital raisings have been at prices which supported the carrying cost of Seeka's investment in Vital Foods, the pricing of the most recent capital raising, and the consequential material dilution of Seeka's interest in Vital Foods, led to the Board forming the view that the carrying value of the investment was no longer appropriate. The write-down of the Company's investment in Vital Foods meant that Seeka incurred an impairment expense of $1.7 million. This impairment reduced Seeka's reported profit but had no impact on Seeka's cash flow or underlying profitability.

Also during the period Seeka renegotiated the consideration received for the sale of its interest in South Auckland Packing and Coolstore Limited. A loan of $3.5 million arose as part of the original terms of sale in 2007. Repayments on the loan were not due to commence until April 2010 and it was not due to be fully repaid until April 2011. Under the revised terms Seeka has agreed to vary the transaction and to accept $3.1 million in settlement.

POST BALANCE DATE EVENTS

On 1 October 2009, Seeka announced that it had entered into a conditional agreement to purchase Te Awanui Huka Pak Limited (Huka Pak).

Huka Pak handles 5.4 million trays of kiwifruit of which 1.4 million trays are the gold variety. Huka Pak's crop tends to be early, beyond its own capacity to handle and at a time when Seeka's infrastructure is idle waiting for fruit. The acquisition delivers Seeka greater infrastructure utilisation and Huka Pak growers better opportunity to earn the significant early start premiums. More information will be provided to shareholders once the acquisition is completed.

OUTLOOK FOR THE REMAINDER OF THE 2010 FINANCIAL YEAR

Shareholders are reminded that Seeka operates within a seasonal industry with a significant proportion of profits earned in the first six months of the year. Further the items relating to the purchase of Huka Pak will also impact in the second six months. At the annual shareholders meeting in August, the Company predicted flat operational earnings to shareholders but now expects the full year earnings before tax, non-recurring items, impairments and items related to the purchase of Huka pack to be in the range of $6.9 million to $7.5 million (2008 earnings $5.6 million).

DIVIDEND

Directors have declared a dividend of 10 cents per share fully imputed. The dividend will apply to all shares on the register at 11 December and will be distributed 16 December. The dividend reinvestment plan will not apply.

The Company will have paid total dividends of 20 cent per share for the current financial year.

In declaring the dividend, Directors have given particular consideration to Seeka's stated policy to pay dividends of not less than 20 cents per share in each financial year but such that the annual dividend payment will not exceed 75% of operating cash flow net of maintenance capital investment and contracted debt reduction.

Kim Ellis
Chairman of Directors

Statement of Financial Performance

For the six months ended 30 September 2009

	Notes	Group Six Months to September 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited
Revenue	5	95,512	107,464	95,442
Cost of sales	6	76,048	87,705	77,368
GROSS OPERATING PROFIT		**19,464**	**19,759**	**18,074**
Other income	5	206	508	245
Share of profit of associates		-	509	-
Other costs	6	2,057	6,734	1,919
EARNINGS (EBITDA) BEFORE NON-RECURRING ITEMS		**17,613**	**14,042**	**16,400**
Depreciation and amortisation expense	6	2,262	4,630	2,348
EARNINGS (EBIT) BEFORE NON-RECURRING ITEMS		**15,351**	**9,412**	**14,052**
Interest expense	6	899	2,831	1,640
Fair value adjustments on non-hedging derivatives	6	(187)	992	347
PROFIT BEFORE NON-RECURRING ITEMS AND TAX		**14,639**	**5,589**	**12,065**
Investment impairment	14	1,749	-	-
Reduction in consideration received on sale of joint venture	6	400	-	-
NET PROFIT BEFORE TAX		**12,490**	**5,589**	**12,065**
Income tax expense	7	4,285	1,609	3,618
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**8,205**	**3,980**	**8,447**

EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY DURING THE PERIOD				
Earnings per share (cents)	10	0.65	0.32	0.67
Diluted earnings per share (cents)	10	0.65	0.32	0.67

Statement of Comprehensive Income

For the six months ended 30 September 2009

	Group Six Months to September 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited
NET PROFIT FOR THE PERIOD	**8,205**	**3,980**	**8,447**
Movement in cash flow hedge reserve	86	(151)	-
Loss on revaluation of land and buildings	-	(363)	-
Gains on revaluation of available for sale financial assets	99	56	122
Realisation of land and building reserves	-	399	-
Employee share option expense	-	18	9
NET INCOME (LOSS) RECOGNISED DIRECTLY IN EQUITY	**185**	**(41)**	**131**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	**8,390**	**3,939**	**8,578**

Statement of Financial Position

For the six months ended 30 September 2009

	Notes	Group Six Months to September 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited
EQUITY				
Share capital		28,972	28,947	28,878
Reserves		7,105	6,920	7,509
Retained earnings		26,246	19,301	24,862
TOTAL EQUITY		**62,323**	**55,168**	**61,249**
CURRENT ASSETS				
Cash and cash equivalents		57	458	100
Trade and other receivables	13	22,039	6,880	22,316
Advances		3,100	-	-
Short term lease prepayments		4,919	13,612	4,933
Inventories		565	9,156	1,171
Financial derivatives		60	-	-
Current tax receivables		476	108	1,093
TOTAL CURRENT ASSETS		**31,216**	**30,214**	**29,613**
NON CURRENT ASSETS				
Advances		2,689	5,348	6,671
Property, plant and equipment		61,845	62,330	60,810
Intangible assets		2,373	2,407	2,449
Available for sale financial assets		1,851	3,689	3,742
Biological assets		7,732	10,892	7,849
Investment in associates		5,088	5,242	4,792
TOTAL NON CURRENT ASSETS		**81,578**	**89,908**	**86,313**
TOTAL ASSETS		**112,794**	**120,122**	**115,926**
CURRENT LIABILITIES				
Current tax liabilities		4,174	6	3,618
Trade and other payables		10,553	14,438	8,676
Provision for onerous leases		-	45	-
Interest bearing liabilities		1,517	16,025	8,220
Financial derivatives		1,020	1,233	372
TOTAL CURRENT LIABILITIES		**17,264**	**31,747**	**20,886**
NON CURRENT LIABILITIES				
Provision for onerous leases		-	-	45
Interest bearing liabilities		23,000	23,000	23,500
Deferred tax		10,207	10,207	10,246
TOTAL NON CURRENT LIABILITIES		**33,207**	**33,207**	**33,791**
TOTAL LIABILITIES		**50,471**	**64,954**	**54,677**
NET ASSETS		**62,323**	**55,168**	**61,249**

The above income statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the six months ended 30 September 2009

	Notes	Group Six Months to September 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited
TOTAL RECOGNISED INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		**8,390**	**3,939**	**8,578**
Shares issued		25	69	-
Contribution from owners		**25**	**69**	**-**
Dividends paid	8	(1,260)	(1,511)	-
Distributions to owners		**(1,260)**	**(1,511)**	**-**
MOVEMENT IN EQUITY FOR PERIOD		**7,155**	**2,497**	**8,578**
Equity at beginning of period		**55,168**	**52,671**	**52,671**
EQUITY AT END OF PERIOD		**62,323**	**55,168**	**61,249**

The above cash flow statement should be read in conjunction with the accompanying notes. The above cashflows are stated exclusive of GST.

Statement of Cash Flows

For the six months ended 30 September 2009

	Notes	Group Six Months to September 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited
OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		83,651	107,566	82,288
Interest and dividends received		526	677	292
Cash was disbursed to:				
Payments to suppliers and employees		(65,837)	(92,251)	(66,016)
Interest paid		(864)	(2,743)	(1,596)
Income taxes paid		(484)	(658)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**9**	**16,992**	**12,591**	**14,968**
INVESTING ACTIVITIES				
Cash was provided from:				
Sale of property, plant and equipment		3	997	31
Sale of available for sale investments		-	84	109
Repayment of advances		344	34	19
Cash was applied to:				
Purchase of property, plant and equipment		(2,140)	(6,453)	(2,664)
Purchase of available for sale investments		142	(57)	(27)
Advances		-	(834)	(569)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(1,651)**	**(6,229)**	**(3,101)**
FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds of short term bank borrowings		7,393	13,105	1,600
Issue of shares		25	69	-
Cash was applied to:				
Repayment of term debt		(500)	(1,000)	(500)
Repayment of bank borrowings		(21,400)	(16,650)	(12,950)
Payment of dividend		(1,260)	(1,511)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(15,742)**	**(5,987)**	**(11,850)**
Net increase (decrease) in cash flow		**(401)**	**375**	**17**
Opening cash brought forward		**458**	**83**	**83**
ENDING CASH CARRIED FORWARD		**57**	**458**	**100**

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 2009 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 2009 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 2009, 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 2009, as described in those annual financial statements.

a. Income tax

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

The following new standards and amendments to standards are mandatory for the first time as follows:

b. IAS 1 (effective for periods beginning 1 January 2009)

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

c. IFRS 8 (effective for periods beginning 1 January 2009)

IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the steering committee that makes strategic decisions.

d. IFRS 3 (effective for periods beginning 1 July 2009)

IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any joint ventures. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The Group will apply IFRS 3 (revised) to all business combinations from 31 March 2011.

e. Comparative balances

There has been no further impact on the measurement of the Group's assets and liabilities. Comparatives for 2009 have been restated.

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 business is conducted within New Zealand.

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 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited
b. The segment information for the period ended 30 September 2009 is as follows:			
SEGMENT REVENUE			
Orchard Division	26,787	36,780	27,502
Post Harvest Division	66,257	69,849	67,663
Business Development Division	2,234	485	253
All other segments	440	858	269
TOTAL REVENUE	**95,718**	**107,972**	**95,687**
SEGMENT EARNINGS (EBITDA) BEFORE NON-RECURRING ITEMS			
Orchard Division	2,602	4,069	2,109
Post Harvest Division	17,735	15,017	17,402
Business Development Division	(446)	(1,670)	(836)
All other segments	(2,278)	(3,883)	(2,275)
Share of associates	-	509	-
TOTAL EBITDA BEFORE NON-RECURRING ITEMS	**17,613**	**14,042**	**16,400**
Depreciation and amortisation	2,262	4,630	2,348
Finance costs	712	3,823	1,987
Investment impairment	1,749	-	-
Reduction in consideration received on sale of joint venture	400	-	-
PROFIT BEFORE TAX	**12,490**	**5,589**	**12,065**
Taxation	4,285	1,609	3,618
PROFIT AFTER TAX	**8,205**	**3,980**	**8,447**

c) Impact of seasonality

The interim financial statements reflect the revenues associated with the kiwifruit harvested between April and June 2009, excluding kiwifruit crops owned by the Company under long term lease contracts which are recorded at fair value at each reporting date.

NOTE 5. REVENUE & OTHER INCOME

Orchard sales	26,787	36,780	27,502
Post harvest sales	66,257	69,849	67,663
Other sales	2,468	835	277
TOTAL SALES	**95,512**	**107,464**	**95,442**
Interest income	1	179	92
Dividend income	205	329	153
TOTAL OTHER INCOME	**206**	**508**	**245**
TOTAL REVENUE AND OTHER INCOME	**95,718**	**107,972**	**95,687**

	Group Six Months to September 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited

NOTE 6. DIRECT & ADMINISTRATIVE EXPENSES

Operating materials and services	43,620	57,418	43,601
Orchard lease costs	15,751	7,229	16,174
Impairment charges on short term lease payments	(745)	779	-
Total employee benefits expense	19,259	26,103	19,538
General administrative expenses	1,424	2,462	1,438
Audit fees	42	138	54
Tax fees paid to auditors	16	31	25
Other accounting fees	11	34	17
Bad and doubtful debts expense	-	21	-
Movement in onerous leases	(45)	(84)	(84)
Directors fees	175	261	125
Donations	1	2	-
Research and development costs	6	3	3
Loss on sale of property plant and equipment	-	15	-
Rent and lease expenses	45	85	44
(Profit) Loss on sale of shares	45	(103)	(109)
(Profit) on sale of property plant and equipment	(3)	(61)	(31)
Investment impairment	1,749	-	-
Reduction in consideration received on sale of joint venture	400	-	-
Fair value movement in biological assets	(1,497)	106	(1,508)
	80,254	**94,439**	**79,287**
Depreciation			
Buildings	657	1,172	603
Plant and equipment	1,465	2,980	1,473
Motor vehicles	16	9	12
	2,138	**4,161**	**2,088**
Amortisation			
Software amortisation	124	276	150
Bragg lease amortisation	-	193	110
	124	**469**	**260**
Finance costs			
Interest expense	899	2,831	1,640
Fair value adjustments on non-hedging derivatives and ineffectiveness	(187)	992	347
	712	**3,823**	**1,987**
Share of profit of associates	-	(509)	-
TOTAL EXPENSES	**83,228**	**102,383**	**83,622**

NOTE 7. INCOME TAXES

Income tax expense is recognised based on the current applicable company tax rate which for the 31 March 2010 year end is currently 30%.

	September 09 $000 Unaudited	March 09 $000 Audited	Per Share
8. DIVIDENDS			
Ordinary shares			
Dividend paid 9 December 2008	-	1,511	0.12
Dividend paid 26 June 2009	1,260	-	0.10
TOTAL DIVIDEND PAID	**1,260**	**1,511**	

	Group Six Months to September 09 $000 Unaudited	Group Year to March 09 $000 Audited	Group Six Months to September 08 $000 Unaudited
NOTE 9. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating surplus after taxation	**8,205**	**3,980**	**8,447**
Add non cash items:			
Depreciation	2,138	4,161	2,088
Amortisation of orchard development	-	193	110
Amortisation of intangibles	125	276	150
Movement in deferred tax	-	(38)	-
Movement in fair value of biological assets	3,068	(1,636)	1,493
Movement in onerous leases	(45)	(84)	(84)
Movement in derivatives	(187)	1,057	347
Movement in employee share scheme	-	18	9
Share of income from associates	155	(340)	126
	5,254	**3,607**	**4,239**
Add items not classified as an operating activity:			
Loss on sale of property, plant and equipment	(3)	(46)	(31)
Reduction in consideration received on sale of joint venture	400	-	-
Investment impairment	1,749	-	-
(Gain) loss on sale of shares	45	(103)	(109)
	2,191	**(149)**	**(140)**
Increase (decrease) in working capital:			
Increase (decrease) in accounts payable	(3,357)	4,310	(757)
(Increase) decrease in accounts receivable	(16,386)	1,422	(15,617)
(Increase) decrease in inventory	8,591	(2,198)	5,786
(Increase) decrease in work in progress / prepayments	8,693	629	9,392
Increase (decrease) in taxes and GST due	3,801	990	3,618
	1,342	**5,153**	**2,422**
NET CASH FLOW FROM OPERATING ACTIVITIES	**16,992**	**12,591**	**14,968**

NOTE 10. 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 09 Unaudited	Group Year to March 09 Audited	Group Six Months to September 08 Unaudited
Profit attributable to equity holders of the Company (thousands)	8,205	3,980	8,447
Weighted average number of ordinary shares in issue (thousands)	12,600	12,600	12,600
Basic earnings per share (cents)	0.65	0.32	0.67

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.

Profit attributable to equity holders of the Company (thousands)	8,205	3,980	8,447
Weighted average number of ordinary shares in issue (thousands)	12,600	12,600	12,600
Adjustment for share options	-	-	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**12,600**	**12,600**	**12,600**
Diluted earnings per share (cents)	0.65	0.32	0.67

NOTE 11. CONTINGENCIES

As at 30 September 2009 the Group had no contingent liabilities or assets (2008 - Nil).

NZX/Westpac: Westpac Bank holds a guarantee for a bond of $75,000 (2008 - $75,000) in favour of the New Zealand Stock Exchange.

NOTE 12. 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 $82,657,444 (2008: $86,048,473) for the provision of post harvest and orchard management services to Seeka Growers Limited.

NOTE 13. RECEIVABLES

At balance date, a significant portion of receivables are due from Zespri Group Limited.

NOTE 14. AVAILABLE FOR SALE FINANCIAL ASSETS

The fair values of the listed securities are based on closing share price at balance date. All unlisted securities are currently held at cost. Management has reviewed the carrying amount of all unlisted securities and the Company has decided to write off its investment in Vital Foods Limited in the current financial year. This has resulted in a non recurring impairment expense of $1.749m to the earnings for the Group's financial period ending 30 September 2009.

The Group has not regarded its investment in Vital Foods as a strategic asset for some time and has declined to invest in capital raisings undertaken by Vital Foods since June 2007. Those capital raisings were at prices which supported the carrying cost of the Vital Foods investment in the Group's balance sheet. During the first six months, a capital raising, in which the Group did not participate, reduced the value of the Group's shareholding in the business to such an extent that the Group has fully impaired its investment.

The Vital Foods investment has not contributed to the operating earnings and cashflow of the Group and, accordingly, this impairment will have no impact on the Group's ongoing operating cashflow.

Notes to the Financial Statements

NOTE 15. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 9 November 2009, the Company entered into an agreement (conditional on the completion of the statutory notice period) to acquire 100% of the 11,001,500 subscribed shares of Te Awanui Huka Pak Limited for $2.20 per share ($24,203,300).

The purchase is to be funded through a combination of cash ($6,603,300), issuance of Company shares (a minimum of 1,833,333 at $3.60 per share) and the sale and lease back of acquired land assets to the primary shareholder, Te Awanui Whenua Trust Limited ($11,000,000). The transaction is expected to be completed on 4 December 2009.

Te Awanui Huka Pak Limited is not a Code Company (under the Takeovers Act), so the acquisition is being undertaken by way of an amalgamation under the Companies Act 1993. Immediately after the amalgamation, the management contract between Te Awanui Huka Pak Limited and Coolstore Management Limited will be cancelled for consideration of $3,900,000.

No other events requiring adjustment to or disclosure in the financial statements occurred after balance sheet date (2008 - Nil).

Directory

DIRECTORS

Kim Ellis
Chairman

Peter Dawe
Director

Amiel Diaz
Director

Stuart Burns
Director

Malcolm Cartwright
Director

David Emslie
Director

Junichi Moriya
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

Greg Rodger
GM Information Systems

Rob Towgood
GM Post Harvest Operations

CORPORATE

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Wood Walton Chartered Accountants Limited
Tauranga

BANKERS
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Link Market Services Limited
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