

SEEKA KIWIFRUIT INDUSTRIES LIMITED

HALF YEAR REVIEW 30 SEPTEMBER 2007

HALF YEARLY REVIEW FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007 [UNAUDITED]

- 1 Summary
- 2 Overview
- 3 Operational Review
- 6 Income Statement
- 7 Statement of Changes In Equity
- 8 Balance Sheet
- 9 Cash Flow Statement
- 10 Notes to the Financial Statements
- 28 Directory

Summary

- > Unaudited six month profit after tax \$5.741m to 30 September 2007 compared with \$7.727m for the corresponding period in 2006.
- > Operating cash flow \$4.358m for the six months compared with \$7.291m.
- > Full year forecast profit after tax between \$2.2m and \$3.0m reflecting significantly lower fruit returns from Zespri.
- > High fruit loss despite timely harvest, increased capacity and successful labour strategy.
- > Interim dividend suspended to maintain innovation and capital investment.
- > New orchard lease package developed (Total Value Lease) to address orchard losses.
- > Oakside Gold Grader successfully commissioned.

Overview

Seeka Kiwifruit Industries has recorded an unaudited operating surplus after tax for the six months ended 30 September 2007 of \$5.741m compared with \$7.727m for the same period in 2006. The decrease of \$1.986m is primarily the result of a reduction in orchard operations.

Orchard gate returns (OGR) have significantly reduced, impacting on the profitability of orcharding and orchard leasing. This reduction has offset a creditable improvement in the financial performance of post harvest operations.

Operating cash flow for the six months under review of \$4.358m compares with \$7.291m for the same period in 2006. The reduction in operating cash flow reflects reduced orchard earnings and a later selling season which delayed cash receipts to the post harvest division. Lower cash flow has led the Company to review both its capital investment levels and dividend.

Seeka has transitioned to International Financial Reporting Standards and all results contained in this report are compliant with the new Standards.

Shareholders are reminded that due to the seasonal nature of orchard and post harvest activities a significant portion of profit is earned in the first half of the year, with the second half largely carrying costs.

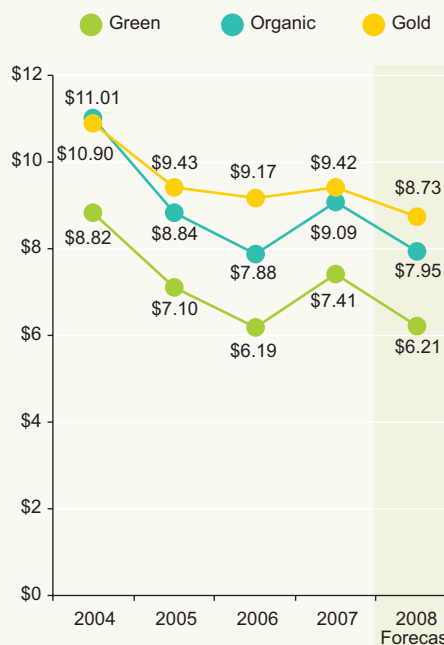
Higher currency and volume impacts on orchard returns

2007 yielded a large crop. Industry Green crop volumes available for sale rose by 18% to 74.5m trays and Gold by 15% to 21m trays. The Zespri marketing team completed an excellent job in handling the increased volumes and achieved good in-market pricing. However, in order to sell the crop, larger volumes of fruit were sold in lower returning markets. This change in market mix eroded average returns per tray.

Compounding the market mix effect, the New Zealand dollar continued to increase against key trading currencies. This increase in currency has led to a significant decline in New Zealand dollar returns and accordingly FOBS and service payments from Zespri have declined by \$1.20 per tray Green (to \$6.21), \$0.69 per tray Gold (to \$8.73) and \$1.14 per tray Green Organic (to \$7.95).

Across the kiwifruit industry, businesses and growers are suffering from lower returns, increasing costs and an increasingly complex product specification. Seeka's orchard operations have delivered excellent production, profile and yields. However this performance has not been enough to offset the dramatic decline in fruit returns, and these operations are expected to return a loss in 2007. In response to lower returns, the Board and management have committed to a comprehensive programme to reduce costs, implement new financial structures in orchard leasing operations, pursue innovation to increase efficiency, and invest in core capacity to ensure the Company continues to improve its services to growers.

HISTORICAL ZESPRI FOBS PAYMENTS



Operational Review

Post harvest innovation leads to efficiency and timing gains

Seeka achieved a record harvest of 21.1m trays which was 1.4m trays above expectation and 1.2m trays ahead of 2006. Importantly the harvest was completed on 10 June 2007, a significantly better result than last year.

More than 350 Assisted Immigration Programme (AIP) overseas workers were employed by the Company of which 200 Malaysian workers were brought in to New Zealand under a Seeka Work Visa Scheme. These workers complemented the important local labour supply, providing a reliable and stable workforce. By employing more than 3500 workers, Seeka was able to harvest and pack at capacity for the season.

Accommodation for seasonal workers was developed by third party investors at Maketu. The 'Kiwi Corral' centre ensured seasonal staff had access to good quality, cost-efficient accommodation close to their place of work. The accommodation facility, labour strategy and overseas workforce proved to be successful and made an important contribution to a significantly improved harvest performance.

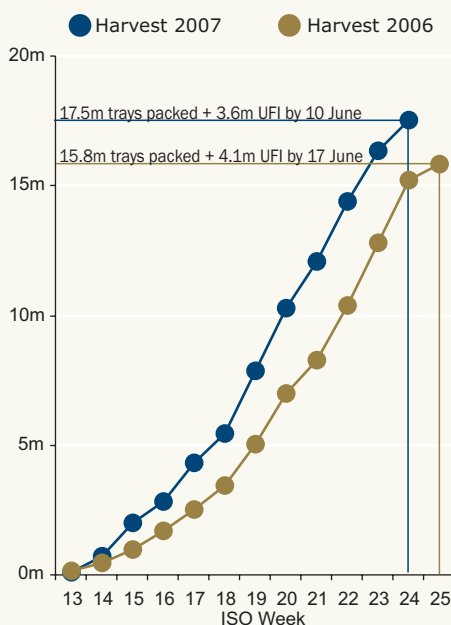
The Company invested in new capacity through the design and installation of the new Gold grader

at Oakside. This nine-lane machine concentrates the latest Seeka innovation in Gold handling, being equipped with soft handling technology, Compac Invision camera grading equipment, and three ABB Flexi-pick robots that have been trialled over the last three years. The new Gold grader handled 1.95m trays of fruit, and after commissioning was delivering excellent performance. Projects relating to picking quality for 2008 Gold will ensure that the Company continues to improve the post harvest performance of its Gold crop.

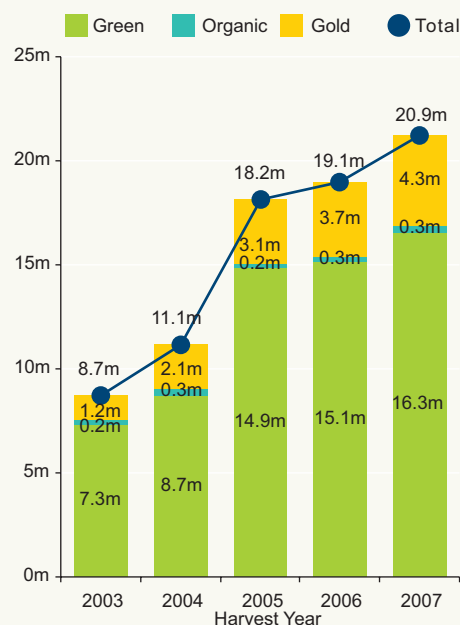
The fruit inventory remained challenging. Seeka's Gold fruit loss for the current season was higher than the excellent result achieved in 2006, due to picking issues and the new colour conditioning protocol introduced across the industry. Seeka is comprehensively reviewing and improving every stage of its Gold handling. For 2008 Gold will be handled at two sites (Oakside and Main Road). This will require increased coolstore investment at Main Road.

Green fruit loss, while better than 2006, needs further improvement. Seeka is implementing a strategy to reduce Green fruit loss with initiatives targeted at picking, inventory segregation and management to achieve this outcome.

CUMULATIVE TRAYS HARVESTED BY WEEK



HISTORICAL TOTAL PACKED TRAYS



Seeka relaunched its important Organic category located at its Waimapu site. 'WaimapuOrganics' provides growers with a one-stop comprehensive service. Already new growers have been attracted.

In summary, harvest and post harvest operations have improved their operational and financial performance over 2006.

Orchard operations return a loss

The orchard division has grown a record crop with 7.5m trays of Green fruit and 2.1m trays of Gold fruit harvested across the Company's total orchard operations. Excellent management practices have delivered good yields and crop profile.

However, lower fruit returns to the orchard gate have meant that many of Seeka's leases are not profitable and returns to long term leases have reduced. This has resulted in an EBIT loss of \$4.3m from orchard operations.

Seeka is not planning on an exchange rate correction to improve its financial performance. Uneconomic leases will not be renewed on the same basis. A new payment structure will be introduced that fairly shares orcharding risks and rewards with orchard owners. The new 'Total Value Lease' will improve orchard earnings from 2009 as leases are renewed.

Our people our future

During the past six months, an important initiative has been the development of Seeka's young talent pool to ensure they have excellent training and are exposed to a wide range of situational learning work experiences.

A highlight was the secondment of a staff member to the Venida packhouse in California as they harvested and packed the Gold crop for Zespri. In addition to kiwifruit processing, experience was gained from other packhouses and different soft fruit handling techniques. This programme will be expanded in 2008 with Italy being explored as an option.

Seeka remains committed to investing in its people, recognising the important contribution they make to the ongoing success of the Company.

Vital achieves important milestone

Vital Foods, 10 percent owned by Seeka, has successfully undertaken clinical trials for its kiwifruit-based digestive dietary supplement. Since then, Vital has launched 'Phloe'TM in New Zealand. Market results have exceeded expectation and Vital is now on an exciting growth path.

Outlook and dividend

Despite improvements in the operational performances of both post harvest and orcharding divisions, fruit returns to orchard operations have had a significant impact on the anticipated financial performance for the year ended 31 March 2008. Seeka is expecting full year profit after tax to be in the range of \$2.2m to \$3.0m, based on the latest returns from Zespri. This wide range reflects the difficulty in accurately forecasting returns under the International Financial Reporting Standards.

The Board has reviewed its innovation and capital investment programme and forward cash flow and in light of the lower profit has decided not to distribute an interim dividend.

Your Directors however remain confident in the underlying profitability of the business and strength of assets and balance sheet.

Close

At the Annual Meeting of Shareholders in August, Mr Brian Allison announced his retirement from the Company. Seeka is grateful to Mr Allison for his service and leadership — he has left a great legacy to both Seeka and the New Zealand kiwifruit industry as a whole.



Kim Ellis
Chairman



Michael Franks
Chief Executive

KEY MARKET INDICATORS	SIX MONTHS TO SEPT 07	FULL YEAR 2006/2007	SIX MONTHS TO SEPT 06
Volumes			
Market Share	21.3%	21.4%	21.4%
Supplying Hectares	2,560	2,669	2,669
Post Harvest Operations – All Classes			
Gross Packed Trays Green	17,937,907	16,712,266	16,712,266
Gross Packed Trays Gold	4,269,685	3,782,167	3,782,167
Total Gross Packed Trays	22,207,592	20,494,433	20,494,433
Orchard Operations – Green			
Orchard Production Trays	5,798,703	4,372,018	4,372,018
Orchard Production Hectares	685	591	591
Orchard Production Trays/Hectare	8,467	7,394	7,394
Orchard Operations – Gold			
Orchard Production Trays	1,647,369	995,338	995,338
Orchard Production Hectares	178	130	130
Orchard Production Trays/Hectare	9,268	7,656	7,656
Lease Orchard Gate Returns per Tray			
Green	\$2.98	\$3.82	\$3.43
Gold	\$4.10	\$5.32	\$5.31
KEY FINANCIAL INDICATORS			
Total Income (\$000s)	92,396	96,580	80,681
Net Profit Before Tax (\$000s)	6,669	7,362	10,071
Total Assets (\$000s)	111,885	106,069	101,607
Total Shareholders Funds (\$000s)	53,209	48,689	50,912
Shareholder Equity Ratio %	48%	46%	50%
Earnings per Share NPAT	\$0.46	\$0.45	\$0.61
Dividend per Share	\$0.10	\$0.19	\$0.10
Dividend % of NPAT	21%	41%	15%
Share Price	\$3.65	\$3.95	\$3.66
NPAT on Net Assets	11%	12%	15%
Total Shareholders	801	825	789
Total Shares on Issue	12,599,995	12,599,995	12,599,995
Interest Times Cover	5	4	9
SEGMENT INFORMATION			
Segment Revenue			
Orchard segment (\$000s)	22,717	28,969	22,128
Post harvest segment (\$000s)	69,332	65,590	58,154
Other (\$000s)	347	2,021	399
Total Revenue (\$000s)	92,396	96,580	80,681
Segment EBIT			
Orchard segment (\$000s)	(4,322)	3,030	(570)
Post harvest segment (\$000s)	15,381	10,711	14,070
Other (\$000s)	(2,898)	(3,762)	(2,234)
Total EBIT (\$000s)	8,161	9,979	11,266
Finance costs (\$000s)	1,492	2,617	1,195
Profit (Loss) Before Tax (\$000s)	6,669	7,362	10,071
Taxation (\$000s)	928	1,633	2,344
Profit (Loss) After Tax (\$000s)	5,741	5,729	7,727

Income Statement

For the half-year ended 30 September 2007

	Notes	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
Operating revenues	3	92,396	96,580	80,681
Less expenses	3	81,981	82,873	67,406
Operating profit before interest, tax, and depreciation		10,415	13,707	13,275
Less depreciation and amortisation	3	2,254	4,249	2,009
Plus share of after tax profit in associates		-	521	-
Operating profit before interest and income tax		8,161	9,979	11,266
Less finance costs		1,492	2,617	1,195
Operating profit before income tax		6,669	7,362	10,071
Less taxation expense		928	1,633	2,344
NET OPERATING PROFIT ATTRIBUTABLE TO SHAREHOLDERS		5,741	5,729	7,727
		Cents	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company during the year				
Earnings per share on weighted average shares on issue (cents)	14	46	45	61
Diluted earnings per share	14	46	46	63

Statement of Changes in Equity For the half-year ended 30 September 2007

	Notes	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
Total recognised revenues and expenses for the period				
Net profit attributable to shareholders		5,741	5,729	7,727
Revaluation of land and buildings		-	761	-
Employee share option reserve		-	78	49
Plus contribution from owners				
Shares issued		2	1,297	1,120
Less distributions to owners				
Dividend paid	9	1,223	2,376	1,184
Movement in equity for period		4,520	5,489	7,712
Equity at beginning of period		48,689	43,200	43,200
EQUITY AT 30 SEPTEMBER		53,209	48,689	50,912

Balance Sheet

As at 30 September 2007

	Notes	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
EQUITY				
Share capital	7	28,738	28,736	28,559
Reserves	5	4,516	4,516	3,819
Retained earnings	5	19,955	15,437	18,534
TOTAL EQUITY		53,209	48,689	50,912
CURRENT ASSETS				
Cash and cash equivalents		460	16	204
Trade and other receivables		24,735	7,011	24,674
Short term lease prepayments		6,440	15,657	4,900
Inventories		2,272	3,930	1,483
Financial assets		183	126	39
Current tax receivables		-	669	-
TOTAL CURRENT ASSETS		34,090	27,409	31,300
NON CURRENT ASSETS				
Advances		905	1,156	240
Investments		9,170	8,949	8,445
Property plant and equipment		57,736	56,172	52,493
Biological assets	8	7,262	9,618	6,408
Intangibles		2,722	2,765	2,721
TOTAL NON CURRENT ASSETS		77,795	78,660	70,307
TOTAL ASSETS		111,885	106,069	101,607
CURRENT LIABILITIES				
Trade and other payables		8,186	7,178	8,045
Bank borrowings		13,730	12,130	3,686
Current tax liabilities		662	(0)	1,803
TOTAL CURRENT LIABILITIES		22,578	19,308	13,534
NON CURRENT LIABILITIES				
Provision for onerous leases		620	1,287	1,288
Bank borrowings		25,509	26,011	23,027
Mandatory convertible notes		-	-	4,000
Deferred tax		9,969	10,774	8,846
TOTAL NON CURRENT LIABILITIES		36,098	38,072	37,161
TOTAL LIABILITIES		58,676	57,380	50,695
NET ASSETS		53,209	48,689	50,912

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

Cash Flow Statement

For the half-year ended 30 September 2007

	Notes	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
OPERATING ACTIVITIES				
<i>Cash was provided from :</i>				
Receipts from customers		77,857	94,647	65,941
Interest and dividends received		31	524	248
<i>Cash was disbursed to:</i>				
Payments to suppliers and employees		(71,572)	(87,411)	(57,037)
Interest paid		(1,557)	(2,770)	(1,265)
Income taxes paid		(401)	(779)	(596)
NET CASHFLOWS FROM OPERATING ACTIVITIES	13	4,358	4,211	7,291
INVESTING ACTIVITIES				
<i>Cash was provided from:</i>				
Sale of property plant and equipment		18	190	130
Repayment of employee share scheme advance		117	143	46
Repayment of advances		245	-	-
Sale of investments		14	326	4
<i>Cash was applied to:</i>				
Purchase of property plant and equipment		(3,603)	(6,579)	(1,692)
Employee share scheme advance		-	(700)	-
Purchase of investments		(436)	(1,140)	(1,363)
Long term developments		(111)	(103)	24
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(3,756)	(7,863)	(2,851)
FINANCING ACTIVITIES				
<i>Cash was provided from:</i>				
Proceeds of term bank borrowings		-	3,007	-
Proceeds of short term bank borrowings		1,600	6,079	-
Issue of shares		5	899	1,123
<i>Cash was applied to:</i>				
Repayment of bank borrowings		(502)	-	(4,303)
Payment of dividend		(1,261)	(2,466)	(1,205)
Settlement mandatory notes		-	(4,000)	-
NET CASHFLOWS FROM FINANCING ACTIVITIES		(158)	3,519	(4,385)
Net increase/ (decrease) in cash		444	(133)	55
Opening cash balance brought forward		16	149	149
ENDING CASH BALANCE CARRIED FORWARD		460	16	204

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

Notes to the Financial Statements For the half-year ended 30 September 2007

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Seeka Kiwifruit Industries Limited and its subsidiaries (together the Group) provides and manages service activities to the horticultural industry. The company is a profit orientated 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 (NZSX). The company is an issuer in terms of the Financial Reporting Act 1993. The Consolidated Financial Statements of the Company for the period ended 30 September 2007 comprise the Company and its subsidiaries and interest in associates. The address of its registered office is Wood Walton Chartered Accountants Limited, 55, 8th Avenue Tauranga.

Summary of significant accounting policies

These unaudited general purpose financial statements for the interim half year reporting period ended 30 September 2007 have been prepared in accordance with New Zealand International Accounting Standard No:34 (NZ IAS 34) Interim Financial Reporting and are compliant with International Financial Reporting Standards.

(a) Basis of preparation of half year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Application of NZ IFRS 1 First time Adoption of New Zealand Equivalents to International Financial Reporting Standards

Financial statements of Seeka Kiwifruit Industries Limited for reporting periods up to 31 March 2007 had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing the Seeka Kiwifruit Industries Limited interim financial report for the half year ended 30 September 2007, management has amended certain accounting and valuation methods applied in the previous NZ FRS financial statements to comply with NZ IFRS. The comparative figures were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of transition from previous NZ FRS to NZ IFRS on the company's equity and its net income are given in note 15.

Historical cost convention

The financial statements have been prepared under the historical cost convention as modified by the following:

- Financial instruments at fair value through profit or loss are measured at fair value
- Biological assets are measured at fair value less point-of-sale costs (as applicable)
- Land and Buildings are measured using the revaluation model.

Accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 6.

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and associates of Seeka Kiwifruit Industries Limited ('company') as at 30 September 2007 and their results for the half year then ended. Seeka Kiwifruit Industries Limited and its subsidiaries and associates together are referred to in these financial statements as the Group or the consolidated entity.

(i) Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

(ii) Associates

Associates are entities over which the company has significant influence but not control, generally evidenced by a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The company's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates in the consolidated financial statements reduce the carrying amount of the investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the company and its associates are eliminated to the extent of the company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(iii) Joint ventures

Jointly controlled entities

The Company's interest in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the jointly controlled entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Profits or losses on transactions establishing the jointly controlled entity and transactions with the joint venture are eliminated to the extent of the company's ownership interest until such time as they are realised by the jointly controlled entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(c) Segment reporting

The company's primary reporting format is business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

(d) Functional currency

The financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency.

(e) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the company. Revenue is recognised as follows:

(i) Sales of services

The group provides services to the post harvest sector that include fruit packing, cool-storage and associated activities. Sales of these services are recognised in the accounting period in which the services are rendered.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Income tax

The income tax expense comprises both current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

This deferred tax recognised in the financial statements does not represent the tax that would be payable on the disposal of the buildings. The actual tax payable on disposal of the buildings would be limited to the reversal of tax depreciation claimed on that asset in prior period tax returns.

Notes to the Financial Statements For the half-year ended 30 September 2007

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(g) Goods and Services Tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Leases

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the leases's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease, except for short term orchard leases where lease costs are recognised at the same time as other crop related income and expenses.

Where a lease is onerous, the cost of the onerous portion is recognised immediately.

(j) Impairment of non-financial assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis including debts past due but not considered impaired. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence, such as default or bankruptcy that indicate that the company will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

The company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are included in receivables in the balance sheet.

(iii) Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

(iv) Available for sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade date or the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit and loss are carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available for sale are recognised in equity in the available for sale investments revaluation reserve. When securities classified as available for sale are sold, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(n) Derivatives

The Company uses interest rate swaps to manage its exposure to fluctuations in interest rates on borrowings. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The change in fair value is recognised in the income statement.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

(p) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the

Notes to the Financial Statements For the half-year ended 30 September 2007

income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 20 - 50 years
- Machinery 10 - 20 years
- Vehicles 4 - 7 years
- Furniture, fittings and equipment 3- 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(q) Borrowing costs

Borrowing costs are expensed when incurred.

(r) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(s) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired business or associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(iii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

(t) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Employee Share Scheme (ESS)

The company operates an equity settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and the ESS reserve when the options are exercised.

The scheme is managed by a trust established in October 2002 and the trust directors also hold office as directors of Seeka Kiwifruit Industries Limited.

Dividends paid on the shares are used to repay the debt between the ESS and the Company.

Further shares may be issued at the directors discretion at a price set by the directors, except that the ESS cannot be issued with further shares if that issue of shares would result in the ESS having an interest of more than 5% of the issued capital of the Company.

The ESS has a non-beneficial interest in all the shares allocated to employees. Annually the Company will review the scheme and decide upon the allocation of further shares and the price at which those shares will be issued to the ESS. All shares allocated are fully paid up.

The Trustees of the ESS are not appointed for any term and may be removed by the Company at any time.

The shares held by the ESS carry the same voting rights as other issued ordinary shares, however the Trust Deed prohibits the Trustees from exercising any votes on the shares. Also employees participating in the ESS are unable to exercise voting rights while monies are owed on the shares.

(u) Dividends

Provision is made for the amount of any dividend declared on or before the end of the half year but not distributed at balance date.

(v) Earning per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half year, adjusted for bonus elements in ordinary shares issued during the half year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Biological assets - Long Term Leases

(i) Kiwifruit orchards and kiwifruit

(a) At annual balance date kiwifruit orchards and kiwifruit under long term lease are measured at their fair value less estimated point of sale costs. The fair value of orchards is determined by an independent valuer. The fair value of kiwifruit on the vine is measured at fair value less estimated point of sale costs at the time of picking.

(b) At the half year balance date kiwifruit orchards and kiwifruit under long term lease are measured at their fair value less estimated point of sale costs. The fair value of orchards is determined by an independent valuer. The fair value of kiwifruit on the vine is measured at cost as the crop is undeveloped and therefore cost equates to fair value.

(x) Seasonal business

Seeka is a seasonal business and therefore, receives the majority of its revenue in the first half of the year. Revenue for orchard leases and orchard operations has been accrued based upon Zespri's October 2007 forecast.

Note 2 - Transition to NZ IFRS

Basis of transition to NZ IFRS

Application of NZ IFRS 1

The company's financial statements for the period ended 30 September 2007 are the first interim financial statements that comply with NZ IFRS. These financial statements have been prepared as described below. The company has applied NZ IFRS 1 in preparing these consolidated financial statements.

The company's transition date is 1 April 2006. The company prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 September 2007. The company's NZ IFRS adoption date is 1 April 2007.

In preparing these consolidated financial statements in accordance with NZ IFRS 1, the company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by the Group

Seeka Kiwifruit Industries Limited has elected to apply or not apply the following optional exemptions from full retrospective application.

(a) Business combinations exemption

The company has not applied the business combinations exemption in NZ IFRS 1. The effect of the restatement of business combinations is detailed in Note 15.

Notes to the Financial Statements For the half-year ended 30 September 2007

(b) Designation of financial assets and financial liabilities exemption

The company has applied the financial assets and financial liabilities exemption for various securities as available for sale investments and as financial assets at fair value through profit and loss.

(c) Share based payment transaction exemption

The company has not elected to apply the share based payment exemption. The company has determined the fair value from April 2006 of options offered under the staff employee share scheme that have not vested in the employee at balance date.

Exceptions from full retrospective application followed by the Group

The company has applied the following applicable mandatory exceptions from retrospective application.

(a) Derecognition of financial assets and liabilities exception.

Financial assets and liabilities derecognised before 1 April 2006 are not re-recognised under NZ IFRS. Management did not choose to apply the NZ IAS 39 de-recognition criteria to an earlier date. The application of this exemption at the opening balance date of 1 April 2006 is detailed in note 15.

(b) Estimates exception

Estimates under NZ IFRS at 1 April 2006 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

The reconciliations in note 15 provide a quantification of the effect of the transition to NZ IFRS. The reconciliations provide an overview of the impact on equity of the transition at 1 April 2006, 30 September 2006 and 31 March 2007. They then provide a reconciliation of the impact of the transition on the income statement at 30 September 2006 and 31 March 2007.

	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
Note 3 – Operating Revenues and Expenses			
OPERATING REVENUES			
Sales	91,272	95,129	79,428
Interest income	22	69	28
Dividend income	131	459	219
Profit on sale plant & equipment	2	32	-
Fair value movement in biological assets	969	891	1,006
Total Revenue	92,396	96,580	80,681
EXPENSES			
Operating materials and services	60,521	59,598	51,525
Employee benefits expense	20,736	21,372	15,952
Movement in onerous leases	(667)	(1,175)	(1,175)
Audit fees	49	67	4
Directors fees	119	181	97
Loss on sale property plant & equipment	2	30	-
Rent and lease expenses	1,221	2,800	1,003
Total Expenses	81,981	82,873	67,406
Depreciation	1,981	3,871	1,853
Amortisation of orchard development costs	110	126	63
Amortisation of intangibles	163	252	93
Share of after tax surplus in associates	-	(521)	-
Finance costs	1,492	2,617	1,195

	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
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Note 4 – Segment Information

(a) Description of Segments

The company is organised into the following divisions by product and service type.

Orchard

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

The group provides services to the post harvest sector that include fruit packing, coolstorage and associated activities.

(b) Primary reporting format - business segments

Segment Revenue

Orchard segment	22,717	28,969	22,128
Post harvest segment	69,332	65,590	58,154
Other	347	2,021	399
Total Revenue	92,396	96,580	80,681

Segment Earnings Before Interest and Taxation (EBIT)

Orchard segment	(4,322)	3,030	(570)
Post harvest segment	15,381	10,711	14,070
Other	(2,898)	(3,762)	(2,234)
Total EBIT	8,161	9,979	11,266
Finance costs	1,492	2,617	1,195
Profit (Loss) Before Tax	6,669	7,362	10,071
Taxation	928	1,633	2,344
Profit (Loss) After Tax	5,741	5,729	7,727

Note 5 - Reserves and Retained Earnings

(a) Reserves

Balance at 1 April	4,516	3,819	3,819
Revaluation of land & buildings	-	761	-
Transfer of reserves on investments sold	-	(93)	-
Employee share scheme reserve	-	29	-
Balance 30 September	4,516	4,516	3,819

(b) Nature and Purpose of Reserves

(i) Property, Plant and Equipment Revaluation Reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of land buildings.

(ii) Investments Revaluation Reserve

The investments revaluation reserve is used to record increments and decrements on the revaluation of investments, classified as available for sale.

(iii) Employee Share Scheme reserve

The employee share scheme reserve is used to recognise the fair value of options issued but not exercised.

(c) Retained Earnings

Movements in Retained Earnings were as follows:

Balance 1 April	15,437	11,991	11,991
Net profit for the period	5,741	5,729	7,727
Dividends	(1,223)	(2,376)	(1,184)
Revaluation reserves realised	-	93	-
Balance at end of period	19,955	15,437	18,534

Notes to the Financial Statements For the half-year ended 30 September 2007

Note 6 – Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and profit within the next financial year are discussed below.

(i) Valuation of long term leased orchards

Long leased orchards (vines) are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. Refer Note 8.

(ii) Valuation of kiwifruit

Kiwifruit from long term leased orchards are measured at fair value less point of sale costs as determined by company forecasts. These forecasts include assumptions in relation to in-market prices, foreign exchange rates, fruit loss and forecast trays expected to be harvested. Refer Note 8.

(iii) Valuation of land and buildings

Land and buildings are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation.

	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
Note 7 – Equity Securities Issued			
Opening Balance Equity Securities	30,156	28,262	28,262
Employee share scheme issues	-	700	-
Settlement of mandatory notes	-	1,014	1,014
Settlement of partly paid issues	2	180	106
Total Equity Securities Issued	30,158	30,156	29,382
Consolidation Employee Share Scheme	(1,420)	(1,420)	(823)
Total Equity Securities Issued	28,738	28,736	28,559

Note 8 - Biological Assets

The company, as part of its operations, leases land and grows and harvests kiwifruit. Harvesting of orchards occurs from March to June each year. The orchards are situated in the Bay of Plenty, Coromandel and South Auckland, New Zealand.

As at 30 September 2007 the company has long term leases on a total of 106.16 hectares of kiwifruit. The fair value of the agricultural assets including the crop is determined at each balance date. At 30 September the kiwifruit on the vine is measured at cost as the crop is undeveloped and therefore cost equates to fair value.

Kiwifruit Vines and Crop at Fair Value

Carrying amount at 1 April	6,293	5,402	5,402
Fair value movement	-	891	-
Carrying Amount at End of Period	6,293	6,293	5,402
Fair value of kiwifruit crop	969	3,325	1,006
Total Carrying Amount at End of Period	7,262	9,618	6,408

The fair value less estimated point of sale costs of the kiwifruit orchards (the vines) and the land have been determined in accordance with an independent valuation performed at each annual reporting date by Logan Stone Registered Valuers. The basis of valuation is Valuation Standard Number 1 - Market Value Basis of Valuation and Practice Standard Number 3 - The Valuation of Rural Properties.

	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
Note 9 – Dividends			
(a) Ordinary Shares			
Final dividend for the year ended 31 March 2006	-	1,184	1,184
Interim dividend for the year ended 31 March 2007	-	1,192	-
Final dividend for the year ended 31 March 2007	1,223	-	-
Total Dividend Paid	1,223	2,376	1,184

Note 10 – Contingencies

As at 30 September 2007 the company had no contingent liabilities or assets (2006:\$Nil).

Note 11 – Commitments

As at 30 September 2007 the company had no other capital commitments (2006:\$Nil).

Note 12 - Related party transactions

(a) Parent Entities

The ultimate parent entity within the company is Seeka Kiwifruit Industries Limited.

(b) Directors

The names of persons who were directors of the company at any time during the half year are as follows:

K R Ellis (Appointed 1 June 2007)	C R Morton	P Dawe
E B Allison (Resigned 10 August 2007)	J A Scotland	M J Cartwright
D J Emslie		

(c) Terms and conditions of transactions with related parties and key management personnel or entities related to them

Transactions relating to dividends and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

All other transactions were made on normal commercial terms and conditions and at market rates.

Notes to the Financial Statements

For the half-year ended 30 September 2007

	Notes	Group Unaudited Six Months Sep 07 \$000	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000
Note 13 – Reconciliation of profit after income tax to net cash inflow from operating activities				
Net Operating Surplus after Taxation		5,741	5,729	7,727
<i>Add non cash items:</i>				
Depreciation	3	1,981	3,871	1,853
Movement in fair value of biological assets		-	(891)	-
Amortisation of orchard development		110	126	63
Amortisation of intangibles		163	252	93
Movement in employee share scheme reserve		-	29	-
Movement in deferred tax		(805)	1,231	-
Movement in onerous leases		(667)	(1,175)	(1,175)
Movement in derivatives		(56)	(158)	(70)
Share of income from associates		-	(521)	-
		726	2,764	764
<i>Add Items Not Classified as an Operating Activity:</i>				
Profit on sale of property, plant and equipment		-	(2)	-
		-	(2)	-
<i>Increase (decrease) in working capital:</i>				
Increase (decrease) in accounts payable		1,007	3,270	1,467
Increase (decrease) in accounts receivable		(17,723)	(1,609)	(14,885)
Increase (decrease) in inventory		1,658	(2,155)	292
Increase (decrease) in work in progress / prepayments		9,217	(3,380)	8,968
Increase (decrease) in taxes and GST due		3,732	(406)	2,958
		(2,109)	(4,280)	(1,200)
NET CASHFLOW FROM OPERATING ACTIVITIES		4,358	4,211	7,291

Note 14 – Earnings per share

(a) Basic Earnings Per Share (\$)

Profit attributable to the ordinary equity holders of the company 0.46 0.45 0.61

(b) Diluted Earnings Per Share (\$)

Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share. 0.46 0.46 0.63

(c) Weighted Average Number of Shares Used as the Denominator

Closing number of ordinary shares used as the denominator in calculating basic earnings per share 12,600 12,600 12,600

Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share 12,600 12,458 12,315

		Previous NZ GAAP 1 April 06 \$000s	Effect of transition to NZ IFRS \$000s	NZ IFRS IFRS 1 April 06 \$000s
Note 15 – Explanation of Transition to New Zealand Equivalents to IFRSs				
(1) Reconciliation of equity reported under previous New Zealand Generally Accepted Accounting Principles (NZ GAAP) to equity under New Zealand equivalents to IFRSs (NZ IFRS)				
<i>(a) At the opening balance sheet date: 1 April 2006</i>				
EQUITY				
Share capital	4(i)	28,262	(823)	27,439
Reserves	4(j)	5,237	(1,418)	3,819
Retained earnings	4(k)	15,536	(3,594)	11,942
TOTAL EQUITY		49,035	(5,835)	43,200
CURRENT ASSETS				
Cash and cash equivalents		149	-	149
Trade and other receivables		6,168	-	6,168
Short term lease payments	4(e)	15,012	(2,203)	12,809
Inventories		1,775	-	1,775
Current tax receivables		-	-	-
TOTAL CURRENT ASSETS		23,104	(2,203)	20,901
NON CURRENT ASSETS				
Advances		1,402	-	1,402
Investments	4(g)	8,215	(718)	7,497
Property plant and equipment	4(c)	52,014	1,518	53,532
Biological assets	4(b)	-	7,907	7,907
Leased property development	4(b)	8,994	(8,994)	-
Intangible assets	4(d)	-	1,853	1,853
Goodwill	4(d)	1,558	(1,558)	-
TOTAL NON CURRENT ASSETS		72,183	8	72,191
TOTAL ASSETS		95,287	(2,195)	93,092
CURRENT LIABILITIES				
Trade and other payables		4,438	-	4,438
Financial liabilities	4(f)	-	30	30
Term liabilities - current		6,051	-	6,051
Current tax liabilities		59	-	59
TOTAL CURRENT LIABILITIES		10,548	30	10,578
NON CURRENT LIABILITIES				
Provision for onerous leases	4(h)	-	2,463	2,463
Term liabilities		23,005	-	23,005
Mandatory convertible notes		5,000	-	5,000
Provision for deferred tax	4(a)	7,700	1,146	8,846
TOTAL NON CURRENT LIABILITIES		35,705	3,609	39,314
TOTAL LIABILITIES		46,253	3,639	49,892
NET ASSETS		49,035	(5,835)	43,200

Notes to the Financial Statements

For the half-year ended 30 September 2007

		Previous NZ GAAP Sep 06 \$000s	Effect of transition to NZ IFRS \$000s	NZ IFRS IFRS Sep 06 \$000s
<i>(b) At the end of the last half-year reporting period under previous NZ GAAP: 30 September 2006</i>				
EQUITY				
Share capital	4(i)	29,382	(823)	28,559
Reserves	4(j)	5,237	(1,418)	3,819
Retained earnings	4(k)	20,371	(1,837)	18,534
TOTAL EQUITY		54,990	(4,078)	50,912
NON CURRENT ASSETS				
Cash and cash equivalents		204	-	204
Trade and other receivables		24,674	-	24,674
Short term lease prepayments	4(e)	5,906	(1,006)	4,900
Inventories		1,483	-	1,483
Financial assets	4(f)	-	39	39
TOTAL CURRENT ASSETS		32,267	(967)	31,300
NON CURRENT ASSETS				
Advances		240	-	240
Investments	4(g)	9,117	(672)	8,445
Property plant and equipment	4(c)	51,739	754	52,493
Biological assets	4(b)	-	6,408	6,408
Leased property development	4(b)	8,648	(8,648)	-
Intangible assets	4(d)	-	2,721	2,721
Goodwill	4(d)	1,741	(1,741)	-
TOTAL NON CURRENT ASSETS		71,485	(1,178)	70,307
TOTAL ASSETS		103,752	(2,145)	101,607
CURRENT LIABILITIES				
Bank overdraft		-	-	-
Trade and other payables		8,046	(1)	8,045
Bank borrowings		3,686	-	3,686
Current tax liabilities		2,303	(500)	1,803
TOTAL CURRENT LIABILITIES		14,035	(501)	13,534
NON CURRENT LIABILITIES				
Provision for onerous leases	4(h)	-	1,288	1,288
Term liabilities		23,027	-	23,027
Mandatory convertible notes		4,000	-	4,000
Provision for deferred tax	4(a)	7,700	1,146	8,846
TOTAL NON CURRENT LIABILITIES		34,727	2,434	37,161
TOTAL LIABILITIES		48,762	1,933	50,695
NET ASSETS		54,990	(4,078)	50,912

		Previous NZ GAAP Mar 07 \$000s	Effect of transition to NZ IFRS \$000s	NZ IRFS IFRS Mar 07 \$000s
<i>(c) At the end of the last reporting period under NZ GAAP: 31 March 2007</i>				
EQUITY				
Share capital	4(i)	30,156	(1,420)	28,736
Reserves	4(j)	6,280	(1,764)	4,516
Retained earnings	4(k)	16,004	(567)	15,437
TOTAL EQUITY		52,440	(3,751)	48,689
CURRENT ASSETS				
Cash and cash equivalents		16	-	16
Trade and other receivables		7,011	-	7,011
Short term lease prepayments	4(e)	18,392	(2,735)	15,657
Inventories		3,930	-	3,930
Financial assets	4(f)	-	126	126
Current tax receivables		669	-	669
TOTAL CURRENT ASSETS		30,018	(2,609)	27,409
NON CURRENT ASSETS				
Advances		1,156	-	1,156
Investments	4(q)	10,225	(1,276)	8,949
Property plant and equipment	4(c)	55,574	598	56,172
Biological assets	4(b)	-	9,618	9,618
Leased property development	4(b)	8,328	(8,328)	-
Intangible assets	4(d)	-	2,765	2,765
Goodwill	4(d)	1,287	(1,287)	-
TOTAL NON CURRENT ASSETS		76,570	2,090	78,660
TOTAL ASSETS		106,588	(519)	106,069
CURRENT LIABILITIES				
Trade and other payables		7,177	1	7,178
Bank borrowings		12,130	-	12,130
TOTAL CURRENT LIABILITIES		19,307	1	19,308
NON CURRENT LIABILITIES				
Provision for onerous leases	4(h)	-	1,287	1,287
Term Liabilities		26,011	-	26,011
Provision for deferred tax	4(a)	8,830	1,944	10,774
TOTAL NON CURRENT LIABILITIES		34,841	3,231	38,072
TOTAL LIABILITIES		54,148	3,232	57,380
NET ASSETS		52,440	(3,751)	48,689

Notes to the Financial Statements For the half-year ended 30 September 2007

	Previous NZ GAAP Sep 06 \$000s	Effect of transition to NZ IFRS \$000s	NZ IFRS IFRS Sep 06 \$000s
(2) Reconciliation of profit under previous NZ GAAP to profit under New Zealand equivalents to IFRSs (NZ IFRS)			
<i>(a) Reconciliation of profit for the half year ended 30 September 2006</i>			
Operating revenues	82,179	(1,498)	80,681
Less expenses	69,776	(2,370)	67,406
Operating surplus before interest, tax and depreciation	12,403	872	13,275
Less depreciation and amortisation	2,253	(244)	2,009
Plus share of profit and loss of associates	-	-	-
Operating surplus before interest and income tax	10,150	1,115	11,265
Less finance costs	1,264	(69)	1,195
Operating profit before income tax	4(l) 8,886	1,185	10,071
Less taxation expense	4(m) 2,844	(500)	2,344
NET OPERATING PROFIT ATTRIBUTABLE TO SHAREHOLDERS	6,042	1,685	7,727

	Previous NZ GAAP Mar 07 \$000s	Effect of transition to NZ IFRS \$000s	NZ IFRS IFRS Mar 07 \$000s
<i>(b) Reconciliation of profit for the year ended 31 March 2007</i>			
Operating revenues	94,947	1,633	96,580
Less expenses	83,523	(650)	82,873
Operating surplus before interest, tax and depreciation	11,424	2,283	13,707
Less depreciation and amortisation	5,156	(907)	4,249
Plus share of profit and loss of associates	521	-	521
Operating surplus before interest and income tax	6,789	3,190	9,979
Less finance costs	2,767	(150)	2,617
Operating profit before income tax	4(l) 4,022	3,340	7,362
Less taxation expense	4(m) 1,180	453	1,633
NET OPERATING PROFIT ATTRIBUTABLE TO SHAREHOLDERS	2,842	2,887	5,729

(3) Reconciliation to cash flow statement for the year ended 30 September 2007 has not resulted in any material adjustments to the cash flow statement

	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000	Group Unaudited Year April 06 \$000
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(4) Notes to the reconciliations

(a) Deferred tax liability

Under previous NZ FRS income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to amounts recognised directly in equity. The adoption of NZ IFRS has resulted in a change in accounting policy. The application of NZ IAS 12 Income Taxes has resulted in the recognition of deferred tax liabilities on revaluations of non current assets as well as deferred tax balances arising during the year in relation to fair value adjustments on the acquisition of a business. The effects are as follows:

(i) At 1 April 2006, 31 March 2007 and at 30 September 2007

The effects on the deferred tax liability of the adoption of NZ IFRS are as follows (tax rate of 33%):

Balance Deferred Taxation Under NZ GAAP	8,830	7,700	7,700
<i>Impact at 33% of:</i>			
Fair value of long term leases	102	(322)	(322)
Revaluation of plant property and equipment	1,842	1,468	1,468
Deferred taxation balance after IFRS	10,774	8,846	8,846

The tax expense and current liability for the interim period to 30 September 2007 has been adjusted to reflect estimated average annual effective income tax rates following conversion to NZ IFRS.

(b) Biological Assets and Leased Property Developments

Under previous NZ FRS investments in long term leases were recorded as Leased Property Developments at cost and were amortised on a straight line basis over the period of the lease.

Under NZ IFRS Long Term Leased Orchards are classified as biological assets and are measured at fair value less point of sale costs at each balance date.

The impact is as follows:

Long term leased orchards at cost under NZ FRS	8,328	8,648	8,994
<i>Restated as:</i>			
Fair value of kiwifruit crop	3,325	-	2,505
Fair value of vines	6,293	6,408	5,402
Fair value of Biological assets	9,618	6,408	7,907
Structures and windmills transferred to property plant and equipment	1,658	1,734	1,812
Balance transferred to retained earnings / movement in fair of biological assets	(2,948)	506	(725)
Balance of Leased Property Development	-	-	-

(c) Property Plant and Equipment

Under NZ IFRS software costs previously classified as property, plant and equipment have been reclassified as an intangible asset. As noted in (b) above structures and windmills that were recorded within the cost of long term leased orchards are now recorded within property, plant and equipment.

The impact is as follows:

Balance under NZ FRS	55,573	51,739	52,015
Software restated as intangible assets	(1,059)	(980)	(295)
Total Property Plant and Equipment	54,514	50,759	51,720
Structures and windmills transferred to property plant and equipment	1,658	1,734	1,812
Total Property Plant and Equipment under NZ IFRS	56,172	52,493	53,532

Notes to the Financial Statements

For the half-year ended 30 September 2007

	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000	Group Unaudited Year April 06 \$000
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(d) Intangible Assets and Goodwill

Under NZ IFRS goodwill is classified as an intangible asset and not amortised. Instead it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Intangible assets also includes software costs which were previously classified within property, plant and equipment.

Balance under NZ FRS (previous goodwill)	1,287	1,741	1,558
Reversal of amortised goodwill	419	-	-
Software reclassified as an intangible	1,059	980	295
Total Intangibles under NZ IFRS	2,765	2,721	1,853

(e) Short Term Lease Payments

Under NZ IFRS prepayments relating to long term lease orchards have been included in biological assets at their fair value (note (b) above).

Balance under NZ FRS	18,392	5,906	15,012
Prepayments included in fair value of long term leases	(2,735)	(1,006)	(2,203)
Total Short Term Lease Prepayments under NZ IFRS	15,657	4,900	12,809

(f) Financial assets and liabilities

Under NZ IFRS interest rate swaps are recognised as derivatives. The fair value of the derivative is recognised in the balance sheet as a financial asset or liability.

Balance under NZ FRS	-	-	-
Fair value of interest rate swaps	126	39	(30)
Total Derivatives under NZ IFRS	126	39	(30)

(g) Investments

Under NZ IFRS investment in the Employee Share Scheme has been consolidated by the company in accordance with NZ IAS27 Consolidated and Separate Financial Statements and NZ SIC 12 Consolidation of Special Purpose Entities. Shares held by the scheme have been classified as treasury stock.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period of the options.

The impact is as follows:

Balance under NZ FRS	10,225	9,117	8,215
Consolidation of Employee Share Scheme	(1,276)	(672)	(718)
Total Investments under NZ IFRS	8,949	8,445	7,497

(h) Business Combinations

The company has restated all business combinations in accordance with NZ IFRS. This has resulted in a provision for onerous leases of \$3,537,225 being recognised. The corresponding increase in goodwill was assessed as being fully impaired at 31 March 2006.

Balance of onerous leases under NZ FRS	-	-	-
Provision for onerous leases	1,287	1,288	2,463
Total Onerous Lease under NZ IFRS	1,287	1,288	2,463

(i) Share Capital

Under NZ IFRS the Employee Share Scheme has been consolidated by the company in accordance with NZ IAS27, Business Combinations. Shares held by the scheme have been classified as treasury stock.

Balance of Share Capital under NZ FRS	30,156	29,382	28,262
Share treasury	(1,420)	(823)	(823)
Total Share Capital under NZ IFRS	28,736	28,559	27,439

	Group Unaudited Year Mar 07 \$000	Group Unaudited Six Months Sep 06 \$000	Group Unaudited Year April 06 \$000
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(j) Reserves

(a) Asset Revaluation Reserve

Under NZ IFRS the Company is required to recognise deferred tax in respect of the revaluation of buildings.

Deferred income tax recognised represents the future economic value the Group will derive from revalued buildings. Under NZ IFRS the tax liability on this future value is recognised now and the tax expense in subsequent years will be lower than it would otherwise have been.

(b) Employee Share Scheme Reserve

Under NZ IFRS the Employee Share Scheme has been consolidated by the company in accordance with with NZ IAS27.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense and a reserve created that is disbursed over the vesting period.

The impact is as follows:

Balance Reserves under NZ FRS	6,280	5,237	5,237
Asset Revaluation reserve	(1,842)	(1,468)	(1,468)
Employee Share Scheme Reserve	78	50	50
Total Reserves under NZ IFRS	4,516	3,819	3,819

(k) Retained Earnings

The impact is as follows:

Balance Retained Earnings under NZ FRS	16,004	20,105	15,536
Consolidation of associates	-	266	-
Long term leases fair value movement	368	(1,754)	(1,427)
Depreciation of long term lease structures and windmills	(155)	(77)	-
Onerous lease adjustment	(1,287)	(1,287)	(2,463)
Deferred tax adjustments	-	320	322
Recognition of Interest rate derivatives	126	39	(30)
Remuneration expense relating to Employee Share Scheme	(98)	(26)	(50)
IFRS Taxation adjustments	(132)	821	-
Goodwill amortisation reversed	419	-	-
Dividends eliminated on consolidation of Employee Share Scheme	192	127	104
Other adjustments	-	-	(50)
Total Retained Earnings under NZ IFRS	15,437	18,534	11,942

(l) Income Statement

The impact is as follows:

Balance Profit Before Income Tax under NZ FRS	4,022	8,886	-
Goodwill no longer amortised	418	-	-
Depreciation on software restated as amortisation	252	93	-
Depreciation on software restated as amortisation	(252)	(93)	-
Movement in fair value long term leases	1,795	(7)	-
Depreciation of windmills and structures long term leases	(155)	(77)	-
Movement in onerous leases	1,175	1,175	-
Movement in Staff Share Scheme Reserve	(27)	-	-
Movement in derivatives	155	69	-
Consolidation Employee Share Scheme	(21)	25	-
Total Profit Before Income Tax under NZ IFRS	7,362	10,071	-

(m) Taxation

The impact is as follows:

Balance under NZ FRS	1,180	2,844	-
Taxation adjustment to end of year effective tax rate	453	(500)	-
Total Taxation under NZ IFRS	1,633	2,344	-

Directory

Directors

Kim Ellis
Chairman

David Emslie
Director

Peter Wood
Company Secretary

Peter Dawe
Deputy Chairman

Chris Morton
Director

Malcolm Cartwright
Director

Jim Scotland
Director

Management

Michael Franks
Chief Executive

Craig Lemon
GM Harvest & Inventory Reporting

Rob Towgood
GM Harvest Operations

Sally Gardiner
GM Strategy & Zespri Relations

Stuart McKinstry
Chief Financial Officer

Bryan Grafas
GM Orchard Operations

Terry Richards
GM Business Development & Grower Services

Corporate

Offices of Seeka Kiwifruit Industries Limited

Head Office
6 Queen Street
PO Box 47, Te Puke
www.seeka.co.nz

Auditor
PriceWaterhouseCoopers
Auckland

Accountants
Wood Walton Chartered Accountants Limited
Tauranga

Bankers

Westpac Banking Corporation
Auckland

Share Registrar
Link Market Services Limited
Ashburton

NZX
www.nzx.com

Legal Advisors

Harmos Horton and Lusk
Auckland

Sharpe Tudhope
Tauranga

McKenzie Elvin
Tauranga



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www.seeka.co.nz