Seeka
SELECT EXCELLENCE

ANNUAL REPORT

2020

CONTENTS

FROM THE CHAIRMAN AND CHIEF EXECUTIVE

It is our pleasure to provide you with this commentary on Seeka's financial and operational performance for the year ended 31 December 2020. Without doubt, 2020 was the most challenging year since Psa impacted the kiwifruit industry.

This report provides details on the audited results for the 12 months, operational performance of our business segments, the impact of Covid-19, health and safety, Seeka's strategy, capacity and automation, the Seeka team, shareholder dividends and business outlook.

Covid-19, drought, a change to kiwifruit clearance protocols and severe labour shortages created unprecedented operational and financial challenges for our New Zealand and Australian businesses. While contending with additional costs from stringent hygiene protocols, Seeka received no Government wage subsidy in 2020.

Despite the challenges, the Group successfully completed all harvests; an outstanding achievement by our people who continued to provide an essential service as Covid-19 posed a very real threat to their health and the welfare of their whānau. Our people responded with commitment and innovation, drawing together as a team to deliver a timely harvest to our growers and business continuity to our stakeholders. This continued into the second half of the year with the New Zealand avocado and Australian pear and apricot harvests. Seeka strives to provide our customers with a reliable supply of high-quality produce as we manage challenges across our supply chain. For example, nearly every consignment of Seeka New Zealand avocados experienced significant disruption.

Our teams continued to excel and their commitment and drive have delivered our shareholders and growers outstanding results. The team focussed on getting the job done.

Seeka delivered a higher profit despite facing higher costs, a limited labour force and lower fruit volumes from summer drought. The company lowered debt and maintained shareholder dividends, and our customers were delighted with the quality of our produce.

Improving underlying financial performance is a key focus for the company.

Seeka continued to sell down Northland orchards and has sold and leased back three Australian kiwifruit orchards. Taking more than 12 months to transact, the Australian sale realised profit, lowered debt and provides confidence to continue developing Australian orchards.

Finally, by way of introduction, Seeka progressed initiatives that address the risks and opportunities of climate change. The Board established a sustainability committee to work with management and develop actions and strategies to become a more sustainable business. Seeka's second annual sustainability report is included in this document with work underway to ensure Seeka's environmental, social and governance initiatives will be a feature of stakeholder reporting.

Highlights

Key financial components of the 2020 financial year include:

- $251.5m revenue (previous corresponding period to December 2020 (pcp): $236.9m); up 6%.
- $15.2m profit after tax (pcp: $6.9m); up 120%.
- $16.3m profit before tax (pcp: $9.9m); up 65%.
- $42.9m EBITDA (pcp: $34.5m); up 24%.
- $375.4m of assets; up 2.0% from the pcp.
- $0.22 dividend paid per share or declared during the year.
- $77.9m net interest-bearing debt; a decrease of $38.9m from the pcp (33%).
- $28.2m sale and leaseback of three Australian kiwifruit orchards, the sale lowered debt and realised a $6.2m gain.
- $10.7m sales of Northland orchards for a realised $2.8m gain.
- $5.6m tax benefit from the reintroduction of tax deductibility of depreciation on buildings.

Key operational components include:

- Successful harvest and processing operations across New Zealand and Australia including kiwifruit, avocado, kiwiberry, nashi and pears.
- Low fruit loss of New Zealand kiwifruit (Hayward conventional 1.25%, Hayward organic 0.38% and SunGold 0.90%) and delivered industry-leading quality to Zespri.
- 33.4m tray equivalents of kiwifruit packed by New Zealand post harvest (pcp: 33.5m).
- Incurred $3.1m of direct Covid-19 costs and an estimated $2.2m of productivity losses.
- Successful and timely completion of the harvest, despite extreme labour shortages.
- Disappointingly three serious harm injuries, two involving forklifts and one involving a tractor; corrective actions and traffic management plans in place at all sites.

Financial performance

The following table outlines Seeka's performance for the year.

New Zealand dollars	FY2020	FY2019	Change
Total revenue ($m)	$ 251.5	$ 236.9	6%
EBITDA before impairments and revaluations ($m)	$ 42.9	$ 34.5	24%
EBIT ($m)	$ 24.3	$ 17.6	39%
NPAT ($m)	$ 15.2	$ 6.9	120%
Basic earnings per share	$ 0.52	$ 0.23	126%
Net bank debt ($m)	$ 77.9	$ 116.8	(33%)

Highlights across the business

Business highlights for the year include:

- The commitment and leadership shown by our people to complete successful kiwifruit harvests in New Zealand and Australia despite the impact of drought, Covid-19 and labour availability,
- Seeka achieved excellent growth in its retail services business that improved financial performance,
- Excellent returns in the kiwiberry and avocado programmes,
- Australian orcharding operations had a pleasing improvement and,
- Successful sell down of Northland orchards and sale and leaseback of three Australian kiwifruit orchards.

Review of operations

Financial

Revenue for the twelve months ended 31 December 2020 increased 6% to $251.46m (pcp: $236.87m). Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) was $42.95m (pcp: $34.52m); up 24%. Profit before tax improved by $6.42m (65%) to $16.28m and profit after tax improved by $8.27m (120%) to $15.15m.

These results include a number of gains from the continuing orchard sales along with significant improvements in Australian and retail services operations.

Gains on orchard sales include:

- $2.8m from the sale of Northland orchards, and
- $6.2m from the sale and leaseback of three Australian kiwifruit orchards. The gain on sale is calculated under NZ IFRS 16 which considers leaseback commitment.

Results were impacted by:

- $3.1m direct costs of Covid-19,
- $2.2m from productivity losses and Covid-19-related constraints, and
- $5.0m from the estimated effects of the drought on Hayward production volumes.

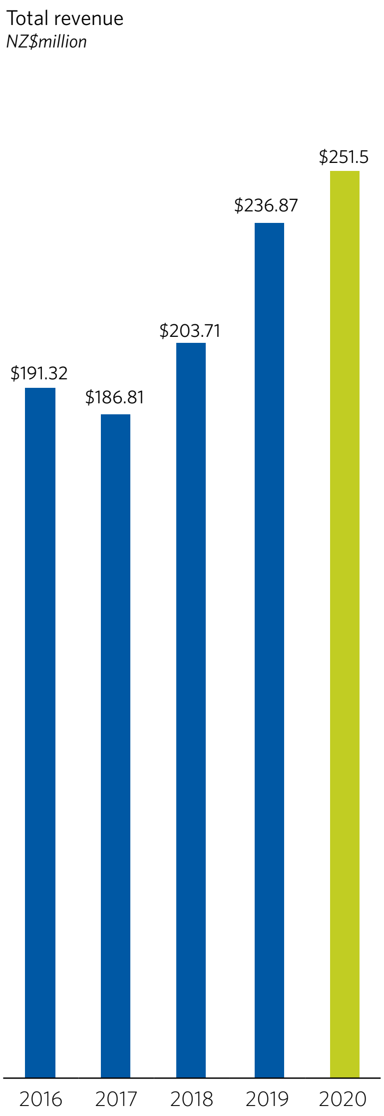
Additionally, there was a deferred tax benefit of $5.6m from the reintroduction of tax deductibility of depreciation on buildings.

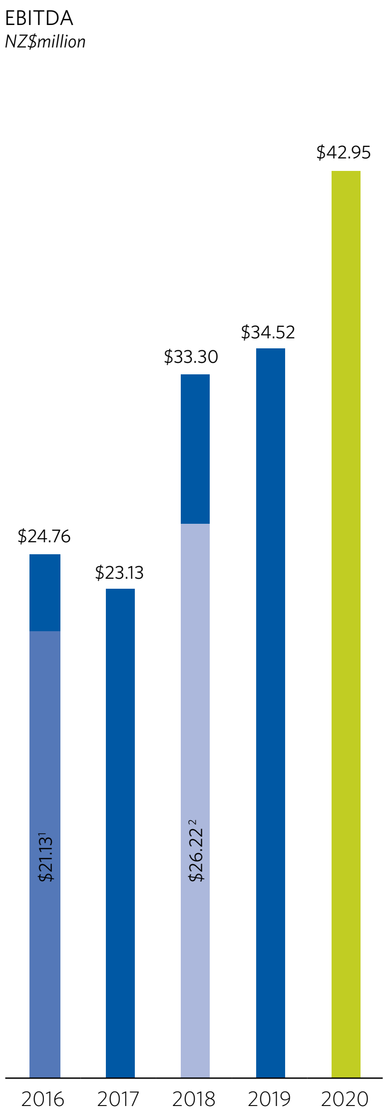
Net cash flow from operations totalled $26.35m, compared against $18.59m in the pcp.

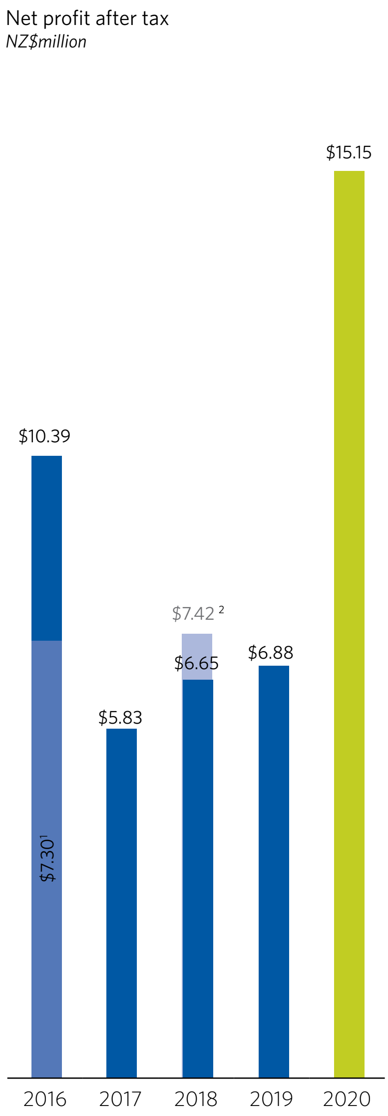
Seeka received $43.04m in proceeds from properties held for sale (pcp: $44.53m) and invested $13.50m in property, plant and equipment (pcp: $34.67m). In addition, Seeka invested $6.78m in long term leased orchards in New Zealand, $1.07m in orchard developments in Australia and $1.00m in the Wai O Kaha Gold Landowners Limited Partnership. Working with the Provincial Growth Fund and local hapū, this partnership is developing 40 hectares of Hayward orchards at Raukokore on the East Cape.

Net debt at 31 December 2020 was $77.85m (pcp: $116.79m) (bank loans less bank deposits); a decrease of $38.93m, driven by the planned disposals of orchards held for sale. This reduction reflects our strategy of reducing bank borrowings used to acquire Northland kiwifruit orchards and business from T&G, and Aongatete Coolstores Limited. Seeka continues to review its asset holdings to ensure they are consistent with strategy and earn the cost of capital.

Key financial indicators







1. Excludes effect of 2017 insurance settlement on EBITDA and NPAT.
2. EBITDA and NPAT as reported 2018 pre implementation of NZ IFRS 16.

New Zealand orchard operations

Orchard operations span from Northland through to the Coromandel, Bay of Plenty and East Coast, with orcharding covering the growing of kiwifruit, avocado and kiwiberry on leased, long term leased, and Seeka-owned orchards. This business also provides comprehensive orchard management and vine management services to orchard owners and develops orchards under contract for landowners under long term leases, including in partnership with iwi.

12.98m trays of kiwifruit were grown in 2020, compared to 11.42m trays in the pcp. For the second year, Hayward volumes were affected by drought, being down an estimated 0.5m trays. At an average 10,200 trays per hectare in 2020, Hayward yields were below the five-year average of 10,800 trays per hectare. While we expect drought to become more common in the future, the 2021 outlook is an improvement in volumes and fruit size, particularly for Hayward.

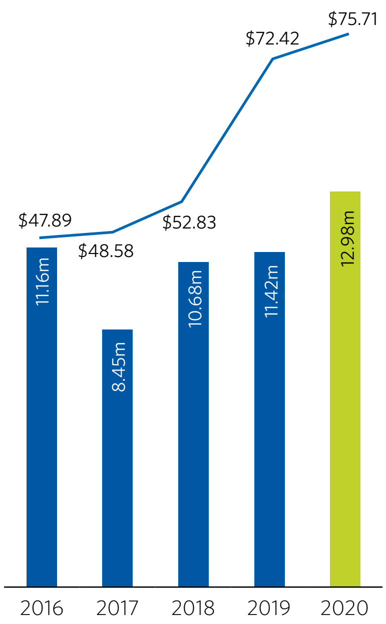
Seeka also grew 1,041,677 kilograms of avocado (pcp: 732,000 kgs) and 171,750 kilograms of kiwiberry (pcp: 64,400 kgs).

Orchard operations revenue of $75.71m is up $3.29m from the pcp reflecting higher returns from Zespri, higher avocado returns and the sale of a small amount of SunGold license.

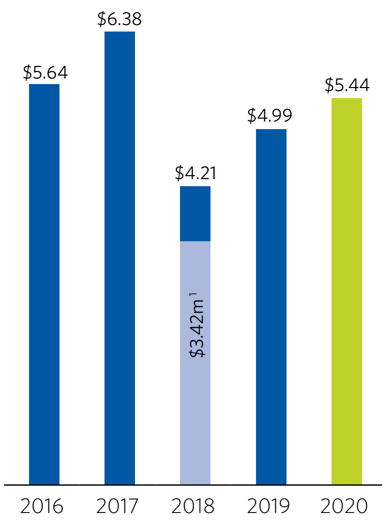
EBITDA for the year totalled $5.44m compared to pcp $4.99m after paying higher labour and compliance costs.

Seeka has a strategy to continue investing in long term leases to secure supply, with fruit volumes set to increase as these orchards reach maturity. This includes the $1m investment in the Wai O Kaha Landowners Limited Partnership in conjunction with local Raukokore hapū and the Provincial Growth Fund. In addition, we are developing a new seven-hectare SunGold orchard in partnership with Ngāti Pūkenga in Welcome Bay.

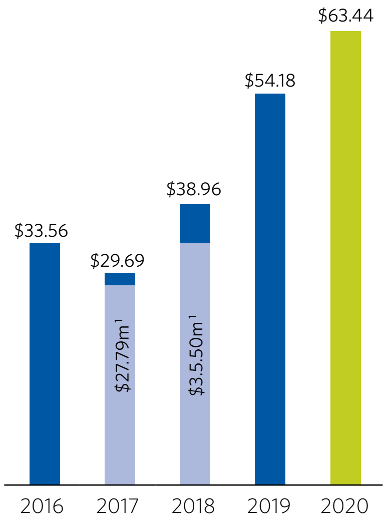
Orchard revenue and volumes
NZ$million, millions of class 1 kiwifruit trays



Orchard EBITDA
NZ$million



Orchard assets
NZ$million



1. EBITDA 2018 and orchard assets 2017 and 2018 reported pre implementation of NZ IFRS 16, with restated values in dark blue. 2016 comparatives are pre NZ IFRS 16.

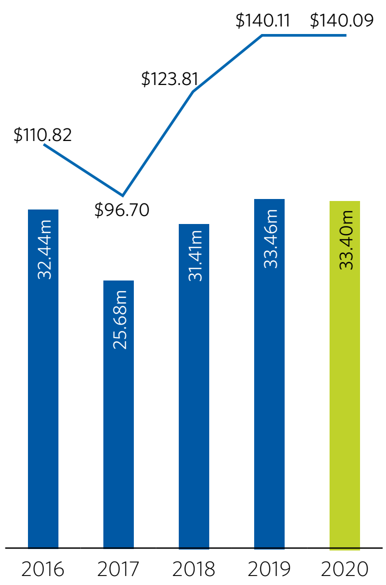
New Zealand post harvest operations

Post harvest operates eight major facilities spread throughout the major growing regions in the North Island, and handles all produce from our orcharding operations and from our independent growers.

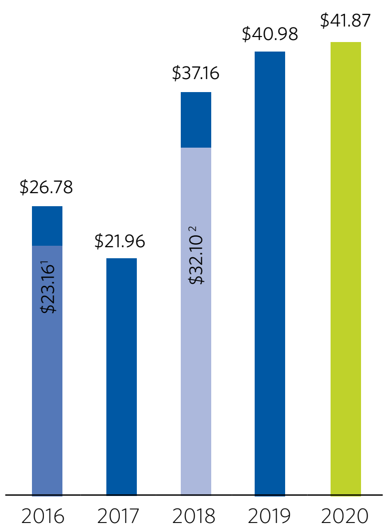
In 2020, Seeka packed 33.4m trays of kiwifruit (pcp: 33.5m), down on expectation as drought impacted volumes by an estimated 2.4m trays, along with a loss of supply as new maturity protocols caused a short-term harvest rush whereby the volumes of fruit deemed mature for harvest outstripped our capacity over a short period. Post harvest packed 760,000 trays of avocados and 82,000 trays of kiwiberry as well as contract packing citrus and blueberries in Kerikeri.

Post harvest revenue of $140.09m is similar to last season (pcp: $140.11m) reflecting a shorter storage year and selling season. Costs increased from Covid-19 protocols, lower than expected volumes, and higher wage rates. EBITDA of $41.87m, while up on the pcp's $40.98m, is down on expectation.

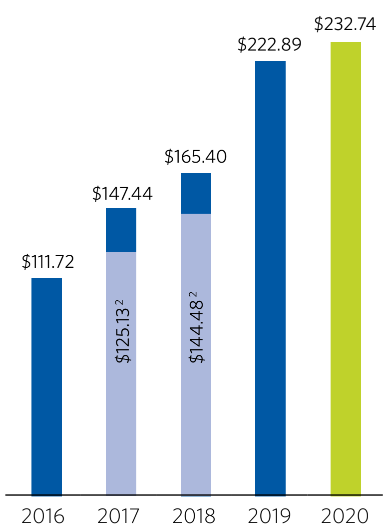
Post harvest revenue and volumes
NZ$million, millions of kiwifruit trays



Post Harvest EBITDA
NZ$million



Post harvest assets
NZ$million



1. Excludes effect of 2017 insurance settlement on EBITDA.
2. EBITDA 2018 and post harvest assets 2017 and 2018 reported pre implementation of NZ IFRS 16. 2016 comparatives are pre NZ IFRS 16.

New Zealand retail services operations

Includes the supply, export and sale of avocados, kiwiberry and class 2 New Zealand kiwifruit, sale of New Zealand kiwifruit through collaborative programmes, operation of the New Zealand wholesale marketing business including imported tropical fruits, and the manufacture and sale of Kiwi Crush and avocado oil.

A remarkable increase in revenue was achieved with a total of $21.80m compared to pcp of $12.30m (up 77%).

EBITDA of $3.00m is 79.6% up on the pcp's $1.67m. This was achieved from a sound strategy and good execution of the plan. Momentum continues to build with vibrant leadership, dedicated staff, great customer relationships, and high quality produce.

Australia operations

Seeka Australia Pty Limited, a 100% Seeka-owned company, leases and operates kiwifruit orchards, and owns and operates nashi and pear orchards along with associated post harvest facilities in Victoria, directly marketing Seeka's Australian produce domestically and to export customers.

Kiwifruit yields were lower than expected following a very hot and dry summer which impacted fruit size. The kiwifruit business, however, remains profitable. Green nashi sales returned to profitability as Seeka balanced supply to demand. Seeka sold its first crop of the exciting new Ricó pear variety in 2020.

Total revenue for the year of $13.06m compares to pcp of $11.59m. EBITDA of $7.44m includes a $6.18m gain on sale of Australian kiwifruit orchards. This delivered operational EBITDA of $1.26m which compares against negative $0.63m in the pcp. The gain on sale is calculated in accordance with NZ IFRS 16 which takes into account the future lease liability with the sale price much higher than the asset's historical carrying value.

A tremendous job by our Australian team has made the business profitable. They executed a strategy that supplied profitable product lines and delivered our customers excellent produce.

The sale of the mature kiwifruit orchards for AU$26.5m has reduced debt and yielded profit. Seeka has a further 63 hectares of kiwifruit in development and a further 11 hectares of Ricó pears coming into production, and are trialling exciting new nashi pear varieties.

Seeka remains positive about its Australian investment strategy.

Avocados and kiwiberry positive highlights

Seeka continues to build its emerging categories of kiwiberry and avocado. These varieties positively contribute to Seeka's earnings while delivering competitive returns to growers.

82,000 trays of kiwiberry were successfully harvested and marketed directly and in collaboration with Freshmax. Grower orchard gate returns averaged an estimated $220,000 per hectare with the highest return over $320,000.

Likewise, Seeka's avocado business continues to grow delivering supplying growers a premium return for their crop, while lifting shareholder returns by utilising plant and equipment outside of the kiwifruit season.

These categories are sold under the Seeka brand, which is building a solid reputation for quality. Seeka is creating retail consumer demand that generates superior returns to our growers.

Impact of Covid-19

Seeka proactively prepared for Covid-19 with a response committee formed prior to harvest and lockdown. The committee included senior operational and support managers who prepared and executed mechanisms to ensure the safety of our people. Actions included moving workers sourced from overseas through the recognised seasonal employer (RSE) programme to less densely populated accommodation facilities. Quarantine facilities were established to house overseas workers who may have Covid-19 like symptoms to separate them from others; this provided an excellent buffer when the normal winter flu symptoms arrived.

When a manager of a third-party local accommodation facility was confirmed as Covid-19 positive, Seeka transferred people to Seeka's quarantine facility until they tested negative. Seeka worked closely with the health professionals managing the Covid-19 response. The committee also sourced items including masks, gloves, sanitiser and thermometers well ahead of lockdown along with protocols to achieve physical distancing and temperature monitoring.

Seeka's packhouses and sites were established as "bubbles" with a total ban on personnel moving between facilities. Should Seeka face a lockdown again, these procedures will be reinstated. The response committee continues to meet regularly and is ensuring full preparedness for the coming 2021 harvests.

Covid-19 meant many of our experienced overseas workers were unable to return to New Zealand. The number of RSEs in New Zealand and able to work further reduced as we responsibly aided their return once their work programme completed and they requested to return home. We facilitated repatriation flights on their behalf. The number of continuing RSE workers for 2021 is critically low. Seeka expects to have 460 RSEs for 2021 compared to a normal complement of 1180.

Seeka is operating a recruitment programme to attract New Zealanders to orchard work. Collaborating with the Ministry of Social Development, the Ministry of Primary Industries, Te Arawa and Ngāti Hine, our training and induction programme is helping interested people become "employment ready". We are making every effort to fill the seasonal workforce, delivering training on the available work, safety practices, well-being assessments, and skill-based training including forklift driving. This initiative complements our long-standing orchard and post harvest cadet pathway.

Labour costs are expected to increase 18% in 2021, impacting orcharding and post harvest costs.

We worked to proactively ensure all our people were safe and in addition to our ongoing traffic management plans and guarding upgrades we rolled out new Covid-19 protocols, including:

- New access and egress processes ensure physical distancing,
- New temporary tearooms,
- Access to gloves, masks and hand sanitiser,
- Strict 24-hour cleaning regime across all sites,
- Work bubbles with personnel prohibited from travelling between facilities,
- Limited site access from contractors and outside personnel,
- Developed and deployed screens to ensure two metres of separation on all packing lines, and
- Seeka's wholesale markets continued to operate as an essential service, with strict physical distancing protocols.

Seeka estimates Covid-19 added $5.3m of costs to harvest 2020; $3.1m of direct Covid-19 operating costs plus $2.2m from volume loss due to extraordinary productivity constraints.

Health and safety

This season's lockdown placed significant load on our safety programme, which was exacerbated by the severe shortage of people. Seeka took all efforts to ensure that we kept our people safe and invested in their safety. We focus on continuous improvement to ensure the health and safety of all personnel at all locations, with all reported incidents and near-misses investigated. We reviewed and improved traffic management systems, installed new barriers at post harvest sites, rolled out new fatigue-management systems, and invested in machine guarding. Forklifts are now largely segregated from post harvest areas with foot traffic. Seeka has reviewed its tractor fleet and purchased 30 new tractors for 2021 harvest operations at a cost of over $1m.

Disappointingly, after lockdown ended there were two post harvest serious harm incidents involving forklifts, and one in orchard operations involving the loading of a tractor for transportation. These impacted the severity rate in the period. All incidents were reviewed, including independent review of the post harvest incidents, as the company relentlessly drives for a safer environment. Seeka continues to refine its safety focus.

The following table shows key safety measures against annual thresholds.

	2020 Target	2020 Actuals
Total recordable injury frequency rate	Less than 4.5	4.5
Notifiable injuries	0	3
Notifiable injuries including incidents	1	3
Severity rate	Less than 4.5	11.4

The total recordable injury frequent rate (TRIFR) measures the number of injuries per 200,000 hours worked.

Severity rate measures the average number of days that an injured person is away from work. Seeka had 3 notifiable injuries in 2019.

Strategic highlights

While continuity of operations was the major focus throughout the lockdown, Seeka was able to make significant strategic progress in 2020. Kiwifruit is our core product, with the company diversifying geographically and targeting complementary produce categories. The focus is on growth that delivers accretive value to our stakeholders, including shareholders, growers, employees, contractors and community. We work to deliver our marketers, principally Zespri, the highest quality fruit and deliver our growers great returns through our supply chain.

Seeka has excelled where it operates the entire value chain from the orchard to the customer and delivered incremental returns to growers; as demonstrated by avocados and kiwiberry. We deliver orchard-to-market excellence in New Zealand kiwifruit, avocados, class 2 kiwifruit, and kiwiberry, along with Australian kiwifruit, nashi and European pears, and have achieved an excellent improvement in the operational and financial performance of our New Zealand retail services and Australian businesses.

Seeka has focussed on consolidating its position, refining its management structures, and selling orchards with secure supply contracts to reset debt while pursuing operational excellence.

The company has focussed on asset utilisation and capacity planning and has substantially built the infrastructure to handle the anticipated immediate volumes. Seeka has deliberately positioned itself in Northland to provide excellent service to the region's growth in avocados and kiwifruit and has increased its avocado market share.

Capacity and automation

Analysis of future crop volumes indicate that Seeka has sufficient post harvest capacity for the 2021 and 2022 seasons, with additional capacity required for 2023. The company is evaluating options for capacity expansion and is considering the development of a new post harvest complex on the Pukenga Orchard in Young Road, Te Puke. The Board is expected to consider this investment mid-year with any construction occurring in 2022.

Seeka continues to evaluate and deploy automation and information systems to drive efficiency, including in-shed automation technology that reduces labour. New on-orchard scanning technology is providing an exciting opportunity to improve on-orchard efficiency and reduce costs. By providing accurate measurements, the technology will improve winter pruning, crop optimisation and crop estimation.

The Seeka team

We are very proud of the performance and commitment of all employees in what was a challenging year both operationally and personally for everyone.

We have a clear strategy to be the employer of choice in a tight labour market. The company has increased wages and continued to implement competitive remuneration levels. Talent development is one of our key platforms and we have created new joint ventures to recruit and train New Zealanders to work in our industry.

Seeka actively sources New Zealand workers to fulfil peak seasonal labour demand and operates in parallel a RSE programme that delivers focussed pastoral care for our overseas' workers. Of our 3,500 strong seasonal workforce, 1,073 were scheduled to come from overseas via this scheme. Seeka remains engaged with the New Zealand Government, noting that even with higher domestic unemployment there remains insufficient local seasonal labour to safely undertake the harvests.

Dividend

A dividend of $0.12 per share has been declared by the Board. The dividend is fully imputed and will be paid 30 March 2021 to all shareholders on the register at 5pm on 5 March 2021. The dividend reinvestment plan will apply with a 2% discount to the strike price. The total dividends distributed or declared in the 12 months to 31 December 2020 is $0.22 per share (12 months to 31 December 2019 - $0.24).

Outlook

Seeka remains focussed on delivering its strategy to deliver incremental earnings and returns to both shareholders and growers. Lifting the base business operating profits is one of our strategic platforms. While kiwifruit is Seeka's foundation crop, the company also has a growing fruit bowl including avocados, kiwiberry, nashi and European pears across New Zealand and Australia. We are a growth company and we continue to focus on profitable growth.

Additional capacity is required for the 2023 season with key investment decisions to be made in 2021.

Summary

We are proud of how the company has performed in an unprecedented, challenging environment. Covid-19 tested the resilience of our people, but with their dedication and leadership the Seeka team and our community got the job done.

The company is responding to a changing climate and environment by the creation of a Board sustainability committee and targeted initiatives intended to "Grow a Better Future", as detailed in the sustainability report.

Seeka ends the year having achieved a record profit, maintained dividends and significantly lowered debt. We are ready and prepared to continue our growth journey knowing that lifting base profitability is a key strategic platform.

We thank all growers, shareholders and stakeholders for the loyalty and support you willingly give to Seeka.

Fred Hutchings
Chairman

Michael Franks
Chief executive

Seeka's business
Delivering an essential service

ORCHARD-TO-MARKET PRODUCE HANDLER

Seeka's works to supply premium, healthy produce to international consumers. We're a cornerstone handler of New Zealand-grown kiwifruit, and also supply significant volumes of New Zealand avocado and kiwiberry. We've also expanded our operations in Australia where Seeka is that country's largest producer of kiwifruit and nashi.

Our services and our clients

Seeka's core product is kiwifruit, our core operation is post harvest services, and our core clients are orchard owners. We handle a fifth of New Zealand's annual kiwifruit crop, and charge our clients a per-tray fee to grade, pack, coolstore and send their crop to the port for export.

Seeka also helps our clients by managing their orchards at cost plus a per-hectare fee, or we may lease their orchards, in which case Seeka owns the crop and shares the profits of fruit production. Seeka also develops orchards on long-term leased land, owns these orchard investments for the duration of the lease, and shares profits of fruit production with the landowner. Each season, Seeka's orchard management, leasing, and long-term leases produce around 8% of the national crop, and help secure product for our core post harvest business.

While New Zealand kiwifruit exports beyond Australia are managed by the industry-regulated marketer, we're optimising our clients' returns through our New Zealand and Australian sales programmes. Each season we market around 5% of kiwifruit produced on our New Zealand clients' orchards and collect a commission on market returns.

Expanding our product range

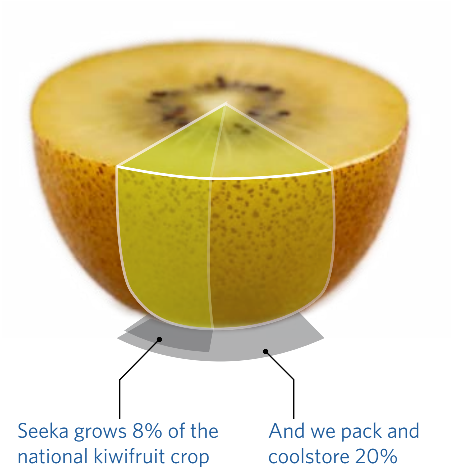
Our business works along the supply chain from orchard to market, and we're a key service provider in the large North Island horticulture regions. We've expanded our operations and added revenue streams by servicing the fast-growing avocado sector and the niche kiwiberry market. Seeka provides the same integrated orcharding, post harvest and retail services to our avocado and kiwiberry orchard clients, with one key difference; Seeka markets all avocado handled by our business, and half of our clients' kiwiberry crop. All produce is Seeka branded and sold in Australia, Asia and in New Zealand's domestic market.

We've leveraged our expertise in supply chain management to import and condition tropical fruits for New Zealand retailers, and recover avocado oil and the digestive aid Kiwi Crush from process-grade fruit.

Expanding our geographical reach

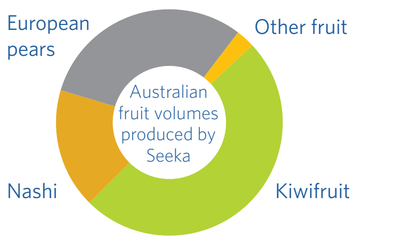
With Australia the key market for our New Zealand-grown kiwifruit, avocado and kiwiberry, Seeka has grown our Australian service by producing kiwifruit, nashi and European pears on Seeka-owned and leased orchards in Victoria, Australia. Seeka brands and markets its Australian produce to the Australian domestic market with export channels to Asia and Europe, collecting all market returns.

Seeka handles 20% of New Zealand's $2b kiwifruit export industry



Along with kiwifruit, we also produce, market and export avocado and kiwiberry

Seeka is also a large Australian producer where we directly market all our fruit



Reporting on our performance

As a fully-integrated produce handler, Seeka works across the full supply chain from point of production to point of sale. To provide stakeholders with clear insights, we report on the operational and financial performance of each of the three key stages of our New Zealand supply chain. We also report on a fourth New Zealand segment comprising our corporate enabling services and a fifth operating segment that covers all operations and produce from our Australian orchards.

- Orchard operations – Seeka's New Zealand crop production services
- Post harvest operations – Seeka's New Zealand picking, packing and cool chain supply services
- Retail services – domestic marketing of New Zealand and imported produce, plus export programmes to Australia and Asia
- All other segments New Zealand – Seeka's enabling corporate support services
- Australian operations – the production, handling and retailing of Seeka's Australian-grown produce

	Orchard operations	Post harvest operations	Retail services
Operations	Grow 40% of the crops we handle • 15% from leased orchards • 25% from managed orchards	Grade, pack and coolstore 100% of the crops we handle	Retail 6% of the crops we handle • 5% of kiwifruit handled • 100% of avocado
Revenue	$75.7m	$140.1m	$21.8m
Source	Leased and long-term leased orchards • Costs plus profit share Managed orchards and vines • Costs plus management fee	Service fee per unit handled • Grading and packing • Coolstorage and loadout	Sales commission Service fee for imported produce Processing fees
Drivers	Orchard yields (all leased orchards) Tray returns (all leased orchards)	Orchard yields	Orchard yields Market returns
Assets	$63.4m	$232.7m	$12.4m
Invested in	Growing crops (all leased orchards) Developing orchards (long term leases)	8 facilities with 11 graders Coolstores and land VLS laboratory	Auckland and Christchurch facilities Te Puke processing facility

	All other segments New Zealand	Australian operations	Seeka Group total
Operations	Enabling corporate support services	Grow, handle and retail Seeka's Australian produce	
Revenue	$0.8m	$13.1m	$251.5m
Source	Other income	Produce sales	
Assets	$19.7	$47.2m	$375.4m
Invested in	Corporate infrastructure Assets held for sale	160 hectares of owned orchards and crops 114 hectares of crops on long-term leased orchards Packhouse and coolstore facility	

Operating assets statistics

Post harvest facilities

1 **Oakside**
Compac Oakside 1
Compac Oakside 2
Compac Oakside 3

2 **Transpack**
Compac

3 **KKP**
Lynx

4 **Huka Pak**
MAF Roda
Compac

5 **Main Road**
Compac

6 **Aongatete**
Compac

7 **Peninsula**
Lynx

8 **Kerikeri**
Compac

9 **Australia**
Compac

Orchards [1]

10 **Seeka Australia**

Seeka-owned orchards and land	Hectares
In production (3 orchards)	78
In development	82
Undeveloped land	216
Australian long term lease orchards	
In production (3 orchards)	100
In development	14

Owned - New Zealand

Orchards owned and managed by Seeka	
In production (6 orchards)	18
In development	3

Long term lease - New Zealand

Orchards developed on leased land	
In production (16 orchards)	112
In development	73

Leased orchards - New Zealand

Orchards leased from owners	
In production (97 orchards)	365
In development	8

Managed orchards - New Zealand

Orchards or vines managed for owners	
In production (182 orchards)	777
In development	67

Retail services

11 **Auckland**
Imported produce, ripening services, wholesale market

12 **Christchurch**
Imported produce, ripening services

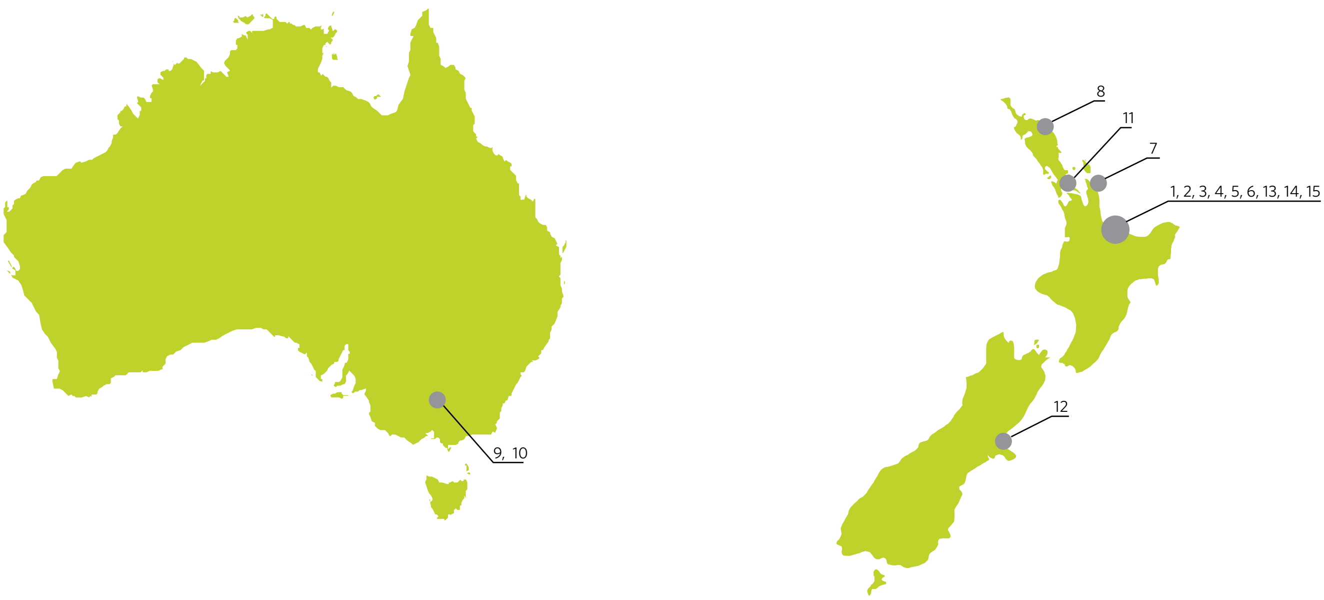
13 **Delicious Nutritious Food Company**
Food manufacturing; Kiwi Crush, Kiwi Crushies, Kiwiberry handling, Avocado oil

Laboratory services

14 **VLS**
Maturity and coolstore testing

Head Office

15 **Seeka360**
Grower centre



1. New Zealand orchard hectares are as at 31 December 2020.

Seeka

Sustainability report
ESG Report 2020

SEEKA SUSTAINABILITY REPORT
ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability focuses on meeting present needs without compromising the ability of future generations to meet their needs. Sustainability is composed of three pillars; economic, environmental and social. Seeka's ambition is to measure then incrementally improve our environmental and social performance and the associated governance processes.

We aim to be an industry leader on reporting the impact of climate change and focus our operations to minimise our environmental footprint. We know that the environment plays a pivotal role in the health of our crops, and our business.

We are founded on relationships and are serious about our social responsibilities. We operate so our grower clients can provide global consumers with healthy food choices. We want to be the provider and employer of choice, and we know that strong communities play a pivotal role in the health of our business.

Governance

In 2020, Seeka established a Board sustainability committee tasked with providing strategic guidance and feedback to the Board and management on Seeka's sustainability framework, targets, measures, and performance. Comprised of three directors, Seeka's sustainability committee is a forum for assessing and providing advice on the potential impacts and opportunities of a changing climate.

Environmental and social strategy

Intelligent growth and commercial nous underpin our shared prosperity. We embrace and care for our environment, those contributing to the journey and our communities.

Set by the Board, Seeka's strategic direction is based on the sustainable production and supply of healthy produce.

Environmental sustainability lies at the heart of Seeka's brand attribute Growing Futures; our process of continually improving operations to deliver healthy produce, use less resources, care for the environment, and deliver better outcomes to our stakeholders.

Social responsibility lies at the heart of Seeka's brand attribute Founded on Relationships; we value the connections to our communities and we care for the welfare of our clients, employees, investors and the regions we operate in.

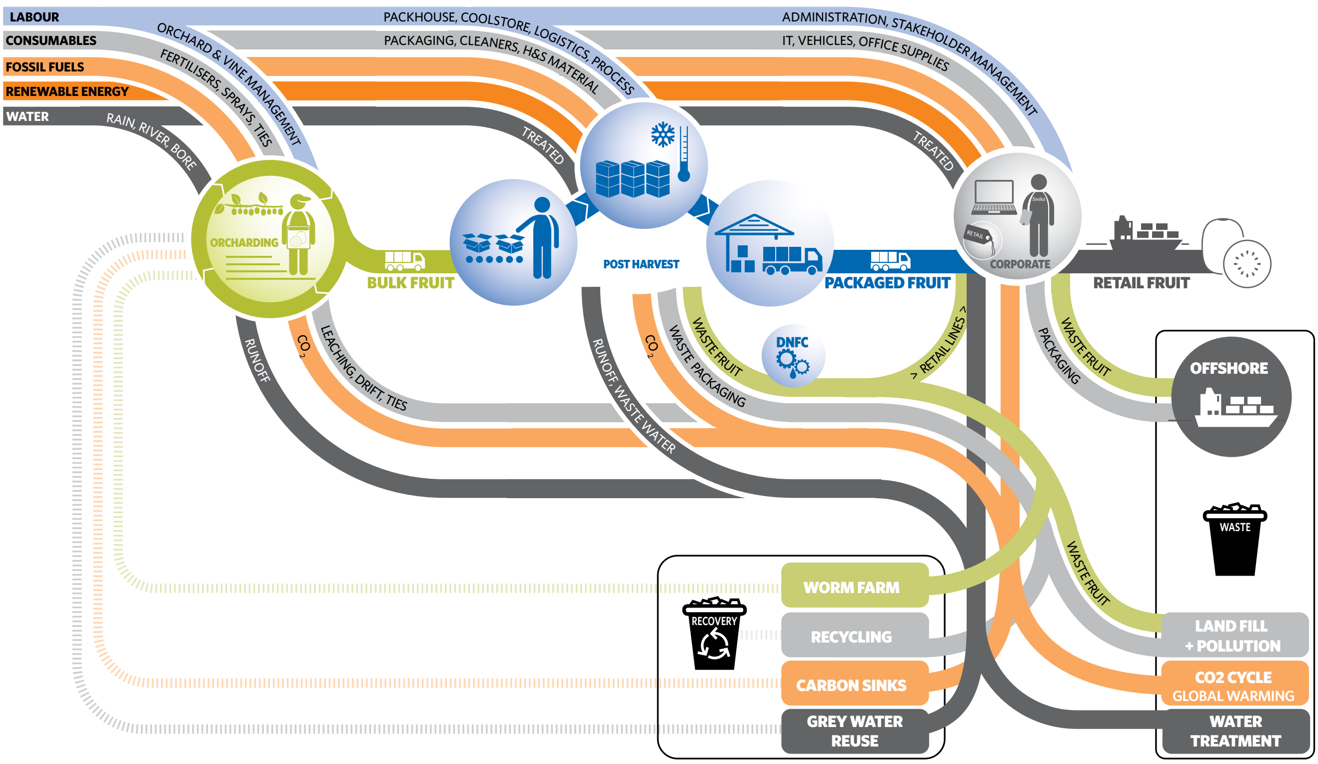
Environmental report

We established the Seeka Agile Sustainability Team (SAST) to develop our sustainable culture. Connecting passionate people from across the company, SAST is working to integrate sustainability into the hearts and souls of our employees and deliver projects that reduce Seeka's environmental footprint.

Climate change is an active risk, impacting the yield, quality and marketability of the produce we handle. By disclosing our climate-related risks, stakeholders can see how we are flexing our operations as we prepare our business to mitigate the risks and embrace new opportunities.

We mapped our operations to identify and understand the inputs we rely on for production, how they flow through our business, and the waste outputs that impact our environment. We are working to transition to a circular model whereby waste is circulated back into our operations, thereby reducing our environmental footprint.

Operations input and output map



Risk and opportunity analysis

The Ministry for the Environment studied how climate change may impact New Zealand. Based on their report, we expect our orcharding regions will be impacted by higher temperatures, changing moisture levels and weather patterns, and rising sea levels.

Risks and opportunities	Impact	Response
Transition risks		
New national or international policies that restrict chemical inputs used for pest management and maintaining crop yields.	Higher R&D costs to find alternative growing methods.	Active involvement in industry associations, including KGI, ISG and KSG. Build closer relationships with regional councils and regulators. Invested in a worm farm pilot project to test a circular regenerative system within our orcharding business. Transition to a low input system, while achieving consistent yields.
Introduction of carbon costing or a carbon tax that charges for carbon usage.	Higher costs to offset carbon emissions.	Measure our carbon footprint to understand and reduce our carbon impact. Transition to lower Global Warming Potential (GWP) coolstore gases. Invest in lower carbon emission projects, see Carbon Reduction Initiatives.
Introduction of orchard water restrictions, with water vital for crop growth over the summer period.	Unable to irrigate to grow an optimum crop.	Actively engage in orchard water management. Work with councils to understand impacts on waterways. Ensure new developments can access water and have on-site storage.
Physical risks		
Yield reduction or plant damage from flooding, hail, drought, storms, fire, or a sub-optimal growing climate (temperature, sunshine, drought, winter chill).	Lower yields and unprofitable orchards.	Geographical spread of orchards. Invest in crop protection measures (e.g. frost protection, irrigation, shelter). Access to reliable weather and frost forecasts (extended and long range). Favour developments with reliable water supply and free drainage.
Orchard loss from rising sea levels.	Increase in non-viable orchards.	Orchard reporting by altitude. Minimum altitude for all new orchard developments.
Introduction of new pests and diseases.	Reduced yields or unsaleable crops.	Geographic separation of orchards. Orchard hygiene programme. Independent pest monitoring programme. Spray and pest control programme. Bio-security controls on disease and disease vectors.
Water availability and quality concerns.	Water unavailable or unsuitable for irrigation.	Actively engage in orchard water management. Develop wetlands and support native wildlife sanctuaries. Monitor waterways and encourage orchard environmental plans. Capture rainwater from facility roofs to reduce regional water demand.
Elevated soil CO_2 levels alter fruit sugar and nutrient levels.	Crops have a different quality profile.	Understand how soil carbon levels impact fruit nutrient levels. Establish orchard management practices that best capture fruit quality.
Opportunities		
Increased demand for Seeka produce as a healthy eating option with a low carbon impact.	Increased product demand and new markets.	Ensure we are an industry leader in carbon reporting. Report our carbon footprint to our stakeholders and commit to targets.
Green financing for low-carbon developments.	Better funding at lower interest rates.	Engage with bankers on green funding and green bonds. Investigate low-carbon investments.
Higher soil CO_2 levels improve water use efficiency.	Plants require less water to produce a crop.	Understand soil carbon levels and water usage. Establish orchard management practices that best capture carbon in the soil.

Our 2021 environmental work programme

Scenario analysis – understanding how a changing climate impacts fruit production

Scenario analysis is underway to gauge how higher temperatures, reduced water availability and rising sea levels may impact New Zealand orchard production.

By understanding how a changing climate may impact crop loads and quality, Seeka can prepare our operations to provide an efficient, sustainable service to our grower clients and a reliable product supply to the international consumer.

Carbon footprint – measuring and setting targets

Seeka is committed to lowering our carbon footprint and we have aligned with Government targets under the Paris Agreement intended to limit global temperature increases to 1.5°C to 2°C.

The primary mitigation tool is the reduction of greenhouse gas emissions. Seeka is currently quantifying our emissions using the *Ministry for the Environment's Guidance for Voluntary Greenhouse Gas Reporting*, which scopes emissions into three categories:

- Scope 1 covers direct emissions from Seeka-owned or controlled sources.
- Scope 2 covers indirect emissions from generating electricity that Seeka directly uses.
- Scope 3 includes all other indirect emissions that occur along Seeka's value chain.

We are calculating our emissions for 2019 and 2020 using *ISO 14064-1: 2018 Greenhouse Gases* and the *Greenhouse Gas Protocol* (ghgprotocol.org), with our calculations being verified by a market leader in carbon footprint measurement. Once completed we can quantify our carbon-reduction targets.

Carbon reduction initiatives

As we work to measure our emissions, Seeka has already embarked on a series of carbon-reduction initiatives.

Hybrid vehicle fleet

Seeka is encouraging hybrid selection by transitioning our lease vehicle fleet to include hybrid options in all vehicle classes while dramatically reducing conventional options.

2021 goal is to have hybrids accounting for 20% of lease vehicle renewals

Worm farm

Seeka piloted an in-house worm farm in 2020. In full production, Seeka's continuous-flow worm farm is expected to divert 50 tonnes of packhouse organic waste from landfill to vermicompost, delivering a regenerative, fully-circular approach to orchard production.

2021 goal is to ramp up throughput ready for full worm farm production in 2022

Solar energy

In 2018 Seeka installed solar panels at the Seeka 360 head office. The panels generate about 30% of office power usage at the middle of the day. They also feed batteries which supply back-up energy in the event of a power outage. By December 2020, the panels have generated 74MWh of electricity.

2021 goal is to investigate solar alternatives for our post harvest facilities

LED lighting

Seeka is investigating packhouse LED lighting and sensors. Electricity is one of Seeka's largest inputs. A reduction in electricity use will reduce our carbon footprint and operational cost.

2021 goal is to trial LED lighting sensors

Waste audits

Seeka has developed a waste audit programme to identify, measure and report the volume and type of waste produced by our operating business units. Waste reduction plans are being developed at a business unit level. The first waste audit was undertaken at head office and a waste reduction plan is currently under development.

2021 goal is to complete and monitor head office's waste reduction plan and scope orchard and post harvest operations

Regenerative horticulture

Seeka is researching soil types and practical ways to incorporate regenerative horticulture practices. This includes new mowing and spraying protocols that allow orchards to naturally retain higher carbon and water levels.

2021 goal is to foster regenerative horticulture by sharing findings with our grower community

Social report

Seeka's responsibility to support healthy communities was central to the 2016 rebrand that expressed our growth into new products, new regions and new communities.

With Select Excellence we defined our business model as striving to continually improve our performance for our stakeholders; to deliver an excellent service that supports healthy communities. By delivering excellence, we offer our stakeholders choice when selecting a partner that cares for their economic and social wellbeing.

Our social responsibility covers five overlapping categories:

- Grower clients - supplying our core products,
- Employees - enabling our service delivery,
- Consumer clients - creating demand for our products,
- Investors - funding our operations,
- The wider communities - the social fabric that unites us.

In our first social report we comment on Seeka's social responsibilities, support measures and achievements.

Social responsibility	Support	Achievements
Grower clients		
Deliver a trusted, cost efficient service.	Grower-controlled entities oversee Seeka's performance and manage fruit value.	Published grower proposal with fixed service prices. Audited end-of-season grower accounts.
Support growers with timely information on compliance, their crop, their returns and industry issues.	Technical team. Compliance team. Grower services team. Grower reporting team. Information services team.	13 grower field days. Kiwifruit "After 5s" held twice a year in six regional locations, plus avocado information evenings. 51 Frankly Speaking email updates from the chief executive. SeekaApp access to online reports reaching 579 users.
Advocate grower interests	Member of all relevant industry forums.	$40m settlement of Psa class action February 2021.
Provide opportunities to benefit from the downstream value generated from their produce.	Grower share scheme.	2.06m shares held in trust for 405 participating growers. Shares vest in 2021 (kiwifruit and kiwiberry growers) and 2022 (avocado growers).
Employees		
Be the employer of choice.	Human resources team.	Benchmark remuneration and survey staff. Career development pathways including five cadets in 2020.
Provide a safe work environment.	Health and safety team.	Safety integrated into Seeka's culture, see health and safety report. $436,000 invested in safety guarding and barriers in 2020. $1m invested in 30 new tractors for orchard operations.
Provide opportunities to benefit from the value employees add to our services.	Employee share scheme.	568,000 shares held in trust for 319 participating employees. Shares vest in 2022.
Consumers		
Reliable source of safe food.	Global.G.A.P. food safety standards.	Full track and trace from orchard to market.
Investors		
Be the investment of choice.	Financial service team.	See corporate governance statement for details.
Wider community		
Be a responsible community citizen that enhances social outcomes.	Senior management team.	Delivered an essential service in New Zealand and Australia during the Covid-19 pandemic that generated revenues for our growers, employees, contractors and investors, while delivering healthy eating options to international consumers. See health and safety report for details. Provided employment and housing for RSE workers, and helped repatriate 553 RSEs to Malaysia and the Pacific. Provided $129,167 in donations to community groups in 2020.

2020 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2020 - Audited

New Zealand dollars	Notes	2020 $000s	2019 $000s
Revenue	3	251,457	236,868
Cost of sales	4	198,781	189,404
Gross profit		**52,676**	**47,464**
Other income	3	9,440	4,139
Other costs	4	19,170	17,084
Earnings (EBITDA) [1]		42,946	34,519
Depreciation expense	10	11,653	10,870
Lease depreciation expense	13	6,671	5,372
Loss on revaluation of land and buildings	4	(32)	60
Impairment of property, plant and equipment	10	30	395
Impairment of intangible assets	11	102	-
Amortisation of intangible assets	11	204	265
Earnings (EBIT) [2]		24,318	17,557
Interest expense		4,163	4,930
Lease interest expense		3,877	2,764
Net profit before tax		**16,278**	**9,863**
Income tax charge		8,239	4,084
Deferred tax expense		(1,551)	(1,105)
Tax benefit of reintroduction of depreciation on buildings		(5,561)	-
Total tax charge	6	**1,127**	**2,979**
Net profit attributable to equity holders		**15,151**	**6,884**
Earnings per share for profit attributable to the ordinary equity holders of the company during the year			
Basic earnings per share	20	$0.52	$0.23
Diluted earnings per share	20	$0.52	$0.23

1. EBITDA, a non-GAAP measure, is earnings before interest, tax, depreciation, amortisation, impairments and revaluations.

2. EBIT, a non-GAAP measure, is earnings before interest and tax.

The accompanying notes form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020 - Audited

New Zealand dollars	Notes	2020 $000s	2019 $000s
Net profit for the year		**15,151**	**6,884**
Items that will not be reclassified to profit or loss, net of tax			
Gain on revaluation of land and buildings	10	11,700	3,203
Gain / (loss) on revaluation of water shares	11	(725)	944
Total items that will not be reclassified to profit or loss		**10,975**	**4,147**
Items that may be reclassified subsequently to profit or loss, net of tax			
Movement in cash flow hedge reserve	21	85	(375)
Movement in foreign currency translation reserve	21	(17)	19
Movement in foreign currency revaluation reserve	21	399	(183)
Total items that may be reclassified subsequently to profit or loss		**467**	**(539)**
Total comprehensive income for the year attributable to equity holders		**26,593**	**10,492**

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020 - Audited

New Zealand dollars	Notes	2020 $000s	2019 $000s
Equity			
Share capital	18	97,489	96,773
Reserves	21	32,438	21,512
Retained earnings	21	46,366	36,659
Total equity		176,293	154,944
Current assets			
Cash and cash equivalents		5,164	2,849
Trade and other receivables	14	24,515	28,283
Biological assets - crop	12	19,890	18,629
Inventories	15	5,936	5,455
Irrigation water rights		343	846
Assets classified as held for sale	9	3,844	27,083
Total current assets		59,692	83,145
Non current assets			
Trade and other receivables	14	672	683
Property, plant and equipment	10	245,032	220,422
Intangible assets	11	17,622	18,686
Right of use lease assets	13	50,831	44,724
Investment in associates	24	1,000	-
Investment in shares	23	577	586
Total non current assets		315,734	285,101
Total assets		375,426	368,246
Current liabilities			
Current tax liabilities	6	6,952	1,709
Trade and other payables	16	30,972	22,933
Lease liabilities	13	6,342	5,211
Interest bearing liabilities	17	9,157	21,854
Total current liabilities		53,423	51,707
Non current liabilities			
Interest bearing liabilities	17	73,862	97,778
Lease liabilities	13	58,040	45,267
Derivative financial instruments	30	671	790
Deferred tax liabilities	7	13,137	17,760
Total non current liabilities		145,710	161,595
Total liabilities		199,133	213,302
Net assets		176,293	154,944

On behalf of the Board.

F Hutchings
Chairman

A Waugh
Director

Dated: 26 February 2021

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020 - Audited

New Zealand dollars	Notes	Share capital $000s	Investment in shares revaluation reserve $000s	Cash flow hedge reserve $000s	Foreign currency revaluation reserve $000s	Foreign currency translation reserve $000s	Share reserve $000s	Water share revaluation reserve $000s	Land and buildings revaluation reserve $000s	Retained earnings $000s	Total $000s
2019											
Equity at 1 January 2019		94,406	248	(194)	(108)	(172)	159	2,372	15,468	37,071	149,250
Net profit		-	-	-	-	-	-	-	-	6,884	6,884
Foreign exchange movement		-	-	-	(183)	19	-	9	-	(9)	(164)
Other comprehensive income / (loss)		-	-	(375)	-	-	-	944	3,203	-	3,772
Total comprehensive income / (loss)		-	-	(375)	(183)	19	-	953	3,203	6,875	10,492
Transactions with owners											
Shares issued	18	804	-	-	-	-	-	-	-	-	804
Employee share scheme receipts	18	1,563	-	-	-	-	-	-	-	-	1,563
Movement in employee share entitlement reserve	21	-	-	-	-	-	(42)	-	-	182	140
Movement in grower share entitlement reserve	21	-	-	-	-	-	412	-	-	-	412
Movement in investments in shares reserve		-	(248)	-	-	-	-	-	-	-	(248)
Dividends paid	22	-	-	-	-	-	-	-	-	(7,469)	(7,469)
Total transactions with owners		2,367	(248)	-	-	-	370	-	-	(7,287)	(4,798)
Equity at 31 December 2019		96,773	-	(569)	(291)	(153)	529	3,325	18,671	36,659	154,944
2020											
Net profit		-	-	-	-	-	-	-	-	15,151	15,151
Foreign exchange movement		-	-	-	399	(17)	-	(3)	-	3	382
Other comprehensive income / (loss)		-	-	85	-	-	-	(725)	10,426	1,274	11,060
Total comprehensive income / (loss)		-	-	85	399	(17)	-	(728)	10,426	16,428	26,593
Transactions with owners											
Shares issued	18	348	-	-	-	-	-	-	-	-	348
Employee share scheme receipts	18	368	-	-	-	-	-	-	-	-	368
Movement in employee share entitlement reserve	21	-	-	-	-	-	153	-	-	-	153
Movement in grower share entitlement reserve	21	-	-	-	-	-	608	-	-	-	608
Dividends declared and paid	22	-	-	-	-	-	-	-	-	(6,721)	(6,721)
Total transactions with owners		716	-	-	-	-	761	-	-	(6,721)	(5,244)
Equity at 31 December 2020		97,489	-	(484)	108	(170)	1,290	2,597	29,097	46,366	176,293

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020 - Audited

New Zealand dollars	Notes	2020 $000s	2019 $000s
Operating activities			
Cash was provided from:			
Receipts from customers		249,899	233,671
Interest and dividends received		35	217
Cash was disbursed to:			
Payments to suppliers and employees		(213,168)	(204,946)
Interest paid		(4,163)	(4,930)
Lease interest paid		(3,877)	(3,136)
Income taxes paid		(2,373)	(2,288)
Net cash flows from operating activities	5	**26,353**	**18,588**
Investing activities			
Cash was provided from:			
Sale of property, plant and equipment	10	45	905
Proceeds from sale of property held for sale	9	43,041	44,529
Repayment of grower or grower entity advances		22,550	19,163
Cash was applied to:			
Purchase of property, plant and equipment and intangibles		(13,496)	(34,668)
Development of bearer plants		(6,776)	(3,906)
Acquisition of business		-	(14,000)
Acquisition of associate		(1,000)	-
Purchase of, and development costs incurred on, property held for sale and SunGold licence	9	(1,069)	(27,453)
Advances to growers or grower entities		(22,303)	(20,508)
Net cash flows (used in) investing activities		**20,992**	**(35,938)**
Financing activities			
Cash was provided from:			
Proceeds of non-current bank borrowings	17	16,500	59,026
Proceeds of current bank borrowings	17	42,829	51,703
Proceeds from employee and grower loyalty share schemes	18	368	1,563
Cash was applied to:			
Lease payments	13	(6,604)	(5,070)
Repayment of non-current bank borrowings	17	(40,882)	(42,024)
Repayment of current bank borrowings	17	(55,279)	(39,750)
Payment of dividend to shareholders	22	(2,733)	(6,310)
Net cash flows from financing activities		**(45,801)**	**19,138**
Net increase / (decrease) in cash and cash equivalents		**1,544**	**1,788**
Effect of foreign exchange rates		771	(279)
Opening cash and cash equivalents		2,849	1,340
Closing cash and cash equivalents		**5,164**	**2,849**

Previous corresponding period advances were grossed up by $17.6m to better reflect the cash advance movements during the year.

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020 - Audited

This section contains the notes to the consolidated financial statements for Seeka Limited, its subsidiaries and associates. To give stakeholders a clear insight into how Seeka organises its business, the note disclosures are grouped into seven sections.

Basis of preparation

This section sets out the Group's accounting policies that apply to the full set of financial statements. Accounting policies which are limited to a specific note are described in that note.

Reporting entity and statutory base

The financial statements presented are those of the consolidated Seeka group. Seeka Limited is referred to as Seeka Limited or the Company. The group is referred to as the Group, Seeka, or Seeka Group.

Seeka Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and a Financial Markets Conduct (FMC) Reporting Entity for the purposes of the FMC Act 2013. Seeka Limited is listed and its ordinary shares are quoted on the NZX main board equity security market (NZX Main Board).

Nature of operations

Seeka is a produce business operating in New Zealand and Australia.

In New Zealand the Group provides orchard management, orchard leasing, post harvest and retail services to New Zealand's kiwifruit, avocado, citrus, berry and kiwiberry industries. Seeka manufactures and sells the Kiwi Crush and Kiwi Crushies product range along with avocado oil. The Group also provides retail and ripening services for imported tropical produce, and operates a wholesale market.

In Australia, Seeka owns, leases and operates orchards and associated post harvest assets, making the Group the largest producer and supplier of Australian kiwifruit and nashi pears, a major supplier of European pears, plus lesser production of other temperate-climate fruits, including plums and apricots.

Statement of compliance and basis of preparation

The consolidated financial statements for the Group have been prepared in accordance with the requirements of Part 7 of the FMC Act 2013. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (GAAP), incorporating New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities. The Group financial statements also comply with International Financial Reporting Standards (IFRS).

The financial statements are prepared on a historical cost basis, with the exception of:

- assets held for sale at fair value (note 9)
- land and buildings at fair value (note 10)
- water shares at fair value (note 11)
- biological assets - crop at fair value (note 12)
- right-of-use lease assets and lease liabilities at present value of expected cash payments (note 13)
- financial assets and liabilities (including derivative instruments) at fair value through comprehensive income (note 30 and note 31)

The significant accounting policies applied in the preparation of the financial statements are set out below.

The financial statements were approved by the Board of Directors (the Board) on 26 February 2021.

Basis of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The acquisition 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 exchanged, equity instruments issued and liabilities incurred or assumed at the date the acquisition is settled. Direct acquisition costs are expensed as incurred.

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 Group.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency (NZD) using the exchange rates prevailing during the month of that transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement. The presentational currency is the New Zealand dollar (NZD).

Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each entity's balance sheet within the Group are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each entity's income statement and statement of other comprehensive income, are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Summary of significant accounting policies

The accounting policies have been applied consistently throughout the periods presented in the financial statements.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning future operational and financial performance. By definition, these assumptions may not always equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are identified in the notes below. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions underlying management's estimates can be found in the following notes to the financial statements.

Note	Area of estimation or judgement
9. Assets held for sale	Timing, valuation and recognition of gain on sale
10 Property, plant and equipment	Valuation and impairment assessment
11. Intangible assets	Impairment assessment and CGU allocation
12. Biological assets - crop	Valuation
13. Leases	Discount rate and lease term
19. Business combination	Valuation on acquisition
21. Retained earnings and reserves	Valuation of share-based payments and grower loyalty share scheme

Going concern assumption

The consolidated financial statements have been prepared on a going concern basis.

Goods and services tax (GST)

The statement of financial performance and statement of comprehensive income have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Impact of standards issued but not yet applied by the entity

There are no new standards, amendments or interpretations that have been issued and are effective that are expected to have a significant impact on the Group.

Current economic environment

The 2020 financial year presented a number of challenges from the economic environment as a result of Covid-19. Seeka continued to operate as an essential business for fruit production, processing and the wholesale market operations throughout all levels of Government lockdowns in New Zealand and Australia. The kiwifruit harvest started as New Zealand went into level four lockdown and finished early June when the country was at level two. While the impact on revenue was minimised the increased health and safety measures that were rolled out, including protective screens, face masks, and other personal protective equipment, caused a significant increase to operating expenses and reduced operating efficiency.

There are no other material impacts from Covid-19 noted outside of those in the listed notes below.

Statement of financial performance

Post harvest revenue was minimally impacted by the effect of Covid-19, although profit was less than expected as kiwifruit packing charges were set before the packing season began and were not able to be adjusted for the additional costs incurred to maintain stringent distancing and hygiene protocols, and the reduced efficiency of packing during the Covid-19 lockdown.

Revenue from orchard operations remained solid, due to strong kiwifruit returns resulting from international demand for kiwifruit as a healthy product, and volumes being consistent with the prior year, although down on expectation due to a dry summer.

Revenue in the retail services operations segment, which includes Seeka's wholesale market operations in Auckland, was impacted due to reduced wholesale market demand from independent fresh produce retailers who were closed during the level four and level three Covid-19 lockdowns, including the second Auckland lockdown. Demand for the Group's Kiwi Crush, Crushies ice blocks and avocado oil which are sold in retail stores and to schools was also down during the Covid-19 lockdown periods. The reduction in revenue flowed through to reduced profit levels for the retail services operations segment.

The Australian operational result improved as fruit returns remained strong for the 2020 year. Included in the 2020 result is a one-off gain on sale from settling the sale and leaseback transaction, see note 9.

Statement of financial position

The statement of financial position is healthy and Seeka operated profitably throughout the year despite the economic environment. The completion of the Australian sale and leaseback transaction in December 2020 meant that net bank debt was reduced to $77.9m. Trade receivables and payables maintained consistent levels through the normal course of business and no significant receivables were required to be written off as a result of their doubtful recoverability.

Land and building property values significantly increased this year with an additional $11m being recognised in the land and building revaluation reserve due to an increasing demand for industrial buildings, particularly in the fruit processing industry, see note 10.

At year end Seeka performed impairment tests for:

- goodwill recognised in the balance sheet (see note 11),
- crop recognised as a biological asset for harvest 2021, and
- the Group's net asset value.

The Group compares the carrying amount of net assets with the market capitalisation value at each balance date. The share price at 31 December 2020 was $4.85, equating to a market capitalisation of $156.19m. This market value excludes any control premium and may not reflect the value of Group net assets. The carrying amount of Group net assets at 31 December 2020 was $176.30m ($5.47 net assets per share). Management and directors considered all reasons for this difference and concluded all relevant factors were considered for their value in use tests. The impairment test performed over the Group's net asset value did not identify any impairments.

Future impact

The upcoming 2021 harvest is looking positive and the future projections for Seeka remain strong. While labour availability will be an issue for the coming harvest, (see note 28), Seeka has a number of mechanisms in place to recruit local workers and has secured some employees under the Recognised Seasonal Employer (RSE) scheme.

Labour costs are also expected to increase by 18% in 2021, which has been included in the impairment tests performed, see note 11.

Performance

This section focuses on the Group's financial performance and details the contributions made from the individual operating segments.

1. Segment information

The Group's operating segments are entities that engage in business activities that earn revenues, incur expenses and are reported in a manner consistent with the internal reports provided to the chief decision makers, being the Directors, who regularly evaluate the allocation of resources alongside operational outcomes, such as EBITDA and EBIT, and are responsible for setting strategic direction.

The Group has five operating segments:

- Four New Zealand segments express the range of complementary services delivered to New Zealand's produce industries and the retail sector.
- A single Australian segment encompasses the integrated business associated with the Group's Australian-grown produce.

Direct segment revenues and operating costs are allocated to each segment. Administration costs, overheads, grower service costs and other income from the sale of assets recorded in the statement of financial performance are allocated to all other segments. Transactions between segments are conducted at arm's length and are eliminated on consolidation.

New Zealand segments

Orchard operations

The Group provides on-orchard management services to orchard owners who produce kiwifruit, avocado and kiwiberry crops.

The Group produces kiwifruit, avocado and kiwiberry crops from:

- Short term leased orchards (typically three-year rolling contracts) whereby the Group recovers costs and shares any profits with the orchard owners.
- Long term leased land which the Group has developed into productive orchards, pays all development and production costs, owns all crops for the term of the lease, and shares profit with the landowner after all costs are recovered from crop proceeds.
- Owned orchards whereby the Group incurs growing and harvest costs and receives all orchard income from crop sales.

Post harvest operations

The Group provides post harvest services to the kiwifruit, avocado, citrus, berry, and kiwiberry industries. This includes all crops from the Group's orchard management and lease operations, plus crops from independent orchard owners.

Retail service operations

The Group provides fruit marketing services in New Zealand and internationally, particularly in the Australian and Asian markets. This includes fruit from the Group's New Zealand based orchard and post harvest operations. In New Zealand the Group also provides retail and ripening services for imported fruit, and operates a wholesale market.

Retail service operations include the production and selling of Kiwi Crush, Kiwi Crushies and avocado oil to the retail sector and hospitals, along with post harvest services for kiwiberry.

All other segments - New Zealand

This represents the Group's aggregated administration, grower services and overhead sections recorded in the statement of financial performance and impairment and revaluations of other assets not attributed directly to any other segment. It also includes the gain on sale from assets that had been classified as held for sale.

Australian operations

The Group grows, provides post harvest services, and retails all produce from orchards the Group owns or leases in Australia. The main products are kiwifruit, nashi pears and European pears, which are primarily sold in Australia. Included in the 2020 result is a one-off gain from the settlement of the sale and leaseback transaction, see note 9.

EBITDA and EBIT

EBITDA is earnings before interest, tax, depreciation, amortisation, impairments and revaluations. EBITDA is an indicator of profitability and reflects operating cash flow generation.

EBIT is earnings before interest and tax; an indicator of profitability that excludes interest and income tax expenses.

The following table details the operating segments at balance date.

New Zealand dollars	New Zealand Orchard operations $000s	 Post harvest operations $000s	 Retail service operations $000s	 All other segments $000s	Australia Australian operations $000s	Group Total $000s
2020						
Income statement						
Turnover [1]	75,707	140,086	63,882	804	13,065	293,544
Gross segment revenue	75,920	143,132	21,795	804	13,065	254,716
Eliminations	(213)	(3,046)	-	-	-	(3,259)
Total segment revenue	75,707	140,086	21,795	804	13,065	251,457
EBITDA [2]	5,439	41,868	3,004	(14,801)	7,436	42,946
Depreciation expense [4]	(659)	(8,083)	(346)	(1,547)	(1,018)	(11,653)
Lease depreciation expense [6]	(1,259)	(3,990)	(465)	(846)	(111)	(6,671)
Gain on revaluation of land and buildings	-	32	-	-	-	32
Impairment of property, plant and equipment	-	-	-	-	(30)	(30)
Impairment of intangible assets	-	-	-	(102)	-	(102)
Amortisation of intangible assets	-	-	-	(200)	(4)	(204)
EBIT [3]	3,521	29,827	2,193	(17,496)	6,273	24,318
Lease interest expense [6]	(718)	(2,210)	(468)	(398)	(83)	(3,877)
Interest expense [5]	-	-	-	(2,606)	(1,557)	(4,163)
Tax charge on profit	-	-	-	2,050	(3,177)	(1,127)
Profit / (loss) after tax	2,803	27,617	1,725	(18,450)	1,456	15,151
Balance sheet						
Segment assets	63,437	232,742	12,357	19,675	47,215	375,426
Total assets	63,437	232,742	12,357	19,675	47,215	375,426
Segment liabilities	33,002	83,857	15,758	26,403	40,113	199,133
Total liabilities	33,002	83,857	15,758	26,403	40,113	199,133
2019						
Income statement						
Turnover [1]	72,419	140,112	49,197	447	11,591	273,766
Gross segment revenue	72,976	142,761	12,299	447	11,591	240,074
Eliminations	(557)	(2,649)	-	-	-	(3,206)
Total segment revenue [7]	72,419	140,112	12,299	447	11,591	236,868
EBITDA [2]	4,987	40,984	1,673	(12,498)	(627)	34,519
Depreciation expense [4]	(549)	(7,660)	(335)	(1,277)	(1,049)	(10,870)
Lease depreciation expense [6]	(741)	(3,860)	(205)	(530)	(36)	(5,372)
Loss on revaluation of land and buildings	-	(60)	-	-	-	(60)
Impairment of property, plant and equipment	-	-	-	-	(395)	(395)
Amortisation of intangibles	-	-	-	(250)	(15)	(265)
EBIT [3]	3,697	29,404	1,133	(14,555)	(2,122)	17,557
Lease interest expense [6]	(336)	(1,926)	(252)	(247)	(3)	(2,764)
Interest expense [5]						(4,930)
Tax charge on profit						(2,979)
Profit / (loss) after tax	3,361	27,478	881	(14,802)	(2,125)	6,884
Balance sheet						
Segment assets	54,176	222,892	11,231	27,793	52,154	368,246
Total assets	54,176	222,892	11,231	27,793	52,154	368,246
Segment liabilities	34,782	106,350	13,136	20,952	38,082	213,302
Total liabilities	34,782	106,350	13,136	20,952	38,082	213,302

1. Turnover is a non-GAAP measure, see calculations in note 2.
2. EBITDA, a non-GAAP measure, is earnings before interest, tax, depreciation, amortisation, impairments and revaluations.
3. EBIT, a non-GAAP measure, is earnings before interest and tax.
4. Depreciation includes the depreciation of fixed assets.
5. Interest includes finance costs for bank debt.
6. Lease interest and lease depreciation are as a result of *NZ IFRS 16 Leases*, see note 13.
7. 2019 segment revenues were restated following the reclassification of $3.726m of revenue from all other segments to the retail services segment.

The following table reconciles segment EBITDA before and after applying NZ IFRS 16.

New Zealand dollars	New Zealand				Australia	Group
	Orchard operations $000s	Post harvest operations $000s	Retail service operations $000s	All other segments $000s	Australian operations $000s	Total $000s
2020 - EBITDA						
EBITDA pre NZ IFRS 16	3,157	35,937	2,235	(15,813)	14,022	39,538
Capitalised lease costs	2,282	5,931	769	1,012	488	10,482
Gain on sale and leaseback	-	-	-	-	(7,074)	(7,074)
EBITDA after applying NZ IFRS 16	5,439	41,868	3,004	(14,801)	7,436	42,946
2019 - EBITDA						
EBITDA pre NZ IFRS 16	3,627	35,114	1,265	(11,731)	(662)	27,613
Capitalised lease costs	1,360	5,870	408	533	35	8,206
Gain on sale and leaseback	-	-	-	(1,300)	-	(1,300)
EBITDA after applying NZ IFRS 16	4,987	40,984	1,673	(12,498)	(627)	34,519

2. Turnover

The following table reconciles turnover to revenue.

New Zealand dollars	2020 $000s	2019 $000s
Turnover	293,544	273,766
Value of sales made as agent	(42,087)	(36,898)
Revenue	251,457	236,868

Turnover
The Board considers turnover a useful measure of the Group's operating activity as it represents the total transactional value of goods and services provided to external customers during the year. As such turnover includes the value of fruit sales made on behalf of growers and suppliers where the Group acts as the agent, and is considered the supplier by the purchasing party. This includes all produce sales both local and export.

3. Revenue and other income

New Zealand dollars	Notes	2020 $000s	2019 $000s
Total revenue		251,457	236,868
Other income			
Interest		242	214
Gain on sale of investment in shares		-	243
Gain on sale of assets held for sale	9	8,937	3,187
Grower share loyalty scheme	21	(608)	(412)
Dividends received		4	3
Net movement in fair value of irrigation water rights		293	904
Other income		572	-
Total other income		9,440	4,139
Total revenue and other income		260,897	241,007

Accounting policies

The Group's major revenue streams are post harvest operations, orchard management, retail services and Australian operations in accordance with *NZ IFRS 15: Revenue*.

Post harvest

The Group enters into two standardised post harvest contracts:

- The first has two performance obligations; to collect the supply of fruit via picking and transportation, and maturity testing. The charges are separated in the contract. All revenue is recognised when the service is performed.
- The second has three performance obligations; to pack fruit, to cool and dispatch fruit, and to sell class 2 fruit to authorised markets. These are stand-alone services provided by the Group. Each performance obligation has a separate transaction price detailed in the contract and the obligations are recognised when services are performed; packing revenue as fruit is packed, cooling revenue as fruit is loaded out from cool storage, and class 2 as fruit is sold.

Orchard management

The Group enters into two orchard management contracts that are largely standardised:

- The first has one performance obligation; to manage fruit growing. Revenue is recognised as the service is performed and calculated at cost plus a margin per the contract. The management fee included in the contract is recognised evenly over the contract's 12 month period. An incentive fee is only recognised when agreed orchard gate return (OGR) targets are achieved and an incentive would be receivable.
- The second has one performance obligation; to collect the supply of fruit on short term and long term managed orchards. The transaction price is determined using a forecasted OGR. Revenue is recognised when crops are picked (in the June half year accounts for kiwifruit).

Retail services

The Group enters into three retail service contracts which are customised to the service being offered (such as ripening or fruit sales):

- The first has one performance obligation; to sell fruit on the owner's behalf. As the sales agent, the Group only collects a marketer's commission which is recognised when the fruit is sold.
- The second has one performance obligation; to either store or ripen fruit. Revenue is recognised as the fruit is stored or ripened.
- The third has one performance obligation; to provide ordered product. The transaction price is based on the agreed price (either in writing or verbally) with revenue recognised when the fruit is sold.

Australia

Australian contracts are entered into by the Australian business. The contracts are on a one-to-one basis with the fruit purchaser and are largely standardised. There is one performance obligation; to provide the fruit to the customer. The transaction price is based on the agreed price (either in writing or verbally) and recognised when the fruit is sold.

Principal versus agent relationship

A principal relationship is one where the Group has the performance obligation to provide the good or service directly and has control of the asset or has a right to direct the asset. An agency relationship is one where the performance obligation is to arrange for the good or service on behalf of the supplier. The Group currently has agent relationships for the sale of some fruit and vegetables in the retail services segment.

Impact of seasonality

Group revenues are generated from seasonal horticultural operations, with post harvest revenues recognised as services are provided and orcharding revenues recognised once the fruit is harvested. Retail revenues are generated at the point of sale. In New Zealand kiwifruit are harvested from March to June, avocados from July to February, and kiwiberry from February to March. In Australia nashi and European pears are harvested January to March, and kiwifruit from March to May. As a result of these harvest timings around 60-70% of orchard revenues are recognised in the first six months of the financial year. Due to seasonal fluctuations, the timing of the provision of post harvest services can vary from year to year, however normally 70-80% is recognised in the first six months of the financial year, but can be impacted by seasonal fluctuations.

Irrigation water rights

Water allocation rights are carried at fair value supported by the value of the traded rights on a recognised exchange or market at measurement date. Annual water allocation rights are recognised as a current asset when they are allocated to the Group's permanent water shares from the first of July each year by the Victorian Water Register, and are subsequently expensed when the entitlement is used to irrigate orchards. Any gain on revaluation is recognised in the statement of financial performance.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

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

Gain on sale of assets held for sale

The gain on sale of assets held for sale is recognised when a sale and purchase agreement is unconditional and the consideration is paid or payable at that date.

4. Cost of sales and operating expenses

New Zealand dollars	Notes	2020 $000s	2019 $000s
Operating materials and services		146,782	141,092
Direct employee benefits		53,260	49,017
(Increase) in fair value of biological assets - crop	12	(1,261)	(705)
Total cost of sales		198,781	189,404
Total other employee benefits		10,005	8,006
General administrative expenses		8,264	8,141
Audit fees and expenses paid to principal auditors - paid on a Group basis		340	312
Tax compliance and consultancy fees paid to principal auditors		106	150
Tax pooling services paid to principal auditors		5	22
Remuneration benchmarking fees and other advisory services fees paid to principal auditors		-	3
Directors' fees and expenses		450	450
Total other costs		19,170	17,084
Depreciation expense	10	11,653	10,870
Lease depreciation expense	13	6,671	5,372
Amortisation of intangible assets	11	204	265
Impairments and revaluations			
Gain / (loss) on revaluation of land and buildings		(32)	60
Impairment of property, plant and equipment	10	30	395
Impairment of intangible assets	11	102	-
Total impairment and revaluation		100	455
Interest expense		4,163	4,930
Lease interest expense	13	3,877	2,764
Total expenses		244,619	231,144

During the year the Group recognised $0.15m of costs relating to the measurement of the employee share schemes issued based on the Black Scholes Model (Dec 2019 - $0.14m).

Accounting policies

Operating expenses are recognised in the statement of financial performance as incurred, except where future economic benefits arise and they are recorded as a prepayment.

Wages and salaries, annual leave and sick leave

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

5. Reconciliation of net operating surplus after taxation with cash flows from operating activities

New Zealand dollars	2020 $000s	2019 $000s
Net operating surplus after taxation	**15,151**	**6,884**
Add / (less) non cash items:		
Depreciation	11,653	10,870
Lease depreciation	6,671	5,372
Other non-cash lease adjustments	425	-
Loss on revaluation of land and buildings	(32)	60
Impairment of property, plant and equipment	30	395
Revaluation of employee share scheme	153	(44)
Revaluation of grower share scheme	608	412
Movement in deferred tax	(4,623)	(2,790)
Movement in fair value of biological assets - crop	(1,261)	(705)
Amortisation of intangible assets	204	265
	13,828	**13,835**
Add / (less) items not classified as an operating activity:		
Loss on sale of property, plant and equipment	164	265
Gain on sale of property held for sale	(9,662)	(3,187)
Decrease in current water allocation account	(45)	(247)
Gain on sale of investment in shares	-	(243)
	(9,543)	**(3,412)**
(Increase) / decrease in working capital:		
Increase in accounts payable	5,420	2,707
(Increase) in accounts receivable/prepayments	(3,878)	(343)
(Increase) / decrease in inventory	2,300	(3,378)
Decrease in taxes due	3,075	2,295
	6,917	**1,281**
Net cash flow from operating activities	**26,353**	**18,588**

Accounting policies

Cash flows statements are prepared using the direct approach. Cash and cash equivalents are shown exclusive of GST.

6. Income tax expense

New Zealand dollars	Notes	2020 $000s	2019 $000s
a. Current tax expense			
Current year		8,767	3,561
Prior period adjustment		(528)	523
Total current tax expense		8,239	4,084
Deferred tax expense	7		
Origination and reversal of temporary differences		(1,551)	(1,105)
Future tax benefit from the reintroduction of tax depreciation on buildings		(5,561)	-
Total deferred tax expense		(7,112)	(1,105)
Total income tax expense		1,127	2,979
b. Numerical reconciliation of income tax expense to prima facie tax payable			
Profit before income tax expense		16,278	9,863
Tax at the New Zealand tax rate of 28%		3,268	3,866
Tax at the Australian tax rate of 30%		1,290	(1,183)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		533	276
Future tax benefit from the reintroduction of tax depreciation on buildings		(5,561)	-
Tax exempt income		1,624	(2)
Under provision in prior years - temporary differences		(27)	22
Income tax expense		1,127	2,979
c. Imputation credit account			
Imputation credits available for use in subsequent reporting periods		22,244	16,932

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

a. Imputation credits that will arise from the payment of the amount of the provision for income tax
b. Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c. Imputation credits that will arise from the receipts of dividends recognised as receivables at the reporting date.

		2020 $000s	2019 $000s
d. Current tax (liability) / receivable			
Opening balance of current tax (liability)		(1,709)	(36)
Acquisition		-	44
Adjustments for prior periods		528	(523)
Current year tax		(8,767)	(2,422)
Reclassify income tax as deferred tax		-	(1,139)
Less tax paid		3,059	2,362
Exchange differences		(63)	5
Current tax (liability)		(6,952)	(1,709)

Accounting policies

Income tax expense comprises both current and deferred tax and is recognised in the statement of financial performance.

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 tax losses of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination and that affects neither accounting or taxable profit. Differences relating to investments in subsidiaries and jointly controlled entities are not recognised to the extent that they probably will not reverse in the foreseeable future.

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 at balance 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.

7. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following table details the offset amounts.

New Zealand dollars	2020 $000s	2019 $000s
Net deferred tax liabilities:		
Opening balance	**17,760**	**14,970**
Reclassify income tax as deferred tax	-	(1,139)
Acquisition	-	2,936
Exchange differences	(31)	(25)
Charged to the statement of financial performance	(7,059)	34
Charged to revaluation reserve	2,434	1,131
(Credited) / debited to hedge reserve	33	(147)
Closing balance at end of year	**13,137**	**17,760**
The balance comprises temporary differences attributable to:		
Temporary differences on non-current assets	17,825	21,802
Current liabilities	(4,712)	(4,110)
Prepayments and accrued income	24	3,645
Losses reclassified as deferred tax	-	(3,577)
Total deferred tax liability	**13,137**	**17,760**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. No amounts were recognised at balance date and there were no unrecognised tax losses (Dec 2019 - Nil).

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

Legislation enacted 25 March 2020 reinstated tax depreciation deductions on non-residential buildings. This resulted in a one-off $5.6m gain in the income tax calculation for the 2020 financial year, see note 6.

8. Events occurring after balance date

On 15 February 2021, settlement was reached in the matter of the kiwifruit class action against the Crown related to the 2010 Psa outbreak. The settlement sum is $40m inclusive of GST if any. The allocation of the settlement sum is underway which includes legal cost recovery, payment to the litigation funding partner, and distribution to claimants, of which Seeka is a claimant. The distribution will require the approval of the High Court prior to any payment being received by Seeka. The amount Seeka will receive is currently unknown.

A dividend was declared of $0.12 cents per share to be paid 30 March 2021, see note 22.

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

Assets

This section focuses on the physical and intangible assets used by the Group to operate the business, deliver benefits to stakeholders, add new income streams and generate revenues. Assets include post harvest facilities, retail service facilities, and software. Assets also include Group-owned land, vines, trees and crop on Group-owned and leased orchards. The Group also has interests in water shares, leases and goodwill arising from Group acquisitions.

Disclosures are made on additions, disposals, revaluations, depreciation, impairments and amortisation.

9. Assets classified as held for sale

New Zealand dollars	Notes	2020 $000s	2019 $000s
Opening balance at 1 January		**27,083**	24,197
Properties settled to Seeka		-	35,111
SunGold licence purchased		-	5,728
SunGold licence transferred from intangible assets	11	-	1,662
Reclassification to property, plant and equipment		(231)	-
Development costs incurred		1,069	564
Growing costs (recovered)		(489)	(346)
Sales settled by third parties at carrying value		(23,588)	(39,833)
Total assets held for sale		**3,844**	**27,083**

The following table details the assets classified as held for sale by asset class.

New Zealand dollars	2020 $000s	2019 $000s
Asset class		
Land and buildings	1,379	8,382
Property, plant and equipment	599	2,935
Intangible assets	849	8,254
Bearer plants	1,017	6,398
Biological assets - crop	-	1,114
Total assets held for sale	**3,844**	**27,083**

Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable and the assets are available for immediate sale in their present condition, and the Group is committed to the sale and expects it to be completed within one year from the date of classification. The accounting standards allow for the period to extend past 12 months if the circumstances causing the delay are out of Seeka's control. Management considers the remaining Northland orchards meet the requirements to extend past 12 months as there is interest in the properties with sales contracts expected in the next 12 months. Assets held for sale are recorded at the lower of the carrying value or fair value less costs to sell as required by *NZ IFRS 5*.

At 31 December 2020, 23 hectares of orchards (Dec 2019 - 56 hectares) owned by Seeka were classified as held for sale. These properties were part of the 2018 purchase of Kerikeri assets from T&G Global Limited.

Sale and leaseback transaction in Seeka Australia

Assets related to three kiwifruit orchards in Australia (Hayward, Austral and Lakes) were recognised as held for sale at 31 December 2019. In May 2020, Seeka announced an agreement to sell 199 hectares of orchard subject to the Australian Foreign Investment Review Board (FIRB) approval. Approval was delayed due to the onset of Covid-19, and was subsequently granted on 8 December 2020. On 15 December 2020, the Group completed the sale and leaseback for AUD$26.50m.

The initial term of the leaseback is 10.5 years, with rights of renewal out to 25 years. The terms of the sale and leaseback are typical of those entered into for an orchard.

The Group has estimated the present value of the rental obligations in respect of the leaseback to be AUD$14.08m (NZD$15.01m), based on the initial term of the leaseback of 10.5 years, discounted at an incremental borrowing rate of 6.79% per annum.

The definition of a sale under *NZ IFRS 15: Revenue* was met and the transaction was carried out at fair value. Sales proceeds received were judged to reflect the fair value of the underlying assets. The quarterly rental was deemed to be a fair market rent.

The sale and leaseback was accounted for in accordance with paragraphs 98 to 103 of *NZ IFRS 16 Leases* because the Group had control of the underlying asset before the asset was transferred to the buyer, with the transaction giving rise to the following:

- Right of use asset of AUD$7.47m (NZD$7.97m)
- Net proceeds from sale and leaseback of AUD$26.50m (NZD$28.24m)
- Lease liability assumed of AUD$14.08m (NZD$15.01m)
- Net gain on sale and leaseback of AUD$5.83m (NZD$6.18m)

Seeka entered the arrangement to release capital gains produced on the orchards and will use the funds from the sale and leaseback arrangement to repay debt and complete Australian developments while securing supply for Seeka's orchard-to-market service.

All goodwill from the Australia cash generating unit was allocated in 2019 to the disposal group, based on the Group's assessment of relative fair values of the assets held for sale and Australia assets being retained.

Critical accounting estimates and judgements

The Group used estimates to judgementally recognise the remaining Northland orchards as held for sale, despite being held for sale for greater than 12 months. The Group used judgement to classify the Australian sale and leaseback as an asset held for sale and estimates to calculate and judgementally recognise the gain on sale. This included judging the right of use lease asset, lease liability, lease term and estimated discount rate.

10. Property, plant and equipment

New Zealand dollars	Land and buildings $000s	Plant and equipment $000s	Motor vehicles $000s	Bearer plants $000s	Assets under construction $000s	Total $000s
At 1 January 2019						
Cost or valuation	116,364	95,146	736	11,223	18,868	242,337
Accumulated depreciation and impairment	(6,291)	(53,420)	(475)	(1,857)	(219)	(62,262)
Net book amount	110,073	41,726	261	9,366	18,649	180,075
Year ended 31 December 2019						
Opening net book amount	110,073	41,726	261	9,366	18,649	180,075
Additions and transfers	49,082	13,496	327	2,720	(9,565)	56,060
Depreciation recovery	-	314	-	-	-	314
Depreciation	(4,570)	(5,938)	(126)	(236)	-	(10,870)
Disposals	(232)	(865)	-	-	(49)	(1,146)
Impairment of property, plant and equipment	-	-	-	(395)	-	(395)
Revaluation	3,908	-	-	-	-	3,908
Reclassification to held for sale	(3,608)	(749)	-	(2,878)	-	(7,235)
Foreign exchange	(140)	(54)	(2)	(53)	(40)	(289)
Closing net book amount	154,513	47,930	460	8,524	8,995	220,422
At 1 January 2020						
Cost or valuation	165,374	106,949	1,062	11,012	9,214	293,611
Accumulated depreciation and impairment	(10,861)	(59,019)	(602)	(2,488)	(219)	(73,189)
Net book amount	154,513	47,930	460	8,524	8,995	220,422
Year ended 31 December 2020						
Opening net book amount	154,513	47,930	460	8,524	8,995	220,422
Additions and transfers	6,258	6,086	271	14,318	(5,477)	21,456
Depreciation recovery	4	57	28	-	-	89
Depreciation	(5,131)	(6,147)	(134)	(241)	-	(11,653)
Disposals	(36)	(486)	(55)	64	-	(513)
Impairment of property, plant and equipment	-	-	-	(30)	-	(30)
Revaluation	14,474	-	-	-	-	14,474
Reclassification from held for sale	231	-	-	-	-	231
Foreign exchange	263	104	3	58	128	556
Closing net book amount	170,576	47,544	573	22,693	3,646	245,032
At 31 December 2020						
Cost or valuation	186,565	112,652	1,281	25,453	3,864	329,815
Accumulated depreciation and impairment	(15,989)	(65,108)	(708)	(2,760)	(218)	(84,783)
Net book amount	170,576	47,544	573	22,693	3,646	245,032

Assets under construction are assets that are yet to be capitalised and are not depreciated. When the asset is ready for use it is transferred to the appropriate asset class. At 31 December 2020 the assets under construction relate to the Kerikeri coolstore build, which is stage 2 of the Kerikeri Capital Project. Stage 1 was the packhouse build, which was completed in 2019.

Land and buildings

Land and buildings are revalued to their estimated market value on a three-year rolling cycle (excluding assets under construction), plus any subsequent additions at cost, less subsequent depreciation for buildings. In New Zealand valuations are undertaken by TelferYoung Valuers, ANZIV, independent registered valuer.

In Australia valuations are undertaken by Preston Rowe Paterson Shepparton (previously known as Goulburn Valley Property Services), independent valuers, Shepparton, Victoria, Australia. All Australian land and buildings were revalued at 31 December 2019.

The valuers consider four different approaches in concert to arrive at a fair value;

1. Direct replacement cost - adds the value of the land to the replacement cost of the buildings and other improvements based on the current cost of construction less depreciation based on the age of the building with an allowance for physical depreciation. Specific consideration is given to the 'optimised depreciated replacement cost' methodology.
2. Sales comparison - considers sales of other comparable properties.

3. Capitalisation of rentals - assumes a hypothetical lease of the property with a current market rental being established and capitalising this at an appropriate rate of return (6.25% – 10.5%) that would be expected by a prudent investor. The 2020 year saw capitalisation rates fall between 0.5% - 0.75% since the previous valuations.

4. Discounted cash flow - a variation of the investment method whereby it takes the current market rental calculated under the investment method and forecasts net cash flows over a ten-year period. Cash flows are adjusted for expected growth in market rentals and estimated costs incurred to maintain land and buildings in operational use. This method assumes land and buildings are sold in the terminal year (year 11).

The net book value of land is $23.43m (Dec 2019 - $23.37m) and buildings is $147.14m (Dec 2019 - $131.14m), see note 29.

The following table details the gain on revaluation of land and buildings recognised in the revaluation reserve, net of tax of $10.43m (Dec 2019 - $3.20m).

New Zealand dollars	Land $000s	Buildings $000s	Total $000s
Land and buildings revaluation reserve	2,441	7,985	10,426

As a consequence of the building revaluations conducted in December 2020, $5.90m (Dec 2019 - $3.71m) of accumulated depreciation was offset directly against the assets' cost or valuation, prior to revaluation.

The following table details the depreciated value of land and buildings if they were to be stated on a historical cost basis.

New Zealand dollars	2020 $000s	2019 $000s
Cost	184,251	178,030
Accumulated depreciation	(41,556)	(35,557)
Depreciated historical cost	**142,695**	**142,473**
Net book amount	**170,576**	**154,513**

Impairment of bearer plants

For the year ended 31 December 2020, $0.03m of cherries were at the end of their useful life and removed with the remaining costs impaired.

For the year ended 31 December 2019, the Group replaced some Australian bearer plants as a result of the Psa disease being identified on new grafts. This resulted in an impairment and the write off of the carrying value of bearer plants of $0.40m which was recognised in the statement of financial performance. There is no significant impairment relating to bearer plants in the year ended 31 December 2020.

Accounting policies

Bearer plants

Bearer plants are the Group's investment in kiwifruit vines, pear, avocado and other fruiting vines and trees on Group-owned and leased land. Bearer plants are stated at historical cost less depreciation. Historical cost includes all costs incurred to purchase or establish the asset.

Land and buildings

Land and buildings are shown at fair value, based on periodic, but at least triennial valuations by independent valuers, plus any subsequent improvements at cost, less depreciation. At each annual balance date, no less than one third of assets classified as land and buildings are revalued and those valuations are used to assess the appropriateness of the carrying values of all land and building assets held by the Group, which effectively revalue all land and buildings annually. Revaluations are performed more frequently if changing industry conditions may cause their carrying value to differ significantly from fair value. 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.

Changes in the carrying amounts arising on revaluation of land and buildings are accounted for through comprehensive income and other reserves, except where an asset's assessed fair value is less than the original cost, in which case the change is recognised in the statement of financial performance.

Property, plant and equipment

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes all costs incurred to purchase the asset.

Subsequent additions at cost are included in the asset's carrying value 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Asset impairments are recognised in the statement of financial performance.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight line or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The depreciation of bearer plants on leased land orchards is aligned to the term of the lease.

The estimated useful lives of assets are as follows:

– Buildings	20 - 50 years
– Machinery	10 - 20 years
– Vehicles	4 - 7 years
– Furniture, fittings and equipment	3 - 10 years
– Bearer plants:	5 - 50 years

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at balance date and an asset's carrying amount is immediately written down to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount, and any gain or loss is included in the statement of financial performance. When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets is transferred to retained earnings.

Seeka

Critical accounting estimates and judgements

At 31 December 2020 a significant portion of Seeka's land and building portfolio was revalued. Seeka's property values significantly increased in the last year due to an increase in market demand for industrial properties. Seeka operates in the food production industry, which remained stable with a high demand for healthy foods during the Covid-19 pandemic. Properties situated in the Bay of Plenty are also expected to be less affected than other regions given the ongoing strength of horticulture and agriculture businesses.

Seeka's Australian properties are in the food production region of Victoria. The sale and leaseback transaction completed on 15 December supports the carrying values of the remaining properties.

Sensitivity analysis suggests the remaining properties that were not revalued this year could cause an increase in land and buildings of a further 2-4%. This is not considered a material movement in land and building values.

11. Intangible assets

New Zealand dollars	Notes	Software $000s	Goodwill $000s	Water shares $000s	Other intangibles $000s	Total $000s
At 1 January 2019						
Cost		3,097	10,824	7,858	1,662	23,441
Accumulated amortisation and impairment		(2,298)	(2,977)	-	-	(5,275)
Net book amount		799	7,847	7,858	1,662	18,166
Year ended 31 December 2019						
Opening net book amount		799	7,847	7,858	1,662	18,166
Additions		98	-	-	-	98
Additions from business combination	19	-	7,035	-	-	7,035
Revaluation		-	-	1,343	-	1,343
Exchange differences		-	(61)	(79)	-	(140)
Amortisation		(265)	-	-	-	(265)
Reclassification to assets held for sale	9	-	(5,889)	-	(1,662)	(7,551)
Closing net book amount		632	8,932	9,122	-	18,686
At 1 January 2020						
Cost		3,195	10,963	9,122	-	23,280
Accumulated amortisation and impairment		(2,563)	(2,031)	-	-	(4,594)
Net book amount		632	8,932	9,122	-	18,686
Year ended 31 December 2020						
Opening net book amount		632	8,932	9,122	-	18,686
Additions		67	-	-	-	67
Disposals		(13)	-	-	-	(13)
Revaluation		-	-	(1,039)	-	(1,039)
Impairment		(102)	-	-	-	(102)
Exchange differences		-	-	227	-	227
Amortisation		(204)	-	-	-	(204)
Closing net book amount		380	8,932	8,310	-	17,622
At 31 December 2020						
Cost		3,147	10,963	8,310	-	22,420
Accumulated amortisation and impairment		(2,767)	(2,031)	-	-	(4,798)
Net book amount		380	8,932	8,310	-	17,622

Other intangibles related to SunGold kiwifruit licences that were subsequently reclassified as held for sale with the Northland orchards in 2019 once Seeka obtained the property titles, see note 9.

The amortisation period of software is four to five years.

Water shares are an integral part of land and irrigation infrastructure required to grow pears, kiwifruit and other annual crops in Australia and are carried at fair value based on the closing water share market price. The movement in the fair value is recognised in the statement of other comprehensive income.

Impairment tests for goodwill

The Board reviews and monitors goodwill at a cash generating unit level. Goodwill represents the 2019 acquisition of Aongatete Coolstores Limited, the 2018 acquisition of the Northland business, the previously-acquired Glassfields business (now named SeekaFresh) and the Kiwi Crush and Kiwi Crushies product ranges.

The recoverable amount is based on the net present value of the five-year after-tax cash flow projection (value in use), with a terminal value beyond five years. Cash flows beyond the five year period are extrapolated using estimated growth rates and discount rates stated in this note. The assumptions used for the analysis of the net present value of forecast gross margin for the cash generating unit, is determined based on past performance and the Board's expectations of future market development, plus the Group's five year financial plans.

No goodwill was recognised during the year. For the year ended 31 December 2019, $7.0m of goodwill was recognised from the acquisition of Aongatete Coolstores Limited, see note 19.

All amounts recognised as goodwill at 31 December 2020 were tested for impairment at balance date and no impairment arose in the current year.

The following table details the key assumptions used for value-in-use calculations and the recoverable amount.

Group cash generating units	Operating segment	Goodwill carrying amount $000s	Discount rate[1]	Revenue growth rate 1-5 years	Terminal growth rate[2]
2020					
Aongatete Coolstores Limited	Post harvest operations	7,035	8.0%	3% - 5%[3]	1.0%
Northland packhouse	Post harvest operations	1,220	8.0%	(4%) - 7%[4]	1.0%
SeekaFresh	Retail services operations	433	8.0%	2%[5]	2.0%
Kiwi Crush	Retail services operations	244	8.0%	2%[6]	1.0%
2019					
Aongatete Coolstores Limited	Post harvest operations	7,035	8.0%	1% - 4%	1.0%
Northland packhouse	Post harvest operations	1,220	8.0%	2% - 15%	1.5%
SeekaFresh	Retail services operations	433	8.0%	3% - 13%	2.0%
Kiwi Crush	Retail services operations	244	8.0%	5%	5.0%

The following table details how water shares would be stated on the historical cost basis.

New Zealand dollars	2020 $000s	2019 $000s
Cost	4,535	4,535
Amortised cost	4,535	4,535
Net book amount	8,310	9,122

1. The discount rate is calculated based on the specific circumstances of the cash generating unit and its operations, and is derived from its weighted average cost of capital. The discount rate for Seeka is set at 8% as this represents the Board's assessment of the Group's weighted average cost of capital of 7% plus an additional 1% to recognise the higher risk of a smaller division.
2. The long term growth rate is based on growth in GDP, market conditions and opportunities for growth within the industry. The Group has set its terminal growth rates between 1% - 2% to ensure a long term conservative growth estimate has been applied in the impairment tests.
3. If the revenue growth rates reduced to 2%, there is no impairment.
4. The revenue growth rates used for the Northland packhouse reflect the expected increase in SunGold kiwifruit volumes as plantings come into production during the period being assessed. If the revenue growth rates reduced to 3%, there would be no impairment. The negative 4% growth rate relates to an expected decline in citrus packing in Northland in 2023 and onwards which will be replaced by increasing Zespri SunGold volumes in the following years.
5. The revenue growth used for the SeekaFresh business reflects the expected performance of the business over the period being assessed. The 2% revenue growth rate is considered a conservative estimate and no impairment is required.
6. The revenue and terminal growth rates used for Kiwi Crush reflects expected performance over the next 5 years as the business continues to commercialise new product lines and explore new markets.

At 31 December 2020, all goodwill balances were reviewed for indicators of impairment.

The goodwill relating to Aongatete Coolstores Limited and the Northland packhouse are supported by 2020 operational outcomes. 2020 kiwifruit harvest volumes were in line with the prior year and packing volumes are expected to increase in future years. Whilst Covid-19 impacted 2020 costs and packing margins, the post harvest segment operated profitably throughout the lockdown period. For these reasons, there are no indications of impairment of the goodwill relating to Aongatete Coolstores Limited and the Northland packhouse.

The goodwill relating to the Kiwi Crush business is supported by current trading performance. Having achieved 2020 targets, there are no indications of impairment of the goodwill relating to the Kiwi Crush business.

SeekaFresh started the year well, until sales were impacted by Covid-19. The business continued to operate as an essential service, but was affected by the temporary closure of hospitality and independent retail based customers during the lockdown. Following completion of the restucturing period for SeekaFresh in 2020, the commission business (which includes the domestic and export sales of Seeka-grown avocado, kiwiberry, and class two, class three, and collaboratively marketed kiwifruit), is integrated with the original Glassfields business to a degree where is indistinguishable from the original cash generating unit, and has therefore been included in the forecasted revenue assumptions. The terminal growth rate has remained consistent, but sensitivity was performed to ensure a 1% terminal growth rate would not result in an impairment.

No other reasonable changes to key assumptions would require an impairment of goodwill.

Accounting policies

Intangible assets

Assets with a finite useful life are subject to depreciation and amortisation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite life are not subject to amortisation and are tested at least annually for impairment, with impairment losses recognised when the carrying amount exceeds the recoverable amount. When assessing impairment, assets are grouped at the lowest identifiable unit able to generate cash flow.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Internally developed computer software is capitalised when it enters the development phase and includes costs incurred to develop and test the software for use. Intangible assets are amortised over their estimated useful life (typically three to five years).

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets at the date of acquisition. Goodwill on a business acquisition is included in intangible assets, and on acquisition of an associate is included in investments in associates. When acquired in business combinations, the goodwill is annually tested for impairment (or more frequently if deemed prudent) and carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to that business.

Water shares

The Group records permanent water shares at fair value based on the market price at balance date. The shares are fully tradeable and have an indefinite life and are not amortised.

Other intangibles

Other intangibles subject to amortisation are amortised over the life of the asset on a straight line basis. The expense is charged to the statement of financial performance.

Critical accounting estimates and judgements

The review of impairment of intangible assets uses judgement to identify indicators of impairment. The impairment testing of intangible assets uses estimates of revenue growth rates, discount rates and terminal growth rates.

12. Biological assets - crop

Crops growing on bearer plants are classified as biological assets and measured at fair value.

Crop assets are kiwifruit, Nashi pears, Packham pears, Corella pears, other pears, cherries, avocado, apricot, and plum crops growing on leased and owned orchards and yet to be harvested at balance date.

The following table reconciles beginning balances to end balances for biological assets crop measured at fair value defined as level 3 in note 29.

New Zealand dollars	2020 $000s	2019 $000s
Carrying amount at 1 January	**18,629**	**17,924**
Crop harvested during the period		
Fair value movement from the beginning of the period to point of harvest	23,599	19,563
Fair value when harvested	(42,228)	(37,487)
Crop growing on bearer plants at end of period		
Crop where cost is deemed fair value	19,597	18,148
Crop at fair value	293	481
Carrying value at 31 December	**19,890**	**18,629**

The following table reconciles fair value movement of biological assets - crop.

New Zealand dollars	2020 $000s	2019 $000s
Movement in carrying amount	1,159	756
Exchange differences	102	(51)
Net fair value movement in crop	**1,261**	**705**

The following table details the classification of biological assets - crop.

New Zealand dollars	2020 $000s	2019 $000s
Australia - all varieties	4,201	4,703
New Zealand - kiwifruit crop	14,863	13,563
New Zealand - avocado crop	826	363
Carrying value at end of period	**19,890**	**18,629**

Crop where cost is deemed fair value

Kiwifruit, nashi, Packham and Corella pear crops are not considered to have achieved sufficient biological transformation at balance date and as such cost is deemed fair value, see note 29.

During the year ended 31 December 2020, no development costs were expensed due to the effect of Psa on recently grafted crops on producing orchards in Australia (Dec 2019: $0.50m). This was reflected in the change in the fair value of the biological asset.

Accounting policies

Biological assets are the crops growing on bearer plants in the Group's leased and owned orchards. The method to determine fair value depends on the degree of biological transformation (the maturity of the fruit) at balance date.

When insufficient biological transformation has occurred, the fair value is the costs incurred at balance date to grow the crops (provided the costs are considered recoverable). When costs are not considered recoverable they are expensed in the statement of financial performance.

When sufficient biological transformation has occurred, fair value is the estimated net market return less selling cost and costs to market.

The estimated market return less selling cost is established by reference to current and expected sales returns when available. When market data is not available an assessment is made based on historical data.

Critical accounting estimates and judgements

The valuation of biological assets uses estimates of market returns to determine value.

13. Right of use lease assets and lease liabilities

The Group reports all leases on the balance sheet where it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of the lease, with the exception of low value leases or leases less than 12 months, as per *NZ IFRS 16*.

The following table details leases where the Group is a lessee.

New Zealand dollars	2020 $000s	2019 $000s
Right-of-use lease assets		
Land and buildings	26,663	27,168
Orchard leases	19,644	12,274
Equipment	2,403	3,182
Motor vehicles	2,121	2,100
Total right-of-use lease assets	**50,831**	**44,724**
The movements for the year are as follows:		
Right-of-use lease asset movements		
Opening balance	44,724	32,652
Additions	12,778	17,444
Depreciation	(6,671)	(5,372)
Closing balance	50,831	44,724

New Zealand dollars	2020 $000s	2019 $000s
Lease liabilities		
Current	6,342	5,211
Non-current	58,040	45,267
Total lease liabilities	**64,382**	**50,478**
The liabilities are classified as follows:		
Lease liabilities		
Land and buildings	31,119	31,462
Orchard leases	28,707	13,847
Equipment	2,390	2,990
Motor vehicles	2,166	2,179
Total lease liabilities	64,382	50,478
The movements for the year are as follows:		
Lease liability movements		
Opening balance	50,478	36,840
Additions	20,508	18,708
Reduction in liability	(6,604)	(5,070)
Closing balance	64,382	50,478

Additions

On 15 December 2020, the Group completed a sale and leaseback transaction for three kiwifruit orchards totalling 199 hectares in Australia. The completion of this sale created a right-of-use lease asset and a lease liability, with the difference between the two recognised as a gain on sale through the statement of financial performance, see note 9.

On 30 September 2019 of the prior year, the Group entered into the sale and leaseback transaction for an orchard in Northland. The lease was for 15 years. A right of use asset and lease liability was calculated using the incremental borrowing rate, with the difference representing a gain on sale in 2019.

Accounting policies

Lease liabilities are measured as the present value of the remaining lease payments, including any renewal periods that are likely to be exercised, discounted using the Group's incremental borrowing rate which ranges between 5% and 10%. The discount rate is based on the Group's incremental borrowing rate, being the rate the Group would borrow the funds required to purchase the asset. When determining the discount rate, Seeka considers that the right-of-use lease asset should not be greater than the fair value of the underlying asset being leased.

The Group's right-of-use lease asset is equal to the lease liability on the day of lease inception, with the exception of sale and leaseback transactions where the asset is measured as the proportion of the carrying value of the asset sold of which the benefit is retained by the Group. The right-of-use lease asset is depreciated on a straight line basis over the period of the lease. Costs incurred with a lease that are not part of the cost of the right-of-use lease asset are expensed.

All leases have been classified into one of the following asset classes:

- Land and building - leases for rental of all properties, including packhouses and coolstores
- Orchard - leases held for the development of productive orchards
- Equipment - leases for equipment, including plant equipment and forklifts
- Motor vehicles - three year leases for motor vehicles

The Group leases various properties for the packing and cooling of kiwifruit, orchard leases to grow kiwifruit and avocados, and equipment and vehicle leases. The terms of the leases vary, with land and building leases ranging from 10 - 15 years, with one 99 year lease. Orchard leases range from 5 - 15 years, and equipment and vehicle leases range from 1 - 3 years.

Contracts may contain both lease and non-lease components. In the case of orchard leases, only the fixed rental is recognised as a lease liability. Any variable consideration relating to profit share on the orchard leases is not accounted for as the profit share is only determined after a crop has been harvested and is not identifiable at the commencement of the lease. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interest in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group is exposed to potential future increases in land and building lease payments based on contractual market rent reviews that are not included in the lease liability until the rent review takes place.

Lease payments are allocated between principal and lease interest. The lease interest is charged to the statement of financial performance over the term of the lease.

Critical accounting estimates and judgements

The valuation of right-of-use lease assets and lease liabilities uses judgement to determine the incremental borrowing rate and the likelihood of exercising any rights of renewal to extend the lease term.

Working capital

This section focuses on how the Group manages inventories, accounts receivable and accounts payable to ensure an appropriate level of working capital is available to operate the business, deliver benefits to stakeholders and generate revenues.

14. Trade and other receivables

New Zealand dollars	2020 $000s	2019 $000s
Current trade receivables (net of provision for doubtful debts)	13,796	12,035
Prepayments	1,758	1,347
Prepaid deposits	1,470	1,827
GST refund due	620	502
Accrued income and other sundry receivables	6,871	7,622
Accrued unconditional sales of assets classified as held for sale	-	4,950
Current trade and other receivables	**24,515**	**28,283**
Non current trade receivables	672	683
Non current trade and other receivables	**672**	**683**
Total trade and other receivables	**25,187**	**28,966**

December 2020 prepaid deposits incorporated $1.5m of deposits for avocado trees not yet received (Dec 2019 - $1.8m).

Accrued income and other sundry receivables includes income to be received from orcharding operations over leased and owned orchards relating to 484 hectares (Dec 2019 - 481 hectares).

Within current trade receivables, $1.97m are past due (Dec 2019 - $2.13m), of which 1.6% are more than 90 days (Dec 2019 - 2.6%). Non-current trade receivables are considered recoverable and relate to debtors secured against crop supply commitments with repayment terms of up to five years.

A $0.16m provision for doubtful debts was recognised in the financial statements (Dec 2019 - $0.13m).

Accounting policies

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

Collectability 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 based on the expected default rates over the balance of trade receivables. See note 28 for calculation details.

Critical accounting estimates and judgements

The Group reviewed trade and other receivables for any debtor impairment, credit risk, or any other such risks that may result in non-payment. The Group did not identify any circumstances that required further provisioning or impairment of financial instruments.

15. Inventories

New Zealand dollars	2020 $000s	2019 $000s
Total packaging at cost	3,884	3,212
Other inventories at cost	2,052	2,243
Total inventories	**5,936**	**5,455**

In the current year, $27.48m (Dec 2019 - $28.89m) of packaging inventory costs were expensed to cost of sales in the statement of financial performance.

Accounting policies

Raw materials, work in progress, finished goods and produce are stated at the lower of cost or net realisable value. Cost comprises direct materials and direct labour, and are assigned to individual items of inventory on the basis of weighted average cost. Net realisable value is the estimated selling price less estimated costs of completion and sales costs.

16. Trade and other payables

New Zealand dollars	2020 $000s	2019 $000s
Trade payables	5,909	6,935
Accrued expenses	16,034	11,062
Employee expenses	5,354	4,437
Accrued dividend payable	3,231	-
Other payables	444	499
Total trade and other payables	30,972	22,933

Trade payables include $0.7m for capital works in progress (Dec 2019 - $1.1m).

Accrued expenses include costs to be incurred from orcharding operations over leased and owned orchards totalling 484 hectares (Dec 2019 - 481 hectares). Accrued expenses also include costs relating to the retail service segment and the export and domestic sale of avocado.

Accounting policies

Trade payables are recognised initially at fair value (the invoiced amount). If the Group has been provided with extended terms of trade, they are then recognised at amortised cost using the effective interest method.

Funding

This section focuses on how the Group manages its capital structure to protect shareholder value while funding operations that deliver benefits to stakeholders and grow shareholder returns.

Disclosures are made on the Group's bank facilities, retained earnings, dividends paid to shareholders, and earnings per share. Details on the Company's share capital include shares issued under the dividend reinvestment plan, grower incentive and employee share schemes.

17. Interest bearing liabilities

New Zealand dollars	2020 $000s	2019 $000s
Current secured		
Bank borrowings	9,157	21,854
Total current interest bearing liabilities	**9,157**	**21,854**
Non current secured		
Non current portion of term liabilities	73,862	97,778
Total non-current interest bearing liabilities	**73,862**	**97,778**
Total interest bearing liabilities	**83,019**	**119,632**
Analysis of movements in borrowings:		
At 1 January	119,632	80,400
Cash flow - additional borrowings	59,329	121,184
Cash flow - repayment of borrowings	(96,161)	(81,774)
Exchange differences	219	(178)
At 31 December	**83,019**	**119,632**
Analysis of total facilities:		
Drawn	83,019	119,632
Available	39,281	19,968
Total facilities at 31 December	**122,300**	**139,600**

The Board has assessed the fair value of the term loans as the outstanding balance at balance date.

The Group's bank facilities are held with Westpac and Rabobank and it is expected that all facilities will be refinanced when they become due for review in the normal course of business.

The following table details the amounts of the term loans drawn down at balance date and their maturities.

	Banker	Balance due $000s	Interest rate	Maturity
Term loans as at 31 December 2020				
AUD $17m	Westpac	18,116	2.36%	31 December 2022
NZD $34.5m	Westpac	28,500	2.15%	31 December 2022
NZD $12m	Westpac	12,000	2.72%	31 December 2023
NZD $9m	Westpac	9,000	2.72%	31 December 2023
NZD $6.3m	Rabobank	6,246	2.33%	22 December 2022
Term loans as at 31 December 2019				
AUD $17m	Westpac	17,677	3.02%	31 December 2021
AUD $10m	Westpac	10,334	4.15%	30 September 2021
NZD $31.5m	Westpac	31,500	2.75%	31 December 2021
NZD $12m	Westpac	12,000	3.39%	31 March 2022
NZD $10m	Westpac	10,000	3.28%	31 March 2022
NZD $9m	Westpac	9,000	3.39%	31 March 2022
NZD $6.4m	Rabobank	6,405	3.24%	31 January 2021
NZD $0.9m	Rabobank	862	3.24%	26 February 2021

The Group's term loans are on interest-only repayment terms, with the exception of the $6.25m Rabobank loan, which has a scheduled $1.02m annual payment of principal.

Assets pledged as security

Bank loans and overdrafts are secured by first mortgages over the Group's freehold land and buildings. The Group's policy is to protect the term portion of the loans from exposure to changing interest rates via the use of derivatives, see note 30.

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

When it is probable that part or the entire loan will be drawn down, any loan facility establishment fee paid is recognised as a loan transaction cost. When the loan will probably remain undrawn, any loan fee paid is capitalised as a pre-payment for liquidity services and amortised over the period of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

18. Share capital

Shares	2020 Shares	2019 Shares
Authorised and issued share capital		
Ordinary shares - fully paid and no par value:		
Opening balance	32,115,799	29,317,470
Shares issued under:		
Dividend reinvestment programme	88,240	168,526
Grower loyalty share scheme	-	2,061,803
Employee share scheme	-	568,000
Total shares issued	32,204,039	32,115,799
Ordinary shares - classified as follows:		
Held by ordinary shareholders	29,455,162	29,366,922
Held by Seeka Share Trustee Limited	2,748,877	2,748,877
Total shares issued	32,204,039	32,115,799

New Zealand dollars	2020 $000s	2019 $000s
Movements in ordinary paid up share capital:		
Opening balance of ordinary shares	109,434	96,112
Issues of ordinary shares during the year	348	804
Grower loyalty share scheme issue	-	9,814
Employee share scheme issue	-	2,704
Closing balance of ordinary share capital	109,782	109,434
Movements in treasury share capital:		
Opening balance of ordinary shares	12,661	1,706
Employee share scheme receipts - 2016 issue	(124)	(1,231)
Grower loyalty share scheme issue of new shares	-	9,814
Grower loyalty share scheme receipts - 2019 issue	(192)	(231)
Employee share scheme issue of new shares	-	2,704
Employee share scheme receipts - 2019 issue	(52)	(101)
Closing balance of shares held as treasury capital	12,293	12,661
Net share capital	97,489	96,773

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of fully paid shares held.

The 2016 employee share scheme issue vested on 20 May 2019, see note 21.

Grower loyalty share scheme

On 15 March 2019, the Group invited eligible growers of kiwifruit, avocado and kiwiberry to participate in a three-year grower loyalty share scheme, whereby each participant would be allocated a parcel of shares based on their orchard's current or forecast production. This issue of up to 2.6m shares was approved by shareholders on 14 February 2019.

In April 2019, 2,061,803 shares were issued to the scheme's trustees on behalf of 405 participating growers. The issue price of $4.76 per share was funded by the Group making a $9.8m non-interest-bearing loan to the trustees. Upon meeting the terms of the scheme by supplying all product from the participating orchards for three consecutive seasons, participating growers can elect to pay the outstanding balance of their loans, less any dividend payments made on the shares, and have the shares transferred to them. Shares issued under this scheme vest in 2021 and 2022.

Employee share scheme

On 15 March 2019, the Group invited eligible employees to participate in a five-year employee share scheme, whereby each participant would be allocated a parcel of shares based on their role in the business. In April 2019, 568,000 shares were issued to the scheme's trustees on behalf of 319 participating employees. The issue price of $4.76 per share was funded by the Group making a $2.7m non-interest-bearing loan to the trustees. Upon meeting the terms of the scheme by continuing employment for three consecutive years, participating employees can elect to pay the outstanding balance of their loans, less any dividend payments made on the shares, and have the shares transferred to them. Shares issued under this scheme vest in 2022.

Accounting policies

Ordinary shares are classified as equity.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

19. Business combination

Purchase of shares in Aongatete Coolstores Limited

During the period ended 31 December 2019, the Group purchased 100% of the shares in Aongatete Coolstores Limited, a kiwifruit post harvest business based north of Tauranga in the Bay of Plenty, New Zealand. The business owned packhouse and coolstore facilities and operated an orchard management business. The purchase was completed on 18 March 2019 for a purchase price of $14m.

The following table details the fair values of assets and liabilities recognised at acquisition.

New Zealand dollars	2019 $000s
Aongatete Coolstores Limited	
Land and buildings	17,450
Property, plant and equipment	1,852
Inventory	438
Leased assets	928
Biological assets	2,080
Cash and debtors	768
Creditors	(428)
Other current liabilities	(1,829)
Deferred tax liability	(2,891)
Leased liabilities	(948)
Term loans	(10,455)
Goodwill	7,035
Total purchase consideration for shares	14,000

The goodwill was allocated to the post harvest and orchard segments and is attributable to the operation's strong position in the Bay of Plenty and synergies expected to arise after adding additional post harvest and orchard facilities to Seeka's operations. The goodwill is not expected to be impaired in the foreseeable future. None of the goodwill is expected to be deductible for tax purposes. Acquisition-related costs of $0.20m were included in administrative expenses. Deferred tax of $2.9m was provided in relation to differences between tax values and the fair value of certain assets.

Land and buildings were valued using an independent valuation completed by Telfer Young Valuers using the same approach as other land and buildings detailed in note 10.

No changes have been made since 31 December 2019.

Critical accounting estimates and judgements

Business combination requires the use of estimates to determine the fair value of the acquisition's assets and liabilities at the date of acquisition.

20. Earnings and net tangible assets per share

	2020	2019
Basic earnings per share		
Profit attributable to equity holders of the Company ($000s)	15,151	6,884
Weighted average number of ordinary shares in issue (thousands)[1]	29,416	29,394
Basic earnings per share	$0.52	$0.23
Diluted earnings per share		
Profit attributable to equity holders of the Company ($000s)	15,151	6,884
Weighted average number of ordinary shares in issue plus dilutive employee share scheme (thousands)[1]	29,437	29,415
Diluted earnings per share	$0.52	$0.23
Net tangible assets per share		
Net tangible assets ($000s)	167,360	146,012
Total ordinary shares issued at the end of the period (thousands)	32,204	32,116
Net tangible asset per share	$5.20	$4.55

1. The prior year denominator number of shares have been adjusted to account for treasury shares.

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 outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

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.

Net tangible asset per share

Net tangible asset per share is calculated by dividing the Group's net assets less goodwill by the total shares on issue at the end of the period.

21. Retained earnings and reserves

Retained earnings

The following table details movements in retained earnings.

New Zealand dollars	2020 $000s	2019 $000s
At 1 January	**36,659**	**37,071**
Net profit for the year	15,151	6,884
Dividends paid or declared	(6,721)	(7,469)
Realisation of permanent gain on sale	1,274	-
Release of share-based payments	-	182
Foreign exchange movement	3	(9)
At 31 December	**46,366**	**36,659**

Reserves

The following table details the closing balances of reserve accounts.

New Zealand dollars	2020 $000s	2019 $000s
Reserves		
Cash flow hedge reserve	(484)	(569)
Water share revaluation reserve	2,597	3,325
Land and buildings revaluation reserve	29,097	18,671
Foreign currency translation reserve	(170)	(153)
Foreign currency revaluation reserve	108	(291)
Share reserve	1,290	529
Total reserves	**32,438**	**21,512**

The cash flow hedge reserve is used to record increases and decreases on the revaluation of derivative financial instruments.

The water share revaluation reserve is used to record increases and decreases on the revaluation of Seeka's owned permanent water shares in Victoria, Australia.

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

The foreign currency translation reserve is used to record foreign currency translation differences on the translation of the Group entities results and financial position. The amounts are accumulated in other comprehensive income and recognised in profit and loss when the foreign operation is partially disposed of or sold.

The foreign currency revaluation reserve is used to record unrealised gains and losses on the Group's assets and liabilities held in foreign currencies.

The share reserve is used to record the value of option benefits recognised on the Group's grower loyalty and employee share schemes as detailed in this note.

The Group operates two equity-settled, share-based incentive plans:

- An equity-settled, share-based compensation plan for employees. Shares are periodically issued under this plan.
- An equity-settled, grower loyalty share scheme approved by shareholders on 14 February 2019.

The employee share scheme is managed by a trust deed established September 2014. The grower loyalty share scheme is managed by a trust deed established 15 March 2019. The trustee for both trusts is 'Seeka Share Trustee Limited', whose directors are also directors of Seeka.

Employee share scheme

Under the employee share scheme, shares are issued to an employee share trust in return for a debt back to the Company. Qualifying employees are eligible to subscribe to shares held by the trust under the terms of the scheme with the shares to vest at the end of three years. The option benefit is recognised as a share-based payment expense and recorded as an expense over the vesting period. At the end of the vesting period the employee has an option to settle any outstanding debt on their shares and have the shares transferred to them.

At the date the shares vest the employee can elect to extend the repayment period by two years with interest charged and the shares held by the trust as security and only transferred when the debt is fully repaid. Alternatively at the date the shares vest the employee can elect that the shares do not vest to them and any outstanding debt will be forgiven and the shares sold by the trustees. The proceeds from the shares that vest or from the sale of shares is used to repay the debt owed to the Company.

The following table details movement in the share reserve relating to the employee share scheme.

New Zealand dollars	2020 $000s	2019 $000s
At 1 January	**117**	**159**
Transfer to retained earnings	-	(182)
Movement in employee share entitlement reserve	153	140
At 31 December	**270**	**117**

At balance date the number of shares in respect of which options have been granted to employees and remain outstanding under the scheme was 689,008 (Dec 2019 - 687,074), representing 2.14% (Dec 2019 - 2.14%) of the shares of the Company on issue at that date.

Grower loyalty share scheme

Under the grower loyalty share schemes shares are issued to a share trust in return for a debt owned back to the Company. Qualifying supplying growers were eligible to subscribe to shares held by the trust under the terms of the offer agreements dated 15 March 2019 and 22 March 2019. Shares vest after the grower supplies the Company their kiwifruit and avocado crops for the three harvests through to 31 March 2022. The option benefit is recognised as a discount against revenue over the vesting period. At the end of the vesting period the grower has an option to settle any outstanding debt on the shares and have the shares transferred to them. Alternatively the grower can elect not to have the shares transferred to them and any outstanding debt will be forgiven and the shares sold by the trustee. The proceeds from the shares that vest or from the sale of shares is used to repay the debt owed to the Company.

The following table details movement in the share reserve relating to the grower loyalty share scheme.

New Zealand dollars	2020 $000s	2019 $000s
At 1 January	**412**	**-**
Movement in grower share entitlement reserve	608	412
At 31 December	**1,020**	**412**

At balance date the number of shares in respect of which options have been granted to growers and remain outstanding under the scheme was 2,061,803 (Dec 2019 - 2,061,803), representing 6.40% (Dec 2019 - 6.42%) of the shares of the Company on issue at that date.

The following table details the closing value of the share reserve.

New Zealand dollars	2020 $000s	2019 $000s
Related to employee share entitlement reserve	270	117
Related to grower share entitlement reserve	1,020	412
At 31 December	**1,290**	**529**

For both schemes the shares are issued fully paid in exchange for a loan to the share scheme trust of behalf of scheme members.

The shares held by the trustee on behalf of employees and growers carry the same voting rights as other issued ordinary shares with votes only able to be made via the trustees. The trustees are not able to vote, other than at the direction of the individual member employees and growers. While monies are owed on the shares they remain with the trustee.

The options element of the schemes are valued using the Black Scholes pricing model on the grant date, which is the date the shares are first issued to the trust. Volatility is forecasted into the model.

The following table details inputs to the Black Scholes pricing model, used to value the cost of the share schemes to the Group.

Inputs into the model

Issue date	4 April 2019	10 April 2019	20 May 2016
Shares issued			
Grower loyalty share scheme	1,923,550	138,253	-
Employee share scheme	505,000	63,000	398,100
Total shares issued	**2,428,550**	**201,253**	**398,100**
Grant date share price	$4.78	$5.05	$3.88
Exercise price	$4.76	$4.76	$3.88
Expected life (interest free loan period)	2.5 - 3 years	2.5 - 3 years	3 years
Maximum loan period - Grower loyalty share scheme	3 years	3 years	5 years
Maximum loan period - Employee share scheme	5 years [1]	5 years [1]	
Time to vest	2.5 - 3 years	2.5 - 3 years	3 years
Expected volatility (% per year)	19.33%	19.33%	10.00%
Risk-free interest rate	2.18%	2.18%	3.14%
Value of option	$0.71 - $0.79	$0.71 - $0.97	$0.47

1. Interest charged after three years.

The following table details movements of options granted under the current active scheme.

Grant date	Expiry date	Fair value at grant date	Exercise price	1 January shares	Issued shares	Relinquished shares	Exercised shares	31 December shares
4 April 2019	4 April 2022	$0.79	$4.76	-	2,428,550	-	-	2,428,550
10 April 2019	10 April 2022	$0.97	$4.76	-	201,253	-	(8,000)	193,253
Weighted average exercise price at balance date								$4.65
Weighted average contractual life (years)								2.75

Grant date	Expiry date	Fair value at grant date	Exercise price	1 January shares	Issued shares	Relinquished shares	Exercised shares	31 December shares
20 May 2016	20 May 2019	$0.47	$3.88	414,716	-	(26,432)	(261,210)	127,074
Weighted average exercise price at balance date				$3.95				$2.44
Weighted average contractual life (years)				2.67				1.67

During the year no shares were issued under a rights issue for shares held in the employee share scheme (Dec 2019 - Nil) .

Accounting policies

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the statement of financial performance with a corresponding increase in the share reserve. For the Grower Loyalty Share Scheme (GLSS), the fair value of the grower loyalty received in exchange for the grant of the option is recognised as a discount against revenue in the statement of financial performance with a corresponding increase in share reserve. The fair value is determined by reference to the fair value of the options granted, calculated using the Black Scholes pricing model, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

When the shares vest, the amount of the reserve relating to those shares is transferred to retained earnings.

Employee share scheme shares may be issued at the Board's discretion at a price set by the Board based on the Volume Weighted Average Price (VWAP) calculation of the Company's shares during the period prior to issue. The Employee Share Scheme (ESS) cannot be issued with further shares if that issue would result in the ESS having an interest of more than 5% of the Company's issued capital.

Shares are issued fully paid in exchange for a loan to the share scheme trust. Dividends paid on the shares are applied towards repaying the debt between ESS and GLSS and the Group on behalf of the employee.

Proceeds received along with any employee contributions are credited to share capital when payment for the shares is received.

The ESS and GLSS have a non-beneficial interest in all the shares allocated to employees and growers. Annually the Group reviews the ESS scheme and decides upon the allocation of further shares and the price at which those shares will be issued to the ESS. Trustees of ESS and GLSS are appointed for an unspecified term and may be removed by the Company at any time.

Critical accounting estimates and judgements

The values of the employee share scheme and grower loyalty share scheme require estimates to be made of expected price volatility and the risk free rate as detailed in this note.

22. Dividends

Dividends paid	Per share	$000s
March 2019	$0.12	3,572
September 2019	$0.12	3,897
Total dividend 2019		**7,469**
September 2020	$0.10	3,260
December 2020 - declared, paid 27 January 2021	$0.12	3,461
Total dividend 2020		**6,721**

Dividends are imputed to the fullest extent allowable in the tax year. The total dividend paid includes the non-cash amounts for the dividend reinvestment plan. Cash dividend payment was $2.73m (Dec 2019 - $6.31m).

On 16 December 2020, the directors declared a fully-imputed special dividend of $0.12 per share. The dividend was paid 27 January 2021 to those shareholders on the register at 5pm on 24 December 2020. The dividend reinvestment plan applied with a 2% discount to the strike price. The Board declared the special dividend following the stronger than expected earnings in 2020 due to tight financial management and the settled sale and lease back of part of the Australian kiwifruit orchard portfolio. This special dividend brings the total dividends distributed in the last 12 months to $0.22 (prior twelve months $0.24).

On 25 February 2021, the directors declared a fully-imputed dividend of $0.12 per share. The dividend will be paid 30 March 2021 to those shareholders on the register at 5pm on 5 March 2021. The dividend reinvestment plan will apply with a 2% discount to the strike price.

Accounting policies

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

Investments

This section focuses on how the Group invests in businesses to support Seeka's core kiwifruit operations, realise synergies along the produce supply chain and grow Seeka's product base and geographical reach. The Board manages business investments to strengthen the benefits delivered to stakeholders and grow shareholder returns.

Disclosures are made on the Group's holdings in associates and subsidiaries, along with details on the Group's holding of listed and unlisted shares.

23. Investment in shares

New Zealand dollars	2020 $000s	2019 $000s
At 1 January	586	586
Sale of investment	(9)	-
At 31 December	**577**	**586**
Unlisted securities designated at fair value through profit and loss		
Blackburn General Partner Limited	91	100
Ravensdown Fertiliser Co-operative Limited	238	238
Ballance Agri Nutrients Limited	225	225
Other share holdings	23	23
Total financial assets at fair value through profit or loss	**577**	**586**
Total investment in shares and associates	**577**	**586**

All unlisted securities measured at fair value are defined as level 3, see note 29.

Accounting policies

The fair values of the listed securities are based on the securities' closing share price at balance date. Where pricing information is available, unlisted securities are revalued at balance date. All other unlisted securities are currently held at cost less impairment as it reasonably represents current fair value. The carrying amount of all unlisted securities have been reviewed at balance date and any impairment is recognised through the statement of comprehensive income to the extent of any related reserve available and then through the statement of financial performance.

24. Investment in subsidiaries and associates

a. Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Class of shares	Equity holding 31 December 2020	Equity holding 31 December 2019
Trading subsidiaries				
Aongatete Coolstores Limited	New Zealand	Ordinary	100%	0%
AvoFresh Limited	New Zealand	Ordinary	100%	100%
Delicious Nutritious Food Company Limited	New Zealand	Ordinary	100%	100%
Integrated Fruit Supply & Logistics Limited	New Zealand	Ordinary	100%	100%
Kiwi Coast Growers (Te Puke) Limited	New Zealand	Ordinary	100%	100%
Little Haven Holdings Pty Limited	Australia	Ordinary	100%	100%
Seeka Australia (Pty) Limited	Australia	Ordinary	100%	100%
Seeka Share Trustee Limited	New Zealand	Ordinary	100%	100%
Seeka Te Puke Limited	New Zealand	Ordinary	100%	100%
Not-trading subsidiaries				
CMS Logistics Limited	New Zealand	Ordinary	100%	100%
Eleos Limited	New Zealand	Ordinary	100%	100%
Enviro Gro Limited	New Zealand	Ordinary	100%	100%
Glassfields (NZ) Limited	New Zealand	Ordinary	100%	100%
Guaranteed Sweet New Zealand Limited	New Zealand	Ordinary	100%	100%
Kiwifruit Vine Protection Company Limited	New Zealand	Ordinary	100%	100%
Northland Horticulture GP Limited	New Zealand	Ordinary	100%	100%
Nutritious Delicious Food Company Limited	New Zealand	Ordinary	100%	100%
Seeka Dairy Ventures Limited	New Zealand	Ordinary	100%	100%
Seeka Fresh Limited	New Zealand	Ordinary	100%	100%
Seeka Kiwifruit Industries Limited	New Zealand	Ordinary	100%	100%
Seeka Pollen Australia (Pty) Limited	Australia	Ordinary	100%	100%
Verified Lab Services Limited	New Zealand	Ordinary	100%	100%

b. Investment in associates

Name of entity	Country of incorporation	Business activity	Equity holding 31 December 2020	Equity holding 31 December 2019
Kiwifruit Supply Research Limited	New Zealand	Not trading	20%	20%
TKL Logistics Limited	New Zealand	Port service	20%	20%
Wai O Kaha Gold Landowners Limited Partnership	New Zealand	Trading	11%	-

The following table details purchase of investments in associates.

New Zealand dollars	2020 $000s	2019 $000s
At 1 January	-	-
Purchase of investment	1,000	-
At 31 December	**1,000**	-
Investments are made in the following associates:		
Wai O Kaha Gold Landowners Limited Partnership	1,000	-
Total investments in associates	1,000	-

Accounting policies

Associates are entities over which the Group has significant influence, but not control, typically by holding between 20% to 50% of the voting rights in the entity or exercising significant influence via directors on the Board.

Investments in associates are accounted for using the equity method after initially being recognised at cost.

The Group's share of associates' profits or losses are recognised in the statement of financial performance and the carrying amount of the investment in the statement of financial position.

Dividends received from associates are applied to reduce the carrying amount of the investment in the statement of financial position.

Other notes

This section contains all other note disclosures about the Group.

25. Contingencies

There are no contingent liabilities as at 31 December 2020 (Dec 2019 - Nil).

26. Commitments

Capital commitments

At year end the Group was committed to incur capital expenditure of $1.7m (Dec 2019 - $1.1m).

Operating lease commitments

The Group recognises right-of-use assets for all operating leases, except for short-term and low value leases, in accordance with NZ IFRS 16, see note 13.

27. Related party transactions

Directors

Directors during the period were: F Hutchings, A Waugh, A Diaz, J Burke, M Brick, P R Cross, C Tarrant.

Key management and compensation

Key management personnel are all Company directors or executives with the greatest authority for the Group's strategic direction and management.

The following table details key management personnel compensation.

New Zealand dollars	2020 $000s	2019 $000s
Director fees	450	450
Executive salaries	2,335	2,687
Short term benefits	549	489
Total	3,334	3,626

Transactions

The following table details the transactions entered with related parties for post harvest and orchard management services (excluding transactions outlined and disclosed above).

New Zealand dollars	2020 $000s	2019 $000s
Sales of services		
Directors, management and other personnel	3,988	2,338
Purchase of services		
Directors, management and other personnel	343	343

Outstanding balances

The following table details outstanding balances at balance date.

New Zealand dollars	2020 $000s	2019 $000s
Current receivables (operating)		
Directors, management and other personnel	863	920

Seeka Growers Limited

The Group undertakes transactions with Seeka Growers Limited (SGL), a related party which administers all kiwifruit revenues received for the New Zealand business on behalf of supplying growers.

In the current period the Group received $123.9m (Dec 2019 - $115.1m) for the provision of services to SGL.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and repayable in cash.

28. Risk management

The Group's activities expose it to a variety of risks specific to producing and selling horticultural crops, along with corporate financial risks related to credit, liquidity and capital risk. The Group operates a comprehensive risk assessment and mitigation programme via its audit and risk committee.

The Group's policy is to ensure that the Group creates value and maximises returns to its shareholders and benefits for other stakeholders, as well as ensuring that adequate financial resources are available for the development of the Group's business whilst managing its financial risks.

a. Risk management strategies related to orchard and retail operations

Horticultural operations expose the Group to risks to production and market returns. The main short-term production risks are weather events, diseases, and pests. These impact on volume and quality of produce from the Group's orchards, volumes to post harvest (both from Group orchard operations and independent growers) and volumes available to the retail business. The primary risk to the completion of the coming harvest is the limited availability of labour and the risk of a Covid-19 lockdown. The Group is also impacted by the long-term effects of climate change.

Market risks include price and exchange rate impact on orchard operations (the amount the Group is paid for growing crops and crops grown by the Group) and impact on retail revenues where the Group imports and sells produce, mainly bananas. The exchange rate risk on imports is managed through the use of foreign exchange contracts to match known and planned purchases. Market risks do not directly impact on post harvest operations, as charges are normally set prior to harvest and deducted before sales revenues are paid to supplying growers.

The Group operates in four regions spread over two countries; New Zealand's Northland, Coromandel and the Bay of Plenty, and in Australia's Mundoona region of Victoria. Main produce lines are kiwifruit, nashi pears, European pears and avocados, with small production of other temperate-climate fruits. Group retail activities are in New Zealand (including imported tropical produce), Australia and Asia. The Group's geographical, product and market spread limits the impact on Group operations from an adverse event occurring in a specific region, produce or market. To further mitigate risks, the Board uses the following strategies.

Production risks - weather events, disease and pests

The Group follows industry best practice to mitigate production risks. This includes orchard management practices to optimise production from Group orchards, and extensive planning to ensure post harvest and retail services are suitably resourced to manage each season's crop volumes.

In New Zealand the major climatic risks are hail, frost, storm damage and drought.

- Hail events are typically highly localised, and for kiwifruit the Group has access to industry hail insurance for its orchard operations, plus top-up payments from a Seeka Growers Limited hail insurance programme.
- Frost events are typically regional, and the Group advocates best-practice crop protection, including active frost management on kiwifruit orchards operated by the Group and other growers supplying the Group's post harvest operations.
- Storm events are typically regional, and the Group advocates best-practice crop protection, including shelter belts on all orchards operated by the Group and other growers supplying the Group's post harvest operations.
- Drought events are typically regional, and the Group has invested in irrigation in many of its orchards. The Group is also investing in localised weather measurement on its orchards.

In Australia, the major climatic risks are drought, hail and fire. As the owner and operator of all orchards supplying its Australian operations, the Group actively manages climatic risks of its total production base. The orchards are located on three sites in the Mundoona region.

- Drought events are typically regional, and to secure adequate irrigation, the Group has purchased extensive, long-term water shares from a reliable irrigation programme.
- Hail events are typically localised, and the Group currently has hail cloth protecting one orchard.
- Fire risk is typically from serious grass wild-fire occurring during periods of extreme weather, with the Country Fire Authority responsible for risk assessment and management of fire events. The Group takes all practical steps to internally manage fire risk including removing excess vegetation from Group properties.

All horticultural undertakings are susceptible to disease and pest incursions. The kiwifruit vine disease Pseudomonas syringae pv. actinidiae (Psa) is widespread throughout New Zealand, and is being actively managed. In 2018 Psa was detected on the company's kiwifruit orchards in Australia. Seeka has moved to contain the outbreak and works to proactively monitor the orchards. The brown marmorated stink bug is also a potential threat to the horticulture industry. To minimise the risk of crop loss the Group monitors its orchards and undertakes recognised spray programmes to protect crops to the fullest extent possible. Seeka also relies on the Ministry for Primary Industries to protect New Zealand's borders from introduced diseases.

Labour availability and Covid-19

Border closures due to Covid-19 have reduced the workforce that Seeka relies on through the Recognised Seasonal Employer (RSE) scheme and from backpackers. To assist the horticulture industry the New Zealand Government made a provision for an additional 2,000 seasonal workers to enter the country in 2021, of which Seeka will be able to access its share of 217 employees. Seeka has an extensive local recruitment process underway, including working with the Ministry for Social Development (MSD) and iwi on methods of recruiting unemployed people into the Seeka workforce.

Long-term climate change

As a horticultural based business, Seeka is exposed to the long-term impact of climate change through potential reduced production crop yields. In addition to responding to weather events, future regulatory change may impact Seeka through revised policies that limit the use of chemical inputs on orchards, require soil monitoring and reporting, introduce carbon taxes, and implement water restrictions.

To respond to this Seeka is;

- Working closely with regional councils and regulators to assist in regulation change;
- Actively engaged in developing orchard management practices to measure the environmental impact on orchards;
- Measuring the carbon footprint of Seeka's operations, with a number of carbon-reduction initiatives underway;
- Ensuring new developments undertaken by Seeka include water accessability as part of the development design, whether via stream access, onsite storage, or developing wetlands; and
- Ensuring orchard reporting by altitude to assess the risk of rising sea levels.

Market returns

New Zealand kiwifruit

The Group has no direct market risk from the sale of kiwifruit harvested from lease operations, as all export marketing activities beyond Australia are undertaken by Zespri Group Limited (Zespri) under statutory regulations. The Group, however, is impacted by the level of Zespri's market returns which impact on the Group's orchard profitability. The Group monitors Zespri returns and uses modelling techniques to analyse current and projected orchard income. This information is used when setting Group budgets and orchard lease terms.

New Zealand avocado and kiwiberry

The Group has a direct market risk from the sale of avocado and kiwiberry, with half of kiwiberry sales and all avocado sales managed by the Group's retail operations. The Group forecasts seasonal supply, monitors market conditions, develops a sales programme around the needs of key retailers and controls product quality and supply to optimise market access and returns. This information is used when setting Group budgets and orchard lease terms.

The Group has no direct currency risk from export sales as it does not own the products but acts as the growers' agent.

Imported tropical produce

The Group has a direct market, price and currency risk from imported fruit produce (banana, pineapple and papaya) where the Group imports fruit produce for sale as the principal through its supply and sale contracts. The Group may hedge up to the total known and projected cash flows to manage exchange risk. The Group has no material direct price and currency risk from imported fruit produce where the supply agreement enables the Group to amend its purchase price according to trading conditions.

Australian produce

The Group has a direct market and price risk from the sale of all Australian product which is managed by the Group's Australian operations. As the largest single grower and supplier of Australian kiwifruit and nashi pears, the Group has developed strong relationships with key retailers. The Group forecasts seasonal supply, monitors market conditions, develops a sales programme around the needs of key retailers and controls product quality and supply to optimise market access and returns.

Seeka Australia is the Group's single major international operation, exposing the Group to the Australian dollar. Foreign exchange risk includes future commercial transactions, assets, liabilities and net investments. Currency exposure from net assets is managed through borrowings in Australian dollars, see note 30.

b. Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, derivative financial instruments and committed transactions.

The maximum credit risk is the financial loss to the Group if counterparties fail to discharge a contractual obligation. The Group's maximum exposure is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

For banks and financial institutions, only registered banks or their subsidiaries are accepted. The Group does not generally require any collateral or security to support financial instruments due to the quality of the financial institutions.

For customers, including outstanding receivables, the Group deals predominantly with growers for which it receives payment for post harvest services directly from Seeka Growers Limited. Credit risk is therefore not considered significant.

Trade receivables

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a 12 month period before 31 December 2020 and the corresponding historical credit losses during this period, adjusted for any significant known amounts that are not receivable.

On that basis, the following table details the loss allowance.

	31 December 2020				31 December 2019			
	More than 30 days past due	More than 60 days past due	More than 120 days past due	2020 Total	More than 30 days past due	More than 60 days past due	More than 120 days past due	2019 Total
Expected loss rate	0.0%	0.1%	2.9%		0.0%	0.0%	0.1%	
Gross carrying amount - trade receivables ($000s)	933	360	1,031	**2,323**	121	226	1,837	**2,184**
Loss allowance ($000s)	-	-	31	31	-	-	2	2

New Zealand dollars	2020 $000s	2019 $000s
At 1 January	**129**	**506**
Movement in the current year	28	(377)
At 31 December	**157**	129
Calculation for loss allowance		
Loss allowance per NZ IFRS 9	31	2
Debtor adjustment	127	127
At 31 December	**158**	129

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's policy is to regularly monitor its expected cash flows, liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Cash flow forecasting allows for the seasonal nature of Group operations.

When cash flow exceeds working capital management, funds are invested in interest bearing current accounts.

At balance date, the Group had $122.3m (Dec 2019 - $139.6m) of available credit of which $83.0m (Dec 2019 - $119.7m) was drawn. All credit lines are currently provided by two finance providers.

The following table details the remaining contractual maturities at balance date of the Group's financial liabilities.

New Zealand dollars	Less than 1 year $000s	Between 1 and 2 years $000s	Between 2 and 5 years $000s	Over 5 years $000s
At 31 December 2020				
Trade and other payables	30,972	-	-	-
Derivative liability	671	-	-	-
Current interest bearing liabilities	9,157	-	-	-
Non current interest bearing liabilities	-	52,862	21,000	-
Total financial liabilities	**40,800**	**52,862**	**21,000**	-
At 31 December 2019				
Trade and other payables	22,933	-	-	-
Derivative liability	790	-	-	-
Current interest bearing liabilities	21,854	-	-	-
Non current interest bearing liabilities	-	66,778	31,000	-
Total financial liabilities	**45,577**	**66,778**	**31,000**	-

d. Capital risk

Capital risk management focuses on ensuring the Group continues to operate as a going concern and maintains an optimal capital structure to support its business, maximise shareholder value, and the benefits delivered to other stakeholders.

The Group may maintain or adjust its capital structure by adjusting dividends, returning capital to shareholders, issuing new shares or selling assets.

The Group monitors capital on the basis of shareholder equity ratio, as calculated by total shareholder funds divided by total assets.

The following table details the Group's shareholder equity ratio at balance date.

New Zealand dollars	2020 $000s	2019 $000s
Total shareholder funds	176,293	154,944
Total assets	375,426	368,246
Shareholder equity ratio	**46.96%**	**42.08%**

The Group is subject to, and monitors, financial covenants imposed by its lenders, including maintenance of equity ratios and earnings times interest cover. At no stage during the year did the Group breach any of its lending covenants.

e. Price risk - equity securities

The Group has minor exposure to equity securities price risk through incidental investments classified in the statement of financial position either as investment in shares and water shares within intangible assets at fair value. The majority of these investments are in industry-related entities, only some of which are publicly traded.

A 10% increase or decrease in equity investments with all other variables held constant, has minimal impact on the Group's profit and equity reserves.

The Board periodically reviews the performance and strategic benefits of these investments. No other formal risk management procedures are deemed necessary.

The change in the fair value of an investment is recorded through other comprehensive income or the statement of financial performance whenever a previous revaluation reserve balance was available. When no such reserve existed, any related loss is processed directly in the statement of financial performance, otherwise available reserves are utilised to offset the loss.

f. Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from short and long-term variable rate borrowings from financial institutions. The Board continuously reviews term borrowings and uses interest rate swaps to hold a portion of borrowings at fixed rates; these are designated as effective hedging instruments and hedge accounting is applied.

The following table details interest rate and price sensitivity of the Group's financial assets and liabilities and their impact on the statement of financial performance or equity. Cash and advance balances do not attract interest and are not subject to pricing risk, and are therefore excluded from this analysis.

New Zealand dollars	Carrying amount $000s	Interest rate risk -1 %		Interest rate risk + 2%		Price risk - 10%		Price risk + 10%	
		Profit $000s	Equity $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s	Profit $000s	Equity $000s
At 31 December 2020									
Financial assets									
Current and non current trade and other receivables	24,515	-	-	-	-	(2,452)	(2,452)	2,452	2,452
Investment in shares	577	-	-	-	-	(10)	(48)	-	58
Water shares	8,310	-	-	-	-	-	(831)	-	831
Financial Liabilities									
Derivative liabilities	671	-	(283)	-	565	-	-	-	-
Trade and other payables	30,972	-	-	-	-	-	-	-	-
Term liabilities	73,862	739	739	(1,477)	(1,477)	-	-	-	-
Interest bearing liabilities	9,157	92	92	(183)	(183)	-	-	-	-
Total increase / (decrease)		831	548	(1,660)	(1,095)	(2,462)	(3,331)	2,452	3,341
At 31 December 2019									
Financial assets									
Current and non current trade and other receivables	28,966	-	-	-	-	(2,897)	(2,897)	2,897	2,897
Investment in shares	586	-	-	-	-	(11)	(48)	-	59
Water shares	9,122	-	-	-	-	-	(912)	-	912
Financial liabilities									
Derivative liabilities	790	-	(479)	-	959	-	-	-	-
Trade and other payables	22,933	-	-	-	-	-	-	-	-
Term liabilities	97,778	387	387	(774)	(774)	-	-	-	-
Interest bearing liabilities	21,854	219	219	(437)	(437)	-	-	-	-
Total increase / (decrease)		606	127	(1,211)	(252)	(2,908)	(3,857)	2,897	3,868

The following table outlines the expected undiscounted cash flows relating to the Group's outstanding term and current debt at balance date.

New Zealand dollars	Between 0 and 3 months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2020						
Expected undiscounted cash flows based on current market interest rates ($000s)	508	574	1,124	2,206	2,835	-
Floating rate	2.05%					
Average term rate	2.49%					
At 31 December 2019						
Expected undiscounted cash flows based on current market interest rates ($000s)	1,005	1,028	1,915	3,084	807	-
Floating rate	2.75%					
Average term rate	3.31%					

29. Determination of fair values of financial assets and liabilities

The following table analyses assets and liabilities carried at fair value.

The different levels are defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Instruments in level 1 are comprised of water shares.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability that have to be developed to reflect the assumptions that a market participant would use when determining an appropriate price.

New Zealand dollars	Level 1 $000s	Level 2 $000s	Level 3 $000s	Total $000s
Biological assets - crop at cost	-	-	19,597	**19,597**
Biological assets - crop at fair value	-	-	293	**293**
Water shares	8,310	-	-	**8,310**
Irrigation water rights	343	-	-	**343**
Land	-	-	23,435	**23,435**
Buildings	-	-	147,141	**147,141**
Unlisted equity securities	-	-	577	**577**
Derivatives used for hedging (liability)	-	671	-	**671**

The reconciliations for level 3 fair value requirements are shown.

- Land and buildings (note 10)
- Biological assets - crop (note 12)
- Unlisted equity securities (note 23)

The following table shows the valuation techniques used in the determination of fair values within level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation models.

Type	Fair value	Method	Key unobservable inputs	How unobservables impact estimated fair value
Biological assets - crop at cost Includes New Zealand kiwifruit and Australian kiwifruit, nashi, Packham and Corella pears.	**$ 19.60 m**	Cost is used as a proxy for fair value, as the crop has yet to achieve sufficient biological transformation. Cost is tested for impairment at balance date using the Group's budgets on an orchard-by-orchard basis. See note 12.	Cost.	Reduces if cost is impaired at balance date.
Biological assets - crop at fair value Includes New Zealand avocados and Australian plums and speciality pears.	**$ 0.30 m**	Estimated market value less selling costs and costs to market (have achieved sufficient biological transformation). See note 12.	Forecast yields. Market sales price. Costs to harvest.	Increases with yields. Increases with price. Decreases with higher costs.
Land and buildings	**$ 170.58 m**	An annual revaluation is used to estimate fair value, which is performed on approximately one third of land and buildings on a rolling 3-year cycle by an independent valuer using four different approaches; replacement cost approach, sales approach, investment approach and discounted cash flow approach. See accounting policies below and note 10 for further details.	Comparative market rents and applicable discount rate. Comparative market sales. Current level of building costs.	Increases with market rental, and lower discount rates. Increases with market sales. Increases with building costs.
Unlisted equity securities	**$ 0.58 m**	Based on latest information from securities management. Tested for impairment with carrying amount assessed at balance date.	Securities management information on share price.	Increases with share price information. Reduces if cost is impaired at balance date.

Accounting policies

Financial assets, liabilities and instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair value measurements are categorised into a three-level hierarchy, based on the types of inputs to the valuation techniques used.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and investment in shares) is based on quoted market prices at balance date (level 1 inputs). The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques (level 2 inputs). The Group uses the appropriate method and makes assumptions that are based on market conditions at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Trade receivable and payables

The carrying value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial assets and liabilities with unobservable (level 3 inputs) reflect the assumptions that market participants would use when determining an appropriate price; additional disclosure is provided for the inputs and assumptions used in such cases.

Land and buildings

Fair value is based on an annual revaluation, which is performed on land and buildings based on a rolling three-year cycle by an independent valuer, with approximately one third of land and buildings assets valued each year using four different approaches as described in note 10.

30. Derivative financial instruments

New Zealand dollars	2020 $000s	2019 $000s
Liabilities		
Interest rate swap contracts and forward exchange contracts - cash flow hedge	671	790

Group bank loans currently bear an average variable interest rate of 2.3% (Dec 2019 – 3.0%), with the Group using interest rate swaps to protect the term portion of the loans.

Swaps cover 46% (Dec 2019 - 75%) of the term liabilities at balance date and are classified as held for trading or as cash flow hedges.

Cash flow hedges

The following table details the interest rate swaps.

Term loan	Amount $000s	Variable rate	Loan maturity	Hedge fixed rate excluding bank margin	Hedge expiry
NZD $12m	12,000	2.72%	31 December 2023	2.43%	31 December 2022
NZD $9m	9,000	2.72%	31 December 2023	2.34%	31 December 2021
Total (NZD)	21,000				

All interest rate swaps are on a hedge ratio of 1:1 basis with the associated term loan value.

The following table details the forward exchange contracts.

Term loan	Amount $000s	Spot rate	Hedge fixed rate	Last hedge expiry
2020				
AUD - NZD hedges	473	0.9384	0.59	30 March 2021
USD hedges	71	0.7227	0.71	6 January 2021
2019				
Euro hedges	254	0.6011	0.59	18 March 2020
AUD hedges	52	0.9617	0.95	8 January 2020
Euro - AUD hedges	500	0.6254	0.60	14 October 2020
USD hedges (multiple)	1,437	0.6735	0.66	29 May 2020

The fair values of the interest rate swaps and forward exchange contracts are determined by Westpac and reviewed by the Board.

The gains and losses recognised in other comprehensive income appear in the statement of financial performance.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through annual prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

Hedge ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

There was no material ineffectiveness during 2020 or 2019 in relation to the interest rate swaps.

Accounting policies

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The resulting gain or loss is recognised as a financing cost in profit or loss immediately unless the derivative is designated and effective as a hedge instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are classified as current or non-current based on the effective date.

Hedge accounting

The Group designates certain derivatives as cash flow hedges. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Cash flow hedge

Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. When a hedging instrument expires, is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the statement of financial performance. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the statement of financial performance within other gains / (losses).

Derivatives and financial instruments

The Board uses judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are based on quoted market rates and reliance placed on quotes provided by Westpac.

31. Financial instruments summary

The following tables summarise the categories of the Group's financial assets and liabilities.

New Zealand dollars	Loans and receivables $000s	Assets at fair value through profit or loss $000s	Total $000s
Financial assets as at 31 December 2020			
Cash and cash equivalents	5,164	-	5,164
Trade and other receivables excluding prepayments	24,515	-	24,515
Non current trade and other receivables excluding prepayments	672	-	672
Investment in shares	-	577	577
Total financial assets as at 31 December 2020	**30,351**	**577**	**30,928**
Financial assets as at 31 December 2019			
Cash and cash equivalents	2,849	-	2,849
Trade and other receivables excluding prepayments	25,109	-	25,109
Non current trade and other receivables excluding prepayments	683	-	683
Investment in shares	-	586	586
Total financial assets as at 31 December 2019	**28,641**	**586**	**29,227**

New Zealand dollars	Liabilities at fair value through reserves $000s	Other financial liabilities $000s	Total $000s
Financial liabilities as at 31 December 2020			
Trade and other payables	-	30,972	30,972
Current interest bearing liabilities	-	9,157	9,157
Derivative financial instruments	671	-	671
Non current interest bearing liabilities	-	73,862	73,862
Total financial liabilities as at 31 December 2020	**671**	**113,991**	**114,662**
Financial liabilities as at 31 December 2019			
Trade and other payables	-	22,933	22,933
Current interest bearing liabilities	-	21,854	21,854
Derivative financial instruments	790	-	790
Non current interest bearing liabilities	-	97,778	97,778
Total financial liabilities as at 31 December 2019	**790**	**142,565**	**143,355**

Accounting policies

The Group classifies its financial instruments in the following categories in accordance with NZ IFRS 9:

- loans and receivables,
- assets at fair value through other comprehensive income (FVOCI),
- assets at fair value through profit and loss (FVTPL),
- liabilities at fair value through profit or loss, and
- other financial liabilities.

The classification of financial assets and liabilities under NZ IFRS 9 is generally based on the business model in which the financial instrument is managed and its contractual cash flows characteristics.

On initial recognition, a financial instrument is classified as measured at amortised cost, FVOCI and FVTPL.

Financial instruments are not reclassified subsequent to their initial recognition unless the Group changes its business model in which case all affected financial instruments are reclassified on the first day of the first reporting period following the change in the business model.

A financial instrument is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held with the objective to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely for the payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The election is made on an investment by investment basis.

All financial instruments not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

pwc

Independent auditor's report

To the Shareholders of Seeka Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Seeka Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2020, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of financial performance for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance and consulting, as well as tax pooling. The provision of these other services has not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers, 15 Customs Street West, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

pwc

Description of the key audit matter	How our audit addressed the key audit matter
Valuation of Biological Assets- crop The total value of biological assets at balance date was $19.9 million. Biological assets are disclosed in note 12 of the consolidated financial statements and comprise the crops on the vines and trees (bearer plants) in the Group's leased and owned orchards. Certain assumptions and inputs are also disclosed in note 29 to the consolidated financial statements. Biological assets are recorded at fair value. The method to determine fair value depends on the degree of biological transformation (the maturity of the fruit) at balance date. As at 31 December 2020, a total of $19.6 million (99%) of biological assets used cost as a proxy for fair value because of insufficient biological transformation. In determining the fair value of the biological assets, management exercises judgement utilising industry knowledge and internal expertise in determining the level of biological transformation at balance date. When sufficient biological transformation has occurred, fair value is the estimated net market return less selling cost and costs to market. When insufficient biological transformation has occurred, the fair value is the costs incurred at balance date to grow the crops (provided the costs are considered recoverable). Cost is tested for impairment at balance date using the Group's budgets on an orchard-by-orchard basis. Due to the level of judgement involved in the valuation of biological assets, as well as the significance of biological assets to the Group's financial position, this is considered to be a key audit matter.	Our audit focused on the biological assets valued at cost, being the most significant component of the balance. We have evaluated judgements applied by management to determine the crop value including the degree of biological transformation, the attribution of costs capitalised to the following year's crop and the recoverability of capitalised costs. Our audit procedures included: • Gaining an understanding of the crop life cycle and growth periods with reference to relevant independent horticultural industry information to determine the appropriateness of management's assessment of biological transformation. • Testing a sample of expenses that were capitalised to determine whether capitalisation was valid and directly related to the unharvested crop at 31 December 2020. • Testing the mathematical accuracy of the models used by management in their calculation of the fair value of the crops. • Reviewing management's assessment of the recoverability of capitalised costs. Our procedures included comparing the expected crop yield determined by management to the historical production yield and expected number of trays that can be produced per hectare based on the land that is currently owned and leased. We assessed whether any variances between historical and expected volumes are consistent with our understanding of planned changes in the Group's operations. Additionally, we compared the future selling price used by management in their model to available industry information. • Evaluating the historical accuracy of management's budget information through comparing prior year budgets to actual results. We had no matters to report as a result of our procedures.

PwC

Description of the key audit matter	How our audit addressed the key audit matter
Valuation of Land and Buildings As reflected in notes 10 and 29 of the consolidated financial statements, the Group has a policy of revaluing their land and buildings on a three year rolling cycle (excluding assets under construction). At each balance date approximately one third of the New Zealand Group's properties are revalued by an independent external valuer using a combination of four different approaches in concert to arrive at a fair value. The Group then utilises their internal valuation expertise to evaluate whether, based on the results of the third party valuations and other recent market data, the remaining New Zealand asset values remain appropriate and materially reflect fair value. The Group's Australian land and buildings were not revalued as the Group determined the valuations in the prior year still materially reflect fair value. The total value of the Group's land and buildings at year end is $170.6 million. We included the valuation of land and buildings as a key audit matter because of the level of judgement inherent in the valuations.	Our audit of the land and buildings of the Group focused on the judgements inherent in the valuation of those assets. Our procedures included: • Assessing the objectivity and competence of management's internal valuation experts and third party valuers, in addition to assessing the independence of the third party valuers utilised by management. • Utilising our PwC valuation expert, we have assessed key assumptions used in the external valuations by comparing the assumptions and inputs used, such as capitalisation and discount rates, to externally available data. Where external data was not available, our internal expert has utilised their experience and knowledge to determine whether the assumptions used by the third party valuer were reasonable and appropriate in the circumstances. • Reviewing and challenging management's assessment of the carrying values of the New Zealand and Australian land and buildings not independently revalued during 2020 by comparing our own independent assessment of valuation ranges using our PwC valuation expert. We had no matters to report as a result of our procedures.

PwC

Description of the key audit matter	How our audit addressed the key audit matter
Sale and leaseback of Australian orchards As reflected in note 9 of the consolidated financial statements, the Group entered into a sale and leaseback agreement for three of its Australian orchards, which had been classified as held for sale assets at the end of the previous financial year. The Group sold the orchards for proceeds of AU$26.5 million (NZ$28.24 million) and simultaneously entered into a lease with an initial term of 10.5 years and rights of renewal out to 25 years. The Group concluded that the arrangement should be treated as a sale and leaseback transaction under NZ IFRS 16 and recognised a gain on sale of AU$5.83 million (NZ$6.18 million). Key estimates and assumptions included: • Performance obligations were satisfied in line with the requirements of NZ IFRS 15. • Sales proceeds received were judged to reflect the fair value of the underlying assets. • The quarterly rental was deemed to be a fair market rent. • The incremental borrowing rate applied upon the commencement of the lease • The lease term, including allowing for the likelihood of rights of renewal being exercised. This was determined to be a key audit matter due to the financial significance and complexity of the transaction, involving management judgement in determining the proportion of the gain on sale that should be recognised.	Our audit of the sale and leaseback transaction focused on the judgements used in determining the accounting treatment for the transaction and on testing the gain recognised on the sale. Our procedures included: • Gaining an understanding of the terms and economic substance of the sale and leaseback arrangements through reviewing board minutes, discussions with management and reading of relevant agreements. • Engaging an internal accounting expert to assist us in our consideration of management's view that performance obligations were satisfied in line with the requirements of NZ IFRS 15. • Evaluating the selling price versus market value of the underlying assets at the date of sale. • Assessing the reasonableness of the quarterly rental expense compared to rent charged on the market for similar assets. • Testing the assumptions used to determine the lease term, including the likelihood of exercising the rights of renewal, by assessing whether they were supported by current business plans. • Testing the accuracy of information included in the lease calculation by comparing the inputs to the terms in the underlying lease agreement. • Recalculating the right-of-use asset and lease liability for the arrangement. • Engaging our internal valuation expert to assess the reasonableness of the incremental borrowing rates adopted and comparing these to management's rates. • Recalculating the gain on sale and leaseback determined by management. • Considering the appropriateness of disclosures in the consolidated financial statements. We had no matters to report as a result of our procedures.

PwC

Description of the key audit matter	How our audit addressed the key audit matter
Goodwill impairment As at 31 December 2020, the carrying amount of the Group's goodwill amounted to $8.9 million as disclosed in note 11, of which $7.0 million and $1.2 million related to the Aongatete Coolstores Limited and Northland packhouse cash generating units (CGUs) respectively. Management has performed impairment testing for each CGU on a value in use basis, using a discounted cash flow model based on forecast future performance to determine the recoverable amount. Management performed a comparison of the Group's net assets to the market capitalisation of the Company and prepared an analysis and explanation of the difference. Management considered the reasons for this difference in finalising their assessment of the recoverable amounts of the CGUs of the Group. No impairment was identified. The impairment testing of goodwill is considered a key audit matter due to the gap between the Group's net assets and its market capitalisation. There is also a significant level of management judgement applied in estimating the future performance and cash flows for the Group and material CGUs, along with the discount rate and terminal growth rate used in estimating the recoverable amounts.	Our audit focused on assessing and challenging the significant estimates and assumptions used by management in the impairment tests for Aongatete Coolstores Limited and the Northland packhouse CGUs, being the material CGUs, along with evaluating the overall Group impairment test. Our procedures included: • Evaluating the appropriateness of the CGUs • Agreeing the cash flows included in management's impairment model for each CGU to the latest board approved five year plan. • Assessing the Group's forecasting accuracy by comparing historical forecasts to actual results. • Evaluating the key cash flow assumptions by obtaining from management a detailed analysis of the forecast production yields, sales prices, costs and margins for the various fruit varieties. We compared this information to historical outcomes, our assessment of the feasibility of management's plans, and current market prices. • Using our PwC valuation expert we reviewed whether the discount rate used by management for each CGU was reasonable. We also compared it to relevant industry comparators. Our expert also assessed the terminal growth rates used. ing the accuracy of the calculations in management's impairment model for each CGU, and checking the carrying amount of the CGU's net assets was correct. • Performing a sensitivity analysis across a range of reasonably possible changes in the discount rate, cash flow assumptions and terminal growth rate. • Reviewing the adequacy of the disclosures in the financial statements. We also engaged our PwC valuation expert to assist us in our consideration of management's paper on the comparison between the net assets and the market capitalisation of the Company. This analysis was completed as part of our assessment of indicators of impairment. We had no matters to report as a result of our procedures.

PwC

Our audit approach

Overview

Overall group materiality: $2,500,000, which represents approximately 1% of revenue.

We chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. The Group operates in a high-volume low margin industry where net profit is not representative of the scale of the Group.

Following our assessment of the risk of material misstatement, we:

• Selected two entities for full scope audits

• Performed specified audit procedures and analytical review procedures on the remaining entities.

As reported above, we have four key audit matters, being:

- Valuation of Biological Assets - crop
- Valuation of Land and Buildings
- Sale and leaseback of Australian orchards
- Goodwill impairment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The materiality levels applied in the full scope audits of the New Zealand and Australian businesses were calculated by reference to a portion of Group materiality appropriate to the relative scale of the business concerned, or based on materiality calculated for statutory reporting purposes where the statutory materiality was lower than that allocated in the Group calculation.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's Shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Philippa (Pip) Cameron.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
26 February 2021

Auckland

PwC

CORPORATE GOVERNANCE AND DISCLOSURES

CORPORATE GOVERNANCE STATEMENT

As at 31 December 2020

At Seeka, we conduct our business safely and ethically, within the legal and regulatory framework, so we can deliver the best outcomes for our growers, clients, employees, shareholders, customers and the communities we operate in.

Seeka's Board and management are committed to best practice governance and Seeka has adopted the recommendations in the NZX Corporate Governance Code 2020 (the Code) as set out in this corporate governance statement. The Board regularly reviews Seeka's corporate governance structures against the eight principle recommendations in the Code, and considers Seeka's practices and procedures substantially meet Code recommendations. Any exceptions are noted in this governance statement, and listed on page 83 of this annual report.

Seeka's governance policies are available on Seeka's website, see Seeka.co.nz/co.nz/corporate-governance.

The Board approved this governance statement on 26 February 2021.

Principle 1. Code of ethical behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Seeka commits to high ethical standards in all dealings undertaken by the Group's directors, employees and suppliers. We are a produce business that connects growers with customers. Our business spans cultural, regulatory and country boundaries, and our directors and management understand that high ethical standards deliver the best outcomes for our growers, clients, employees, shareholders, customers and communities.

Our commitment to ethical dealings is captured by Seeka's core brand attribute "founded on relationships."

Seeka's Code of Ethics is included in employee induction packs, is available on Seeka's intranet, and the code's principles and objectives are promoted to staff each year including at staff meetings. The code outlines how directors and management are to consistently act with honesty and integrity, and model high ethical standards to all employees and stakeholders, adhering to the principle "we do what we say and are accountable for what we do."

The Code of Ethics provides clear guidance on:

- Conflicts of interest
- Proper use of Seeka information, assets and property
- Conduct, valuing individuals' differences and respecting all stakeholders
- Dealing with gifts or gratuities
- Whistle blowing for safe reporting of potential wrong doing
- Compliance with laws and Seeka policies
- Managing breaches of Seeka's Code of Ethics

Seeka also has a strict Insider Trading Policy prohibiting the direct or indirect dealing in Seeka financial products when holding inside information, plus a duty of confidentiality that protects the dissemination and use of confidential company information.

The Insider Trading Policy defines black-out periods during which restricted persons are prohibited from trading in Seeka shares unless provided with a specific exemption by the Board. Each black-out period starts 30 days prior to and finishes the first trading day after key events; being the half-year and full-year balance dates, and the release to the NZX of any announcement relating to an offer in Seeka shares. Restricted persons includes all directors, executive officers, members of the management executive team and their administrative staff, any trusts and companies controlled by such persons, and advisors.

Prior to trading in Seeka shares, directors must notify the chair of the Board, and the chair must notify the chair of the audit and risk committee.

No breaches of the Code of Ethics or Insider Trading Policy were reported in the year.

Principle 2. Board composition and performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Seeka's Board commits to acting in the best interest of the company, to deliver benefits to stakeholders and grow shareholder returns.

Board charter and responsibilities

The Board Charter sets out the Board's structure, appointments, remuneration, committees and process for performance review, along with the duties and responsibilities of the Board and chief executive officer. Seeka's Board is primarily responsible for:

- Robust and effective health and safety systems and standards
- Establishing corporate objectives and strategies
- Monitoring management's implementation of Seeka's strategies
- Approving budgets and monitoring financial performance
- Managing risk to Seeka's business
- Ensuring timely and transparent stakeholder and market communication

The Board delegates the chief executive officer to lead and manage Seeka's operations, including being the company's principal representative. The chief executive officer is not a Board member.

Board composition

Seeka's Company Constitution specifies that the Board has a minimum of three and a maximum of seven directors, with provision for an eighth to be appointed between annual shareholder meetings. Directors are to contribute a mix of complementary skills that support Seeka's objectives and strategies, with at least two being independent, and at least two ordinarily residing in New Zealand. To maintain proper separation between governance and management, all directors are non-executive and the constitution has no provision for a managing director.

Seeka's Board currently has seven directors, led by the independent chairman Fred Hutchings. Non-independent director Amiel Diaz is the only director residing overseas.

The following table summarises director qualifications, skills and experience.

	Qualification	Executive leadership	Financial	Legal	Kiwifruit industry	Governance	Cultural	International markets	Brand management	Technology	Property valuation
Fred Hutchings	BBS, FCA	●	●			●				●	●
Martyn Brick	BAgCom	●	●		●	●		●			●
John Burke	BAgSc	●	●		●	●					●
Ratahi Cross		●			●	●	●				
Amiel Diaz	BA, BSc, CPA, CISA	●	●				●	●		●	
Cecilia Tarrant	BA/LLB Hons, LLM	●	●	●		●					
Ashley Waugh	BBS	●	●			●		●	●	●	

Director independence

The Board's Charter follows NZX Listing Rules to determine the independence of a director. Directors must inform the Board of all relevant information and the Board confirms director independence at least annually.

Two directors are appointees of large shareholders and deemed non independent;

- Amiel Diaz, representative of Seeka's shareholder Sumifru Singapore Pte Limited, and former shareholder Farmind Corporation of Japan, and
- Ratahi Cross, representative of Seeka shareholder Te Awanui Huka Pak Limited and is the chairman of the Ngai Tukairangi Trust, a large kiwifruit grower supplying Seeka.

As Seeka's foundation business is kiwifruit, the Board considers experience in the kiwifruit industry a core competency. Three directors have extensive experience in kiwifruit production and handling, and through their extensive interests in kiwifruit orchards that supply Seeka are considered non-independent directors;

- Martyn Brick
- John Burke, and
- Ratahi Cross

The Board has three independent directors;

- Fred Hutchings, Board chair and remuneration committee chair
- Ashley Waugh, audit and risk committee chair, and
- Cecilia Tarrant, sustainability committee chair

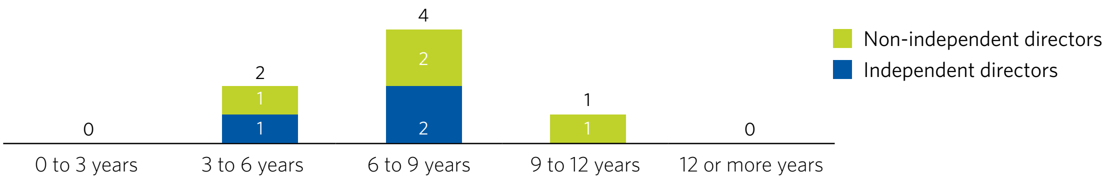
Director appointments and induction

As required, the chairman establishes a nominations committee to review the Board's composition and performance, and recommend people with complementary skills to join the Board. Nominees can be appointed by the Board, with the appointment to be approved by shareholders at the next annual shareholder meeting, or nominated and elected to the Board by shareholders at the annual shareholder meeting. The Board provides guidance to shareholders on a candidate's suitability for appointment or reappointment.

Directors enter a written agreement covering the term of their appointment and are provided with detailed information about Seeka, the Group's strategies, policies and procedures, and any other training or other support that will help the director become a fully-functioning member of the Board.

The chair undertakes an annual assessment of Board, director and committee performance, seeking assistance, as required, from the nominations committee and external advisors.

Director tenure



While there is no maximum term, the Board annually reviews director length of service and any potential impact on director independence. When the Board recommends the re-election of a director whom has served longer than 12 years, they will explain to shareholders their rationale for supporting re-election. All current directors have served terms shorter than 12 years.

Director profiles

Director profiles are listed on Seeka's website (see Seeka.co.nz/investors), and are included on page 84 of this annual report. Full disclosure of director interests according to section 140 (2) of the Companies Act 1993 are listed on page 86 of this annual report.

Diversity

Diversity is the range of attributes held by members of a group. Seeka's Board believes diversity within the Board and the company provides a deeper understanding of stakeholders, broadens the range of skills available to Seeka, and will lead to improved business performance.

The Board works to optimise diversity across director members, while managing an efficient governance process. The Board's focus is on diversity in culture and ethnicity, business skills and innovative thinking as these attributes are key to understanding the operating environment of our key clients, creating unique solutions, and improving stakeholder outcomes and shareholder returns. Notably Ratahi Cross of Ngai Tukairangi is a lecturer in Māori history, Amiel Diaz is a Filipino businessman based in Asia, and Martyn Brick, John Burke, Cecilia Tarrant and Ashley Waugh have rural backgrounds.

The following table reports gender composition of the Board and senior management team as at 31 December 2020.

	FY20		FY19	
	Female	Male	Female	Male
Directors	1	6	1	6
Senior managers	2	5	2	5
Total	3	11	3	11

Diversity policy

Seeka is committed to providing an inclusive environment that supports a diversity of thinking and skills. Aspects of diversity include gender, ethnic background, religion, marital status, culture, disability, economic background, education, language, physical appearance and sexual orientation.

During the year ended 31 December 2020, Seeka performed in adherence to the principles of our Diversity Policy.

Professional development

Directors are supported to undertake professional development through individual training and by attending relevant courses.

Evaluation of board, committee and director performance

The Board Charter specifies that the chairman undertakes an annual review of Board, committee and director performance. The chairman's 2020 review found that the Board, committees and directors have fulfilled all their duties and responsibilities for sound corporate governance as specified by the Board Charter.

Principle 3. Board committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

The Board has established three permanent committees and will form ad-hoc committees to efficiently and effectively carry out key governance functions, while retaining ultimate responsibility for all decisions and actions.

All committees operate under written charters which define the role, authority and operations of the committee. All Seeka directors and committee members are non-executive, and Seeka management and other employees may only attend committee meetings when invited by the committee. The Board reviews the sustainability, remuneration and nominations committee charters biennially and the audit and risk committee charter annually.

Committee membership and workload management

Seeka is governed by a seven-member non-executive Board with three independent directors. To provide effective and transparent committee governance, while managing workload across Board members, Seeka's committee charters ensure each committee is chaired by an independent director, with committee members drawn from both independent and non-independent directors that furnish the best skill set. The audit and risk committee charter specifies a majority of independent directors.

The current standing committees are:

Audit and risk

Composition	Role	Members	Charter
Independent chair with a minimum of two other directors. The committee must have a majority of independent directors, with at least one having an accounting or financial background. The chair may not be the Board chair.	Examines financial reporting, compliance, external and internal auditing, risk management and risk insurance.	Ashley Waugh, chair John Burke Fred Hutchings	Audit and risk committee charter

Sustainability

Composition	Role	Members	Charter
A minimum of two directors appointed by the Board. No management members, but the chief executive or delegate to be invited to meetings.	Ensure Seeka uses an appropriate reporting framework, provide strategic guidance on targets, measures and performance, and examines the strategic implications of climate change.	Cecilia Tarrant, chair John Burke Fred Hutchings	Sustainability committee charter

Remuneration

Composition	Role	Members	Charter
Independent chair with a minimum of two other directors. When not an appointed member, the Board chair will be an ex-officio member.	Examines the performance, remuneration and succession planning of the chief executive officer, the remuneration of senior managers, company-wide employee remuneration policy and human resource plans and policies.	Fred Hutchings, chair Ratahi Cross Cecilia Tarrant	Remuneration committee charter

In addition, the chair periodically establishes an ad-hoc nominations committee.

Nominations

Composition	Role	Members	Charter
Independent chair with a minimum of two other directors.	Examines the directors' terms of engagement, Board succession planning, seeks and evaluates nominees, and advises the Board on director appointments.	Appointed by the Board.	Nominations committee charter

In the event of a takeover offer, the Board Charter provides for the formation of an ad-hoc initial response committee and an independent takeover response committee to enact the procedures and protocols of the Board's Takeover Response Manual.

Initial response committee

Composition	Role	Members
Independent directors.	Manage the initial response to an unexpected takeover notice.	Fred Hutchings Cecilia Tarrant Ashley Waugh

Independent takeover response committee

Composition	Role	Members
Directors that are independent of the bidder and of the bid.	Manage the takeover response and act in the interests of all shareholders.	Appointed by the Board.

To date there has been no need to convene an initial response committee meeting or form an independent takeover response committee.

While the Board considers the current range of committees comprehensively manages the governance of Seeka's business, and provides the best outcomes for shareholders and other stakeholders, the Board Charter allows ad-hoc committees to be formed as required to aid Board decision making.

The following table reports Board and committee meeting attendance in 2020.

	Board		Audit and risk		Sustainability		Remuneration	
	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended
Fred Hutchings	12	12	12	12	3	3	3	3
Martyn Brick	12	12	-	-	-	-	-	-
John Burke	12	12	12	11	3	3	-	-
Ratahi Cross	12	12	-	-	-	-	3	3
Amiel Diaz	12	12	-	-	-	-	-	-
Cecilia Tarrant	12	12	-	-	3	3	3	3
Ashley Waugh	12	12	12	12	-	-	-	-

Principle 4. Reporting and disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Seeka's Board is committed to keeping investors and the wider market fully informed of all material information concerning the company's operating environment and business performance. In addition to all information required by law and NZX Listing Rules, Seeka provides stakeholders with a mid-year performance update, along with regular operational updates to supplying clients.

Seeka's Continuous Disclosure Policy covers the classification, timing and release of material information to investors and other stakeholders. The chair of the Board, chair of the audit and risk committee, chief executive and chief financial officer (the disclosure committee) are responsible for identifying material information between Board meetings, with continuous disclosure covered at every Board meeting.

As stewards of more than 300 orchards in New Zealand and Australia, Seeka is committed to applying industry best practices and international guidelines for all asset management, backed up by rigorous auditing. This includes certification to the international GLOBALG.A.P standard for good agricultural practice that focuses production and supply management on the consumer's demand for safe food. See www.globalgap.org.

Seeka as an employer is focused on sustainable land management that supports long-term employment and wealth creation in our rural communities, and has formally implemented the GLOBALG.A.P GRASP module with its extended social standards for worker health, safety and welfare. See www.globalgap.org/uk_en/for-producers/globalg.a.p.-add-on/grasp/.

In New Zealand, Seeka has partnered with all supplying growers to form independent, grower-controlled entities that manage grower fruit returns; kiwifruit growers appoint Seeka Growers Limited as their agent for the supply of kiwifruit to Seeka, with avocado growers appointing AvoFresh Limited. See www.seeka.co.nz/seeka-grower-council and www.seeka.co.nz/avofresh.

Seeka Growers Limited and AvoFresh Limited manage market returns in independent bank accounts, approve all service distributions and grower payments, and publish independently-audited annual statements. Seeka is represented on the entities' controlling councils, provides management support, and ensures grower representatives are kept informed on market conditions, industry issues and Seeka's operational performance for their fruit.

Seeka complies with the financial reporting requirements prescribed by the Companies Act 1993, Financial Markets Conduct Act 2013 and the NZX Listing Rules. Seeka also considers environmental, social and governance concerns, and discloses to the markets any environmental factors that may materially affect operations.

In August 2020, Seeka formed a sustainability committee to provide strategic guidance on Seeka's sustainability framework, targets, measures and performance. Seeka is working to measure then incrementally improve our environmental performance and the associated governance processes. We know our orcharding and supply chain operations influence our environment, and we are actively addressing the risks and opportunities of climate change. The sustainability committee provides guidance to the Seeka Agile Sustainability Team (SAST), which was formed In 2019 to develop Seeka's environmental and social policy and processes, and to deliver incremental improvements to the business. Drawing together staff who are passionate about sustainability from all areas of our operations, and working with external advisors, Seeka's sustainability team is working to integrate sustainability into the hearts and souls of our employees and deliver projects that reduce Seeka's environmental footprint. Seeka's second annual Sustainability report is included in this document.

Principle 5. Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Director remuneration

In accordance with the Board Charter, the chair uses independent professional advice and market information to review director remuneration within a two year period, with shareholders having to approve any increase to the pool available to pay directors' fees. Approval was last sought in April 2018, when the pool limit was set at $450,000 per annum, with the Board withdrawing a resolution to increase the pool in 2020, in response to the Covid-19 pandemic.

Directors are remunerated by fixed fees that are set according to expected time commitments and responsibilities as determined by the Board. Directors receive no equity-based remuneration, and receive no performance or retirement benefits. Directors are not required to own Seeka shares.

The following table reports the allocation of the pool at the date of this report, and directors' fees paid during the financial year. No other benefits were provided to directors during the year.

	Position	Base director fee	Chair fee	Audit and risk committee chair fee	Director fees paid during the year
Fred Hutchings	Chair	$56,500	$43,500		$100,000
Ashley Waugh	Director, Audit and risk committee chair	$56,500		$11,000	$67,500
Martyn Brick	Director	$56,500			$56,500
John Burke	Director	$56,500			$56,500
Ratahi Cross	Director	$56,500			$56,500
Amiel Diaz	Director	$56,500			$56,500
Cecilia Tarrant	Director	$56,500			$56,500
Total		$395,500	$43,500	$11,000	$450,000

The base director fee includes committee membership, with the Board chair and chair of the audit and risk committee receiving a chair's fee.

Chief executive officer remuneration

The review of the chief executive's remuneration is undertaken by the remunerations committee with the remuneration package the responsibility of the Board.

Michael Franks was appointed chief executive in 2006. His remuneration package comprises a fixed annual remuneration that covers base salary, vehicle, Kiwisaver contributions, medical and life insurance, and an at-risk annual performance incentive.

The following table reports chief executive remuneration in 2020.

	Base salary	Benefits[1]	Annual performance incentive[2]	Total remuneration
Michael Franks	$668,914	$50,609	$114,064	$833,587

1. Benefits are delivered through vehicle, Kiwisaver contributions, medical and life insurance.

2. Performance incentive earned from FY19 and paid in 2020.

Performance incentive

The chief executive officer's performance incentive has a maximum value of 72% of fixed remuneration for achieving annual targets set by the Board, including financial performance, strategic goals, health and safety, and risk management. For the 2019 financial year, chief executive officer Michael Franks earned an $114,064 performance incentive. This payment was made in 2020.

For the 2020 financial year, the chief executive officer earned a $388,988 performance incentive. This payment will be made in 2021 .

Employee share scheme

At balance date, the chief executive had 8,000 shares allocated April 2019 at $4.76 per share under the 2019 employee share scheme. These shares vest 2022.

Principle 6. Risk management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

The Board considers risk management an important governance function to protect stakeholders, build long-term wealth in our communities and optimise shareholder value. The Board retains ultimate responsibility for risk management, with the audit and risk committee providing a specific focus on material risks as defined in the Audit and Risk Committee Charter.

While no risk management system can completely remove business and financial risks, our goal is to ensure material risks are appropriately identified and managed within acceptable levels. We accomplish this through a strategic focus, active management, contingency planning and a sensible balance between costs and anticipated benefits. Wherever appropriate, the processes are consistent with AS/NZS 31000:2009 Risk Management Principles and Guidelines.

Financial statements and key operational measures are prepared monthly and reviewed by the Board throughout the year to assess business performance against budget and forecasts.

The Board composition includes directors with long-term experience in New Zealand's kiwifruit industry, and Australian and Asian produce handling and marketing. Board meetings include periodic site visits in New Zealand and Australia (when practicable with regard to Covid-19 travel restrictions) to ensure all directors understand the Group's operating environments when assessing material risk.

The Board's complementary skill set and understanding of the core business have allowed it to implement strategies to mitigate risk associated with being a New Zealand kiwifruit handler by diversifying operations across multiple products, expanding into the Australian market and sourcing revenue from more points along the value chain. Since the incursion of the kiwifruit vine-killing disease Psa in 2010, Seeka has transformed from being a New Zealand kiwifruit handler to become an Australasian produce business involved in the growing, handling, supply and marketing of multiple products.

Seeka has appropriate insurance cover, as available, for property damage to its offices, post harvest processing and fruit handling facilities, along with insurance cover for hail damage to crops.

The Brown Marmorated Stink Bug (BMSB; Halyomorpha halys) remains one of the top pests of concern for New Zealand's horticultural industry. A native to China, Japan, Korea and Taiwan, and accidentally introduced in the United States in the mid-1990s, adult BMSB feed on fruit and make them unmarketable. The Ministry of Primary Industries is working with industry groups along with the public to prevent the unintended import of BMSB, including eradication protocols if BMSB are detected in New Zealand. Seeka personnel and supplying growers are informed on how to identify BMSB and the immediate actions to be undertaken if the pest is found.

Communicable diseases are a risk to labour availability, food safety and market access. Seeka works with industry bodies, the Government, community agencies and international groups to secure reliable labour. Risk to food safety and market access is managed through Seeka's full orchard-to-market track and trace service, which includes a register of all orchard visits and finger-scanner access to post harvest facilities. Tracing from point of origin to point of sale allows Seeka to manage risk from contagion and ensures our markets can have confidence in the safety of our supply chain and our products. Seeka's response to the communicable disease Covid-19 is detailed in the following health and safety section.

Health and safety

The Board is responsible for health and safety across Group operations, with the chief executive appointing a health and safety manager to ensure Seeka complies with legislation and operates industry best practice across the Group, while also supporting the management of health and safety risks by clients and suppliers. The Board reviews performance against set targets at each meeting.

In 2020 Seeka confronted a new challenge to our health and safety systems, as Covid-19 threatened community health and disrupted business systems.

Prior to Covid-19's detection in New Zealand, Seeka formed a Covid-19 response committee to protect our people and prepare our business. We worked with health professionals to secure personal protective equipment and implement social distancing protocols to mitigate risk. We secured more-spacious accommodation for RSE workers and organised quarantine housing, which was later used to isolate suspected contacts of a confirmed community case.

During harvest, Seeka initiated new protective measures to keep our people safe as we worked to deliver an essential service. This included designating operational "bubbles", onsite personnel temperature logging, provision of personal protective equipment, two-metre screening, enlarged break areas, 24-hour cleaning and remote management. We were part of a community effort that kept our whānau safe as collectively we worked to clear our growers' crops and supply the world with safe, healthy food. Over the Level-4 lockdown period, Seeka paid $12.2m in direct salary and wages, along with a further $3.0m to picking contractors, and had no recorded cases of Covid-19 in our workforce.

Over the full year, the Group employed more than 3,000 people working in multiple complex environments. Group salary and wages equate to 1,680 full time equivalents.

The following table reports key health and safety measures and targets in 2020.

	2020 Annual threshold	2020 Actuals
Total recordable injury frequency rate [1]	Less than 4.5	4.5
Notifiable injuries	0	3
Notifiable injuries including incidents	1	3
Severity rate [2]	Less than 4.5	11.4

1. Total recordable injury frequency rate (TRIFR) is a key measure that compares total lost time injuries and medical treatments against the total number of hours worked. TRIFR = (number of recordable lost time and medical treatment injuries) x 200,000 / (number of employee hours worked).

2. Severity rate = (number of lost time injuries) / (number of days lost).

Principle 7. Auditors

"The board should ensure the quality and independence of the external audit process."

Seeka's Audit and Risk Committee Charter outlines Seeka's commitment to an independent audit process that provides shareholders and the markets with objective, robust, clear and timely financial reporting.

The audit and risk committee in consultation with management and the external auditor reviews the efficiency and effectiveness of the external audit process, and provides a formal channel of communication between the Board, senior management and the external auditor. The audit and risk committee:

- Oversees the independence of the auditor and ensures they conduct their operations free from any actual or perceived impairments, and
- Monitors the provision of any services beyond the auditor's statutory audit services.

For financial year 2020, Pip Cameron of PricewaterhouseCoopers (PwC) was the external auditor for Seeka Limited. Pip Cameron will complete her five-year term as Seeka's Auditor at the end of the 2020 financial year and Troy Florence of PwC will be the Auditor for FY21. The last audit partner rotation was in FY16.

PwC has confirmed its independence to the audit and risk committee, and that its independence was not compromised during the reporting period. PwC auditors attend the annual shareholder meeting to answer any shareholder questions about the audit.

During the year, PwC was paid $340,000 for audit fees and expenses, and $111,000 for tax compliance, pooling and consultancy work.

Internal audit

Seeka has a number of internal controls overseen by the audit and risk committee to ensure the integrity of key financial and operational data. This includes data access, internal financial controls, adequate resourcing, targeted internal audit programmes and monitoring management's response to external audit findings.

Due to the size of Group operations, rather than operating a dedicated financial audit function, Seeka uses its compliance team to conduct internal audit processes and monitor operational compliance, along with independent providers to regularly test the integrity of the Group's financial systems. Directors also pay attention to matters raised by PwC, the external auditor.

Principle 8. Shareholder rights and relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Seeka's shareholders include a significant number of grower clients, employees, suppliers and people living in our rural communities. Seeka maintains open channels of communication with a diverse range of groups to uphold our key brand attribute of delivering excellence to all stakeholders.

The Board is motivated and committed to transparent and regular reporting and engagement with shareholders including:

- Annual and interim reports
- Market announcements
- Annual shareholder meeting
- Mid-year stakeholder meeting
- Ad-hoc investor presentations
- Attendance of directors at seasonal grower roadshows held throughout the catchment for each produce type
- Clear access to investor information on the company's website, see Seeka.co.nz/investors
- Open access to senior managers via phone and email, see Seeka.co.nz/senior-management-team

Shareholders are actively encouraged to attend the annual shareholder meeting and mid-year stakeholder update, either in person or when practicable via the virtual online portal, where they can raise matters for discussion by directors and senior management. Shareholders vote on major decisions which affect Seeka at the annual shareholder meeting. Voting is by poll, conducted by the Company's registrar Link Market Services and overseen by the company's auditor PwC, on a one share, one vote principle.

Shareholders are provided with copies of the annual report, and are encouraged to receive electronic communication by contacting our registrar Link Market Services, see Linkmarketservices.co.nz. Notices of shareholder meetings are posted on the NZX website and Seeka's website. Where circumstances allow, Seeka sends notices of shareholder meetings at least 20 working days prior to the meeting. A link to Seeka's announcements can be directly accessed from Seeka's website, see Seeka.co.nz/nzx-announcements.

When raising new capital, when practical the Board will offer a scheme that allows existing shareholders to further invest in the Company so they can maintain their relative proportion of Seeka's issued shares.

Seeka's current and historical share price is located on the NZX website, see nzx.com/instruments/SEK

Corporate calendar

In the normal course of business, the Board reports to the following schedule.

End of year market announcement	Late February
Dividend payment	April
Annual shareholder meeting	April
Dividend payment	October
Stakeholder update	October

Differences in practice to NZX Code

The following table summarises the material differences between Seeka's corporate governance and the Code during the year. Where there are differences, these have been approved by the Board.

Principle		Concerning	Key difference	Period of non compliance
2. Board Composition and Performance	2.8	A majority of the board should be independent directors.	The Board Charter specifies a minimum of two independent directors. As Seeka's foundation business is kiwifruit, the Board considers it appropriate to have a mix of directors with extensive experience in kiwifruit production and handling, who in the normal course of business would supply Seeka with produce from their ongoing orcharding interests. The Board must also appropriately represent large shareholders. The specified minimum of two independent directors provides the flexibility to meet these two criteria, while also ensuring Board decisions reflect the best interests of Seeka and its security holders. Currently, four directors are deemed non-independent; two for their extensive interests in orchards that supply Seeka (industry expertise), one an appointee of a large shareholder (market expertise), and one that has extensive interests in orchards that supply Seeka as well as being an appointee of a large shareholder (industry expertise). Three of the seven directors (a minority) are independent.	At all relevant times
3. Board Committees	3.3	Remuneration committee should have a majority of independent directors.	To manage workload across the Board, the charter only specifies an independent chair. The current remuneration committee does comply with the code by having an independent chair, an independent director and a non-independent director.	At all relevant times
	3.4	Standing nominations committee with a majority of independent directors.	Nominations Committee Charter allows for the formation of an ad-hoc committee as required. To manage workload across the Board, the charter only specifies an independent chair.	At all relevant times
4. Reporting and Disclosure	4.3	Non-financial disclosures, including environmental, economic and social sustainability risks.	Seeka currently provides extensive reports on non-financial information to shareholders and other stakeholders. Seeka's sustainability team under the guidance of the Board sustainability committee is developing a formal environmental, social and governance (ESG) reporting framework, with the second ESG report published in this document.	At all relevant times
8. Shareholder Rights and Relations	8.5	Notices of shareholder meetings given at least 20 working days prior to meeting	Following implementation of Alert Level 4, on 31 March 2020 Seeka withdrew its notice for a physical annual shareholders meeting and issued a new notice for an online meeting to be held 17 April 2020. The new notice was issued less than 20 working days prior to the meeting. Seeka intends to provide shareholders with at least 20 working days' notice of shareholder meetings where practicable.	31 March 2020

DIRECTOR PROFILES

The following directors held office on 31 December 2020.

Fred Hutchings **BBS, FCA**

Independent, non-executive Chairman

Member Audit and Risk Committee and Sustainability Committee, Chair Remuneration Committee

Appointed 10 September 2012

Fred has commercial and business experience having been a partner at PricewaterhouseCoopers for 27 years where he specialised in assurance and advisory services, particularly for agribusiness. He also held leadership roles in the partnership including Wellington and South Island managing partner and for three years was a member of the firm's executive board.

Fred is a director of Speirs Group Limited and Speirs Food Limited, and retired as chairman of Tui Products Limited in 2018 when the business was sold. He is a past president of Chartered Accountants Australia and New Zealand.

Fred holds an interest in a kiwifruit orchard supplying Seeka.

Martyn (Marty) Brick **BAgCom**

Non-executive Director

Appointed 23 April 2013

Marty has experience in agribusiness having worked in rural banking, finance, and horticulture. He established kiwifruit orchards in the Bay of Plenty, and a post harvest operation which was later sold to Huka Pak. Marty became a director of Te Awanui Huka Pak and chairman of Te Awanui Grower Council up until Huka Pak's merger with Seeka in 2009.

Marty holds interests in kiwifruit and avocado orchards supplying Seeka.

John Burke **BAgSc**

Non-executive Director

Member Audit and Risk Committee and Sustainability Committee

Appointed 24 April 2012

John has an agribusiness background and qualifications, having worked for the Rural Bank and operated a rural valuation and consultancy practice. He has knowledge of kiwifruit operations from the orchard to the market having been the chief executive of Te Awanui Huka Pak where he helped establish collaborative programmes into Asia and North America, before becoming the general manager Kiwifruit Vine Health.

John is a kiwifruit orchardist supplying Seeka, and a farmer.

Peter Ratahi Cross

Non-executive Director

Member Remuneration Committee

Appointed 1 March 2016

Ratahi is the chairman of several trust boards throughout the eastern areas of the North Island. He chairs Te Awanui Huka Pak Limited and Ngai Tukairangi Trust, the largest Māori kiwifruit grower in New Zealand. The trust operates orchards on the Matapihi Peninsula at Mount Maunganui, and in the Hawke's Bay, which supply Seeka.

Ratahi has a background in natural science specialising in native flora and fauna. He also lectures in Māori history for several tribes he belongs to.

Amiel (Mel) Diaz **BA, BSc, CPA, CISA**

Non-executive Director

Appointed 19 October 2009

Mel is the head of the Philippines subsidiaries of Farmind Corporation. He has knowledge of the Asian fresh produce business, with an emphasis on Japan and the Philippines, and is currently establishing a 250 hectare highland banana plantation in the Philippines for Farmind Corporation.

Mel has executive management experience in technology, telecommunications, manufacturing, finance, service, business consultancy and the fresh produce industry, having worked for more than 30 years in various executive positions, board memberships and advisory roles.

Mel is a certified public accountant (CPA) in the Philippines and a certified information systems auditor (CISA) in the USA and the Philippines.

Cecilia Tarrant **BA/LLB Hons, LLM**

Independent, non-executive Director

Chair Sustainability Committee and member Remuneration Committee

Appointed 27 April 2017

Cecilia has more than 25-years experience in law and finance, having worked as a lawyer in Auckland and San Francisco before becoming an investment banker in New York and London. She is now a professional director. Cecilia is the chair of New Zealand Green Investment Finance Limited, a director of Payments NZ, a trustee of the University of Auckland Foundation and a member of the University of Auckland Council. She is also involved in start-up investing and is the chair of the ArcAngels network.

Cecilia is involved in both the beef and dairy industries through her family's ownership of a dry stock farm in the Waitomo area and partnership in a dairy farm in the Otorohanga district. Her family have lived in the Waitomo area for more than 100 years.

Ashley Waugh **BBS**

Independent, non-executive Director

Chair Audit and Risk Committee

Appointed 21 May 2014

Ashley has experience in the fresh food industry having worked within the Australasian Fast Moving Consumer Goods (FMCG) markets for more than 30 years. He also has global experience in the FMCG, foodservice and ingredients markets.

Ashley was the chief executive officer of Australian dairy foods and juice giant National Foods until its merger with Lion Nathan in 2009. His prior business experience was with the New Zealand Dairy Board and Ford Motor Company.

He currently serves on the board of Colonial Motor Company and chaired Moa, New Zealand's largest craft brewer, until retiring in 2017, and was a director of Fonterra Co-operative Group Limited until retiring in November 2018.

Changes in Board membership

Board membership remained the same throughout 2020.

INTERESTS REGISTER

During the year the Group undertook related party transactions with directors in the ordinary course of the Company's business and on usual terms and conditions.

Directors have made general disclosures of interests in accordance with s140 (2) of the Companies Act 1993. New disclosures advised since 31 December 2019 are italicised.

Fred Hutchings	Amwell Holdings Limited	Director / Shareholder
	Walker Nominees Limited	Director
	Speirs Group Limited and subsidiaries	Director
	AvoFresh Limited	Director
	Seeka Share Trustee Limited	Director
Martyn Brick	Strathboss Kiwifruit Limited	Director / Shareholder
	Seeka Growers Limited	Director
	Omega Kiwifruit Limited	Director / Shareholder
	Katoa Partnership	Partner
	Zespri International Limited	Shareholder
	Rokeby Trust	Beneficiary
	Rising Sun Orchards Limited	Shareholder
John Burke	J & D Burke Holdings Limited	Director / Shareholder
	Rokeby Trust	Trustee
	Zespri International Limited	Shareholder
	Pukekauri Farming Limited	Director / Shareholder
Peter Ratahi Cross	Ngai Tukairangi No2 Trust	Trustee / Chairman
	Te Awanui Huka Pak Limited	Director
	Seeka Share Trustee Limited	Director
	Wai O Kaha Gold Landowners General Partner Limited	*Chair*
	Wai O Kaha Gold JV General Partner Limited	*Chair*
Amiel Diaz	Farmind Philippines Inc.	Director / Officer
	Farmind Corporation of Japan	Officer
Cecilia Tarrant	Payments NZ Limited	Director
	University of Auckland Foundation	Trustee
	ArcAngels Angel Investment Network	Chair
	University of Auckland Council	Member
	New Zealand Green Investment Finance Limited	Chair
	Seeka Share Trustee Limited	Director
Ashley Waugh	Primrose Hill Farm (Puke-Roha Limited) - Te Awamutu	Director / Shareholder
	The Colonial Motor Group Limited	Director / Shareholder

DIRECTORS' INTERESTS IN SEEKA LIMITED SECURITIES

The following table details director interests in shares at 31 December 2020.

	Interest	Shares
Martyn Brick	Beneficial [1]	1,423,361
John Burke	Beneficial [2]	94,806
	Non beneficial [3]	83,000
Peter Ratahi Cross	Beneficial [4]	2,300,040
Fred Hutchings	Beneficial [5]	48,385
Cecilia Tarrant	Beneficial	6,500
Ashley Waugh	Beneficial	13,166

1. Held by Omega Kiwifruit Limited (1,098,323), Strathboss Kiwifruit Limited (118,853), Martyn Brick, Christopher Mcfadden and John Burke as trustees of the Rockeby Trust (83,000), Seeka Share Trustee Limited for and on behalf of Martyn Brick (8,659), Omega Kiwifruit Limited (47,572) and Strathboss Kiwifruit Limited (66,954).

2. Held by J&D Burke Holdings Limited (94,806) and Seeka Share Trustee Limited for and on behalf of J&D Burke Holdings Limited (4,365),

3. Held by Martyn Brick, Christopher Mcfadden and John Burke as trustees of the Rockeby Trust.

4. Held by the trustees of the Ngai Tukairangi No. 2 Trust (459,551), Te Awanui Huka Pak Limited (1,714,410), and Seeka Share Trustee Limited for and on behalf of the trustees of the Ngai Tukairangi No.2 Trust (126,079). P R Cross is a trustee of the Ngai Tukairangi No. 2 Trust and a beneficiary, and interests associated with P R Cross are beneficiaries, of the Ngai Tukairangi No. 2 Trust. Te Awanui Huka Pak Limited holds Ordinary Shares in Seeka Limited. P R Cross is a director of Te Awanui Huka Pak Limited. The trustees of the Ngai Tukairangi No. 2 Trust are shareholders in Te Awanui Huka Pak Limited.

5. Held by Walker Nominees Limited (43,421), Seeka Share Trustee Limited for and on behalf of Amwell Holdings Limited (2,463) and by Sharesies Nominee Limited on behalf of F A Hutchings (2,501).

The following table details director dealings in Seeka shares during the year.

	Transaction	Date	Number	Total consideration
John Burke [1]	Purchase [2]	30 September 2020	2,084	$8,223
Fred Hutchings	Purchase [4]	20 August 2020	2,501	$10,250
	Purchase [2, 3]	30 September 2020	1,000	$3,946
Cecilia Tarrant	Purchase [2]	30 September 2020	150	$592
Ashley Waugh	Purchase	25 May 2020	6,000	$25,800

1. Acquired by J&D Burke Holdings Limited.

2. Acquired under the Seeka dividend reinvestment plan.

3. Acquired by Walker Nominees Limited.

4. Acquired by Sharesies Nominees Limited on behalf of F A Hutchings.

SUBSIDIARY COMPANIES

The following table details directors of Seeka Limited subsidiary companies as at 31 December 2020. No person ceased to hold office, or was appointed, as a director of any subsidiary in the financial year to 31 December 2020.

Michael Franks and Stuart McKinstry are officers of Seeka Limited. Robert Towgood is a senior manager at Seeka Limited. Anthony Motion is an independent director for the Group's Australian subsidiaries.

New Zealand incorporated companies

Trading subsidiaries

Aongatete Coolstores Limited	Michael Franks, Stuart McKinstry
AvoFresh Limited	Michael Franks
Delicious Nutritious Food Company Limited	Michael Franks, Stuart McKinstry
Integrated Fruit Supply & Logistics Limited	Michael Franks
Kiwi Coast Growers (Te Puke) Limited	Michael Franks, Stuart McKinstry
Seeka Share Trustee Limited	Fred Hutchings, Cecilia Tarrant, Peter Ratahi Cross
Seeka Te Puke Limited	Michael Franks, Stuart McKinstry

Not-trading subsidiaries

CMS Logistics Limited	Robert Towgood
Eleos Limited	Michael Franks, Stuart McKinstry
Enviro Gro Limited	Michael Franks
Glassfields (NZ) Limited	Michael Franks, Stuart McKinstry
Guaranteed Sweet Limited	Michael Franks, Stuart McKinstry
Kiwifruit Vine Protection Company Limited	Michael Franks
Northland Horticulture GP Limited	Michael Franks, Stuart McKinstry
Nutritious Delicious Food Company Limited	Michael Franks, Stuart McKinstry
Seeka Dairy Ventures Limited	Michael Franks, Robert Towgood
Seeka Fresh Limited	Michael Franks, Stuart McKinstry
Verified Lab Services Limited	Michael Franks, Stuart McKinstry

Australian incorporated companies

Little Haven Holdings Pty Limited	Michael Franks, Stuart McKinstry, Anthony Motion
Seeka Australia Pty Limited	Michael Franks, Stuart McKinstry, Anthony Motion
Seeka Pollen Australia Pty Limited (not trading)	Michael Franks, Stuart McKinstry, Anthony Motion

Directors of Group subsidiary companies did not undertake any share dealings in those companies.

Subsidiary directors' interests register

Directors of Seeka subsidiaries have made general disclosures of interests in accordance with s140 (2) of the Companies Act 1993. No new disclosures have been advised since 31 December 2019.

Michael Franks	Rising Star Orchards Limited	Director / Shareholder
Stuart McKinstry	Rivas Orchards Limited	Director / Shareholder
	R&M Orchards Limited	Director / Shareholder

Anthony Motion has not made any general interest disclosures.

Subsidiary company director remuneration

Seeka Limited officers Michael Franks and Stuart McKinstry, and senior manager Robert Towgood received no beneficial director's fees or other benefits except as employees.

The following table details the remuneration of Anthony Motion, the independent director for the Group's Australian subsidiary companies.

Director fees	AUD	NZD @ $1.06
Anthony Motion	$ 20,000	$ 21,200

EMPLOYEE REMUNERATION

In 2020, the Group employed 424 permanent and more than 3,000 seasonal employees.

The Group had 148 employees (December 2019 - 112), including 8 employees (December 2019 – 7) employed by subsidiaries, that are not directors whose annual cash remuneration and benefits (including motor vehicles and termination costs) exceed $100,000 in the financial year.

Remuneration	2020	2019
$100,000 - $109,999	35	36
$110,000 - $119,999	38	19
$120,000 - $129,999	21	15
$130,000 - $139,999	10	9
$140,000 - $149,999	12	7
$150,000 - $159,999	7	5
$160,000 - $169,999	3	3
$170,000 - $179,999	8	4
$180,000 - $189,999	2	2
$190,000 - $199,999	4	2
$200,000 - $209,999	1	1
$210,000 - $219,999	1	1
$220,000 - $229,999	1	-
$230,000 - $239,999	-	1
$240,000 - $249,999	1	-
$250,000 - $259,999	1	-
$260,000 - $269,000	-	1
$270,000 - $279,000	-	1
$280,000 - $289,000	-	1
$290,000 - $299,999	1	-
$300,000 - $309,999	1	-
$310,000 - $319,999	-	1
$320,000 - $329,999	1	-
$340,000 - $349,999	1	1
$350,000 - $359,999	-	1
$390,000 - $399,999	1	-
$400,000 - $409,999	2	-
$830,000 - $839,999	1	-
$900,000 - $909,999	-	1
Total	153	112

Remuneration includes key performance indicator payments. Remuneration by the Group’s Australian subsidiary Seeka Australia in Australian dollars was converted to New Zealand dollars using the average exchange rate for the year. The impact of movements in exchange rates from 2019 to 2020 was reviewed and would not have significantly changed the employee remuneration disclosure.

Employee share scheme

As part of their employment benefits, eligible permanent employees are invited to participate in Seeka’s employee share ownership scheme.

In March 2019, offers under Seeka's employee share ownership scheme were made and 568,000 shares were allocated to permanent employees at $4.76 per share on 10 April 2019. The shares vest in 2022.

OTHER DISCLOSURES

Indemnities and insurance

Clause 9.7 of the Constitution allows the Company to indemnify and insure directors to the extent permitted by the Companies Act 1993. The Company has provided insurance for all directors and officers, including directors of subsidiaries.

Summary of waivers granted by NZX

No waivers were granted, published or relied on by Seeka in the year ended 31 December 2020.

Donations

In the year ended 31 December 2020, the Group donated $129,167 to support local youth development, community and sports groups.

Divided reinvestment plan

Under the company's dividend reinvestment plan, holders of ordinary shares may elect to reinvest the net proceeds of cash dividends payable or credited to acquire fully paid ordinary shares in the company.

Substantial product holders

The following table details information in compliance with s293 of the Financial Markets Act 2013. Unless stated otherwise, the number of shares disclosed is the number of shares held as at 31 December 2020. The total number of ordinary listed shares of Seeka Limited at that date was 32,204,039.

	Date of Notice	Shares disclosed
Tomlinson Group Investments Limited	21 December 2020	2,899,930
Sumifru Singapore Pte Limited	15 September 2015	2,093,558
Te Awanui Huka Pak Limited	11 September 2015	1,267,410 [1]
Jarden Securities Limited - notice of ceasing to have a substantial holding	24 November 2020	695,683
Farmind Corporation of Japan - notice of ceasing to have a substantial holding	18 December 2020	-

1. According to Seeka's records, Te Awanui Huka Pak Limited holds 1,714,410 shares as at 31 December 2020.

SECURITIES STATISTICS

As at 28 January 2021

Top 50 shareholders

Top 50 shareholders	Number of ordinary shares	Percent
Tomlinson Group Investments	2,899,930	8.98
Seeka Share Trustee Limited [1]	2,539,055	7.86
Sumifru Singapore Pte Limited	2,093,558	6.48
Te Awanui Huka Pak Limited	1,714,410	5.31
Masfen Securities Limited	1,138,100	3.52
Omega Kiwifruit Limited	1,098,323	3.40
FNZ Custodians Limited	1,024,043	3.17
New Zealand Central Securities	932,567	2.89
Custodial Services Limited	685,259	2.12
Christopher William Flood & Mark Schlagel	477,130	1.48
Riri Ellis & Helen Te Kani & Joshua Gear & Carlo Ellis	459,551	1.42
Gregory Alan Cole	372,208	1.15
Estate Jack Law & Patricia Colleen Law	310,240	0.96
Anne Louise Bayliss & Christopher James Mcfadden	293,280	0.91
Forsyth Barr Custodians	271,382	0.84
Lloyd James Christie	250,000	0.77
Wairahi Investments Limited	250,000	0.77
Robin Moss	235,295	0.73
Burts Orchards (1997) Limited	220,922	0.68
Grant Keith Oakley & Deborah Jane Oakley & BRG Trustees 2013 Limited	215,871	0.67
Stewart Moss	178,251	0.55
New Zealand Depository Nominee	164,138	0.51
Michael Gilbert Franks	148,337	0.46
Matthew Ian Tremain	142,033	0.44
Iconic Investments Limited	140,000	0.43
Malcolm John Cartwright & Helen Catherine Cartwright & Graeme Ingham Trustee Co Limited	130,028	0.40
Custodial Services Limited	129,122	0.40
Jean Paul Henri Mathias Thull	124,741	0.39
Seeka Employee Share Plan	121,008	0.37
Strathboss Kiwifruit Limited	118,853	0.37
Brian John Cotton Stapleton & Lois Eileen Cotton Stapleton	114,766	0.36
Christopher Robert Malcolm & Helen Ann Malcolm	110,853	0.34
Bowyer Orchards Limited	106,138	0.33
Murray Charles Salt & Heather Florrence Salt	103,770	0.32
Bryan Francis Grafas	103,271	0.32
Robyn Adair Slater	100,589	0.31
Joseph Wallace Carson	100,000	0.31
J and D Burke Holdings Limited	92,584	0.29
Korau Guy Tekani & Victoria Keltie Beadle Werohia & Marama Jacquiline Royal	91,986	0.28
Custodial Services Limited	88,151	0.27
JML Capital Limited	85,400	0.26
Martyn Timothy Brick & Christopher James Mcfadden & John Garland Burke	83,000	0.26
FNZ Custodians Limited	82,890	0.26
Terence Morrow Hawthorne & Gloria Nancy Hawthorne & Wood Walton Trustees (2007) Limited	77,076	0.24
David Murray Reid & Beverley Ann Reid & John Alexander Stewart	75,943	0.24
Jean Sandiford	74,242	0.23
Andrew James Northcote Hill & Janice Margaret Hill & Hill Trustees 2017 Limited	73,890	0.23
Heather Olive Wright	71,362	0.22
David Grindell	66,536	0.21
John Peter Jensen & Patricia Joan Jensen	62,867	0.19
Total	**20,642,949**	**63.92**

1. Shares held as a bare trustee in multiple parcels for members of the grower loyalty share scheme (2,008,055) and employee share ownership scheme (531,000).

Shareholder analysis

Shareholder analysis	Investors	Percentage of investors	Shares	Percentage of shares
By shareholding size				
Up to 1,000 shares	564	25.28	281,073	0.87
1,001 to 5,000 shares	1,014	45.45	2,680,859	8.30
5,001 to 10,000 shares	311	13.94	2,293,659	7.10
10,001 to 50,000 shares	275	12.33	5,454,220	16.89
50,001 to 100,000	31	1.39	2,067,524	6.40
100,001 to 500,000	27	1.21	5,391,777	16.70
More than 500,000	9	0.40	14,125,245	43.74
Total	**2,231**	**100.00**	**32,294,357**	**100.00**
By residency				
New Zealand shareholders	2,184	97.89	29,824,582	92.35
Overseas shareholders	47	2.11	2,469,775	7.65
Total	**2,231**	**100.00**	**32,294,357**	**100.00**

DIRECTORY

Board of directors

Fred Hutchings - Chair

Martyn Brick

John Burke

Peter Ratahi Cross

Amiel Diaz

Cecilia Tarrant

Ashley Waugh

Audit and risk committee

Ashley Waugh – Chair

John Burke

Fred Hutchings

Sustainability committee

Cecilia Tarrant – Chair

John Burke

Fred Hutchings

Remuneration committee

Fred Hutchings – Chair

Ratahi Cross

Cecilia Tarrant

Company officers

Michael Franks
Chief Executive Officer

Stuart McKinstry
Chief Financial Officer and Company Secretary

Senior management team

Michael Franks
Chief Executive

Kate Bryant
GM Corporate Services

Stuart McKinstry
Chief Financial Officer

Verena Cunningham
GM SeekaFresh and Strategy

Jim Smith
GM Growers and Marketing

Kevin Halliday
GM Operations

Rob Towgood
GM Commercial

Registered office

Seeka Limited

34 Young Road, RD9, Paengaroa 3189

PO Box 47, Te Puke 3153

Seeka.co.nz

Auditor

PricewaterhouseCoopers

Auckland

www.pwc.co.nz

Bankers

Westpac Banking Corporation

Auckland

www.westpac.co.nz

Coöperatieve Rabobank U.A. (Rabobank)

Wellington

www.rabobank.co.nz

Share register

Link Market Services Limited

Auckland

www.linkmarketservices.co.nz

NZX

www.nzx.com

Legal advisors

Harmos Horton Lusk Limited

Auckland

www.hhl.co.nz

MacKenzie Elvin

Tauranga

mackenzie-elvin.com

Seeka

34 Young Road, RD 9, Te Puke 3189
PO Box 47, Te Puke 3153, New Zealand
+64 7 573 0303, info@seeka.co.nz

seeka.co.nz