

INTERIM REPORT

JUNE 2021

CONTENTS

1 From the Chair and Chief Executive

11 Sustainability report

12 Carbon footprint reporting

15 Interim financial statements

36 Directory



Packing Hayward kiwifruit at Seeka Katikati.

FROM THE CHAIR AND CHIEF EXECUTIVE

Seeka is pleased to present its financial results and commentary for the six months ended 30 June 2021. Despite challenging operating conditions with labour shortages, market and shipping disruptions, Seeka delivered outstanding customer service and excellent financial results to shareholders.

The company delivered on its strategy to improve earnings while delivering operational excellence, registering multiple highlights across the business in the six months to June. This included the purchase of Ōpōtiki Packing and Cool Storage Limited (OPAC) on 4 May, and in July announced a minority stake in the high-tech orchard-focussed start up Fruitometry.

As OPAC was purchased mid-season and had already earned 85% of its full-year EBITDA prior to takeover, Seeka will incur the operating overheads for the remainder of 2021. From next year, these earnings will be recorded in Seeka's Group financial statements. The business is now integrated, operating and cost structures reset, and synergy savings are on target. Acquisition and restructuring costs are included in this interim result.

Seeka announced capacity upgrades to handle the near-term increase in kiwifruit volumes. The proposed new packhouse build at Pukenga has been delayed in favour of installing a new packing machine at KKP and high-efficiency coolstores at Transcool. The impairment costs associated with removing the old packline and coolstores are included in this result.

Seeka progressed its sustainability programme with the assessment and independent verification of our 2019 carbon footprint. Using this information, initiatives are underway to reduce Seeka's environmental impact and assess the risks and opportunities associated with climate change. Details on Seeka's carbon footprint plan are included in the document's [sustainability report](#) along with an [overview of Seeka's 2019 carbon footprint](#). Sustainability updates will be a focus of future stakeholder reporting.

Seeka reminds stakeholders that it operates in a seasonal industry with substantial earnings occurring in the first six months as fruit is harvested in New Zealand and Australia.

Results for the six months ended 30 June 2021

Key financial components of the six months include:

- \$224.5m revenue (previous corresponding period to June 2020 (pcp): \$178.7m); up 26%.
- \$20.6m profit after tax (pcp: \$18.4m); up 12%.
- \$30.8m profit before tax (pcp: \$17.4m); up 77%.
- \$34.7m earnings before interest and tax (EBIT) (pcp: \$21.4m); up 62%
- \$46.9m earnings before interest, tax, depreciation, amortisation, impairments and revaluations (EBITDA) (pcp: \$30.4m); up 54%.
- \$518.9m total assets; up 25% from the pcp.
- \$0.12 dividend per share declared during the period.
- \$127.8m net interest-bearing debt; a decrease of \$1.5m from the pcp, after assuming \$21.9m of OPAC debt. At 30 June Seeka had temporarily advanced \$23.0m to Seeka Growers Limited (pcp: \$21.1m).
- \$1.4m one-off costs from the OPAC acquisition and restructure.
- \$1.0m impairment costs from decommissioning the old KKP grader and Transcool coolstores ahead of the new builds.
- \$2.9m net profit before tax from Seeka OPAC recorded in Seeka's result since acquisition, in addition to \$1.8m pre-acquisition profit before tax recorded in the opening balance sheet.

Key operational components include:

- No serious harm incidents and a 78% reduction in serious harm injuries in a high-pressure harvest; new HIT-NOT technology being deployed on forklifts across all sites along with other initiatives to deliver a safe environment to Seeka employees and visitors.
- Successful harvest, operational processing, and capacity management across New Zealand and Australia including kiwifruit, avocado, kiwiberry, nashi and pears.
- First year of new independent kiwifruit maturity clearance operation at VLS; 1.4m tests completed on 6.4m kiwifruit to deliver timely results to growers.
- Excellent kiwiberry harvest and integrated packing and selling programme in conjunction with Freshmax; fourth year of excellent returns to growers with orchard gate returns (OGRs) averaging more than \$200,000 per hectare.
- Successful completion of the 2020/21 avocado harvest and marketing programme that delivered an industry-leading average export OGR of \$27.67 per tray as SeekaFresh sold 613,000 trays into Australia, Thailand, Korea and the Pacific, plus 289,000 trays to New Zealand retail and wholesale.
- Operational and financial improvements at Seeka Australia, delivering \$1.4m EBIT; similar to pcg after allowing for \$0.5m of lease depreciation and interest.
- Continuing growth and improving financial returns in the SeekaFresh retail services business with \$1.3m EBIT; up 89% on pcg.

Financial performance

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

New Zealand dollars	June 2021	June 2020	Change
Total revenue (\$m)	\$ 224.5	\$ 178.7	25.6%
EBITDA before impairments and revaluations (\$m)	\$ 46.9	\$ 30.4	54.1%
EBIT (\$m)	\$ 34.7	\$ 21.4	62.0%
NPAT (\$m)	\$ 20.6	\$ 18.4	11.9%
Basic earnings per share	\$ 0.65	\$ 0.57	14.0%
Net bank debt (\$m)	\$ 127.8	\$ 129.3	(1.1%)

Review of operations

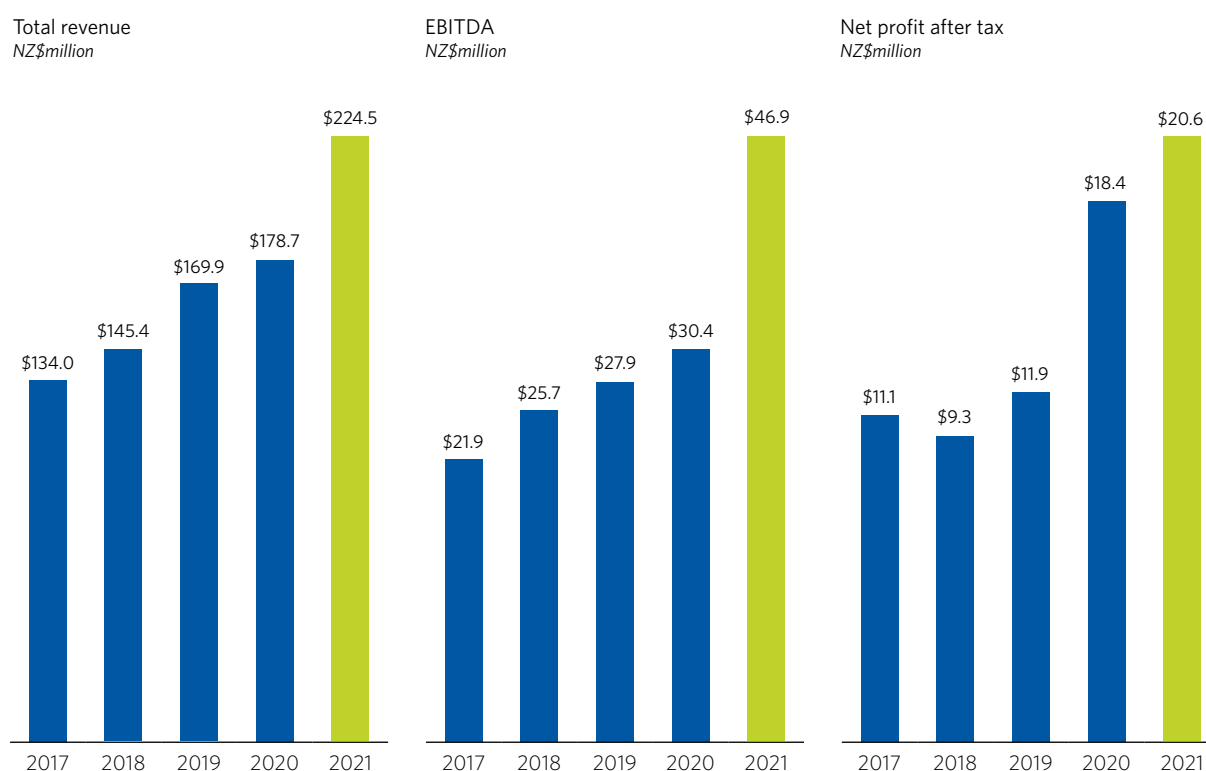
Financial

Revenue for the six months ended 30 June 2021 increased 26% to \$224.5m (pcp: \$178.7m). EBITDA was \$46.9m (pcp: \$30.4m); up 54%. Profit before tax improved by \$13.4m to \$30.8m (up 77%) and profit after tax improved by \$2.2m to \$20.6m (up 12%), noting a \$5.6m deferred tax credit in the pcp.

The half year results include several notable items:

- \$2.9m net profit before tax from the OPAC business since acquisition. Prior to acquisition from 1 January to 4 May 2021, \$1.8m of OPAC net profit before tax was recorded in the opening balance sheet.
- \$1.0m impairment costs from the write-down of the KKP packing machine and Transcool coolstore which are being removed in preparation for harvest 2022 capacity upgrades.
- \$1.4m for OPAC acquisition and restructuring; the \$2.6m annualised acquisition synergy savings target was exceeded.
- \$1.9m MIQ costs incurred to onboard 300 additional RSE workers.

Key financial indicators to 30 June



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

Operating segment 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 performance of each key stage of our New Zealand supply chain, and a single Australian segment that covers all operations and produce from our Australian orchards. We also report on a fourth New Zealand segment comprising the Group's enabling corporate services.

Orchard operations

Seeka's New Zealand fruit production services. Growing export kiwifruit, avocado and kiwiberry from 370 orchards via management, lease and long-term lease contracts. Seeka, with OPAC, grew 10% of the national kiwifruit crop from harvest 2021.

Post harvest operations

Seeka's New Zealand supply chain services. Contract harvesting, packing, coolstoring and supplying kiwifruit, avocado and kiwiberry from 950 orchards, including all produce from our orchard operations and for independent growers. Seeka, with OPAC, handled 24% of the national kiwifruit crop from harvest 2021.

Retail services

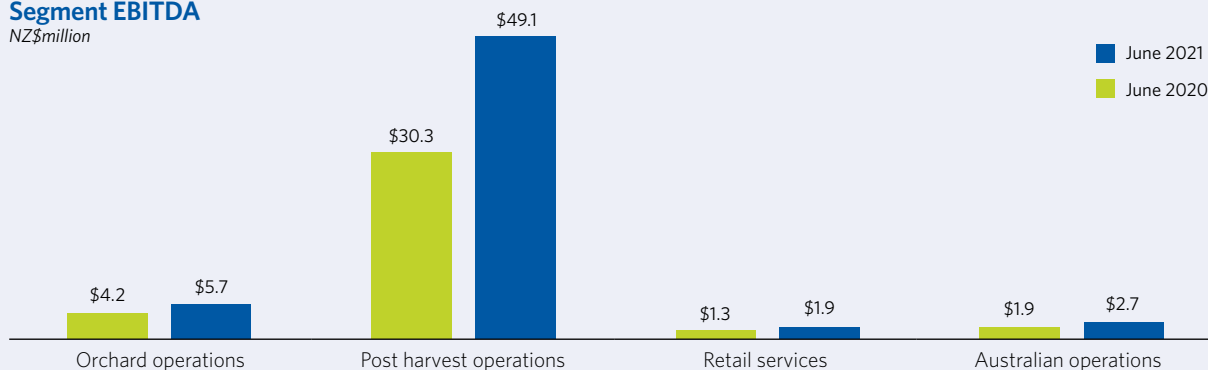
Seeka's marketing services. Commission selling local and imported produce to retailers and the hospitality industry from our Auckland and Christchurch supply centres, exporting local produce to Asia and Australia, and manufacturing and selling the high-value nutritional foods Kiwi Crush and avocado oil.

Australian operations

Seeka's Australian fruit production, handling and retailing services. Growing, handling and retailing a large portion of Australia's locally-grown kiwifruit, nashi and pears from 162 hectares of owned and 114 hectares of long-term leased orchards.

Segment EBITDA

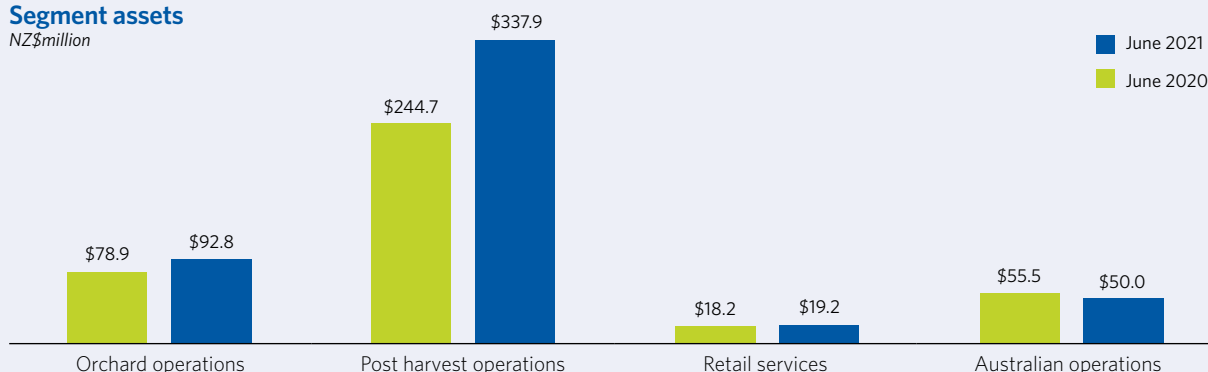
NZ\$million



Excludes EBITDA overheads from the Group's enabling corporate services; \$12.5m June 2021, \$7.2m June 2020.

Segment assets

NZ\$million



Excludes assets from the Group's enabling corporate services; \$18.9m June 2021, \$19.0m June 2020.

New Zealand orchard operations

Orchard operations span south from Northland through the Coromandel, Bay of Plenty and to the East Coast, and includes growing kiwifruit, avocado and kiwiberry on leased, long term leased, and Seeka-owned orchards. The OPAC acquisition expands Seeka's orcharding capability in Ōpōtiki and the East Coast and extends Seeka into the Gisborne region. The orcharding business also provides comprehensive orchard and vine management services to owners and develops orchards for landowners under long-term leases and in partnership with iwi.

The Seeka business (excluding OPAC) grew 14.4m trays of kiwifruit compared to 13.0m trays in the pcp. In addition, OPAC's orchard management team produced 3.7m trays for a combined production of 18.1m trays. Seeka is the largest kiwifruit grower in New Zealand.

The growing season was good, and the previous drought-affected regions benefited from rain through key growing periods. Hayward yields recovered to average 12,302 trays per hectare, compared against 2020's drought-impacted 10,200 trays, and a five-year average of 10,800 trays per hectare. This recovery in Hayward yield is pleasing.

Seeka also grew 1,394,000 kilograms of avocado for the 2020/21 season, (pcp: 1,614,000 kgs) and 140,000 kilograms of kiwiberry for harvest 2021 (pcp: 171,750 kgs).

Orchard operations revenue for the six months of \$53.7m is up \$6.3m from the pcp, reflecting higher yields and excellent avocado and kiwiberry returns. \$5.7m EBITDA for the period is up 36% on the pcp's \$4.2m.

Our strategy is to continue to invest in long term leases to secure supply. Fruit volumes from orchard operations are expected to increase as these orchards reach maturity.



Picking SunGold kiwifruit.

New Zealand post harvest operations

Post harvest operates nine major facilities spread throughout the North Island's major kiwifruit regions, following the addition of the OPAC facility. These dedicated and modern packhouses handle all produce from our orcharding operations and from independent growers.

In 2021, Seeka packed 36.8m trays of kiwifruit (pcp: 33.4m) with OPAC packing another 8m trays (pcp 7.4m). Kiwifruit volumes recovered from droughts in 2019 and 2020. Seeka also packed 88,000 trays of kiwiberry, contract packed citrus in Kerikeri, and packed 262,000 trays of avocado from the 2020/21 avocado season.

Post harvest revenue of \$145.2m is up 34% from the pcp's \$108.1m due to volume and price increases. The cost of labour once again increased as post-harvest companies sought to attract scarce labour and RSE worker costs increased with MIQ costs. \$49.1m EBITDA for the period is up \$18.8m from the pcp's \$30.3m.

New Zealand SeekaFresh retail services operations

SeekaFresh includes the supply, export and sale of avocado, kiwiberry and class 2 New Zealand kiwifruit, export sales of New Zealand kiwifruit through a collaborative programme, operation of our New Zealand wholesale marketing business including imported tropical fruits, and the manufacture and sale of Kiwi Crush and avocado oil.

Revenue increased 18% to \$11.5m. EBITDA of \$1.9m is up on the pcp's \$1.3m. The business benefited from a strong close to the 2020/21 avocado selling season.

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, operates and continues to develop 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.

Seeka's Australian business was impacted by Covid-19. Operations adapted with local management delivering excellent results in the circumstances. Labour is very short, and there are ongoing market disruptions and lockdowns.

The tremendous job done by the Australian team delivered profit growth that exceeded the new orchard lease costs. Innovative management of orchard labour and post-harvest automation delivered our customers excellent service and quality produce, despite the disruptions.

Total revenue for the six months of \$13.9m compares against pcp of \$13.3m. EBITDA of \$2.7m compares to pcp of \$1.9m, with EBIT of \$1.4m in line with pcp's \$1.4m.

Avocados and kiwiberry positive highlights

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

The 2020/21 avocado season had an excellent finish with 262,000 trays handled and sold since 1 January to the export and local markets, delivering strong returns to Seeka's supplying growers. The 2021/22 avocado season, however, appears soft with a glut of avocados and low export market values dampening the industry's 2021/22 outlook.

88,000 trays (1.6 kgs per tray) of kiwiberry were successfully harvested and marketed in collaboration with Freshmax or directly by SeekaFresh. Grower OGRs averaged \$200,000 per hectare with the highest more than \$270,000 per hectare.

Automation, technology and capacity

Seeka undertook multiple automation trials throughout the season to test labour-saving technologies and better understand design performance, particularly as we consider a new packhouse build. Options include packaging enhancements and automated box filling, with the business testing new scanning technology at Katikati which reduced manual grading. This was particularly successful.

On-orchard innovation continues to ramp up. In July, Seeka took a stake in digital start-up Fruitometry. Using smart orchard scanning technology, Fruitometry provides valuable information to improve orchard management and post harvest planning. This investment is a part of Seeka's commitment to develop and deploy technology that improves operational efficiency and decision making.

Construction of a new packhouse on the Pukenga orchard adjacent to Seeka 360 continues to be evaluated. Before committing to this large investment, Seeka must be confident that automation will deliver operational efficiencies and cost savings, and have certainty about pack plans, the packhouse's financial viability, and the availability to ship on time, including the option to deliver kiwifruit free on truck in the market. Currently we lack sufficient confidence to proceed with this investment.

Kiwifruit volumes are increasing faster than previously anticipated. Our disciplined capacity planning indicates that Seeka's facilities will be capacity constrained next season. We responded with a \$20m investment to replace KKP's old grader with an automated high-efficiency machine and replace Transcool's old coolstores with high-efficiency stores. To be completed prior to harvest 2022, these developments are expected to balance Seeka's post harvest capacity through to 2024.



Kiwifruit skin scanning technology in operation at Seeka Katikati

Labour

Labour is an ongoing challenge for primary producers and exporters throughout New Zealand and Australia. Severe labour shortages during peak demand are common. During peak picking and packing, skilled orchard and packhouse workers were extremely short.

Seeka acted by collaborating with iwi and government agencies to get more locals into jobs. One example is a Northland joint initiative with Ngāti Hine and the Ministry of Social Development (MSD) to induct and train locals to become employment ready for the horticulture industry with career prospects. This initiative was successful.

Seeka worked positively with MSD to facilitate regional workers by providing transport to Seeka facilities. Workers at Seeka are paid competitive remuneration and are provided with great working conditions. We have on-site gyms for staff at Kerikeri and Seeka 360 with a wellness programme about to be added.

Seeka worked and paid public holidays.

Local workers were complemented with access to overseas workers through the Recognised Seasonal Employer (RSE) scheme. Costing \$1.9m, Seeka added 300 RSE workers from the government's 2000 RSE access quota. These people provided pivotal labour, particularly early harvest and at its peak. Despite these initiatives, Seeka was short of workers at critical times. There were simply no more people to employ. As a result, many of our people worked longer and much harder to get the job done; performance we are grateful for.

Health and safety

Labour shortages exacerbated the safety risk profile. People worked harder to cover the labour shortfall. Seeka took all efforts to keep our people safe and continues to invest in safety. More barriers, more guarding, more focus on removing the chance of collision between humans and mobile plant, and more focus on our safety management and planning. There were no serious harm incidents at Seeka and less lost time injuries than the pc.

Safety initiatives include trialling new technology that alerts forklift drivers when people are near. This follows two serious harm incidents last year that drove us to search for a solution to forklift incidents.

Seeka introduced lead indicators to our safety performance measures. Recording safety meetings and attendees across the Group, this new Inspirational People measure is helping instil a company-wide safety culture.

Actuals and targets	To 30 June 2021	Target threshold
Total recordable injury frequency rate ¹	3.87	Less than 4.5
Serious injuries ²	0	0
Inspirational People - H&S meetings held	95%	90%

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

2. Serious injuries are any condition that results in a person being permanently disabled or requiring immediate in-patient hospitalisation.

Strategic highlights

The company concentrated on **operational excellence** undertaking disciplined planning to prepare for the harvest, and to ensure that each operation was well executed with full consideration for capacity, people, safety and financial outcomes, including contingency planning. Seeka continues to trial and implement automation technologies that improve efficiency and fruit quality while redeploying labour. We also focus on supply chain efficiencies where we deliver an integrated service right through to the market or customer.

Seeka continued to focus on strategic opportunities for profitable **growth**, acquiring OPAC in the period which secured new volumes from the Ōpōtiki, East Coast and Gisborne regions. The acquisition is complete, integrated and synergy targets achieved. Growth remains an important platform in Seeka's strategy.

Seeka continued to enhance our **core kiwifruit capabilities** as we strengthened the balance sheet, maintained financial capability to invest and delivered earnings growth and share value appreciation to shareholders. The company continues to concentrate on its foundation through disciplined planning.

Seeka progressed our **sustainability** initiatives, completing a full audit of our greenhouse gas emissions that details our 2019 CO₂e footprint as we grow, handle and supply New Zealand and Australian fruit to domestic and international consumers. We identified key contributors, categorised our emissions to industry standards, and defined performance baselines from which we can set reduction targets and measure efficiency gains. Independently verified by Toitū Envirocare, an overview of Seeka's GHG Emissions Inventory Report 2019 can be seen on [page 12](#).

The Seeka team

Seeka's people have again excelled under the pressures of harvest across New Zealand and Australia. They adapted, innovated and strived to deliver an excellent first half result. During the harvest period, the team integrated OPAC and inducted all continuing staff.

Seeka continued to develop its people and foster talent with 18 new cadets hired in 2021.

Faced with severe labour shortages, Seeka worked with iwi and government agencies, including MSD, to maximise the employment of local workers.

Our people continue to make Seeka an inspiring produce company to work for and are celebrated for their efforts.



Dividend

A dividend of \$0.13 per share will be paid 13 October 2021 to all shareholders on the register at 5pm on 20 September 2021. The dividend reinvestment plan will apply.

Full year operational guidance

Seeka has substantially improved operational earnings in the period. Full-year net profit before tax (NPBT) is forecast to be between \$13.5m and \$16.0m. This includes \$1.4m of restructuring and acquisition costs, and excludes any one-off gains or extraordinary items (should they settle in the year) and \$1.8m of OPAC profit to the acquisition date (NPBT). Note that \$9m of pcpc NPBT was from a gain on orchard sales.

New Zealand dollars	2021 guidance Lower range	2021 guidance Upper range	2020 Full year actual
Net profit before tax	\$ 13.5m	\$ 16.0m	\$ 16.3m
Change on 2020	(17%)	(2%)	

Full year guidance

Further to the full year operational guidance of net profit before tax, Seeka expects a one-off extraordinary gain from the successful settlement of the kiwifruit claim against the Crown. The actual amount to be received by Seeka is unknown with the distribution subject to High Court approval, with the timing of payment expected to be received before the end of 2021. Seeka is estimating that its share of the distribution could lift the net profit before tax for the 2021 year to between \$20.0m and \$22.0m.

New Zealand dollars	2021 guidance Lower range	2021 guidance Upper range	2020 Full year actual
Net profit before tax	\$ 20.0m	\$ 22.0m	\$ 16.3m
Change on 2020	23%	35%	


Summary

We are proud of how the company performed in challenging circumstances with labour shortages, shipping disruptions and ongoing market uncertainty from Covid-19.

Seeka continues to make excellent progress with its sustainability initiatives, including the calculation and independent verification of Seeka's 2019 base year carbon footprint. Work in this important area continues.

Seeka has improved first half profitability, increased dividends and completed a significant acquisition. We are ready and prepared to continue our growth journey knowing that we must continue to lift base profitability.

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



Fred Hutchings
Chair



Michael Franks
Chief executive

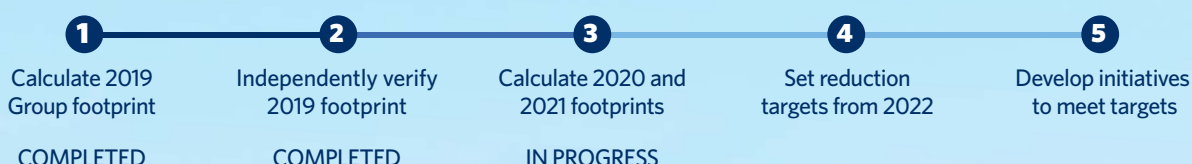
Sustainability report

Environmental work programme - June 2021 update

Seeka is working to be an industry leader on minimising our environmental footprint, reducing our greenhouse gas emissions and assessing the impact of climate change.

Carbon footprint plan

Seeka's carbon footprint plan is our blueprint for moving towards a sustainable future. It's our five-step process to measure, set targets and develop initiatives to reduce our CO₂e emissions.



We're calculating our emissions using *ISO 14064-1: 2018 Greenhouse Gases* and the *Greenhouse Gas Protocol* (ghgprotocol.org), with our calculations independently verified by Toitū Envirocare. We're reporting the warming potential of all contributing greenhouse gasses in CO₂ equivalents, known as CO₂e.

Seeka's [Carbon Footprint Reporting](#) provides an overview of Seeka's 2019 base year greenhouse gas results, identifies key contributors, categorises our emissions, and provides a baseline from which we can start to set reduction targets and measure efficiency gains.

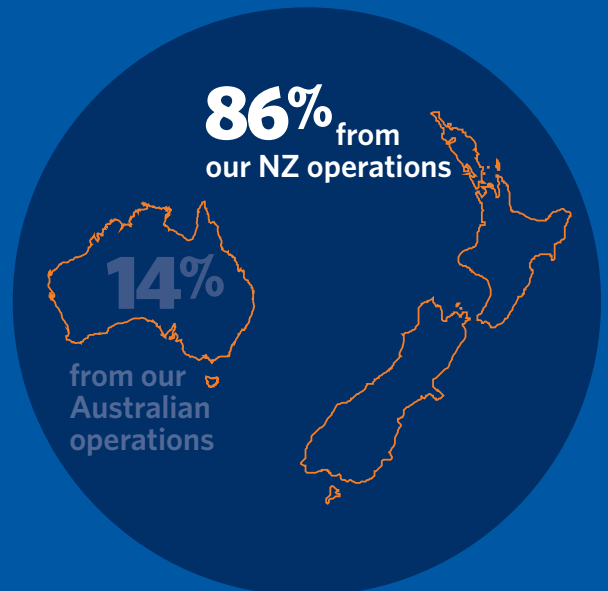
Carbon Footprint Reporting

OVERVIEW OF SEEKA'S 2019 BASE YEAR GREENHOUSE GAS RESULTS

22,000 tonnes
CO₂e EMISSIONS

SEEKA'S 2019 GREENHOUSE GAS REPORTING MEASURES WHERE WE PRODUCE CO₂e AS WE GROW, HANDLE AND SUPPLY NEW ZEALAND AND AUSTRALIAN FRUIT TO DOMESTIC AND INTERNATIONAL CONSUMERS.

WE IDENTIFIED KEY CONTRIBUTORS, CATEGORISED OUR EMISSIONS TO INDUSTRY STANDARDS, AND DEFINED PERFORMANCE BASELINES FROM WHICH WE CAN SET REDUCTION TARGETS AND MEASURE EFFICIENCY GAINS.



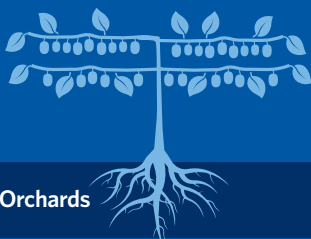
69% OF OUR CO₂e EMISSIONS
ARE GENERATED BY JUST 3 KEY ACTIVITIES

1

27% Fertilising and composting orchards to grow fruit

6000 tonnes

4300t Fertiliser
1700t Compost



Orchards

2

30% Preparing, cooling and storing fruit ready for shipping and sale

6500 tonnes

2500t Refrigerants
4000t Electricity



Post harvest

3

12% Air freighting time-sensitive fruit to market

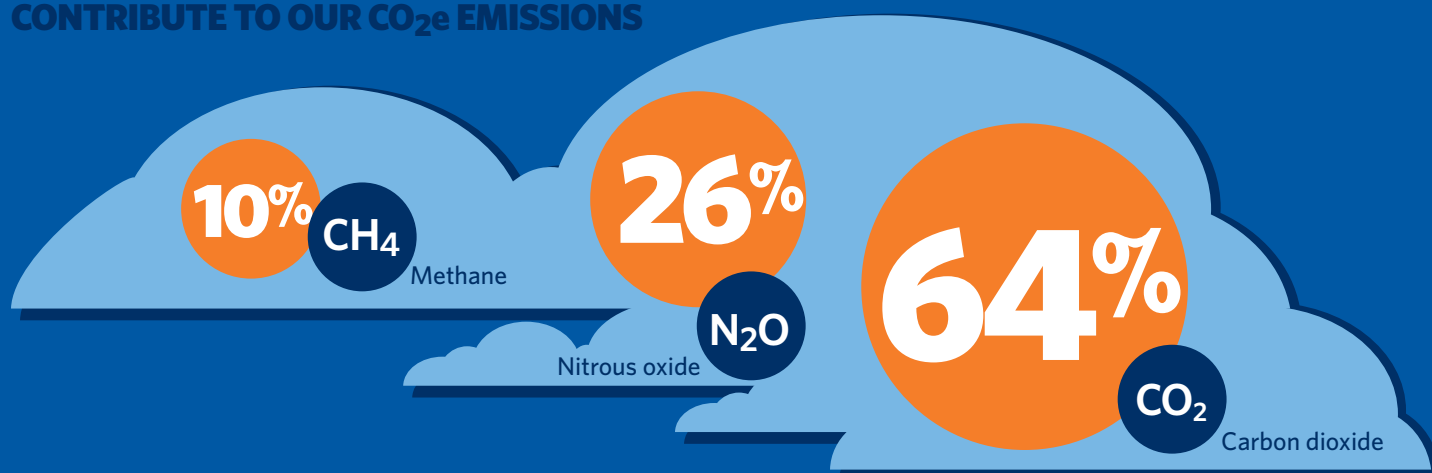
2700 tonnes

Kiwiberry
Avocado



Air freight

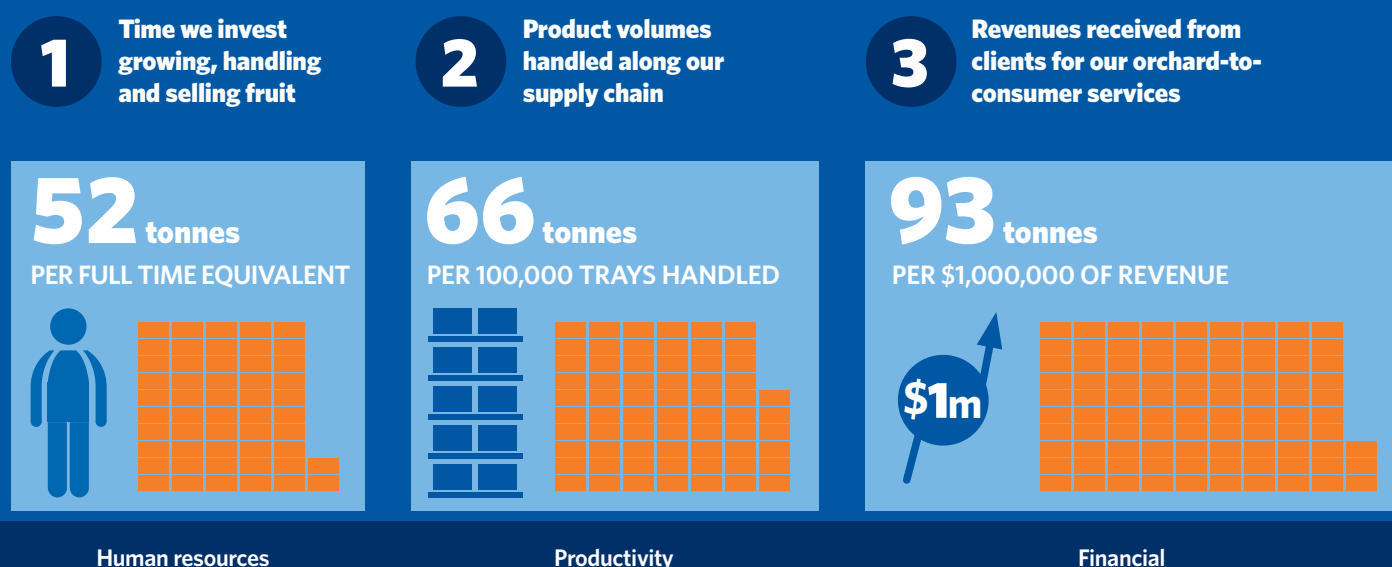
3 GREENHOUSE GASES CONTRIBUTE TO OUR CO₂e EMISSIONS

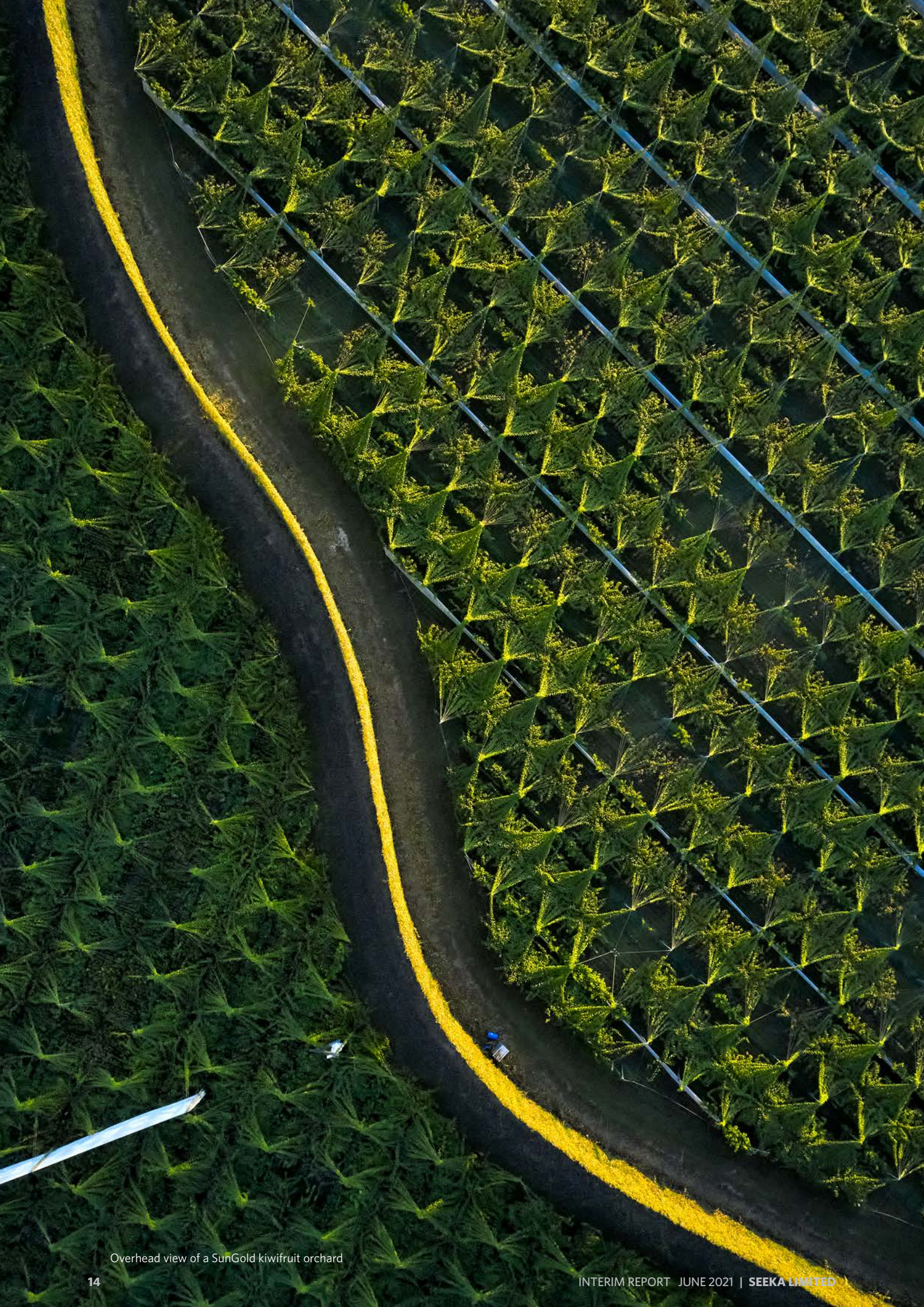


TO UNDERSTAND OUR EMISSIONS WE CATEGORISED OUR CO₂e TO INDUSTRY-STANDARDS

	CATEGORY	100%	CO ₂ e	SECTOR	SOURCE	USE
CAT 1.	DIRECT ENERGY USE	25%	5485 t	Post harvest	Refrigerants	Cool fruit
CAT 2.	INDIRECT ENERGY USE	18%	3973 t	Post harvest	Electricity	Handle and cool fruit
CAT 3.	TRANSPORT	23%	4995 t	Retail services	Petroleum fuels	Transport fruit to market
CAT 4.	INDIRECT PRODUCT USE	34%	7579 t	Orcharding	Fertiliser Compost	Grow fruit on Seeka managed & leased orchards

TO IMPROVE PERFORMANCE WE BENCHMARKED OUR CO₂e TO 3 KEY INDICATORS





Overhead view of a SunGold kiwifruit orchard

INTERIM FINANCIAL STATEMENTS

SIX MONTHS TO JUNE 2021

- 16** Statement of financial performance
- 17** Statement of comprehensive income
- 18** Statement of financial position
- 19** Statement of changes in equity
- 20** Statement of cash flows
- 21** Notes to the financial statements

STATEMENT OF FINANCIAL PERFORMANCE

For the six months ended 30 June 2021

New Zealand dollars	Notes	6 months to June 2021 Unaudited \$000s	6 months to June 2020 Unaudited \$000s	12 months to December 2020 Audited \$000s
Revenue	3	224,479	178,681	251,457
Cost of sales		146,120	124,497	200,042
Increase / (reduction) in fair value of biological assets - crop	8	(18,220)	(16,467)	1,261
Gross profit		60,139	37,717	52,676
Other revenue	3	(300)	2,289	9,440
Other costs		12,945	9,571	19,170
Earnings (EBITDA)¹		46,894	30,435	42,946
Depreciation expense	6	7,056	5,773	11,653
Lease depreciation expense	9	3,911	3,125	6,671
(Gain) on revaluation of land and buildings		-	-	(32)
Impairment of property, plant and equipment	6	1,136	-	30
Impairment of intangible assets	7	-	-	102
Amortisation of intangible assets	7	91	118	204
Earnings (EBIT)²		34,700	21,419	24,318
Interest expense		1,664	2,106	4,163
Lease interest expense		2,275	1,919	3,877
Net profit before tax		30,761	17,394	16,278
Income tax charge / (benefit)		3,359	(1,045)	8,239
Deferred tax charge / (benefit)		6,834	5,622	(1,551)
Tax effect of reintroduction of tax on depreciation of buildings ³		-	(5,561)	(5,561)
Total tax charge		10,193	(984)	1,127
Net profit attributable to equity holders		20,568	18,378	15,151
Earnings per share for profit attributable to the ordinary equity holders of the company during the period⁴				
Basic earnings per share		\$0.65	\$0.57	\$0.52
Diluted earnings per share		\$0.65	\$0.57	\$0.52

1. EBITDA, a non-GAAP measure, is earnings before interest, tax, depreciation, amortisation, impairments and revaluations, see [note 1](#).

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

3. Legislation enacted on 25 March 2020 reinstated tax depreciation deductions on non-residential buildings.

4. Basic and diluted earnings per share are based on the weighted average number of shares issued, after removing shares held in treasury stock.

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

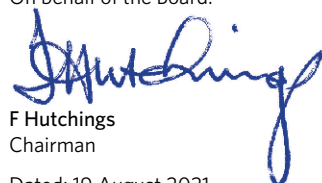
New Zealand dollars	6 months to June 2021 Unaudited \$000s	6 months to June 2020 Unaudited \$000s	12 months to December 2020 Audited \$000s
Net profit for the period	20,568	18,378	15,151
<i>Items that will not be reclassified to profit or loss, net of tax</i>			
Gain on revaluation of land and buildings	-	-	11,700
Reclassification of leases under NZ IFRS 16	-	(215)	-
(Loss) on revaluation of water shares	-	(146)	(725)
Total items that will not be reclassified to profit or loss	-	(361)	10,975
<i>Items that may be reclassified subsequently to profit or loss, net of tax</i>			
Movement in cash flow hedge reserve	202	(215)	85
Movement in foreign currency translation reserve	(1)	(35)	(17)
Movement in foreign currency revaluation reserve	33	510	399
Total items that may be reclassified subsequently to profit or loss	234	260	467
Total comprehensive income for the period attributable to equity holders	20,802	18,277	26,593

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

New Zealand dollars	Notes	June 2021 Unaudited \$'000s	June 2020 Unaudited \$'000s	December 2020 Audited \$'000s
Equity				
Share capital		138,175	96,827	97,917
Reserves		33,021	21,977	32,438
Retained earnings		62,134	54,824	45,938
Total equity		233,330	173,628	176,293
Current assets				
Cash and cash equivalents		1,704	1,945	5,164
Tax receivables		-	1,667	-
Trade and other receivables	10	101,099	82,645	24,515
Biological assets - crop	8	1,670	2,162	19,890
Inventories	11	21,270	18,858	5,936
Irrigation water rights		167	120	343
Assets classified as held for sale	5	3,844	19,527	3,844
Total current assets		129,754	126,924	59,692
Non current assets				
Trade and other receivables	10	1,450	991	672
Property, plant and equipment	6	304,161	226,069	245,032
Intangible assets	7	27,978	18,581	17,622
Right-of-use lease assets	9	52,789	43,166	50,831
Investment in associates		1,834	-	1,000
Investment in shares		919	586	577
Total non current assets		389,131	289,393	315,734
Total assets		518,885	416,317	375,426
Current liabilities				
Current tax liabilities		5,589	-	6,952
Trade and other payables	12	61,734	43,254	30,972
Current lease liabilities	9	7,206	5,622	6,342
Interest bearing liabilities		55,801	34,842	9,157
Total current liabilities		130,330	83,718	53,423
Non current liabilities				
Interest bearing liabilities		73,748	96,402	73,862
Lease liabilities	9	59,531	43,723	58,040
Derivative financial instruments		391	1,088	671
Deferred tax liabilities		21,555	17,758	13,137
Total non current liabilities		155,225	158,971	145,710
Total liabilities		285,555	242,689	199,133
Net assets		233,330	173,628	176,293

On behalf of the Board.



F Hutchings
Chairman



A Waugh
Director

Dated: 19 August 2021

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

New Zealand dollars	Notes	Share capital \$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
Equity at 1 January 2020 (audited)		96,773	(569)	(291)	(153)	529	3,325	18,671	36,659	154,944
Net profit		-	-	-	-	-	-	-	18,378	18,378
Foreign exchange movement		-	-	510	(37)	-	-	-	2	475
Other comprehensive income / (loss)		-	(215)	-	-	-	(146)	-	(215)	(576)
Total comprehensive income / (loss)		-	(215)	510	(37)	-	(146)	-	18,165	18,277
<i>Transactions with owners</i>										
Employee share scheme receipts		54	-	-	-	-	-	-	-	54
Movement in employee share entitlement reserve		-	-	-	-	78	-	-	-	78
Movement in grower share entitlement reserve		-	-	-	-	275	-	-	-	275
Total transactions with owners		54	-	-	-	353	-	-	-	407
Equity at 30 June 2020		96,827	(784)	219	(190)	882	3,179	18,671	54,824	173,628
Equity at 1 January 2021 (audited)¹		97,917	(484)	108	(170)	1,290	2,597	29,097	45,938	176,293
Net profit		-	-	-	-	-	-	-	20,568	20,568
Foreign exchange movement		-	-	33	(1)	-	-	-	-	32
Other comprehensive income / (loss)		-	202	-	-	-	-	-	-	202
Total comprehensive income / (loss)		-	202	33	(1)	-	-	-	20,568	20,802
<i>Transactions with owners</i>										
Shares issued		39,601	-	-	-	-	-	-	-	39,601
Employee share scheme receipts		657	-	-	-	-	-	-	-	657
Movement in employee share entitlement reserve		-	-	-	-	76	-	-	-	76
Movement in grower share entitlement reserve		-	-	-	-	273	-	-	-	273
Dividends paid	14	-	-	-	-	-	-	-	(4,372)	(4,372)
Total transactions with owners		40,258	-	-	-	349	-	-	(4,372)	36,235
Equity at 30 June 2021		138,175	(282)	141	(171)	1,639	2,597	29,097	62,134	233,330

1. The 1 January 2021 opening balance was restated to include the dividend reinvestment plan. This increased share capital by \$428k and decreased retained earnings by the same amount, see [note 14](#).

STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

New Zealand dollars	Notes	6 months to June 2021 Unaudited \$000s	6 months to June 2020 Unaudited \$000s	12 months to December 2020 Audited \$000s
Operating activities				
<i>Cash was provided from:</i>				
Receipts from customers		185,929	143,914	249,899
Interest and dividends received		388	113	35
<i>Cash was disbursed to:</i>				
Payments to suppliers and employees		(155,431)	(128,632)	(213,168)
Interest paid		(1,664)	(2,106)	(4,163)
Lease interest paid		(2,275)	(1,919)	(3,877)
Income taxes paid		(6,757)	(1,959)	(2,373)
Net cash flows from operating activities	4	20,190	9,411	26,353
Investing activities				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		63	-	45
Proceeds from sale of property held for sale		-	15,294	43,041
Repayment of grower or grower entity advances		981	1,238	22,550
<i>Cash was applied to:</i>				
Purchase of property, plant, equipment and intangibles		(12,494)	(10,507)	(13,496)
Development of bearer plants		(3,266)	(2,052)	(6,776)
Acquisition of associate		-	-	(1,000)
Purchase of, and development costs incurred on, property held for sale and SunGold licence	5	-	(418)	(1,069)
Advances to grower or grower entity advances		(23,987)	(22,137)	(22,303)
Net cash flows (used in) investing activities		(38,703)	(18,582)	20,992
Financing activities				
<i>Cash was provided from:</i>				
Proceeds of non-current bank borrowings		33,000	5,000	16,500
Proceeds of current bank borrowings		38,156	31,453	42,829
Proceeds from employee share scheme		657	54	368
<i>Cash was applied to:</i>				
Principal lease payments	9	(3,691)	(3,396)	(6,604)
Repayment of non-current bank borrowings		(22,288)	(326)	(40,882)
Repayment of current bank borrowings		(24,329)	(25,204)	(55,279)
Payment of dividend to shareholders	14	(6,477)	-	(2,733)
Net cash flows from financing activities		15,028	7,581	(45,801)
Net increase / (decrease) in cash and cash equivalents		(3,485)	(1,590)	1,544
Effect of foreign exchange rates		25	686	771
Opening cash and cash equivalents		5,164	2,849	2,849
Closing cash and cash equivalents		1,704	1,945	5,164

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 five sections.

Note	Details	Page
	Basis of preparation	22
	Accounting policies that apply to Seeka's full set of financial statements	
	Performance	23
	Where Seeka generates its revenues and their associated operating costs	
1.	Segment information	23
2.	Turnover	25
3.	Revenue and other income	25
4.	Reconciliation of net operating surplus after taxation with cash flows from operating activities	26
	Assets	27
	How Seeka allocates resources across its operations	
5.	Assets classified as held for sale	27
6.	Property, plant and equipment	28
7.	Intangible assets	29
8.	Biological assets - crop	30
9.	Right of use lease assets and lease liabilities	31
	Working capital	32
	How Seeka manages its operating cash flow	
10.	Trade and other receivables	32
11.	Inventories	32
12.	Trade and other payables	33
13.	Business combination	33
	Dividends, share capital and fair value	34
	How Seeka distributes dividends to shareholders, manages share capital and determines the fair value of financial instruments	
14.	Dividends	34
15.	Share capital	34
16.	Determination of fair values of financial assets and liabilities	34
17.	Related party transactions	35
18.	Capital commitments	35
19.	Contingent assets	35
20.	Events occurring after balance date	35

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 Group interim financial statements presented are those of the consolidated Seeka Group. Seeka Limited is referred to as 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, 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 for locally-produced and imported produce.

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

Group consolidated interim financial statements for the half year reporting period ended 30 June 2021 have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP) and comply with the New Zealand International Financial Reporting Standards (NZ IFRS) and other reporting standards as applicable to profit-oriented entities. Specifically, Group interim financial statements have been prepared in accordance with NZ IAS 34, *Interim Financial Reporting*. This consolidated interim financial information does not include all of the information required for the full annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2020, which have been prepared in accordance with NZ IFRS.

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 19 August 2021. The Directors do not have the authority to amend the financial statements after issue.

Summary of significant accounting policies

Other than detailed below, the accounting policies applied are consistent with those of the annual audited financial statements for the year ended 31 December 2020, as described in those annual financial statements.

Where a change in the presentational format of the financial statements has been made during the period, comparative figures have been restated accordingly.

Going concern assumption

The financial statements have been prepared on a going concern basis. As at 30 June 2021, the Company has net assets of \$233.33m, with total assets of \$518.89m and total liabilities of \$285.56m.

Seasonal nature of Group operations

Seeka's core business is providing supply chain services to New Zealand and Australia's horticulture industries. A high proportion of Group revenue is generated and cost of sales incurred in the autumn when produce is harvested and prepared for market. Correspondingly, approximately 70% to 80% of Group gross profit is recorded in the interim report. Seasonal fluctuations impact the timing of gross profit, particularly the amount and quality of kiwifruit inventory remaining in store at 30 June.

Current economic environment

The 2021 financial year continued to present a number of economic challenges related to Covid-19. Labour shortages were evident throughout the kiwifruit harvest season. Seeka benefitted from just under 500 Recognised Seasonal Employer (RSE) employees, 100 of which had remained in the country from the previous year's lockdown. Seeka also invested in a number of successful employment programmes to encourage New Zealanders to work in the kiwifruit industry. Despite these efforts, seasonal employees were significantly lower than required to complete the harvest in an efficient and timely manner.

Kiwifruit and pear returns started strong in both New Zealand and Australia, with forecast OGRs consistent with last year, allowing for increased volumes and costs. The Australian avocado market appears over supplied and full-season avocado returns are forecast to be substantially lower than the prior season.

The Group's financial position remains healthy and was strengthened through the acquisition and amalgamation of Ōpōtiki Packing and Cool Storage Limited (OPAC), which added \$77.33m of assets to the Group, see [note 13](#). The acquisition is not expected to significantly increase profit in 2021 as it occurred more than half way through the packing season when revenues are generated, and the Group is assuming overheads until year end plus paid acquisition costs. The integration of OPAC is forecast to be accretive to the Group from 2022 onwards.

Market capitalisation

The Group compares the carrying amount of net assets with the market capitalisation value at each balance date. The share price at 30 June 2021 was \$5.10, equating to a market capitalisation of \$201.09m. 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 30 June 2021 was \$233.33m (\$5.92 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.

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 material impact on the Group.

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, and grower service costs 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.

Segment information is prepared on the same basis as the annual audited financial statements for the year ended 31 December 2020.

New Zealand segments

Orchard operations

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

The Group produces kiwifruit, avocado and kiwiberry 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 fruit for the term of the lease, and shares profit with the landowner after all costs are recovered from fruit proceeds.
- Owned orchards whereby the Group incurs growing and harvest costs and receives all orchard income from fruit sales.

Post harvest operations

The Group provides post harvest services to the kiwifruit, avocado, citrus, berry, and kiwiberry industries. This includes all fruit from the Group's orchard management and lease operations, plus fruit 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 for local and imported produce.

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 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 December 2020 result is a one-off gain from the settlement of the sale and leaseback transaction.

EBITDA and EBIT

EBITDA is earnings before interest, tax, depreciation, amortisation, impairments and revaluations. EBITDA is an indicator of profitability.

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

Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The Board considers EBITDA and EBIT as useful measures of financial performance for both investors and management as they are indicators of the Group's operating profitability that remove the impact of tax and the interest expense associated with debt (EBIT), along with depreciation, amortisation and revaluation expenses associated with the Group's large investments in fixed and leased assets (EBITDA).

The following table details the operating segments at balance date.

	New Zealand				Australia	Group
New Zealand dollars	Orchard operations \$000s	Post harvest operations \$000s	Retail service operations \$000s	All other segments \$000s	Australian operations \$000s	Total \$000s
June 2021						
Income statement						
Turnover ¹	53,671	145,241	33,528	252	13,855	246,547
Gross segment revenue	53,671	148,519	11,460	252	13,855	227,757
Eliminations	-	(3,278)	-	-	-	(3,278)
Total segment revenue	53,671	145,241	11,460	252	13,855	224,479
EBITDA ²	5,658	49,128	1,907	(12,527)	2,728	46,894
Depreciation expense ⁴	(373)	(4,988)	(178)	(1,081)	(436)	(7,056)
Lease depreciation expense ⁵	(611)	(2,239)	(293)	(373)	(395)	(3,911)
Impairment of land and buildings	-	(1,136)	-	-	-	(1,136)
Amortisation of intangible assets	-	(11)	-	(75)	(5)	(91)
EBIT ³	4,674	40,754	1,436	(14,056)	1,892	34,700
Lease interest expense ⁵	(304)	(1,109)	(164)	(194)	(504)	(2,275)
EBIT ³ (after lease interest expense)	4,370	39,645	1,272	(14,250)	1,388	32,425
Interest expense ⁶						(1,664)
Tax charge on profit						(10,193)
Profit after tax						20,568
Balance sheet						
Segment assets	92,831	337,942	19,225	18,911	49,976	518,885
Total assets	92,831	337,942	19,225	18,911	49,976	518,885
Segment liabilities	57,399	134,418	11,954	36,486	45,298	285,555
Total liabilities	57,399	134,418	11,954	36,486	45,298	285,555
June 2020						
Income statement						
Turnover ¹	47,382	108,126	21,594	189	13,300	190,591
Gross segment revenue	47,391	110,834	9,684	189	13,300	181,398
Eliminations	(9)	(2,708)	-	-	-	(2,717)
Total segment revenue	47,382	108,126	9,684	189	13,300	178,681
EBITDA ²	4,161	30,285	1,312	(7,213)	1,890	30,435
Depreciation expense ⁴	(323)	(4,062)	(170)	(724)	(494)	(5,773)
Lease depreciation expense ⁵	(515)	(2,068)	(209)	(309)	(24)	(3,125)
Amortisation of intangible assets	-	-	-	(113)	(5)	(118)
EBIT ³	3,323	24,155	933	(8,359)	1,367	21,419
Lease interest expense ⁵	(318)	(1,143)	(261)	(196)	(1)	(1,919)
EBIT ³ (after lease interest expense)	3,005	23,012	672	(8,555)	1,366	19,500
Interest expense ⁶						(2,106)
Tax charge on profit						984
Profit						18,378
Balance sheet						
Segment assets	78,930	244,689	18,245	19,003	55,450	416,317
Total assets	78,930	244,689	18,245	19,003	55,450	416,317
Segment liabilities	48,166	121,080	9,680	25,102	38,661	242,689
Total liabilities	48,166	121,080	9,680	25,102	38,661	242,689

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. Lease interest and lease depreciation expenses relate to lease costs under *NZ IFRS 16 Leases*, see [note 9](#).

6. Interest includes finance costs for bank debt.

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

	New Zealand				Australia	Group
New Zealand dollars	Orchard operations \$000s	Post harvest operations \$000s	Retail service operations \$000s	All other segments \$000s	Australian operations \$000s	Total \$000s
June 2021 - EBITDA						
EBITDA pre NZ IFRS 16	4,475	46,191	1,497	(12,962)	1,727	40,928
Capitalised lease costs	1,183	2,937	410	435	1,001	5,966
EBITDA after applying NZ IFRS 16	5,658	49,128	1,907	(12,527)	2,728	46,894
June 2020 - EBITDA						
EBITDA pre NZ IFRS 16	3,088	26,950	912	(7,698)	1,866	25,118
Capitalised lease costs	1,073	3,335	400	485	24	5,317
EBITDA after applying NZ IFRS 16	4,161	30,285	1,312	(7,213)	1,890	30,435

2. Turnover

The following table reconciles turnover to revenue.

New Zealand dollars	6 months to June 2021 Unaudited \$000s	6 months to June 2020 Unaudited \$000s	12 months to December 2020 Audited \$000s
Turnover	246,547	190,591	293,544
Value of sales made as agent	(22,068)	(11,910)	(42,087)
Revenue	224,479	178,681	251,457

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	6 months to June 2021 Unaudited \$000s	6 months to June 2020 Unaudited \$000s	12 months to December 2020 Audited \$000s
Total revenue	224,479	178,681	251,457
Other income			
Interest	2	113	242
Gain on sale of assets held for sale	-	2,475	8,937
Movement in grower share scheme reserve	(273)	(275)	(608)
Dividends received	9	-	4
Net movement in fair value of irrigation water rights	(44)	(112)	293
Other income	6	88	572
Total other income	(300)	2,289	9,440
Total revenue and other income	224,179	180,970	260,897

Accounting policies

As part of the OPAC acquisition four types of revenue contracts were acquired. Two post harvest contracts are similar in nature to Seeka's packing and cool storage contracts, with the exception of the timing of the cool storage revenue recognition which is accounted for as fruit is packed rather than loaded out. There were also two orchard management contracts for managing fruit growing and to collect the supply of fruit, which is similar in nature to Seeka's existing contracts, see [note 13](#).

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

	6 months to June 2021 Unaudited \$000s	6 months to June 2020 Unaudited \$000s	12 months to December 2020 Audited \$000s
New Zealand dollars			
Net operating surplus after taxation	20,568	18,378	15,151
<i>Add / (less) non cash items:</i>			
Depreciation	7,056	5,773	11,653
Lease depreciation	3,911	3,125	6,671
Other non cash lease adjustments	-	365	425
Loss on revaluation of land and buildings	-	-	(32)
Impairment of property, plant and equipment	1,136	-	30
Revaluation of employee share scheme	76	78	153
Revaluation of grower share scheme	273	275	608
Movement in deferred tax	6,834	64	(4,623)
Movement in fair value of biological assets - crop	18,221	16,467	(1,261)
Amortisation of intangible assets	91	118	204
	37,598	26,265	13,828
<i>Add / (less) items not classified as an operating activity:</i>			
Loss on sale of property, plant and equipment	6	-	164
Gain on sale of assets held for sale via proceeds of sale of assets	-	(2,511)	(9,662)
Decrease / (increase) in current water allocation account	44	106	(45)
	50	(2,405)	(9,543)
<i>(Increase) / decrease in working capital:</i>			
Increase in accounts payable	18,752	22,250	5,420
(Increase) in accounts receivable / prepayments	(38,278)	(38,509)	(3,878)
(Increase) / decrease in inventory	(14,735)	(13,193)	2,300
Increase / (decrease) in taxes due	(3,765)	(3,375)	3,075
	(38,026)	(32,827)	6,917
Net cash flow from operating activities	20,190	9,411	26,353

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 fruit 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.

5. Assets classified as held for sale

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Opening balance at 1 January	3,844	27,083	27,083
Development costs incurred	-	418	(231)
Growing costs incurred	-	-	1,069
Growing costs (recovered)	-	(170)	(489)
Sales settled by third parties	-	(7,804)	(23,588)
Total assets held for sale	3,844	19,527	3,844

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

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Asset class			
Land and buildings	1,379	5,526	1,379
Property, plant and equipment	599	1,821	599
Intangible assets	849	6,903	849
Bearer plants	1,017	4,260	1,017
Biological assets - crop	-	1,017	-
Total assets held for sale	3,844	19,527	3,844

Northland orchards

At 30 June 2021, 23 hectares of Northland orchards (June 2020 - 34 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. Growing costs were not attributed to these orchards as they are valued on a crop-off basis.

The assets are classified as held for sale as their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition was met when the sale became highly probable and the assets were available for immediate sale in their present condition. The Group is committed to the sale and expects the sale to be completed within one year from the date of classification. These assets are recorded at the lower of the carrying value or fair value less costs to sell as required by NZ IFRS 5.

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 current interest in the properties with sales contracts expected in the next 12 months.

Critical accounting estimates and judgements

The Group used judgement to recognise the remaining Northland orchards as held for sale, despite being classified as held for sale for more than 12 months. The Group used judgement to classify the Australian sale and leaseback as an asset held for sale and estimates to calculate lease balances, the gain on sale and the discount rate to apply to the lease.

6. 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 2021						
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
Period ended 30 June 2020						
Opening net book amount	170,576	47,544	573	22,693	3,646	245,032
Additions and transfers	6,787	5,888	(111)	5,063	(1,566)	16,061
Acquisition from business combination	39,460	10,765	160	632	262	51,279
Depreciation recovery	1	496	40	-	-	537
Depreciation	(3,068)	(3,533)	(113)	(342)	-	(7,056)
Disposals	-	(622)	(54)	(66)	-	(742)
Impairment of property, plant and equipment	-	(974)	-	13	(175)	(1,136)
Foreign exchange	68	31	2	74	11	186
Closing net book amount	213,824	59,595	497	28,067	2,178	304,161
At 30 June 2021						
Cost or valuation	232,880	128,714	1,278	31,156	2,571	396,599
Accumulated depreciation and impairment	(19,056)	(69,119)	(781)	(3,089)	(393)	(92,438)
Net book amount	213,824	59,595	497	28,067	2,178	304,161

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 30 June 2021, assets under construction are largely related to the Kerikeri coolstore build.

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 Telfer Young 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 last revalued at 31 December 2019.

As at 30 June 2021 the directors believe there are no indicators that would suggest that the carrying value of land and buildings differs materially from their fair value and as a consequence there is no need to revalue those assets at 30 June 2021. As part of the OPAC acquisition, OPAC land and buildings were independently valued by Telfer Young Valuers, see [note 13](#).

Impairment

In the six months to June 2021, \$1.13m of assets were impaired. This included \$0.75m for old Transcool coolstores that were removed to make room for new coolstore builds prior to harvest 2022, \$0.22m for an old grader at KKP that is being replaced by a new MAF Roda grader for harvest 2022, and \$0.16m related to VLS laboratory costs.

Critical accounting estimates and judgements

At 30 June 2021 an assessment of the carrying values of land and buildings was performed. Based on discussions with experts in property valuation, the value of Seeka's property has not materially changed in the last six months. Property valuations remain high for properties in the food production industry. On the OPAC acquisition land and buildings were valued by an independent valuer, Telfer Young, which confirmed that the capitalisation rates and market rents for industrial properties remain strong.

Seeka's Australian properties are also located in the food production region of Victoria which supports the carrying values of the remaining land and buildings.

Sensitivity analysis suggests property values have overall increased between \$0m and \$1m. This is not considered a material movement in land and building values.

7. Intangible assets

New Zealand dollars	Software \$'000s	Goodwill \$'000s	G3 licences \$'000s	Water shares \$'000s	Total \$'000s
At 1 January 2021					
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
Period ended 30 June 2021					
Opening net book amount	380	8,932	-	8,310	17,622
Additions	16	-	-	-	16
Additions from business combinations	44	9,733	593	-	10,370
Exchange differences	-	-	-	61	61
Amortisation	(88)	-	(3)	-	(91)
Closing net book amount	352	18,665	590	8,371	27,978
At 30 June 2021					
Cost	3,207	20,696	593	8,371	32,867
Accumulated amortisation and impairment	(2,855)	(2,031)	(3)	-	(4,889)
Net book amount	352	18,665	590	8,371	27,978

Goodwill

The Board reviews business performance based on operating segments and monitors goodwill at the operating segment level. Goodwill represents the 2021 acquisition of OPAC, see [note 13](#), the 2019 acquisition of the Aongatete business, 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 following table details the carrying amount of goodwill from acquired operations.

New Zealand dollars	Carrying amount \$'000s
Group cash generating unit	
2021	
Bay of Plenty post harvest	16,768
Northland post harvest	1,220
SeekaFresh	433
Kiwi Crush	244
	18,665

Addition - OPAC

On 4 May 2021, the Group acquired OPAC and the associated goodwill was added to the Bay of Plenty post harvest CGU, see [note 13](#).

Cash generating units (CGU)

Packing facilities within the wider Bay of Plenty region are operated as a single operational unit with fruit allocated to sites within the region. This delivers efficiencies, with Seeka able to pack fruit at optimum maturity by allocating it to the next available facility. This means operational performance is considered on a regional basis rather than a single facility.

For these reasons, testing whether the goodwill arising on the acquisition of packing facilities in the Bay of Plenty may be impaired is in accordance with NZ IAS 36. The cash generating unit is the Bay of Plenty post harvest CGU, which includes Coromandel facilities.

Fruit in Northland is not generally directed to the Bay of Plenty region, so this segment remains on its own for consideration of goodwill. To be consistent this has been renamed Northland post harvest CGU.

Impairment tests for goodwill

At 30 June 2021, all goodwill balances were reviewed for indicators of impairment. The 2021 kiwifruit harvest season is complete and volumes increased on the prior season and are projected to significantly increase in coming years as new SunGold developments come into production. There is no indication that the goodwill relating to the Bay of Plenty and Northland post harvest CGUs should be impaired.

SeekaFresh had a strong close to the 2020/21 avocado season and operating unit EBITDA is \$0.87m ahead of the previous year. Following a restructure, fresh market sales remain strong and the customer base is growing. For these reasons, there is no indication the goodwill for the SeekaFresh CGU should be impaired. An increase in New Zealand- and Australian-grown avocados may temporarily reduce SeekaFresh's commission on avocado sales this season. This is considered a temporary impact and not an indication of impairment.

Kiwi Crush operations had a positive start with a strong kiwiberry packing season. EBITDA for the first six months is consistent with the prior period and ahead of budget. Therefore, there are no indicators of impairment of the goodwill relating to the Kiwi Crush CGU.

Critical accounting estimates and judgements

The review of intangible assets for impairment uses judgement to identify indicators of impairment and where an impairment test is performed, estimates of revenue growth rates, discount rates and terminal growth rates are used.

8. Biological assets - crop

Fruit 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, cherry, avocado, apricot, and plums 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 16](#).

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Carrying amount at beginning of period	19,890	18,629	18,629
<i>Crop harvested during the period</i>			
Fair value movement from the beginning of the period to point of harvest	16,332	15,420	23,599
Fair value when harvested	(36,222)	(34,049)	(42,228)
<i>Crop growing on bearer plants at end of period</i>			
Crop where cost is deemed fair value	1,670	2,162	19,597
Crop at fair value	-	-	293
Carrying value at end of period	1,670	2,162	19,890

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

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Movement in carrying amount	(18,250)	(16,329)	1,159
Exchange differences	30	(138)	102
Net fair value movement in crop	(18,220)	(16,467)	1,261

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

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Australia - all varieties	616	571	4,201
New Zealand - kiwifruit crop	892	1,514	14,863
New Zealand - other varieties (avocado, lemon, kiwiberry)	162	77	826
Carrying value at end of period	1,670	2,162	19,890

Critical accounting estimates and judgements

The valuation of biological assets uses estimates of market returns to determine value where cost is not deemed fair value.

9. Right of use lease assets and lease liabilities

Leases recorded on the balance sheet represent Seeka's interest in leased assets and the associated lease liability reflecting the present value of payments left on the lease. The Group reports all leases on the balance sheet, with the exception of low value leases or leases less than 12 months.

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

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Right-of-use lease assets			
Land and buildings	28,672	26,407	26,663
Orchard leases	19,204	11,405	19,644
Equipment	1,972	3,017	2,403
Motor vehicles	2,941	2,337	2,121
Total right-of-use lease assets	52,789	43,166	50,831
<i>The movement in right-of-use lease assets in the period are:</i>			
Opening balance	50,831	44,724	44,724
Additions	5,869	1,567	12,778
Depreciation	(3,911)	(3,125)	(6,671)
Closing balance	52,789	43,166	50,831

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Lease liabilities			
Current	7,206	5,622	6,342
Non-current	59,531	43,723	58,040
Total lease liabilities	66,737	49,345	64,382
<i>The liabilities are classified as follows:</i>			
Lease liabilities			
Land and buildings	33,365	30,879	31,119
Orchard leases	28,350	13,160	28,707
Equipment	2,045	2,931	2,390
Motor vehicles	2,977	2,375	2,166
Total lease liabilities	66,737	49,345	64,382
<i>The movement in lease liabilities in the period are:</i>			
Opening balance	64,382	50,478	50,478
Additions	6,046	2,263	20,508
Reduction in liability	(3,691)	(3,396)	(6,604)
Closing balance	66,737	49,345	64,382

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

On 4 May 2021, the Group acquired OPAC, which included \$0.55m of right-of-use lease assets and lease liabilities, see [note 13](#).

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.

10. Trade and other receivables

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Current trade receivables (net of provision for doubtful debts)	39,050	33,954	13,796
Prepayments	4,699	4,214	1,758
Prepaid deposits	2,162	1,735	1,470
GST refund due	-	-	620
Accrued income and other sundry receivables	55,188	42,742	6,871
Current trade and other receivables	101,099	82,645	24,515
Non current trade receivables	1,450	647	672
Non current prepayments	-	344	-
Non current trade and other receivables	1,450	991	672
Total trade and other receivables	102,549	83,636	25,187

Current trade receivables include temporary advances to Seeka kiwifruit grower pools of \$23.00m (Jun 2020 - \$21.14m). This increase represents a higher pack deferral value in 2021, which attracts a higher advance amount, plus \$1.06m from similar temporary advances to OPAC grower pools, see [note 13](#). The temporary advances will be fully repaid by December 2021.

Accrued income and other sundry receivables includes \$21.27m (Jun 2020 - \$19.64m) of income for kiwifruit harvested and delivered to Zespri from Seeka's New Zealand orchards, \$14.07m (Jun 2020 - \$18.62m) for New Zealand post harvest operations, \$14.96m from similar OPAC operations, see [note 13](#), and \$4.68m (Jun 2020 - \$4.29m) of income for kiwifruit and pears harvested in Australia.

Non current prepayments in June 2020 relate to avocado plants ordered and prepaid, but not expected to be delivered for more than 12 months.

Income from the New Zealand kiwifruit is accrued based on forecast information prepared by the Group, being an average Hayward HW orchard gate return (OGR) of \$6.52 per tray (Jun 2020 - \$6.00: Dec 2020 - \$7.56) and an average SunGold G3 OGR of \$12.05 per tray (Jun 2020 - \$11.37: Dec 2020 - \$12.63).

Critical accounting estimates and judgements

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

11. Inventories

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Fruit inventories	15,797	14,555	-
Total packaging at cost	4,125	1,729	3,884
Other inventories at cost	1,348	2,574	2,052
Total inventories	21,270	18,858	5,936

Fruit inventories relate to kiwifruit harvested from New Zealand and Australian orchards and held in coolstores at balance date. As at 30 June 2021, 57.1% (Jun 2020 - 58.6%) of New Zealand class 1 trays have been loaded out. New Zealand kiwifruit inventory is valued at a Green HW OGR of \$6.52 per tray and a SunGold G3 OGR of \$12.05 per tray. Fruit inventory from fruit harvested from the Group's Australian orchards is based on actual and forecast market returns for each variety.

At balance date, \$29.79m (June 2020 - \$27.30m) of packaging inventory costs were expensed to cost of sales in the statement of financial performance. There were no material inventory write downs (Jun 2020 - Nil).

Critical accounting estimates and judgements

The Group has reviewed inventory for any risks occurring as a result of Covid-19, and whether additional provisioning or write-offs are required. The Group considers all inventory will be able to be used in the normal course of business.

12. Trade and other payables

	June 2021 Unaudited \$000s	June 2020 Unaudited \$000s	December 2020 Audited \$000s
New Zealand dollars			
Trade payables	19,654	14,503	5,909
Accrued expenses	28,274	20,567	16,034
Employee expenses	9,899	5,900	5,354
Accrued dividend payable	-	-	3,231
GST payable	2,191	302	-
Other payables	1,716	1,982	444
Total trade and other payables	61,734	43,254	30,972

Trade payables includes \$7.43m (Jun 2020 - \$6.03m, Dec 2020 - Nil) of packaging costs relating to post harvest operations, plus \$2.33m from similar OPAC trade payables, see [note 13](#). Accrued expenses includes \$17.06m (Jun 2020 - \$13.79m) of kiwifruit costs relating to kiwifruit harvested and to be delivered to Zespri from the Group's New Zealand orchards, plus \$4.13m from similar OPAC expense, see [note 13](#).

13. Business combination

Amalgamation of Ōpōtiki Packing and Cool Storage Limited (OPAC)

During the year the Group acquired Ōpōtiki Packing and Cool Storage Limited (OPAC), a kiwifruit post harvest and orcharding business based in Ōpōtiki, the Bay of Plenty, New Zealand, into a newly-formed 100% owned subsidiary of Seeka Limited, being Seeka OPAC Limited. OPAC shares were cancelled and re-issued for shares in Seeka Limited at a ratio of 1.4833 shares in Seeka for each share in OPAC, based on a price of \$4.82 per Seeka share (equal to the VWAP of shares traded over 10 business days, finishing on 24 March 2021, with all fractions of Seeka shares rounded up to the next whole number). The purchase was settled 4 May 2021 for a recorded consideration of \$38.73m when Seeka issued 7,042,574 ordinary shares at \$5.50, being the share market price on the acquisition date as per NZ IFRS 3. The change in share price between the VWAP and the share price on acquisition date had the impact of increasing goodwill by \$4.80m.

On acquisition, the Group drew down a \$27m loan to repay the acquired interest bearing liabilities of \$21.86m, with the remainder used to service OPAC's working capital requirements for the remainder of the season.

OPAC contributed \$12.47m of revenue and \$2.86m of net profit before tax to the Group for the period from 4 May to 30 June 2021. If the acquisition had occurred on 1 January 2021, OPAC would have contributed \$19.13m of revenue and \$4.66m of net profit before tax for the six months ended 30 June 2021. These calculations are not significantly impacted by differences in accounting policies between the Group and the acquired subsidiary, and no significant additional depreciation would have been charged if fair value adjustments to property, plant and equipment had applied from 1 January 2021, including consequential tax effects.

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

	June 2021 Unaudited \$000s
New Zealand dollars	
Purchase consideration for shares	38,734
Land and buildings	39,460
Property, plant and equipment (excluding land and buildings)	11,819
Intangible assets (excluding goodwill)	637
Inventories	1,421
Right of use lease assets	554
Investment in shares	342
Investment in associates	883
Cash and cash equivalents	460
Trade and other receivables	12,018
Trade and other payables	(12,271)
Interest-bearing liabilities	(21,863)
Current tax liability	(2,043)
Deferred tax liability	(1,862)
Lease liabilities	(554)
Fair value of new assets and liabilities	29,001
Goodwill	9,733
Net purchase consideration	38,734

The fair value of acquired trade receivables is \$0.40m. There was no loss allowance recognised on acquisition. The goodwill of \$9.73m is allocated to the Bay of Plenty post harvest cash generating unit as the primary purpose of the amalgamation was to obtain the post harvest facility and associated grower relationships. The goodwill is attributable to the operation's strong market position in the Ōpōtiki, East Cape and Gisborne regions, and synergies expected to arise from adding an extra post harvest facility to the Seeka Group. The goodwill is not expected to be deductible for tax purposes.

Acquisition-related costs of \$0.47m are included in administrative expenses. Deferred tax of \$1.86m was provided in relation to differences between tax written down values and the fair value of certain assets. Seeka has 12 months from the acquisition to reassess the disclosed fair values of assets and liabilities. In particular, any liabilities are expected to be crystallised and quantified within the 12 months from the acquisition date.

Critical accounting estimates and judgements

The fair values of assets are subject to estimates and judgement. Seeka engaged Telfer Young to complete an independent valuation of the land and buildings at the acquisition date. The remaining property, plant and equipment was assessed on a depreciated historical cost basis, as well as a physical stocktake and a comparison to similar Seeka-owned assets. The Group assessed that an intangible asset exists for grower relationships and contracts, which is immaterial for financial reporting using the multi-period excess earnings method of calculating intangible assets on contracts.

Dividends, share capital and fair value

This section focuses on how the Group pays dividends to grow shareholder returns, manages its share capital, and determines the fair value of its financial assets, securities and liabilities so it can deliver benefits to stakeholders.

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.

14. Dividends

Dividends paid	\$000s	Per share
2020		
September	3,260	\$0.10
December - declared, paid 27 January 2021	3,889	\$0.12
Total dividend paid 2020	7,149	
2021		
March	3,944	\$0.12
Total dividend paid 2021	3,944	

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

In the last 12 months, \$0.34 has been paid in dividends per share (prior 12 months \$0.12).

The cash dividend payment was \$6.48m at June 2021, being \$3.23m relating to the special dividend declared in December 2020 and \$3.25m relating to the dividend declared in March 2021.

On 18 August 2021, the directors declared a fully-imputed dividend of \$0.13 per share. The dividend will be paid 13 October 2021 to those shareholders on the register at 5pm on 20 September 2021. The dividend reinvestment plan will apply.

15. Share capital

On 4 May 2021, the Group acquired OPAC for a recorded consideration of \$38.73m, by issuing 7,042,574 ordinary Seeka shares at \$5.50 per share, see [note 13](#).

During the period to 30 June 2021, \$0.66m (Jun 2020 - \$0.05m) was received in relation to shares issued under the employee share scheme established in 2016.

During the period to 30 June 2021, 183,561 shares were issued under the dividend reinvestment plan (Dec 2020 - 88,240 shares at \$3.95 in September); 90,318 shares in January at \$4.71 from the special dividend declared December 2020, and 93,243 shares in March at \$4.73 from the dividend declared March 2021, see [note 14](#).

16. Determination of fair values of financial assets and liabilities

The following table analyses financial assets and liabilities carried at fair value as at 30 June 2021.

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 and irrigation water rights.
- 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 fair value	-	-	1,670	1,670
Water shares	8,371	-	-	8,371
Irrigation water rights	167	-	-	167
Land	-	-	30,033	30,033
Buildings	-	-	183,791	183,791
Unlisted equity securities	-	-	919	919
Derivatives used for hedging (liability)	-	391	-	391

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	Notes	Fair value	Method	Key unobservable inputs	How unobservables impact estimated fair value
Biological assets - crop at fair value Includes New Zealand avocado and Australian plums and speciality pears.	8	\$ 1.67 m	Estimated market value less selling costs and costs to market (have achieved sufficient biological transformation).	Forecast yields. Market sales price. Costs to harvest.	Increases with yields. Increases with price. Decreases with higher costs.
Land and buildings	6	\$ 213.82 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 and note 6 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		\$ 0.92 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.

17. Related party transactions

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. These are all transacted on normal commercial terms and conditions. In the current period the Group received \$110.11m (Jun 2020 - \$84.26m) for the provision of services to SGL.

18. Capital commitments

As at 30 June 2021 the Group was committed to incur \$6.90m of capital costs relating to a post harvest upgrade at KKP and the purchase of 18 Carraro tractors ordered and due for payment in 2022. (Dec 2020 - \$1.70m).

19. Contingent assets

Seeka announced on 15 February 2021 that a settlement has been reached in the matter of the kiwifruit class action against the Crown related to the Psa outbreak in 2010. The settlement sum for the legal, funding and claimants is \$40m inclusive of GST if any. Seeka is a plaintiff in the class action. Seeka expects a one-off extraordinary gain from the successful settlement of the kiwifruit claim against the Crown. The actual amount to be received by Seeka is unknown with the distribution subject to High Court approval, with the timing of payment expected to be received before the end of 2021. Seeka estimates that its share of the distribution could be between \$4.0m and \$8.5m.

20. Events occurring after balance date

On 9 July 2021, Seeka announced an equity investment in Fruitometry, an innovative horticultural startup. Fruitometry provides knowledge to efficiently manage orchards, maximise yields and provide accurate pre-harvest fruit estimates for the supply chain. Seeka's minority investment of \$2.60m values Fruitometry at \$10 million. Fruitometry will continue to operate independently while expanding their service.

A dividend was declared for \$0.13 per share to be paid on 13 October 2021, see [note 14](#).

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

DIRECTORY

Board of directors

Fred Hutchings - Chairman

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

Verena Cunningham

GM SeekaFresh and Strategy

Kevin Halliday

GM Operations

Stuart McKinstry

Chief Financial Officer

Jim Smith

GM Growers and Marketing

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



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