

# OPAC Shareholder Update

## 2010 OPAC Harvest

A successful harvest finished on the 8 June and the post harvest main pack season concluded on 10 June with the packing of the last bins from the GREEN buffer store.

The key objectives in 2010 for Post Harvest were:

- Improve fruit handling
- Right first time
- Continuous Improvement
- Accountability and responsibility
- Staff selection

The ongoing focus on these objectives has ensured that at the completion of main pack OPAC has created an inventory that places it in a good position for the remainder of the 2010 Zespri selling season.

## High Points

- The first commercial packing of a Zespri new variety on 5 March at OPAC Factory Rd
- A well constructed and executed harvest plan
- Positive benefits gained by Post Harvest taking greater control over staff recruitment in 2010
- Continuous Improvement is “the way we do things” at OPAC
- Improved data accuracy
- Machinery reliability
- Carton Handling System
- Optimise fruit handling capabilities

## Gisborne

Gisborne completed packing on 6 June 2010.

Final class 1 packed volumes:

- Green: 1,174,051
- Gold: 203,353

## Shares

There have been no shares traded since the AGM and we currently have no notifications of shares available for sale or from interested buyers. If you are interested in buying/selling OPAC shares please contact Ian Coventry (ian.coventry@opac.co.nz).

## Financial Performance

The onshore operation has performed to expectations to date for 2010 with lower fruit volumes (across the industry) offset by good harvest and packing results. Management are currently working through a forecast of cashflow for the full year, including an Italian projection when Craig returns. The Board will consider the forecast information and provide shareholders with a further update regarding possible dividend distributions as soon as possible.

## 2010 Key Statistics

GOLD	Packed	Repacked	Fruit loss	Load out
Industry	21,447,254	3,788,576	1.42%	96%
OPAC	1,350,328	8,263	0.03%	91%
OPAC % of Industry		6.2%		

  

GREEN	Packed	Repacked	Fruit loss	Load out
Industry	76,091,260	2,247,006	0.18%	49%
OPAC	3,200,984	5,725	0.00%	43%
OPAC % of Industry		4.2%		

## Update on Italy

This week I will be flying out to Italy for a visit to assess how the orchard is progressing. Based on this visit I will be able to update your Board of Directors in more detail about options that OPAC and Salvi have with our investment. At this point we are none the wiser about how to combat the disease but there is some new information emerging from the researchers which will at least give us a little more detail to understand options about trying to continue or not with growing kiwifruit in Latina.

Reports back in the last month have been a little more positive to the extent that the remaining 35ha seem to be growing a good sized crop and the rate the bacteria is spreading has finally slowed. The Gold vines which have been cut back to below the graft and now growing as Hayward vines are looking very strong and in good condition. Only time will tell if we are managing to keep them protected from ongoing infection and if they will be able to carry on growing next year without bacterial infection.

Salvi have completed a crop estimate, which is extremely difficult to be accurate given variability of vine condition, indicating a crop of 330,000 class 1 trays well down on the million trays we peaked at. Final payments for last year's crop have been boosted by an additional payment from Zespri targeted at assisting the Italian Growers through this extremely difficult period with a matching contribution from the APO's (Salvi is an APO or supplier) which will assist the financial result for this year.

This is in the process of being finalised and will be a discussion point for this visit so we can update cashflow for the current year and carry on trying to budget options for the next and following years. These are all the pieces of the puzzle that we need to mesh together in time for a decision later in the year about our future direction with our investment.

Craig Thompson



Photo of fruit on the vine in Italy