



OPAC Shareholder Update

July 2011

2011 Harvest Update

With the last day of picking completed on the 17th June and packing winding up the following week, this year's harvest definitely felt like a long one. The season has certainly been tough with a constant battle against the weather. However in saying this, the harvest has worked extremely well under a new structure and with more open communication across all parties we were able to deal with peak demands and key decisions between field and post harvest. This season the fruit has been slower to mature than previous seasons. This has been the case across the whole industry however OPAC's overall fruit quality is proving to be very good with a higher percentage of Y band fruit and an overall better TZG result than the industry. This will result in a good OGR advantage for the 2011 season.

Both the Factory Road and Gisborne facilities have run very efficiently this year and have managed to cope with the peaks and troughs that have been caused by adverse weather. Our ECPI and Intercheck results are currently good enough to allow OPAC to load out product with minimal repacking and fruit loss to this point.

With a much larger industry crop of both Green and Gold than 2010 the storage season will be a longer one and no doubt provide OPAC management with some extra challenges.

High points of this year's harvest

- Minimal downtime through post harvest packing season
- Greater communication across all parties
- Improved labour rates and shed efficiency
- Record Gold yields in Opotiki catchment
- Picked and packed in excess of 5 million trays
- Largest Gold crop ever picked and packed
- YTD storage results leading the industry

Financial Performance

Operations are tracking well for the first half of the year. We anticipate financial results similar to 2010 with ongoing focus on fruit performance and loadout, in what many are picking to be a difficult year for fruit storage, and continuation of good cost control in all aspects of our business.

Packing labour efficiency, which is the key driver of overall post harvest profitability, was well managed and for Gold in particular achieved cost levels significantly better than 2010.

Harvesting operations was the field team's main activity during this part of the year with OPAC crews picking the vast majority of our supplying orchards. Despite the variable fruit maturity AND weather resulting in a lot of movements between orchards, improved communication and planning meant costs were minimised for both OPAC and growers.

With winter pruning now underway the field operations area is utilising innovative manning structures to achieve improved efficiency and minimise Psa risks and deliver its financial contribution targets. Cashflows, debt levels and finance costs are consistent with or better than 2010 levels at this time.

2011 Key Statistics

End of Week 25	GOLD	GREEN
OPAC Packed	1,824,461	2,957,884
OPAC Loaded Out	1,254,253	997,396
OPAC % Loaded Out	69%	34%
OPAC Fruit Loss	0	0
OPAC % Lost on Load Out	0%	0%
Industry Loss on Load Out	0.69%	0.24%

Shares

No shares have been traded since the AGM. There are currently three sellers who have notified the company they have shares available for sale as follows:

Number of Shares	Asking Price
10,000	\$2.00
9,600	By Negotiation
6,327	\$2.00

If you would like to purchase or sell any shares in OPAC please contact Ian Coventry (ian.coventry@opac.co.nz or 021 505 708). As advised at the AGM a process of providing an independent share valuation is underway and will be communicated to all shareholders when it is finalised, which is expected to be after the 5th August Board of Directors meeting.

Shareholders are reminded that any valuation process is indicative only and that the perception and assessment of upside / downside risk lies ultimately with individual purchasers' / vendors.

Following a review of current shareholding the Board of Directors has resolved to move to discontinue the Employee Share Scheme and Trust. After consideration and analysis of the options it was decided the original intent of the scheme was not being realised, and it would be in the best interests of the company, employee members and other shareholders to terminate the scheme and cancel the shares held by the trust. This will result in a 3.5% increase in the proportional shareholding of all other shareholders once the scheme shares are cancelled.

Psa Update

Psa is still very much a concerning element in the industry at the moment. Regional action groups have been set up including Gisborne, Opotiki and Edgecumbe. The main focus for these groups is to rally around growers and identify key risks within their region that will be mitigated to prevent and/or control the spread of the disease. OPAC plays an active role in these groups as we see it as a key focus going forward for the industry. Kiwifruit Vine Health (KVH) works alongside these groups to ensure that up to date information and technical knowledge is reaching growers.

At this stage both Opotiki and Gisborne remain Psa-V free and both groups are working to keep it that way. From what we have seen in Italy and the, still limited, knowledge into ways to fight and prevent the disease, the industry must focus on combating Psa to ensure that the current billion dollar export industry remains as such.