

APATA KIWIFRUIT UPDATE

December 2008



- In this issue**
- CEO Update
 - Grower Services
 - 2008 Fruit Loss
 - Technical Update
 - Shipping Progress
 - Share Price Increase
 - Contact Us

CEO Update: Todd Muller

On behalf of the Apata Board and staff, we congratulate Lain Jager on his appointment as CEO of ZESPRI International Limited.

Lain has done a fantastic job as acting CEO since the departure of Tony Nowell in July of this year, and we look forward to working with Lain and the ZESPRI team as we work together as an industry to retain our regulated industry structure, increase the value of Green, and continue to build demand for all our kiwifruit through new cultivars, brand strength, 12-month supply and product differentiation.

So while ZESPRI prepare for a challenging 12 months, here at Apata we continue to build on a solid 2008 season where we have packed a record 7.1 million trays of kiwifruit, and are on track to reach our targets for the 2008/09 avocado season. The work we are doing now to invest in our plant, people and processes will ensure that we are ready for 2009. A new Gold bin tip, grading tables, a 5 room Coolstore 8 and associated canopy, plus additional investment in operations and production staff are all part of our focus to be ready for a planned increase in kiwifruit and avocado volumes for 2009.



And of course this future reality just wouldn't be possible without the foresight of one of our company founders, Brian Earp. Brian Earp founded Apata in 1983, and was the inaugural Chairman. Brian served 17 years on the Board, and was the force behind building Apata into what it is today.

Brian has always been a passionate supporter of our industry and its focus on quality – driving the standards of growing, harvesting and packing upwards. He has made a massive contribution to both our company and the New Zealand kiwifruit industry – he is one of our true pioneers.

Brian's tenacious focus on quality and excellence, his values and commitment to excellence are all the cornerstones of our company's vision and goals today. It is because of Brian that we are where we are today as a company – and we are very proud of that fact.

We will be paying official tribute to Brian Earp at our 25th Company Anniversary in 2009.

On behalf of the Board, Executive, and the entire team here at Apata, we wish you all a very safe and enjoyable festive season. We look forward to catching up with growers at our Bay of Plenty Grower Christmas party, and working with you, and for you all, in the New Year.

apata
partners for growth





Grower Services: Bevan Bayne

On behalf of the Apata Grower Services team I would like to wish all Apata growers a happy and safe Christmas. We appreciate your business, we appreciate your on going support, and we appreciate your friendship and humour.

Over Christmas most of the Grower Services team will be on well deserved leave so we can come back refreshed and focused to help make a difference to your orchard results in the coming harvests. Our Avocado team will be led by Niko Tahau and Steve Brown during the holiday season so if you need information please call Niko or Steve .

I will be off on leave from 23 December to 5 January with my wife and two young children, having our first attempt at camping for a couple of days, so wish me luck!

To our Northland growers, thank you for attending our Christmas function at Barge Park, we thoroughly enjoyed hosting you and I look forward to meeting more of you on your orchard next year.

For our Bay of Plenty growers, I am writing this prior to our fishing comp and Christmas BBQ on 10 December, so I look forward to seeing you there and finding out who ends up with the bragging rights on the water. Sean Carnahan tells me it will be him but I doubt it.


Once again best wishes to you and your families for the festive season.

Fruit Loss

As we near the end of the 2008 kiwifruit season, we are in a position to update you on our onshore fruit loss figures.

This year Green fruit loss for the industry in total is up significantly against last year, reflecting the unique growing conditions of 2007/08 (draught followed by wet pre-season) and an increasingly long selling season. We are only now (in the first week of December) finished with Green product in our stores. Unfortunately, Apata has also been impacted with our Green fruit loss, rising as well reflecting that industry result. Our Green inventory tracked quite well during the season, however our remaining Green inventory soften quietly over the last few weeks in store.

	Apata Current	Industry Current	Apata Last Season
GREEN	6.3%	6.2%	4.45%
GOLD	2.75%	4.42%	2.11%
GREEN ORGANIC	3.05%	2.81%	0.92%



We are looking hard at what we can do to improve our collective result next year as the reality of huge Green crops is upon us, with the industry predicting over 80 million trays of Green fruit next year.

Having fruit in store late November is our new reality – the days of all our product being shipped in early October are over.

As we plan for 2009, we are putting significant focus on capturing on-orchard data to increase our understanding of our maturity area performance, ensure we more accurately match our picking capacity with our production capacity, ensuring fruit is picked at optimum maturity, avoiding holding fruit too long on the vine and ensuring that our coolchain processes grow with our business and deliver best practice results.

As noted earlier the Apata Board has committed to significant capital expenditure to support an additional 500,000 trays onsite coolstore capacity, huge new cool curing areas and the integration of our repacking teams within the cool chain.

You have our commitment that we will be looking at our entire inventory management processes to ensure we get more out of our Green inventory, and to an extent our organic inventory than was achieved this year.

Technical Update: Wade Hunkin

In Hayward orchards once flowering is complete the priority needs to be the first oil spray for scale. Last year the weather was not great at this time of year and many orchards did not get a post-flowering scale control spray which contributed to the high scale numbers seen later in the season. There is a second window prior to commencement of monitoring later in season which should be targeted for a second oil spray.

The other job for this immediate post-flowering period is to thin the obviously distorted fruitlets and have a second look at overall flower numbers. The earlier the first thinning round is complete the better. In terms of canopy, check leaders and target dark spots.

Gold orchards are entering that phase where the fruitlets are extremely susceptible to marking so canopies need to be well managed now. Generally fruit numbers look a little down on last year and the concern is that canopies may become over vigorous without a big crop to hold them in check. We know excessive vigour in the canopy can translate to smaller fruit and lower dry matter in the final crop.

Remember to return your Apata Pest Monitoring Contract if you have not already done so, even if Apata will not be doing the monitoring for you.

Shipping Update: Barb Wilsher

Apata is fully loaded in Organics for 2008, with the final shipment on the ANL Yarrunga to Australia loaded on 1 December.

Turntable Road has no further export shipments, and a local market order loading out the remaining inventory is to be finalised this week.



All other facilities in the Apata group are fully loaded.

Thank you to the participants in the Apata group – particularly the people who I work with on a daily or almost daily basis. You put in tremendous effort to achieve the last minute changes or request often at the most inconvenient time for you, but never the less you achieve them.

Looking forward to 2009? Of course!

Enjoy your holiday and the time spent with your family and friends over the festive season. Wishing you a happy and safe Christmas and New Year.

Apata Share Price

Share Price Valuation

Each year the Board obtains a revaluation of the shares of Apata Limited. We instructed Staples Rodway to prepare that valuation and the Board has accepted the recommendation to increase the share price from \$2.05 to \$2.17 per share, effective from 17 December 2008.

Your directors are extremely pleased to be able to announce this outcome. This increased share price of 12 cents per share (5.8%) is especially positive, considering the general stock market trend has seen share values decline all around the world. It is a reflection of the strategic focus the company has on future growth and the solid operational and financial results over the recent years.

Rebates

The rebate of 5 cents per qualifying tray supplied will be paid on Friday 19 December 2008 for kiwifruit supply and in March 2009 for avocado supply.

These rebates will be based on shareholdings recorded on the share register as at 17 December 2008 for kiwifruit, and 1 March 2009 for avocados.

Undershared Suppliers

There is an opportunity for undershared suppliers to purchase additional shares and participate in this year's rebate and final dividend, by completing Share Transfer documentation and having them received by Apata at 12.00pm (noon) on Monday 15 December 2008, together with the appropriate payment. Please contact Colin Reilly on 07 552 0911 to request a share application form, or if you need further information on this matter.

Apata Site Developments

Whangarei

The concrete pad has been laid for the extensions and the ground works are increasing the outside working area substantially.

Turntable Road

All our packing and operational activities will now rapidly be centered around the Green Packhouse as more development projects begin to unfold towards the end of the site in the

vicinity of the Gold Packhouse. The Gold Packhouse ablation facility is now well underway, and builders have practically completed the under floor requirements. Most of the remaining work is at the upper level and the project is tracking on the timeline to be complete in late-January. Framing is complete and pre-lining inspections have been carried out.



The new bin tip and in feed continue to be fabricated off site and are tracking to be installed late January. Two of our key employees will also be involved in the fabrication of the bin tip and in feed and will also assist with its installation on site in the New Year.

The two additional grading tables and upgraded B belt are also under construction off site. The light frames that are hung above the grading tables are already on site and these have been positioned in place above the table locations. Parts of the tables and belts will also come on site prior to Christmas and some installation may commence.

We also intend to start the relocation of the Gold Packhouse car park next week, or at least prior to Christmas. This process will serve as a two fold activity, while removing the metal from the existing car park to create the new car park we will also be preparing the levels for the new Coolstore 8 and yard slabs construction which will follow on from this in this area. We hope to have much of the preparation work done prior to receiving the go ahead to build, so we can get on with slab pours as soon as possible.

We also expect to make a start to the earthworks planned for this summer prior to the holiday break; this will involve large machinery that will extend the site further eastwards towards the harbour. We intend to fill the current silt retaining pond and bring the rest of the gully D up to site level and also make a start into the ridge at the east end of the site.

Apata Contact Details

Tauranga

Turntable Road RD2 Katikati
Phone: 07 552 0911
Fax: 07 552 0666

83 Pyes Pa Road RD3 Tauranga

Phone: 07 543 1211

Fax: 07 543 0096

Northland

37 Southend Avenue Whangarei
PO Box 1507 Whangarei
Phone: 09 430 8003
Fax: 09 430 8006

reception@apata.co.nz

www.apata.co.nz

Grower Services Contact Details

Kiwifruit Grower Services Manager

Damian Young 027 500 8586

GM Grower Services

Bevan Bayne 027 511 6666

Grower Services

Barry Penellum 027 453 6423

Technical Manager

Wade Hunkin 027 481 9905

Grower Services

Ross Mutton 027 648 5577

Grower Payments

Dinah Rutherford 07 552 0504

Organic Category Manager

Andrew Wood 027 475 1323

Communications Manager

Cassandra Thurston 07 552 0535
027 500 8587

Northland Growers

Steve Brown 027 200 9954

Grower Services Office

Gaye Sycamore 07 552 0512

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