



3 July 2015

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Dear Shareholder,

The kiwifruit industry has recently completed the 2015 harvest so we thought it an appropriate time to update our shareholders on the season and other exciting developments.

2015 Kiwifruit Harvest

The 2015 season saw a record crop harvested of 122M trays across the industry, up from 94M in 2014 and 6M more trays than the previous record in 2011. Apata Group packed a little under 10.4M trays up from 7.5M in 2014. As you would expect with such a marked change in volumes the season was challenging, but our team have handled the crop well and the inventory in our stores is in good shape. With load outs not due to finish until November our operations team still has plenty to do to ensure our industry leading OGR's are maintained, but we are extremely confident we have the people and systems to achieve that.

Purchase of 418 Old Coach Road

Our growth is by no means finished with the packing of this season's crop. The industry crop is projected to exceed 150M trays in the next few seasons and within our group we are expecting up to a further 50% growth in the next 4 seasons. On the back of strong results over the last few seasons we have procured more than our market share of the growth in volumes and we anticipate that continuing.

With the above in mind we are pleased to announce that we have recently completed the purchase of a 6 hectare site, zoned post-harvest, at 418 Old Coach Road, Paengaroa.

Apata Group Limited has purchased this land in Paengaroa for future expansion which we will do as required to cater for additional crop volumes in coming seasons. Our new post-harvest facilities at this site will be built next door to the existing Kiwi Produce Limited business currently operating on part of this land. Kiwi Produce are also continuing to expand their business on this site and will soon be moving into a new additional purpose built building.

2015 Financial Position

At the midway point of our financial year we are in good shape and expect to post a solid profit to the end of December. We are still planning to pay a dividend with respect to the 2015 financial year but will balance the quantum of any dividend with the need to apply available cash to debt reduction, especially with possible future expansion meaning further debt will be required.

We continue to exceed the targets provided to our financiers the ANZ bank and whilst we continue to do, this funding for sensible future expansion is not an issue.

Bay of Plenty Young Fruitgrowers Competition

At Apata we believe in investing for the future and we believe this is actually more important with people than equipment. Whilst we will always ensure we are investing in new and up to date technology this investment is actually meaningless without having good people in the team to maximise its operation.

As a demonstration of our commitment to the development of future leaders within our industry we were recently a major sponsor of the BOP Young Fruitgrowers Competition. The competition is going from strength to strength and we are pleased two of our own Chris Clement (Line Manager, Mends Lane) and Craig Ward (Technical Manager, Apata GROW) competed this year.

Eight contestants from around the Bay spent the day completing a range of tasks such as backing utes with trailers, completing orchard budgets and giving a three minute speech to a large audience on how industry can support tertiary education institutes in attracting students to horticulture.

Amongst some stiff competition both Chris and Craig emerged victorious. Chris won two of the competition categories, while Craig won four.

Craig also won the coveted overall title of Bay of Plenty Young Fruitgrower of the Year. Craig will now move onto the national Young Grower of the Year competition, to be held in August in Christchurch where he will compete against other regional fruitgrower finalists and the Young Vegetable Grower of the Year.

Chris and Craig epitomise the Apata ethos - they are extremely passionate about what they do and they are great at it.

We are extremely proud of both young men and congratulate them on their achievement.

Apata Grow

On the 1st of July Apata re branded it's orchard lease and management division as Apata Grow. We are excited Dr. Sonia Whiteman has joined our business to head up that division as Sonia brings a wealth of experience, which along with the other members in her team, ensure Apata will provide a full range of on orchard innovation and support for our growers.

If any of our growers require help or advice in this area, or have a neighbour that does, please give Sonia a call.

Apata Group Shares

We have had a lot of interest in Apata Group shares recently so if any shareholders would like to sell their shares please contact our Company Secretary, Eugene Crosby (eugene.crosby@apata.co.nz or 07 5520 503) to discuss options.

The last valuation estimate was completed in August last year which gave an indicative valuation of \$1 per share. We will complete a valuation early next year but it's reasonable to assume there has been some value accretion since then.

In closing the Apata Group Board would like to thank our shareholders and growers wholeheartedly for their support over the past few seasons and we look forward to the exciting times ahead.

Best regards,



Graham Cathie
Chairman, Apata Group Limited