

Customer Update

June 20, 2013

Almond demand remains strong

As customers would know almond pricing on the domestic market has been higher than previous years.

A weaker Australian US dollar exchange rate (hitting a three-year low at the time of writing this report) has more than offset any softening of international pricing. The latest information out of the Californian almond industry suggests prices will at least remain at current levels before new season product is available in September-October.

The size of the Californian crop will have a large bearing on where pricing goes in the back half of the season. However, the gap between current and new season US almonds has reduced significantly in recent times as the industry attempts to meet unabated global demand with a crop that might not fulfil early expectations. The market looks set to enter a very tight transition period.

At this point Almondco's price forecasting suggests blanched products and nonpareil kernel will be at least be in the mid to high \$8 range although this could change depending on the fate of the exchange rate. Pollinator varieties will also be pushing toward the \$8/kg mark.

New era in food safety

In recognition of increasing food safety standards that many of our major customers now follow, Almondco has committed to supplying only pasteurised natural products into the domestic market. The Almond Board of Australia is following in the footsteps of the Almond Board of California by enforcing the mandatory pasteurisation of all natural almonds sold in its domestic market. It is hoped that this position will be formally approved by the Food Standards of Australia and New Zealand before the 2014 season.

This measure has been driven by a series of national recalls over the past two years which have threatened to impact on the industry's highly successful campaign based around the health benefits of eating almonds regularly. We are proud to announce that our \$4.2 million pasteurisation system has been independently validated to achieve a 5-log killstep and was recently commissioned. As you might have already seen, our new Certificate of Analysis carries verification of the micro-biological status of our pasteurised almonds. This provides our customers with formal recognition that the product they receive has undergone the Almondco**Pure** process. While the almond will retain its same raw crunch and taste, your pasteurised product looks cleaner and provides both you and our growers with a level of food safety not previously available in an Australian almond.

The transition to pasteurised product has created some challenges for the Almondco production team. We would ask that customers bear with us as we enter this new era and as usual we will do whatever we can to meet your almond needs. We look forward to providing our customers with a point of difference and a new level of confidence around the food safety issue in the years ahead.

Special: We have a small amount of nonpareil extra fancy 16-18s packed for those looking for premium large almonds.



Almondco's Pasteurisation Manager Thomas Dobbin and Production Manager Trevor Lancaster commissioning the new pasteurisation facility at our Renmark site.