



ALMONDCO

PREMIUM AUSTRALIAN ALMONDS



UPDATE



The Management and Staff of Almondco wish you a Happy Christmas and a prosperous New Year.

OFFICIAL CUSTOMER NEWSLETTER OF ALMONDCO AUSTRALIA - Christmas, 2008

PREMIER'S FOOD AWARDS



State's top exporters

Almondco Group General Manager Brenton Woolston and Chairman Stephen Mann were presented with their Exporter of the Year award by National Australia Bank representative Jodie Heard.



Almondco won the Exporter of the Year Award at the 11th annual South Australian Premier's Food Awards in Adelaide last month.

It was due recognition of the success Almondco has had in developing markets around the world.

We have expanded into New Zealand, Europe, Asia and the Middle East and are set to increase our current production from 8,000 tonnes to more than 20,000 tonnes by 2012.

Increased production has placed great importance on maintaining and developing strong alliances with customers in a number of countries. Our point of difference remains the quality of our produce, which continues to allow us to command premium pricing.

Almondco has more than 160 accredited growers



Finalists of the Food Adelaide Value Adding Award - David Culbert - Meatpak, Amos Weigall and Brenton Woolston - Almondco, sponsor Brian Leckie, eventual winner Richard Gunner, Richard Gunner's Fine meats and Rose and Con Mitani-Mitani Products

across SA, Victoria and New South Wales and was also named a finalist in the Value Adding category of the Premier's Food Awards.

Almondco has had a big year in regards to industry recognition. The company was also a finalist in the National Australia Bank Australian Agribusiness Awards for Excellence.

Industry MRLs

All growers will be screened for maximum residual levels over the next two years by independent testing organisation NRS.

As part of the Almond Board of Australia's new industry protocol, core samples of every grower's crop will be tested by the end of 2010.

Extended screenings will also be conducted over the next five years. This new scheme is designed to enhance the industry's quality assurance tracking systems and negate market access issues.

Our Nutters raise \$10,000

Almondco's fundraising team raised \$10,000 for the annual Riverland Relay for Life.

The event raised almost \$100,000 for the Cancer Council of SA.

Christmas Closure

Almondco's processing facility will be closed during the festive season from **December 19 until January 5.**

Almondco's administrative offices and the Almondco Almond Hut will be closed from noon on **December 23 until January 5.**



ALMONDCO

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Record 2009 crop estimated



ALMONDCO

Market report: By Amos Weigall

As of December 17, 2008

California Position Report Summary for November 2008

Source California Almond Board – figures in million pounds

Current for November	2007/08	2008/09	%Change
Total Shipments Month	129	118	-8.7%
Total Shipments YTD	506	510	+0.07%
Total Committed Shipments	346	366	+5.7%
Carry-out	214	326	+52%
Total Supply	1,424	1,686	+18%

Californian Market

A downturn in the market has occurred over the past 3 months, especially when this is measured in 'US dollar per pound' (USD/lb) pricing. Strengthening of the US currency has impacted USD/lb pricing while the impacts on markets have varied significantly with currency movements no longer trending on historic principles. In Australia delivered prices for US almonds have been increasing due to the rapid depreciation of the Australian currency against the USD.

While August and September shipments were pleasing, October and November shipments have returned to levels similar to last season. US domestic sales have dropped off considerably last month and the lack of confidence in commodity pricing is also reflected in shipment commitments. While total committed shipments are up on last season by 5.7% export commitments are virtually at the same level as 2007.

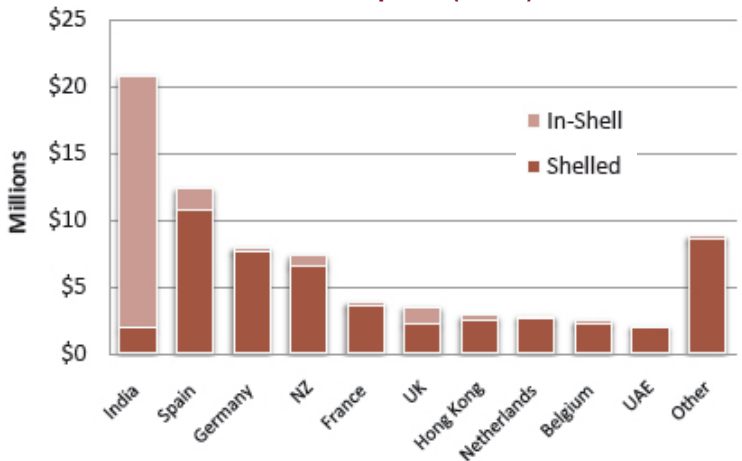
Buyers remain cautious and buying has been reserved, with an 'as needs' attitude prevailing during November. While most sellers had been hoping prices had already bottomed out, the final floor in profitability for the grower has now been breached in the last week. The drop in prices since the release of the November position report has seen buyers actively looking for offers. A return to record shipments is needed to steady the market however it may not be until after the 2009 bloom that this can be realised.

Growth in Australian Crop

The Australian 2009 crop estimate has forecast an increase of nearly 39% to 36,100 tonnes of almond kernels. The increase from the 2008 crop of 26,060 tonnes is welcome news and is a positive indication that the industry is adapting to the severe drought conditions. Nonpareil is forecast to represent 52% of all production, Carmel 31% and Price 9%.

Despite the initial mediocre bloom conditions the crop has set an average crop for most varieties. Kernel sizing remains somewhat of a mystery however after recording the two smallest kernel size years in 2007 and 2008 the field reports

2007-08 Australian almond exports (value)



are optimistic for a return to average kernel sizing. Harvest is expected to begin mid February with shipments to all markets commencing in March.

Almondco has a projected increase of 29% in tonnage from grower members in 2009 and is expected to be above the industry growth rate in 2010.

Plantings increased by a further 5% in 2007 to 27,500 hectares (68,000 acres). The non-bearing plantings (less than 3 years old) constitute 14,000 hectares and remain the majority share of plantings. Growth in crop is projected at 46,000 tonnes in 2010 and 80,000 tonnes in 2015. In 2009 the Australian Almond Board will be implementing a quarterly position report to track movement of the Australian crop.

Drought Continues

Rainfall figures are generally below average and inflows through the Murray River remain at record low levels. Storage levels are similar to last year when irrigation allocations were limited to 30% - the same expected for the current growing season. The water leasing market has dropped from the highs of A\$1,200 megalitre and due to various factors ranging from; government intervention for permanent horticulture, growers in horticulture and agriculture being maxed out on debt levels, retirement of land or shrinking in other irrigation sectors, uncertainty of allocation levels, high water availability in adjoining river systems, the overall water market has returned to a range of A\$300-A\$600 megalitre however remains volatile.

Australian dollar's exchange rate with USA

