

October 26, 2011

AMERICAN ROLAND FOOD CORP.

NEW PACK SIZE



Bean Thread Noodles

#72304 – 80/2 oz.

NEW ITEM



Oven Roasted Diced Tomatoes

#45922 – 6/32 oz.

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Hot Off the Press!

BASAMATI RICE

Projections for the basmati rice harvest indicate a strong harvest, and pricing should begin to slightly decrease soon. Quality should also be high and we expect a good year going forward on basmati rice.

CAPERS

Worldwide production of capers this year will be even lower than predicted last month. All exports from Syria to Turkey have stopped, leaving important quantities in the hands of pickers and unable to reach the market. Short crops from Morocco and Central Asia compounded the scarcity and spiked costs. We can expect shortages in the market.

JASMINE RICE/BABY CORN – THAILAND

Flooding in Thailand in the past 10 years has never been as severe as this year. A third of the country has been affected by the floods since July. The floods have damaged raw material, and delayed harvesting/packing of many items, particularly Baby Corn and Jasmine Rice. Shipments have been delayed by months for both of these items. In terms of pricing, we are very concerned that Jasmine Rice will rise further; a few months ago prices were at \$750/metric ton, but the market is now at \$1110/metric ton. Thailand's government purchases have also driven up the price.

LINGONBERRIES

Early reports are that Lingonberry prices may be slightly higher this year. While the Lingonberry raw-material supply did not deviate much from last year's crop, the exploding demand from China outstrips supply and moves the market price higher. In addition, the cost of sugar in the European Union jumped 50%, causing the Scandinavian production to be more expensive.

MANDARIN ORANGES

Hunan / Hubei provinces: Suppliers in Hubei expect quantity to decrease about 50%-60% compared with last year. As for Hunan province, the output varies with some areas expecting a 20%-30% reduction in output, and some other areas 50% less than last year.

Fujian / Zhejiang provinces: Suppliers in Zhejiang expect the crop yield will be better than last year's crop and the crop yield in Fujian is also expect to increase around 20% from last year.

Price: In general, the total price of canned mandarin this year will be about 25% -30% higher than last year, because of the following issues:

- **Raw material:** Explained above.
- **Sugar:** The sugar price last year was about RMB 6900 – RMB 7300/ton, but this year the price jumped to RMB 8200 – RMB 8300/ton.
- **Electricity cost:** Since most of China still uses coal power plant, rising coal prices affects factories' utility bill.
- **Empty tins:** Tin plate price increased RMB 120/ton from last year.
- **Chinese New Year:** Most canneries complete canned mandarin production two weeks prior to Chinese New Year. The coming Lunar New Year is on January 21, 2012, which gives canneries about 75 days to pack canned mandarin. This is 15 days shorter than last year.
- **Labor Shortage:** Labor shortage is a general issue now. It's getting worse especially for the coastal provinces like Zhejiang and Fujian. Suppliers expect labor cost this year to increase significantly.



AMERICAN
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CORP.

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Hot Off the Press! Continued

OLIVES, KALAMATA – GREECE

The Greek Kalamata Olive market price continues to increase – by almost 10% -- in the short term, but the new crop looks promising as long as winter frost does not pose a significant threat to the olive trees. At present, farmers have less carryover supply remaining and packers are running low on product. Hence, prices will remain high through winter.

By early-spring, new-crop Kalamata's will be packed. We will know whether frost damaged many trees. If not, farmers expect larger quantities than last year and improved quality – less blonde (green) colored Kalamata's and more quantities of each calibration/size (last year was heavy on large sizes, but less on small sizes). We hope these expectations are met so that we will have lower prices to pass along in spring.

OLIVE OIL

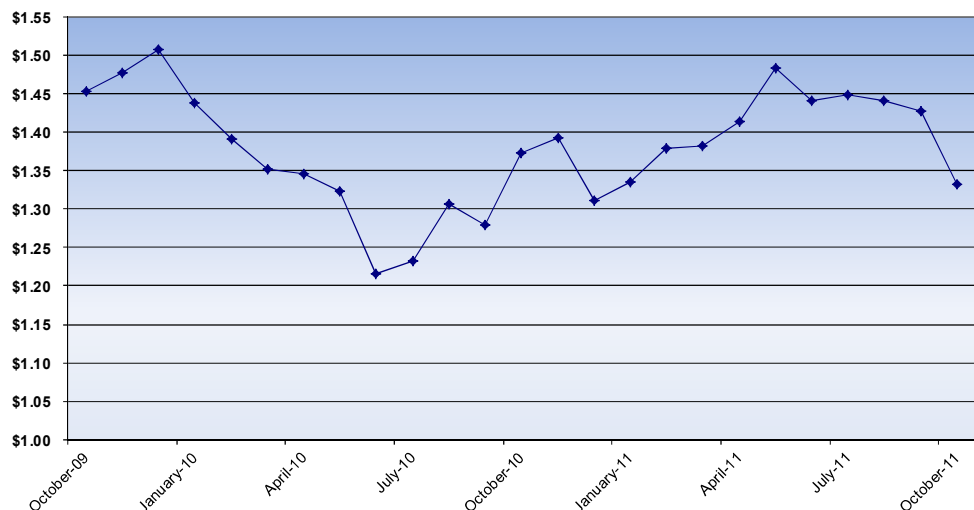
The new crop of Olive Oil in Italy is approaching. The crop is expected to be good and the carry-over is estimated to be about 300,000 tons. However, last night the EU decided to withdraw 100,000 tons from the market, and we expect a price increase for spot purchases for the next couple of weeks until new crop product is available.

Currency

On October 25, 2011 the U.S. dollar closed at \$1.3918 against the euro. The graph below shows the trend from October 1, 2009 – October 1, 2011.

US Dollars Needed to Purchase 1 Euro
(Data Source: X-Rates.com)

PAST 24 MONTHS



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