



TIMBERCORP ALMONDS

FACT SHEET 2006

THE POPULARITY OF ALMONDS

The almond is a versatile nut, able to be consumed raw or processed in a variety of ways. In developed countries, including Australia, it is considered an important part of a healthy diet and in developing countries it is valued as an attractive source of protein. In some countries it has cultural significance and is associated with ceremonies and celebrations.

THE GLOBAL MARKET FOR ALMONDS

The almond market has demonstrated strong fundamentals in recent years and global demand for the nut has increased steadily. Prices are at a high and are likely to remain firm for the remainder of the decade. Demand has increased across the board, with India, Japan, China and Eastern Europe being important drivers of growth.

California is the world's largest producer of almonds, providing approximately 80% of world supply. However, despite its great size, the Californian almond industry suffers some weaknesses, including:

- variable climatic conditions that can significantly influence crop yield and quality from year to year;
- ageing orchards (approximately 30% of all almond bearing trees in California are over 20 years of age and have therefore attained peak productivity or are already declining in productivity).

THE AUSTRALIAN ALMOND INDUSTRY

Australia is a relatively small player in the global almond market. However, its industry has great potential and has been growing strongly for more than 2 decades. On average, domestic demand has grown over 13% each year for the past 15 years, with the supermarket category experiencing 23% growth in 2005.

Australia enjoys a number of advantages as an almond producer, including:

- favourable weather conditions;
- suitable land and soil;
- relatively few pests and diseases;
- highly developed infrastructure;
- well organised and professionally managed industry;
- sophisticated farming and processing techniques;
- a leader in 'world's-best-practice' in production, processing and marketing.

Australia is well positioned to increase its share of the global market for a number of reasons:

- Its almonds are recognised as being of premium quality;
- Its crop is counter-seasonal to the northern hemisphere crop (and therefore comes onto the market when the northern hemisphere industry is 'off-season');
- It enjoys proximity to the growing Asian markets;
- It has the available resources to expand its industry;
- It has the capability to develop new markets.





ALMOND PRICES

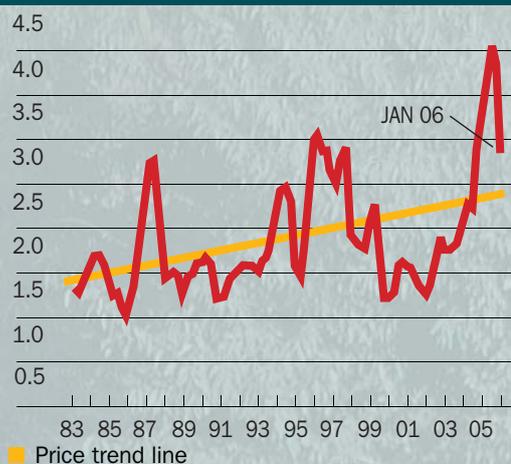
The price of almonds is determined by a number of factors, principally supply and demand. As previously stated, global demand for, and consumption of, almonds has steadily increased over recent years and now closely tracks supply. As a consequence, prices have also risen steadily. In fact, despite world production for the year being one of the highest on record, almond prices reached an all time high in September 2005 before falling back to mid-2004 levels.

The other important factor when considering price is the quality (variety and grade) of almonds. Select Harvests Limited, Timbercorp's strategic alliance partner, has demonstrated a consistent and proven ability to produce premium end grade almonds.

As illustrated in the graph which follows, over the past 21 years, the Nonpareil SSR 23/25 almond variety (international benchmark grade for pricing) has traded in a range of \$US1 to \$US4.05 per pound (\$US2.18 to \$US8.91 per kilogram). It can be reasonably expected that prices will continue to fluctuate in the future, thereby affecting returns from year to year. At present, however, prices on the global markets are relatively high and are expected to remain firm for the remainder of the decade.

World Almond Prices

Grade NP SSR 23/25
\$US Price Per Pound



The first almond orchard established by Timbercorp, the 2001 Timbercorp Almond Project, was harvested for the first time in February and March of 2004, with the bulk of the crop already committed and sold into domestic and export markets. The average price for the crop sold to date is \$A6.58 per kilogram. Importantly, in the month of December 2004 the average price achieved by Select Harvests was \$A7.50 per kilogram, demonstrating again that prices are on the rise. Since then, the almond price has traded as high as \$A11.64 per kilogram.

The Project will be established by Timbercorp Securities Limited (TSL) ACN 092 311 469 (AFS Licence No 235653). When it is established, TSL will issue a Product Disclosure Document (PDS) in relation to the Project. Interests in the Project will only be issued on receipt of an application form attached to, or accompanying the PDS. When it is available, a PDS may be obtained from Timbercorp by calling 1800 628 188, downloading from www.timbercorp.com.au or from financial advisers and accountants.