



NEWSLETTER NUUSBRIEF

To our valued suppliers,

12th July 2018

Hopefully you have read our last newsletter regarding some challenges with the Chinese market in 2018. The challenges outlined in this newsletter remain. Currently many Chinese buyers are holding back and continue to delay shipments as they monitor the likely Chinese crop which is initially reported to be slightly better than expected and of decent quality.

GFNC has made the strategic decision to crack more inshell than originally forecast. Our sales budget was originally around 22% as inshell to China. We will likely reduce this to 15%. Kernel sales continue to go very well however considering we sell our kernel predominantly to retail and food manufactures payment is slower than inshell to China. There is a resultant cashflow pressure. Coupled with this, our overall intake volumes are higher than first anticipated by both GFNC and growers.

As we cannot fund the delays with our current finance facility, management has decided to be proactive and reduce payment outflows slightly to ensure this has minimal impact to growers. For a short period, we will be reducing the 1st payment for batches delivered to 50%.

There is no cause for alarm, and we project cashflow will return to normal in 4-6 weeks' time. Once our cashflow return to normal, we shall initiate a process to "catch-up" any payment backlog.

Generally, most growers should be in a relatively good cashflow situation at this time of year. However, should you require special treatment please just speak to your relevant grower liaison or factory manager. We are here to help where possible.

Continue to wish you all the best for the season. We believe you will all be very happy with the end result of the 2018 season.

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