

KOSHER AUSTRALIA PTY LTD

ועד לעניני כשרות דאוסטרליא

THE PROMISE OF THE HIGHEST STANDARD IN KOSHER CERTIFICATION

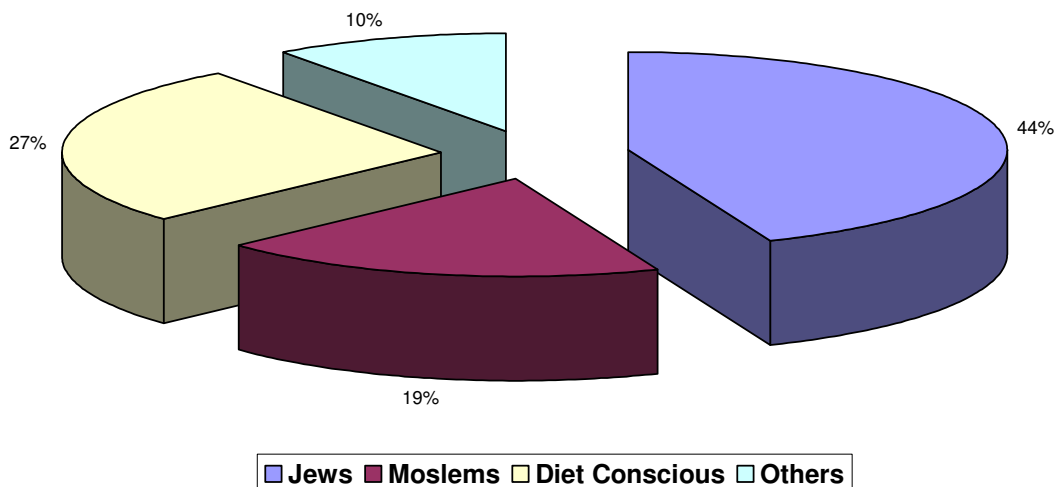


Overview of the Kosher Market – from 'Paddock to Plate'

An integrated marketing survey conducted in 2001 in the USA showed that while the majority of Kosher consumers are Jewish (44%) the second largest group of Kosher consumers (27%) are those concerned with what they eat and believe that Kosher produce is better because of the independent auditing that a Kosher certification signifies.

Other significant Kosher consumers are Moslems, Seventh Day Adventists and those who require a specific diet such as the lactose intolerant, vegetarian and vegan.

Who Eats Kosher?



Kosher Consumer Numbers

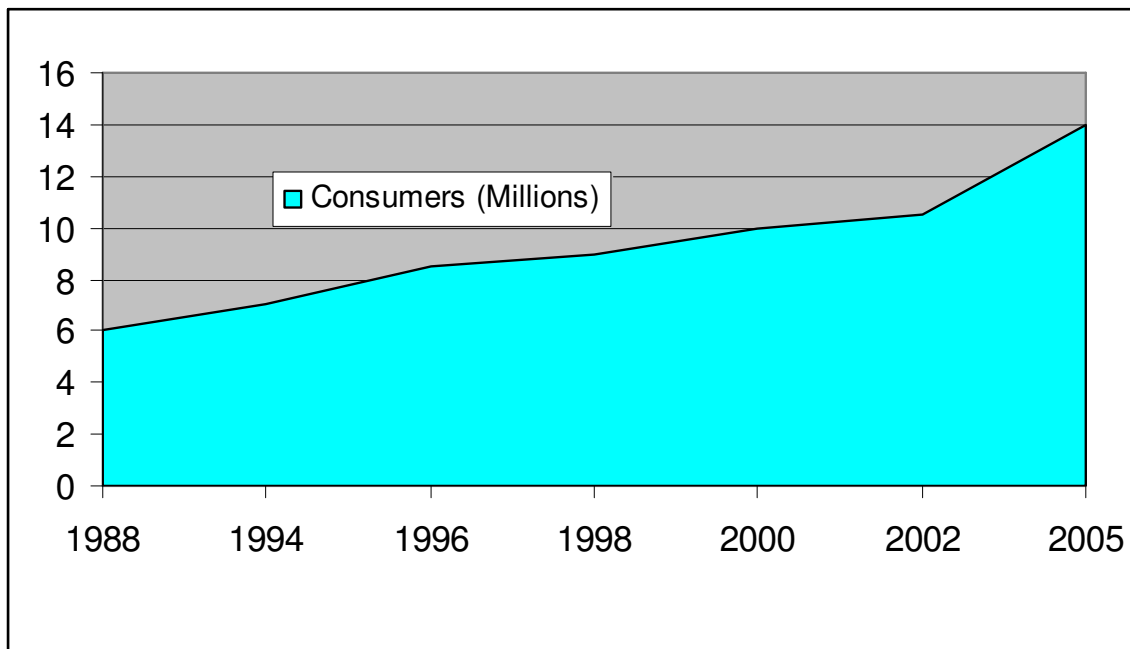
The number of Kosher consumers has risen from 6 million in 1988 to more than 10.5 million in 2002. It is projected that by 2005 there will be 14 million Kosher food consumers worldwide.

A recent report released by the Department of Trade from the Philippines (July 2003) estimates the value of the retail Kosher food market at \$US 150 billion with an average growth rate of **15% per annum**. This growth had been consistent since 1984.

A CBS Marketwatch report (2002) valued the entire Kosher food market at more than \$US 570 billion.

Other features include:

- 28% of all products sold in the US are kosher certified.
- 75% of all ingredients manufactured are kosher certified.
- There are currently more than 75,000 different Kosher consumer food products.
- US supermarkets carry approximately 13,000 Kosher products lines on their shelves.
- Supermarkets report that generic kosher certified brands demonstrate 6% growth as opposed to 2% in non kosher equivalents.
- Over 10,000 companies in U.S.A. currently produce products for the Kosher market.
- Each year 3,000 new products are introduced into the Kosher market in U.S.A.
- Products that are kosher certified, outperform their non-certified competitors by 40%.



The Australian Market

As a food exporter, Australia is the 11th largest in the world and growing. Due to stringent quarantine laws, Australia has a well-deserved reputation as a clean food producer. Kosher certification ensures better marketability of products for export, and is almost mandatory for export to the US.

Locally (Australia and New Zealand), there are 130,000 Jews. The combined Moslem, Hindu and Buddhist markets number over 700,000. An as yet untapped market is the Greek Orthodox market that observes Sarandamero or Nestea in Greek (fasting) for three periods each year totalling 105 days each year. This broadly involves restrictions against meat, fish and their derivatives. There are more than 400,000 adherents in Australia.

The total market for those who may select Kosher products due to dietary requirements in Australia exceeds 1.1 million.

A 1997 survey conducted by Agribusiness showed that if the premium cost to consumers for organic products was less than 20%, 92% of people would prefer organic food. This is an indicative trend in customer discernment.

The Australian Vegetarian Society reports that 18% of the Australian population are preferentially vegetarian, and the requirement for dairy in vegetarianism are aligned with Kosher.

Based on a survey conducted by the Zionist Federation of Australia, 48% of all Jews are either strictly kosher or will select kosher if given the option. In addition, Kosher caterers prepare upwards of 300,000 meals annually.

What is the Cost of Kosher?

"There is usually no increase in the price of the product due to its kosher certification, because the cost of certification is generally met by increased sales. In over 45 years, fewer than 12 companies discontinued their certification programs because sales did not increase. Thus, kosher supervision benefits the manufacturer and the consumer, who can be confident that foods may be consumed without violating the kosher standards." – *Rabbi Menachem Genack, Rabbinic Administrator of the Kosher Certification Division of the Orthodox Union.*

A recent survey of Kosher Australia clients found that the ongoing cost of certification on average represented less than one tenth of one percent in the dollar cost of production.

Independence

A Kosher Accreditation is an independent audit of production processes and ingredients.

A recent Choice Magazine article ("Labels Don't Always Help" 10/99) indicates that without an independent accreditation such as Kosher certification, the consumer remains unaware of many additives or processing aids in the manufacture of goods. And unlike most other endorsements, a product is certified as being Kosher only if it meets all ingredient and production criteria and has undergone a site audit.

"It's been our experience that people associate the word kosher with **quality** and **purity** so it helps us sell our product even to the non-kosher, non-Jewish community" - *Bruce Mills, vice president of operations and marketing for My Grandma's of New England, who notes that 95% of his customers are not Jewish.*

Kosher Australia – An Overview

Established in 1968 under the auspices of Rabbi Baruch Abaranok z"l, Kosher Australia (formerly Melbourne Kashrut) is widely recognised as the foremost Kosher Certification body in Australasia. We boast a Rabbinic board garnered from across the spectrum of Orthodox and ultra-Orthodox Judaism.

The Kosher Australia kosher symbol appears on products manufactured throughout Australia and Asia including the Indian subcontinent. We also work in close conjunction with the major US Kosher Agencies, and have Rabbinic representation throughout Australia, Asia and Europe.

The Kosher Australia kosher certification appears on products as diverse as wine, flavours, cheeses, yoghurts, fruit products, meat products, flavoured coffees, baked goods, cereals, enzymes, honey, ethanol, vegetable oils, fish products and breakfast cereals.

Our major clients include Kerry Ingredients, SPC Ardmona, Goodman Fielder, Unilever, Cadbury Schweppes, Masterfoods (Mars), Quest International, Murray Goulburn and Crown Casino.

Recently Kosher Australia has begun initiatives with the Australian Halal Food Services Trust, a major Halal certifier in Australia. These initiatives aim to take advantage of synergies between the two markets.

In addition, Kosher Australia works closely with such Australian Government agencies as Austrade and Regional Development Victoria to promote and assist in the marketing of Kosher certified products.

Kosher Australia is also one of the first Agencies to commence implementation of the K-Cert system which is elemental in maintaining the integrity of the Kosher certification process.

The Kosher Certification Process

There are essentially three steps to the Kosher certification process.

1) The manufacturer is provided with a certification checklist that needs to be completed. This provides Kosher Australia with key information for subsequent audits and also flags any area that can be resolved beforehand. The information in the checklist also assists in positioning the product with consumers and other manufacturers once it has been Kosher certified.

2) A preliminary site audit.

3) Based upon the data from the checklist and the audit, the Rabbinic Board determines the conditions for certification. Once the manufacturer implements any requested changes, they sign a formal service level agreement with Kosher Australia. This authorises the manufacturer to use our logo and their products are would included the various food guides that Kosher Australia issues for local and international use for both consumers and food services.

A typical blanket certification for a single facility will cost between \$AU 1500 to \$AU 3000, but this is dependant on the actual conditions of the certification as stipulated by the Rabbinic Board. Blanket certificates are generally only granted for a 12 month period.

As Kosher Australia is a not-for-profit organisation, charges are merely to cover costs.

For further information contact Yankel Wajsbort at wajsbortj@kosher.org.au or on +613 9525 9885

Our Client List

A selection of our local and international clients include:

- Bonlac
- Cargill
- SPC-Ardmona
- Kraft
- Glicks
- Masterfoods (Mars)
- Murray Goulburn
- Sarbrands (Sunraysia Juices)
- Uncle Toby's
- Unilever Australasia
- Sunbeam Foods
- Cadbury-Schweppes
- Kerry Ingredients
- Chr Hansen
- Quest International
- Ricegrowers (SunRice)
- Leabrook Honey
- Kerry Ingredients
- Carlton Crest
- Peerless Oils
- Berri
- Tassal
- Golden Circle
- GlaxoSmithKline
- Coopers Brewery
- Qantas (Unger Catering)
- Kikkoman
- Angas Park
- Virgin Hills
- Olsson Pacific Salt
- Roma Foods (Orgran)
- Tisdale (Kidron Wines)
- Becketts Flat
- National Health Foods
- IFF
- Nopalax
- Australian Edible Oils
- Crown Casino