2007 CROP REPORT & PERSPECTIVE

A. A. SAYIA & CO., INC.

THE BIG PICTURE

Major changes that have affected spices and prices in 2007:

- Global Consumption
- Communication
- Processing

GLOBAL CONSUMPTION

- COMPETITION FROM INDIA & CHINA
- INCREASED SPECULATION AT SOURCE – Commodity Market in India

COMMUNICATION

Communication has progressed from once-daily to instantaneous.

- 1971 – Telex
  - Connected two typewriters via a phone line
  - Communication occurred overnight
- 1985 – Fax
  - Overnight
- 1990 – Email
  - Instant, depending on the time zone
- 1995 – Cell Phone
  - 24/7

COMMUNICATION (cont’d)

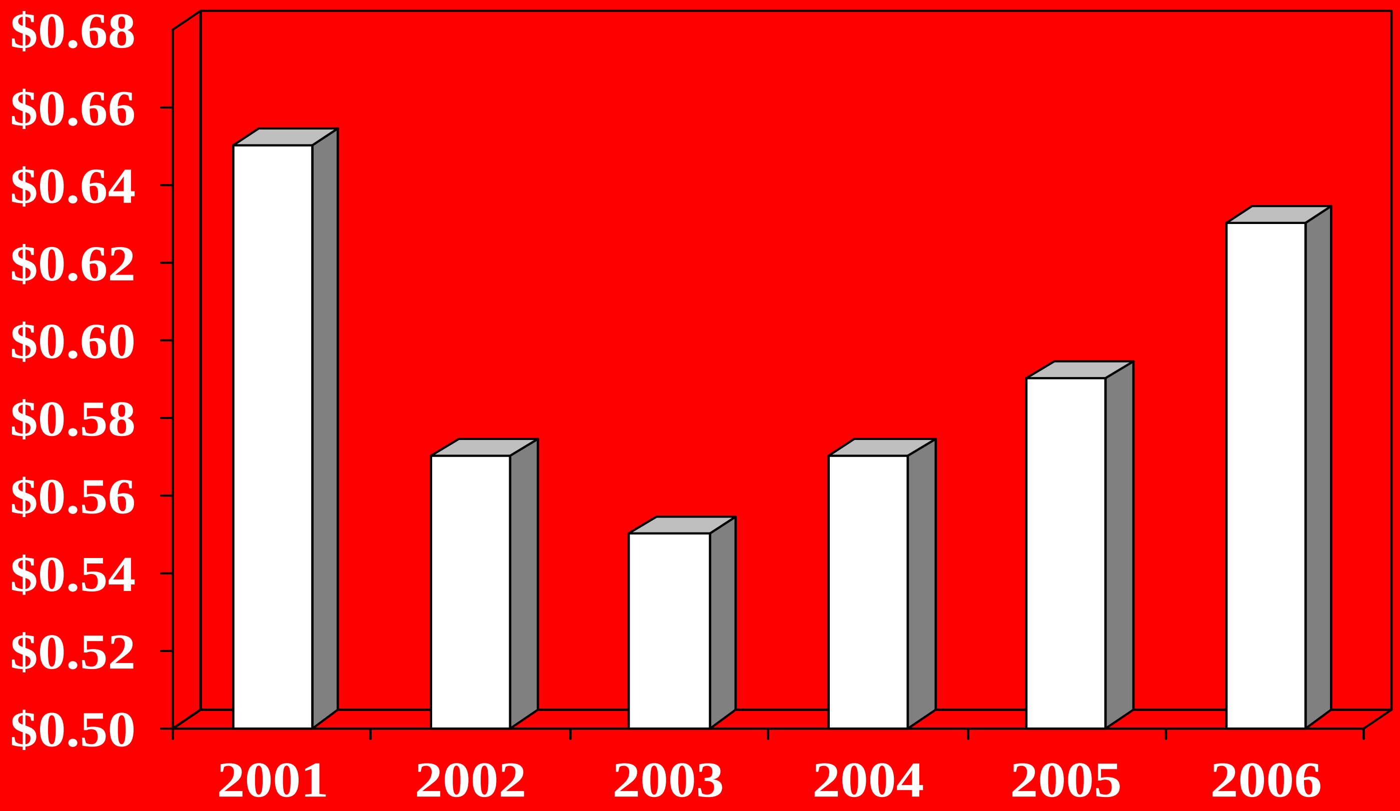
- The advent of fax, email and the near-global assimilation of mobile phones has catapulted the industry into the modern age
- The end result is a market in which knowledge is shared by farmers, sellers, buyers & consumers widely and rapidly
- More than ever, it is necessary to have constant communication with your broker

PROCESSING

- The primary development is the movement of cleaning technology from consuming countries to source
- Traditionally raw material was cleaned minimally at origin then recleaned & processed here
- This has changed significantly
- Depending on the item and seller, detailed specifications can be obtained
- More discussion on this as we continue

BASIL

Basil - MCNC


$0.68
$0.66
$0.64
$0.62
$0.60
$0.58
$0.56
$0.54
$0.52
$0.50
2001
2002
2003
2004
2005
2006

BASIL

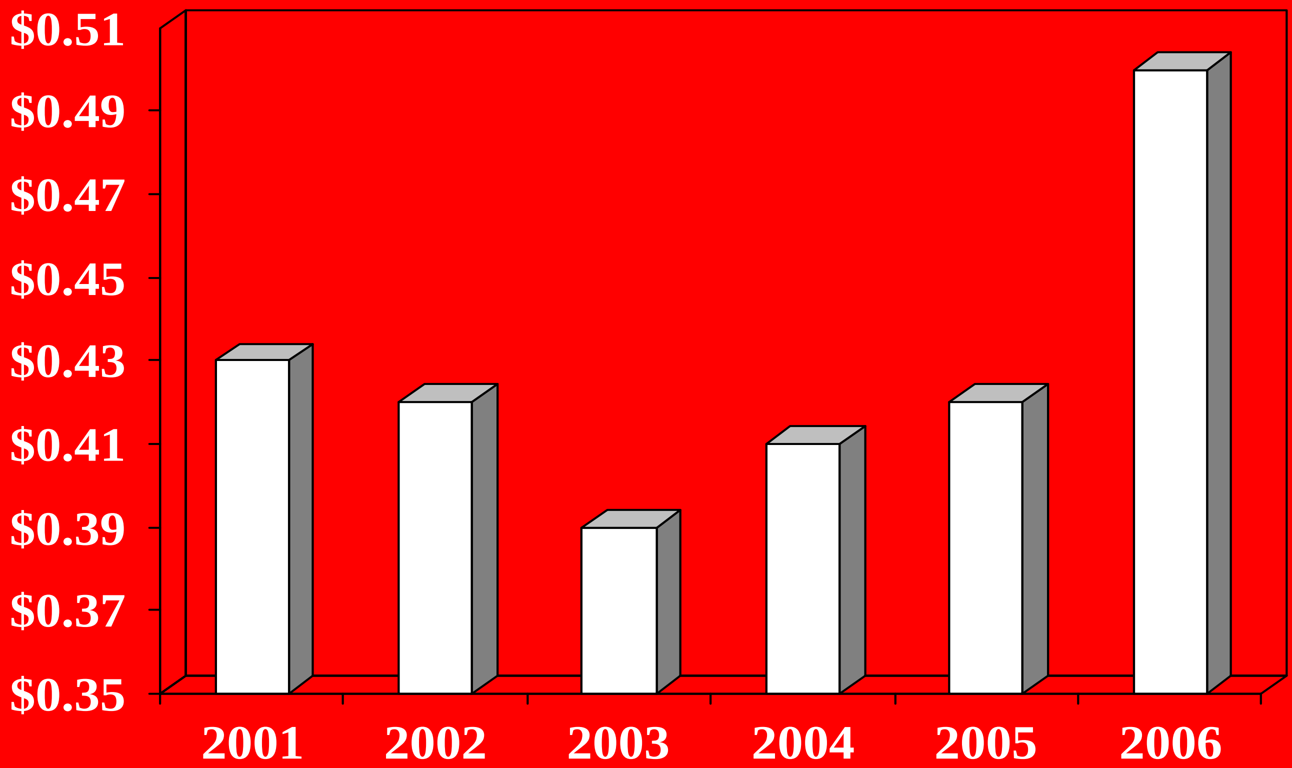
- Egypt is the sole source
- Shipment levels have been relatively stable
- Expectation that June 2007 crop will be normal
- Processing is continually improving as factories become increasingly sophisticated
- De-registering of EtO for basil will be an issue in the second half of 2007
- Possible alternatives: irradiation, PPO & steam

BASIL – PROCESSING
1971

BASIL – PROCESSING 2007

CASSIA

CASSIA BCCKA – 2.75 ML/SVO



CASSIA

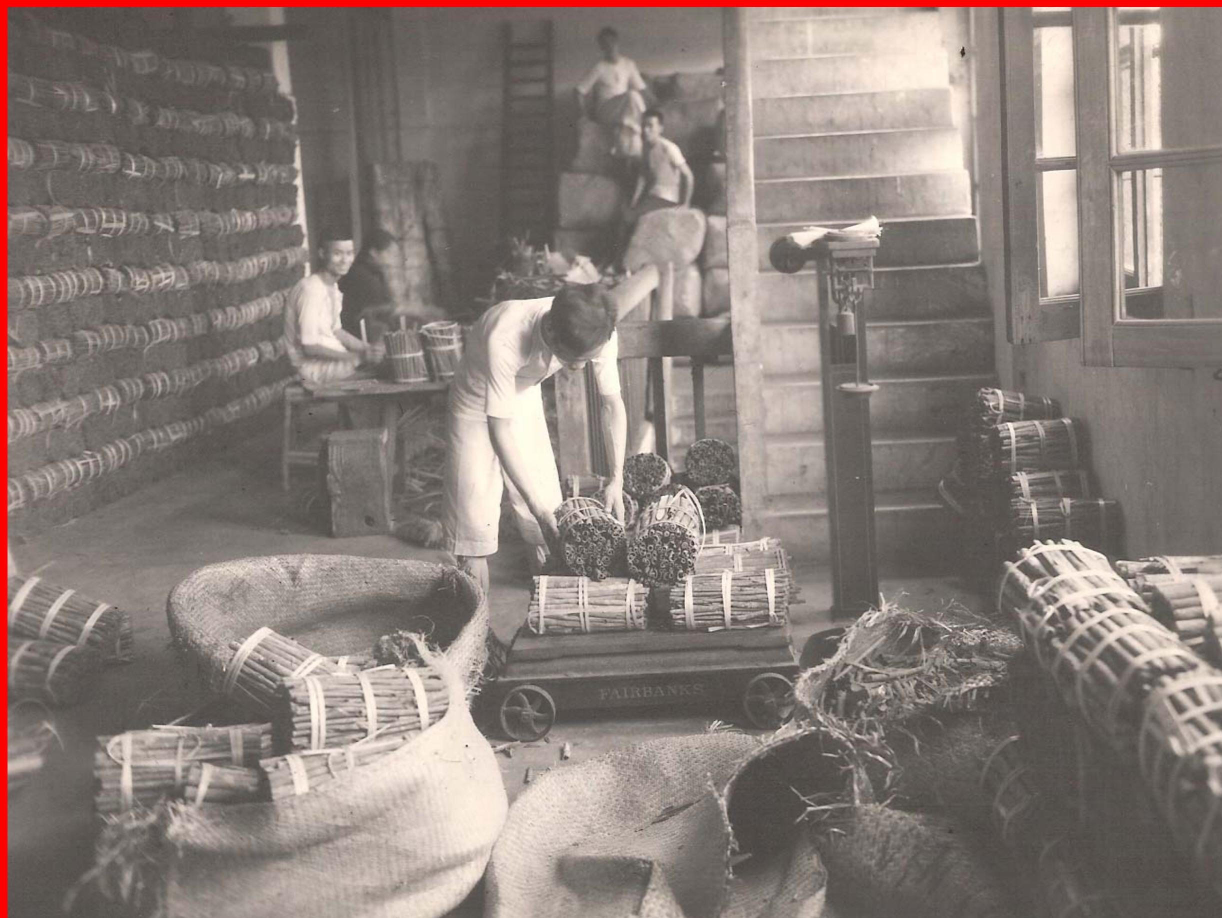
- Costs continue to rise
- Large majority is shipped from Indonesia
- Chinese/Vietnamese are specialty items
- Remains very cheap
- As much as things change, some things stay the same – processing

PROCESSING CASSIA

- Processing: 1971

- Processing: 2007

CASSIA

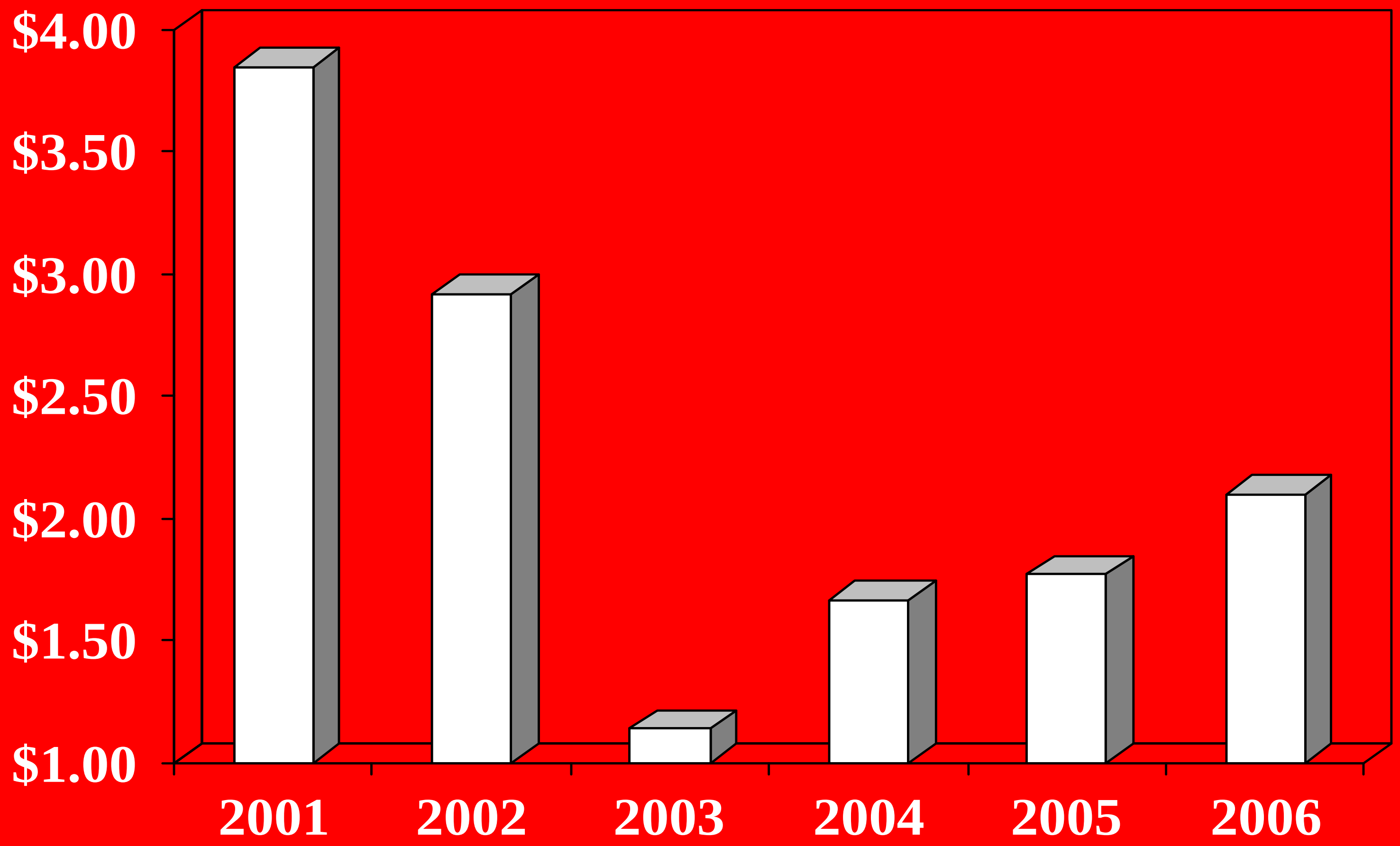


CASSIA

CASSIA

CLOVES

CLOVES

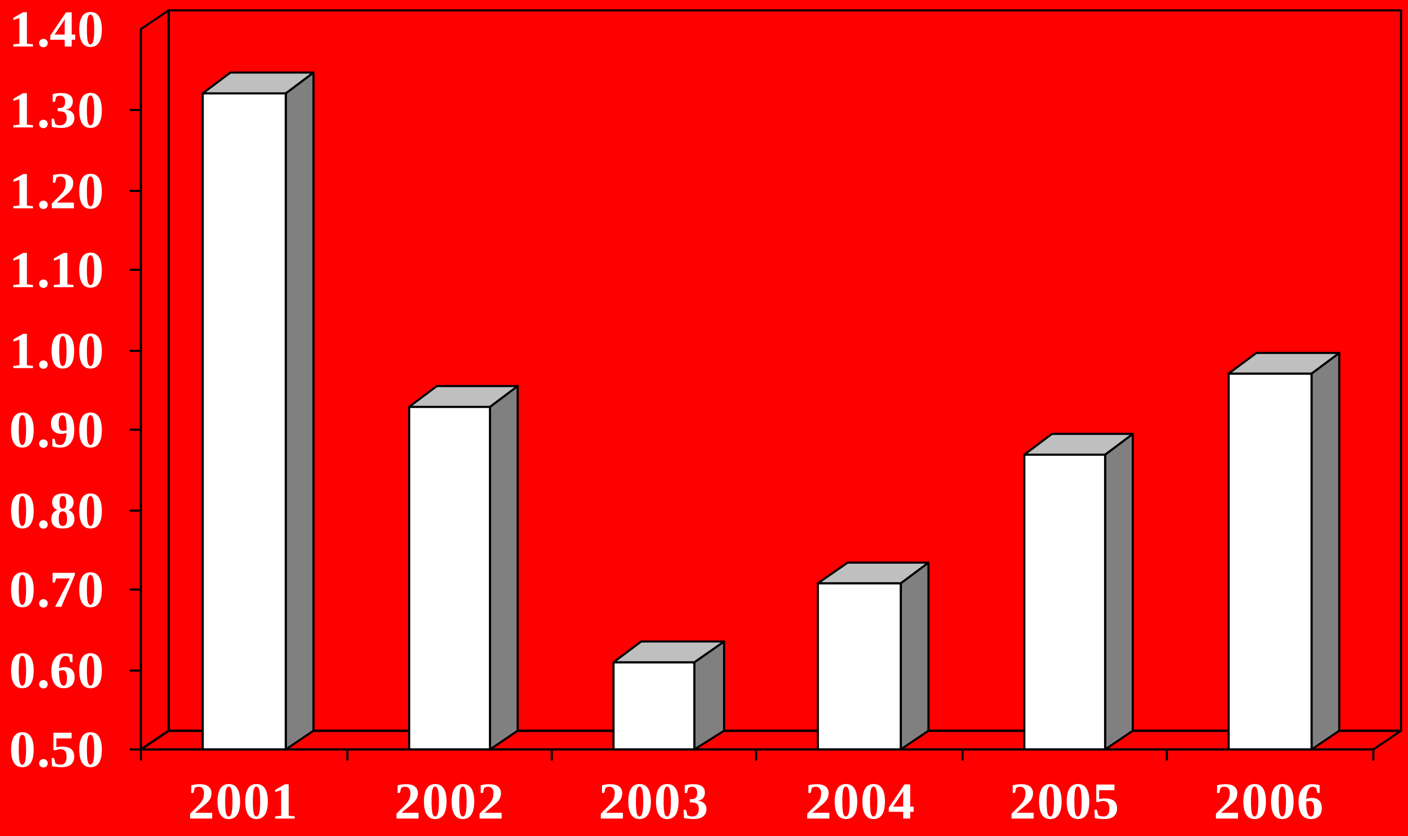


CLOVES

- November 2006 Brazil harvest was small after the large 2005 production
- March 2007 Madagascar picking was barely normal
- Average prices do not reflect volatility
- Indonesia is the key, consumption / production 60,000 mt, June outturn will determine direction
- Increased demand from India and Singapore
- Our usage is miniscule 1,300 mt

CUMIN SEED

CUMIN SEED



1.40
1.30
1.20
1.10
1.00
0.90
0.80
0.70
0.60
0.50
2001
2002
2003
2004
2005
2006

CUMIN SEED

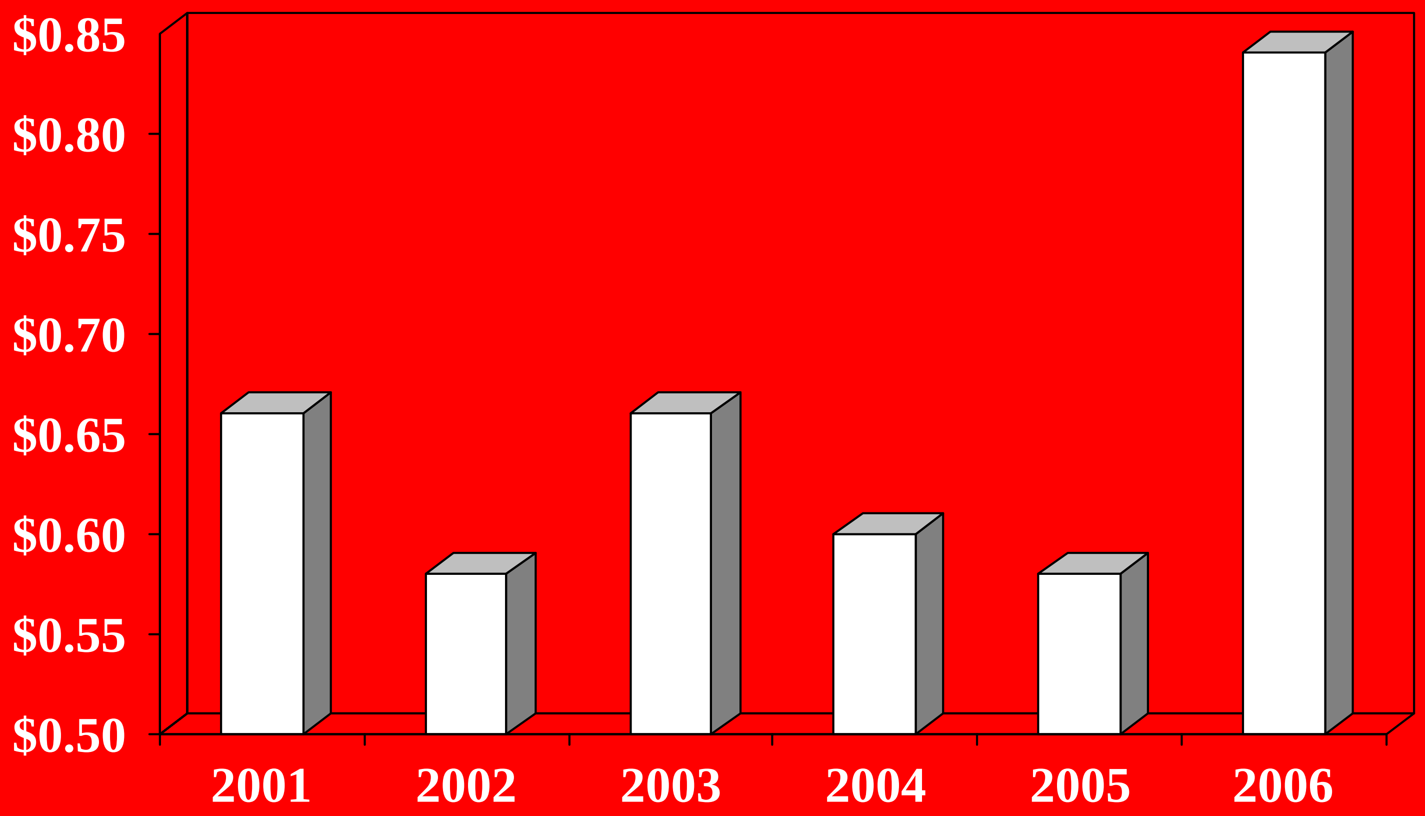
- 2006 March crop in India was very good 120,000 mt but the initiation of the commodity exchange changed the fundamentals
- 2007 outturn in India was damaged by late rains however the extent is still being debated – 80,000 mt
- Syria initially reports June 2007 production maybe 40,000 mt but no carryover
- Turkey and Iran 2006 harvests were small, too early to determine July output
- Speculation now is at source

SEED CLEANING
1970 thru 1995

CUMIN

FENNEL SEED

FENNEL SEED
INDIAN

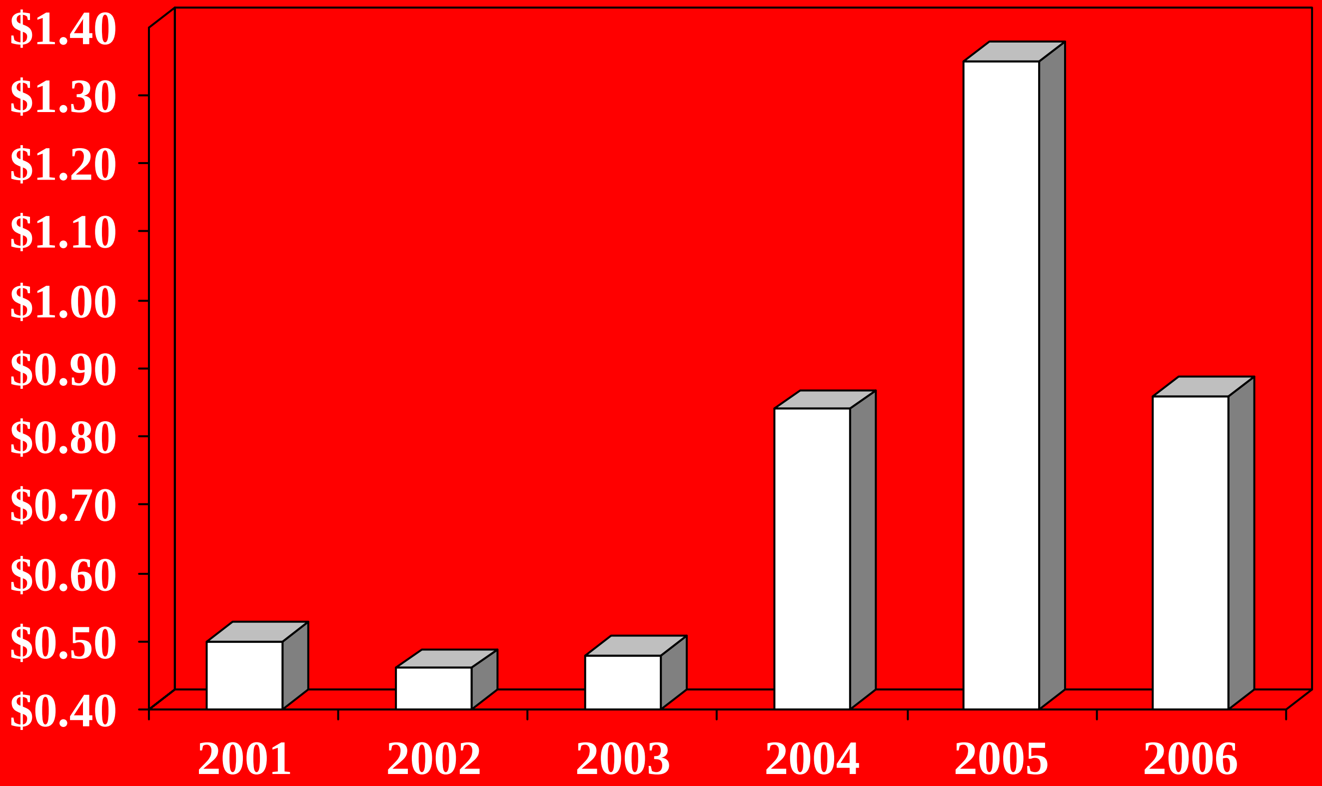


FENNEL SEED

- Indian harvest in March 2006 was OK
- Egyptian June 2006 crop was normal about 6000mt
- By October India had consumed the bulk of its carryover and prices surged
- 2007 Indian crop planted large. Despite late rains which caused some damage, levels have declined
- 2007 Egyptian outturn good maybe 8000 mt

GINGER

GINGER – SLICED CHINESE

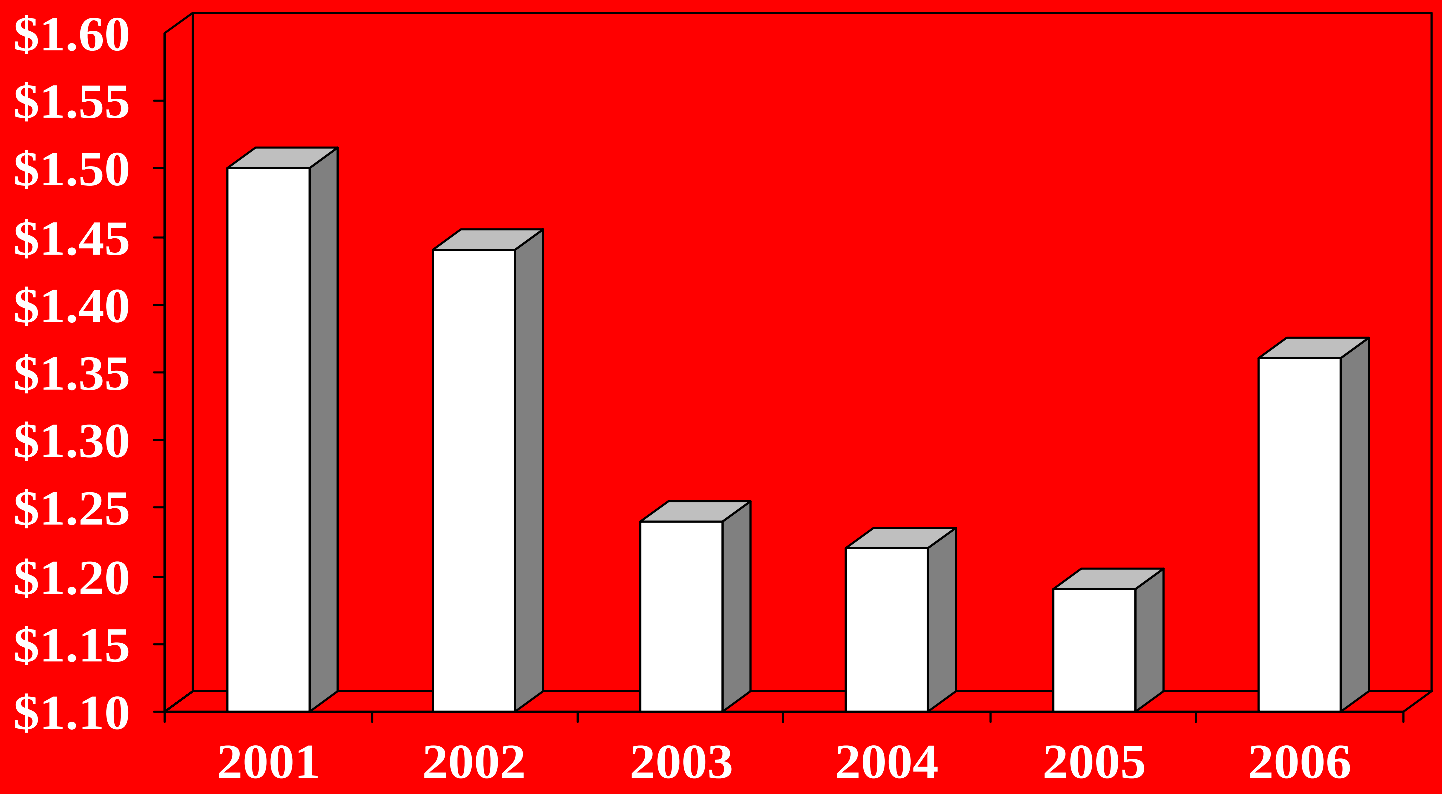


GINGER

- China November 2006 outturn large. Quotes have declined
- India Cochin output January/Feb 2007 was fully normal remains more expensive than China
- Prices are reasonable
- Market quiet currently, the next development will be China’s 2007 crop

OREGANO

OREGANO – EXTRA FANCY TURKISH



OREGANO - TURKISH

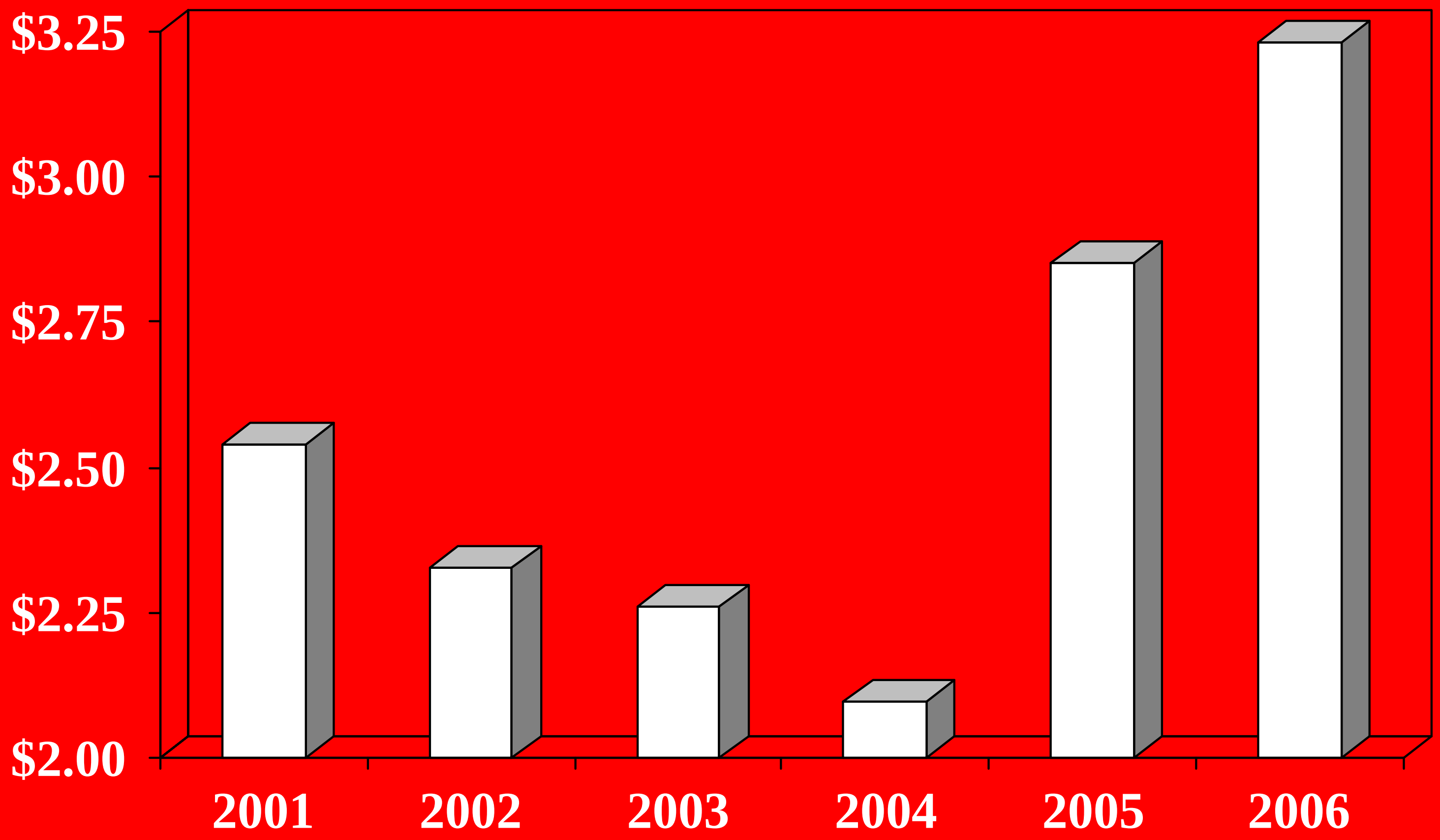
- Decline from 2001 through 2005 can be attributed to the increase in cultivated oregano
- Average price does not reflect shortage at the end of 2006 and the first quarter of 2007
- 2006 June crop reported to be 30% less than 2005 due to smaller wild harvest and reduced cultivated yields
- 2007 promises to be equally difficult due to the worldwide lack of carryover. Growing conditions to date have been favorable

OREGANO - MEXICAN

- Carryover from the 2005 pickings was nil.
- 2006 gathering was late-ish (September), which reduced the pickings
- Crop was quickly sold out
- 2007 likely closely resemble the last two years. Early cheap offers followed by a quick runup.
- Only an early summer picking would alleviate problems

PARSLEY

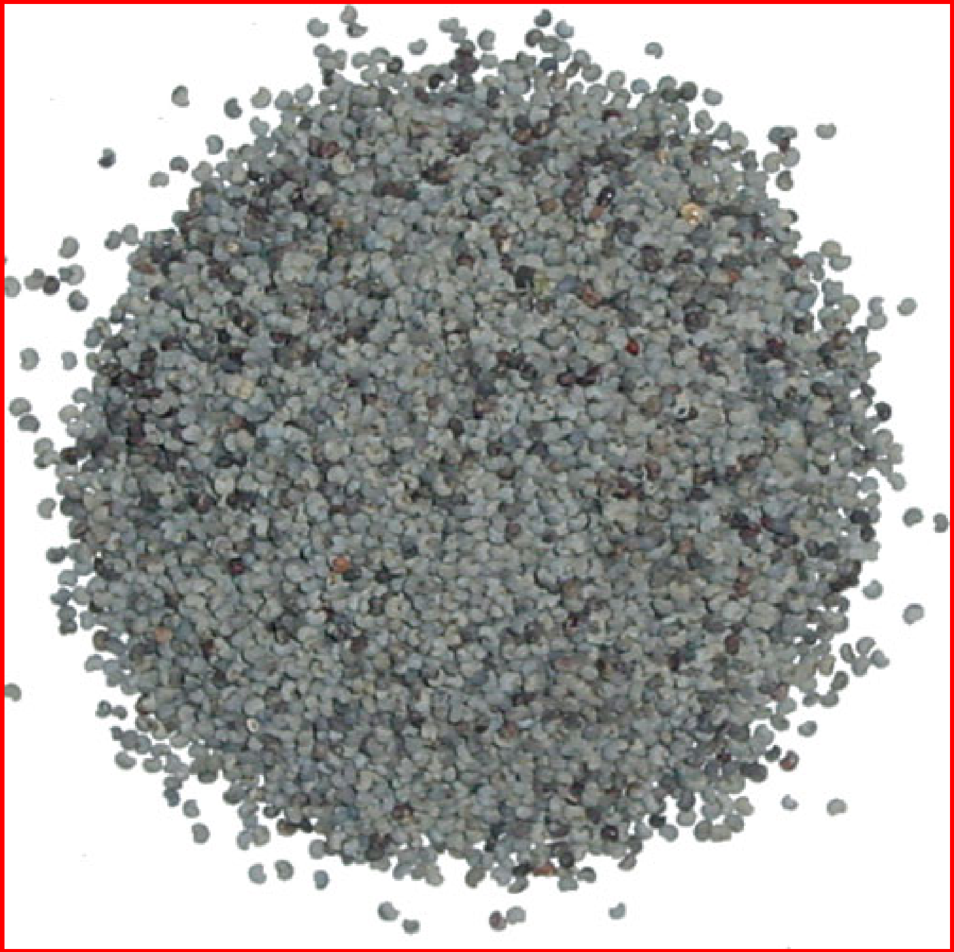
PARSLEY



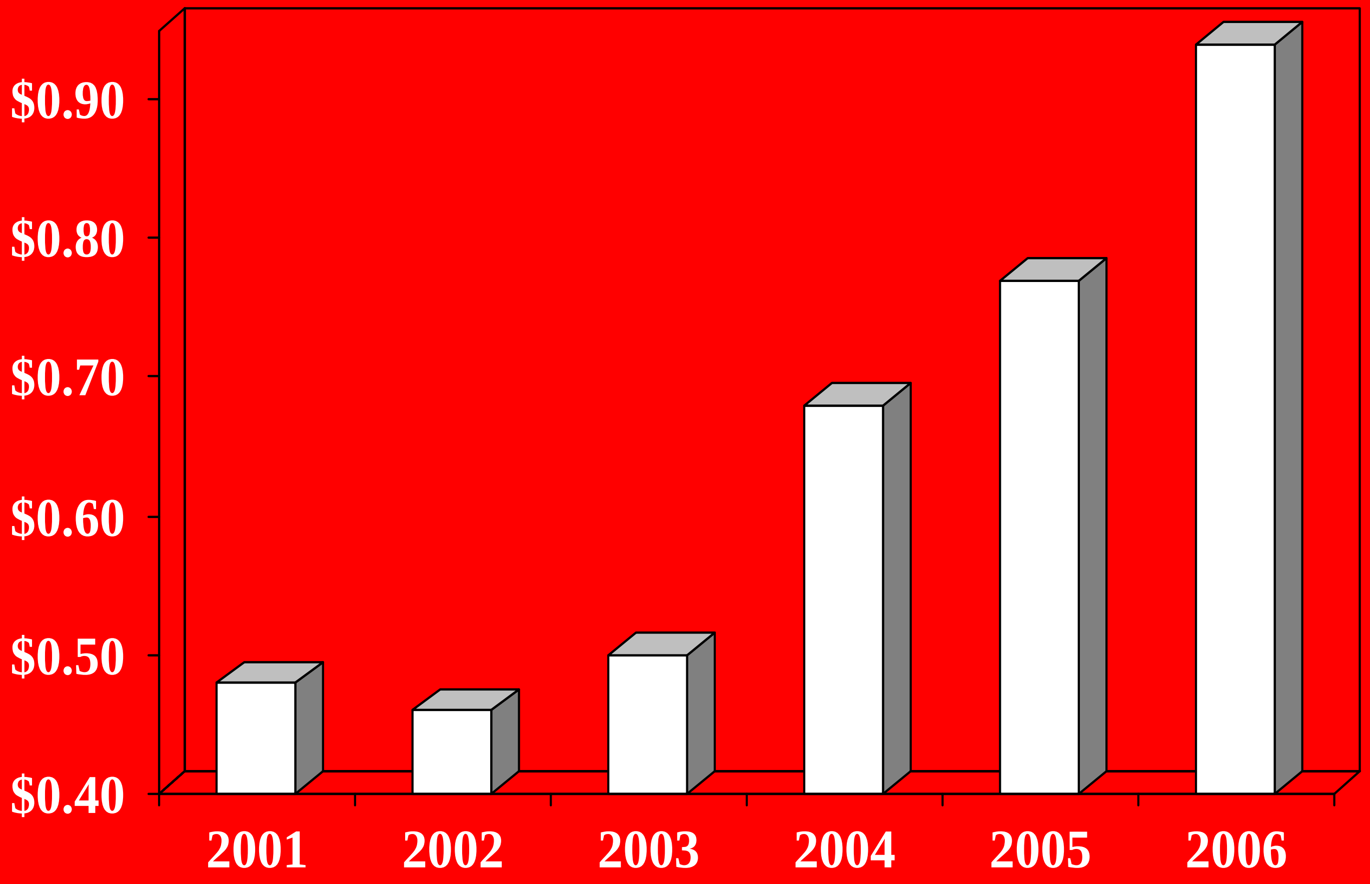
PARSLEY

- Shortage developed worldwide in 2005 initially due to wet weather and reduced cuttings in California
- World production has not been able to catch up since
- 2006 cuttings in Israel started late due to excess moisture and will be cut short by high temperatures
- 2007 could pose additional problems as it is a Sabbath year in Israel

POPPY SEED



POPPY SEED

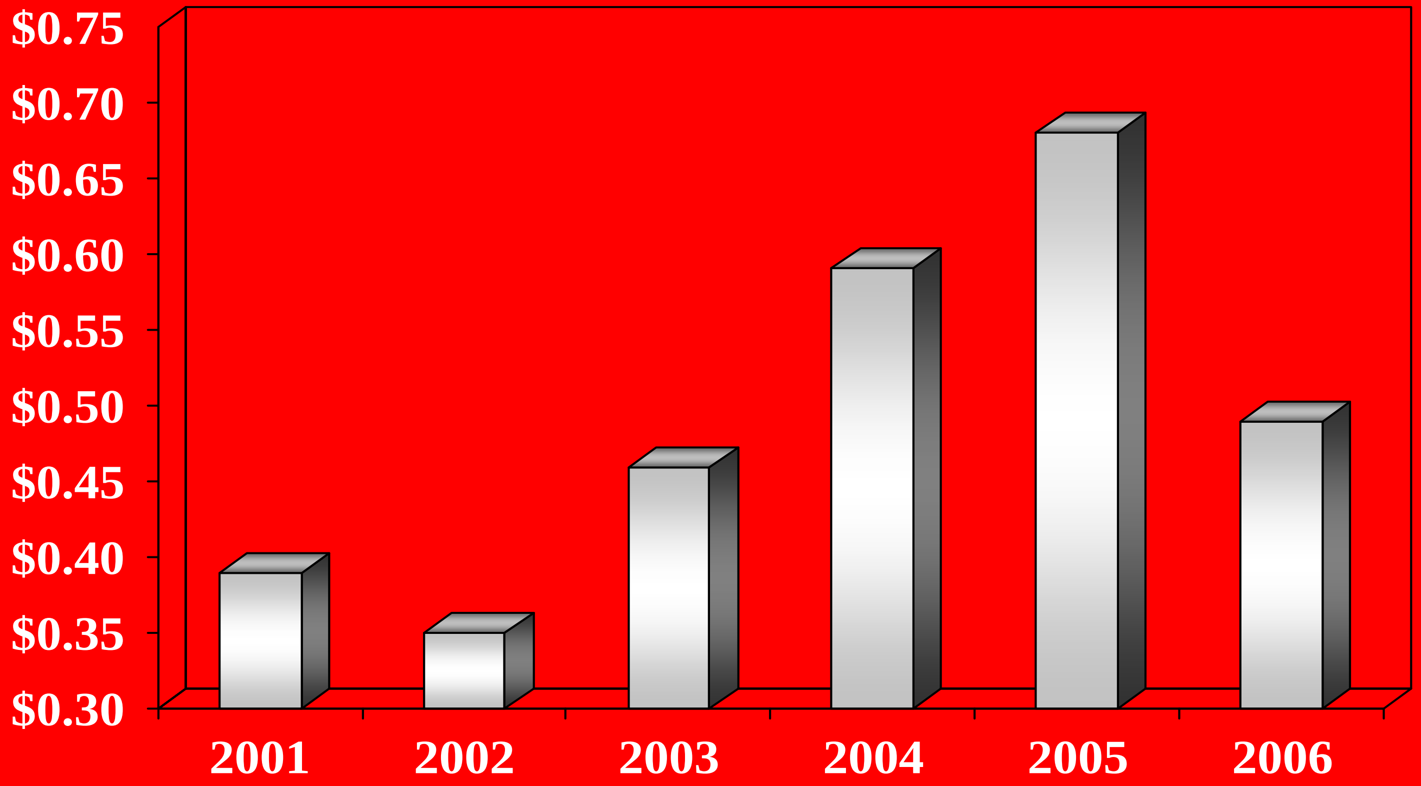


POPPY SEED

- Traditionally, developing a squeeze is difficult because there are crops every six months
- However, Australia’s February 2006 crop was small
- While Europe’s September 2006 crop was good, farmers, especially in the Czech Republic, held back stocks
- This started a rally that lasted the balance of the year
- Australia’s February 2007 crop was again small and has had limited impact on the global shortage

SESAME SEED

SESAME SEED NATURAL INDIAN



SESAME SEED

- Major exporting areas: Africa, Central America, China & India
- 2006 crops
  - Africa and China: restricted
  - Central America: expensive
  - India: October harvest significant but is the supplier to the world.
- Outlook until October 2007: expect further price increases

THRILLING CONCLUSION

- General price declines 2001 thru 2003
- However since then, prices moving higher
- Given increased demand worldwide, weak dollar, higher freight,etc expenses, expect further upward movement
- With better processing abroad, expect your supply chain to change
- See your broker for details