

19 February 2016

ASX CODE: BFC

VALUE-ADDING STRATEGIC ALLIANCE BY BESTON PURE FOODS

Beston Global Food Company Limited ('BFC' or the 'Company') announces that it has formed a strategic alliance with leading Australian Cheese distributor, the "Washed Rind Group Pty Ltd" ('WRG') under which WRG will:

- Distribute cheddar and other cheeses currently produced at Beston Pure Foods factory at Murray Bridge, South Australia
- Purchase and age certain cheeses manufactured to the specifications of WRG for distribution through WRG outlets around Australia

WRG was established over 20 years ago and trades under a number of brand names including "Say Cheese Wholesale" and "Cheese Culture" which markets and distributes a wide range of cheese products to retail outlets and food service customers across Australia.

The Chairman of BFC, Dr Roger Sexton said that the strategic alliance represented an important step closer to the realisation of the plans announced by BFC in December to build a dedicated white mould (soft cheese) factory at Murray Bridge, adjacent to its existing hard cheese factory.

WRG will provide a broad range of speciality cheese advice to BFC with a view to producing a superior range of high value soft cheeses to replace a proportion of cheeses currently imported from Europe and all parts of the international cheese world.

The Managing Director of WRG, Mr Peter Heaney said that the highly productive BFC dairy farms and other farms in Southern Australia are capable of producing the quality of milk required to produce import replacing white mould cheeses of a very high standard equal to or even better than many of the imported versions currently brought in from overseas.

Mr Heaney said that a lot of cheeses sold by his company are air freighted direct from overseas producers which adds cost to the products and detracts from their shelf life.

"We are keen to support Australia's burgeoning specialty cheese industry, and we see our strategic alliance with BFC as an extremely important way of delivering on this objective", Mr Heaney said.

BFC Chief Executive Officer, Sean Ebert said that BFC had been working with the South Australian Government to include an Educational Cheese Making Incubator in the construction of the new factory.

This would enable graduates from the TAFE Artisan Cheese Academy at Regency Park, South Australia to transition to Murray Bridge on completion of their training to practice their skills and experiment in the development of new cheese varieties.

Sales of cheese in Australia have been rising as consumers discover the flavour intricacies and taste complexities of high value add specialised cheeses.

In 2014-15 Australians consumed around 13.4 kilograms of cheese per capita. This is significantly less than per capita cheese consumption in France for example (where it was virtually double at around 26.7 kilograms per person for the same period). However, the long term trend of cheese consumption by Australians has slowly been increasing.

The trend also includes a move away from standard commodity type cheeses such as bulk cheddar, to non-cheddar cheese types such as premium and specialty cheeses. The non-cheddar share of total consumption has steadily increased from 30% three decades ago to between 45% and 50% of consumption in recent years.

"The sensory experience of cheeses are increasingly being appreciated by consumers in the same way as connoisseurs have learned with wine over the last 20 years", said Mr Heaney.

We run regular cheese Master Classes and educational courses for the public, trade and corporate clients said Mr Heaney, and these grow more popular each year.

Dr Sexton said that the alliance with WRG also reflected the determination of BFC to shift the focus of its cheese making facilities at the Beston Pure Foods factories at Murray Bridge and Jervois away from commodity cheese making to specialist high end, value adding cheese making.

As an example, he noted that he had recently returned from Bangkok where BFC has launched a new cheese product designed and developed by BFC called "Kyubu" specifically for the ASEAN market in conjunction with a leading Japanese food technology company.

"Kyubu" is a Japanese style flavoured cheese snack sold in 80g pouch packs, both for Adults (eg as nibbles with a beer or other drinks) and for Children (eg as a school or after school healthy snack).

"Taste testing had been used in major Bangkok supermarkets to fine tune the natural flavour profiles of the Kyubu cheese products prior to release and all the cheese used in the products is being manufactured at our Murray Bridge factory", he said.

Dr Sexton said that a number of other new BFC initiatives currently in train will be announced by the company in conjunction with the release of BFC's Half Year Results on Monday 29 February, 2016.