

Vallis Commodities Limited

Vanilla Operations in Madagascar– 2016



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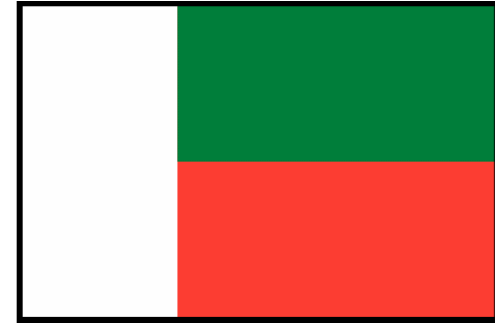


Introduction

- Vanilla is the second-most expensive spice, after saffron, due to its long and labour-intensive cultivation.
- Madagascar grew 3,500 tonnes of vanilla in 2015; 40% of total world production.
- Vallis Commodities commenced collateral management operations with vanilla in Madagascar in July 2016.

Madagascar – Facts and Figures

- Madagascar is the world's 4th largest island and has a population of 22 million.
- The climate comprises a hot rainy season (Nov-Apr) and a warm dry season (May-Oct).
- 90% of all plant and animal species found in Madagascar are found nowhere else on Earth.



Madagascar – Economy and Agriculture

- Madagascar's economy is dominated by agriculture that employs 80% of the labour force.
- The country's most valuable agricultural exports include vanilla, cloves, cacao, sugar, pepper and coffee.



Vanilla

- Vanilla is harvested from the orchid species *vanilla planifolia*.
- Originally endemic to Mexico, vanilla has been used as a flavouring since the 15th century.
- Major culinary uses include ice cream, baked goods, chocolate and beverages.



Vanilla Processing - Delivery

- Harvested green vanilla beans are delivered in poly-prop bags and weighed.
- The weight is verified by Vallis staff.



Vanilla Processing – Inspection

- Green beans are emptied out of bags in the sorting area.
- A visual inspection is conducted to check overall condition of beans.



Vanilla Processing – Grading

- The grading process takes place, based on size and maturity. Weight losses are recorded by Vallis staff.
- The maturity of the bean can be determined by the yellow discolouration at the end of the pod.



Vanilla Processing – Sorting

- Baskets containing one grade of beans are emptied into poly-prop bags.
- 5 bags of the same grade are weighed and verified by Vallis staff.



Vanilla Processing - Scalding

- Beans are emptied into wooden blanching baskets.
- Baskets are dipped in water at a temperature of 60°C for approximately 3 minutes.



Vanilla Processing – Cutting

- Some beans are cut prior to drying using special machinery.
- Coloured pegs are left on top of the cut beans for tracking purposes.



Vanilla Processing - Drying

- The whole and cut beans are dried in the sun until ready to pack and release.
- During this process the weight can decrease by up to 80%. This weight change is recorded by Vallis staff.



Vanilla Processing - Exporting

- Once fully processed, the vanilla is packaged and released. Vallis staff monitor the weight of all releases.
- Vanilla is exported worldwide from Madagascar. Major importers include the USA, Germany, France, Canada and Belgium.

