

ORGANIC CROP 2009: October Update (23-Oct-2009)
Ivan Marie Schuermans - Gen. Manager TS&D, Citrovita

In June 2009 Citrovita Technical Team has released the first information about the organic crop to Citrovita Sales Team, aiming to guide the discussions about what to expect in terms of organic processing and availability:

QUOTE

Since 2006 the orchards composing the Citrus Belt of Sao Paulo State are facing a disease called "Greening". This is caused by a bacteria being able to spread very quickly and, once the contamination is present, the only solution is to eradicate the infected trees and the ones surrounding it.

As this threat increased significantly during 2008, several actions to prevent and contain the problem have been intensified.

Specifically for the organic groves, there are mainly 2 side effects:

A- being concerned about losing all the production, part of the farmers are opting to convert their organic groves into conventional.

B- for the farmers willing to continue the organic program, there is the need to pay higher prices for the fruit they will generate. This to compensate the risks involved and the expected reduction in fruit quantity as from this year on.

With the above scenario, we are forecasting a reduction of up to 50% in the oCOJ production for 2009/10.

Additionally, the current orange crop in Brazil is delayed by up to 2 months. This will result in significant product shortage from August to October 2009, for the existing contracts of organic products.

Citrovita will keep the strict control of the organic system, being in accordance with the organic production rules, as stated in our certification contract with IBD - the Biodynamic Institute.

An update of the above mentioned facts will be released once the first production of this crop will happen, in August 2009.

UNQUOTE

Following the same concerns, the Brazilian organic certifier IBD has intensified the inspections of the organic orange orchards and this resulted into a **temporary suspension of the certification of the organic farms** from which we buy the oranges to produce the organic products. Please see attached letter which is self-explanatory.

As result of the above, **Citrovita regrets to inform that no organic products from crop 2009 will be available** for sales nor for fulfilling any previous committed volumes.

The organic certifier IBD is further investigating the matter and their final report and actions will determine if the situation is only for 2009 or if this will also impact future crops.

Regards,

Ivan Marie Schuermans
Gen. Manager, TS&D
Citrovita N.V.