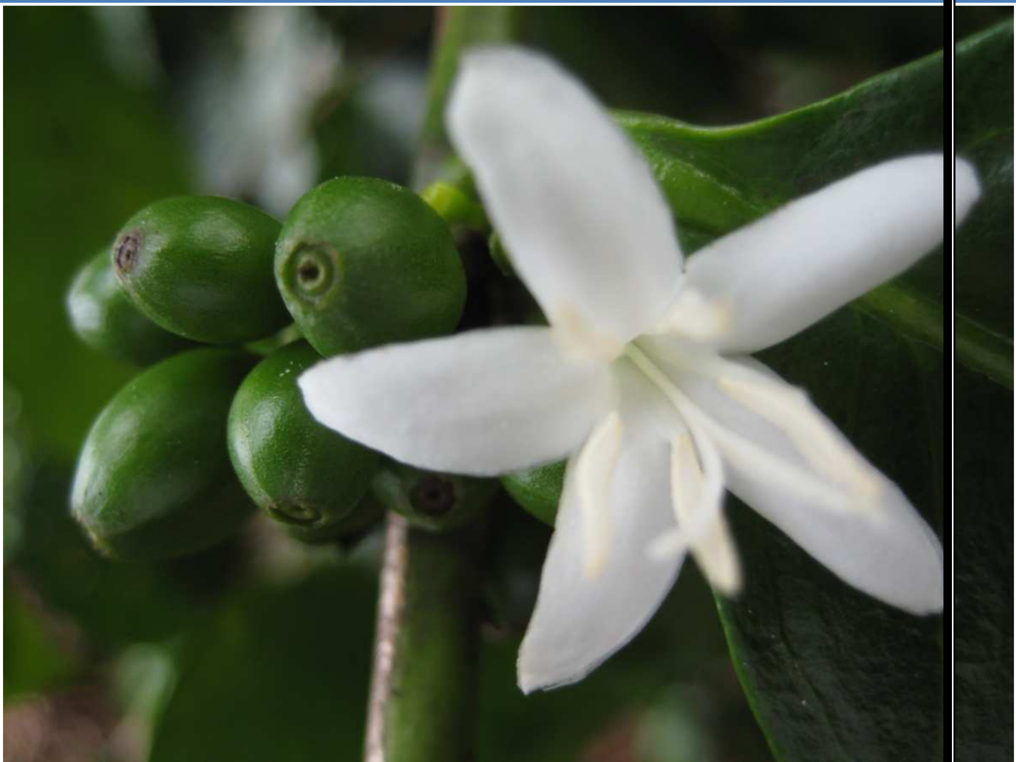
Coffee report – 2008/09 Harvest



1st Quarter of January 2009

1. **<u>Updates:</u>**

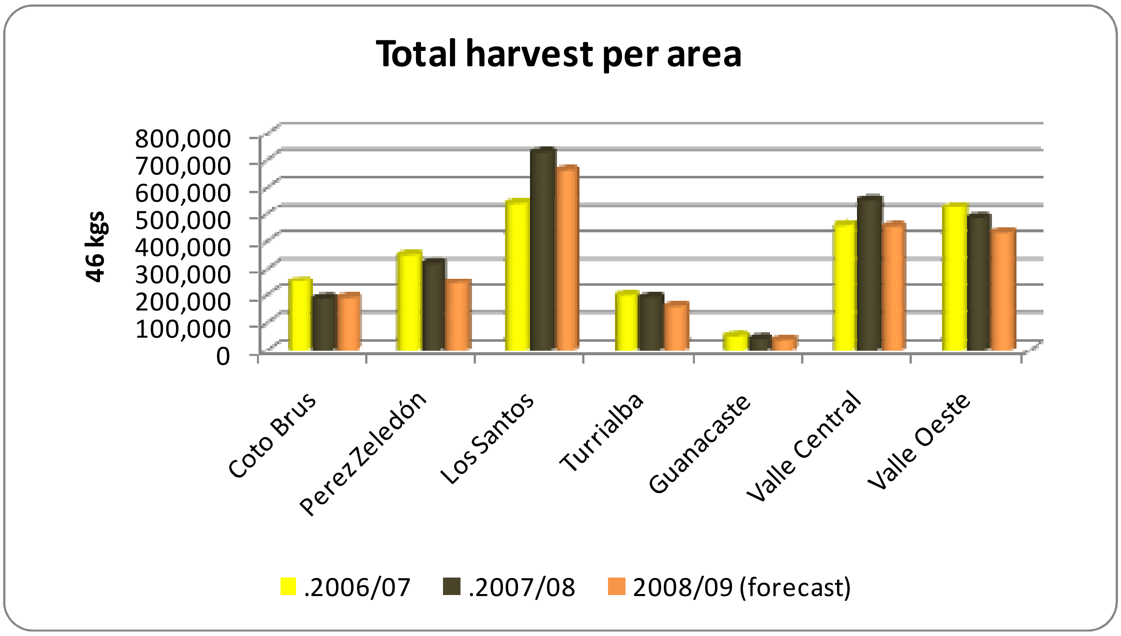
Coffee delivery: updated by Icafe the 15th of December 2008
Sales: updated by Icafe the 12th of January 2009

2. **<u>Harvest comments:</u>**

Icafé published its 4th harvest forecast, down by a 12% vs a -6% in the last report.

The last week earthquake did not caused damage to coffee plantation (at least nothing reported for the moment) but had deeply affected the all infrastructure in a very touristic area. The all central and west valley is still pending on earth and Poas volcano activities as we the earth is still shaking!

Cherry deliveries are slowly moving down in the central and west valley whereas tarrazu is slightly to strongly disappointing according to the area.

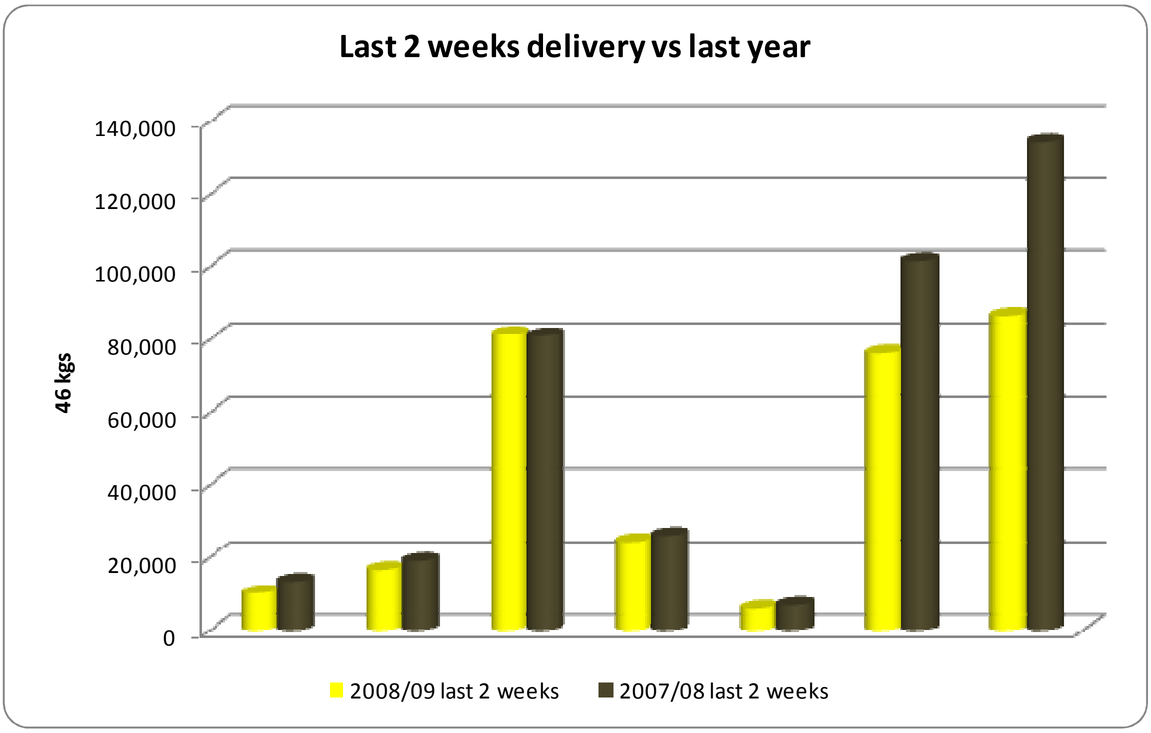


Icafé is confirming what all the industry was forecasting. Last estimations end to a potential harvest of 2.182.644 fanegas, a decrease of 12.11% vs last year.

The biggest drop in volume expected in the central valley with almost 100.000 fanegas less vs last year whereas the biggest drop in percentage is expected for Perez Zeledón with almost a 24% down.

Area	**4th harvest estimation (fanegas)**	**3rd harvest estimation (fanegas)**	**Change vs last estimation**	**Change vs last year**
Brunca / Coto Brus	190.000	210.000	-20.000	+1.9%
Brunca / Perez Zeledón	246.000	275.000	-29.000	-23%
Los Santos Tarrazu	662.527	678.000	-15.473	-9%
Central Valley	454.517	527.000	-72.783	-18.10%
West Valley	432.000	452.000	-20.000	-10.70%
Turrialba	159.100	159.100	0	-16.15%
Guanacaste	38.500	38.500	0	-10.5%

3. Harvest flow:



Brunca / Coto Brus:

- Flow of coffee 1/2 January 09 vs 2/2 December 08: -752 fanegas
- Flow of coffee ½ January 09 vs ½ January 08: -3.219 fanegas
- Total of coffee delivered up to date vs same period last year: +8.484 fanegas

Brunca / Perez Zeledón:

- Flow of coffee 1/2 January 09 vs 2/2 December 08: -4.076 fanegas
- Flow of coffee ½ January 09 vs ½ January 08: -2.446 fanegas
- Total of coffee delivered up to date vs same period last year: -69.815 fanegas

Los Santos:

- Flow of coffee 1/2 January 09 vs 2/2 December 08: +20.244 fanegas
- Flow of coffee ½ January 09 vs ½ January 08: +376 fanegas
- Total of coffee delivered up to date vs same period last year: +34.687 fanegas

Central Valley:

- Flow of coffee 1/2 January 09 vs 2/2 December 08: +16.265 fanegas
- Flow of coffee ½ January 09 vs ½ January 08: -25.207 fanegas
- Total of coffee delivered up to date vs same period last year: -35.344 fanegas

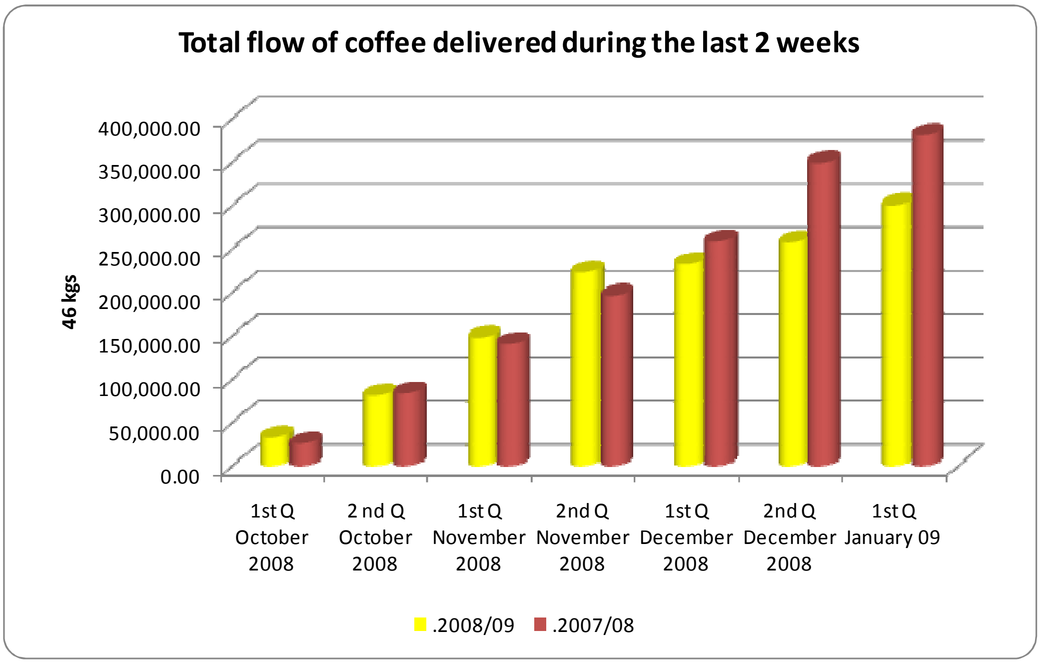
West Valley:

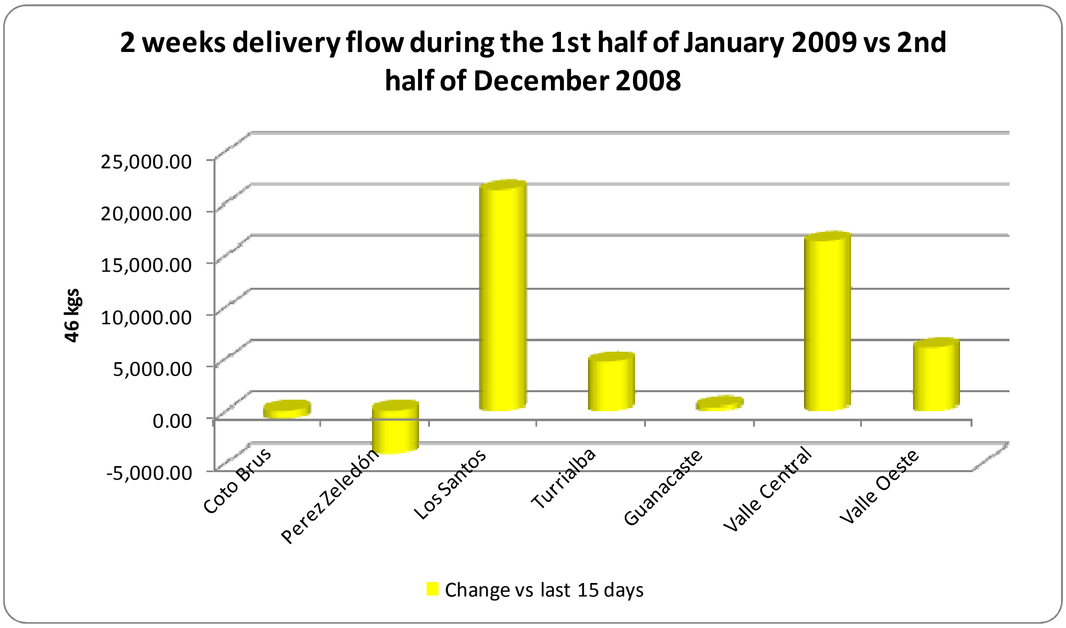
- Flow of coffee 1/2 January 09 vs 2/2 December 08: +6.064 fanegas
- Flow of coffee ½ January 09 vs ½ January 08: -47.839 fanegas
- Total of coffee delivered up to date vs same period last year: -20.148 fanegas

Others: Turrialba and Guanacaste are all down vs last year.

Overall: total volume delivered at the mills during the first 2 weeks of December was 134.125 fanegas lower than the at the same date last year, for a total of 1.322.964 fanegas delivered.

As mentioned in our last reports, we thought the 3rd Icafe estimate as challenging but the 4th one is more in line with the overall feeling.





Deliveries are still in an uptrend mode in the shb's areas.

4. Commercial activity:

	Up to date	Final Forecaste	Availability	% available
Export	1,112,782	1,746,115	633,333	36.27%
Local	60,000	436,529	376,529	86.26%
Harvest (forecast)		2,182,644		

In order to clarify the sales panorama, I am attaching this table to show better the situation.

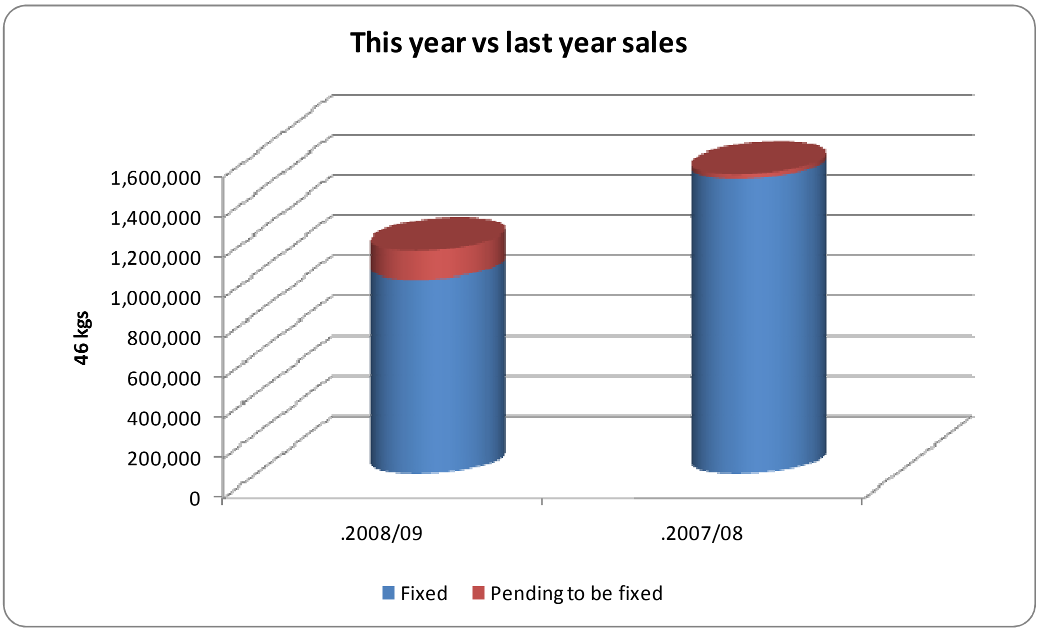
About a 20% of the coffee is sold to the local market and my last figures did not included local sales.

This table shows that at the moment that 1.112.782 qq have been sold for export and 60.000 qq for local consumption. With the last Icafe harvest estimation, that would mean that 633.333 qq of coffee should be available for export and 376.529 qq for local consumption.

Those figures explain better why we are receiving less offers as mills must keep coffee to face eventual quality or yield problem. Also, no miller knows up to now how much coffee he will receive yet.

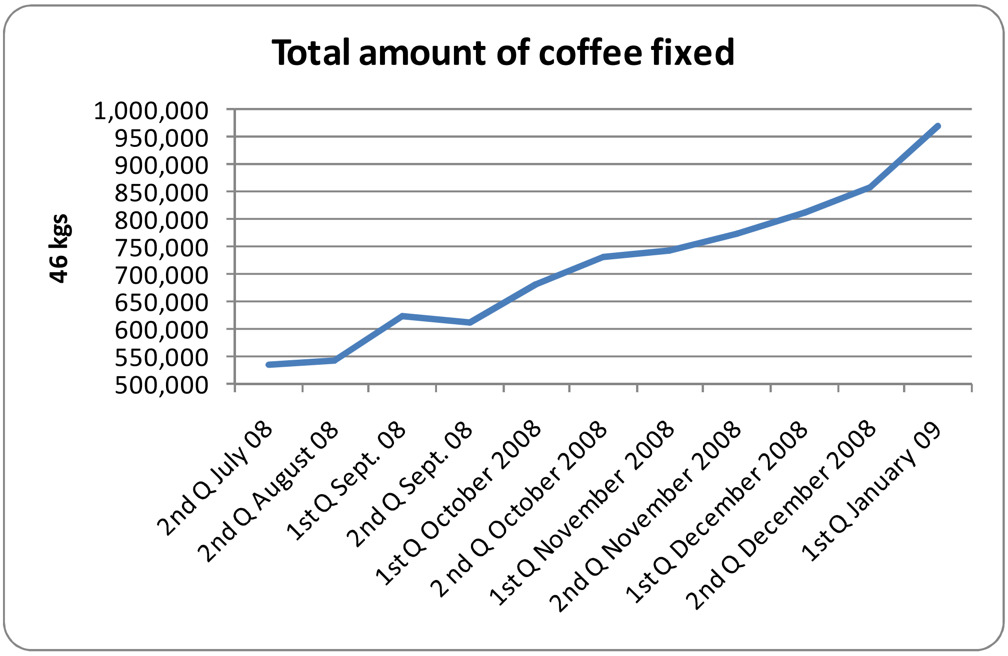
The lower Icafe harvest figures increased the percentage of coffee sold. About a 40% of this coffee is fixed.

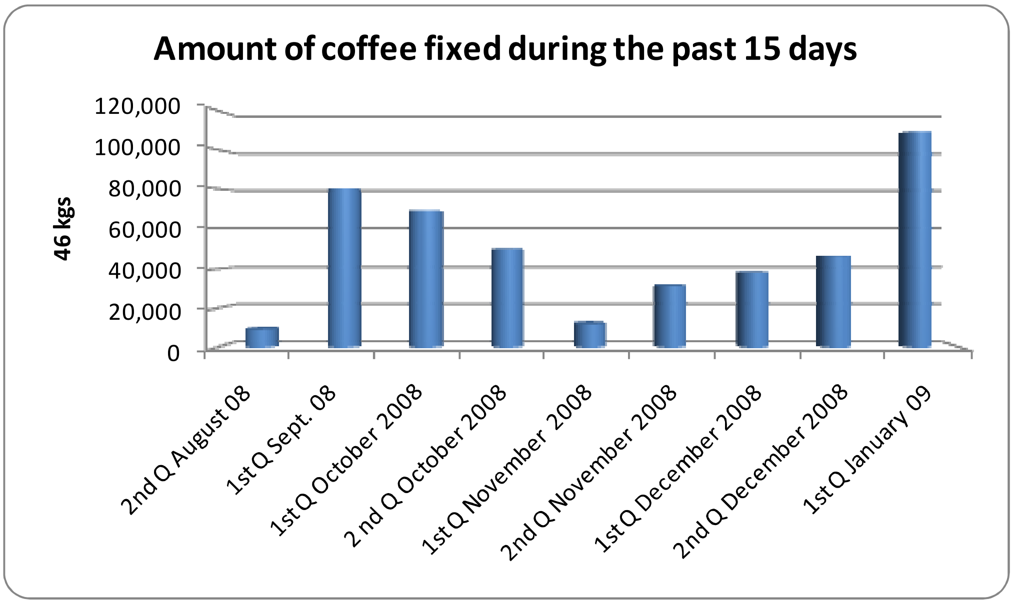
It will be a tough crop for Hb's whereas we still hope to find some shb's and tarrazus but no offers reported yet.

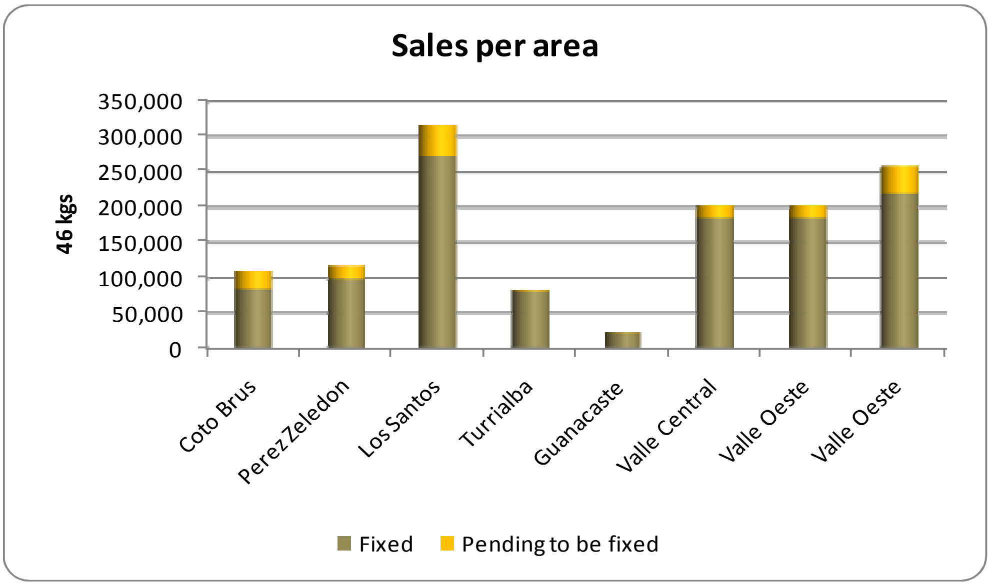


Costa Rica sold 379.482 qq less than last year (-25.3%), showing uncertainty about the real size of the harvest and consequences of credit restrictions.

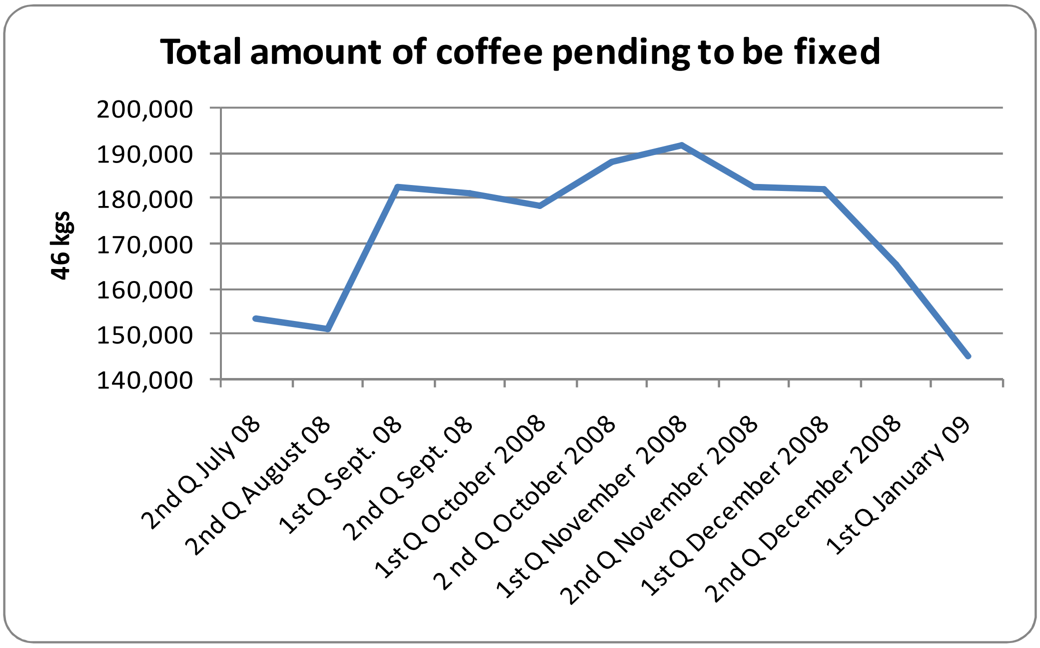
Good fixing activity noted during the past 15 days with almost 109.000 qq fixed, the highest amount since the beginning of our reports.


Total amount of coffee fixed
46 kgs
1,000,000
950,000
900,000
850,000
800,000
750,000
700,000
650,000
600,000
550,000
500,000
2nd Q July 08
2nd Q August 08
1st Q Sept. 08
2nd Q Sept. 08
1st Q October 2008
2 nd Q October 2008
1st Q November 2008
2nd Q November 2008
1st Q December 2008
2nd Q December 2008
1st Q January 09


Amount of coffee fixed during the past 15 days
46 kgs
120,000
100,000
80,000
60,000
40,000
20,000
0
2nd Q August 08
1st Q Sept. 08
1st Q October 2008
2 nd Q October 2008
1st Q November 2008
2nd Q November 2008
1st Q December 2008
2nd Q December 2008
1st Q January 09



West valley millers have been fairly active fixing coffees with almost 45.000 qq more vs our last report. Also Tarrazu and Central valley with about 25.000 qq more for each regions.



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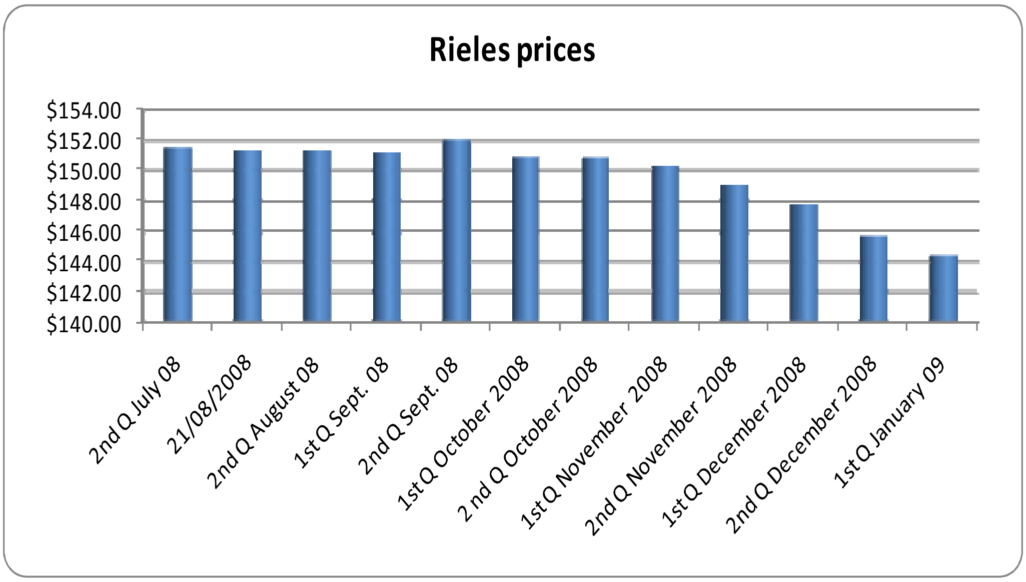
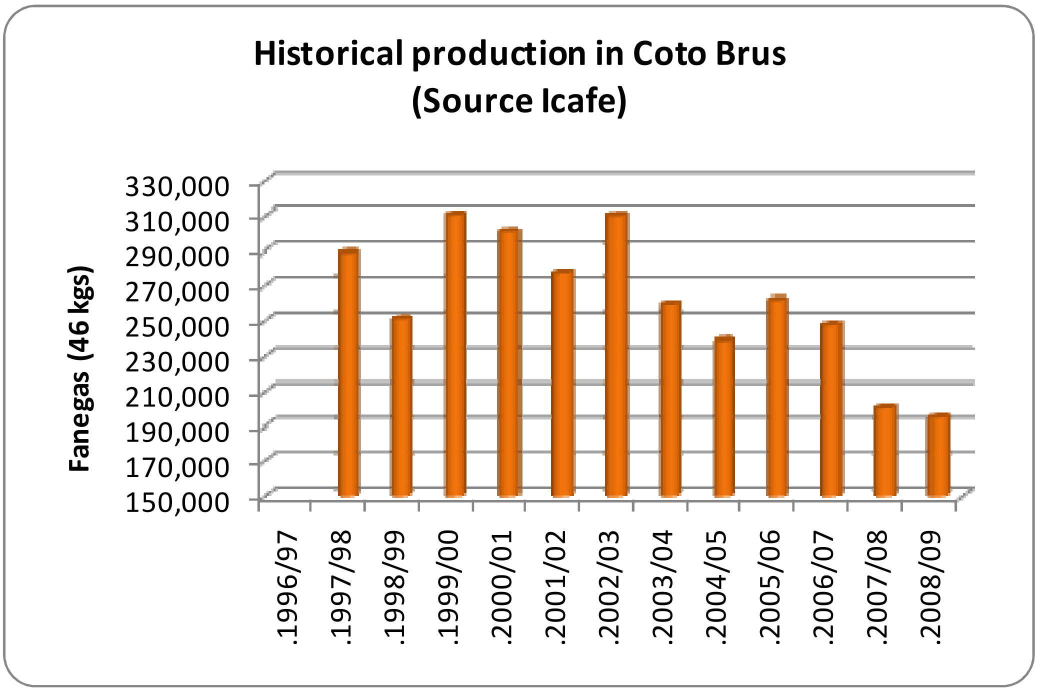
5. Prices:

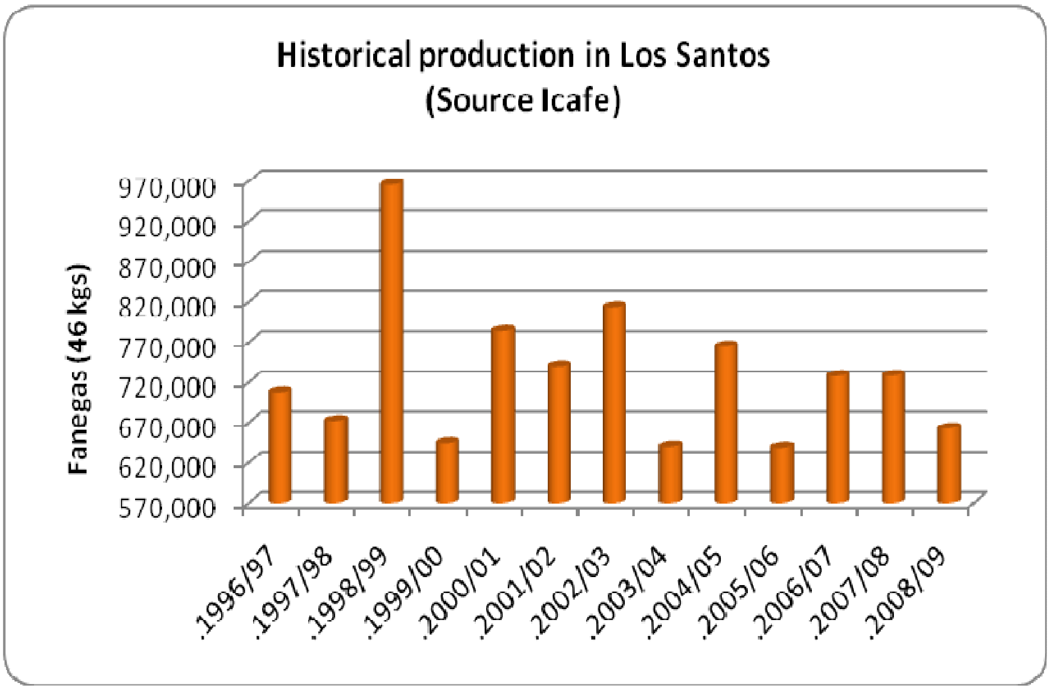


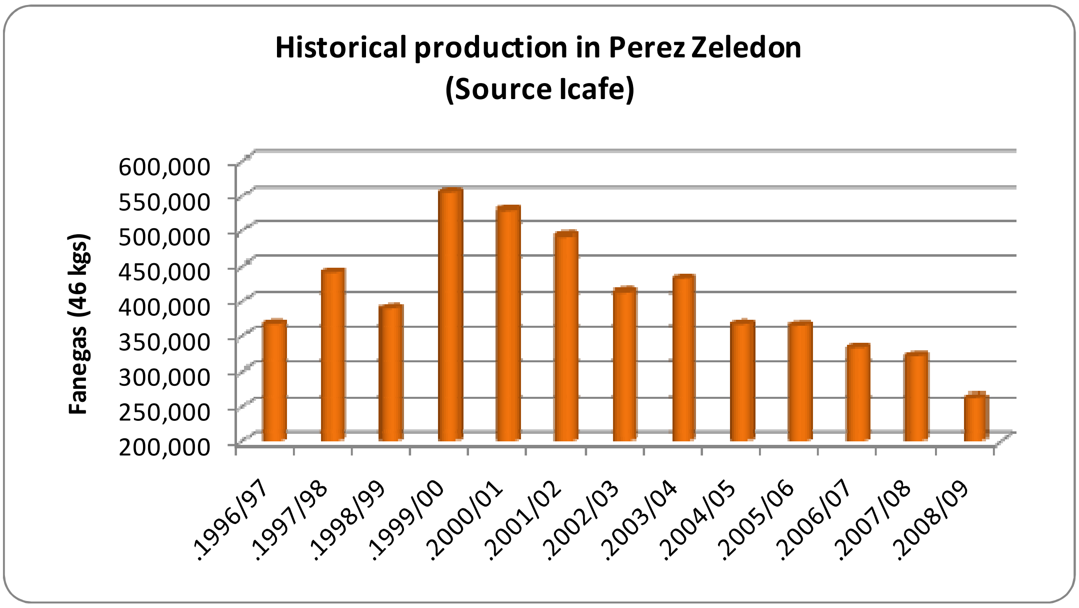
For more information, please check our web site: www.cafecoopcr.com.

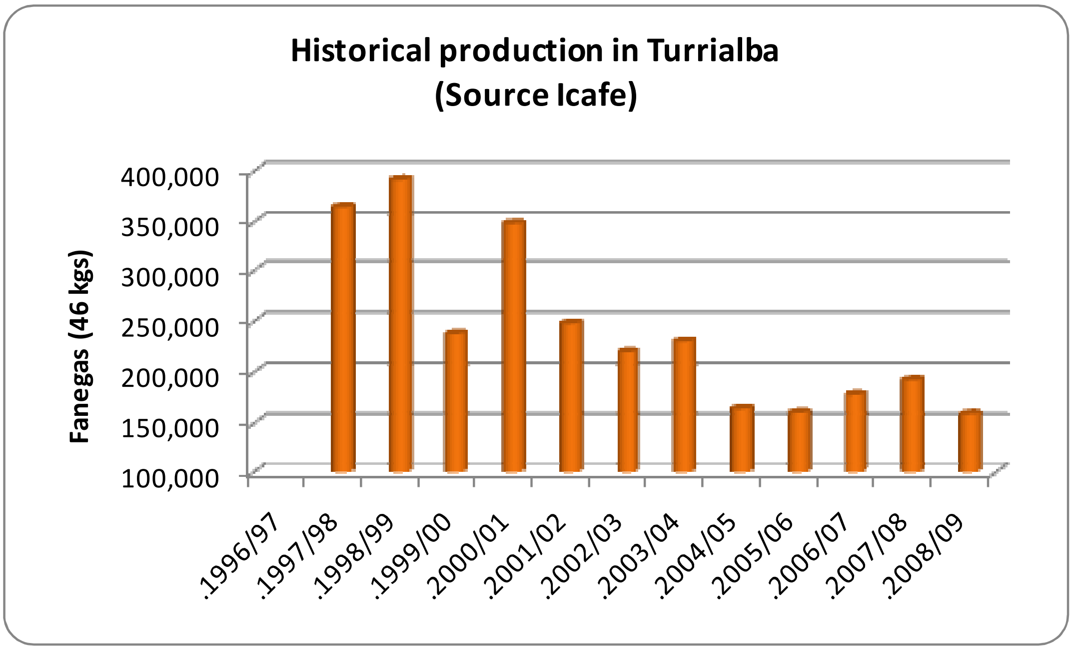
HAPPY NEW YEAR TO ALL!!!!

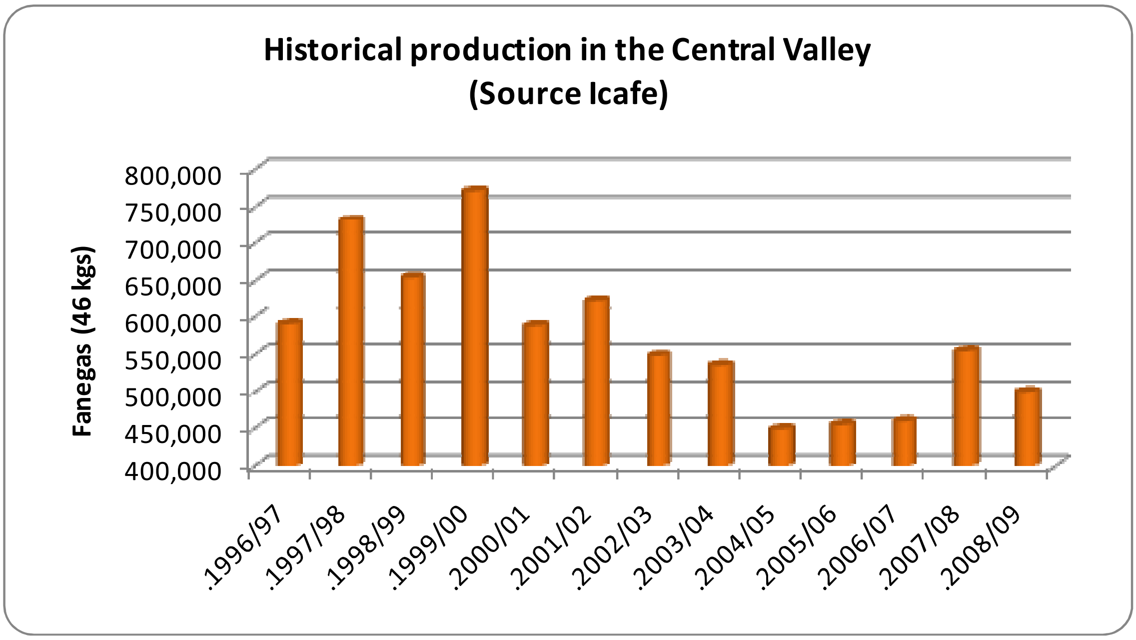
Below figures from the last Icafe harvest report, showing the evolution of the production in each coffee region:






Historical production in Perez Zeledon
(Source Icafe)
Fanegas (46 kgs)
600,000
550,000
500,000
450,000
400,000
350,000
300,000
250,000
200,000
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08
2008/09


Historical production in Turrialba
(Source Icafe)
Fanegas (46 kgs)
400,000
350,000
300,000
250,000
200,000
150,000
100,000
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08
2008/09


Historical production in the Central Valley
(Source Icafe)
Fanegas (46 kgs)
800,000
750,000
700,000
650,000
600,000
550,000
500,000
450,000
400,000
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
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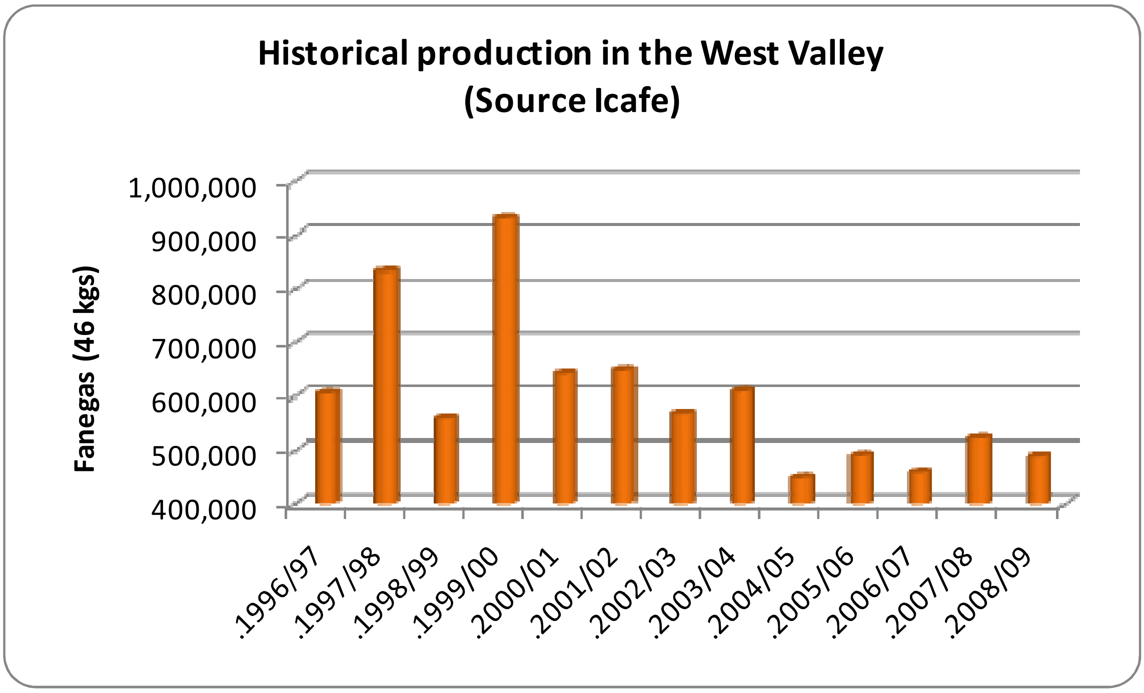
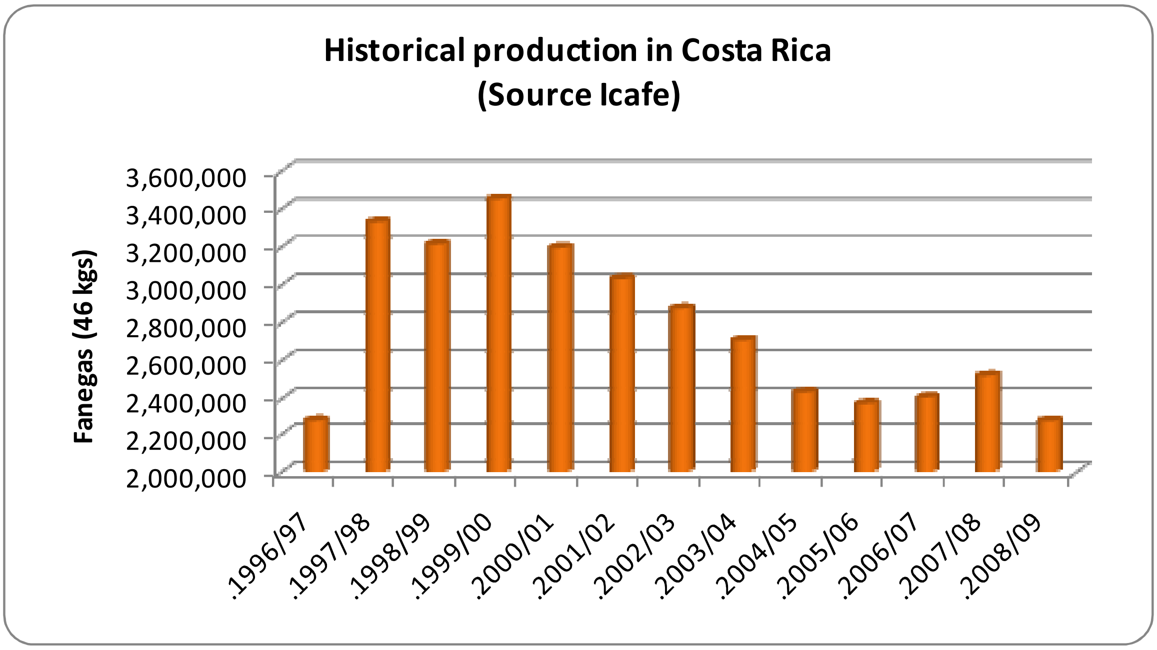
2005/06
2006/07
2007/08
2008/09


Historical production in the West Valley
(Source Icafe)
Fanegas (46 kgs)
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08
2008/09


Historical production in Costa Rica
(Source Icafe)
Fanegas (46 kgs)
3,600,000
3,400,000
3,200,000
3,000,000
2,800,000
2,600,000
2,400,000
2,200,000
2,000,000
1996/97
1997/98
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08
2008/09