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HORTICULTURAL PRODUCTS cc

"The people with the grow how"

20th June 2014

METHYL BROMIDE GOING FORWARD : 2015 and BEYOND

It is critical that I update you, our clients in terms of the latest developments regarding Methyl Bromide.

A meeting was held in Pretoria on 9th May 2014 with all the relevant.

With immediate effect, Methyl Bromide has been **officially banned from Agriculture**. There is a **possibility of discontinuation of Methyl Bromide usage for MILLS and SILOS in 2015**. A further meeting is scheduled in July 2014 regarding this. I will advise you accordingly.

At present, Methyl Bromide usage for structural applications by Pest Control Specialists has been approved, however from 2015 there will be an annual reduction of 20 % on the volume of gas to be permitted into the country. **The Ozone Depleting Substance Committee is in agreeance with this proposal until an alternative product has been sourced.**

Unfortunately, from 2015, demand will out strip product availability and this will radically affect pricing going forward.

On the subject of availability, Grovida has always ensured that the product is readily stocked and available for distribution. Last week we took a decision to import a further container, due to the quota reduction that comes into play in 2015. This container will be received around mid July.

Due to the current exchange rate we have had a 2.21% increase, which in turn equates to a R250.00 increase per cylinder.

All purchases made up to 30th June will be invoiced out at R11,300.00 ex vat per cylinder. Whilst we understand that this makes budgeting for you over the long term difficult, we assure you, we have no control over this. Due to the volatility of the R/ \$ exchange rate.

I honestly do not foresee the situation improving, especially when the 20% reduction comes into place next year. My advice to you : if you have sufficient cashflow, purchase the stock and hold . Every time Grovida imports a container price increases.

The new price which will come into effect from 1st July 2014 at R11,550.00 per cylinder ex vat.

We thank you for your understanding and support.

Vincent Lourenco