



CAPESPAN

we deliver



ANNUAL REPORT 2010

“Building **FRESH** networks
around the world”



CONTENTS

Major International Procurement Countries	Page 2
Global Offices	Page 3
Important Indicators	Page 4
Shareholding and Key Shareholder Dates	Page 6
Group Operational Structure	Page 7
Ratios and Statistics for 2010	Page 8
Board of Directors	Page 9
Chairman's Report	Page 11
Operational Report	Page 12
Chief Financial Officer's Report	Page 14
Corporate Governance	Page 18
Salient Information	Page 20
Definitions	Page 21
Directors' Responsibility Statement	Page 22
Independent Auditor's Report	Page 23
Report of the Directors	Page 24
Statements of Comprehensive Income	Page 26
Statements of Changes in Equity	Page 27
Statements of Financial Position	Page 30
Statements of Cash Flows	Page 31
Notes to the Annual Financial Statements	Page 32
 ANNEXURES	
Annexure 1 (Subsidiary Companies)	Page 67
Annexure 2 (Associated Companies)	Page 68



*A leader in the global marketing
of fruit and provider of supply
chain solutions.*

MAJOR INTERNATIONAL PROCUREMENT COUNTRIES

ARGENTINA • BELGIUM • BRAZIL • CHILE • CHINA • EGYPT • FRANCE • GREECE • INDIA • ISRAEL • ITALY • MEXICO •
MOROCCO • NAMIBIA • NETHERLANDS • NEW ZEALAND • PERU • PORTUGAL • SPAIN • USA



GLOBAL OFFICES

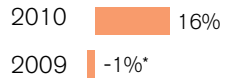
Our offices are strategically placed to support our global partners and ensure that we always deliver.

- PHILADELPHIA
- MONTREAL
- MADRID
- LONDON
- SHEERNESS
- PARIS
- ANTWERP
- ZURICH
- MILAN
- HAMBURG
- VIENNA
- CAPE TOWN
- MAPUTO
- MOSCOW
- DUBAI
- HONG KONG
- OSAKA
- TOKYO

IMPORTANT INDICATORS

Adjusted percentage contribution before taxation per division (including associates)

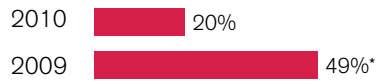
Fruit



Logistics



Investments



*Restated

Volumes: South African vs International

South African



International



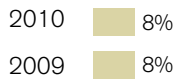
IMPORTANT INDICATORS

South African fruit exports per category

Pome



Stone



Citrus

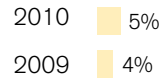


Grapes

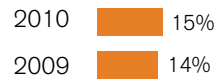


South African exports per geographic region

North America



Middle East



Europe



Far East



Other



SHAREHOLDING

Company shareholding is made up as follows:

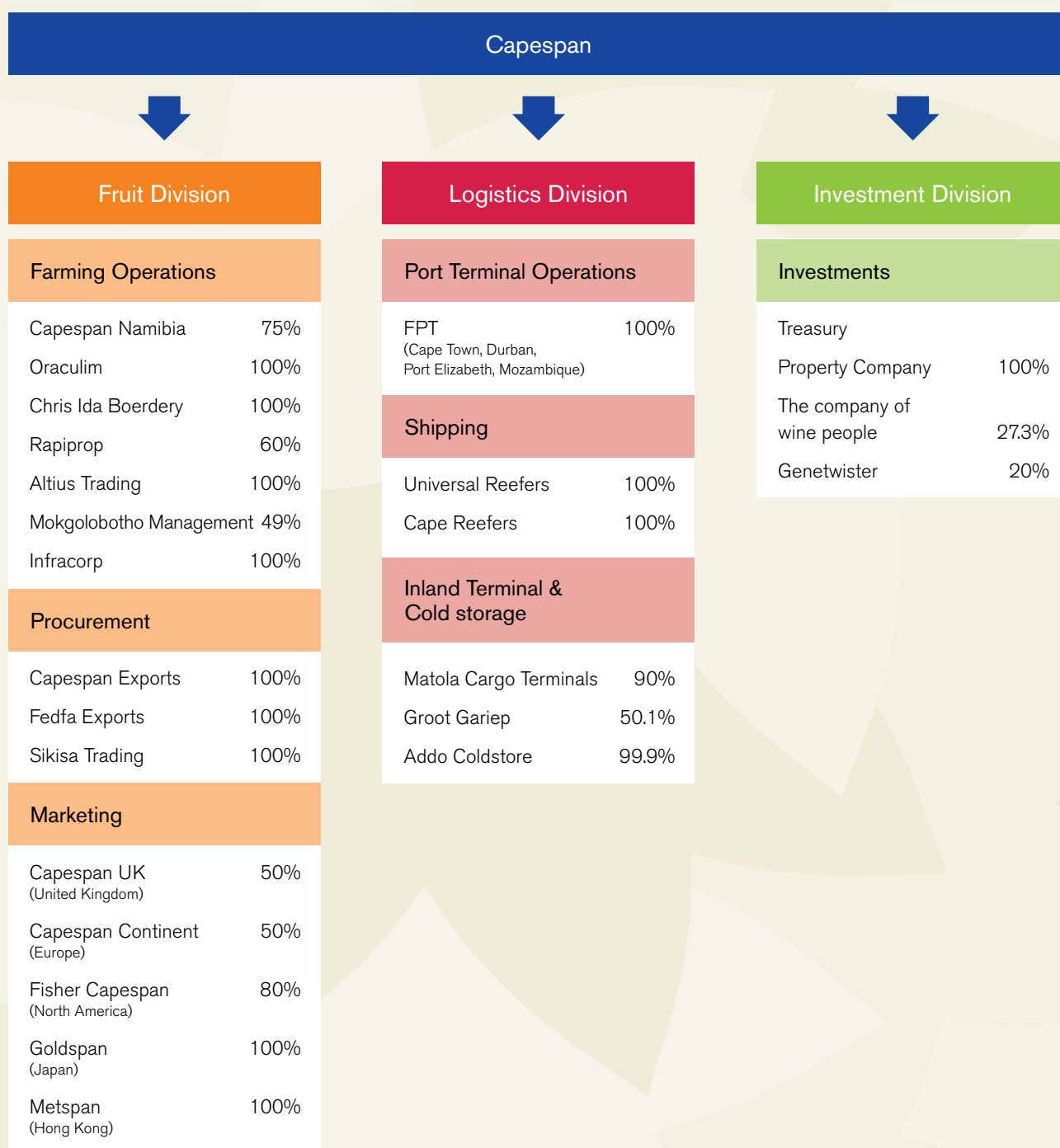
Range of shareholdings	Shareholding '000	Number of shareholders	% of shareholders	% shareholding
1 - 100	1	24	1.67%	0.0%
101 - 1 000	57	114	7.94%	0.0%
1 001 - 50 000	9 159	781	54.43%	2.8%
50 001 - 100 000	10 638	145	10.10%	3.2%
100 001 - 500 000	65 146	295	20.56%	19.7%
500 001 - 1 000 000	29 745	43	3.00%	9.0%
1 000 001 - and more	216 474	33	2.30%	65.4%
	331 220	1 435	100.0%	100.0%

More than 5% shareholding	Number of shares '000	% shareholding
Zeder Investments Limited	65 077	19.7%
Total Produce Plc	46 784	14.1%
Capespan (Pty) Ltd	32 396	9.8%
Other shareholders	186 963	56.4%
	331 220	100.0%

Key shareholder dates

Final dividend proposed	29 March 2011
Last date of registration	13 May 2011
Dividend approval	25 May 2011
Dividend paid	3 June 2011

GROUP OPERATIONAL STRUCTURE



RATIOS AND STATISTICS - 5 YEAR REVIEW

		2010	2009	2008	2007	2006
Comprehensive income information:						
Revenue	R million	2,680,508	2,636,842	2,489,565	2,143,697	1,795,769
Adjusted EBIT*	R million	108,925	84,756	135,145	98,715	38,252
Adjusted profit before taxation**	R million	111,838	115,093	171,528	125,053	62,757
Profit before taxation	R million	108,735	101,254	162,967	83,074	93,966
Headline earnings for the year	R million	51,371	64,154	99,071	81,352	61,953
Financial position information:						
Total Assets	R million	1,589,453	1,434,170	1,643,722	1,417,415	1,333,207
Total Equity	R million	874,694	825,348	999,079	815,273	787,597
Total Liabilities	R million	714,759	608,822	644,643	602,142	545,610
Net Assets	R million	1,254,013	1,134,309	1,262,871	1,005,366	1,011,008
Shareholder ratios						
Earnings per share	cents	23.7	17.7	23.4	12.2	23.1
Headline Earnings per share	cents	17.2	21.0	24.4	20.0	15.3
Dividend per share	cents	8.5	8.5	7.0	6.0	5.0
Return on Total Assets	%	6.6	6.0	8.0	5.7	8.8
Return on Equity						
- attributable earnings	%	8.6	5.9	10.5	6.2	12.6
- headline earnings	%	6.2	7.1	11.0	10.2	8.3
Operating margin	%	4.2	2.5	4.1	1.9	3.8

Please refer to the definitions on page 21 for full definition.

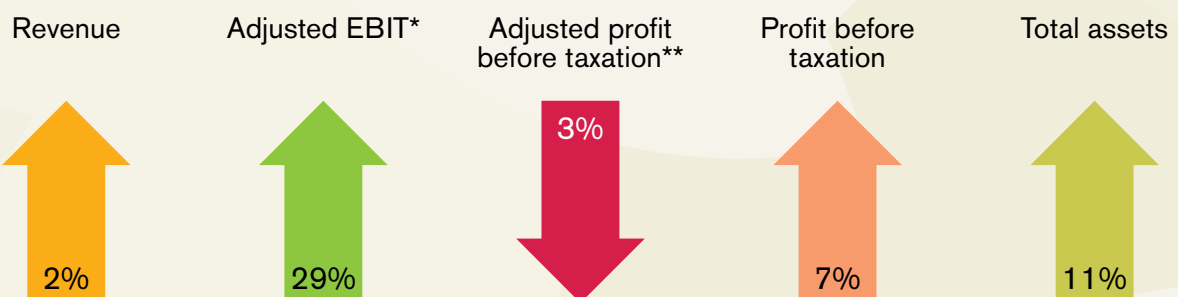
Adjusted EBIT*

Adjusted EBIT is operating profit excluding the impairment charges, profit on sale of investments, net interest and tax including the equivalent share of associate profit before taxation.

Adjusted profit before taxation**

Adjusted profit before taxation excludes the impairment charges, profit on sale of investments, and the Group share of tax of associates.

FINANCIAL FEATURES FOR 2010



BOARD OF DIRECTORS



Nominations Committee

Remuneration Committee

Non-executive

PF De V Clüver (Chairman)



Remuneration Committee

Non-executive

RP Byrne (Irish)



Remuneration Committee

Non-executive

NJJ Davidson



Executive

AJ de Haast



Nominations Committee

Remuneration Committee

Executive

JJ Dique (Managing Director)



Non-executive

J de V Du Toit



Audit Committee

Remuneration Committee

Non-executive

AZ Farr



Audit Committee

Non-executive

JP Hughes



Audit Committee

Non-executive

AE Jacobs



Non-executive

NW Oosthuizen

BOARD OF DIRECTORS CONTINUED



Nominations Committee

Non-executive

CF Sonn



Nominations Committee

Non-executive

BC van Rooyen

GROUP EXECUTIVE COMMITTEE



LB Kriel (CEO Fruit), AJ de Haast (Group CFO), JJ Dique (Group CEO), DI Ferreira (CEO Logistics)

CHAIRMAN'S REPORT

The Group has made some progress with its growth objectives in the fruit business since the severe decline in 2009. These objectives include the growth in international procurement and the supply of fruit in global markets all year round. The challenges encountered in 2010 were the prevailing global negative economic conditions, adverse climatic conditions in production areas as well as natural disasters like the earthquakes in Chile. The strong rand placed further pressure on the net realisation from South African exports and the conversion of global profits to ZAR.

The strategies followed by the Logistics Division of diversification of types of cargo and growing third-party fruit business are making excellent progress and the division remained the largest contributor in total as well as to earnings growth.

Although the net profit for the year reflects growth of 32% from the previous year, a substantial part thereof was as a result of full consolidation of some subsidiaries, when compared to equity accounting in the previous year. The board is satisfied that the overall performance was sustained at current levels, which form the basis for repositioning for the future.

The Group increased its investment in two of its associate companies during the year. The shareholding in Rapirop was increased from 40% to 60% and the shareholding in Metspan, our Far East operation, was increased from 50% to 100%. This has impacted on the balance sheet as these companies are now fully consolidated.

The illness that led to the sudden retirement of the Managing

Director, Mr. Neil Oosthuizen early in the year, brought about a certain amount of uncertainty in the Group. Mr. Louis Kriel took over the reins as acting CEO for the remainder of the year and our sincere appreciation is expressed to him and the rest of the management team for their efforts during this challenging period. The board decided to rethink the leadership of the Group, which gave rise to the appointment of Mr. Johan Dique from outside the industry as from 10 January 2011. The board is satisfied that this would be the first step in the total repositioning of the Group towards future growth and value creation.

Some changes also took place at board level during the reporting period. We would like to express our gratitude to Mr. PJ Graaff for the year of service he served on the Board until he left and welcome Mr. J du Toit who joined the board during the year.

Capespan remains committed to play a positive role in land reform in South Africa despite frustrations due to slow progress and a lack of appropriate Government funding. The continuation of some projects need to be reconsidered due to a lack of sustainability and critical mass, however it will only be done after inclusive consultation and agreement by Government.

My sincere thanks to all members of the board, executive management and staff for their dedication and hard work during the past year. I also express gratitude towards all our customers on a global basis, our suppliers of fruit in all production areas where we procure from as well as to all other stakeholders of the Group.



PF De V Clüver (Chairman)

OPERATIONAL REPORT

Introduction

It was clear from the outset that the continuation of the global economic crisis would have a negative impact on the results of the Group during 2010. This was aggravated by a decline in volumes procured from all major production areas as a result of adverse climatic conditions. Certain markets were short supplied which resulted in higher price inflation.

Overall the average sales realisations increased by 1,7% for the Group during 2010, however the Rand appreciated on average by 14,4% against the basket of currencies that we trade in. This had an overall decline in net realisations, not only for the Group but also for South African producers.

The logistical services experienced a good recovery in total volumes handled in the port facilities and the continued drive to diversify the types of cargo handled has made further progress.

The Investment Division, which primarily houses the Group's non-core activities as well as the treasury functions, felt the impact of the strengthening rand in the wine business and the impact of reduced interest rates in the treasury function. The latter was further aggravated by less funds being on investment during the year.

During the year certain unrecorded liabilities were uncovered in our Japanese operation, namely Goldspan. These related to the non-disclosure of long-term foreign exchange contracts and inconsistencies in the stock and prepayment balances. It was decided, in conjunction with KPMG, that these misstatements would be better reflected as a restatement of the results of the prior years in which they arose, namely 2008 and 2009 financial years. The net impact was a reduction in the reported net profit after taxation in the 2008 financial year of R21,9 million, and an increase in the 2009 financial year of R1,7 million. The necessary control measures have been implemented to ensure the non-recurrence of such and similar incidents.

During the latter part of the year the Head Office and Fruit Divisional structures were reviewed in order to improve productivity and to restructure responsibilities to ensure better focus on specific trade lanes. As a result certain positions in the structures were eliminated and 58 staff members were retrenched. The total cost of the rationalisation was R15,4 million which was treated as a once-off expenditure in calculating the adjusted earnings of the Group. The cost savings benefit of the exercise will start to realise from the beginning of 2011 as implementation was only finalised at the end of December 2010.

Operations

Total volumes exported from Southern Africa reflected a decline

of 9,3% when compared to 2009. Citrus volumes increased by 2,5% whilst deciduous volumes declined by 16,4% when compared to 2009. Volumes procured and exported from other countries increased marginally by 0,6% when compared with 2009. The Group in total marketed 50,5 million cartons of fruit sourced from 40 different countries. This compared negatively to the 53,5 million cartons marketed in 2009 which represents a 5,6% decrease. The main source of the decline was the volumes procured from South Africa. The strategy to increase the sourcing from other countries is making steady progress with total non-RSA procurement reaching 39,4% of total volumes marketed in 2010 (2009: 36,6%).

The strategy of diversifying the cargo handled by FPT and growing third party business made continued good progress during the year. The number of fruit pallets handled by FPT was 741,000 which is an increase of 11,8% over the 663,000 pallets handled in 2009. For the year under review, outside volumes have grown to approximately 84% of total fruit volumes. The volumes of general cargo grew from 464 000 tons in 2009 to 712 000 tons in 2010, a growth of 53,4%. Success has also been achieved with a growth of 27,7% in containerised volumes during the year, mainly through the Cape Town port terminal.

The withdrawal from international shipping markets in 2009 resulted in a further decrease in the activities of Universal Reefers during the year. The tender for the USA citrus programme was unsuccessful and further aggravated trading conditions for Universal Reefers which brought the sustainability of this business unit in question, and will have to be resolved during the next financial year.

Financial

Following the 2009 financial year, which was dramatically impacted by the global financial crisis, 2010 produced improved results. The adjusted profit before interest and tax of R108,9 million, was 28,4% higher than the R84,8 million of 2009. Both the Fruit- and Logistics Divisions improved significantly, but were partially offset by the decreased results of the Investment Division.

The improvement of the results of the Fruit Division can be ascribed to the improved performance from farming operations as well as the inclusion of a profit of R18,8 million generated on the deemed sale of Metspan and Rapiprop when the Group increased its shareholdings, resulting in associate companies now being consolidated as subsidiaries.

The Logistics Division again made the largest contribution to the total results with an adjusted profit before taxation of R71,3 million, representing 63,8% of the total. The increases by both divisions have resulted in the increased profitability.

OPERATIONAL REPORT CONTINUED

The following are the key indicators:

	2010	2009	△%
Turnover (Revenue)	R2,681bn	R2,637bn	+1,7%
Operating Profit (Adj. EBIT)	R108,9m	R84,8m	+28,5%
Net Profit	R70,9m	R53,9m	+31,5%
Adjusted earnings per share	24,3c	21,0c	+15,5%
Headline Earnings/Share	17,2c	21,0c	-18,1%
Return on Equity (ROE)	8,6%	5,9%	

Prognosis

The main business focus remains to be a leader in the global marketing of fresh produce and provider of supply chain service solutions.

The market environment in which the Group is trading is dynamic and changes are rapid. The process of disintermediation will continue with grower-exporters getting more active in markets themselves, retailers sourcing directly from grower areas and containerisation of fruit as the only modus of export. The strategy of the Group is to reposition itself as a service provider of the best solutions, tailor made to customer needs and trends.

During the beginning of 2011 expansion into the Chinese market was concluded with a 25% acquisition in Golden Wing Mau, an importer and distributor of fresh fruit in China. This acquisition is the first step in entering a market which renders growth opportunities.

International procurement sources have been further developed by the opening of a procurement office and structure in Egypt and by strengthening the presence in South America.

The Logistical Division continues with its growth strategies by expanding into adjacent business areas of handling other types of cargo and rendering service solutions to customers.

The repositioning of the Group within the dynamic environment that it operates calls for a redefining of all business units and a sharp refocus by each on their core businesses. All other traditional areas of doing business that may fall outside the core focuses, will receive appropriate strategic action.

Sustainability

Capespan remains a responsible corporate citizen and the decision to manage all CSI projects under the Capespan Foundation proved to be a very sound step forward. The focus of the CSI projects of contributing towards health, education and other basic social needs in the communities we operate in, has provided a sound framework in which to plan the activities.

Major projects in the past year included the role of an aids initiative programme at our farms through CareWorks, continued upgrading of pre-school facilities at most of the Rapiprop farms and the skills training centre in Grabouw for the Siphila Sonke Trust.

All Capespan-related CSI initiatives are referred to as Blue Hand projects and carry the Capespan Blue Hand logo, which means "we care".



CHIEF FINANCIAL OFFICER'S REPORT

Summary of results

	2010 R m	Restated 2009 R m	Variance
Group revenue	2 680.5	2 636.8	1.7%
Adjusted EBIT *			
- parent and subsidiaries	107.5	76.7	40.2%
- share of associate companies	1.4	8.1	-82.2%
Total adjusted EBIT	108.9	84.8	28.5%
Net financial income	2.9	30.3	-90.4%
Adjusted profit before taxation **	111.8	115.1	-2.8%
Profit on sale of investments / associate	20.1	-	
Profit on disposal of fixed assets	0.1	0.1	
Impairment of fixed assets	(0.5)	0.2	
Impairment of goodwill	(0.2)	(7.6)	
Recycling of items previously recognised in equity	-	(2.8)	
Restructuring costs - subsidiaries	(15.4)	-	
Restructuring costs - associates	(5.7)	-	
Taxation of associate companies	(1.5)	(3.7)	
Profit before tax per income statement	108.7	101.3	7.3%
Taxation	(35.1)	(45.7)	23.2%
Minority interest	(2.7)	(1.7)	58.8%
Profit attributable to equity shareholders	70.9	53.9	31.5%
Adjusted earnings per share (cents)	24.3	20.6	18.0%

* **Adjusted EBIT** is operating profit excluding the impairment charges, profit on sale of investments, net interest and tax including the equivalent share associate profit before taxation.

** **Adjusted profit before taxation** excludes the impairment charges, profit on sale of investments, and the Group share of tax of associates.

Revenue

The Group's revenue increased by 1.7% from R2,64 billion to R2,68 billion mainly driven by the increase in the Fruit Division. The increase in the Fruit Division's revenue of 8,9% was as a result of the increased investment in Metspan and Rapiprop during the year, with both entities being consolidated for part of the year. On a like-for-like basis using the 2009 average exchange rates, the revenue growth would have been 6,4% higher. The acquisition of Metspan and Rapiprop in the Division has increased revenues by 11,8%.

Logistical revenues declined substantially as shipping revenues in Universal Reefers decreased as a result of the withdrawal from the open market trading of conventional refrigeration vessels. The revenue in FPT increased due to the increase in the volumes of fruit, bulk and break bulk cargoes and the number of containers handled. However, this increase did not offset the decline in the shipping revenues.

Operating profit

Adjusted EBIT increased from R84,8 million to R108,9 million representing a 28,5% improvement. The increase can be ascribed to a significant improvement in the operating profits of the Fruit and Logistics Divisions. The increase in the Fruit Division is as a result of the impact of improved pricing in the markets arising from price inflation in certain of the key markets, offset partially by the appreciating currency. The results from the farming operations improved in the current year. The improvement in the Logistics Division is as a result of the increase in South African citrus export volumes impacting positively on FPT's volumes. Matola Cargo Terminals (MCT) had a successful year and its contribution to the Division's operating profits increased.

The decline in the share of associates' contribution can be ascribed to a poor performance in the UK market due to the changes in our key customers' buying patterns with more

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

volumes being sourced directly from suppliers in source countries. Also, the previous year included the results of Metspan for the full year whereas in the current year Metspan is included as a subsidiary from 31 July 2010.

Exceptional items

The exceptional items in 2010 totalled R1,6 million (2009: R10,1 million) as detailed in the table below.

	2010 R m	Restated 2009 R m
(Impairment) / reversal of impairment of fixed assets	(0.5)	0.2
Impairment of goodwill in subsidiaries	-	(4.8)
Share of associates impairment of goodwill	(0.2)	(2.8)
Recycling of items previously recognised in equity	-	(2.8)
Profit on disposal of fixed assets and investments	20.2	0.1
Restructuring costs	(21.1)	-
	(1.6)	(10.1)

The share of associate goodwill impairment relates to Capespan International Plc's review of its goodwill which arose from acquisitions in prior years. The profit on disposal of investment has arisen from the accounting treatment of the increase in shareholding in Rapirop and Metspan. IFRS requires a deemed sale of the associate and the acquisition of the subsidiary, thus resulting in a profit on disposal of R20,1 million. The restructuring costs relate to the reduction in the number of personnel in Head Office, Capespan Exports and Capespan UK.

Net financial income

The net financial income decreased by 90,4% from R30,3 million to R2,9 million. This is due to the reduced net cash position together with the decrease in South Africa's interest rates and continued low international interest rates. The inclusion of Rapirop also led to an increase in the interest paid as Rapirop had leveraged certain of its acquisitions. The prior year's net financial income includes dividends received amounting to R7,1 million which relates to the dividends *in specie* received from Outspan International Limited and Unifruco Limited in terms of the shareholding restructuring, which was of a once-off nature.

Adjusted profit before taxation

Adjusted profit before taxation totalled R111,8 million, a 2,8% decline on the previous year's total of R115,1 million. As set

out in the summary income statement above, the adjusted profit before taxation excludes the impairment charges, capital profit on sale of investments and the Group's share of taxation of associates, which is reflected as part of profit before taxation under IFRS rules. Profit before taxation under IFRS amounted to R108,7 million compared to the previous year's R101,3 million, which gives a 7,3% improvement.

Taxation

The taxation expense per the income statement decreased from R45,7 million to R35,1 million. Taxation on the underlying activities decreased from R38,2 million to R32,9 million with an effective tax rate of 30,3% which has decreased from 37,7% year on year. The effective tax rate, being higher than the South African tax rate of 28%, is attributable to a greater portion of profits being earned in higher tax paying jurisdictions.

	2010 R m	Restated 2009 R m	Variance
Taxation per income statement	35.1	45.7	-23.2%
Taxation of associate companies	1.5	3.7	-59.5%
	36.6	49.4	-25.9%
Adjustments			
Taxation on items previously recognised in equity	-	1.1	-100.0%
STC on share cancellation	-	(9.5)	-100.0%
STC on dividend paid	(3.7)	(2.8)	32.1%
Taxation on underlying activities	32.9	38.2	-13.9%

Non-controlling interest

The non-controlling interest of the Group's after-tax profits amounted to R2,7 million. This increased from R1,7 million in the previous year. This increase is a result of the improved profitability of Fisher Capespan and Matola Cargo Terminals.

Adjusted earnings per share

The calculation of the adjusted earnings per share excludes the extraordinary items mentioned above and is set out below. Adjusted earnings per share increased by 18,0% from 21,0 cents to 24,3 cents. The increase in adjusted earnings per share is more than the overall increase in the adjusted earnings of 15,3% as the average number of shares, net of treasury shares, declined from 305,5 million to 298,8 million due to the full effect of the shareholding restructuring which took place in January 2009.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

	2010 R m	2009 R m	Variance
Adjusted profit before taxation	111.8	115.1	-2.8%
Taxation charge underlying activities	(32.9)	(38.2)	13.9%
Taxation charge STC	(3.7)	(12.3)	69.9%
Minority portion	(2.7)	(1.7)	-58.8%
Adjusted earnings	72.5	62.9	15.3%
Weighted average number of shares	298.8	305.5	-2.2%
Adjusted earnings per share (cents)	24.3	20.6	18.0%

Shareholders' equity

Total equity attributable to the equity holders of the parent, as shown below, has increased from R818,4 million as at 31 December 2009 to R826,7 million. The detailed movement is disclosed in the table below.

The translation difference arises from the translation of our foreign investments due to the appreciation of the Rand versus the USD (10.3%), MZM (31.1%) and GBP (13.8%) from the December 2009 year-end exchange rates. This has resulted in a negative translation difference of R30,8 million.

Movement in shareholders' equity:	2010 R m
Opening balance previously reported	818.4
Net profit for the period	70.9
Recognised directly in equity	(6.5)
Translation difference to foreign entities net of tax	(30.7)
Dividends paid (net of treasury shares)	(25.4)
Balance at end of period	826.7

The net asset value (NAV) per ordinary share has increased marginally from 273,9 cents as at 31 December 2009 to 276.7 cents.

Fixed assets

The increase in property, plant and equipment of R100,9 million is as a result of the inclusion of Rapiprop as a subsidiary during the year. The ongoing capital expenditure was slightly below the current year's depreciation.

Biological assets

The increase in biological assets is as a result of the Rapiprop consolidation. There were no significant movements in the biological asset values of the Group's existing farming operations.

Cash flow

As detailed below, the Group generated R31,7 million positive cash inflows from operating activities, a decrease of R68,3 million. Capital expenditure, biological assets and intangible acquisitions amounted to R32,8 million, which is slightly above depreciation and which represents an increase of R2,2 million on the 2009 spend. Free cash flow for the year decreased by R68,2 million. During the year, R30,9 million was expended on acquisitions, which gives a decrease of R16,4 million when compared to 2009. At the end of the year, the Group retained a positive cash position amounting to R13,6 million.

	2010 R m	Restated 2009 R m
Adjusted EBIT	108.9	84.8
less adjusted EBIT of associates	(1.4)	(13.8)
Depreciation	31.7	29.9
Net interest and tax paid	(45.4)	2.6
Other	(14.5)	29.1
Working capital movements	(21.2)	(6.2)
Operating cash flows	58.1	126.4
Dividends paid	(26.4)	(26.4)
Cash flows operating activities	31.7	100.0
Capital expenditure net of disposals proceeds	(32.8)	(30.6)
Net movement in other financial assets	(2.0)	(4.3)
Free cash flow	(3.1)	65.1
Acquisition in subsidiaries, associates and new ventures	(30.9)	(47.3)
Share buy back	-	(124.6)
Net movement in long-term borrowings	(5.5)	(4.9)
Total cash flow	(39.5)	(111.7)
Net cash at the beginning of the year	45.2	200.6
Cash arising from acquisitions of subsidiaries	32.3	-
Foreign currency translation	(24.4)	(43.7)
Net cash at the end of the year	13.6	45.2

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Restatement of comparatives

During the 2010 financial year, certain misstatements relating to the financial reporting of Goldspan Limited were identified. Due to the material nature of the misstatements and in accordance with the IFRS, management has restated the 2008 and 2009 financial results. The net impact has been a reduction in the profit after tax of R20,2 million which has been adjusted as follows: a reduction in the 2008 profit of R21,9 million and an increase in the 2009 profit of R1,7 million.

Dividends

The Board is proposing to pay a final dividend, relating to the 2010 financial year, of 8.5 cents per share. The dividend will be paid on 3 June 2011 to shareholders registered on 13 May 2011. In accordance with IFRS, this dividend has not been provided for in the balance sheet at 31 December 2010. The final dividend represents a payout of 35,0% of

adjusted earnings per share and a dividend yield of 7,1% based on the year-end share price of 120 cents per share.

Outlook

The Southern Hemisphere's deciduous fruit season got off to a slow start in both South Africa and Chile, resulting in an undersupply in certain key markets. This, in turn, has resulted in increased pricing but the Rand has continued to appreciate and is on average 8,2% stronger during the first two months compared to the previous year. The Group has completed its restructuring in the Fruit Division and is poised to benefit from the lower cost base in 2011.

The Group continues to pursue a strategy of acquisitive growth. The 25% investment in Golden Wing Mau in China has been completed, which will further the Group's growth aspirations in China. The Group is investigating various acquisitions in the Logistical Division which will allow for further diversification.



AJ de Haast (Chief Financial Officer)

CORPORATE GOVERNANCE

Adherence to corporate governance

The directors of Capespan Group Limited are committed to achieving and upholding good corporate governance as embodied in the King III Report.

The Board fully understands its responsibility to all stakeholders of the company.

The Board

As at 31 December 2010, the Board comprised nine non-executive directors, four of which are independent non-executive directors and three executive directors.

The directors have a wide range of expertise in the areas of fruit marketing, finance and general commerce.

The Chairman of the Board is a non-executive director and the roles of the Chief Executive Officer and Chairman are separate.

The Board monitors the delegation of authority, which is regularly reviewed and updated to various committees, subsidiary boards and members of management, and those matters that are reserved for the Board's authority.

The directors have a responsibility to become acquainted with all their duties and ensuring that they are kept abreast of all legislation and changes to the legislation. The directors are responsible for ensuring that the operations of the business are known to them to enable them to fulfil their fiduciary duties.

All directors are entitled to seek independent and professional advice concerning the affairs of the Group. The cost of such advice is paid for by the Group.

The Board meets on a quarterly basis or more frequently if circumstances require.

Board Committees

The Board has established three sub-committees, reporting to the Board:

- Audit Committee
- Remuneration Committee
- Nominations Committee

Audit Committee

The Audit Committee has a charter with defined terms of reference setting out the roles, duties and responsibilities of the Committee.

The Audit Committee is responsible for the review of the financial statements and accounting policies, the effectiveness of management information and other systems of internal control, the overall risk profile of the Group, compliance with statutory and regulatory requirements, interim and final reports, which reports the effectiveness of the external audit plans and fees and the findings of the external auditors.

As at 31 December 2010, the Audit Committee comprised three members, all being non-executive, of which two are independent directors. The Chairman is an independent director. The Audit Committee meets at least four times per year.

These meetings are also attended by the external auditors, the Managing Director and the Chief Financial Officer.

The external auditors have unrestricted access to the Audit Committee and its Chairman.

During the financial year under review, KPMG Inc. was the external auditors for the Capespan Group and the Audit Committee is satisfied that they are independent.

Remuneration Committee

As at 31 December 2010, the Remuneration Committee comprised of five non-executive directors (two of which are independent). It meets at least twice per year.

The purpose of the Remuneration Committee is to ensure that executive directors and senior management are remunerated fairly, responsibly and appropriately and that the remuneration scales and conditions of employment are market-related.

The performance of the Group Chief Executive Officer is assessed on an annual basis by the Remuneration Committee. The Group Chief Executive Officer assesses the performance of the executive directors.

Nominations Committee

As at December 2010, the Nominations Committee comprised of three non-executive directors (one independent director) and one executive director.

The purpose of the Nominations Committee is to set out the role, composition, authority, responsibilities and operations of the Nomination Committee. The Committee supports and advises the Board in relation to the selection and appointment of Directors who are able to meet the needs of the Company and the ongoing evaluation and review of the performance of the Board.

CORPORATE GOVERNANCE CONTINUED

Meeting attendance

The attendance of meetings by the directors of the company during the financial year is shown in the following table:

Name	CGL	Audit	Remuneration
Number of meetings held in the year	4	4	2
Number of meetings attended:			
Dr P F de V Clüver	4	3	2
R P Byrne	4	1	2
P J Graaff	1	-	1
J P Hughes	4	4	-
A E Jacobs	4	4	-
N W Oosthuizen	2	-	-
N J J Davidson	4	-	2
A Z Farr	3	3	2
C F Sonn	2	-	-
B C Van Rooyen	4	-	-
A J de Haast	4	4	-
L B Kriel	4	2	2
J de V du Toit	2	-	-

Company Secretary

The Company Secretary is qualified to perform her duties in accordance with applicable legislation. All directors have access to the advice and services of the Company Secretary who ensures compliance with applicable procedures and legislation.

Directors' interests

Full details of directors' interests are disclosed in writing by directors annually.

Internal audit

The Group has an in-house audit function. The internal audit function reports to the Audit Committee and has unrestricted access to the Chairman of the Audit Committee, the CEO and Chairman of the Board.

Ethics

The Group subscribes to sound principles of ethics and good business practice and the directors believe that the ethical standards and the criteria for compliance with these standards are being met.

A formal documented code of ethics is in place and is the prime source of reference for questions of an ethical nature.

Relations and communication with shareholders

The Board and management of Capespan endeavour to maintain shareholder relationships and communicate all shareholder information on a regular basis.

SALIENT INFORMATION

	GROUP 2010	RESTATED GROUP 2009
Financial overview		
Revenue (R'000)	2 680 508	2 636 842
Adjusted EBIT (R'000)	108 892	84 773
Headline earnings (R'000)	51 371	64 154
Total assets (R'000)	1 589 453	1 434 170
Ratios		
Profitability and asset management		
Return on total assets (%)	6.6	6.0
Return on ordinary shareholders' equity		
- Attributable earnings (%)	8.6	5.9
- Headline earnings (%)	6.2	7.0
Operating margin (%) – includes impairments	4.2	2.5
Pre-tax margin (%)	4.1	3.8
Net asset turnover (times)	2.1	2.3
Solvency and liquidity		
Financing cost cover (times)	3.3	3.2
Current ratio (times)	1.5	1.6
Financial gearing (debt/equity ratio) (%)*	10.2	(1.6)
Liability/equity ratio (%)	81.4	75.7
Productivity		
Number of employees*	1 164	861
Average revenue per employee (R)*	2 302 842	3 062 534
Operating profit per employee (R)	81 842	85 389
Share performance		
Number of shares in issue ('000)	331 220	331 220
Weighted average in issue ('000)	298 824	305 494
Basic earnings per ordinary share		
- Attributable earnings basis (cents)	23.7	17.7
- Headline earnings basis (cents)	17.2	21.0
Dividends per share	8.5	8.5
Dividend cover (times)	2.0	2.5
Net asset value per ordinary share (cents)	276.7	273.9

* Rapipro Group Included as a subsidiary in the current year.

Refer definitions on page 21.

DEFINITIONS

Cash and cash equivalents

Cash on hand and current accounts in bank, net of bank overdrafts, together with any highly liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.

Current ratio

Current assets divided by current liabilities.

Dividend cover

Headline earnings per ordinary share divided by dividends per ordinary share.

Earnings per ordinary share - Attributable earnings basis

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

Earnings per ordinary share - Headline earnings basis

Earnings attributable to ordinary shareholders adjusted for profits and losses on items of a capital nature recognising the taxation impact thereon, divided by the weighted average number of ordinary shares in issue during the year.

Financing cost cover

Profit before financing plus income from investments divided by net financing costs.

Financial gearing (debt/equity ratio)

Interest-bearing debt less cash and cash equivalents as a percentage of ordinary shareholders' equity excluding non-distributable reserves.

Net assets

Sum of non-current assets and current assets less all interest-free liabilities.

Net asset turnover

Revenue divided by closing net assets.

Operating margin %

Profit before financing as a percentage of revenue

Operating profit per employee

Profit before financing and other income and expenses divided by the number of employees (only subsidiaries) at the end of the year.

Pre-tax margin %

Income before taxation as a percentage of revenue.

Attributable earnings %

Attributable earnings as a percentage of average ordinary shareholders' equity.

Headline earnings %

Headline earnings as a percentage of average ordinary shareholders' equity.

Return on total assets

Net profit, excluding finance costs recognising the taxation impact thereon, as a percentage of the total assets.

Revenue per employee

Revenue divided by the number of employees at the end of the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements and Group annual financial statements of Capespan Group Limited, comprising the statement of financial position at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors' have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The annual financial statements of Capespan Group Limited, as identified in the first paragraph, were approved by the board of directors on 29 March 2011 and signed on its behalf by:

Dr P F De V Clüver
Chairman

AJ de Haast
Financial Director

CERTIFICATE BY COMPANY SECRETARY

In terms of the Companies Act 1973, I, L Carstens, in my capacity as Company Secretary, confirm that for the year ended 31 December 2010, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

L Carstens
Company Secretary
29 March 2011

Business and Registered Address

Parc du Cap
Mispel Road
Bellville
7530
South Africa

Postal Address
PO Box 505
Bellville
7535
South Africa

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPESPAN GROUP LIMITED

Report on the Financial Statements

We have audited the annual financial statements and Group financial statements of Capespan Group Limited which comprise the statements of financial position at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 24 to 66.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Capespan Group Limited at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.

Registered Auditor

Per P Farrand

Chartered Accountant (SA)

Registered Auditor

Director

29 March 2011

8th Floor, MSC House
1 Mediterranean Street
Cape Town
8001

REPORT OF THE DIRECTORS

The directors have pleasure in presenting the annual financial statements for Capespan Group Limited and the Group for the year ended 31 December 2010.

Nature of business

Capespan Group Limited, incorporated in South Africa, is the holding company for the Capespan Group.

The main businesses of the Group include the international marketing of fruit, logistical services, the operation of depot, storage and port facilities and farming.

Activities and financial results

Detailed reports on the activities and performance of the Group are contained in the financial statements on pages 26 to 66 and in the annexures.

Property, plant and equipment

Capital expenditure for the year amounted to R22,5 million (2009: R31,0 million) (refer Note 8).

Issued capital, shareholders' resolutions and shareholders

The company issued nil shares during the year (2009: 331 220 294 as part of the Capespan Group shareholding simplification).

An analysis of shareholders and shareholdings as at 31 December 2010 is presented on page 6.

Dividend

The company has proposed to pay a final dividend relating to the 2010 financial year of 8,5 cents per share amounting to R28 153 725 on 3 June 2011 to shareholders registered on 13 May 2011. The dividend will give rise to secondary tax on companies (STC) of 1 547 372. An interim dividend of 8,5 cents was paid in relation to the 2009 financial year amounting to R28 153 725 with STC of nil. Total dividends for the year amount to 17,0 cents per share of which 8,5 cents relates to the 2009 year. In accordance with IFRS the dividend and related taxes of the proposed dividend have not been provided for at 31 December 2010.

Employment

The Group (subsidiaries only) employed 1 164 (2009: 861) people as at year end.

Investment in subsidiaries and associates

The financial information in respect of interests in subsidiaries and associates of the company is disclosed in Annexures 1 and 2 to the financial statements.

Aggregate attributable after-tax profits/(losses):

	2010 R'000	2009 R'000
Profits	100 884	89 899
Losses	(21 360)	(38 712)
	79 524	51 187
Share in (losses)/profits of associates	(5 847)	4 386
Profit for the year	73 677	55 573

Directorate

The names of the directors in office during the year and at the date of this report are as follows:

Executive	Date appointed	Term of office ended
J Dique (Managing Director)	10/01/2011	
AJ de Haast	14/07/2008	
LB Kriel (Acting Managing Director)	27/05/2010	10/01/2011
NW Oosthuizen	19/06/2008	10/01/2011
Non-executive		
PF De V Clüver (Chairman)	13/11/2008	
RP Byrne (Irish)	13/11/2008	
NJJ Davidson	13/11/2008	
AZ Farr	13/11/2008	
AE Jacobs	27/05/2009	
PJ Graaff	27/05/2009	26/05/2010
JP Hughes	13/11/2008	
CF Sonn	20/04/2009	
BC van Rooyen	13/11/2008	
J de V Du Toit	26/05/2010	
NW Oosthuizen	10/01/2011	

At the date of this report the Audit Committee of the Board consisted of:

JP Hughes (Chairman)
AZ Farr
AE Jacobs

The Remuneration Committee of the Board consisted of:

AZ Farr (Chairman)
RP Byrne (Irish)
PF De V Clüver
NJJ Davidson
JJ Dique

REPORT OF THE DIRECTORS CONTINUED

The Nominations Committee of the Board consisted of:

PF De V Clüver
CF Sonn
JJ Dique
BC van Rooyen

The details of the direct and indirect interests of directors in the shares of the company are set out in Note 20 to the annual financial statements. In the opinion of the directors, no directors hold shares directly or indirectly which may significantly influence the affairs of the company.

Legal matters

The Group is party to legal proceedings in the ordinary course of business. The directors do not believe, on the basis of its understanding and consulting with our legal advisors, that there will be any material adverse effect upon the financial position of the Group.

International Financial Reporting Standards

The company and the Group have complied fully with International Financial Reporting Standards (IFRS) in 2010.

Auditors

The auditors of the company, KPMG Inc., were appointed in accordance with Section 270(2) of the Companies Act, 1973.

Post balance sheet events

The company and the Group do not have any material post balance sheet events affecting the financial information at 31 December 2010. Please refer to Note 39 for post balance sheet events not affecting financial information at 31 December 2010.

Restatement of comparative 2008 and 2009

During the 2010 financial year, management adjusted certain financial misstatements relating to the financial reporting of Goldspan Ltd. Due to the material nature of the misstatement and in accordance with IFRS management has restated the 2008 Statement of Financial Position of the Group results. Please refer to Note 37 for the restated 2008 Statement of Financial Position together with additional notes relating to the restatement.



STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	GROUP 2010 R'000	Restated GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Revenue		2 680 508	2 636 842	1 102	969
Cost of sales, distribution and administration expenses	2 & 37	(2 585 242)	(2 563 321)	(1 260)	(1 316)
Other income	3	20 137	77	-	-
Other expenses	4	(3 734)	(7 067)	-	-
Profit / (loss) before financing income / (expenses) and (losses) / profits of associates		111 669	66 531	(158)	(347)
Financial income	5	47 733	74 861	42 100	28 334
Financial expenses	6	(44 820)	(44 524)	(1 831)	(2 018)
Share of (losses) / profits of associates	13	(5 847)	4 386	-	-
Profit before taxation		108 735	101 254	40 111	25 969
Income taxation (expense) / credit	7	(35 058)	(45 681)	1 268	(12 310)
Profit for the year		73 677	55 573	41 379	13 659
Other comprehensive (loss) / income					
Foreign currency translation differences for foreign operations		(31 410)	(74 268)	-	-
Share of other comprehensive income of associates		(6 125)	(672)	-	-
Net change in fair value of financial assets		(129)	-	-	-
Defined benefit plan actuarial (losses) / gains		(423)	1 427	(329)	1 032
Income taxation on other comprehensive income	7	225	-	-	-
Other comprehensive (loss) / income for the year		(37 862)	(73 513)	(329)	1 032
Total comprehensive income / (loss) for the year		35 815	(17 940)	41 050	14 691
Profit attributable to:					
Owners of the company		70 933	53 932	41 379	13 659
Non-controlling interest		2 744	1 641	-	-
Profit for the year		73 677	55 573	41 379	13 659
Total comprehensive income / (loss) attributable to:					
Owners of the company		33 724	(18 139)	41 050	14 691
Non-controlling interest		2 091	199	-	-
Total comprehensive income / (loss) for the year		35 815	(17 940)	41 050	14 691

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

Attributable to equity holders of the parent

	Notes	Share capital R'000	Share premium R'000	Trans- lation reserves R'000	Other reserves R'000	Retained earnings R'000	Treasury shares R'000	Total R'000	Non- controlling interest R'000	Total Equity R'000
GROUP – 2009										
Balance 1 January 2009 as previously reported		4 072	457 712	90 558	3 815	468 660	168	1 024 985	2 887	1 027 872
Prior period error	37	-	-	(6 856)	-	(21 937)	-	(28 793)	-	(28 793)
Restated 1 January 2009 balance		4 072	457 712	83 702	3 815	446 723	168	996 192	2 887	999 079
Total comprehensive income for the year										
Profit as previously reported		-	-	-	-	52 195	-	52 195	1 641	53 836
Prior period error	37	-	-	-	-	1 737	-	1 737	-	1 737
Restated profit for the year		-	-	-	-	53 932	-	53 932	1 641	55 573
Other comprehensive (loss) / income										
Restatement of FCTR		-	-	6 445	-	-	-	6 445	-	6 445
FCTR – foreign operations, net of tax		-	-	(73 481)	-	-	-	(73 481)	(1 442)	(74 923)
FCTR – recognised in equity, net of tax		-	-	(5 790)	-	-	-	(5 790)	-	(5 790)
Share of other comprehensive income in associates, net of tax		-	-	-	155	(827)	-	(672)	-	(672)
Defined benefit plan actuarial gains and losses, net of tax		-	-	-	-	1 427	-	1 427	-	1 427
Total other comprehensive (loss) / income		-	-	(72 826)	155	600	-	(72 071)	(1 442)	(73 513)
Total comprehensive (loss) / income for the year										
Total comprehensive (loss) / income for the year		-	-	(72 826)	155	54 532	-	(18 139)	199	(17 940)
Transfer to / (from) reserves		-	-	5 790	206	(5 996)	-	-	-	-
Transactions with owners recorded directly in equity										
Non-controlling interest acquired		-	-	-	-	-	-	-	4 795	4 795
Share buy-back – and cancelled		(760)	(47 000)	-	-	(46 854)	-	(94 614)	-	(94 614)
– and held (treasury shares)		-	-	-	-	-	(39 581)	(39 581)	-	(39 581)
Dividend paid		-	-	-	-	(28 154)	2 738	(25 416)	(975)	(26 391)
Total transactions with owners recorded directly in equity		(760)	(47 000)	-	-	(75 008)	(159 611)	(159 611)	3 820	(155 791)
Restated balance 31 December 2009		3 312	410 712	16 666	4 176	420 251	(36 675)	818 442	6 906	825 348

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Attributable to equity holders of the parent	Notes	Share capital	Share premium	Trans-lation reserves	Other reserves	Retained earnings	Treasury shares	Total	Non-controlling interest	Total Equity
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP – 2010		3 312	410 712	16 666	4 176	420 251	(36 675)	818 442	6 906	825 348
Restated balance 1 January 2010										
Total comprehensive income for the year		-	-	-	-	70 933	-	70 933	2 744	73 677
Profit for the year		-	-	-	-	-	-	-	-	-
Other comprehensive (loss) / income										
FCTR – foreign operations, net of tax		-	-	(24 792)	-	-	-	(24 792)	(653)	(25 445)
FCTR – recognised in equity, net of tax		-	-	(5 965)	-	-	-	(5 965)	-	(5 965)
Net change in fair value of financial asset, net of tax		-	-	-	(129)	-	-	(129)	-	(129)
Share of other comprehensive income of associates, net of tax		-	-	-	669	(6 794)	-	(6 125)	-	(6 125)
Defined benefit plan actuarial gains and losses, net of tax		-	-	-	-	(198)	-	(198)	-	(198)
Total other comprehensive (loss) / income		-	-	(30 757)	540	(6 992)	-	(37 209)	(653)	(37 862)
Total comprehensive (loss) / income for the year										
Transfer to / (from) reserves										
Transactions with owners recorded directly in equity		-	-	(30 757)	540	63 941	-	33 724	2 091	35 815
Sale of associate reserves		-	-	-	(68)	-	-	(68)	-	(68)
Non-controlling interest acquired		-	-	-	-	-	-	-	40 001	40 001
Dividend paid		-	-	-	-	(28 154)	2 754	(25 400)	(1 002)	(26 402)
Total transactions with owners recorded directly in equity										
Balance 31 December 2010		3 312	410 712	(8 126)	4 648	450 073	(33 921)	826 698	47 996	874 694

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

COMPANY	Notes	Share capital R'000	Share premium R'000	Translation reserves R'000	Other reserves R'000	Retained earnings / (accumulated losses) R'000	Treasury shares R'000	Total R'000	Non-controlling interest R'000	Total Equity R'000
Opening balance 1 January 2009		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	13 659	-	13 659	-	13 659
Profit for the year		-	-	-	-	13 659	-	13 659	-	13 659
Other comprehensive income		-	-	-	-	1 032	-	1 032	-	1 032
Total other comprehensive income		-	-	-	-	1 032	-	1 032	-	1 032
Total comprehensive income for the year		-	-	-	-	14 691	-	14 691	-	14 691
Transactions with owners recorded directly in equity		-	-	-	-	(28 154)	-	(28 154)	-	(28 154)
Dividend paid		-	-	-	-	(28 154)	-	(28 154)	-	(28 154)
Total transactions with owners recorded directly in equity		3 312	410 712	-	-	(28 154)	-	385 870	-	385 870
Balance 31 December 2009		3 312	410 712	-	-	(13 463)	-	400 561	-	400 561
Total comprehensive income for the year		-	-	-	-	41 379	-	41 379	-	41 379
Profit for the year		-	-	-	-	41 379	-	41 379	-	41 379
Other comprehensive loss		-	-	-	-	(329)	-	(329)	-	(329)
Total other comprehensive loss		-	-	-	-	(329)	-	(329)	-	(329)
Total comprehensive income for the year		-	-	-	-	41 050	-	41 050	-	41 050
Transactions with owners recorded directly in equity		-	-	-	-	(28 154)	-	(28 154)	-	(28 154)
Dividend paid		-	-	-	-	(28 154)	-	(28 154)	-	(28 154)
Total transactions with owners recognised in equity		-	-	-	-	(28 154)	-	(28 154)	-	(28 154)
Balance 31 December 2010		3 312	410 712	-	-	(567)	-	413 457	-	413 457

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2010

	Notes	GROUP 2010 R'000	Restated GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Assets					
Non-current assets					
		741 460	550 226	510 248	508 980
Property, plant and equipment	8	348 674	247 821	-	-
Biological assets	9	116 005	10 601	-	-
Intangible assets	10	47 676	19 610	-	-
Goodwill	11	72 524	42 134	-	-
Investment in subsidiary	12	-	-	508 980	508 980
Investments in associates	13	62 711	140 637	-	-
Other financial assets	14	48 277	43 385	-	-
Deferred tax assets	15	45 593	46 038	1 268	-
Current assets					
		847 993	883 944	2 290	1 106
Biological assets	9	16 205	15 997	-	-
Inventories	16	55 732	17 129	-	-
Income tax receivables	17	6 189	2 927	-	-
Trade and other receivables	18	489 632	541 586	16	52
Cash and cash equivalents	19	280 235	306 305	2 274	1 054
Total assets		1 589 453	1 434 170	512 538	510 086
Equity and liabilities					
Equity					
Issued capital and premium	20	414 024	414 024	414 024	414 024
Treasury shares		(33 921)	(36 675)	-	-
Other reserves		(3 478)	20 842	-	-
Retained earnings / (accumulated losses)		450 073	420 251	(567)	(13 463)
Total equity attributable to equity holders of the company		826 698	818 442	413 457	400 561
Non-controlling interest		47 996	6 906	-	-
Total equity		874 694	825 348	413 457	400 561
Non-current liabilities					
		137 254	72 603	94 846	96 095
Interest-bearing borrowings	22	76 536	7 241	-	-
Non-interest bearing borrowings	23	24 570	24 758	77 513	78 610
Employee benefits	24	26 103	27 443	17 333	17 485
Deferred tax liabilities	15	10 045	13 161	-	-
Current liabilities					
		577 505	536 219	4 235	13 430
Bank overdraft and short-term borrowings	19	266 635	261 119	-	-
Interest-bearing borrowings	22	26 952	25 355	-	-
Income tax payables	17	29 947	33 383	-	9 495
Trade and other payables	25	218 518	185 083	4 235	3 935
Provisions	26	35 453	31 279	-	-
Total equity and liabilities		1 589 453	1 434 170	512 538	510 086

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	GROUP 2010 R'000	Restated GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Cash generated by operating activities					
Cash received from customers		2 685 481	2 674 732	1 102	969
Cash paid to suppliers and employees		(2 585 760)	(2 550 841)	(962)	(1 316)
Cash generated by / (utilised in) operations	27.1	99 721	123 891	140	(347)
Investment income received	27.2	3 701	11 280	42 000	28 197
Interest paid		(44 820)	(44 524)	(1 831)	(2 018)
Interest received		47 079	67 646	100	137
Taxation paid	27.3	(47 684)	(31 858)	(9 495)	(2 815)
Dividends paid		(26 402)	(26 391)	(28 154)	(28 154)
Net cash flows from operating activities		31 595	100 044	2 760	(5 000)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		1 259	381	-	-
Acquisition of property, plant and equipment to maintain operations		(24 179)	(26 042)	-	-
to expand operations		(23 500)	(19 646)	-	-
Subsidiaries acquired cash paid	27.4	(679)	(6 396)	-	-
Received advances from subsidiaries		(30 316)	(44 357)	-	-
Investments in intangibles		-	-	(443)	6 054
Investment in biological assets		(6 654)	(5 246)	-	-
Investment in biological assets		(3 183)	-	-	-
Net movement of investment in associates		(549)	(2 645)	-	-
Increase in other financial assets		(2 029)	(4 357)	-	-
Net cash flows from investing activities		(65 651)	(82 266)	(443)	6 054
Cash flows from financing activities					
Cash flows - share buy-back		-	(124 552)	-	-
Interest bearing borrowings repaid		(5 279)	(4 326)	-	-
Non-interest borrowings repaid		(188)	(612)	(1 097)	-
Net cash flows from financing activities		(5 467)	(129 490)	(1 097)	-
Net (decrease) / increase in cash and cash equivalents		(39 523)	(111 712)	1 220	1 054
Cash and cash equivalents at beginning of year	19	45 186	200 598	1 054	-
Net cash acquired through business combinations	27.4	32 325	-	-	-
Effects of exchange fluctuations on cash and cash equivalents		(24 388)	(43 700)	-	-
Cash and cash equivalents at end of year	19	13 600	45 186	2 274	1 054

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements are presented in South African Rand, rounded to the nearest thousand. They are prepared on the historical cost basis, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 35.

Basis of consolidation

The consolidated financial statements of the company consolidate the financial information of the company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group. Intra-Group balances and any unrealised gains or losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements, except to the extent that they provide evidence of impairment.

Investments in subsidiaries are recognised at cost less any impairments.

A listing of the Group's principal subsidiaries is set out in Annexure 1.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Expenditure incurred to replace part of an item of property, plant and equipment is capitalised if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure, including repairs and maintenance, are recognised in profit or loss as an expense is incurred.

Costs associated with the acquisition, development and installation of off-the-shelf and certain purpose-written software are capitalised. Such assets are depreciated using the amortisation methods and periods applicable to computer equipment, from the date of commissioning.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of Group borrowing was utilised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Property, plant and equipment (continued)

Owned assets (continued)

Gains and losses on the disposal of property, plant and equipment are taken to profit and loss. Gains and losses on disposals are determined by comparing the net proceeds received with the carrying amount of the item.

Leased assets

Leases involving property, plant and equipment in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases and depreciated over the shorter of the useful life of the asset and the lease term. Items of plant and equipment held under a finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The capital element of future obligations under the lease is included as a liability in the statement of financial position. Each lease payment is allocated between the outstanding liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance charge is charged to profit or loss over the lease period.

For a sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount, if any, is not recognised as income.

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

Depreciation

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets. Freehold land is not depreciated. Leasehold improvements are depreciated over the shorter of the useful lives and term of the lease.

The estimated useful lives of items of property, plant and equipment are:

Buildings	50 years
Leasehold improvements	5 - 20 years
Plant and machinery	5 - 10 years
Motor vehicles	4 - 5 years
Office equipment, furniture and fittings	3 - 10 years
Computer equipment	3 - 7 years

The residual value of assets and useful lives of assets are reassessed annually.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in

the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined on a standard cost basis, which approximates actual costs, on the first-in, first-out method. Agricultural produce at the point of harvest is classified as inventory and is measured at fair value less cost to sell.

Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to the market. Agricultural products are initially recognised at fair value less estimated point-of-sale costs as at the date of harvest.

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations occurring on or after 1 September 2010 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Business combinations and goodwill (continued)

Business combinations from 1 January 2010 (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Where the Group purchased additional shares in subsidiaries such purchases are reflected as separate acquisition processes and no revised fair valuation was required. The difference between the costs of acquisition and the share of the net assets acquired was capitalised as goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

Transactions and non-controlling interests

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to distributable reserve) in the same

manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate.

Intangible assets (other than goodwill)

Intangible assets (other than goodwill) are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. Expenditure on internally generated development activity is capitalised if the product or process is technically and commercially feasible, the Group has sufficient resources to complete development, the Group has intention to complete and use or sell it, it is probable that future economic benefits relating to the asset will flow to the Group and the cost can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation of intangible assets with a finite useful life is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets. Goodwill and intangible assets with indefinite useful lives are not amortised and tested for impairment annually.

Research and development costs

Research costs undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred. Development costs are expensed when incurred unless they result in projects that are technically and commercially feasible and the Group has sufficient resources to complete development, in which event these development costs are capitalised and amortised over the estimated useful life of the project. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

Investments in associates

An associate is an entity in which the Group has a long-term interest of between 20% and 50% and over which the Group exercises significant influence or joint control,

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Investments in associates (continued)

but not control, over the financial and operating policies. Investments in associated companies are accounted for in the Group financial statements initially at cost and subsequently using the equity method from the date significant influence commences to the date significant influence ceases. Equity accounted income represents the Group's proportionate share of profits or losses of associates and the share of taxation thereon.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity.

When the net assets attributable to the Group change due to a dilution of shareholding, the change in net assets is recognised directly in equity.

The Group's interest in associated companies is carried in the statement of financial position at an amount that reflects its share of the net assets and the carrying value of goodwill on acquisition. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. Where necessary the accounting policies of the associates are changed to ensure consistency with the policies adopted by the Group.

A listing of the Group's investments in associates is shown in Annexure 2.

Earnings per share

Earnings per share is based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue, net of Treasury Shares during the financial year. Headline earnings per share is based on earnings attributable to shareholders, excluding capital items and the tax effects thereon and is calculated as above.

Impairment of assets

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets (which are stated at fair value less costs to sell), inventories (which are carried lower of cost and net realisable value and deferred tax assets (which are recognised based on recoverability), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such an indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill, the goodwill is allocated to cash-generating units on a reasonable and consistent basis. Where appropriate, corporate assets are also allocated to cash-generating units on a reasonable and consistent basis. The recoverable amount of the cash-generating unit (including an allocation of goodwill and corporate assets) is assessed with reference to the future cash flows of the cash-generating unit. Where an impairment is identified for a cash-generating unit, the impairment is applied first to the goodwill allocated to the cash-generating unit and then to other assets on a *pro rata* basis comprising the cash-generating unit provided that each identifiable asset is not reduced to below its recoverable amount.

Recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or cash-generating units.

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment losses

Impairment losses recognised in prior years are assessed at each reporting date for any indicators that the losses have decreased or no longer exist. Reversal of impairment losses recognised in prior years are recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased, either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded in profit and loss. An impairment loss in respect of goodwill is never reversed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Impairment of assets (continued)

Financial assets

At each reporting date, an assessment is made as to whether objective evidence exists that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

Share capital

Ordinary share capital

Ordinary share capital represents the par value of ordinary shares issued.

Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued, and is classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Treasury shares

Ordinary shares in Capespan Group Limited which have been acquired by a subsidiary company are classified as treasury shares. The cost of these shares is deducted from equity and the number of shares is deducted from the weighted average number of shares. Dividends received on treasury shares are eliminated on consolidation.

When treasury shares are sold or reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated to the

respective functional currency of the Group at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies at the reporting date are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African Rand at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to South African Rand at the weighted average exchange rate for the financial period. Foreign exchange differences arising on translation are recognised directly as a separate component of equity. This component of equity is released to profit or loss upon disposal (in part or in full) of the foreign operation and the related amount in the Foreign Currency Translation Reserve (FCTR) is transferred to profit and loss.

Revenue

Revenue, which excludes value-added tax and sales between Group companies, represents commission earned, gross sales of fruit and packaging material, management fees, port charges, shipping and related services.

Revenue and commission from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue arising from services is recognised on an accrual basis in accordance with the substance of the relevant agreements and excludes sales on consignment (gross value).

Revenue from the operation of vessels is recognised on a proportionate basis where voyages have not terminated at year end.

No revenue is recognised if there are significant uncertainties regarding recoveries of the consideration due, associated costs or the possible return of goods.

Financial income and dividend income

Financial income comprises interest and dividend income. Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established. Dividend received in specie are accounted for at fair value.

Financial expenses

Financial expenses comprise interest payable on borrowings calculated using the effective interest rate

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Financial expenses (continued)

method, and unwinding of the discount on provisions and long-term employee benefits.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the income tax for the year, using tax rates and laws that have been enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method. Full provision is made for all temporary differences between the taxation base of an asset or liability and its statement of financial position carrying amount. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised in the foreseeable future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Provision for taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings. Provision for tax that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Employee benefits

Defined contribution plans

The Group provides defined contribution funds for employees. Current contributions to these funds are charged against income when incurred. Retirement

surpluses of defined contribution funds are not recognised in profit or loss.

Defined benefit plans

Pension plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on risk-free government credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Post-retirement medical aid benefits

The Group provides for post-retirement medical costs of certain retired employees. Current contributions to these funds are charged against the provision for post-retirement medical costs when incurred. The unwinding of interest and current services costs are recognised in profit or loss. The calculation is performed by a qualified actuary every year using the projected unit credit method.

Actuarial gains and losses on defined benefit plans are recognised in other comprehensive income.

Medical funds

Medical aid costs are recognised as an expense in the period during which the employees render services to the Group.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Financial instruments

Non-derivative financial instruments are initially recognised at fair value plus directly attributable transaction costs except for financial instruments that are classified as being carried at fair value through profit and loss. Subsequent to initial recognition, these instruments are classified according to their nature and are measured at amortised cost.

Financial instruments are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The Group has the following financial instruments. The subsequent measurement of each financial instrument is explained in more detail below.

Trade and other receivables and loans receivable

Trade and other receivables and loans receivable are categorised as loans and receivables. These financial assets are originated by the Group providing goods, services or money directly to a debtor and are subsequent to initial measurement measured at amortised cost using the effective interest method less any accumulated impairment losses.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group unless otherwise stated.

Cash and cash equivalents are categorised in the statement of financial position as loans and receivables and subsequent to initial recognition are measured at amortised cost.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

If fair values cannot be reliably determined, the investments are shown at cost less impairment losses.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risk arising from operational activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss arising from a change in fair value on remeasurement is recognised in profit or loss in the period in which the change arises.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The fair value of forward exchange contracts is their quoted market price at the reporting date.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are financial liabilities with fixed or determinable payments. Subsequent to initial measurement these financial instruments are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Derecognition (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the board of directors (who has been identified as the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

2. Cost of sales, distribution and administration expenses

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
- Costs of goods sold and direct costs	2 046 153	2 118 903	-	-
- Selling and administration costs	539 089	444 418	1 260	1 316
	2 585 242	2 563 321	1 260	1 316
The above costs are stated after:				
Depreciation of property, plant and equipment	31 702	29 956	-	-
- Buildings	2 379	1 921	-	-
- Leasehold improvements	7 195	7 315	-	-
- Plant and machinery	11 827	11 587	-	-
- Motor vehicles	3 297	2 181	-	-
- Office equipment, furniture and fittings	1 119	1 211	-	-
- Computer equipment	5 885	5 741	-	-
Impairment loss on trade receivables	18 228	8 082	-	-
Consultancy fees	12 627	10 246	-	-
Research and development	1 374	1 456	-	-
Employee costs	278 413	224 582	-	-
Retrenchment and restructuring cost	15 424	-	-	-
Operating lease charges	79 259	140 880	-	-
- Property	48 453	44 407	-	-
- Vessels	-	66 188	-	-
- Equipment	26 816	26 111	-	-
- Other	3 990	4 174	-	-
Auditor's remuneration	6 148	4 270	-	-
- Audit fees – current year	3 659	3 202	-	-
- Audit fees – prior year	818	500	-	-
- Other services	1 666	563	-	-
- Expenses	5	5	-	-
Foreign exchange gain	(8 078)	(14 667)	-	-
Realised gain	(12 581)	(16 896)	-	-
Unrealised loss	4 503	2 229	-	-
Post-retirement medical aid costs	2 041	2 137	-	-
Directors' remuneration				
Executive directors				
- Directors' emoluments for services as directors of subsidiaries			7 264	9 671
- Less paid by subsidiaries			(7 264)	(9 671)
Non-executive directors			934	644
- Directors' emoluments for services as directors of the company			934	644

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
3. Other income				
Profit on disposal of investments	20 039	-	-	-
Profit on disposal of property, plant and equipment	98	77	-	-
	20 137	77	-	-

Profit on disposal of investments arose from acquiring control over existing associates (Metspan and Rapiprop) and divesting from an existing subsidiary (Mokgolobotho), which became an associate.

4. Other expenses				
Impairment of goodwill	-	4 772	-	-
Amortisation of intangible assets	3 734	2 447	-	-
Reversal of impairment of property, plant and equipment	-	(152)	-	-
	3 734	7 067	-	-

5. Financial income				
Interest income	47 079	67 646	100	137
Dividend income	654	7 215	-	-
Income from subsidiaries				
- Dividends	-	-	42 000	28 197
	47 733	74 861	42 100	28 334

6. Financial expenses				
Interest expense	44 820	44 524	1 831	2 018
	44 820	44 524	1 831	2 018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

7. Income taxation expense / (credit)

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Income tax expense – profit and loss				
Current taxation	39 355	30 399	-	-
Current year	38 046	31 655	-	-
Prior years	1 309	(1 256)	-	-
Deferred taxation	(9 619)	932	(1 268)	-
Current year	(9 922)	964	(1 268)	-
Prior years	303	(32)	-	-
Rate adjustment	-	-	-	-
Withholding taxes	1 633	2 040	-	-
Secondary tax on companies	3 689	12 310	-	12 310
Total income tax expense / (credit)	35 058	45 681	(1 268)	12 310
Comprising				
Local taxation	9 541	19 479	-	-
Foreign taxes	20 195	11 852	-	-
Foreign withholding taxes	1 633	2 040	-	-
Secondary tax on companies	3 689	12 310	(1 268)	12 310
	35 058	45 681	(1 268)	12 310

Income tax expense – other comprehensive income

Group	2010			2009		
	Gross R'000	Tax R'000	Net R'000	Gross R'000	Tax R'000	Net R'000
Defined benefit plan actuarial gains and / (losses)	(423)	225	(198)	1 427	-	1 427
Company	2010			2009		
	Gross R'000	Tax R'000	Net R'000	Gross R'000	Tax R'000	Net R'000
Defined benefit plan actuarial gains and / (losses)	(329)	-	(329)	1 032	-	1 032
Reconciliation of taxation rates						
Taxation as a percentage of profit before taxation and profit of associates	30.6		45.7	(3.2)		47.4
Tax effect of						
- Effect of tax losses utilised	0.8		-	-		-
- Exempt income	5.0		5.4	29.3		30.4
- Deferred tax assets not raised previously	1.8		1.1	-		-
- Disallowed expenditure	(3.7)		(2.7)	(0.1)		-
- Prior period adjustment	(0.9)		(0.9)	-		-
- Asset impairments	-		(3.9)	-		-
- Other	(0.1)		(0.1)	2.0		(2.4)
- STC on dividends and share cancellation	(3.2)		(13.7)	-		(47.4)
- Withholding taxes	(2.3)		(2.9)	-		-
Standard tax rate	28.0		28.0	28.0		28.0
Estimated Group tax losses available for set-off against future taxable income	226 499		122 362	-		-

Of the tax losses available, R79 517 000 (2009: R35 424 000) has been recognised as a deferred tax asset (refer to note 15).

Secondary taxation on companies (STC) of R40 915 000 (2009: R38 204 000) would be payable in the event that the Group decided to declare all of its distributable reserves as a dividend.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

8. Property, plant and equipment

GROUP	Land and buildings R'000	Leasehold improve- ments R'000	Plant and machinery R'000	Motor vehicles R'000	Office equipment, furniture & fittings R'000	Computer equipment R'000	Total R'000
Gross carrying amount							
Opening balance 1 January 2009	90 897	131 806	163 031	10 130	19 833	79 248	494 945
Additions	5 333	783	6 959	6 472	1 293	10 197	31 037
Disposals	-	-	-	(509)	(3 081)	(448)	(4 038)
Reclassification	-	2 975	-	(265)	(2 795)	85	-
Effects of movements in foreign exchange	(6 332)	(67)	(2 136)	(2 429)	(753)	(1 400)	(13 117)
Balance 31 December 2009	89 898	135 497	167 854	13 399	14 497	87 682	508 827
Additions	1 690	709	10 691	3 699	900	4 772	22 461
Additions – Business Combinations**	106 409	-	18 348	6 062	223	1 009	132 051
Disposals	-	(16)	(1 737)	(1 029)	(3 215)	(14 593)	(20 590)
Reclassification (refer to note 10)	-	(16)	-	-	-	(8 425)	(8 441)
Effects of movements in foreign exchange	(2 041)	471	(730)	(869)	2 565	(459)	(1 063)
Balance 31 December 2010	195 956	136 645	194 426	21 262	14 970	69 986	633 245

**The addition amounts are as a result of the consolidation and the inclusion of the Rapiprop Group's property, plant and equipment which became a subsidiary on 1 February 2010.

GROUP	Land and buildings R'000	Leasehold improve- ments R'000	Plant and machinery R'000	Motor vehicles R'000	Office equipment, furniture & fittings R'000	Computer equipment R'000	Total R'000
Accumulated depreciation and impairment losses							
Opening balance 1 January 2009	22 747	51 090	82 038	6 485	15 522	64 810	242 692
Depreciation charge for the year	1 921	7 315	11 587	2 181	1 211	5 741	29 956
Disposals	-	(152)	-	-	-	-	(152)
Impairment	-	-	-	(236)	(3 071)	(427)	(3 734)
Reclassification	-	-	-	-	23	(23)	-
Effects of movements in foreign exchange	(3 208)	(54)	(990)	(1 525)	(916)	(1 063)	(7 756)
Balance 31 December 2009	21 460	58 199	92 635	6 905	12 769	69 038	261 006
Depreciation charge for the year	2 379	7 195	11 827	3 297	1 119	5 885	31 702
Disposals	-	(4)	(857)	(805)	(3 189)	(14 574)	(19 429)
Additions – Business Combinations	1 318	-	5 305	2 905	121	644	10 293
Reclassification	-	(16)	-	-	-	-	(16)
Effects of movements in foreign exchange	972	(13)	(90)	(603)	989	(240)	1 015
Balance 31 December 2010	26 129	65 361	108 820	11 699	11 809	60 753	284 571
Carrying amount - 31 December 2009	68 438	77 298	75 219	6 494	1 728	18 644	247 821
Carrying amount - 31 December 2010	169 827	71 284	85 606	9 563	3 161	9 233	348 674

The replacement value of assets for insurance purposes amounts to R1 693 620 890 (2009: R1 037 469 866).

Moveable assets with a carrying value amounting to R3 000 000 - (2009: R35 948 456) are encumbered in terms of a general notarial bond.

Property, plant and equipment with a book value of R37 682 500 (2009: R4 290 000) have been encumbered in terms of lien as security for loans, (refer note 22).

Property, plant and equipment with a book value of R1 500 484 (2009: R796 500) have been encumbered as security in respect of instalment sales agreements (refer note 22).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

9. Biological assets

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Balance at beginning of year	26 598	-	-	-
Additions – Business combinations (refer to note 38)	98 388	-	-	-
Purchased during the year	5 484	28 968	-	-
Harvest and sales	(2 311)	-	-	-
Change in fair value less estimated point of sale costs	4 051	(2 370)	-	-
Balance at end of year	132 210	26 598	-	-
Non current	116 005	10 601	-	-
Current	16 205	15 997	-	-
	132 210	26 598	-	-
Comprising:				
Non current				
Orchards and vineyards	116 005	10 601	-	-
Current				
Agricultural produce - unharvested	15 368	15 172	-	-
Livestock	837	825	-	-
	132 210	26 598	-	-

10. Intangible assets

	Software Development R'000	Patents & Trademarks R'000	Leasehold Rights R'000	Cultivar / Marketing Rights R'000	Customer Listing R'000	Total R'000
GROUP – 2010						
Carrying amount at beginning of year	-	2 811	16 239	560	-	19 610
Additions / Business combinations	3 933	5	-	2 721	16 716	23 375
Reclassification (refer to note 8)	8 425	-	-	-	-	8 425
Amortisation	-	(3)	(3 731)	-	-	(3 734)
	12 358	2 813	12 508	3 281	16 716	47 676
Comprising						
Cost	12 358	2 816	18 686	3 281	16 716	53 857
Accumulated amortisation charge	-	(3)	(6 178)	-	-	(6 181)
	12 358	2 813	12 508	3 281	16 716	47 676
GROUP – 2009						
Carrying amount at beginning of year	-	2 811	-	-	-	2 811
Additions	-	-	18 686	560	-	19 246
Amortisation	-	-	(2 447)	-	-	(2 447)
	-	2 811	16 239	560	-	19 610
Comprising						
Cost	-	2 811	18 686	560	-	22 057
Accumulated amortisation charge	-	-	(2 447)	-	-	(2 447)
	-	2 811	16 239	560	-	19 610

The trademarks are considered to have indefinite useful lives. There is no apparent legal or other restriction to the use of the trademarks or risk of technical or other obsolescence. Given the strategic importance of the trademarks to the future sustainability of the Group, the Group's intention is to continue to use the trademarks indefinitely. In accordance with the Group's accounting policy, an impairment test was performed on the carrying value of intangible assets with indefinite useful lives. Impairment calculations indicated that the trademarks are not impaired. Leasehold rights are amortised over their expected useful lives with the balance tested for impairment where indicators of impairment exist. The software development is not being amortised as development is still in progress. The customer listing amortisation period is estimated to be 20 years and will be amortised from 2011 onwards. The marketing rights acquired are not amortised as the development are still in progress.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
11. Goodwill				
Carrying amount at beginning of year	42 134	36 056	-	-
Business combinations (Refer note 38)	30 390	10 850	-	-
Impairment charge	-	(4 772)	-	-
Carrying amount at end of year	72 524	42 134	-	-
Comprising:				
Cost	95 227	64 837	-	-
Accumulated impairment charge	(22 703)	(22 703)	-	-
	72 524	42 134	-	-

In accordance with the Group's accounting policy an impairment test of the goodwill was performed. The tests performed indicated that R -m (2009 R4,8m) was impaired.

12. Investment in subsidiary

Indebtedness – by subsidiary		508 980	508 980
		508 980	508 980

The loan to Capespan Group Holdings Ltd is interest free with no fixed payment terms.

Details of the direct and indirect subsidiary companies and the nature of their operations are disclosed in Annexure 1.

13. Investments in associates

Associated companies (unlisted)		
Cost	43 312	84 965
Opening balance	84 965	84 342
Associates converted to subsidiaries	(41 653)	-
Increased investment	-	623
Post-acquisition reserves	17 812	40 711
- Opening balance	40 711	53 915
- Current year share of (losses) / profits	(5 847)	4 386
- Dividends received	(3 047)	(11 128)
- Items recognised in other comprehensive income	(6 256)	(672)
- Foreign currency translation	(5 965)	(5 790)
- Associates converted to subsidiaries	(1 784)	-
Indebtedness*	1 587	14 961
Total	62 711	140 637

* Loans are unsecured with no terms of repayments being set. The loans in the 2010 year bear interest at 4%.

Summarised financial position of associates - 100%

	Assets R'000	Liabilities R'000	Equity R'000	Revenue R'000
2010	710 695	536 502	174 193	3 214 576
2009	1 133 532	792 736	340 786	4 155 310

Details of associated companies and the nature of their operations are disclosed in Annexure 2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
14. Other financial assets				
Receivables	63 249	70 267	-	-
Other investments	7 167	1 615	-	-
	70 416	71 882	-	-
Current portion of receivables	(22 139)	(28 497)	-	-
	48 277	43 385	-	-

Receivables are secured and unsecured and include interest and non-interest bearing loans. Receivables of R31,6m comprise of secured receivables (2009: R27,8m). Non-interest bearing loans have no fixed terms of repayment. Interest bearing loans vary between zero and prime less 1% with fixed terms of repayment.

Other investments

Investments in unlisted companies				
Paltrack (Proprietary) Limited** 15 ordinary shares at cost	882	882	-	-
Member's Share funds and Unlisted shares	5 707	-	-	-
Other investments				
3.5% United Kingdom Government War Loan Stock at valuation	578	733	-	-
Total	7 167	1 615	-	-
Directors' valuation	7 167	1 615	-	-

No investments were impaired during the year (2009: nil).

** The financial asset is carried at cost because fair value cannot be reliably measured.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

15. Deferred taxation

Deferred taxation is calculated on all temporary differences using the applicable statutory rate.

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
The movement on the deferred tax account is as follows:				
Restated opening balance	32 877	39 418	-	-
Temporary differences	8 351	(932)	-	-
Translation difference	(6 948)	(5 609)	-	-
STC credits	1 268	-	1 268	-
Balance at end of year	35 548	32 877	1 268	-

Deferred tax assets and liabilities

GROUP	Assets		Liabilities		Net	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Plant, property and equipment	6 359	6 528	(31 578)	(18 761)	(25 219)	(12 233)
Biological assets	-	-	(29 043)	-	(29 043)	-
Intangibles	-	-	(2 758)	(2 463)	(2 758)	(2 463)
Other financial assets	1 698	-	(3 505)	(644)	(1 807)	(644)
Trade and other receivables	4 757	2 183	(253)	(11)	4 504	2 172
Trade and other payables	1 404	3 203	-	-	1 404	3 203
Provisions	4 574	2 678	-	-	4 574	2 678
Interest-bearing borrowings	-	-	(121)	-	(121)	-
Retirement fund obligations	4 567	1 507	-	-	4 567	1 507
Other	1 264	3 718	(2 602)	(485)	(1 338)	3 233
STC	1 268	-	-	-	1 268	-
Recognised tax losses	79 517	35 424	-	-	79 517	35 424
Total assets/(liabilities)	105 408	55 241	(69 860)	(22 364)	35 548	32 877
Set-off of tax	(59 815)	(9 203)	59 815	9 203	-	-
Net assets/(liabilities)	45 593	46 038	(10 045)	(13 161)	35 548	32 877

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
16. Inventories				
Packaging	9 267	5 419	-	-
Consumables	38 782	4 064	-	-
Merchandise	7 683	7 646	-	-
	55 732	17 129	-	-

17. Income tax receivables and payables

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Income tax receivables	6 189	2 927	-	-
Income tax payables	(29 947)	(33 383)	-	9 495
	(23 758)	(30 456)	-	9 495

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
18. Trade and other receivables				
Trade receivables due from associates	29 271	80 773	-	-
Trade receivables – external (net of impairment)	374 028	369 055	-	-
Other receivables and prepayments	64 194	63 261	16	52
Current portion of long-term receivables	22 139	28 497	-	-
	489 632	541 586	16	52
19. Cash and cash equivalents				
Bank balances	161 036	125 739	2 274	1 054
Call deposits	119 199	180 566	-	-
Cash and cash equivalents	280 235	306 305	2 274	1 054
Bank overdraft	(16 285)	(8 369)	-	-
Short-term borrowings	(250 350)	(252 750)	-	-
	(266 635)	(261 119)	-	-
	13 600	45 186	2 274	1 054
20. Issued capital and premium				
Share capital at par value				
Authorised				
600 000 000 ordinary shares of one cent each – 2010	6 000	6 000	6 000	6 000
Issued				
Issued share capital 331 220 294 (2009: 331 220 294)	3 312	3 312	3 312	3 312
Opening balance	3 312	-	3 312	-
Shares issued (407 184 470)	-	4 072	-	4 072
Shares repurchased and cancelled (75 964 176)	-	(760)	-	(760)
Share premium	410 712	410 712	410 712	410 712
Total	414 024	414 024	414 024	414 024

On 31 December 2010 the joint direct and indirect beneficial interests of all directors in the shares of the company totalled 1 232 176 (2009: 1 727 424) shares. On 31 December 2010 no director had a direct or indirect interest of more than 1% in the share capital of the company. No material changes have taken place in the interests of directors in the shares of the company since 31 December 2010 up to the date of this report.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

21. Earnings and dividends per share

Basic attributable earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares issued during the year:

	GROUP 2010 R'000		GROUP 2009 R'000		COMPANY 2010 R'000		COMPANY 2009 R'000	
Basic earnings per share								
Profit attributable to owners of the company (R'000)	70 933		53 932		41 379		13 659	
Weighted average number of ordinary shares in issue ('000)	298 824		305 494		331 220		335 226	
Basic earnings per share (cents)	23.7		17.7		12.5		4.1	
Reconciliation of headline earnings								
	Gross	Net	Gross	Net				
Profit attributable to owners of the company (R'000)	70 933		53 932		41 379		13 659	
Adjusted for: (R'000)								
- Profit on disposal of investments	(20 039)				-		-	
- Goodwill impairment	-		4 772	4 772	-		-	
- Impairment of goodwill in associate	152		2 874	2 874	-		-	
- Profit on disposal of property, plant and equipment	(98)	(78)	(77)	(77)	-		-	
- Reversal of impairment of property, plant and equipment	-		(152)	(152)	-		-	
- Profit on disposal of assets in associate	(104)		(52)	(52)	-		-	
- Impairment of fixed assets in associate	507		-	-	-		-	
- Recycling of items to profit or loss previously recognised in FCTR	-		4 024	2 857	-		-	
Headline earnings (R'000)	51 371		64 154		41 379		13 659	
Headline earnings per share (cents)	17.2		21.0		12.5		4.1	
Dividend per share								
Dividend paid to ordinary shareholders (R'000)	28 154		28 154		28 154		28 154	
Ordinary shares in issue ('000)	331 220		331 220		331 220		331 220	
Dividend per share (cents)	8.5		8.5		8.5		8.5	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
22. Interest-bearing borrowings				
Secured				
Nedbank Limited secured by general notarial bond over property, plant and equipment (refer note 8)	-	11 894	-	-
Loans secured by lien on certain property, plant and equipment (refer note 8)	103 168	20 319	-	-
Loans secured by lien on certain property, plant and equipment in terms of an instalment sale agreement (refer note 8)	320	383	-	-
	103 488	32 596	-	-
Current portion of borrowings	(26 952)	(25 355)	-	-
	76 536	7 241	-	-
Schedule of repayment:				
Within 1 year	26 952	25 355	-	-
From 2 to 5 years	27 896	7 241	-	-
Over 5 years	48 640	-	-	-
	103 488	32 596	-	-

Interest rates are variable or fixed and range between 7.5% and 10.5% (2009: 8.50% and 11.50%).

23. Non-interest bearing borrowings

Non-interest bearing loans	24 570	24 758	77 513	78 610
	24 570	24 758	77 513	78 610

The loans are interest-free, unsecured and the Group has obtained the unconditional right to defer the settlement for at least 12 months after the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

24. Employee benefits

Post-retirement medical aid benefits

The Group provides for post-employment medical aid benefits in respect of certain retired employees. This liability is for a relatively small group of staff and their dependants who were already retired from International Harbour Services (Proprietary) Limited, Outspan International Limited and Unifruco Limited prior to the merger between Unifruco and Outspan. To qualify for the scheme they had to be permanently employed, be a member of the company designated scheme at retirement and remain resident in South Africa until their retirement. The obligation was quantified by an independent actuary as at 31 December 2010.

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Present value of funded obligations	26 103	27 443	17 333	17 485
Fair value of plan assets	-	-	-	-
Net liability provided in balance sheet	26 103	27 443	17 333	17 485
Amounts in the balance sheet:				
Liabilities	26 103	27 443	17 333	17 485
Assets	-	-	-	-
Net liability in balance sheet	26 103	27 443	17 333	17 485
The amounts recognised in the profit or loss are as follows:				
Interest on obligation	2 041	2 137	1 302	1 380
Actuarial (gain) / loss recognised in other comprehensive income	(992)	(1 427)	329	(1 032)
Net comprehensive income before taxation	1 049	710	1 631	348
Movements in net liability recognised in the statement of financial position are as follows:				
Net liability at beginning of year	(27 443)	(10 197)	(17 485)	-
Additional liability – Unifruco and Outspan	-	(18 962)	-	(18 962)
Expense recognised in the profit or loss	(2 041)	(2 137)	(1 302)	(1 380)
Actuarial gains / (losses) recognised in other comprehensive income	992	1 427	(329)	1 032
Contributions	2 389	2 426	1 783	1 825
Net liability at end of year	(26 103)	(27 443)	(17 333)	(17 485)
Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):				
Discount rate at 31 December (source: GOVI bonds at 31 December 2010)	7.40%	7.85%	7.40%	7.85%

Provision has been made for early disability retirements

The Group reviewed the contributions and benefit structures of its medical schemes, to ensure that these are well positioned against steeply rising health care costs and to establish the existence and extent of any future obligations towards current retired employees.

Retirement funds

South African permanent employees who joined the Group on or after 1 January 1999 belong to the Capespan Provident Fund, a defined contribution fund. This fund is administered independently of the Group and is subject to the Pension Funds Act.

The employer's contribution of between 12% and 19% is expensed as incurred.

Non-South African employees contributed towards different defined contribution schemes at variable rates of contributions.

No account is taken of surpluses which may arise in the fund as the Group does not consider itself entitled to the benefits of such surpluses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

25. Trade and other payables

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Trade payables due to associates	553	1 063	-	-
Other trade payables	187 042	156 399	-	-
Non-trade payables and accrued expenses	31 476	27 621	4 235	3 935
	218 518	185 083	4 235	3 935

26. Provisions

	Personnel Costs R'000	Leave pay R'000	Other R'000	Total R'000
GROUP 2010				
Balance 1 January 2010	4 284	9 000	17 995	31 279
Provisions utilised during the year	(6 128)	(7 109)	(5 869)	(19 106)
Provisions made during the year	4 058	5 016	14 206	23 280
Balance as at 31 December 2010	2 214	6 907	26 332	35 453
	Personnel Costs R'000	Leave pay R'000	Other R'000	Total R'000
GROUP 2009				
Balance 1 January 2009	12 727	9 169	27 446	49 342
Provisions utilised during the year	(10 729)	(2 418)	(18 364)	(31 511)
Provisions made during the year	2 286	2 249	8 913	13 448
Balance as at 31 December 2009	4 284	9 000	17 995	31 279

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

27. Notes to the cash flow statements

27.1. Cash generated by / (utilised in) operations

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Profit / (loss) before finance income / costs and profits of associates	111 669	66 531	(158)	(347)
Adjusted for				
- Depreciation of property, plant and equipment	31 702	29 956	-	-
- Profit on disposal of property, plant and equipment	(98)	(77)	-	-
- Impairment of property, plant and equipment	-	(152)	-	-
- Profit on disposal of investments	(20 039)	-	-	-
- Impairment of goodwill	-	4 772	-	-
- Fair value adjustment on biological assets	(4 051)	2 370	-	-
- Non-cash dividend in specie	-	7 063	34	-
- Amortisation of intangible assets	3 734	2 447	-	-
- Movements in post-retirement medical aid benefits	2 041	2 137	-	-
- Items recognised in equity	(6 452)	7 611	-	-
- Translation differences	2 365	7 456	-	-
- Working capital movements	(21 150)	(6 223)	264	-
- (Increase) / decrease in inventory	(21 794)	100	-	-
- Decrease / (increase) in trade and other receivables	73 703	53 123	(36)	-
- (Decrease) / increase in trade and other payables	(76 497)	(45 039)	300	-
- Increase / (decrease) in provisions	3 438	(14 407)	-	-
	99 721	123 891	140	(347)
27.2. Investment income received				
Income from non-equity accounted investments	654	152		
Associates – dividends received	3 047	11 128	-	-
Subsidiary – dividends received	-	-	42 000	28 197
	3 701	11 280	42 000	28 197
27.3. Taxation paid				
Amount unpaid at beginning of year	(30 456)	(21 322)	(9 495)	-
Current taxation charged to profit or loss	(39 355)	(30 399)	-	-
Taxation recognised directly in other comprehensive income	225	-	-	-
Taxation effects on translation	1 800	3 757	-	-
Withholding tax	(1 633)	(2 040)	-	-
Secondary tax on companies	(3 689)	(12 310)	-	(12 310)
Subsidiary acquired	1 666	-	-	-
Amount unpaid at end of year	23 758	30 456	-	9 495
	(47 684)	(31 858)	(9 495)	(2 815)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

27. Notes to the cash flow statements (continued)

27.4. Acquisitions of Businesses

27.4.1. Rapiprop (Pty) Ltd

During the year the Group acquired a further 20% of the shares in Rapiprop (Pty) Ltd effective 31 January 2010, the date Rapiprop (Pty) Ltd became a subsidiary of the Capespan Group with the shareholding increasing from 40% to 60%.

Fair value of 60% Equity at acquisition	60 000
Cost of previous interest held (40%)	(40 702)
Loan conversion on purchase	(13 237)
Goodwill	2 939
Cash paid on purchase	<u>9 000</u>

The net cost of the business combination comprised of the following:

Cash paid	9 000
Add Bank overdraft acquired as part of business combination	2 805
Total cash flow outflow on acquisition	<u>11 805</u>

27.4.2. Metspan Hong Kong Limited and Metspan International Limited

During the year, the Group acquired the remaining 50% shares in Metspan Hong Kong Limited and Metspan International Limited effective 31 July 2010 Ltd thereby increasing the Group shareholding to 100%.

Total identifiable assets acquired and liabilities assumed:

Fair value of 50% Equity at acquisition	3 318
Profit on Sale of associate	(18 174)
Goodwill and Customer Listing on purchase	36 172
Cash Paid on purchase	<u>21 316</u>

The net cost of the business combination comprised of the following:

Cash paid	21 316
Less cash acquired as part of business combination	35 130
Total cash inflow on acquisition	<u>13 814</u>

28. Financial instruments

Exposure to currency, interest rate and credit risks arise in the normal course of the Group's business. The risks are managed with policies and guidelines approved by the board.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

28.1. Currency management

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The Group is exposed to currency risk as a result of purchases, sales and borrowings which are denominated in a currency other than the Group's reporting currency. The Group hedges trade debtors and trade creditors denominated in a foreign currency, as well as estimated foreign currency exposure resulting from sales and purchases.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

28. Financial instruments (continued)

28.1. Currency management (continued)

Exposure to currency risk

Based on notional amounts the statement of financial position exposure to foreign currency risk at 31 December 2010 is as follows:

	USD '000	GBP '000	EUR '000	JPY '000	METICAIS '000
Trade receivables	15 602	3 102	2 947	520 651	12 084
Cash and cash equivalents	16 325	7 544	935	503 010	153 595
Trade payables	(1 470)	(629)	(307)	(374 923)	(4 205)
	30 457	10 017	3 575	648 738	161 474

Based on notional amounts the balance sheet exposure to foreign currency risk at 31 December 2009 is as follows:

	USD '000	GBP '000	EUR '000	JPY '000	MNT '000
Trade receivables	12 350	4 287	8 821	817 991	12 295
Cash and cash equivalents	26 535	6 918	1 783	478 610	85 037
Trade payables	(2 568)	(1 044)	(763)	(140 111)	(1 144)
	36 317	10 161	9 841	1 156 490	96 188

The Group has entered into certain forward exchange contracts which relate to specific foreign commitments not yet due and export earnings of which the proceeds have not yet been received.

Details of the contracts are as follows:

	31 December 2010		31 December 2009	
	Foreign amount (‘000)	Rand value (‘000)	Foreign amount (‘000)	Rand value (‘000)
Foreign currency				
Exports – FEC’s				
United States Dollar	12 069	79 539	6 227	45 760
Pounds Sterling	3 073	31 300	1 498	17 698
Euro	1 971	17 342	2 547	26 883
Canadian Dollar	230	1 516	30	209
Japanese Yen	157 787	12 773	775	61
		142 470		90 611
Imports – FEC’s				
United States Dollar	2 445	16 304	1 256	9 359
Pounds Sterling	-	-	104	1 245
Euro	210	1 862	597	6 387
Canadian Dollar	-	-	675	4 774
Japanese Yen	721 267	58 385	1 446 546	114 972
		76 551		136 737

The following were the significant exchange rates applied:

	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
United States Dollars	7.30	8.38	6.59	7.35
Pound Sterling	11.27	13.04	10.18	11.80
Euro	9.67	11.62	8.80	10.56
Canadian Dollars	7.11	7.35	6.59	6.98
Japanese Yen	0.08	0.09	0.08	0.08
Mozambique Meticaïs	0.21	0.31	0.20	0.29

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

28. Financial instruments (continued)

28.1. Currency management (continued)

Sensitivity analysis

If the Group did not enter into transactions the effect of a 10 percent strengthening of the Rand against the following currencies could have decreased/(increased) equity and revenue by the amounts shown below, This analysis assumes that all variables, in particular interest rates, remain constant. A 10 percent weakening of the Rand would show the equal but opposite effect, on the basis that all other variables remain constant. The sensitivity analysis was performed on the same basis for 2009.

Effect 2010	Balance Sheet R'000	Revenue R'000
United States Dollars	20 071	90 977
Pound Sterling	10 202	118
Euro	3 146	2 281
Japanese Yen	5 251	8 474
Meticais	3 259	5 169
<hr/>		
Effect 2009	Balance Sheet R'000	Revenue R'000
United States Dollars	26 686	78 000
Pound Sterling	12 000	237
Euro	10 388	3 517
Japanese Yen	9 192	8 222
Meticais	2 044	4 678

28.2. Interest rate management

The Group is exposed to interest rate risk as it borrows and places funds at both fixed and floating interest rates. The Group adopts a policy of ensuring that its borrowings are at market-related rates to address its interest rate risk.

28.3. Credit risk management

Credit risk relates to potential exposure on cash and cash equivalents, trade receivables and hedged positions. The Group limits its counter-party exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. The Group exposure and the credit ratings of its counter-parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter-parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	2010 R'000	2009 R'000
Other financial assets	14	48 277	43 385
Loans to associate companies	13	1 587	14 961
Trade and other receivables	18	489 632	541 586
Cash and cash equivalents	19	280 235	306 305
		819 731	906 237
<hr/>			
Trade and other receivables			
- Trade receivables due from associates		29 271	80 773
- Trade receivables - gross external		402 355	380 421
- Trade receivables - impairment		(28 327)	(11 366)
- Other receivables and prepayments		86 333	91 758
		489 632	541 586

The trade and other receivables consist of a large number of customers and geographical areas. Aside for the intra-group receivables, there are no significant concentrations of credit risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

28. Financial instruments (continued)

28.3. Credit risk management (continued)

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of receivables and, where appropriate, credit guarantee insurance cover is purchased.

Credit guarantee insurance cover is limited to R300 million in the annual aggregate, subject to a R3,0 million aggregate excess.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for external trade and other receivables at the reporting date by geographic region was:

	2010 R'000	2009 R'000
Southern Africa	204 900	183 269
UK	41 462	47 841
Europe	27 246	37 743
Far East	61 481	65 363
North America	26 625	18 061
Middle East	26 306	19 643
Russia	14 335	8 501
	402 355	380 421
Wholesale customers	209 422	188 761
Seasonal loans	131 471	147 127
Retail customers	36 050	21 325
End-user customers	2 939	6 326
Other	22 473	16 882
	402 355	380 421

28.4. Impairment losses

The ageing of trade receivables (external parties) at the reporting date was:

	Gross receivable 2010 R'000	Gross impairment 2010 R'000	Gross receivable 2009 R'000	Gross impairment 2009 R'000
Not past due	324 967	1 027	334 108	745
Past due 0 – 30 days	27 356	685	22 283	209
Past due 31 – 120 days	38 265	16 522	22 480	9 516
More than 120 days	11 767	10 093	1 550	896
	402 355	28 327	380 421	11 366

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2010 R'000	2009 R'000
Balance as at 1 January	11 366	13 711
Reversed	(1 066)	(2 116)
Amounts written off	(201)	(8 311)
Impairment	18 228	8 082
Balance as at 31 December	28 327	11 366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

28. Financial instruments (continued)

28.5. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are available to meet future cash flow requirements.

The following are the repayment profiles of financial liabilities:

	Carrying amount R'000	Contractual cash flows R'000	1 year or less R'000	After 1 year R'000
31 December 2010				
Non-interest bearing loans	24 570	24 570	-	24 570
Interest bearing loans	103 488	103 488	28 855	74 633
Trade payables	144 349	144 349	144 349	-
Accruals	31 476	31 476	31 476	-
Other payables	42 693	45 580	45 580	-
Bank overdraft and short-term borrowings	266 635	266 635	262 178	4 457
	613 211	616 098	512 438	103 660
FEC liabilities included in trade payables	370			
	370			

	Carrying amount R'000	Contractual cash flows R'000	1 year or less R'000	After 1 year R'000
31 December 2009				
Non-interest bearing loans	24 758	24 758	-	24 758
Interest bearing loans	32 596	34 003	15 295	18 708
Trade payables	130 304	130 304	130 304	-
Accruals	27 621	27 621	27 621	-
Other payables	27 158	29 870	27 599	2 271
Bank overdraft and short-term borrowings	261 119	261 119	254 520	6 599
	503 556	507 675	455 339	52 336
FEC liabilities included in trade payables	209			
	209			

28.6. Fair values

At the year end, the fair values of all interest bearing financial instruments are substantially identical to the carrying values reflected in the statement of financial position. Fair values cannot be determined for interest free financial instruments without fixed repayment terms.

28.7. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding minority interests, and the level of dividends to ordinary shareholders.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

29. Related party transactions

The Group has a related party relationship with the following:

Shareholders

- See analysis of major shareholders on page 6.

Subsidiaries

Details of all subsidiaries are disclosed in Annexure 1 on page 67.

- See note 12 for loans with a subsidiary company and note 5 for dividend income from subsidiary company.

Associates

The Group has a related party relationship with its associates. Details of all associates are disclosed in Annexure 2 on page 68.

- See notes 13, 18 and 25 for dividend income from associate companies and trade receivables/payables.

Directors

Details of the executive and non-executive directors of the company is disclosed in the directors' report.

- See note 2 for remuneration paid to directors.
- See note 20 for directors' interests in the shareholding of the company.

	GROUP 2010 R'000	GROUP 2009 R'000
30. Transactions with directors of the company		
Transaction type		
Commission earned as agent for the export of their fruit – Capespan Group Limited		
Capespan Group Limited	2 220	1 882
31. Transactions with key management personnel		
The key management personnel compensations are as follows:		
Short-term employee benefits (including amounts paid by associates)	24 593	31 210

The company considers the Group Executive committee and the Managing Directors of the Group companies to be the only key management personnel. The number of key personnel comprises of fifteen individuals.

32. Borrowing powers

Borrowing powers, in terms of the articles of association of the company, are unlimited.

33. Contingent liabilities

Contingent liabilities at balance sheet date, not otherwise provided for in these annual financial statements, arising from:

- Capespan Exports (Pty) Ltd – No contingent liabilities at reporting date (2009: 1,1m).
- Various sundry guarantees not exceeding R1,2 in total.

The directors are of the opinion that no material liabilities will arise.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

34. Commitments

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Capital commitments				
- Capital expenditure contracted for property, plant and equipment	4 771	2 896	-	-
- Capital expenditure authorised for property, plant and equipment but not contracted for	49 902	33 850	-	-
	54 673	36 746	-	-
Operating lease commitments				
- Buildings	447 109	467 845	-	-
- Equipment	57 309	40 543	-	-
- Other	2 351	9 255	-	-
	506 769	517 643	-	-
The above commitments under non-cancellable operating leases are payable as follows:				
Within 1 year	61 433	64 573	-	-
From 2 to 4 years	153 612	142 445	-	-
Over 4 years	291 724	310 625	-	-
	506 769	517 643	-	-

35. Accounting estimates and judgements

Management lists below the Group's main judgements and estimates used in the preparation of these financial statements.

Goodwill

In determining whether to impair goodwill, assumptions are made on the future performance and growth of the cash generating unit. In addition, the Group makes assumptions on the operational horizon over which estimated performance is calculated and discounts this performance using a comparable industry discount rate. Estimates are performed using a range of the key assumptions to obtain a reasonable estimate of the entities net asset value (refer note 11).

Deferred tax

In the Group, each entity determines the recoverability of deferred taxation and the recognition of estimated tax losses. The recognition is based on the entities' ability to utilise these estimated losses based on expected future taxable earnings. In note 7 the total unrecognised estimated losses are disclosed.

Financial instruments

Each entity in the Group makes assumptions on the recoverability of its financial instruments. These instruments mainly cover trade and other receivables and production loans. Where the recoverability of these instruments is considered to be doubtful management applies judgement in the calculation of the amount to be impaired.

Biological assets

The fair value of the agricultural produce and livestock is determined based on market prices. The calculation of the fair value is sensitive to changes in the key variables used. Actual results may differ from these estimates having a direct impact on the value of biological assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

36. Segment information

The Group's segment reporting is by operational business sector. The business sectors consist of fruit, logistics and investments. The business sector information includes an allocation of corporate costs to each sector on an appropriate basis.

2010	R'000 Fruit	R'000 Logistics	R'000 Investments	R'000 Inter-Group	R'000 Consolidated
Revenue	2 214 501	590 165	-	(124 158)	2 680 508
Cost of sales, distribution and administration expenses	(2 191 114)	(514 102)	(4 184)	124 158	(2 585 242)
Other income	20 066	70	1	-	20 137
Other expenses	(3 734)	-	-	-	(3 734)
Profit/(loss) before financing income / (expenses) and profits of associates	3 978	76 133	(4 183)	-	111 669
Financial income	31 027	6 067	62 373	(51 734)	47 733
Financial expenses	(49 024)	(11 790)	(35 740)	51 734	(48 820)
Share of losses of associates	(514)	-	(5 333)	-	(5 847)
Profit before taxation	21 208	70 410	17 117	-	108 735
Restated 2009	R'000 Fruit	R'000 Logistics	R'000 Investments	R'000 Inter-Group	R'000 Consolidated
Revenue	2 005 748	673 370	5 619	(47 895)	2 636 842
Cost of sales, distribution and administration expenses	(2 010 154)	(604 469)	3 407	47 895	(2 563 321)
Other income	10	67	-	-	77
Other expenses	(7 067)	-	-	-	(7 067)
Profit/(loss) before financing income / (expenses) and profits / (losses) of associates	(11 463)	68 968	9 026	-	66 531
Financial income	28 685	9 614	86 146	(49 584)	74 861
Financial expenses	(34 953)	(19 080)	(40 075)	49 584	(44 524)
Share of profits / (losses) of associates*	3 320	-	1 066	-	4 386
(Losses) / profit before taxation	(14 411)	59 502	56 163	-	101 254

*Rapiprop was moved from Investments to Fruit following the conversion to a subsidiary. The Segment report was restated to be consistent with the current year disclosure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

37. Restatement of comparatives

Goldspan Ltd

During the 2010 financial year, management adjusted certain financial misstatements relating to the financial reporting of Goldspan Ltd. Due to the material nature of the misstatement and in accordance with IFRS management has restated the 2008 Statement of Financial Position of the Group results. Attached below is the restated 2008 Statement of Financial Position together with notes relating to the restatement.

	Notes	Restated GROUP 2008 R'000	GROUP 2008 R'000
Assets			
Non-current assets			
Property, plant and equipment		552 466	531 573
Intangible assets		252 253	252 253
Goodwill		2 811	2 811
Investment in subsidiary		36 056	36 056
Investments in associates		-	-
Other financial assets		149 792	149 792
Deferred tax assets	1	59 027	59 027
		52 527	31 634
Current assets			
Inventories		1 091 256	1 106 587
Income tax receivables		18 784	18 784
Trade and other receivables	2	11 466	11 466
Cash and cash equivalents		641 559	656 890
		419 447	419 447
Total assets		1 643 722	1 638 160
Equity and liabilities			
Equity			
Issued capital and premium		461 784	461 784
Treasury shares		168	168
Other reserves	4	87 517	94 373
Retained earnings	3	446 723	468 660
Total equity attributable to equity holders of the parent		996 192	1 024 985
Minority interest		2 887	2 887
Total equity		999 079	1 027 872
Non-current liabilities			
Interest-bearing borrowings		70 314	70 314
Non-interest bearing borrowings		21 638	21 638
Employee benefits		25 370	25 370
Deferred tax liabilities		10 197	10 197
		13 109	13 109
Current liabilities			
Bank overdraft and short-term borrowings		574 329	539 974
Interest bearing borrowings		218 849	218 849
Income tax payables		15 284	15 284
Trade and other payables	5	32 788	32 788
Provisions		258 066	223 711
		49 342	49 342
Total equity and liabilities		1 643 722	1 638 160

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

37. Restatement of comparatives (continued)

Restatement of Comparatives – 2008	Note	R'000
Statement of Financial Position effect:		
Deferred taxation asset as previously reported – 2008	1	31 634
Goldspan Ltd deferred taxation adjustment on assessed losses		20 893
Restated deferred taxation asset for the year – 2008		52 527
Trade and Other Receivables as previously reported – 2008	2	656 890
Goldspan Ltd pre-payments adjustment relating to misstatement		(15 331)
Restated Trade and Other Receivables for the year – 2008		641 559
Retained earnings as previously reported – 2008	3	468 660
Goldspan Ltd Cost of Sales adjustment relating to misstatement		(37 856)
Goldspan Ltd Deferred taxation adjustment		15 919
Restated Retained Earnings – 2008		446 723
Translation Reserves as previously reported – 2008*	4	90 558
Goldspan Ltd FCTR adjustment on year end exchange rate difference		(6 856)
Restated Translation Reserves – 2008**		83 702
Trade and Other Payables as previously reported – 2008	5	223 711
Goldspan Ltd FEC adjustments to include FEC contracts at year end		34 355
Restated Trade and Other Payables for the year – 2008		258 066

*Included in R94 373 000

**Included in R87 517 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

37. Restatement of comparatives (continued)

Restatement of Comparatives – 2009	R'000
Statement of Comprehensive Income effect:	
Cost of Sales as previously reported – 2009	2 566 318
Goldspan Ltd Cost of Sales adjustment	(2 997)
Restated Cost of Sales for the year – 2009	2 563 321
Taxation as previously reported – 2009	44 421
Goldspan Ltd deferred taxation adjustment	1 260
Restated Taxation expense for the year – 2009	45 681
Statement of Financial Position effect:	
Other financial assets as previously reported – 2009	34 642
Goldspan loan reallocation relating to misstatement	8 743
Restated Other Financial assets for the year – 2009	43 385
Deferred taxation asset as previously reported – 2009	31 081
Goldspan Ltd deferred taxation adjustment on assessed losses	14 957
Restated deferred taxation asset for the year – 2009	46 038
Trade and Other Receivables as previously reported – 2009	566 961
Goldspan Ltd pre-payments adjustment relating to misstatement	(20 521)
Goldspan loan reallocation relating to misstatement	(4 854)
Restated Trade and Other Receivables for the year – 2009	541 586
Cash and Cash Equivalents as previously reported – 2009	310 194
Goldspan loan reallocation relating to misstatement	(3 889)
Restated Cash and Cash Equivalents for the year – 2009	306 305
Retained earnings as previously reported – 2009	440 451
Goldspan Ltd Retained Earnings 2008 adjustment	(21 937)
Goldspan Ltd Cost of Sales adjustment relating to misstatement	2 997
Goldspan Ltd taxation adjustment on assessed losses	(1 260)
Restated Retained Earnings – 2009	420 251
Trade and Other Payables as previously reported – 2009	170 036
Goldspan Ltd FEC adjustments to include FEC contracts at year end	15 047
Restated Trade and Other Payables for the year – 2009	185 083
Translation Reserves as previously reported – 2009	17 077
Goldspan Ltd cumulative FCTR adjustment on year end exchange rate difference	(411)
Restated Translation Reserves – 2009	16 666

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

38. Business acquisitions

38.1. Rapiprop (Pty) LTD

The Group acquired a further 20% of the farming business which increased the Group's shareholding from 40% to 60% effective 31 January 2010.

The following reflects the financial position of the Rapiprop Group at 31 January 2010 with the fair values of the identifiable assets and liabilities acquired:

	Carrying Value R'000	Fair Value R'000
Non-Current Assets	227 848	227 848
Property, Plant and Equipment	121 366	121 366
Biological assets	98 377	98 377
Other financial assets	8 105	8 105
Current Assets	32 193	32 193
Inventory	17 076	17 076
Trade and other receivables	9 257	9 257
Cash and Cash equivalents	5 860	5 860
Non-Current Liabilities	129 339	129 339
Long-term borrowings	125 685	125 685
Deferred taxation	3 654	3 654
Current Liabilities	30 702	30 702
Trade and other payables	20 028	20 028
Taxation payable	604	604
Bank overdraft	8 665	8 665
Provisions	1 405	1 405
Total net assets of Rapiprop	100 000	100 000
Acquired 60% of total net assets		60 000
Goodwill arising on business acquisition		2 939
60% of total net assets acquired (including goodwill)		62 939
Deemed cost of acquiring 60% interest in Rapiprop		62 939
Cash consideration for 20% of associate (refer note 27.4.1)		9 000
Loan conversion on purchase of shares		13 237
Carrying amount of associate before conversion to subsidiary (refer note 13)		40 063
Profit recognised on conversion of associate to subsidiary (refer note 4)		639

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

38. Business acquisitions (continued)

38.2. Metspan (Hong Kong) Limited and Metspan International Limited

The Group acquired the remaining 50% shares in the fruit marketing entities Metspan (Hong Kong) Limited and Metspan International Limited effective date 31 July 2010. The shareholding increased from 50% to 100%.

The following reflects the financial position of Metspan at 31 July 2010 with the fair values of the identifiable assets and liabilities acquired:

	Carrying Value R'000	Fair Value R'000
Non-current assets		
Customer listing	-	16 716
Current assets	103 451	103 451
Trade and other receivables	68 321	68 321
Cash and Cash equivalents	35 130	35 130
Non-current liabilities		
Deferred taxation	-	2 758
Current Liabilities	96 814	96 814
Trade and other payables	74 266	74 266
Provisions and accruals	22 548	22 548
Net assets acquired	6 637	20 595
Goodwill arising on business acquisition (Refer to Note 11)		22 213
Total net assets acquired (including goodwill)		42 808
Total cost of acquiring 100% interest in Metspan		42 808
Cash consideration for remaining 50% of associate (Refer to note 27.4.2)		21 316
Carrying amount of associate before conversion to subsidiary (refer to note 13)		3 318
Profit recognised on conversion of associate to subsidiary (refer to note 4)		18 174

39. Subsequent events

FPT BEE Transaction

In order to facilitate the introduction of a BEE partner into the FPT Group of companies, it has been decided to restructure the Group. The decision entails the following three steps:

- STEP 1: FPT Group Holdings (Pty) Ltd disposes of its investments in Pedal 152 (Pty) Ltd and 98% of its investment in FPT Moçambique, Limitada to its subsidiary: FPT Group (Pty) Ltd on 28 February 2011.
- STEP2: FPT Group Holdings (Pty) Ltd disposes of the remaining 1% of its shareholding in FPT Moçambique, Limitada to Capespan (Pty) Ltd on 1 March 2011.
- STEP 3: FPT Group Holdings (Pty) Ltd distributes the carrying value of its shares in FPT Group (Pty) Ltd on 2 March 2011.

Acquisition of Chinese Investment

The Group successfully completed the acquisition of a 25% holding in a Chinese company "Golden Wing Mau" for \$4,6m effective March 2011. The investment will expand the growth strategy of the Group into China.

40. Standards and interpretations not yet effective

There are Standards and Interpretations in issue that are not yet effective. The directors have considered all of those Standards and Interpretations and found none to be applicable to the business of the company and the Group and therefore expect none to have a significant impact on future financial statements.

ANNEXURE 1 SUBSIDIARY COMPANIES

Company name	Country of incorporation	31 December 2010 %	31 December 2009 %	Nature of operations
Addo Cold Store (Proprietary) Limited	RSA	99.99	99.99	Cold storage facility
Altius Trading 237 (Proprietary) Ltd	RSA	100.00	100.00	Farming
Cape Reefers (Proprietary) Limited	RSA	100.00	100.00	Shipping agent
Capespan Group Holdings Limited	RSA	100.00	100.00	Holding company
Capespan (Proprietary) Limited	RSA	100.00	100.00	Investment, supply chain management and research
Capespan Canada Investments Inc	Canada	100.00	100.00	Holding company
Capespan Exports (Proprietary) Limited	RSA	100.00	100.00	Fruit export
Chris Ida Boerdery (Proprietary) Ltd	RSA	100.00	100.00	Farming
Fedfa Exports (Proprietary) Limited	RSA	100.00	100.00	Fruit exporter
Fisher Capespan Canada Distribution Inc	Canada	80.00	80.00	Marketing Canada
Fisher Capespan USA LLC	USA	80.00	80.00	Marketing USA
FPT Group Holdings (Proprietary) Limited	RSA	100.00	100.00	Port terminal operations
FPT Group (Proprietary) Limited	RSA	100.00	100.00	Port terminal operations
FPT (Mozambique) Lda	Mozambique	100.00	100.00	Port terminal operations
Fruit Importers and Distributors International Limited	UK	100.00	100.00	Holder of brand
Goldspan Limited	Japan	100.00	100.00	Marketing Japan
Groot Gariiep Koelkamers (Proprietary) Limited	RSA	50.10	50.10	Cold storage facility
Infracorp (Proprietary) Limited	RSA	100.00	100.00	Farming
Kwa Siza Management (Proprietary) Limited	RSA	-	50.00	Farm management company
Matola Cargo Terminal Sarl	Mozambique	90.00	90.00	Inland terminal
Mokgolobotho Management (Proprietary) Limited	RSA	49.00	100.00	Farming
Metspan Hong Kong Limited	Hong Kong	100.00	50.00	Marketing Far East
Metspan International Limited	Hong Kong	100.00	50.00	Marketing Far East
Mulungisi Investments Limited	Isle of Man	100.00	100.00	Holding company
Oraculim Investments (Proprietary) Ltd	RSA	100.00	100.00	Farming
Pedal Trading 152 (Proprietary) Limited	RSA	99.99	99.99	Holding company
Servagro Trading (Proprietary) Limited	RSA	100.00	100.00	Property company
Sikisa Trading Corporation (Proprietary) Limited	RSA	100.00	100.00	Packhouse operations
Rapirop (Proprietary) Limited	RSA	60.00	40.00	Primary Agriculture
Universal Reefers Limited	Isle of Man	100.00	100.00	Shipping

ANNEXURE 2 ASSOCIATED COMPANIES

2010				Post-acquisition reserves					Profit or (loss) R'000
Company name	Country of incorporation	Nature of operations	Holding at Year-end %	Shares at cost R'000	Accumulated reserves R'000	Foreign currency translation R'000	Long-term indebtedness R'000	Carrying value R'000	
Capespan International Holdings Limited and associates	United Kingdom	Marketing Europe	50.00	34 354	1 577	(6 142)	-	29 789	1 659
Metspan (Hong Kong) Limited*	Hong Kong	Marketing Far East	50.00	-	-	-	-	-	2 699
Metspan International Limited*	Hong Kong	Marketing Far East	50.00	-	-	-	-	-	63
The Wine People Group Limited	South Africa	Wine marketing	27.32	8 335	22 968	177	-	31 480	(4 985)
Rapiprop 159 (Proprietary) Limited**	South Africa	Primary Agriculture	40.00	-	-	-	-	-	(4 913)
Genetwister Africa (Proprietary) Limited	South Africa	Research	20.00	623	(747)	-	1 587	1 463	(349)
Mokgolobotho Farm Management (Pty) Ltd	South Africa	Farm Management	49.00	-	(21)	-	-	(21)	(21)
				43 312	23 777	(5 965)	1 587	62 711	(5 847)

* Metspan (Hong Kong) Limited and Metspan International Limited became wholly owned subsidiaries effective 31 July 2010.

**Rapiprop (Pty) Limited became a partly owned subsidiary effective 31 January 2010.

2009				Post-acquisition reserves					Profit or (loss) R'000
Company name	Country of incorporation	Nature of operations	Holding at Year-end %	Shares at cost R'000	Accumulated reserves R'000	Foreign currency translation R'000	Long-term indebtedness R'000	Carrying value R'000	
Capespan International Holdings Limited and associates	United Kingdom	Marketing Europe	50.00	34 354	3 944	2 768	-	41 066	2 821
Metspan (Hong Kong) Limited	Hong Kong	Marketing Far East	50.00	465	(117)	33	-	381	(10)
Metspan International Limited	Hong Kong	Marketing Far East	50.00	486	3 703	(846)	-	3 343	6 347
The Wine People Group Limited	South Africa	Wine marketing	27.32	8 335	26 793	257	-	35 385	1 464
Rapiprop 159 (Proprietary) Limited	South Africa	Primary Agriculture	40.00	40 702	4 575	-	13 923	59 200	(5 838)
Genetwister Africa (Proprietary) Limited	South Africa	Research	20.00	623	(399)	-	1 038	1 262	(398)
				84 965	38 499	2 212	14 961	140 637	4 386



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