



CAPESPAN

we deliver



CAPESPAN GROUP LIMITED

Summarised unaudited results for six months ended 30 June 2011

CONTENT

SUMMARY OF RESULTS	1
2011 HALF YEAR FINANCIAL OVERVIEW	2
Revenue	2
Operating Profit	2
Exceptional Items	2
Adjusted Profit Before Taxation	2
Taxation	3
Adjusted Earnings Per Share	3
Shareholders' Equity	4
Investment in Associates	4
Cash Flow	4
Dividend	5
Outlook	5
GROUP STATEMENTS OF COMPREHENSIVE INCOME	6
GROUP EARNINGS AND DIVIDEND PER SHARE	6
GROUP STATEMENTS OF FINANCIAL POSITION	7
GROUP ABRIDGED STATEMENTS OF CASH FLOW	8
GROUP STATEMENT OF CHANGES IN EQUITY	9

SUMMARY OF RESULTS

	2011	2010
	R m	R m
Group revenue	1,259.9	1,157.4
Adjusted EBIT⁽¹⁾		
- parent and subsidiaries	22.3	4.8
- share of associate companies	5.2	(0.5)
Total adjusted EBIT	27.5	4.3
Net finance charge	(1.1)	(1.7)
Adjusted profit before taxation⁽²⁾	26.4	2.6
Impairment of fixed assets in associate	(5.2)	-
Impairment of intangibles	(2.7)	-
Restructuring costs in associate	(0.4)	-
Taxation of associate companies	(1.8)	(1.1)
Profit before taxation per statement of comprehensive income	16.3	1.5
Taxation	(7.7)	(2.8)
Non controlling interest	0.3	(0.9)
Profit / (Loss) attributable to equity shareholders	8.9	(2.2)
Adjusted earnings per share (cents)	5.8	(0.7)

⁽¹⁾ **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.

⁽²⁾ **Adjusted profit before taxation** excludes the impairment charges, profit on sale of investments, and the Group share of tax of associates.

2011 HALF YEAR FINANCIAL OVERVIEW

During the first half of 2011 the Group generated good results despite the tough economic conditions encountered in most of the Global markets. A difficult supply pattern was experienced as a result of unseasonal weather patterns in South Africa and other source countries, which resulted in lower grape volumes. In addition the strengthening Rand and low interest rates have also negatively impacted on the financial results for the first half of 2011.

REVENUE

Total revenue increased by 8,9% from R1,16 billion to R1,26 billion. The effect of the appreciation of the Rand of 3,3% has had a negative impact on revenues during the period. The Logistics Division had a reduction in revenue of 7,5% as a result of the reduced reefer shipping activities whilst the prior year included revenues of R40,7 million from these operations. This reduction has been partially offset by increased revenue from port operations in FPT. Fruit Division revenue increased 17,3% and on a constant currency basis by 20,0% as a result of the inclusion of the full year of Rapirop and Metspan revenue during the current year. These companies were not subsidiaries for the full period during the prior year.

OPERATING PROFIT

Adjusted EBIT increased from R4,3 million to R27,5 million. The increase can be attributable to a significant improvement in the operating profits of both the Fruit and Logistics Divisions. The improvement in the Fruit Division is as a result of the improved performance in the UK, Japan and Capespan Exports. Benefits from the restructuring of Capespan Exports during 2010 were realised from the second quarter of the new year. The improvement in the Logistics Division is as a result of the increased non fruit activities in the port terminal operations. Other non-core assets have shown improved results with the exception of increased losses suffered from an associate company, the company wine people, as a result of the impairment of fixed assets and restructuring cost.

EXCEPTIONAL ITEMS

The exceptional items in the first half of 2011 year amounted to R8,3 million and relate to the impairment of assets in the associate wine company noted above; and the impairment of intangible assets.

ADJUSTED PROFIT BEFORE TAXATION

Adjusted profit before taxation totalled R26,4 million, an increase of R23,8 million when compared to the prior year of R2,6 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, restructuring costs and the Group's share of taxation of associate's, which is reflected as part of profit before taxation under IFRS rules. Profit before taxation under IFRS amounted to R16,3 million compared to the prior year's profit of R1,5 million.

2011 HALF YEAR FINANCIAL OVERVIEW (CONT)

TAXATION

The taxation expense per the income statement increased from R2,8 million to R7,7 million. The tax charge includes the Secondary Taxation on Companies (STC) of R1,3 million which arose from the dividends paid by the Group. Taxation on the underlying activities increases from R1,7 million to R8,2 million as a result of the increase in operating income. The effective tax rate during the period was 33,5%.

	2011	2010
	R m	R m
Taxation per income statement	7.7	2.8
Taxation of associate companies	1.8	1.1
	9.5	3.9
Adjustments		
Taxation on items previously recognised in equity		
STC on dividend paid	(1.3)	(2.2)
Taxation on underlying activities	8.2	1.7

ADJUSTED EARNINGS PER SHARE

The calculation of the adjusted earnings per share excludes the extraordinary items mentioned above and is set out below. The adjusted earnings per share is 5,8 cents versus a loss of 0,7 cents per share in the prior year. The average number of shares, net of treasury shares has remained constant at 298.8 million.

	2011	2010
	R m	R m
Adjusted profit before taxation	26.4	2.6
Taxation charge underlying activities	(8.2)	(1.7)
Taxation charge STC	(1.3)	(2.2)
Non controlling portion	0.3	(0.9)
Headline earnings	17.2	(2.2)
Weighted ave number of shares	298.8	298.8
Adjusted earnings per share (cents)	5.8	(0.7)

2011 HALF YEAR FINANCIAL OVERVIEW (CONT)

SHAREHOLDERS' EQUITY

Total equity attributable to the equity holders of the parent, as shown below, has increased from R826,7 million at 31 December 2010 to R829,8 million. The main reason for the increase was as a result of the profit year to date and translations gains which is reduced by the dividend payment.

The translation difference arises from the translation of foreign investments due to the depreciation of the Rand versus the JPY (4,0%), USD (2,8%), MZM (18,7%) and GBP (7,0%) from the December 2010 year end exchange rates. This has resulted in a positive translation difference of R19,6 million.

Movement in shareholders' equity:

	2011
	R m
Opening balance previously reported	826,7
Net profit for the period	8,9
Translation difference to foreign entities net of tax	19,6
Dividends paid (net of treasury shares)	(25,4)
Balance at end of period	829,8

The net asset value (NAV) per ordinary share has increased marginally from 276.7 cents as at 31 December 2010 to 277.7 cents.

INVESTMENT IN ASSOCIATES

The increase in the investment in associates of R29,1 million is as a result of the purchase of the 25% stake in a Chinese Fruit Distribution company namely Golden Wing Mau and the capitalisation of the profits earned from the associates.

CASH FLOW

Due to the cyclical nature of the Group, the Group utilised R133,7 million in operating activities which is a decrease of R143,9 million compared to the prior year. Capital expenditure amounted to R19,1 million which is R9,2 million higher than the prior year and slightly above depreciation as a result of an expansion in operations. Free cash flows for the year improved by R142,4 million. During the period R71,8 million was expensed on the acquisition of the increased shareholding in Rapirop and the acquisition of a 25% stake in a Chinese fruit distribution company. The net borrowing of the Group to fund the working capital and trade cycles are within the facilities provided by our funders and we have sufficient capacity to meet the peak obligations in August and September.

2011 HALF YEAR FINANCIAL OVERVIEW (CONT)

	2011	2010
	R m	R m
Adjusted EBIT	27.5	4.3
less adjusted EBIT of associates	(5.2)	0.5
Depreciation	16.1	16.7
Net Interest and tax paid	(19.2)	(17.4)
Other	12.5	8.7
Working capital movements	(165.4)	(290.4)
Operating cash flows	(133.7)	(277.6)
Dividends paid	(28.3)	(29.1)
Cash flows operating activities	(162.0)	(306.7)
Capital expenditure net of disposals proceeds	(19.1)	(9.9)
Net movement in other financial assets	10.9	3.9
Free cash flow	(170.2)	(312.7)
Acquisition in subsidiaries, associates and new ventures	(71.8)	(9.0)
Net movement in long term borrowing	(1.5)	(9.6)
Total cash flow	(243.5)	(331.3)
Net cash at beginning of period	13.6	49.1
Net cash at end of the period	(229.9)	(282.2)

DIVIDEND

The Board approved a dividend of 8,5 cents (2010: 8,5 cents) which was paid on the 3 June 2011. No interim dividend is being proposed. (2010: nil)

OUTLOOK

The global climatic conditions have taken a dramatic turn and there is a strong risk of a double dip recession. International markets are not strong at present which is hampering the volumes being exported out of South Africa. The lower South African citrus industry volumes will impact negatively on the through put in port terminals, negatively impacting the profitability of the Logistics Division. The Rand is extremely volatile at present and has shown signs of weakening which will improve the translation of foreign income streams.

The Group generates the majority of its profits in the second half of the year. The remaining six months will be challenging for the Group, The Group is continuing to focus on growing its revenue and footprint in its core business unit. This combined with the focus on the disposal of non-core assets will bring greater clarity and focus in improving the balance sheet management of the Group.

J J Dique
Managing Director
8 September 2011

GROUP STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited 6 months to June 2011	Unaudited 6 months to June 2010	Audited 12 months to Dec 2010
	R'000	R'000	R'000
Revenue	1 259 892	1 157 365	2 680 508
Cost of sales, distribution and administration costs	(1 238 883)	(1 150 935)	(2 585 242)
Other income	1 285	-	20 137
Other expenses	(2 701)	(1 631)	(3 734)
Profit before financing costs and profits of associates	19 593	4 799	111 669
Financial income	17 897	20 055	47 733
Financial expenses	(18 978)	(21 798)	(44 820)
Share of losses of associates	(2 230)	(1 601)	(5 847)
Profit before taxation	16 282	1 455	108 735
Income taxation expense	(7 644)	(2 807)	(35 058)
Profit / (loss) for the period	8 638	(1 352)	73 677
Other comprehensive income / (loss)			
Foreign currency translation differences for foreign operations	14 104	6 071	(31 410)
Share of other comprehensive losses of associates	-	(131)	(6 125)
Net change in fair value of financial assets	-	-	(129)
Defined benefit plan actuarial losses	-	-	(423)
Income taxation on other comprehensive income	-	-	225
Other comprehensive income / (loss) for the period	14 104	5 940	(37 862)
Total comprehensive income for the period	22 742	4 588	35 815
Profit / (loss) attributable to:			
Owners of the company	8 918	(2 240)	70 933
Non-controlling interest	(280)	888	2 744
Profit / (loss) for the period	8 638	(1 352)	73 677
Total comprehensive income attributable to:			
Owners of the company	24 136	5 171	33 724
Non-controlling interest	(1 394)	(583)	2 091
Total comprehensive income for the period	22 742	4 588	35 815

GROUP EARNINGS AND DIVIDEND PER SHARE

	Unaudited 6 months to June 2011	Unaudited 6 months to June 2010	Audited 12 months to Dec 2010
Weighted average number of ordinary shares in issue ('000)	298 824	298 824	298 824
Basic earnings / (loss) per share (cents)	3.0	-0.7	23.7
Basic headline earnings / (loss) per share (cents)	4.2	-0.7	17.2
Dividend per share (cents)	8.5	8.5	8.5

GROUP STATEMENTS OF FINANCIAL POSITION

	Unaudited 6 months to June 2011 R'000	Unaudited 6 months to June 2010 R'000	Audited 12 months to Dec 2010 R'000
Assets			
Non-current assets	780 511	698 888	741 460
Property, plant and equipment	351 377	362 035	348 674
Biological assets	116 774	111 935	116 005
Intangible assets	47 313	20 276	47 676
Goodwill	72 525	50 315	72 524
Investments in associates	91 759	84 019	62 711
Other financial assets	42 988	32 897	48 277
Deferred tax assets	57 775	37 411	45 593
Current assets	1 039 024	1 228 627	847 993
Biological assets	16 212	16 108	16 205
Inventories	32 149	54 672	55 732
Trade and other receivables	686 642	813 572	495 821
Cash and cash equivalents	304 021	344 275	280 235
Total assets	1 819 535	1 927 515	1 589 453
Equity and liabilities			
Equity			
Issued capital and premium	414 024	414 024	414 024
Treasury shares	(31 167)	(33 921)	(33 921)
Other reserves	16 057	28 664	(3 478)
Retained earnings	430 837	410 057	450 073
Total equity attributable to equity holders of the parent	829 751	818 824	826 698
Non-controlling interest	5 811	45 466	47 996
Total equity	835 562	864 290	874 694
Non-current liabilities	135 791	152 159	137 254
Interest bearing borrowings	74 801	81 327	76 536
Non-interest bearing borrowings	25 970	24 715	24 570
Employee benefits	26 103	27 443	26 103
Deferred tax liabilities	8 917	18 674	10 045
Current liabilities	848 182	911 066	577 505
Bank overdraft and short-term borrowings	533 913	626 551	266 635
Interest bearing borrowings	25 705	11 859	26 952
Income tax payables	32 762	21 275	29 947
Trade and other payables	212 096	213 338	218 518
Provisions	43 706	38 043	35 453
Total equity and liabilities	1 819 535	1 927 515	1 589 453
Net asset value per share (cents)	277.7	274.0	276.7

GROUP ABRIDGED STATEMENTS OF CASH FLOW

	Unaudited 6 months to June 2011 R'000	Unaudited 6 months to June 2010 R'000	Audited 12 months to Dec 2010 R'000
Net cash (outflow) / inflow from operating activities	(162 166)	(302 800)	31 595
Net cash outflow from investing activities	(79 742)	(15 036)	(65 651)
Net cash outflow from financing activities	(1 584)	(9 626)	(5 467)
Net decrease in cash and cash equivalents	(243 492)	(327 462)	(39 523)
Cash and cash equivalents at beginning of year	13 600	45 186	45 186
Net cash acquired through business combination	-	-	32 325
Effects of exchange fluctuations on cash and cash equivalents	-	-	(24 388)
Cash and cash equivalents at end of year	(229 892)	(282 276)	13 600

GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital R'000	Share Premium R'000	Translation 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									
Balance 30 June 2010	3 312	4 110 712	24 619	4 045	410 057	(33 921)	818 824	45 466	864 290
Total comprehensive income / (loss) for the period									
Net profit for the period	-	-	-	-	45 019	-	45 019	1 856	46 875
Other comprehensive (loss) / income									
FCTR – foreign operations, net of tax	-	-	(32 745)	-	-	-	(32 745)	674	(32 071)
FCTR – recognised directly in equity	-	-	1 190	-	-	-	1 190	-	1 190
Net change in fair value of financial asset, net of tax	-	-	-	(129)	-	-	(129)	-	(129)
Share of comprehensive income / (loss) of associates, net of tax	-	-	-	800	(5 995)	-	(5 195)	-	(5 195)
Defined benefit plan actuarial losses, net of tax	-	-	-	-	(198)	-	(198)	-	(198)
Total other comprehensive income									
	-	-	(31 555)	671	(6 193)	-	(37 077)	674	(36 403)
Total comprehensive income / (loss) for the period									
Transfer to / (from) reserves	-	-	(31 555)	671	38 826	-	7 942	2 530	10 472
Transactions with owners recorded directly in equity	-	-	(1 190)	-	1 190	-	-	-	-
Sale of associate reserves	-	-	-	(68)	-	-	(68)	-	(68)
Total transactions with owners recorded directly in equity									
	-	-	-	(68)	-	-	(68)	-	(68)
Balance 31 December 2010	3 312	4 110 712	(8 126)	4 648	450 073	(33 921)	826 698	47 996	874 694
Total comprehensive income / (loss) for the period									
Net profit for the period	-	-	-	-	8 918	-	8 918	(280)	8 638
Other comprehensive income / (loss)									
FCTR – foreign operations, net of tax	-	-	15 218	-	-	-	15 218	(1 114)	14 104
Total other comprehensive income / (loss)	-	-	15 218	-	-	-	15 218	(1 114)	14 104
Total comprehensive income for the period									
	-	-	15 218	-	8 918	-	24 136	(1 394)	22 742
Transactions with owners recorded directly in equity									
Recognised directly in equity	-	-	-	4 317	-	-	4 317	(317)	4 000
Minorities de-recognised on conversion to subsidiary	-	-	-	-	-	-	-	(40 300)	(40 300)
Dividend paid	-	-	-	-	(28 154)	2 754	(25 400)	(174)	(25 574)
Total transactions with owners recorded directly in equity									
	-	-	-	4 317	(28 154)	2 754	(21 083)	(40 791)	(61 874)
Balance 30 June 2011	3 312	4 110 712	7 092	8 965	430 837	(31 167)	829 751	5 811	835 562



CAPESPAN

we deliver

CAPESPAN GROUP LIMITED
(Reg. no. 2008/016971/06)

www.capespan.com