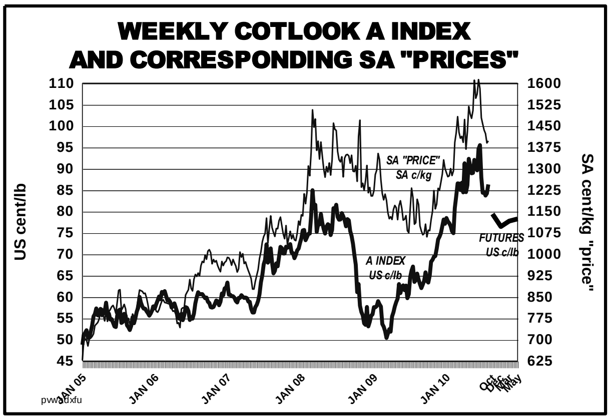
KATOEN SUID-AFRIKA COTTON SOUTH AFRICA

Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

Date: 3 August 2010 Reference: 9/3/3/1

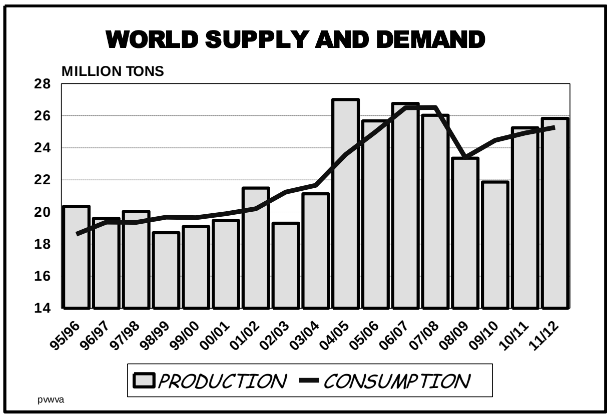
COTTON MARKET REPORT AS AT 2 AUGUST 2010

International



The International Cotton Advisory Committee (ICAC) forecasts an average Cotlook A index (an indicator of world prices) of 85 US c/lb for 2010/11, an increase of 9% over 2009/10 and 2 US c/lb down from last month's forecast.

Following 3 consecutive seasons of a decline in production, the ICAC expects world cotton production to increase in 2010/11 to about 25.2 million tons, up 15% from 2009/10. The expansion in cotton production will be driven by the USA where production is anticipated to increase by over 50% to 4.1 million tons. Production increases are also expected in the other major cotton producing countries. In India a record crop of 5.5 million tons is expected (up 8%); Pakistan also up by 8% whilst China is expected by the ICAC to only show a slight increase in production. These four countries will account for about two thirds of the increase in global cotton production in 2010/11 according to the ICAC. The increase in production is a direct result of the increase in cotton prices over the past year due to a considerable tightening of cotton stocks. At the same the prices of competing grain and oilseeds declined, triggering renewed interest in cotton cultivation for the first time in several years.



The ICAC also expects world cotton consumption to continue to recover in 2010/11, growing by 2% to 24.9 million tons due to continued global economic growth but limited by higher cotton prices. China and India are expected to account for 80% of the increase in cotton mill use and their combined share of global cotton consumption is estimated at 57%.

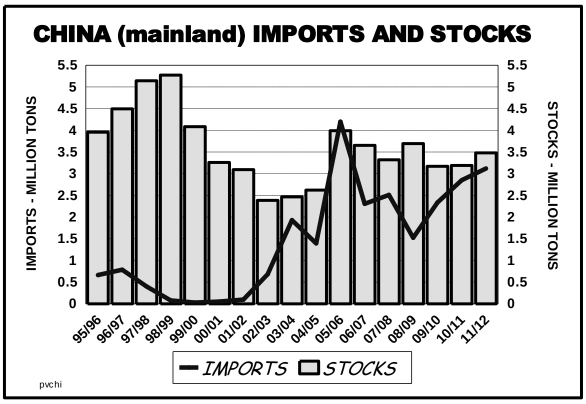
Global imports are also expected by the ICAC to grow by 8% in 2010/11 to 8 million tons, driven by Chinese imports which are estimated to be 22% up from the previous season and the largest in 5 years.

As global cotton production is expected to exceed consumption in 2010/11, world cotton stocks are expected to increase by about 3% to 9.8 million tons, according to the ICAC.

Estimated world supply and demand for cotton for the 2009/10 season and projections for 2010/11 and 2011/12 (seasons beginning 1 August):

(million metric tons)	**2009/10**	**2010/11**	**2011/12**
Beginning stocks	12.0	9.4	9.8
Production	21.9	25.2	25.8
Consumption	24.5	24.9	25.3
Exports	7.7	8.1	8.3
Imports	7.7	8.1	8.3
Ending stocks	9.4	9.8	10.3
Ending stocks/use (China excluded)	43%	44%	45%
A Index (US c/lb)	***78***	***85***	

Cotton imports and stocks situation for China (mainland):



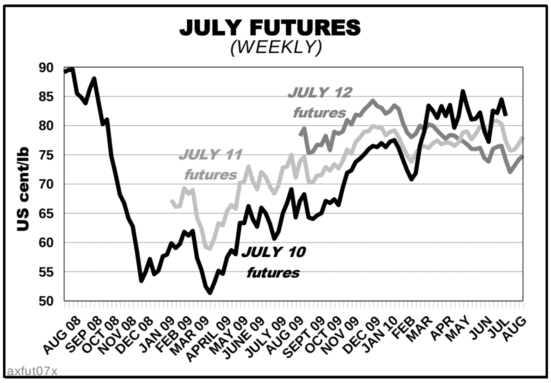
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX *Avg: US c/lb*	**RSA "PRICE"** *Avg: SA c/kg*
Last week (26/07 - 30/07/10)	84.90	1392.28
July 2010	84.16	1417.33
Today (02/08/10)	**86.30**	**1397.28**
June 2010	91.50	1560.11
Today a year ago	*63.90*	*1110.30*
Today two years ago	*78.85*	*1271.00*

New York cotton futures as at 2 August 2010 (settlement prices):

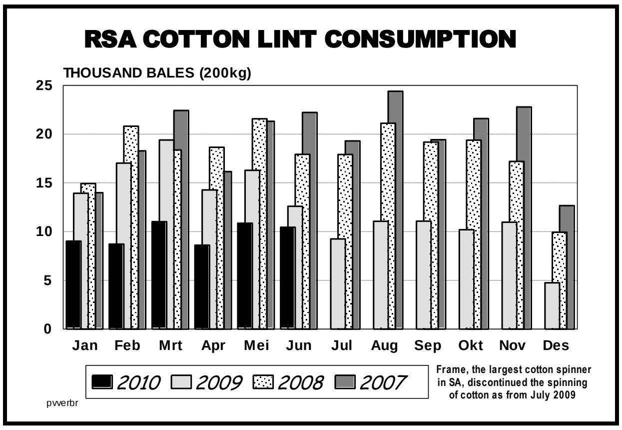
	NY FUTURES *US c/lb*
October 2010	83.85
December	79.34
March 2011	77.33
May	77.49
July	78.09
October	75.05
December	74.51

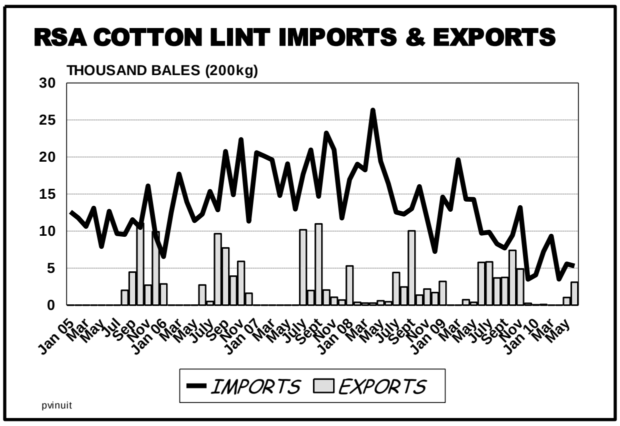
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 7th estimate for the 2009/10 production year indicates a total crop of 38 716 lint bales, 14% down from the previous season and the smallest crop since the early sixties. About 35 206 lint bales are estimated to be produced from RSA produced seed cotton, 16% down from the previous season. The balance of 3 510 lint bales relates to Swaziland produced cotton to be ginned by the Swaziland gin.





COTTON CROP REPORT - 7th ESTIMATE **2009/10 PRODUCTION YEAR** ***02/08/10***

PRODUCTION REGION	HECTARES IRRIGATION	HECTARES DRYLAND	YIELD IRRIGATION kg seed cotton/ha	YIELD DRYLAND kg seed cotton/ha	PRODUCTION 200 kg bales cotton lint	*CROP % HAND PICKED*	*% OF CROP GINNED SO FAR*
LIMPOPO PROV.							
Loskop	1009	0	3850	0	**6798**	10%	35%
North & South Flats	24	160	3100	800	**354**	10%	35%
Dwaalboom/Thabazimbi	50	0	4000	0	**350**	10%	35%
Weipe	740	0	3800	0	**4500**	0%	50%
NORTHERN CAPE							
Vaalharts	1020	0	5000	0	**9180**	0%	22%
Lower Orange River	150	0	5000	0	**1388**	100%	90%
Rest of Northern Cape	630	0	6047	0	**7033**	0%	85%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	**0**	0%	0%
Taung	490	0	4800	0	**4194**	0%	22%
KWAZULU-NATAL	0	400	0	600	**432**	100%	0%
MPUMALANGA	0	1022	0	539	**977**	100%	9%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**4113**	**1582**	**4615**	**581**	**35206**	10%	43%
Swaziland*	0	3900	0	500	**3510**	100%	0%
Botswana*	0	0	0	0	**0**		
Namibia*	0	0	0	0	**0**		
Zimbabwe*	0	0	0	0	**0**		
Mozambique*	0	0	0	0	**0**		
GRAND TOTAL	**4113**	**5482**	**4615**	**523**	**38716**	18%	39%

***Particulars relate to expected purchases of seed cotton by RSA & Swaziland ginners from these countries.**

ENQUIRIES: MR H J BRUWER (CHIEF EXECUTIVE OFFICER)

Posbus / P O Box 912232, Silverton, Pretoria, 0127
Katoen SA Gebou, Cycadoord 90, Uit Watermeyerstraat, Val de Grace X10
Cotton SA Building, 90 Cycad Place, Off Watermeyer Street, Val de Grace x10
Tel: 27 (12) 804 1462 - 7; Faks/Fax: 27 (12) 804 8616; E-mail: enquiries@cottonsa.org.za
Website: www.cottonsa.org.za