KATOEN SUID-AFRIKA COTTON SOUTH AFRICA

Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

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COTTON MARKET REPORT AS AT 2 DECEMBER 2011

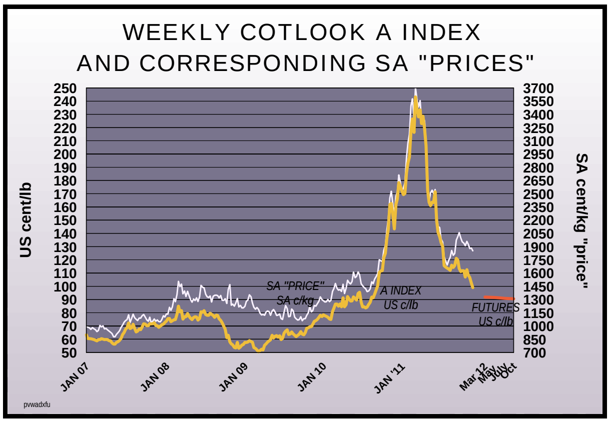
International

Following record highs in 2010/11, cotton prices declined sharply in the current season, reducing farmers' incomes and decreasing for the first time in 3 years the attractiveness of this crop when compared to other summer crops. As a result the International Cotton Advisory Committee (ICAC) estimates that world cotton production will decrease by about 6% to 25.1 million tons in 2012/13. Should cotton prices decline further over the next few months, the ICAC expects that this will translate in a further decline in cotton area in 2012/13.

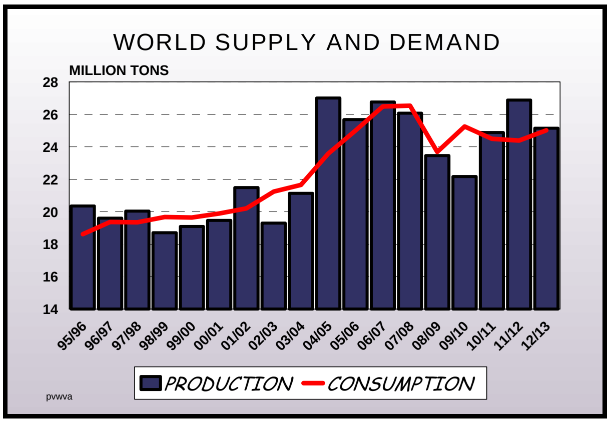
Cotton production is expected to decline in most large cotton producing countries in 2012/13 including China, India, Pakistan and Brazil, with the exception of the USA and Australia.

After two years at depressed levels, the ICAC expects global cotton mill use to start growing again and to increase by 3% in 2012/13 to about 25 million tons. The rising mill use and lower cotton prices could lead to a rebound in world cotton trade in 2012/13 according to the ICAC. World cotton imports are forecasted to increase by 9% in 2012/13 to 8.4 million tons. Chinese cotton imports are expected to increase by 11% to 3.6 million tons due to the increased gap between cotton production and consumption.

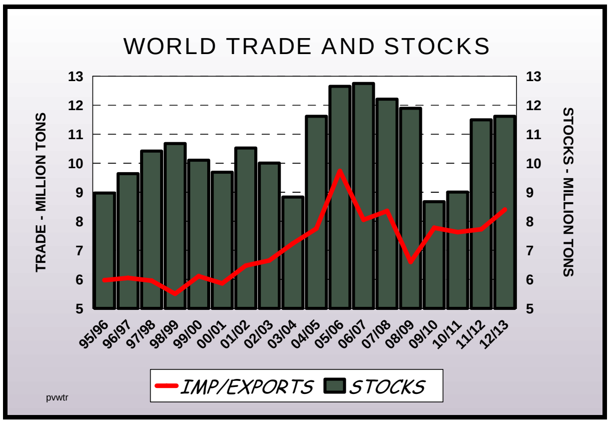
As global cotton production and consumption are expected to be more or less in balance in 2012/13, the ICAC forecasts only a slight increase in global cotton stocks.



WEEKLY COTLOOK A INDEX AND CORRESPONDING SA "PRICES"



WORLD SUPPLY AND DEMAND

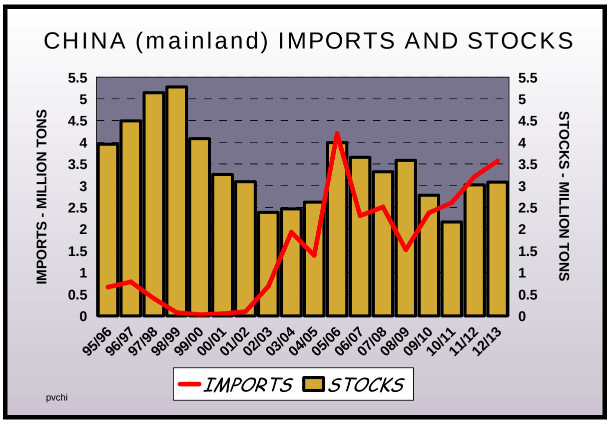


WORLD TRADE AND STOCKS

Estimated world supply and demand for cotton for the 2010/11 season and projections for 2011/12 and 2012/13 (seasons beginning 1 August):

(million metric tons)	**2010/11**	**2011/12**	**2012/13**
Beginning stocks	8.7	9.0	11.5
Production	24.9	26.9	25.1
Consumption	24.5	24.4	25.0
Exports	7.6	7.7	8.4
Imports	7.6	7.7	8.4
Ending stocks	9.0	11.5	11.6
Ending stocks/use (China excluded)	46%	57%	56%
A Index (US c/lb)	***164***		

Cotton imports and stocks situation for China (mainland):



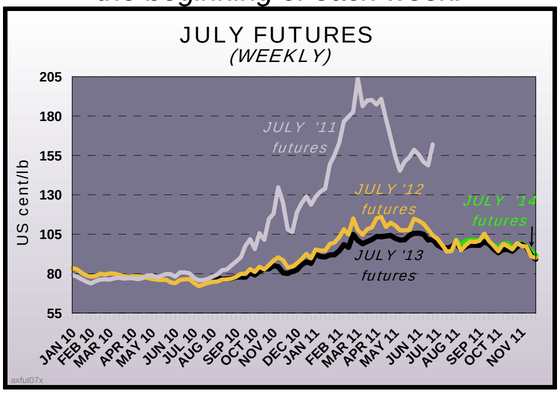
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX	**RSA "PRICE"**
	Avg: US c/lb	*Avg: SA c/kg*
Last week (28/11 - 02/12/11)	98.82	1824.06
November 2011	104.68	1899.91
Today (02/12/11)	**98.25**	**1770.16**
October 2011	110.61	1956.77
Today a year ago	*150.75*	*2335.17*
Today two years ago	*74.55*	*1214.22*

New York cotton futures as at 2 Dec. 2011 (settlement prices):

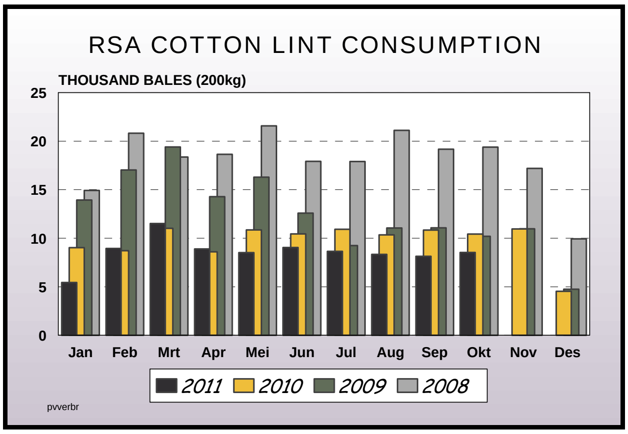
	NY FUTURES
	US c/lb
March 2012	91.84
May	91.46
July	90.93
October	90.53
December	88.93
March 2013	89.93
May	90.63

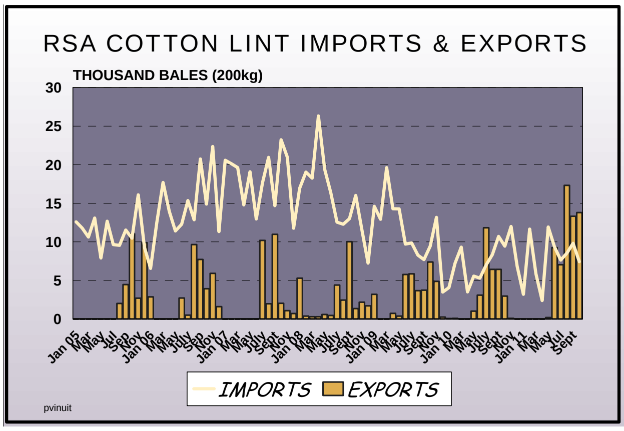
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the final estimate for the 2010/11 production year indicates a total crop of 90 006 lint bales, up 1% from last month's estimate and 112% up from the previous season and the first increase in local cotton production in 7 years. The current crop estimate is 14% down from the first estimate earlier this year mainly due to a decline in yields as a result of floods and unfavourable weather conditions. About 85 746 lint bales are estimated to be produced from RSA grown seed cotton, 123% up from the previous season. The balance of 4 260 lint bales relates to expected Swaziland produced cotton ginned by the Swaziland gin. Preliminary indications for the 2011/12 production season are that the South African produced cotton crop would be more or less unchanged from the current one.





COTTON CROP REPORT - FINAL ESTIMATE   2010/11 PRODUCTION YEAR   *02/12/11*

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	2350	0	4200	0	**17164**	10%	100%
North & South Flats	63	292	3900	1200	**1043**	10%	100%
Dwaalboom/Thabazimbi	80	0	4150	0	**581**	10%	100%
Weipe	1422	0	4600	0	**12710**	0%	100%
NORTHERN CAPE							
Vaalharts	2269	0	3051	0	**12596**	0%	98%
Lower Orange River	400	0	4000	0	**2960**	50%	100%
Rest of Northern Cape	4596	0	4070	0	**34607**	1%	79%
NORTH WEST							
Stella/Setlagoli	0	20	0	1000	**37**	0%	100%
Taung	460	0	3334	0	**2760**	0%	100%
KWAZULU-NATAL	0	490	0	450	**400**	100%	100%
MPUMALANGA	0	703	0	690	**888**	100%	100%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**11640**	**1505**	**3931**	**715**	**85746**	6%	91%
Swaziland*	0	4000	0	550	**4260**	100%	100%
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	**11640**	**5505**	**3931**	**595**	**90006**	10%	92%

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

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