KATOEN SUID-AFRIKA COTTON SOUTH AFRICA

Vereniging ingelyf kragtens Artikel 21 / Association incorporated under Section 21

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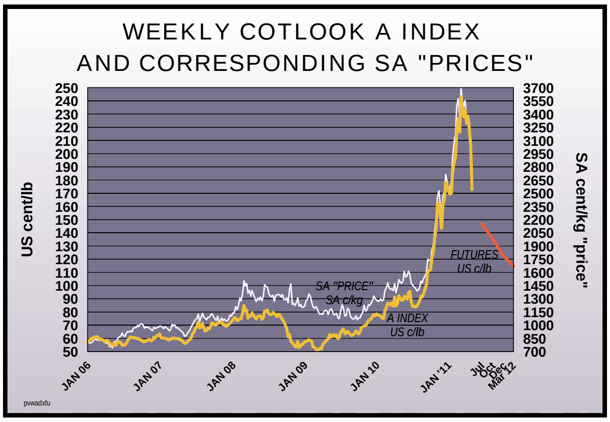
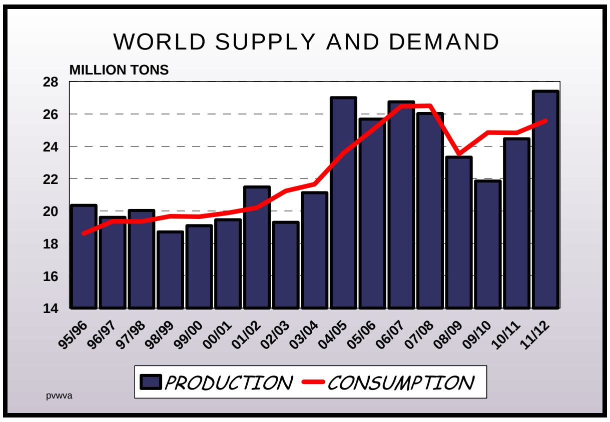
COTTON MARKET REPORT AS AT 5 MAY 2011

International

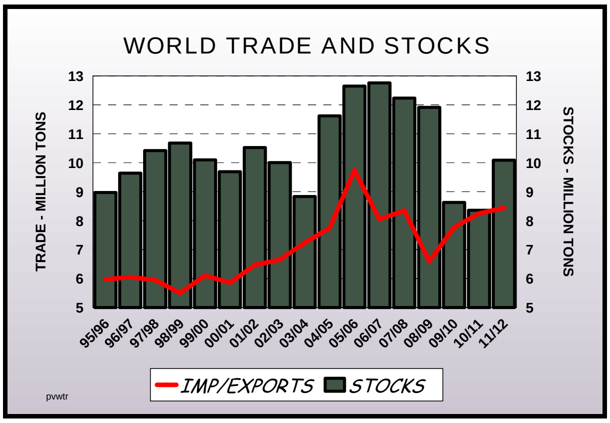
Following seven consecutive months of increase, world cotton prices decreased sharply in the last two weeks of April 2011 to reach $1.69 on 5 May 2011. The latest prices are however still considerably higher than the average of the past decade, namely 60 US c/lb.



According to the International Cotton Advisory Committee (ICAC) the main reason for the drop in cotton prices could be the significant slowing down of the demand for cotton due to high prices, problems with credit access and an increased switch to chemical fibres. Many cotton mills have also slowed down spinning operations, waiting for the 2011/12 crop to become available when operations will again be resumed at full capacity. Although the Southern Hemisphere crop is starting to arrive on the market, it is not expected to place too much pressure on prices as most of it has already been committed.



The ICAC therefore forecasts an average Cotlook A index (an indicator of world cotton prices) of $1.65/lb for 2010/11 with a significantly lower average A index expected for 2011/12.



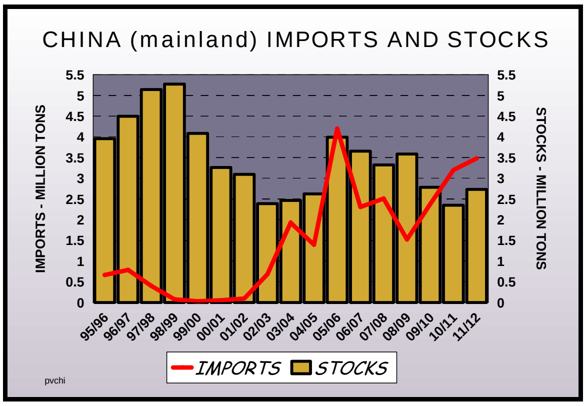
The ICAC expects world cotton production to increase by 13% in 2010/11 and by a further 11% in 2011/12. Due to the slowing down of demand, cotton production is expected to exceed mill use by about 1.7 million tons in 2011/12 resulting in the recovering of world cotton stocks to about 10.1 million tons on 31 July 2012.

The world stocks-to-use ratio which is expected by the ICAC to reach an all time low of 33% this season, could rebound to 39% in 2011/12 but this would still be lower than the average ratio of 49% of the past decade.

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	11.9	8.6	8.4
Production	22.0	24.8	27.6
Consumption	25.0	25.1	25.8
Exports	7.8	8.3	8.4
Imports	7.7	8.3	8.4
Ending stocks	8.6	8.4	10.1
Ending stocks/use (China excluded)	39%	40%	47%
A Index (US c/lb)	***78***	***165***	

Cotton imports and stocks situation for China (mainland):



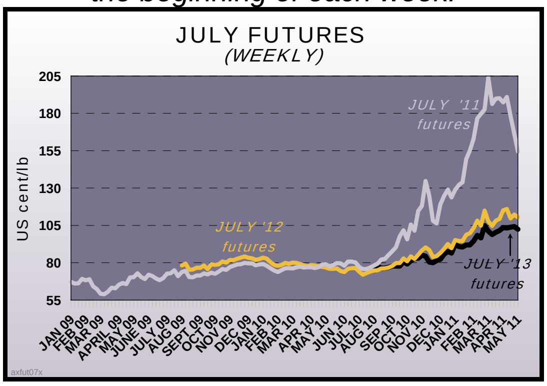
Average Cotlook A index prices (an indicator of world cotton lint prices) and corresponding South African "prices":

	A INDEX *Avg: US c/lb*	**RSA "PRICE"** *Avg: SA c/kg*
Last week (25/04 - 29/04/11)	185.52	2754.36
April 2011	213.55	3187.81
Today (05/05/11)	**168.70**	**2491.67**
March 2011	229.67	3513.05
Today a year ago	*90.55*	*1491.55*
Today two years ago	*59.60*	*1126.25*

New York cotton futures as at 5 May 2011 (settlement prices):

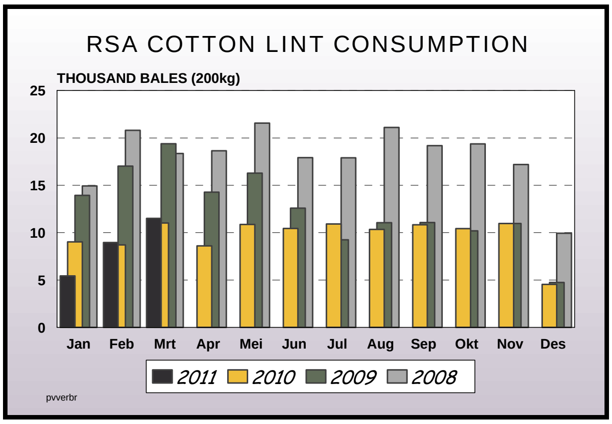
	NY FUTURES *US c/lb*
July 2011	146.86
October	135.37
December	122.08
March 2012	114.80
May	109.05
July	106.02
October	98.33

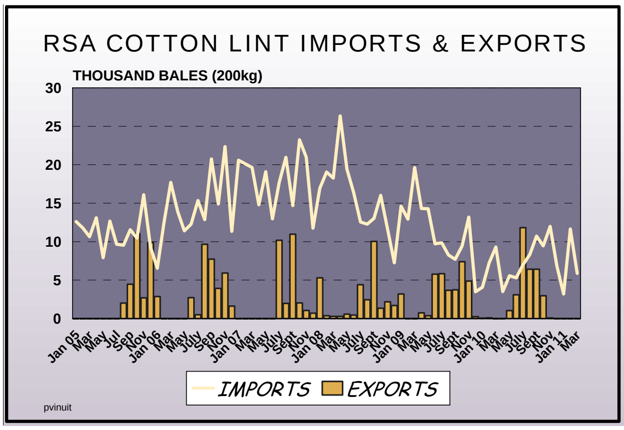
New York JULY cotton futures as at the beginning of each week:



Local outlook

As far as the local outlook is concerned, the 4th estimate for the 2010/11 production year indicates a total crop of 97 714 lint bales, down 1% from last month's estimate but 130% up from the previous season and the first increase in local cotton production in 7 years. About 93 714 lint bales are estimated to be produced from RSA grown seed cotton, 144% up from the previous season. The balance of 4 000 lint bales relates to expected Swaziland produced cotton to be ginned by the Swaziland gin.





COTTON CROP REPORT - 4th ESTIMATE 2010/11 PRODUCTION YEAR ***02/05/11***

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	3800	0	**15628**	10%	0%
North & South Flats	58	292	2500	800	**663**	10%	0%
Dwaalboom/Thabazimbi	90	0	3800	0	**599**	10%	0%
Weipe	1422	0	4000	0	**10000**	0%	0%
NORTHERN CAPE							
Vaalharts	1909	0	4800	0	**16493**	0%	0%
Lower Orange River	200	0	5000	0	**1850**	100%	0%
Rest of Northern Cape	5215	0	4481	0	**43246**	0%	0%
NORTH WEST							
Stella/Setlagoli	0	0	0	0	**0**	0%	0%
Taung	460	0	4800	0	**3974**	0%	0%
KWAZULU-NATAL	0	490	0	600	**529**	100%	0%
MPUMALANGA	0	703	0	583	**732**	100%	0%
EASTERN CAPE	0	0	0	0	**0**	0%	0%
RSA TOTAL	**11704**	**1485**	**4344**	**631**	**93714**	5%	0%
Swaziland*	0	4000	0	550	**4000**	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	**11704**	**5485**	**4344**	**572**	**97714**	9%	0%

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

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