




**CAPESPAN**  
we deliver

summarised audited results

FOR THE YEAR ENDED 31 DECEMBER 2009

Afrikaanse weergawe beskikbaar by die Maatskappysekretaris of [www.capespan.com](http://www.capespan.com)



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CAPESPAN

CAPESPAN GROUP LIMITED

Registration number 2008/016971/06

## SUMMARY OF RESULTS

1

	2009 Rm	Restated 2008 Rm	% change
<b>Group revenue</b>	<b>2 636.8</b>	2 489.6	5.9%
<b>Adjusted EBIT*</b>			
– parent and subsidiaries	74.9	145.0	-48.3%
– share of associate companies	8.1	28.0	-71.1%
Total adjusted EBIT	83.0	173.0	-52.0%
Net financial income	30.3	36.3	-16.5%
<b>Adjusted profit before taxation**</b>	<b>113.3</b>	209.3	-45.9%
Profit on sale of investments/associate	–	0.5	
Profit on disposal of fixed assets	0.1	0.3	
Impairment of fixed assets	0.2	(0.2)	
Impairment of goodwill	(7.6)	(4.4)	
Recycling of items previously recognised in equity	(4.0)	–	
Taxation of associate companies	(3.7)	(4.7)	
<b>Profit before tax</b>	<b>98.3</b>	200.8	-51.0%
Taxation	(44.4)	(67.7)	34.4%
Minority interest	(1.7)	(0.1)	-1 600.0%
<b>Profit attributable to equity shareholders</b>	<b>52.2</b>	133.0	-60.8%
<b>Headline earnings per share (cents)</b>	<b>20.4</b>	33.7	-39.4%

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

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



## 2 OVERVIEW

This is the first year-end of Capespan Group Limited following the successful implementation of the shareholding restructuring in January 2009. The effect of the restructuring was that Capespan Group Limited acquired the entire shareholding in Capespan Group Holdings Limited and became the new holding company of the Capespan Group. The effects on the issued share capital are explained in the paragraph below.

### Shareholding Restructuring

The Group shareholding restructuring was approved overwhelmingly by the shareholders in January 2009. The company and its subsidiary, Capespan (Pty) Limited, acquired 99.6 million shares for R124.5 million of which 76.0 million shares have been cancelled. This resulted in the overall issued share capital of Capespan Group Limited being reduced to 331.2 million shares from the 407.2 million in issue.

### Audited Results

The financial statements for the year ended 31 December 2009 have been audited by KPMG Inc. This report is an extract from these financial statements. The annual report will be circulated to shareholders towards the end of April 2010.

### 2009 Financial Overview

#### Revenue

The Group's revenues increased by 5.9% from R2.49 billion to R2.64 billion mainly driven by the increase in the Fruit Division. The increase in the Fruit Division's revenue was as a result of the increased activities in Goldspan (Japan), Fisher Capespan (North America), Fedfa and The Fresh Chain. The depreciation of the average Rand exchange rate versus the Yen contributed to increased revenues. On a constant currency basis, the revenue growth would have been 1.4%. The acquisition of two new farms in the division has increased revenues by 2.8%.

The Logistical revenues have declined substantially as the fruit volumes handled by FPT decreased as a result of lower industry citrus exports, which was 9.1% lower than the 2008 season. Universal Reefers' revenue declined as a result of the early termination of the Snow vessel long-term charters as well as a significant decline in the international shipping market.

#### Operating profit

Adjusted EBIT decreased from R173.0 million to R83.0 million representing a 52.0% decline. The decrease can be ascribed to a significant reduction in the operating profits of the Fruit and Logistics Divisions. The decline in the Fruit Division is as a result of the impact of reduced pricing in the markets arising from price deflation and appreciating currency, impacting negatively on Capespan Exports, Fedfa and the farm management operations. The decline in the Logistics Division is as a result of a collapse of the international conventional reefer shipping market together with the decline in the South African industry's citrus export volumes impacting FPT's volumes. Matola Cargo Terminals (MCT) had a successful year and its contribution to the division's operating profits increased substantially.

The decline in the share of associate's contribution is a result of losses generated in the Group's joint venture farming operation Rapiprop. The poor pricing in the international markets, combined with rising production costs, resulted in a significant loss. The weak marketing condition was a result of the global recession leading to a decline in the contributions received from our European and Far East joint venture marketing companies.



**Exceptional items**

The exceptional items in 2009 totalled R11.4 million (2008: R3.8 million) as detailed in the table below.

	<b>2009</b>	2008
	<b>Rm</b>	Rm
Impairment of fixed assets FPT Cape Town	<b>0.2</b>	(0.2)
Impairment of goodwill subsidiaries	<b>(4.8)</b>	(2.3)
Share of associates' impairment of goodwill	<b>(2.9)</b>	(2.1)
Recycling of items previously recognised in equity	<b>(4.0)</b>	–
Profit on disposal of fixed assets and investments	<b>0.1</b>	0.8
	<b>(11.4)</b>	(3.8)

As a result of the underperformance of Oorkant Boerdery the Group reviewed its carrying value of goodwill relating to this farming entity and an impairment of R4.8 million was provided for (2008: nil). The share of associate goodwill impairment relates to Capespan International Plc's review of its goodwill which arose from the acquisitions of Multifresh and FPS in prior years.

**Net financial income**

The net financial income decreased by 16.5% from R36.3 million to R30.3 million. The reduction is a result of the reduced net cash position together with the decrease in South African interest rates and continued low international interest rates. The net cash available declined as a result of cash utilised in the repurchase of 24.5% of the share capital of Capespan Group Limited. The net financial income includes dividends received amounting to R7.2 million (2008: nil) of which R7.1 million relates to the dividends in specie received from Outspan International Limited and Unifruco Limited.

**Adjusted profit before taxation**

Adjusted profit before taxation totalled R113.3 million, a 45.9% decline on the previous year's total of R209.3 million. As set out in the summary of results on page 1, 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 R98.3 million compared to the prior year's R200.8 million.

**Taxation**

The taxation expense per the income statement decreased from R67.7 million to R44.4 million. Taxation on the underlying activities decreases from R71.5 million to R36.9 million with an effective tax rate of 32.6%, which has decreased from 34.2% in the prior year. The effective tax rate being higher than the South African tax rate of 28% is attributable to a greater portion of the profits being earned in higher tax paying jurisdictions.

	<b>2009</b>	2008
	<b>Rm</b>	Rm
Taxation per income statement	<b>44.4</b>	67.7
Taxation of associate companies	<b>3.7</b>	4.7
	<b>48.1</b>	72.4
Adjustments		
Taxation on items previously recognised in equity	<b>1.1</b>	
STC on share cancellation	<b>(9.5)</b>	–
STC on dividend paid	<b>(2.8)</b>	(0.9)
Taxation on underlying activities	<b>36.9</b>	71.5

## 4 OVERVIEW [CONT.]

### Minority interest

The minority share of the Group's after-tax profits amounted to R1.7 million. This increased from R0.1 million in the prior year. The increase is a result of the improved profitability of Fisher Capespan and Matola Cargo Terminals.

### Headline earnings per share

The calculation of the headline earnings per share excludes the extraordinary items mentioned above and is set out below. Headline earnings per share decreased by 39.4% from 33.7 cents to 20.4 cents. The decrease in HEPS is less than the overall decrease in the headline earnings of 54.4% as the average number of shares, net of treasury shares, declined from 406.2 million to 305.5 million resulting from the shareholding restructuring in January 2009.

	2009 Rm	2008 Rm	% change
Adjusted profit before taxation	113.3	209.3	-45.9%
Taxation charge – underlying activities	(36.9)	(71.5)	-48.4%
Taxation charge – STC	(12.3)	(0.9)	
Minority portion	(1.7)	(0.1)	1 600.0%
Headline earnings	62.4	136.8	-54.4%
Weighted average number of shares	305.5	406.2	-24.8%
Headline earnings per share (cents)	20.4	33.7	-39.4%

### Shareholders' equity

Total equity attributable to the equity holders of the parent, as shown below, has decreased from R1.03 billion at 31 December 2008 to R839.1 million. The main reason for the decline was as a result of the share buy-back with the subsequent capital reduction and negative effects of the translation losses.

The translation difference arises from the translation of our foreign investments at year-end exchange rates. Due to the appreciation of the Rand against the JPY (23.0%), USD (21.2%), MZM (21.2%) and GBP (12.5%), a negative translation difference of R79.3 million has arisen.

### Movement in shareholders' equity

	2009 Rm
Opening balance previously reported	1 025.0
Profit for the period	52.2
Recognised directly in equity	0.8
Translation difference to foreign entities, net of tax	(79.3)
Capital reduction share buy-back	(134.2)
Dividends paid (net of treasury shares)	(25.4)
Balance at end of period	839.1

The net asset value (NAV) per ordinary share has decreased marginally from 252.9 cents as at 31 December 2008 to 250.3 cents. This decline is lower than the decline in equity as a result of the buy-back being done at a price significantly lower than the net asset value.

### Property, plant and equipment

The decrease in property, plant and equipment of R4.4 million is as a result of the effects of the currency depreciation on the Group's foreign fixed assets as capital expenditure was in line with depreciation.

### Biological assets

The Group has invested in farming ventures during the year and as a result the biological assets' values relating to these farming operations are now disclosed in accordance with the requirement of IFRS.

**Cash flow**

As detailed below, the Group generated R95.2 million positive cash inflows from operating activities, an increase of R81.1 million. Capital expenditure amounted to R30.6 million, which is in line with the current depreciation and is an increase of R10.3 million on the 2008 spend. Free cash flows for the year increased by R73.3 million to R69.0 million. The free cash flows are utilised to fund the Group's expansion and meet its long-term funding repayments. During the year R47.3 million was expended on acquisitions, an increase of R27.3 million when compared to 2008. The share buy-back resulted in a R124.6 million cash outflow during the year. The Group retained a positive cash position at the end of the year amounting to R49.1 million.

	<b>2009</b>	2008
	<b>Rm</b>	Rm
Adjusted EBIT	<b>83.0</b>	173.0
Less adjusted EBIT of associates	<b>(8.1)</b>	(28.0)
Depreciation	<b>29.9</b>	30.4
Net interest and tax paid	<b>2.5</b>	(37.7)
Other	<b>11.3</b>	5.2
Working capital movements	<b>3.0</b>	(100.4)
<b>Operating cash flows</b>	<b>121.6</b>	42.5
Dividends paid	<b>(26.4)</b>	(28.4)
<b>Cash flows operating activities</b>	<b>95.2</b>	14.1
Capital expenditure net of disposals proceeds	<b>(30.6)</b>	(20.3)
Net movement in other financial assets	<b>4.4</b>	1.9
<b>Free cash flow</b>	<b>69.0</b>	(4.3)
Acquisition in subsidiaries, associates and new ventures	<b>(47.3)</b>	(20.0)
Share buy-back	<b>(124.6)</b>	-
Net movement in long-term borrowing	<b>(4.9)</b>	(124.5)
<b>Total cash flow</b>	<b>(107.8)</b>	(148.8)
Net cash at beginning of year	<b>200.6</b>	260.7
Foreign currency translation	<b>(43.7)</b>	88.7
<b>Net cash at end of year</b>	<b>49.1</b>	200.6

**Dividend**

The board approved an interim dividend, after the shareholding restructuring, of 8.5 cents per share which related to the 2008 financial year.

The board is proposing to pay a final dividend, relating to the 2009 financial year, of 8.5 cents per share. The dividend will be paid on 4 June 2010 to shareholders registered on 14 May 2010. In accordance with IFRS, this dividend has not been provided for in the balance sheet at 31 December 2009. The total dividend is 17.0 cents per share, however 8.5 cents relates to the 2008 year. The final dividend represents a payout of 41.6% of adjusted earning per share and a dividend yield of 7.3% based on the year-end share price of 116 cents per share.

**Outlook**

The global climatic conditions remain a concern and extremely cold weather has occurred in most of our northern hemisphere trading markets which in the early season has dampened the demand for summer fruits. This, together with adverse climatic conditions in a large number of our supply countries, has resulted in a difficult start to the year. The general expectation is that the global economic environment will continue to improve in 2010 and the Group is well positioned to benefit from this.

The Group is in a strong financial position and continues to pursue acquisitions that will increase the marketing and logistical footprints globally.

**Neil Oosthuizen**  
Managing Director

25 March 2010

## 6 GROUP STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2009 R'000	Restated 31 Dec 2008 R'000
<b>Revenue</b>	<b>2 636 842</b>	2 489 565
Cost of sales, distribution and administration costs	<b>(2 566 318)</b>	(2 350 676)
Other income	<b>77</b>	4 710
Other expenses	<b>(7 067)</b>	(2 494)
<b>Profit before financing costs and profits of associates</b>	<b>63 534</b>	141 105
Financial income	<b>74 861</b>	86 253
Financial expenses	<b>(44 524)</b>	(49 869)
Share of profits of associates	<b>4 386</b>	23 334
<b>Profit before taxation</b>	<b>98 257</b>	200 823
Income taxation expense	<b>(44 421)</b>	(67 688)
<b>Profit for the year</b>	<b>53 836</b>	133 135
<b>Other comprehensive (loss)/income</b>		
Foreign currency translation differences of foreign operations	<b>(80 713)</b>	134 178
Share of other comprehensive income of associates	<b>(672)</b>	689
Defined benefit plan actuarial gains/(losses)	<b>1 427</b>	(4 881)
Income taxation on other comprehensive income	<b>-</b>	(21 546)
<b>Other comprehensive (loss)/income for the year</b>	<b>(79 958)</b>	108 440
<b>Total comprehensive (loss)/income for the year</b>	<b>(26 122)</b>	241 575
<b>Profit attributable to</b>		
Owners of the company	<b>52 195</b>	133 045
Non-controlling interest	<b>1 641</b>	90
<b>Profit for the year</b>	<b>53 836</b>	133 135
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the company	<b>(26 321)</b>	241 112
Non-controlling interest	<b>199</b>	463
<b>Total comprehensive (loss)/income for the year</b>	<b>(26 122)</b>	241 575

## GROUP EARNINGS AND DIVIDEND PER SHARE

	31 Dec 2009	31 Dec 2008
Weighted average number of ordinary shares in issue ('000)	<b>305 494</b>	406 193
Basic earnings per share (cents)	<b>17.1</b>	32.8
Basic headline earnings per share (cents)	<b>20.4</b>	33.7
Dividend per share (cents)	<b>8.5</b>	7.0

## GROUP STATEMENT OF FINANCIAL POSITION

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	31 Dec 2009 R'000	31 Dec 2008 R'000
<b>Assets</b>		
<b>Non-current assets</b>	<b>526 526</b>	531 573
Property, plant and equipment	247 821	252 253
Biological assets	10 601	–
Intangible assets	19 610	2 811
Goodwill	42 134	36 056
Investments in associates	140 637	149 792
Other financial assets	34 642	59 027
Deferred tax assets	31 081	31 634
<b>Current assets</b>	<b>913 208</b>	1 106 587
Biological assets	15 997	–
Inventories	17 129	18 784
Income tax receivables	2 927	11 466
Trade and other receivables	566 961	656 890
Cash and cash equivalents	310 194	419 447
<b>Total assets</b>	<b>1 439 734</b>	1 638 160
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital and premium	414 024	461 784
Treasury shares	(36 675)	168
Other reserves	21 253	94 373
Retained earnings	440 451	468 660
<b>Total equity attributable to equity holders of the parent</b>	<b>839 053</b>	1 024 985
Non-controlling interest	6 906	2 887
<b>Total equity</b>	<b>845 959</b>	1 027 872
<b>Non-current liabilities</b>	<b>72 603</b>	70 314
Interest-bearing borrowings	7 241	21 638
Non-interest bearing borrowings	24 758	25 370
Employee benefits	27 443	10 197
Deferred tax liabilities	13 161	13 109
<b>Current liabilities</b>	<b>521 172</b>	539 974
Bank overdraft and short-term borrowings	261 119	218 849
Interest-bearing borrowings	25 355	15 284
Income tax payables	33 383	32 788
Trade and other payables	170 036	223 711
Provisions	31 279	49 342
<b>Total equity and liabilities</b>	<b>1 439 734</b>	1 638 160
<b>Net asset value per share (cents)</b>	<b>250.3</b>	252.9

## GROUP ABRIDGED STATEMENT OF CASH FLOW

	31 Dec 2009 R'000	31 Dec 2008 R'000
Net cash inflow from operating activities	95 190	14 111
Net cash outflow from investing activities	(73 523)	(38 439)
Net cash outflow from financing activities	(129 490)	(124 498)
<b>Net decrease in cash and cash equivalents</b>	<b>(107 823)</b>	(148 826)
Cash and cash equivalents at beginning of year	200 598	260 750
Effects of exchange fluctuations on cash and cash equivalents	(43 700)	88 674
<b>Cash and cash equivalents at end of year</b>	<b>49 075</b>	200 598

GROUP STATEMENT OF CHANGES IN EQUITY

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	Attributable to equity holders of the company							Non-control- ling interest R'000	Total Equity R'000
	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		
<b>Group – 2008</b>	<b>4 072</b>	<b>457 712</b>	<b>-</b>	<b>3 126</b>	<b>347 256</b>	<b>99</b>	<b>812 265</b>	<b>3 008</b>	<b>815 273</b>
<b>Balance 1 January 2008</b>									
<b>Total comprehensive income for the year</b>									
Profit as previously reported	-	-	-	-	129 531	-	129 531	90	129 621
Change in accounting policy – actuarial losses recognised in other comprehensive income	-	-	-	-	3 514	-	3 514	-	3 514
Restated profit for the year	-	-	-	-	133 045	-	133 045	90	133 135
<b>Other comprehensive income</b>									
FCTR – foreign operations, net of tax	-	-	126 439	-	-	-	126 439	373	126 812
FCTR – recognised in equity, net of tax	-	-	7 366	-	-	-	7 366	-	7 366
FCTR – taxation transfer to translation reserve	-	-	(22 913)	-	-	-	(22 913)	-	(22 913)
Share of comprehensive income in associates, net of tax	-	-	-	689	-	-	689	-	689
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	(3 514)	-	(3 514)	-	(3 514)
<b>Total other comprehensive income</b>									
<b>Total comprehensive income for the year</b>									
<b>Total comprehensive income for the year</b>									
<b>Transfer (from)/to reserves</b>									
<b>Transactions with owners recorded directly in equity</b>									
Recognised directly in equity	-	-	-	-	42	-	42	-	42
Subsidiary disposed of	-	-	-	-	-	-	-	84	84
Dividend paid	-	-	-	-	(28 503)	69	(28 434)	(668)	(29 102)
<b>Total transactions with owners recorded directly in equity</b>									
<b>Balance 31 December 2008</b>	<b>4 072</b>	<b>457 712</b>	<b>90 558</b>	<b>3 815</b>	<b>468 660</b>	<b>168</b>	<b>1 024 985</b>	<b>2 887</b>	<b>1 027 872</b>

GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company						Non-control- ling interest R'000	Total Equity R'000	
	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
<b>Group – 2009</b>	<b>4 072</b>	<b>457 712</b>	<b>90 558</b>	<b>3 815</b>	<b>468 660</b>	<b>168</b>	<b>1 024 985</b>	<b>2 887</b>	<b>1 027 872</b>
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	52 195	-	52 195	1 641	53 836
<b>Other comprehensive income</b>									
FCTR – foreign operations, net of tax	-	-	(73 481)	-	-	-	(73 481)	(1 442)	(74 923)
FCTR – recognised in equity	-	-	(5 790)	-	-	-	(5 790)	-	(5 790)
Share of comprehensive income of associates, net of tax	-	-	-	155	(827)	-	(672)	-	(672)
Defined benefit plan actuarial gains and losses, net of tax	-	-	-	-	1 427	-	1 427	-	1 427
<b>Total other comprehensive income</b>			(79 271)	155	600	-	(78 516)	(1 442)	(79 958)
<b>Total comprehensive income for the year</b>			(79 271)	155	52 795	-	(26 321)	199	(26 122)
<b>Transfer to/(from) reserves</b>			5 790	206	(5 996)	-	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
Minority 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)
<b>Total transactions with owners recorded directly in equity</b>	<b>(760)</b>	<b>(47 000)</b>			<b>(75 008)</b>	<b>(36 843)</b>	<b>(159 611)</b>	<b>3 820</b>	<b>(155 791)</b>
<b>Balance 31 December 2009</b>	<b>3 312</b>	<b>410 712</b>	<b>17 077</b>	<b>4 176</b>	<b>440 451</b>	<b>(36 675)</b>	<b>839 053</b>	<b>6 906</b>	<b>845 959</b>



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