

CITRUS GROWERS ASSOCIATION OF SOUTHERN AFRICA
(Association Incorporated Under Section 21)
Registration No. 2000/010147/08
Consolidated Annual Financial Statements
for the year ended 31 March 2010

CITRUS GROWERS ASSOCIATION OF SOUTHERN AFRICA
(Association Incorporated Under Section 21)
Annual Financial Statements
for the year ended 31 March 2010

COMPANY INFORMATION

Registration number: 2000/010147/08

Registered address: 23 Plantation Road
Hillcrest
3650

Business address: 23 Plantation Road
Hillcrest
3650

Postal address: P O Box 461
Hillcrest
3650

Auditors: PricewaterhouseCoopers Inc.
Pietermaritzburg

Bankers: Standard Bank Limited

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Statement of Directors' Responsibility

The directors are responsible for the preparation, integrity, and fair presentation of the financial statements of Citrus Growers Association of Southern Africa. The financial statements presented on pages 4 to 24 have been prepared in accordance with International Financial Reporting Standard for Small and Medium sized Entities (IFRS for SMEs) in South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Statements of GAAP that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the company at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

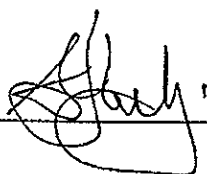
The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

Citrus Growers Association of Southern Africa operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.


The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company.

The company's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 3.

The financial statements were approved by the board of directors on _____ and are signed on its behalf:



Director



Director

14 July 2010

Date

**Independent Auditor's Report to the Members Of
Citrus Growers Association of Southern Africa**

We have audited the annual financial statements and group annual financial statements of Citrus Growers Association of Southern Africa, which comprise the directors' report, the statement of financial position and the consolidated statement of financial position as at 31 March 2010, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 22.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 23 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 31 March 2010, and their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc
Director: R D Klute
Chartered Accountants (S.A.)
Registered Auditors

Date: 14/07/2010

Directors' Report

The directors present their annual report, which forms part of the audited financial statements of the company for the year ended 31 March 2010.

General review

The company continued to collect levies from growers on export citrus fruit and pay administrative and some research costs.

Financial results

The financial results of the company are set out in the attached financial statements.

Members of the board

The following acted as board members during the year :

Chairman

S J Viljoen

Vice-Chairman

Dr. D.J. Nel

Board members

G L Hall
G F Piner
P Smit
M R Woodburn
P. Dempsey
Dr J E Danckwerts
C W Maggs
K van Zyl
P.Smit
S.R. Meyer

M I Nemaorani
P S Noddeboe
C H Engelbrecht
R A Rouillard
S R Dellis
J Smit
P du Plessis
J.D. Nel
J. Hobbs

Material events after year end

No matter which is material to the financial affairs of the company has occurred between 31 March 2010 and the date of approval of the financial statements.

Subsidiary

The company owns 100% of the share capital of River Bioscience (Pty) Ltd. River Bioscience (Pty) Ltd has a 50% shareholding in X – Sterile Insect Technique (Pty) Ltd.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with Section 270(2) of the Companies Act.

CITRUS GROWERS ASSOCIATION OF SOUTHERN AFRICA
(Association Incorporated Under Section 21)
Financial Statements at 31 March 2010

Consolidated Statement of Financial Position (Consolidated Balance Sheet)

	Note	Group		Company	
		2010 R	2009 R	2010 R	2009 R
ASSETS					
Non-current assets					
Loan – Citrus Academy		600 000	9 557	600 000	9 557
Investment in subsidiary	7	-	-	2 608 843	2 608 843
Plant and equipment	6	8 069 241	7 986 859	52 938	29 456
Special Export Program Investment	13	1 233 910	966 417	1 233 910	966 417
Deferred tax asset	11	530 290	577 799	-	-
		10 433 441	9 540 632	4 495 691	3 614 273
Current assets					
Inventory	8	475 206	388 141	-	-
Receivables and prepayments	9	8 165 064	8 003 401	2 260 089	2 362 108
Due from Special Export Program		17 882	25 393	17 882	25 393
Cash and cash equivalents	10	25 656 933	16 999 675	15 509 630	10 655 600
		34 315 085	25 416 610	17 787 601	13 043 101
Total assets		44 748 526	34 957 242	22 283 292	16 657 374
EQUITY AND LIABILITIES					
Capital and reserves					
Retained earnings		33 022 806	24 886 029	19 713 685	15 078 713
Total equity		33 022 806	24 886 029	19 713 685	15 078 713
Non-current liabilities					
Interest bearing borrowings	17	4 089 181	4 122 284	-	-
Special Export Program liability	14	1 233 910	966 417	1 233 910	966 417
Deferred tax liability	11	139 823	91 951	-	-
		5 462 914	5 180 652	1 233 910	966 417
Current liabilities					
Short-term portion of interest bearing borrowings	17	33 103	42 042	-	-
Current tax liability		661 984	641 266	-	-
Trade and other payables	12	5 567 719	4 207 253	1 335 697	612 244
		6 262 806	4 890 561	1 335 697	612 244
Total liabilities		11 725 720	10 071 213	2 569 607	1 578 661
Total equity and liabilities		44 748 526	34 957 242	22 283 292	16 657 374

CITRUS GROWERS ASSOCIATION OF SOUTHERN AFRICA
 (Association Incorporated Under Section 21)
 Financial Statements for the year ended 31 March 2010

Consolidated Statement of Comprehensive Income (Consolidated Income Statement)

	Note	Group		Company	
		2010 R	2009 R	2010 R	2009 R
Revenue		53 546 260	45 545 393	33 155 482	29 395 579
Cost of goods sold		(9 430 710)	(8 072 781)	-	-
Gross profit		44 115 550	37 472 612	33 155 482	29 395 579
Other income		1 346 324	903 655	1 609 167	901 659
Operating expenses		(36 803 161)	(38 252 320)	(31 019 653)	(33 701 580)
Operating profit (loss)	2	8 658 713	123 947	3 744 996	(3 404 342)
Finance costs	4	(234 030)	(125 477)	-	-
Finance income	4	1 440 445	1 871 062	889 976	1 055 401
Profit (loss) before taxation		9 865 128	1 869 532	4 634 972	(2 348 941)
Taxation	5	(1 728 351)	(1 403 433)	-	-
Net profit (loss) for the year		8 136 777	466 099	4 634 972	(2 348 941)
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the year		8 136 777	466 099	4 634 972	(2 348 941)

CITRUS GROWERS ASSOCIATION OF SOUTHERN AFRICA
 (Association Incorporated Under Section 21)
 Financial Statements for the year ended 31 March 2010

Consolidated Statement of Changes in Equity

Retained earnings	Group R	Company R
Year ended 31 March 2010		
Balance at 1 April 2009	24 886 029	15 078 713
Net profit for the year	8 136 777	4 634 972
Balance at 31 March 2010	33 022 806	19 713 685
Year ended 31 March 2009		
Balance at 1 April 2008	24 419 930	17 427 654
Net profit (loss) for the year	466 099	(2 348 941)
Balance at 31 March 2009	24 886 029	15 078 713

CITRUS GROWERS ASSOCIATION OF SOUTHERN AFRICA
 (Association Incorporated Under Section 21)
 Financial Statements for the year ended 31 March 2010

Consolidated Statement of Cash Flows (Consolidated Cash Flow Statement)

	Note	Group		Company	
		2010 R	2009 R	2010 R	2009 R
Cash flows from operating activities					
Cash receipts from customers		53 384 597	46 071 622	38 039 151	36 186 281
Cash paid to suppliers and employees		(42 341 457)	(46 976 247)	(33 753 202)	(41 337 233)
Cash flows from operating activities		11 043 140	(904 625)	4 285 949	(5 150 952)
Taxation paid	15	(1 618 832)	(1 367 129)	-	-
Dividends received		-	-	300 042	300 042
Profit on Sale of Assets		6 579	-	3 499	-
Interest paid	4	(234 030)	(125 477)	-	-
Interest received	4	1 440 445	1 871 062	889 976	1 055 401
Net cash from operating activities		10 637 302	(526 169)	5 479 466	(3 795 509)
Cash flows from investing activities					
Sale of financial assets		-	2 000	-	-
Proceeds of plant and equipment		6 579	117 408	-	5 088
Acquisition of plant and equipment		(1 361 651)	(2 098 657)	(42 506)	(14 039)
Decrease in amounts due from Special Export Program		7 512	197 262	7 512	197 262
Increase in amount due from Citrus Academy		(590 442)	(9 557)	(590 442)	(9 557)
Net cash from investing activities		(1 938 002)	(1 791 544)	(625 436)	178 754
Cash flows from financing activities					
Decrease in borrowings		(42 042)	(162 275)	-	(120 232)
Net cash from financing activities		(42 042)	(162 275)	-	(120 232)
Net increase (decrease) in cash and cash equivalents		8 657 258	(2 479 988)	4 854 030	(3 736 987)
Cash and cash equivalents at beginning of year		16 999 675	19 479 663	10 655 600	14 392 587
Cash and cash equivalents at end of year	10	25 656 933	16 999 675	15 509 630	10 655 600

Notes to the Financial Statements

1 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and the fair value of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the financial statements in conformity with IFRS for SMEs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current year, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

1.2 Transition to the IFRS for SMEs

1.2.1 Basis of transition to the IFRS for SMEs

a) *Application of the IFRS for SMEs*

The group's financial statements for the year ended 31 March 2010 are its first annual financial statements prepared under accounting policies that comply with the IFRS for SMEs. Citrus Growers Association of Southern Africa's transition date is 1 April 2009. The group prepared its opening IFRS for SMEs statement of financial position at that date.

1.3 Consolidation

Subsidiaries

Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued, or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. All inter company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the group. Minority interest is stated at the minority's proportion of the fair values of the identifiable assets and liabilities recognised.

Notes to the Financial Statements

1.4 Property, plant and equipment

All plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimates lives as follows :

Equipment	5 years
Furniture and fittings	5-6 years
Lab equipment	5 years
Computers	3 years
Motor vehicles	5 years
Office equipment	6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its receivable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer note 1.4)

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

1.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.6 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.7 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

1.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.10 Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

1.11 Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

1.12 Provisions

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.13 Financial risk management

Financial risk factors :

Foreign exchange risk

The group is not exposed to foreign exchange risk as no foreign currency transactions are entered into.

Interest rate risk

As the group has no significant interest-bearing assets, except for cash and cash equivalents, the group's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Potential concentrations of credit risk consist principally of accounts receivable. The group has policies in place to ensure sales of services are made to customers with an appropriate credit history. At the year-end the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for. Cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding through credit facilities. The group aims at maintaining flexibility in funding by keeping committed credit lines available.

Fair value estimations :

The carrying amounts of the financial assets and liabilities in the statement of financial position approximate fair values at the year-end. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts. Revenue is recognised as follows :

(a) Levy income

Levy income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) Sales of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred in respect of the transaction can be measured reliably.

1.15 Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.16 Comparatives

Where necessary, comparative figures have been adjusted to take effect of changes in presentation and accounting policies in the current year, as disclosed in note 18.

1.17 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

1.18 Standards, interpretations and amendments to existing standards issued

1.18.1 Standards, amendments and interpretations effective in 2010

IAS 1, "Presentation of Financial Statements – Revised", (effective 1 January 2009). The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a group's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.

Amendments to IFRS 7, "Amendments to IFRS 7 – Financial Instruments disclosures: Improving Disclosures about Financial Instruments", (effective 1 January 2009). The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities.

1.18.2 Standards, amendments and interpretation effective in 2010 but not relevant

The following standards, amendments and interpretations are effective in 2010 but are not relevant to the Group. They have been disclosed for information purposes only.

IFRS 8, "Operating Segments", (effective 1 January 2009).

IAS 23, "Borrowing Costs – Revised", (effective 1 January 2009).

"Amendment to IFRS 2", (effective 1 January 2009).

"Amendment to IAS 32 and IAS 1", (effective 1 January 2009).

"Amendments to IFRS 1 and IAS 27", (effective 1 January 2009).

IFRIC 13, "Customer Loyalty Programmes", (effective 1 July 2008).

IFRIC 15, "Agreements for the Construction of Real Estate", (effective 1 January 2009).

IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", (effective 1 October 2008).

1.18 Standards, interpretations and amendments to existing standards issued (continued)

Amendment to IFRIC 9 and IAS 39, "Amendments to IFRIC 9 - Reassessment of Embedded Derivatives and IAS 39 - Financial Instruments: Recognition and Measurement", (effective 1 July 2008).

IFRIC 18, "Transfers of assets from customers", (effective for transfers from 1 July 2009).

1.18.3 Standards, amendments and interpretation that are not yet effective and have not been early adopted by the Group

IAS 27, "Consolidated and Separate Financial Statements – Revised", (effective 1 July 2009). IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

1.18.4 Standards, Amendments and Interpretations that are not yet effective and are not relevant to the Group's operations.

The following standards, amendments and interpretations are not yet effective and are not relevant to the Group. They have been disclosed for information purposes only.

IFRS 3, "Business Combinations – Revised", (effective 1 July 2009).

Amendments to IAS 39, "Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items", (effective 1 July 2009).

IFRS 1, "First time Adoption of International Financial Reporting Standards – Revised", (effective 1 July 2009).

Amendments to IFRS 2, "Amendments to IFRS 2: Group cash-settled share-based payment transactions", (effective 1 January 2010).

Amendments to IAS 32, "Amendments to IAS 32 – Classification of rights issues", (effective 1 February 2010).

Amendments IAS 24, "Amendment to IAS 24 - Related party disclosures", (effective 1 January 2011).

IFRS 9, "IFRS 9 – Financial Instruments", (effective 1 January 2011).

Amendments to IFRS 1 and IFRS 7*, "Amendment to IFRS 1 - Limited exemption from comparative IFRS 7 disclosures for first-time adopters", (effective 1 July 2010).

IFRIC 17, "Distributions of Non-cash Assets to Owners", (effective 1 July 2009).

IFRIC 19, "IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments", (effective 1 July 2010).

Amendments to IFRIC 14, "Pre-payments of a Minimum Funding Requirement (amendments to IFRIC 14)", (effective 1 January 2011).

Notes to the Financial Statements

2. Operating profit

The following items have been charged in arriving at operating profit :

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Depreciation on plant and equipment (refer note 6)	1 279 269	1 560 871	19 024	21 351
Auditors remuneration - current year	118 540	128 641	45 460	43 920
Operating lease rentals - office equipment	61 996	50 749	61 996	50 749
- office/land and buildings	292 343	295 302	179 578	165 352
Staff costs (refer note 3)	4 192 534	4 734 581	2 799 384	2 411 821
Other expenses	40 289 189	39 554 957	27 914 211	31 008 387
Total costs of goods sold, administration and other expenses	46 233 871	46 325 101	31 019 653	33 701 580

3. Staff costs

Salaries and wages	4 192 534	4 734 581	2 799 384	2 411 821
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4. Finance income / (costs)

Interest paid	(234 030)	(125 477)	-	-
Interest received	1 440 445	1 871 062	889 976	1 055 041
Net finance income	1 206 415	1 745 585	889 976	1 055 401

5. Taxation

Current taxation	1 602 967	1 465 026	-	-
Deferred taxation	95 380	(91 597)	-	-
Secondary tax on companies	30 004	30 004	-	-
	1 728 351	1 403 433	-	-

The tax on the company's profit (loss) before tax differs from the theoretical amount that would arise using the basic taxation rate as follows :

Profit (loss) before taxation	9 865 128	1 869 532	4 634 972	(2 348 941)
Tax at statutory rate of 28% (2009: 28%)	2 762 236	523 469	(1 297 792)	(657 703)
Permanent differences	(1 213 781)	741 687	1 297 792	657 703
Non-deductible expenses	149 892	108 273	-	-
Secondary tax on companies	30 004	30 004	-	-
Taxation charge	1 728 351	1 403 433	-	-

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6. Plant and equipment

Group	Capital work in progress R	Computers R	Furniture & equipment R	Motor vehicles R	Lab Equipment R	Total R
Year ended 31 March 2010						
Opening net book value	4 413 007	77 720	501 153	206 129	2 788 850	7 986 859
Additions	17 531	37 190	209 488	338 576	759 866	1 362 651
Disposal to minorities	-	(1 000)	-	-	-	(1 000)
Depreciation	-	(52 788)	(147 535)	(81 494)	(997 452)	(1 279 269)
Closing net book value	4 430 538	61 122	563 106	463 211	2 551 264	8 069 241
At 31 March 2010						
Cost	4 430 538	212 362	879 351	701 522	5 131 423	11 355 196
Accumulated depreciation	-	(151 240)	(316 245)	(238 311)	(2 580 159)	(3 285 955)
Net book value	4 430 538	61 122	563 106	463 211	2 551 264	8 069 241
Year ended 31 March 2009						
Opening net book value	4 177 151	74 352	393 806	278 719	2 612 197	7 536 225
Additions	235 856	53 729	220 262	-	1 588 810	2 098 657
Disposal to minorities	-	(8 205)	-	-	(78 947)	(87 152)
Depreciation	-	(42 156)	(112 915)	(72 590)	(1 333 210)	(1 560 871)
Closing net book value	4 413 007	77 720	501 153	206 129	2 788 850	7 986 859
At 31 March 2009						
Cost	4 413 007	186 536	669 864	362 946	4 371 558	10 003 911
Accumulated depreciation	-	(108 816)	(168 711)	(156 817)	(1 582 708)	(2 017 052)
Net book value	4 413 007	77 720	501 153	206 129	2 788 850	7 986 859

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6. Plant and equipment (continued)

Company	<i>Computers</i>	<i>Furniture & equipment</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>
Year ended 31 March 2010			
Opening net book value	19 102	10 354	29 456
Additions	37 190	6 316	43 506
Disposals	(1 000)	-	(1 000)
Depreciation	(14 889)	(4 135)	(19 024)
Closing net book value	<u>40 403</u>	<u>12 535</u>	<u>52 938</u>
At 31 March 2010			
Cost	104 825	38 718	143 543
Accumulated depreciation	(64 422)	(26 183)	(90 605)
Net book value	<u>40 403</u>	<u>12 535</u>	<u>52 938</u>
Year ended 31 March 2009			
Opening net book value	29 253	15 720	44 973
Additions	14 039	-	14 039
Disposals	(8 205)	-	(8 205)
Depreciation	(15 985)	(5 366)	(21 351)
Closing net book value	<u>19 102</u>	<u>10 354</u>	<u>29 456</u>
At 31 March 2009			
Cost	78 999	32 403	111 402
Accumulated depreciation	(59 897)	(22 049)	(81 946)
Net book value	<u>19 102</u>	<u>10 354</u>	<u>29 456</u>

7. Investment in subsidiary

The investment consists of 350 shares in River Bioscience (Pty) Ltd. These shares are held at cost.

	Group		Company	
	2010	2009	2010	2009
	R	R	R	R
At beginning and end of year	-	-	<u>2 608 843</u>	<u>2 608 843</u>

8. Inventory

Finished goods at cost	<u>475 206</u>	<u>388 141</u>	-	-
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Notes to the Financial Statements

9. Receivables and prepayments

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Trade receivables	8 595 272	12 548 562	2 840 982	6 049 735
Less: Provision for doubtful debts	(1 355 535)	(4 545 161)	(1 355 535)	(4 545 161)
	7 239 737	8 003 401	1 485 447	1 504 574
Other receivables	925 327	-	774 642	857 534
	8 165 064	8 003 401	2 260 089	2 362 108

All current receivables are due within 6 months from the balance sheet date and therefore it is deemed that the fair value equates the cost as presented above.

There is no concentration of credit risk with respect to trade receivables, as the company has a large number of customers.

10. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

Cash and bank	25 656 933	16 999 675	15 509 630	10 655 600
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11. Deferred income tax

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 28% (2009: 28%). The movement in the deferred income tax account is as follows:

At beginning of year	(485 848)	(394 251)	-	-
Movement in deferred tax income	95 381	(86 015)	-	-
Movement in provision for leave pay	-	(5 582)	-	-
At end of year	(390 467)	(485 848)	-	-
Accelerated capital allowances for tax purposes	139 823	91 951	-	-
Assessed loss	(490 533)	(501 227)	-	-
Other	(39 757)	(76 572)	-	-
	(390 467)	(485 848)	-	-

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Notes to the Financial Statements

12. Trade and other payables

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Trade payables – other	2 093 833	1 694 442	227 035	291 807
Other payables	3 301 368	1 926 067	1 108 662	320 437
Receiver of Revenue – VAT	30 530	313 272	-	-
Deferred income	141 988	273 472	-	-
	5 567 719	4 207 253	1 335 697	612 244

13. Special Export Program investment

Bank balance	1 164 329	744 851	1 164 329	744 851
Loan from Citrus Growers Association	(17 882)	(25 393)	(17 882)	(25 393)
Special export program	(185 307)	-	(185 307)	-
Special Export Program debtors	272 770	246 959	272 770	246 959
Closing balance	1 233 910	966 417	1 233 910	966 417

14. Special Export Program liability

Opening balance	966 417	390 370	966 417	390 370
Income	4 620 815	3 880 911	4 620 815	3 880 911
Expenses	(4 353 322)	(3 244 864)	(4 353 322)	(3 244 864)
Administration charge	-	(60 000)	-	(60 000)
Closing balance	1 233 910	966 417	1 233 910	966 417

15. Cash flows from operating activities

Net profit (loss) for the year	9 865 128	1 869 532	4 634 972	(2 348 941)
Adjusted for :				
Interest paid	234 030	125 477	-	-
Interest received	(1 440 445)	(1 871 062)	(889 976)	(1 055 401)
Dividends received	-	-	(300 042)	(300 042)
Depreciation	1 279 268	1 560 873	19 022	21 351
Profit on sale of goods	(6 579)	(30 256)	(3 499)	3 117
Profit on foreign goods	-	(2 000)	-	-
Operating profit (loss) before changes in working capital	9 931 402	1 652 564	3 460 477	(3 679 916)
Changes in working capital :	1 111 738	(2 557 189)	825 472	(1 471 036)
Increase in inventories	(87 065)	(292 691)	-	-
(Increase) decrease in accounts receivable	(161 663)	526 229	102 019	1 994 145
Increase (decrease) in accounts payable	1 360 466	(2 790 727)	723 453	(3 465 181)
Cash generated by (utilised in) operations	11 043 140	(904 625)	4 285 949	(5 150 952)

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16. Related party transactions

Company

The board members of Citrus Growers Association of Southern Africa are trustees of The Citrus Research Trust.

Company	2010	2009
	R	R
<i>Services rendered by related parties</i>		
Citrus Research Trust	19 870 000	25 108 461
Citrus Academy	1 441 190	1 177 000
	21 311 190	26 285 461
<i>Receivables</i>		
Loan to Citrus Academy	600 000	9 557
Rental	165 352	150 450

Justin Chadwick is the owner of Phoenix Marketing. Phoenix Marketing charges Citrus Growers Association a rental fee for office premises.

17. Interest bearing borrowings

	Group		Company	
	2010	2009	2010	2009
	R	R	R	R
Loan from shareholders - Plantbio	4 060 000	4 060 000	-	-
ABSA vehicle finance	62 284	104 326	-	-
Total interest bearing borrowings	4 122 284	4 164 326	-	-
<i>Current portion included in current liabilities</i>				
ABSA vehicle finance	33 103	42 042	-	-
	33 103	42 042	-	-
<i>Non-current portion of interest bearing borrowings</i>				
	4 089 181	4 122 284	-	-

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. Interest rates are limited to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The loan from Plantbio is unsecured, bears interest at the prime overdraft rate and has no fixed terms of repayment. It is however considered to be long term in nature.

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17. Interest bearing borrowings (continued)

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Finance lease liabilities – minimum lease payments				
Not later than 1 year	41 653	47 846	-	-
Later than 1 year but no later than 5 years	38 545	74 086	-	-
	80 198	121 932	-	-
Future finance charges on finance leases	(17 914)	(17 606)	-	-
Present value of finance lease liabilities	62 284	104 326	-	-

18. Prior period errors

Inventories were adjusted with the net realisable value of the insects. The income tax value of the insects is zero. The insects were not taken into account in the previous years. However, there is still a net realisable value attached to the insects.

The correction of the error results in adjustments as follows:

Statement of financial position

Inventories	-	334 125	-	-
Profit or loss				
Cost of sales	-	(334 125)	-	-

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Detailed Statement of Comprehensive Income (Detailed Income Statement)

Company	2010 R	2009 R
INCOME		
Revenue	33 155 482	29 395 579
Levies from citrus growers – statutory	32 037 179	28 258 297
Levies from citrus growers – voluntary	673 259	793 783
Levy income accrual	445 044	343 499
Other operating income	1 609 167	901 659
CMPF Income	11 813	3 000
Advertising Income – Youth in Citrus Book	171 000	-
Japan Coordination – Administration	50 000	-
Grant Department of Agriculture - Mentorship	877 193	263 158
SEP administration	60 000	60 000
Market access income – contrib. to USA costs	133 799	275 459
Dividends received	300 042	300 042
Profit on disposal of asset	3 499	-
Forex gain	1 821	-
EXPENSES		
Administration expenses	(340 492)	(326 483)
Accounting and audit fees	45 460	43 920
Annual report	52 818	64 334
Bank charges	27 784	20 236
Computer expenses	17 047	15 322
Consulting fees	1 808	10 556
Printing and stationery	8 674	11 746
Sundry expenses	41 265	21 078
Telephone, postage and fax	145 636	139 291
Operating expenses	(30 679 161)	(33 375 097)
Advertising, promotions and recruitment	10 000	19 951
Board costs	291 322	264 951
Depreciation	19 022	21 351
Insurance	20 903	18 483
Forex loss	-	9 840
Loss on disposal of asset	-	3 116
Information	330 021	264 224
Legal fees	192 412	19 692
Levies and levy collection fees PPECB	-	6 128
Market access costs	1 084 822	1 722 459
Membership fees	156 420	181 575
SA Fruit Journal	134 155	155 644
Communication	7 460	-
2010 citrus conference	217 202	29 094
Provision for doubtful debts expense	(963 783)	(367 651)
Provision for leave pay expense	332 156	-
Rent : Office	179 578	165 352
Rent : Office equipment	61 996	50 749
Research programmes : Citrus Research Trust	19 870 000	24 946 993
Salaries	2 799 384	2 411 821
Transformation expenses	3 838 877	3 259 458
Travel and accommodation	228 252	183 740
Logistics	509 211	8 127
Market development	1 359 751	-
Finance income	889 976	1 055 401
Interest received	889 976	1 055 401
Net profit (loss) for the year	4 634 972	(2 348 941)