

RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2010

HEADLINE EARNINGS PER SHARE ↓ 31,3%

RECURRING HEADLINE EARNINGS ↑ 6,2%

RECURRING HEADLINE EARNINGS PER SHARE ↓ 26,7%

INTRINSIC VALUE PER SHARE ↑ 23,4%



CONDENSED GROUP INCOME STATEMENT

Notes	2010	2009
	Rm	Rm
Income		
Investment income	41,2	24,9
Fair value gains and losses on financial instruments	15,2	20,5
Other operating income	1,1	7,4
Total income	57,5	52,8
Expenses		
Management fee	(40,7)	(35,6)
Performance fee	(0,1)	(19,9)
Other	(0,1)	(2,4)
Total expenses	(40,8)	(57,9)
Results of operating activities	16,7	(5,1)
Finance costs	(0,6)	(3,6)
Income from associated companies	128,5	175,0
– income excluding penalties	172,4	175,0
– Pioneer Foods penalty provision	(43,9)	
Loss on dilution of interest in associated company	(17,5)	
Profit before taxation	127,1	166,3
Taxation	(3,5)	2,3
Net profit for the year	123,6	168,6
Attributable to equity holders of the company	123,6	168,6
Non-headline items	28,4	(15,2)
Headline earnings	152,0	153,4
Earnings per share (cents)		
– attributable/diluted attributable	14,0	27,7
– headline/diluted headline	17,3	25,2
Number of shares (million)		
– in issue	978,1	611,3
– weighted average	880,6	609,0

RECURRING HEADLINE EARNINGS

	2010	2009
	Rm	Rm
Recurring earnings	229,1	220,5
Food and Agri	183,2	167,1
Beverages	45,9	53,4
Net interest and other income	23,6	11,4
Management fee	(40,7)	(35,6)
Taxation	(3,9)	(0,3)
Recurring headline earnings	208,1	196,0
Non-recurring headline earnings (after tax)	(56,1)	(42,6)
Investments not equity accounted	(12,2)	(28,7)
One-off items:		
– Pioneer Foods penalty provision	(43,9)	
– Net underwriting income		3,6
– Performance fee		(17,5)
Headline earnings	152,0	153,4
Non-headline items	(28,4)	15,2
Attributable earnings	123,6	168,6
Recurring headline earnings per share (cents)	23,6	32,2

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
	Rm	Rm
Net profit for the year	123,6	168,6
Share of other comprehensive income of associated companies	(16,9)	5,9
Other equity movements of associated companies	1,1	0,2
Step acquisition from equity securities to investment in associated companies		
– Reversal of previous fair value gains after taxation on equity securities	(0,4)	
– Revaluation of assets and liabilities of associated companies	0,4	
Other comprehensive income for the year, net of tax	107,8	174,7
Attributable to equity holders of the company	107,8	174,7

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Notes	2010	2009
	Rm	Rm
Assets		
Investment in associated companies	2 1 967,8	1 445,3
Financial assets		
Equity securities	215,2	249,2
Loans and advances		38,7
Current income tax receivable	4 0,2	2,8
Receivables		0,7
Cash and cash equivalents	121,6	27,9
Total assets	2 304,8	1 764,6
Equity		
Ordinary shareholders' funds	2 282,0	1 725,4
Total equity	2 282,0	1 725,4
Liabilities		
Deferred income tax	4 1,7	
Trade and other payables	21,1	39,2
Total liabilities	22,8	39,2
Total equity and liabilities	2 304,8	1 764,6
Net asset value per share (cents)	233,3	282,0

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY

	2010	2009
	Rm	Rm
Ordinary shareholders' equity at beginning of period	1 725,4	1 566,4
Shares issued	491,6	14,6
Net profit for the year	123,6	168,6
Dividend paid	(42,8)	(30,3)
Share of other comprehensive income of associated companies	(16,9)	5,9
Other equity movements of associated companies	1,1	0,2
Step acquisition from equity securities to investment in associated companies		
– Reversal of previous fair value gains after taxation on equity securities	(0,4)	
– Revaluation of assets and liabilities of associated companies	0,4	
Ordinary shareholders' equity at end of period	2 282,0	1 725,4

CONDENSED GROUP STATEMENT OF CASH FLOWS

	2010	2009
	Rm	Rm
Cash generated by operating activities	20,9	16,1
Taxation refund/(paid)	1,0	(1,8)
Net cash flow from operating activities	21,9	14,3
Net cash flow from investment activities	(376,9)	(120,6)
Net cash flow from financing activities	448,7	(30,3)
Net increase/(decrease) in cash and cash equivalents	93,7	(136,6)
Cash and cash equivalents at beginning of period	27,9	164,5
Cash and cash equivalents at end of period	121,6	27,9

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

- Basis of presentation and accounting policies**
The condensed financial statements have been prepared in terms of IAS 34 – Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended 28 February 2009, which have been prepared in accordance with IFRS. The complete audited IAS 34 compliant financial statements and notes thereto can be viewed at www.zeder.co.za. The accounting policies applied in the preparation of the abridged financial statements are consistent with those used in the previous year, except for the following standards which are effective for the financial year beginning 1 March 2009: IAS 1 (revised) – Presentation of financial statements and IFRS 8 – Operating Segments. The adoption of these standards has no material effect on the results, nor has it required any restatement of the results.
- Investment in associated companies**

	2010	2009
	Rm	Rm
Book value		
Unlisted	1 967,8	1 445,3
- Management and performance fees**
The management fee is calculated at 2% p.a. (exclusive of VAT) on the net asset value of the group (excluding cash) at the end of every month and 0,15% p.a. (exclusive of VAT) on the daily average cash balances. The management fee is accrued at the end of every month. The performance fee is calculated on the last day of the financial year at 10% p.a. on the outperformance of the group's net asset value above the equally weighted FTSE-JSE Beverage Total Return Index and FTSE-JSE Food Producers Total Return Index over any financial year. The performance fee is accrued at each year end. No performance fee was incurred at 28 February 2010 (2009: R19,9 million).
- Taxation**
Taxation is provided on the net fair value adjustments to the company's investment portfolio using an effective capital gains tax rate of 14%. Other income is taxed at 28%, net of the apportioned management expenses.
- Non-headline items**

	2010	2009
	Rm	Rm
Loss on dilution of interest in associated company	17,5	
Non-headline items of associated companies (after tax)	10,9	(15,2)
	28,4	(15,2)
- Commitments and contingencies**
Pioneer Foods recently announced that they had made a R350 million provision for a potential penalty(ies) which the Competition Commission wishes to impose. However, the final amount of same still needs to be determined upon finalisation of the ongoing negotiations and/or once official rulings have been obtained. The final penalty may thus increase or decrease depending on the outcome of the aforementioned.
- Related party transaction**
The management fee expense was incurred with PSG Group Limited in terms of an existing management agreement.

OVERVIEW

Zeder invests in agri and related businesses that offer value and have strong management teams. Its investment philosophy remains to add value to its underlying investments, to provide them with capital where appropriate, and to support management. However, Zeder prefers not to be involved in its investments' operational decision making, unless it is strategically required or the operations are not performing satisfactorily.

RIGHTS ISSUE

Zeder raised R495 million by means of a rights offer at R1,35 per share during June 2009. The offer was oversubscribed by more than 40%. Zeder's current cash at hand of R120 million, together with a R300 million funding facility, will provide it with the necessary reserves to pursue attractive identified investment opportunities.

KWV

The performance of KWV Limited's ("KWV") own operations has been unsatisfactory in the past and its return on equity is currently less than 5%. It is an asset-rich business with significant potential. However, it always formed part of a larger group which had the luxury of an investment in the consistently performing Distell Group Limited ("Distell").

The restructuring of the KWV Group consequently followed in terms of which its operational business was unbundled to shareholders. Shareholders are now invested in two separate entities, namely:

- KWV Holdings Limited ("KWV Holdings"), the operational entity and owner of the KWV operational business, and
- Capevin Holdings Limited ("Capevin Holdings") with its core asset an effective interest of 14,9% in Distell.

Zeder is currently busy with an offer to KWV Holdings' minorities to increase its stake as the company has the potential to significantly increase its return on equity.

KAAP AGRI/PIONEER FOODS

Zeder increased its economic interest in Kaap Agri Limited ("Kaap Agri") to 41,3% during the year under review. Both Kaap Agri's own operational business and its investment in Pioneer Foods are delivering attractive returns. Kaap Agri holds a 32% economic interest in Pioneer Foods.

Pioneer Foods was found to have participated in anti-competitive activities. Pioneer Foods has made a provision for a potential administrative penalty from the wheat and white maize flour milling complaint referrals received from the Competition Commission in which Pioneer Foods and other industry participants are named as respondents.

The provision of R154 million applies a rate of 8,5% on the 2006 affected revenue from the selling of wheat and white maize flour of R1 821,6 million for that year. In doing so Pioneer Foods has followed approximately the same approach as the Competition Tribunal in determining the penalty in the bread matter, although the Competition Commission still maintains that they wish to impose a 10% administrative penalty on the 2009 turnover. The final amount therefore still needs to be determined.

This provision is in addition to the R196 million provision already raised by Pioneer Foods from the bread complaint referral, following the ruling of the Competition

Tribunal on 3 February 2010. The Competition Commission has taken this ruling on appeal to the Competitions Appeal Court. Pioneer Foods has opposed the appeal and lodged a cross-appeal as indicated before. This amount may increase or decrease as previously indicated. The additional provision of R154 million plus the previous provision raised bring the total provision raised by Pioneer Foods to R350 million. Pioneer Foods wants to resolve the milling and other matters before the Competition Commission through co-operation with the Commission.

On 29 March 2010, five non-executive directors of Pioneer Foods resigned and three new non-executive directors, namely KK Combi (chairman), Prof Mohammad Karaan and Thys du Toit were appointed. The new board continues to be well balanced with a mix of business and industry expertise. The board is cooperating with regulators and is pursuing a settlement with the Competition Commission. Pioneer Foods will continue to be a major player in the relevant industries it operates in.

INTRINSIC VALUE

Company	28-Feb-10		28-Feb-09	
	% Interest	Value (Rm)	% Interest	Value (Rm)
Kaap Agri	41,3	812,8	34,3	437,2
KWV Ltd (Combined)*		767,1	25,7	413,7
KWV Holdings	31,3	214,6		
Capevin Holdings	37,0	552,5		
MGK	26,6	27,3	26,6	27,3
Capespan	14,5	54,5	12,1	49,8
Suidwes	18,4	53,4	17,1	47,1
NWK	7,4	42,1	5,9	31,9
OVK	9,2	27,3	9,0	22,5
Other agri investments		181,1		151,6
Total investments		1 965,6		1 181,1
Cash and cash equivalents		121,6		27,9
Other net liabilities		(20,9)		(35,7)
Total intrinsic value		2 066,3		1 173,3
Shares in issue (million)		978,1		611,3
Intrinsic value per share (R)		2,11		1,92

* KWV unbundled its own operations in the year under review to form KWV Holdings and changed its name to Capevin Holdings. Capevin Holdings' sole asset is its 14,9% indirect interest in Distell.

Notes:

- The value of the investments are based on the over-the-counter traded values of the relative companies.
- The intrinsic value per share increases to approximately R2,68 per share if the see-through value of Distell at Capevin Holdings and Pioneer Foods at Kaap Agri is taken into consideration respectively.

Following the rights issue (366,8 million new shares at R1,35 per share), the intrinsic value per share for the previous year decreased to R1,71 per share based on the full proceeds received and shares issued on 28 February 2009. The effect being that the intrinsic value per share growth per share was in fact 23,4%.

RESULTS

In the spirit of consistent, clear and unambiguous communication to stakeholders, management introduced the recurring headline earnings concept as the predominant measure of Zeder's financial performance a few years ago. At the time, recurring headline earnings was defined as reportable headline earnings in terms of accounting standards, excluding any marked-to-market movements and one-off items.

During the past year we revisited and fine-tuned this methodology by now measuring recurring headline earnings on a see-through basis throughout the group. Zeder's recurring headline earnings is the sum of its effective interest in that of each of its underlying investees, regardless of its percentage shareholding. The result is that investments in which Zeder holds less than 20% and is not allowed to equity account in terms of accounting standards, are now included in the calculation of our consolidated recurring headline earnings. This provides management and investors with a more realistic and simple way of evaluating Zeder's financial performance.

- Having applied the aforesaid principles to the prior year figures, Zeder's recurring headline earnings per share for the year ended 28 February 2009 amounted to 32,2 cents per share as opposed to the 24,4 cents per share previously reported in terms of the old methodology.

- Recurring headline earnings increased by 6,2% to R208,1 million. However, recurring headline earnings per share decreased by 26,7% to 23,6 cents. This was mainly attributable to the fact that Zeder invested most of the cash from the rights issue only towards the latter part of the year; disappointing results from MGK and the impact of continued investment in the cash and asset rich but low earnings yielding KWV own operations.

- Reportable headline earnings per share decreased by 31,3% to 17,3 cents. In addition to the effects stated above we have also included Zeder's share of the approximate R350 million provision for Pioneer Foods' potential fine to the Competition Commission. Zeder's share of the provision amounted to R43,9 million. Without the penalty provision, Zeder's headline earnings per share would have been 22,2 cents per share.

- Zeder's investment portfolio increased by 29% to R2,2 billion with its investments in Kaap Agri, Capevin Holdings and KWV Holdings representing almost 80% of the portfolio.

- Zeder's net asset value per share at 28 February 2010 was R2,33. The value of a Zeder share at that date was R2,11, calculated by using unlisted market prices. The book value of Zeder's investment in associated companies is tested for potential impairment at each reporting period. The directors are satisfied that the investments are fairly stated.

Zeder's comprehensive results are available at www.zeder.co.za.

PROSPECTS

Zeder continues to invest in agriculture and related sectors at discounts to net asset value and/or at low earnings multiples.