THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

ACTION REQUIRED

1. If you have disposed of your entire holding of shares in Zeder, this circular should be handed to the purchaser to whom, or the broker, CSDP or agent through whom, you disposed of your shares.
2. The definitions on pages 4 to 5 of this document apply, *mutatis mutandis* to this circular and annexures.

ZEDER
INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2006/019240/06)
ISIN code: ZAE000088431
JSE code: ZED

CIRCULAR TO ZEDER SHAREHOLDERS

Regarding the disposal by Zeder of its 5,84% shareholding in Pioneer Foods Limited to Kaap Agri Limited in exchange for an additional 16,81% shareholding in Kaap Agri Limited on a 100 to 400 basis.

Joint sponsor and corporate adviser to Zeder

PSG CAPITAL

Lead sponsor for the transaction

BDO QuestCo (Pty) Ltd

Auditors and independent reporting accountants

PRICEWATERHOUSECOOPERS

This document is only available in English. Copies may be obtained from the registered offices of Zeder, the joint sponsor and transfer secretaries whose addresses are set out in the "Corporate Information" section of this document from 20 August 2007 to 24 August 2007.

Date of issue: 20 August 2007

CORPORATE INFORMATION

COMPANY SECRETARY AND REGISTERED OFFICE OF ZEDER
PSG Corporate Services (Proprietary) Limited
(Registration number 1996/004848/07)
1st Floor
Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch 7599)

AUDITORS
PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
No1 Waterhouse Place
Century City, 7441
(PO Box 2799, Cape Town, 8000)

and

Zomerlust Estate
Berg River Boulevard
Paarl, 7620
(PO Box 215, Paarl, 7620)

INDEPENDENT REPORTING ACCOUNTANTS
PricewaterhouseCoopers Advisory Services (Proprietary) Limited
(Registration number 1999/024417/07)
No1 Waterhouse Place
Century City, 7441
(PO Box 2799, Cape Town, 8000)

REGISTERED OFFICE OF KAAP AGRI
65 Voortrekker Road
Malmesbury, 7300
(PO Box 22, Malmesbury, 7299)

JOINT SPONSOR AND CORPORATE ADVISER TO ZEDER
PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor
Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch 7599)

and

Building 8
Woodmead Estate
1 Woodmead Drive
Woodmead, 2128
(PO Box 987, Parklands, 2121)

LEAD SPONSOR FOR THE TRANSACTION
BDO Questco (Proprietary) Limited
(Registration number 2004/018276/07)
13 Wellington Road
Parktown, 2193
(Private Bag X60500, Houghton, 2041)

TRANSFER SECRETARIES OF ZEDER
Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

TABLE OF CONTENTS

The definitions given on pages 4 to 5 of this circular, apply to all sections of this circular, including the sections titled "Table of contents" and "Salient features".

SALIENT FEATURES

The definitions commencing on page 4 of this circular, apply to this section.

1. INTRODUCTION

1.1 Zeder is a listed investment holding company that has a diversified portfolio of investments in the agricultural, beverage, food, grain and other agri-related sectors.

1.2 It represents PSG Group's vision of assisting the public in accessing agricultural investments in the above targeted sectors, which have traditionally been characterised by barriers to entry, through a listed entity, to be managed by the same experienced team that was responsible for PSG Group's stellar performance in these sectors in the past.

1.3 The share exchange provides Zeder with an effective means of substantially increasing its strategic interest in Kaap Agri, as well as maintaining (and increasing) its interest in Pioneer.

1.4 The purpose of this circular is to provide Zeder shareholders with all relevant information relating to the share exchange in terms of the Listing Requirements.

2. RATIONALE FOR THE SHARE EXCHANGE

2.1 The share exchange will result in Kaap Agri's shareholding in Pioneer increasing by 5,84% to 27,81%, and Zeder's shareholding in Kaap Agri increasing from 5,00% to 21,81%. As at the last practicable date, the market value of the new Kaap Agri shares was approximately R370 million.

2.2 The rationale for the share exchange is –

2.2.1 it allows Zeder to consolidate (and equity account) its holdings in Kaap Agri which is in line with its stated objective of achieving interests in each of its underlying investments of between 20% – 30%;

2.2.2 the board believes that its investment in Kaap Agri will ultimately enhance earnings and bring with it annuity income streams; and

2.2.3 it reduces Zeder's exposure to the volatility of marked-to-market profits.

3. DETAILS OF THE SHARE EXCHANGE AGREEMENT

3.1 Salient terms of the share exchange agreement

- The seller is Zeder.
- The purchaser is Kaap Agri.
- Kaap Agri will acquire Zeder's shareholding in Pioneer by way of a share exchange on a 400 to 100 basis i.e. for every 100 Pioneer shares disposed of by Zeder to Kaap Agri, Kaap Agri will issue 400 new Kaap Agri shares.
- Zeder will accordingly dispose of its 5,84% shareholding in Pioneer in exchange for an additional 16,81% shareholding in Kaap Agri, bringing its total shareholding in Kaap Agri to 21,81%.
- The new Kaap Agri shares will be issued to Zeder as consideration for the Pioneer shares.
- The effective date of the share exchange is 1 August 2007.
- It is intended that Zeder will retain the new Kaap Agri shares in the foreseeable future.

3.2 Conditions precedent to the share exchange

The share exchange agreement was subject to the conditions precedent that –

- the Kaap Agri shareholders approve the share exchange, as well as the restructuring of Kaap Agri, upon which the share exchange is dependent.

At the extraordinary meeting of Kaap Agri shareholders held on 31 July 2007, the requisite majority of Kaap Agri shareholders approved all of the resolutions tabled at such meeting.

4. *PRO FORMA* FINANCIAL EFFECTS OF THE SHARE EXCHANGE

Set out below are the unaudited *pro forma* financial effects of the share exchange, based on Zeder's audited results for the 6 months ended 28 February 2007. The unaudited *pro forma* financial effects of the share exchange have been prepared for illustrative purposes only so as to provide information as to how the share exchange might have impacted on the audited results of Zeder and because of their nature may not fairly present Zeder's financial position, changes in equity or results of operations or cash flows after the share exchange nor the effect on Zeder's future earnings. The unaudited *pro forma* financial effects are the responsibility of the company's directors.

The unaudited *pro forma* financial information relating to Zeder is set out in Annexure 4.

The report of PricewaterhouseCoopers Advisory Services as to the financial effects provided below is set out in Annexure 5.

	Before the share exchange (1) (cents)	After the share exchange (2) (3) (cents)	Change (%)
Earnings per share	27,8	25,6	(7,9)
Headline earnings per share	27,8	25,6	(7,9)
Net asset value per share	224,5	231,8	3,3
Net tangible asset value per share	224,5	231,8	3,3
Number of shares in issue (million)	571,3	571,3	–
Weighted average number of shares in issue (million)	490,5	490,5	–

Notes:

(1) *Extracted from the published audited financial results of Zeder for the 6 months ended 28 February 2007.*

(2) *The earnings and headline earnings per share have been calculated on the basis that the share exchange was effected on 1 September 2006 and are based on the following assumptions:*
- *The after tax fair value gains on Zeder's investments in Pioneer and Kaap Agri amounting to R15,5 million and R8,8 million respectively for the six months ended 28 February 2007 have been excluded;*
- *Interest income net of tax at 29% has been reduced by R0,9 million to take into account additional Pioneer shares acquired subsequent to 28 February 2007 and disposed of in terms of the share exchange;*
- *The dividends of R6,4 million received from Pioneer and Kaap Agri have been excluded;*
- *Equity accounted earnings of Zeder's effective 21,81% interest in Kaap Agri amounting to R20,8 million have been taken into account.*

(3) *The net asset value and net tangible asset value per share have been calculated on the basis that the share exchange was effected on 28 February 2007 and are based on the following assumptions:*
- *The total aggregate consideration of R370 564 880 in respect of the share exchange was received on that date;*
- *The after tax carrying value of Zeder's investment in Pioneer as at 28 February 2007 amounting to R298,4 million has been excluded;*
- *The cash balance has been reduced by R31 million, being the consideration paid for 982 812 Pioneer shares subsequent to 28 February 2007;*
- *The additional 16,81% interest acquired in Kaap Agri amounting to R370,6 million has been included.*

5. PROSPECTS OF ZEDER

The foreseeable future for Zeder remains decidedly positive, as its underlying investments continue to generate positive income flows and attractive dividends off strong asset bases. While these companies continue to rise to the challenge of ever increasing international competition, the unpredictability of weather patterns on harvests, and the volatility of input costs, their fundamentals, in terms of respective balance sheet strength and highly competent management, continue to distinguish them as viable long-term investments. In the light of South Africa's current economic climate and future economic growth outlook, predicted to continue at its present pace well after 2010, Zeder's underlying investments are well positioned to meet the ever increasing local demand for goods and services within their respective agri-related sectors.

As corporate structures within the previous co-operatives (and now more recently converted public companies) slowly become more amenable to public shareholding (where in the past, for example, shareholding and voting rights were limited to the producers only in the co-operatives), and barriers to entry are gradually removed, current shareholders, including Zeder, will benefit from the value to be unlocked as the gap between intrinsic value and market price narrows.

The following attributes of Zeder's underlying investments make for a compelling investment case and bode well for Zeder achieving its stated long-term objective of being able to equity account its investments (as indeed the share exchange as contemplated in this circular provides):
- Long, established track records within their respective sectors;
- Well known consumer brands that deliver good underlying cash flows;
- Strong management teams with extensive experience;
- Little competition on a geographical basis; and
- Companies that are asset rich and have relatively low p/e ratios.

Zeder remains unique in that it offers investors a JSE listed instrument that is far more liquid than any of its underlying investments. It therefore remains the easiest means for investors to participate in the gains attributable to such agri-companies, while effectively spreading any risk over a number of industries and geographical regions. By consolidating its holdings in its investments, Zeder aims to reach a certain level of critical mass in each of its investments so as to provide strategic input and direction, and ultimately become a shareholder of reference.

DEFINITIONS AND INTERPRETATIONS

Throughout this circular and the annexures hereto, unless otherwise indicated, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing natural persons include corporations and associations of persons and any reference to one gender includes the other gender:

"the Act"	the Companies Act, No 61 of 1973, as amended;
"board"	the board of directors of Zeder;
"BDO"	BDO Questco (Proprietary) Limited (registration number 2004/018276/07), a private company incorporated in South Africa and appointed as the lead sponsor in respect of the share exchange;
"this circular"	this circular to Zeder shareholders dated Monday, 20 August 2007 incorporating the annexures;
"the company" or "Zeder"	Zeder Investments Limited (registration number 2006/019240/06), a public company incorporated in South Africa and listed on the main board of the JSE list in the "General Financial – Speciality Finance" sub sector;
"CSDP"	Central Securities Depository Participant;
"GAAP"	South African Statements of Generally Accepted Accounting Practice;
"IFRS"	International Financial Reporting Standards;
"JSE"	the JSE Limited (registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Securities Services Act;
"last practicable date"	Monday, 13 August 2007, being the last practicable date prior to the finalisation of this circular;
"Kaap Agri"	Kaap Agri Limited (registration number 2004/012093/06) or its duly authorised nominee, a public company incorporated in South Africa in which Zeder had an investment of 5% prior to the share exchange, and which shareholding shall increase to 21,81% after the share exchange has been implemented;
"Kaap Agri shares"	ordinary shares with a par value of R0,01 each in the issued share capital of Kaap Agri;
"Kaap Agri shareholders"	the registered holders of Kaap Agri ordinary shares;
"management agreement"	the agreement entered into between PSG Group and Zeder on 29 September 2006 in terms of which PSG Group, or its duly authorised nominee, Zeder Manco, provides Zeder with investment, administrative, advisory, financial and corporate services, in the normal course of business, in return for an agreed management fee;
"Listings Requirements"	the JSE Listings Requirements;
"new Kaap Agri shares"	the 42 350 272 Kaap Agri shares (being 16,81**%** of Kaap Agri) to be issued to Zeder in terms of the share exchange for the Pioneer shares;
"p/e ratio"	price earnings ratio or multiple;
"Pioneer"	Pioneer Food Group Limited (registration number 1996/017676/06), a public company incorporated in South Africa in which Zeder had an investment of 5,84% prior to the share exchange and the disposal of such shareholding forms the subject matter of the share exchange;
"Pioneer shares"	the 10 587 568 ordinary shares with a par value of 10 cents each in the issued share capital of Pioneer (being 5,84% of Pioneer) beneficially held by Zeder and forming the subject matter of the share exchange;
"PricewaterhouseCoopers Inc."	PricewaterhouseCoopers Inc., Chartered Accountants (SA), (registration number 1998/012055/21), the auditors to both Zeder and Kaap Agri, and the independent reporting accountants to Zeder in respect of Annexure 1;
"PricewaterhouseCoopers Advisory Services"	PricewaterhouseCoopers Advisory Services (Proprietary) Limited, (registration number 1999/024417/07), the independent reporting accountants to Zeder in respect of Annexure 4;

"PricewaterhouseCoopers"	PricewaterhouseCoopers Inc, and/or PricewaterhouseCoopers Advisory Services, depending on the context;
"PSG Capital" or "the sponsor"	PSG Capital (Proprietary) Limited (Registration number 2006/015817/07), a private company incorporated in South Africa and Zeder's joint sponsor and corporate adviser;
"PSG Group"	PSG Group Limited (registration number 1970/008484/06), a public company incorporated in South Africa that is listed on the JSE and is the holding company of PSG Financial Services;
"PSG Financial Services"	PSG Financial Services Limited (registration number 1919/000478/06), a public company incorporated in South Africa that is a wholly owned subsidiary of PSG Group, and which is a major shareholder in Zeder;
"Rand or R"	the official currency of South Africa;
"Securities Services Act"	Securities Services, 2004 (Act 36 of 2004), as amended;
"SENS"	the Securities Exchange News Service;
"the share exchange"	the exchange by Zeder of the Pioneer shares for the new Kaap Agri shares to be issued in terms of the share exchange agreement by Kaap Agri on a 400 to 100 basis i.e. for every 100 Pioneer shares disposed of by Zeder to Kaap Agri, Kaap Agri will issue 400 new Kaap Agri shares to Zeder;
"the share exchange agreement"	the agreement entered into between Zeder and Kaap Agri containing the terms and conditions of the share exchange and dated 4 July 2007;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (registration number 1998/022242/06), a public company duly incorporated in South Africa and a licensed securities depository in terms of section 1 of the Securities Services Act;
"Strate system"	a clearing and settlement system for security transactions to be settled and for transfer of ownership to be recorded electronically, managed by Strate;
"transfer secretaries"	Link Market Services South Africa (Proprietary) Limited (registration number 2000/007239/07), a private company incorporated in South Africa and the transfer secretaries to Zeder;
"Zeder Manco"	PSG Corporate Services (Proprietary) Limited (registration number 1996/004848/07), a private company incorporated in South Africa and wholly owned subsidiary of PSG Group which acts as the management company of Zeder;
"Zeder shares"	ordinary shares with a par value of R0,01 each in the issued share capital of Zeder; and
"Zeder shareholders"	the registered holders of Zeder ordinary shares.

(Incorporated in the Republic of South Africa)
(Registration number: 2006/019240/06)
ISIN code: ZAE000088431
JSE code : ZED

Directors
JF Mouton (Chairman)*
AE Jacobs (Chief Executive Officer)
CA Otto*
MS Du Pré le Roux*
JG Carinus*
LP Retief*

* Non-executive director

CIRCULAR TO ZEDER SHAREHOLDERS

1. INTRODUCTION

1.1 Zeder is a listed investment holding company that has a diversified portfolio of investments in the agricultural, beverage, food, grain and other agri-related sectors.

1.2 It represents PSG Group's vision of assisting the public in accessing agricultural investments in the above targeted sectors, which have traditionally been characterised by barriers to entry, through a listed entity, to be managed by the same experienced team that was responsible for PSG Group's stellar performance in these sectors in the past.

1.3 The share exchange provides Zeder with an effective means of substantially increasing its strategic interest in Kaap Agri, as well as maintaining (and increasing) its interest in Pioneer.

1.4 The purpose of this circular is to provide Zeder shareholders with all relevant information relating to the share exchange in terms of the Listing Requirements.

2. RATIONALE FOR THE ACQUISITON

2.1 The share exchange will result in Kaap Agri's shareholding in Pioneer increasing by 5,84% to 27,81%, and Zeder's shareholding in Kaap Agri increasing from 5,00% to 21,81%. As at the last practicable date, the market value of the new Kaap Agri shares was approximately R370 million.

2.2 The rationale for the share exchange is –

2.2.1 it allows Zeder to consolidate (and equity account) its holdings in Kaap Agri which is in line with its stated objective of achieving interests in each of its underlying investments of between 20% – 30%;

2.2.2 the board believes that its investment in Kaap Agri will ultimately enhance earnings and bring with it annuity income streams; and

2.2.3 it reduces Zeder's exposure to the volatility of marked-to-market profits.

3. DETAILS OF THE SHARE EXCHANGE AGREEMENT

3.1 Salient terms of the share exchange agreement

- The seller is Zeder.
- The purchaser is Kaap Agri.
- Kaap Agri will acquire Zeder's shareholding in Pioneer by way of a share exchange on a 400 to 100 basis i.e. for every 100 Pioneer shares disposed of by Zeder to Kaap Agri, Kaap Agri will issue 400 new Kaap Agri shares.
- Zeder will accordingly dispose of its 5,84% shareholding in Pioneer in exchange for an additional 16,81% shareholding in Kaap Agri, bringing its total shareholding in Kaap Agri to 21,81%.
- The new Kaap Agri shares will be issued to Zeder as consideration for the Pioneer shares.

- The effective date of the share exchange is 1 August 2007.
- It is intended that Zeder will retain the new Kaap Agri shares in the foreseeable future.

3.2 Conditions precedent to the share exchange

The share exchange agreement was subject to the conditions precedent that –

- the Kaap Agri shareholders approve the share exchange, as well as the restructuring of Kaap Agri, upon which the share exchange is dependent.

At the extraordinary meeting of Kaap Agri shareholders held on 31 July 2007, the requisite majority of Kaap Agri shareholders approved all of the resolutions tabled at such meeting.

4. *PRO FORMA* FINANCIAL EFFECTS OF THE SHARE EXCHANGE

Set out below are the unaudited *pro forma* financial effects of the share exchange, based on Zeder's audited results for the 6 months ended 28 February 2007. The unaudited *pro forma* financial effects of the share exchange have been prepared for illustrative purposes only so as to provide information as to how the share exchange might have impacted on the audited results of Zeder and because of their nature may not fairly present Zeder's financial position, changes in equity or results of operations or cash flows after the share exchange, nor the effect on Zeder's future earnings. The unaudited *pro forma* financial effects are the responsibility of the company's directors.

The unaudited *pro forma* financial information relating to Zeder is set out in Annexure 4.

The report of PricewaterhouseCoopers Advisory Services as to the financial effects provided below is set out in Annexure 5.

	Before the share exchange (1) (cents)	After the share exchange (2) (3) (cents)	Change (%)
Earnings per share	27,8	25,6	(7,9)
Headline earnings per share	27,8	25,6	(7,9)
Net asset value per share	224,5	231,8	3,3
Net tangible asset value per share	224,5	231,8	3,3
Number of shares in issue (million)	571,3	571,3	–
Weighted average number of shares in issue (million)	490,5	490,5	–

Notes:

(1) *Extracted from the audited financial results of Zeder for the 6 months ended 28 February 2007.*

(2) *The earnings and headline earnings per share have been calculated on the basis that the share exchange was effected on 1 September 2006 and are based on the following assumptions:*
- *The after tax fair value gains on Zeder's investments in Pioneer and Kaap Agri amounting to R15,5 million and R8,8 million respectively for the period ended 28 February 2007 have been excluded;*
- *Interest income net of tax at 29% has been reduced by R0,9 million to take into account additional Pioneer shares acquired subsequent to 28 February 2007 and disposed of in terms of the share exchange;*
- *The dividends received from Pioneer and Kaap Agri of R6,4 million have been excluded;*
- *Equity accounted earnings of Zeder's effective 21,81% interest in Kaap Agri amounting to R20,8 million have been taken into account.*

(3) *The net asset value and net tangible asset value per share have been calculated on the basis that the share exchange was effected on 28 February 2007 and are based on the following assumptions:*
- *The total aggregate consideration in respect of the share exchange was received on that date;*
- *The after tax carrying value of Zeder's investment in Pioneer as at 28 February 2007 amounting to R298,4 million has been excluded;*
- *The cash balance has been reduced by R31 million, being the consideration paid for 982 812 Pioneer shares subsequent to 28 February 2007;*
- *The additional 16,81% interest acquired in Kaap Agri amounting to R370,6 million has been included.*

5. INFORMATION ON KAAP AGRI

5.1 Incorporation and history

Kaap Agri was incorporated in South Africa on 6 October 2004. Its main business is that of an agricultural services company. It was formed from the amalgamation of WPK Investments Limited and Boland Agri Holdings Limited in 2005.

5.2 Nature of business

Kaap Agri offers a wide range of services to the agricultural community in the Northern and Western Cape. It has several "Agrimark" stores that not only provide general farming requisites, but also cater for the general public seeking out gardening, DIY or other outdoor equipment. This shift in emphasis has had a positive impact on Kaap Agri's revenue and profits in the past financial year.

Kaap Agri is the single largest shareholder in Pioneer, with such investment representing its most significant asset. The share exchange effectively increases its interest in Pioneer to 27,81%, which, at the last practicable date, was valued at approximately R1,75 billion.

5.3 Litigation statement

Neither Kaap Agri nor any of its subsidiaries are currently involved in any legal or arbitration proceedings, including any proceedings that are pending or threatened of which Kaap Agri is aware, that may have or have had a material effect on Kaap Agri's (or any of its subsidiaries') financial position in the previous 12 months from the date of issue of this circular.

5.4 Material changes

There has been no material change in the financial or trading position of Kaap Agri and its subsidiaries since 31 March 2007, the date of its last published unaudited interim financials, and the last practicable date, nor has any material fact or circumstance occurred during such period, save for the approval by Kaap Agri shareholders of the resolutions tabled at the extraordinary general meeting on 31 July 2007 for the restructuring of Kaap Agri as announced on SENS on 1 August 2007.

5.5 Material contracts

No material contracts have been entered into by Kaap Agri, or any of its subsidiaries, either verbally or in writing, otherwise than in the ordinary course of business, within the past two years, or at any other time, that contain any outstanding obligation or settlement that is material to Kaap Agri, or any of its subsidiaries, as at the date of issue of this circular, save for the share exchange agreement;

5.6 Material loans

Other than as set out in notes 13 and 17 of Annexure 1, there are no other material loans owing by Kaap Agri.

6. NATURE OF ZEDER'S BUSINESS

6.1 Incorporation and history

Zeder was incorporated as a public company in South Africa on 21 June 2006 in Pretoria with the registration number 2006/019240/06.

Zeder listed on the JSE on Friday, 1 December 2006.

6.2 Zeder's investments

Zeder's investments provide its investors with exposure to a geographically diverse range of unlisted companies covering a broad spectrum of agri-related activities. The percentage interests held by Zeder in each of its investments as set out below are as at the last practicable date, and include the new Kaap Agri shares.

6.2.1 Kaap Agri (21,81%)

Prior to the implementation of the share exchange, Kaap Agri's single largest investment was its interest of approximately 22% in Pioneer. After the implementation of the share exchange, Kaap Agri will have entrenched this position by increasing its stake in Pioneer to 27,81% (a further 5,84%).

Kaap Agri offers a wide range of services to the agricultural community in the Northern and Western Cape. It has several "Agrimark" stores that not only provide general farming requisites, but also cater for the general public seeking out gardening, DIY or other outdoor equipment. This shift in emphasis has had a positive impact on Kaap Agri's revenue and profits in the past financial year.

Pioneer has, in its over 70 years of existence, grown to become one of South Africa's largest food manufacturers. Although the core of its business is largely the milling and baking of grain, it has developed an array of well known household brands through organic and acquisitive growth, such as Bokomo, Sasko, Heinz, Pepsi, Ceres, Liqui-Fruit and branded S.A.D. products.

Subsequent to the previous financial year-end, the management of Pioneer cautioned that the excellent growth recorded over the previous two financial periods was unlikely to continue. For the last reporting period, the Pioneer group's revenue increased by 14% to R9,6 billion. Its operating profit increased to R756 million, a 5% increase in relation to the comparative period. This moderate growth in profits reflects how profit margins have been pressurised.

Pioneer is in the process of a significant brand building exercise, as well as increasing certain of its manufacturing facilities. Pioneer's board has approved in excess of another R800 million to fund these undertakings.

Kaap Agri convened an extraordinary meeting of shareholders on Tuesday, 31 July 2007 for the purposes of considering certain resolutions required for its restructuring. Same was approved by the requisite majority of Kaap Agri shareholders. Accordingly, Kaap Agri's articles of association will be amended to relax the restrictions on public shareholding that to date have been in place. It is anticipated that this will lead to a positive re-rating of the business.

6.2.2 KWV Limited (15,08%)

KWV Limited ("KWV") is inter alia the holding company of KWV Investments Limited ("KWV Investments"). KWV Investments is a JSE-listed investment holding company that indirectly owns 30% of Distell Limited ("Distell").

KWV's 16,7% indirect interest in Distell (through KWV Investments) generated a 68,1% increase in profits in respect of the comparative interim period.

KWV's newly appointed Chief Executive Officer (CEO), Mr Thys Loubser, will be leading the company through difficult competitive trading conditions currently being experienced in the industry, both domestic and internationally. KWV is in the process of re-evaluating its marketing strategy and management has already warned that this process could potentially lead to write-offs which may have a negative impact on the results for the full year.

KWV's strong brands continue to demand market share, especially in respect of its top quality rebate brandy. It remains a leading exporter and distributor of wines and spirits globally.

6.2.3 KLK Landbou Limited (7,8%)

KLK Landbou Limited ("KLK") is a small but well-diversified, agri-focused company with its head office in Upington. The company provides a range of agricultural services, primarily to the sheep farmers in the Kalahari and Northern Cape areas. It has interests in a diverse range of businesses comprising mainly procurement, supply and financing of agricultural requisites; procurement and marketing of livestock through the hosting of auctions and operating feedlots; slaughtering, processing and marketing of livestock; distribution and retail sales of BP fuels and related products and the operation of Nissan and General Motors motor dealerships.

The company has a stable history when compared to most other agricultural companies. Fuel distribution generates the bulk of the company's profits.

6.2.4 Oos Vrystaat Kaap Operations Limited (6,3%)

Oos Vrystaat Kaap Operations Limited ("OVK") is a diversified agricultural business with its head office in Ladybrand in the Free State. The company's primary activities involve: general trade; fuel distribution; mechanisation (sales, servicing and repairs of agricultural machinery); motor dealerships; short term insurance broking; grain handling, storage and marketing; livestock slaughtering and marketing of carcasses and client financing.

The diversified nature of its business has enabled it to achieve a satisfactory profit history of solid growth and returns on equity. The company also has a consistent record of paying out satisfactory dividends to shareholders.

The general trading division of OVK is the company's most important division with the fuel distribution business an important profit generator and consistent performer in the company's portfolio.

6.2.5 NWK Limited (3,5%)

NWK Limited ("NWK") fulfils an essential role in South Africa's agricultural industry as a leading provider of agricultural services and inputs, primarily in the North West province. The Lichtenburg-based company's clients are agricultural producers and buyers of a wide range of agricultural inputs. The company is involved in a wide spectrum of activities in the following fields: grain industry; agricultural management services; trade; financial services and industries.

NWK has performed solidly for the past few years, with demonstrable profits for the last six years. The company is conservatively financed with a liquid balance sheet and has historically paid out attractive dividends. NWK has proved itself to be a conservatively run company that has successfully managed to show profits in all stages of the agricultural cycle.

The smaller maize harvest and the lower quality of grain has had a negative effect on NWK's results during the last interim reporting period. The drought being experienced throughout the North West area will impact on the results of all grain producers in the next financial period.

6.2.6 Senwes Limited (3,9%)

Senwes Limited ("Senwes") is one of the largest grain-handling concerns in South Africa. The company has silo capacity of about 4,6 million tons – more than 25% of the total national capacity.

Senwes has positioned itself as one of the foremost companies in the field of handling, storage and marketing of grain in South Africa and has been expanding its grain-handling geographical footprint to areas beyond its traditional service areas. At the same time, input supply activities have been scaled down to some extent, with the sale and closure of some trading branches.

Senwes has an empowerment partner in the Royal Bafokeng Consortium. The transaction was done through Senwesbel, the holding company of Senwes, in respect of which only *bona fide* farmers are allowed to be shareholders. Senwesbel sold a 27,1% share in Senwes to the aforementioned consortium.

Despite the reduced grain volumes resulting from the downscaling in the planting of grain in the previous season, the Senwes group performed well during the last reported six month period. Profit from continued operations improved by 22% in relation to the comparative period.

6.2.7 Suidwes Investments Limited (13,6%)

Suidwes Investments Limited ("Suidwes") is a typical agricultural company operating in the maize-producing area of the North West province, with its head office in Leeudoringstad. The company is involved in all aspects of servicing the needs of grain and other farmers, from supplying inputs and requisites to farmers, grain handling, storage facilities and marketing, to selling insurance and providing financing.

Suidwes has announced that despite lower volumes of maize handled during the current financial year, it still expects an improvement on the previous financial year's results.

Suidwes looks set to perform in line with most of the other agricultural companies serving the maize-growing areas of South Africa. Although cyclical in nature, the company has demonstrated an ability to maintain satisfactory levels of profitability from its core operations and it is anticipated that this will continue going forward.

During the course of April 2007, Zeder increased its shareholding in Suidwes by an additional 10,3% as a result of the sale by Suidwes of shares held by it as treasury shares.

6.2.8 BKB Limited (2,8%)

BKB Limited's ("BKB") business entails the handling and marketing of agricultural products, wool, mohair and livestock on behalf of its clients, the provision of farming requisites and the rendering of services related to the aforementioned activities. The company also trades in wool and mohair on the international market for its own account. As a result of the continued decline in wool and mohair volumes handled by the company, excess warehouse space is leased or otherwise utilised for warehousing. The company consists of a national branch network with its head office in Port Elizabeth.

At the end of 2006, BKB merged with Grainco (Proprietary) Limited. Grainco specialises in the storage, handling and collateral management of grain.

The recent merger with Grainco offers synergies, new opportunities in the grain industry as well as other benefits that only a national infrastructure can offer. The combined company will be able to transact in the entire grain industry and add value to their clients in a meaningful way.

6.2.9 Tuinroete Agri Limited (0,9%)

Tuinroete Agri Limited ("Tuinroete") is a small and diversified agri-business based in Mossel Bay. The company's core business activities are the provision of agricultural products and services through its "Farm & Home" brand and distribution network, the handling of grain products, the production of fodder, as well as the handling and marketing of potatoes.

The recent property boom in the Southern Cape and Garden Route has boosted the company's retail business which has contributed greatly to the company's shift in emphasis from that of an agri-focused business, to more of a general supplier of building supplies, gardening and outdoor equipment.

7. PROSPECTS OF ZEDER

The foreseeable future for Zeder remains decidedly positive, as its underlying investments continue to generate positive income flows and attractive dividends off strong asset bases. While these companies continue to rise to the challenge of ever increasing international competition, the unpredictability of weather patterns on harvests, and the volatility of input costs, their fundamentals, in terms of respective balance sheet strength and highly competent management, continue to distinguish them as viable long-term investments. In the light of South Africa's current economic climate and future economic growth outlook, predicted to continue at its present pace well after 2010, Zeder's underlying investments are well positioned to meet the ever increasing local demand for goods and services within their respective agri-related sectors.

As corporate structures within the previous co-operatives (and now more recently converted public companies) slowly become more amenable to public shareholding (where in the past, for example, shareholding and voting rights were limited to the producers only in the co-operatives), and barriers to entry are gradually removed, current shareholders, including Zeder, will benefit from the value to be unlocked as the gap between intrinsic value and market price narrows.

The following attributes of Zeder's underlying investments make for a compelling investment case and bode well for Zeder achieving its stated long-term objective of being able to equity account its investments (as indeed the share exchange as contemplated in this circular provides):

- Long, established track records within their respective sectors;
- Well known consumer brands that deliver good underlying cash flows;
- Strong management teams with extensive experience;
- Little competition on a geographical basis; and
- Companies that are asset rich and have relatively low p/e ratios.

Zeder remains unique in that it offers investors a JSE listed instrument that is far more liquid than any of its underlying investments. It therefore remains the easiest means for investors to participate in the gains attributable to such agri-companies, while effectively spreading any risk over a number of industries and geographical regions. By consolidating its holdings in its investments, Zeder aims to reach a certain level of critical mass in each of its investments so as to provide strategic input and direction, and ultimately become a shareholder of reference.

8. DIRECTORS OF ZEDER AND THEIR INTERESTS

8.1 Details of directors

The full names, ages, capacities, business addresses and qualifications of the directors of Zeder as at the last practicable date were as follows –

Name and age	Qualification	Capacity	Business address
Johannes Fredericus Mouton (60)	BComm (Hons), CA(SA), AEP	Non-executive Chairman	1st Floor Ou Kollege 35 Kerk Street Stellenbosch, 7600
Antonie Egbert Jacobs (42)	BAcc, BCompt (Hons), CA(SA), MComm (Tax), LLB	Chief Executive Officer	1st Floor Ou Kollege 35 Kerk Street Stellenbosch, 7600
Chris Adriaan Otto (57)	BComm, LLB	Non-executive director	1st Floor Ou Kollege 35 Kerk Street Stellenbosch, 7600
Michiel Scholtz Du Pré le Roux (57)	BComm, LLB	Non-executive director	26 Rozendal Avenue Stellenbosch, 7600
Johan Georg Carinus (57)	BComm	Non-executive director	Fransmanskraal Devon Valley Stellenbosch, 7600
Lambert Phillips Retief (54)	BComm (Hons), CA(SA), OPM (HBS)	Non-executive director	425 Boschenmeer Estate Paarl, 7620

All Zeder directors are South African.

8.2 Directors' interests

At 28 February 2007, the directors of Zeder had the following interests in Zeder shares before and after the share exchange –

Name	Beneficial		Non-beneficial		**Total shareholding**	
	Direct	Indirect	Direct	Indirect	**Number**	**%**
AE Jacobs	–	50 000	–	–	**50 000**	**0,009**
JF Mouton	–	–	–	50 000	**50 000**	**0,009**
CA Otto	–	–	–	50 000	**50 000**	**0,009**
JG Carinus	–	250 000	–	–	**250 000**	**0,040**
MS du Pré le Roux	–	–	–	250 000	**250 000**	**0,040**
LP Retief	–	–	–	1 199 500	**1 199 500**	**0,210**
	–	300 000	–	1 549 500	**1 849 000**	**0,271**

There have been no changes in the directors' shareholdings since 28 February 2007 and the last practicable date.

8.3 Directors' interests in the share exchange

No directors of Zeder will benefit directly or indirectly, in any manner as a consequence of the implementation of the share exchange. None of the Zeder directors has or have had any interest, directly or indirectly, in any transaction undertaken by Zeder which is, or was, material to the business of Zeder and which was effected by Zeder during the current or immediately preceding financial year, which remains in any respect outstanding or unperformed.

8.4 Directors' emoluments

Mr AE Jacobs received the following cash remuneration as basic salary for the 6 months ended 28 February 2007 –

	Services as Directors [(1)] R'000	Cash package R'000	Other benefits R'000	Performance related R'000	Total R'000
Executive					
AE Jacobs [(2)]	–	312	–	–	312
Total	–	312	–	–	312

Note

(1) *None of the other directors have received any remuneration since Zeder's incorporation.*

(2) *Mr AE Jacobs' remuneration is paid by Zeder Manco.*

(3) *Save for Messrs JF Mouton and CA Otto, the other directors of Zeder will receive directors fees in the amount of R70 000 per annum for the financial year ending 28 February 2008, which will be paid by Zeder Manco.*

There will be no variation of the emoluments paid to directors as a result of the share exchange.

8.5 Directors service contracts

Mr AE Jacobs, Zeder's one executive director, serves under a letter of appointment of 8 August 2006 concluded with Zeder Manco, which, in terms of the management agreement, Zeder Manco pays such remuneration (and not Zeder). Such letter of appointment has standard terms and conditions of employment, none of which have been amended within the last year. Non-executive directors do not have fixed term service contracts. All non-executive directors are subject to retirement by rotation and re-election by Zeder shareholders at least once every three years, in accordance with Zeder's articles of association.

8.6 Directors' opinion in respect of the share exchange

The board is of the unanimous opinion that the terms and conditions of the share exchange agreement are for the long-term benefit of Zeder shareholders, for the reasons more fully set out in paragraph 2 above.

9. SHARE CAPITAL

9.1 As at the last practicable date, the authorised and issued share capital of Zeder before and after the share exchange, which remains unchanged, is as follows –

Before and after the share exchange	**R'000**
Authorised share capital	
1 500 000 000 Zeder ordinary shares of R0,01 each	15 000
250 000 000 cumulative, non-redeemable, non-participating preference shares of R0,01 each	2 500
Issued share capital	
571 314 257 Zeder ordinary shares of R0,01 each	5 713
Share premium	1 140 620

9.2 All of the authorised and issued shares are of the same class and rank *pari passu* in every respect.

9.3 Any variation of rights attaching to shares will require the consent of ordinary shareholders in a general meeting, in accordance with Zeder's articles of association.

10. MAJOR SHAREHOLDERS OF ZEDER

10.1 As at the last practicable date, the following are the only Zeder ordinary shareholders who are and will be beneficially interested in 5% or more of the share capital of Zeder before and after the share exchange –

Zeder ordinary shareholder	Number of Zeder ordinary shares	Percentage of Zeder ordinary before shares the acquisition %
PSG Financial Services Limited	202 568 373	35.5
Sanlam Limited	26 478 539	4.6
Total	**229 046 912**	**40.1**

11. LITIGATION STATEMENT

Zeder is currently not involved in any legal or arbitration proceedings, including any proceedings that are pending or threatened of which Zeder is aware, that may have or have had a material effect on Zeder's financial position in the previous 12 months from the date of this circular.

12. MATERIAL CONTRACTS

Save for the share exchange agreement and the management agreement, no material contracts have been entered into by Zeder, either verbally or in writing, otherwise than in the ordinary course of business, within the past two years, or at any other time, that contain any outstanding obligation or settlement that is material to Zeder, as at the date of issue of this circular.

13. MATERIAL LOANS

13.1 As at the last practicable date, there are no material loans owing by Zeder.

14. STATEMENT AS TO WORKING CAPITAL

The board of Zeder has considered the impact of the share exchange on the company, and is of the opinion that:

- Zeder would be able, in the ordinary course of business, to pay its debts after the share exchange for a period of 12 months after the date of posting of this circular;
- the assets of Zeder will be in excess of its liabilities for a period of 12 months after the date of posting of this circular;
- the share capital and reserves of Zeder would be adequate for a period of 12 months after the date of posting of this circular; and
- the working capital of Zeder will be adequate for ordinary business purposes for a period of 12 months after the date of posting of this circular.

15. CHANGE OF CONTROLLING SHAREHOLDER OR TRADING OBJECTS

There has been no change in the controlling shareholder(s) and trading objects of Zeder since its incorporation and listing on the JSE.

16. EXPENSES

16.1 The costs relating to the circular are anticipated to be R477 600, excluding value added tax. These costs will be borne by Zeder and consist of the following –

Payee	**Amount R**
JSE Documentation fees	15 550
Joint sponsor and corporate adviser	
PSG Capital	240 000
Lead Sponsor	
BDO	35 000
Auditors and Independent Reporting Accountants	
PricewaterhouseCoopers Advisory Services	30 000
PricewaterhouseCoopers Inc.	40 000
Printing, publication and posting	
Compress Publications (Pty) Limited	98 498
Contingency	18 552
Total	**477 600**

16.2 Save for the preliminary expenses incurred in respect of Zeder's initial listing on the JSE of R1 950 000, excluding value added tax, as more fully set out in the circular issued on 27 November 2006, there have been no other preliminary expenses incurred by the company since its incorporation.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Zeder, whose names appear in paragraph 8.1 above, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable inquiries to ascertain such facts have been made and that this circular contains all information required by law and the Listings Requirements.

18. EXPERTS' CONSENTS

The joint sponsor and corporate adviser, lead sponsor for the transaction, auditors and reporting accountants to Zeder and Kaap Agri, and the transfer secretaries, have all consented in writing to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular. PricewaterhouseCoopers Inc. and PricewaterhouseCoopers Advisory Services have given and have not withdrawn their written consent to the issue of the circular containing their respective reports, as set out in Annexure 3 and Annexure 5, in the form and content in which they appear.

19. MATERIAL CHANGES

There has been no material change in the financial or trading position of Zeder since 28 February 2007, the date of its last published audited financial statements, and the last practicable date.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, will be available for inspection during normal business hours at registered offices of Zeder and from PSG Capital at Building 8, Woodmead Estate, Woodmead, Johannesburg from 20 August 2007 to 24 August 2007:

- memorandum and articles of association of Zeder;
- all material contracts referred to in paragraph 12 above;
- the directors service agreement;
- the audited annual financial statements of Kaap Agri for the 12 months ended 30 September 2006, together with the unaudited interim results for the six months ended 31 March 2007;
- independent reporting accountants' report on the historical financial information relating to Kaap Agri;
- the letters of consent from the joint sponsor and corporate adviser, lead sponsor for the transaction, auditors of Zeder and Kaap Agri, independent reporting accountants of Zeder, and the transfer secretaries, consenting to the publication of their names in the form and context in which they appear in this circular;
- the audited financial statements of Zeder for the six months ended 28 February 2007;
- independent reporting accountant's report on the unaudited *pro forma* financial information relating to Zeder; and
- a copy of this circular.

By order of the board

AE Jacobs
Zeder Investments Limited

ANNEXURE 1 – REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF KAAP AGRI AND ITS SUBSIDIARIES FOR THE 14 MONTHS ENDED 30 SEPTEMBER 2005 AND THE 12 MONTHS ENDED 30 SEPTEMBER 2006

The financial information included in this Annexure 1 has been extracted from the audited historical financial statements of Kaap Agri and its subsidiaries for the 14 months ended 30 September 2005 and the 12 months ended 30 September 2006.

The audited historical financial information of Kaap Agri and its subsidiaries for the aforementioned periods has been reported on by Kaap Agri's auditors, PricewaterhouseCoopers Inc., who provided an unqualified audit opinion in this regard.

The preparation of the historical financial information of Kaap Agri as set out in this Annexure 1 is the responsibility of the directors of Zeder.

BALANCE SHEET AS AT 30 SEPTEMBER

		GROUP	
	Note	**2006 R'000**	2005 R'000
Assets			
Non-current assets			
Property, plant and equipment	4	**240 489**	226 825
Investment in associated companies	5	**671 242**	582 509
Available-for-sale investments	6	**334**	7 926
Deferred taxation	7	**1 289**	2 856
		913 354	820 116
Current assets			
Inventory	8	**219 412**	240 222
Accounts receivable	9	**536 660**	512 059
Derivative financial instruments	10	**13 252**	–
Income tax		**–**	435
Cash and cash equivalents	11	**24 921**	21 608
		794 245	774 324
Total assets		**1 707 599**	1 594 440
Equity and liabilities			
Capital and reserves			
Ordinary share capital	12	**1 990**	1 990
Share premium		**197 035**	197 035
Non-distributable reserves		**188 613**	187 588
Distributable reserves		**662 498**	496 504
Treasury shares	12	**(9 582)**	(5 688)
Total equity		**1 040 554**	877 429
Non-current liabilities			
Long-term loans	13	**9 013**	18 465
Deferred taxation	7	**9 903**	12 519
Post-retirement medical benefits	14	**13 135**	10 915
		32 051	41 899
Current liabilities			
Accounts payable	15	**263 413**	210 020
Derivative financial instruments	10	**13 252**	–
Short-term loans	16	**17 177**	16 711
Short-term portion of long-term loans	13	**2 967**	4 023
Short-term portion of post-retirement medical benefits	14	**1 014**	953
Landbank cash credit accounts	17	**326 676**	441 729
Income taxation		**10 495**	1 676
		634 994	675 112
Total liabilities		**667 045**	717 011
Total equity and liabilities		**1 707 599**	1 594 440

INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER

	Note	GROUP **2006** **12 months** **R'000**	 2005 14 months R'000
Revenue	24	**1 415 306**	1 221 599
Cost of sales		**(1 149 765)**	(980 241)
Gross profit		**265 541**	241 358
Other operating income	25	**29 533**	38 301
Interest received	26	**54 275**	44 352
Investment income	27	**1 558**	10 488
Distribution costs		**(26 261)**	(23 586)
Administrative expenses		**(152 156)**	(139 967)
Other operating expenses		**(69 879)**	(85 005)
Operating profit	28	**102 611**	85 941
Finance costs	30	**(31 345)**	(34 045)
Share in profit of associated companies	5	**125 764**	87 980
Profit before taxation		**197 030**	139 876
Income taxation	31	**(16 122)**	(8 678)
Profit attributable to ordinary shareholders		**180 908**	131 198
Earnings per share (cents)	32	**0,91**	0,66
Earnings per linked unit (cents)	32	**91,81**	66,58

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER

					GROUP			
	Note	Share capital R'000	Share premium R'000	Revaluation reserve R'000	Fair value reserve R'000	Business combination reserve R'000	Retained profit R'000	Treasury shares R'000
Balance 1 August 2004	2	77 577	34 546	23 496	131 816	–	149 129	-
Dividends paid		–	–	–	–	–	(6 745)	–
Surplus on remeasuring to fair value		–	–	–	90 465	–	–	–
Business combination in terms of IFRS 3		726	71 869	–	–	107 132	–	–
Business combination under common control		(76 313)	90 620	–	–	57 669	–	-
Change of interest in Pioneer Food Group	6	–	–	–	(222 281)	–	222 281	–
Profit for the period		–	–	–	–	–	131 198	–
Transfer reserves		–	–	(641)	–	–	641	–
Treasury shares		–	–	–	–	–	–	(5 688)
Cash flow hedges		–	–	–	(89)	–	–	–
Surplus on remeasurement to fair value		–	–	–	21	–	–	–
Balance 30 September 2005	2	**1 990**	**197 035**	**22 855**	**(68)**	**164 801**	**496 504**	**(5 688)**
Treasury shares		**–**	**–**	**–**	**–**	**–**	**–**	**(3 894)**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**180 908**	**–**
Dividends paid		**–**	**–**	**–**	**–**	**–**	**(14 153)**	**–**
Cash flow hedges		**–**	**–**	**–**	**189**	**–**	**–**	**–**
Surplus on remeasuring to fair value		**–**	**–**	**–**	**75**	**–**	**–**	**–**
Transfer reserves		**–**	**–**	**761**	**–**	**–**	**(761)**	**–**
Balance 30 September 2006		**1 990**	**197 035**	**23 616**	**196**	**164 801**	**662 498**	**(9 582)**

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER

	Notes	GROUP 2006 R'000	2005 R'000
Cash flow from operating activities		**161 330**	45 215
Cash generated by operations	33	**127 727**	31 277
Cash investment income		**33 591**	18 406
Interest received		**54 275**	44 352
Interest paid		**(31 345)**	(34 045)
Dividend paid		**(14 153)**	(6 745)
Normal taxation paid	34	**(8 765)**	(8 030)
Cash flow from investment activities		**(32 922)**	3 762
Purchase of property, plant and equipment		**(9 530)**	(9 371)
Proceeds on disposal of property, plant and equipment		**6 458**	5 780
Additions to investments		**(4)**	(931)
Proceeds on disposal of investments		**16 627**	609
Proceeds on disposal of associated company		**4 998**	–
Treasury shares		**(3 894)**	(2 044)
Cash flow from amalgamation	35	**–**	9 719
Acquisition of operations	36	**(47 577)**	–
Cash flow from financing activities		**(125 095)**	(47 502)
Repayment of long-term loans		**(10 042)**	(66 459)
Increase/(decrease) Landbank cash credit accounts		**(115 053)**	18 957
Net increase in cash and cash equivalents		**3 313**	1 475
Cash and cash equivalents at the beginning of the period		**21 608**	20 133
Cash and cash equivalents at the end of the period	11	**24 921**	21 608
Comprising of:			
– Bank and cash on hand		**24 921**	21 608

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The annual financial statements have been compiled on the historical cost basis, with the exception of Property and Available-for-sale investments which are revalued to fair value, in accordance with International Financial Reporting Standards (IFRS). IFRS 1 "First-time adoption of IFRS" has been applied in preparing these financial statements, which are the first financial statements to be prepared in accordance with IFRS.

In preparing the financial statements in accordance with IFRS 1, the Group elected and applied the required exceptions, as well as the exemptions relating to business combinations and fair value as deemed cost for fixed assets.

The financial statements had been prepared in accordance with South African Statements of Generally Accepted Accounting Principles (GAAP) until 30 September 2005. SA GAAP differs in certain respects from IFRS. In preparing the current year financial statements, management has amended certain accounting and valuation methods applied in the previous years' SA GAAP financial statements to comply with IFRS. The comparative figures were restated to reflect these adjustments, with the exception of the required exceptions and available exemptions elected and applied under IFRS 1.

Reconciliations and descriptions of the effect of the transition from GAAP to IFRS on the Group's equity and its profit and loss are disclosed in the notes of the different companies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes of the different companies.

1.2 Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2006 or later periods, but which the Group has not early adopted voluntarily, and are as follows:

- IAS 19 (Amendment) – "Employee Benefits" (effective from 1 January 2006)
- IAS 21 (Amendment) – "Net Investment in a Foreign Operation" (effective from 1 January 2006)
- IAS 39 and IFRS 4 (Amendment) – "Financial Guarantee Contracts" (effective from 1 January 2006)
- IAS 39 (Amendment) – "Cash Flow Hedge Accounting of Forecast Intragroup Transactions" (effective from 1 January 2006)
- IFRS 6 – "Exploration for and Evaluation of Mineral Resources" (effective from 1 January 2006)
- IFRS 7 – "Financial Instruments: Disclosures and a complementary Amendment to IAS 1" – Presentation of Financial Statements – Capital Disclosures" (effective from 1 January 2007)
- IFRIC 4 – "Determining whether an Arrangement contains a Lease" (effective from 1 January 2006)
- IFRIC 5 – "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds" (effective from 1 January 2006)
- IFRIC 6 – "Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment" (effective from 1 December 2005)
- IFRIC 7 – "Applying the Restatement Approach under IAS 29 (Financial reporting in Hyperinflationary Economies)" (effective from 1 March 2006)
- IFRIC 8 – "Scope of IFRS 2" (effective from 1 May 2006)
- IFRIC 9 – "Reassessment of Embedded Derivatives" (effective from 1 June 2006)
- IFRIC 10 – "Interim financial reporting and impairment" (effective from 1 November 2006)
- AC 503 – "Accounting for Black Economic Empowerment ("BEE") transactions" (effective from 1 May 2006)

Management is in the process of evaluating the impact of these amendments to standards and interpretations on the Group's reported results or financial position.

1.3 Basis of consolidation

Consolidation

Subsidiaries, which are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-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, equity instruments issued and liabilities assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

During a business combination under common control the excess of the purchase price consideration over the net asset value of the acquiree is recognised in equity.

The excess of the cost of acquisition over the fair value of the net assets acquired in the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

In the stand-alone financial statements of the companies which form part of the Group, the investments in subsidiary companies are stated at cost.

Associated companies
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of associates in stages is accounted for in accordance with IFRS 3 "Business Combinations". Goodwill is calculated at each stage of the acquisition based on the consideration and share of fair value of net assets at each stage. Any existing fair value reserve is reversed (in equity), restating the investment to cost. There is a step-up in retained earnings from the previously owned share of net assets to fair value.

In the stand-alone financial statements of the companies which form part of the Group, the investments in assosiated companies are stated at cost.

Goodwill
The excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition, is recorded as goodwill. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". Goodwill on acquisitions of associates is included in "Investment in associated companies". Separately recognised goodwill is reviewed annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill based on the business segments in which it operates.

1.4 Segment reporting
The Group's primary reporting segment is its business segments and is set out in Annexure B. The Group mainly operates in the Western Cape and Lower Orange River area. These two regions are deemed to be one geographical region (South Africa) and therefore no secondary segment report is presented.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

1.5 Property, plant and equipment
Land and buildings comprise mainly of retail outlets, offices and silos. Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity. All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, is transferred from the revaluation reserve to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to the residual values over their estimated useful lives as follows:

Property	50 – 100 years
Grain silos and buildings	10 – 50 years
Machinery and equipment	5 – 10 years
Vehicles	4 – 5 years
Office furniture and equipment	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

1.6 Finance leased assets

Where assets are acquired under finance lease agreements that substantially transfer all the risks and rewards of ownership to the lessee, the finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

1.7 Impairment of non-financial assets

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.

1.8 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

This category is divided in two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that either meet the recognition criteria for this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Held-to-maturity financial assets
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. They are included in non-current assets unless the maturity date is within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. The fair value adjustments to available-for-sale financial assets are recognised directly in equity.

Loans, receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are presented in the income statement in the period in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, including unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1.9 Deferred taxation
Deferred taxation are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets relating to unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred tax assets are recognised for unused STC credits to the extent that it is probable that dividends will be declared against which the unused STC credits 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.

1.10 Inventory
Workshop stock, merchandise, farming requisites and raw materials are valued at the lower of cost, calculated on the average cost basis, or net realisable value, taking into account obsolescence and saleability. Implement stock is valued at the specific cost price or net realisable value, whichever is the lower. Finished goods are valued at the lower of cost, including cost of raw materials, direct costs and related production overheads, but excluding finance costs, determined on the average cost basis, or net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

1.11 Production loans and accounts receivable
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate 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 debtor, 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. The amount of the provision is recognised in the income statement.

1.12 Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and bank balances. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.13 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 income statement over the period of the borrowings using the effective interest rate 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 balance sheet date.

1.14 Employee benefits

Pension scheme arrangements

The Group operates a pension fund consisting of a defined contribution as well as a defined benefit plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post-retirement medical benefits

Monthly contributions are made to a savings plan that must provide for the financing of medical fund costs of certain in-service members after retirement. Certain in-service members and retired staff are members of the post-retirement medical subsidy scheme of the Group. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries. Any actuarially determined profits or losses are recognised in the income statement.

In terms of the Group's present policy the benefits are no longer available for employees who retire in the future.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised under accounts payable when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

– there is a formal plan; or
– past practice has created a valid expectation by employees that they will receive a bonus or profit share.

It is expected that the liability will be paid within twelve months.

The Group also operates an incentive scheme based on phantom shares. The fair value of the liability incurred for employee services received is recognised as an expense. Until the liability is settled, the Group remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in value recognised in profit or loss for the period.

1.15 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or an non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

1.16 Leases
Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.17 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 and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods and services
Sales of goods and services comprise the net invoiced value of sales in respect of manufacturing, trading operations and other services, excluding value added taxation, and are recognised upon delivery of goods and services. Only the finance margin earned on direct sales is recognised as income. The finance margin is recognised on delivery of products by the supplier to the customer.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest rate 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 debtor. Interest on impaired loans is recognised using the original effective interest rate.

Dividend income
Dividend income is recognised when the right to receive payment is established.

1.18 Foreign currency translation
Functional and presentation currency
Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the Group's functional and presentation currency.

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 income statement, except when deferred in equity as qualifying cash flow hedges.

1.19 Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company in the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

1.20 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.

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.

1.21 Borrowing costs

Borrowing costs are expensed in the income statement during the period in which it is incurred.

1.22 Current income tax

Income tax payable on profits, based on the applicable tax laws, is recognised as an expense in the period in which profits arise.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

	Notes	GROUP 30/09/2005 R'000
Net profit for the period ended 30 September 2005		
Previously reported		266 112
Correction of amount previously treated as negative goodwill	(a)	(179 727)
Restatement due to changes in interpretation of Statements of SA GAAP		
– Deferred taxation	(b)	7 088
Restatement due to transition to IFRS		
IFRS 1 "First-time adoption of IFRS" was applied in the preparation of the financial statements, which are the first Kaap Agri Limited financial statements to be prepared in accordance with IFRS. The comparative amounts were restated accordingly.		39 063
– Property, plant and equipment	(c)	399
– Share in profit of associated companies	(d)	9 558
– Impact of change in IFRS transition date	(e)	29 106
Restatement due to provisional accounting treatment	(f)	(1 338)
Restated		131 198

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) *(continued)*

		GROUP	
	Notes	**30/09/2006 R'000**	30/09/2005 R'000
The following balance sheet items were restated:			
Property, plant and equipment		**171 309**	107 188
– Previously reported			
– Property, plant and equipment	(c)	**49 949**	49 132
– Provisional accounting treatment	(f)	**5 567**	–
– Restated		**226 825**	156 320
Investment in associated companies			
– Previously reported		**572 951**	4 405
– Share in profit of associated companies	(d)	**9 558**	–
– Restated		**582 509**	4 405
Capital and reserves			
– Previously reported		**800 389**	366 211
– Property, plant and equipment	(c)	**38 241**	36 823
– Deferred taxation	(b)	**30 579**	13 530
– Share in profit of associated companies	(d)	**9 558**	–
– Provisional accounting treatment	(f)	**(1 338)**	–
– Restated		**877 429**	416 564
Deferred taxation			
– Previously reported		**21 629**	5 011
– Property, plant and equipment	(c)	**11 708**	12 309
– Deferred taxation	(b)	**(30 579)**	(13 530)
– Provisional accounting treatment	(f)	**6 905**	–
– Restated		**9 663**	3 790

(a) *Correction of amount previously treated as negative goodwill*
The difference between the par value of shares issued during a business combination and the fair value of the consideration received (fair value of the Boland Agri (Pty) Ltd business) are recognised directly in equity. This difference was previously recognised as negative goodwill in the income statement.

(b) *Deferred taxation*
The restatement is due to a change in the interpretation of IAS 12 "Income taxes". In terms of the revised interpretation, no deferred taxation is recognised with regards to the fair value adjustment of available-for-sale investments where there is no intention to sell the investments in the foreseeable future.

Another change in the interpretation of IAS 12 is that no deferred taxation is recognised in regards with STC credits where it is expected that these credits will probably not be utilised.

(c) *Property, plant and equipment*
To comply with the requirements of IAS 16 "Property, plant and equipment", the useful lives and residual values of all assets have been re-assessed. Changes were made to accumulated depreciation, fixed property, deferred taxation and retained income to reflect the changes in useful lives and residual values.

To comply with the required exceptions and exemptions which the Group elected in terms of IFRS 1, the cost of fixed property was adjusted to its fair value.

(d) *Share in profit of associated companies*
The restatement of the investment in associated companies is the result of the conversion of Pioneer Food Group Limited to IFRS. Pioneer Food Group Limited's results were restated retrospectively due to the application of IFRS 2 "Share-based payments", IAS 12 "Income taxes", IAS 16 "Property, plant and equipment", IAS 17 "Leases", IAS 21 "The effects of changes in foreign exchange rates" and IAS 39 "Financial Instruments: Recognition and Measurement".

(e) *Impact of change in IFRS transition date*
The accounting standard on Business Combinations (IFRS 3) contains specific rules in respect of transactions between subsidiaries under common control like the amalgamation between WPK Agriculture Limited and Boland Agri (Pty) Ltd in Kaap Agri Limited on 1 February 2005. In the separate financial statements of Kaap Agri Limited the transaction is accounted for on 1 February 2005, but in the consolidated financial statements of Kaap Agri Limited it should have been accounted for from 1 August 2004, being the beginning of the financial reporting period of WPK Agriculture Limited as

the deemed acquirer. The comparative figures in the consolidated income statement of Kaap Agri Limited has therefore been restated to show the results for 14 months from 1 August 2004 to 30 September 2005 instead of the 8 months as previously reported. The comparative figures now incorporates an extra 6 months results of WPK Agriculture Limited for the period 1 August 2004 to 31 January 2005.

The result of the restatement is that turnover increased with R505,6 million, cost of sales increased with R414,6 million, operating profit increased with R44,2 million and profit after taxation increased with R29,1 million. Earnings and headline earnings per share increased with 0,01 cents per share.

(f) *Provisional accounting treatment*
During the previous financial period the amalgamation between WPK and Boland Agri was accounted for in accordance with the “provisional accounting treatment” in terms of IFRS 3 “Business Combinations”. During the current financial period a restatement was made to the fair value of property on the date of acquisition.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognition of deferred tax assets
A subsidiary of the holding company has a current year assessed tax loss of R12,022 million. The subsidiary incurred a net loss during the current and previous financial year. It is the judgement of management that due to the uncertainty relating to future taxable profits against which the assessed tax loss could be utilised, no deferred tax asset should be recognised. The Group has a STC credit of R75,3 million. It is the judgement of management that this STC credit will in all probability not be utilised in the foreseeable future, and accordingly no deferred tax asset is recognised.

Property, plant and equipment
Property, plant and equipment are depreciated over their useful lives, taking into account their residual values at the end of their useful lives. The residual values and useful lives are based on industry knowledge and past experience with similar assets. Refer to note 1.5 of the Group’s accounting policy.

Fair value of property
Property is revalued to fair value. The estimated rental income that could be derived from the property, as well as estimated applicable discount rates, are the key estimates used for performing the valuation of property.

Provision for impairment of accounts receivable
In estimating the provision for impairment of accounts receivable, management makes certain estimates and judgements relating to the estimated recovery rate of debtors who are deemed to be impaired and historical impairment rates based on risk factors specific to the industry, such as price volatility of products, exchange rates, labour intensity of products and commodity prices.

Inventory provisions
The Group makes certain judgements relating to the recoverability of inventory, based on the frequency of movements in different inventory types. These judgements are used to determine the extent of inventory provisions.

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000

4. PROPERTY, PLANT AND EQUIPMENT

Cost/valuation		
Land and buildings	**191 412**	180 566
Other property at cost	**130 429**	116 616
Investment property at cost	**4 762**	1 250
Revaluation	**56 221**	62 700
Grain silos	**40 968**	41 184
Machinery and equipment	**22 025**	25 085
Vehicles	**10 923**	11 096
Office furniture and equipment	**25 990**	23 441
Leased assets – Computer equipment	**7 312**	6 491
Improvements to leasehold property	**872**	858
Assets under construction	**6 165**	499
	305 667	289 220
Accumulated depreciation		
Land and buildings	**(2 231)**	(1 579)
Other property at cost	**(77)**	(816)
Investment property at cost	**(61)**	(1)
Revaluation	**(2 093)**	(762)
Grain silos	**(19 466)**	(17 558)
Machinery and equipment	**(12 986)**	(14 905)
Vehicles	**(8 661)**	(7 935)
Office furniture and equipment	**(16 699)**	(15 593)
Leased assets – Computer equipment	**(4 820)**	(4 571)
Improvements to leasehold property	**(315)**	(254)
	(65 178)	(62 395)
Total carrying value	**240 489**	226 825
Reconciliation of movements in carrying value		
Carrying value beginning of period	**226 825**	107 188
IFRS adjustment	**–**	49 132
Carrying value beginning of period – restated	**226 825**	156 320
Carrying value with acquisition of subsidiaries	**–**	72 761
Additions	**30 223**	9 371
Disposals	**(6 458)**	(5 780)
Profit on sale of fixed assets	**523**	3 285
Improvements on lease hold property written off	**(61)**	(119)
Depreciation	**(10 563)**	(9 013)
Carrying value at end of period	**240 489**	226 825

The grain silos and certain land with a total book value of R45,4 million (2005: R46,4 million) have been encumbered to the Landbank as security for the loans as set out in notes 13 and 17.

The leased assets serve as security for capitalised lease agreements as set out in note 13.

A register of land and buildings, containing details as required by Schedule 4 of the Companies Act, is available for inspection at the registered offices of the company and subsidiaries.

The Group's land and buildings were last revalued during March 2006. Valuations were made on the basis of market value. The revaluation surplus net of applicable deferred income taxes was credited to a revaluation reserve in shareholders' equity.

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000
4. PROPERTY, PLANT AND EQUIPMENT *(continued)*		
If land and buildings were stated on the historical cost basis, the amounts would be as follows:		
Cost	**249 446**	226 520
Accumulated depreciation	**(63 085)**	(61 633)
Net carrying value	**186 361**	164 887
5. INVESTMENT IN ASSOCIATED COMPANIES		
Balance beginning of period	**582 509**	4 405
Transfer from available-for-sale investments (refer note 6)	**–**	318 538
Balance with acquisition of subsidiaries	**–**	179 631
Disposals	**(4 998)**	–
Share of profit	**125 764**	87 980
Dividends received	**(32 033)**	(8 045)
Balance end of period	**671 242**	582 509
Pioneer Food Group Limited		
Number of issued shares: 181 183 898 (2005: 181 183 898)		
Shareholding: 21,99% (2005: 21,99%)		
39 853 528 shares at fair value at date of acquisition of significant interest	**498 169**	498 169
Share in post-acquisition retained profit	**173 073**	79 342
Brisan Turbo (Pty) Ltd		
Number of issued shares: 400 000 (2005: 400 000)		
Shareholding: Nil % (2005: 33,6%)		
134 393 shares at cost	**–**	1
Preference shares at cost	**–**	8 078
Loan	**–**	3 280
Share in post-acquisition retained profit	**–**	1 293
Provision against investment	**–**	(7 654)
	671 242	582 509
Fair value	**1 115 899**	802 069
The Group's proportionate interest in assets and liabilities of the associated companies are as follows:		
Non-current assets	**641 745**	580 865
Current assets	**654 721**	502 569
Total assets	**1 296 466**	1 083 434
Non-current liabilities	**162 620**	117 042
Current liabilities	**431 790**	377 100
Total liabilities	**594 410**	494 142
The Group's proportionate interest in the cash flow of the associated companies are as follows:		
Cash flow from operating activities	**51 194**	202 943
Cash flow from investment activities	**(77 938)**	(169 246)
Cash flow from financing activities	**17 814**	(137 109)
Net increase in cash and cash equivalents	**(8 930)**	(103 412)
The Group's proportionate interest in the revenue and expenses of the associated companies are as follows:		
Revenue	**2 112 471**	1 239 639
Profit before taxation	**166 707**	126 411
Income taxation	**(40 943)**	(38 431)
Profit attributable to ordinary shareholders	**125 764**	87 980

	GROUP 30/09/2006 R'000	30/09/2005 R'000

6. AVAILABLE-FOR-SALE INVESTMENTS

	30/09/2006 R'000	30/09/2005 R'000
Unlisted companies at fair value	**300**	7 892
Balance beginning of period	**7 892**	228 300
Surplus on remeasurement on date of amalgamation	**–**	90 465
Transfer to investments in associated companies	**–**	(318 538)
Balance with acquisition of subsidiaries	**–**	6 758
Acquisitions	**10**	931
Disposals	**(7 665)**	(45)
Impairment recognised in income statement	**(12)**	–
Surplus on remeasurement	**75**	21
Co-operatives at fair value	**2**	2
Deferred bonus funds of co-operatives	**32**	32
Balance beginning of period	**32**	216
Rotation	**–**	(184)
	334	7 926

The investment in Pioneer Food Group Limited was previously classified as an available-for-sale investment. With the acquisition of Boland Agri (Pty) Ltd, the Group acquired a significant interest in Pioneer Food Group Limited and there was a transfer at fair value from available-for-sale investments to investments in associated companies. Refer to note 5.

	30/09/2006 R'000	30/09/2005 R'000
The amount of the transfer are made up as follows:	**–**	(318 538)
Cost of investment	**–**	(96 257)
Revaluation to fair value	**–**	(222 281)

The fair values of the investments are based on the bid prices of the shares.

The registers of investments are available for inspection at the registered offices of the respective companies.

7. DEFERRED TAXATION

	30/09/2006 R'000	30/09/2005 R'000
Movement of deferred taxation		
Balance beginning of period	**(9 663)**	3 790
Balance with acquisition of subsidiaries	**–**	(6 969)
Income statement credit	**1 897**	1 808
Debit against reserves	**(848)**	(8 292)
Balance end of period	**(8 614)**	(9 663)

The deferred taxation assets and liabilities can be summarised as follows:

	30/09/2006 R'000	30/09/2005 R'000
Deferred taxation assets		
Property, plant and equipment	**(66)**	(2 292)
Capitalised leased liabilities	**42**	47
Currency translation differences	**–**	35
Tax loss	**17**	223
Provisions	**1 296**	4 843
	1 289	2 856
Deferred taxation liabilities		
Property, plant and equipment	**(19 903)**	(18 884)
Currency translation differences	**(41)**	–
Provisions	**10 041**	6 365
	(9 903)	(12 519)

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000

8. INVENTORY

Merchandise	**216 138**	236 560
Raw materials	**2 228**	2 668
Consumable goods	**1 046**	994
	219 412	240 222
Inventory carried at net realisable value	**11 705**	35 708

Inventory to the value of R202,2 million (2005: R160 million) is encumbered to the Landbank as security as set out in note 17.

9. ACCOUNTS RECEIVABLE

Production loans	**391 709**	415 563
Trade debtors	**123 439**	104 384
Provision for impairment	**(23 426)**	(22 177)
	491 722	497 770
Sundry debtors	**44 938**	14 289
	536 660	512 059

The production loans and trade debtors of the Group are encumbered as security as follows:

Production loans and trade debtors to the value of R475,9 million (2005: R478 million) are encumbered to the Landbank as set out in note 17.

Production loans and trade debtors to the value of R486 million (2005: R222 million) are encumbered to ABSA Bank Limited as set out in note 18.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Assets		
Firm commitment – Grain purchases	**13 252**	–

Fair value of contracts entered into for the purchase of grain which will be delivered within the next twelve months after yearend.

The purchases are hedged by way of SAFEX futures and options.

Liabilities		
– Hedging instruments		
Futures	**12 350**	–
Put options	**358**	–
	12 708	–
– Non-hedging instruments		
Call options	**544**	–
	13 252	–

SAFEX futures and put options at fair value. These derivative financial instruments are used to hedge the firm commitments.

	GROUP	
	30/09/2006 R'000	30/09/2005 R'000

11. CASH AND CASH EQUIVALENTS

Cash on hand	**335**	285
Bank balances	**24 586**	21 323
	24 921	21 608

12. ORDINARY SHARE CAPITAL

Authorised:		
25 000 000 000 ordinary shares of 0,01 cent each	**2 500**	2 500
Issued:		
19 900 548 940 ordinary shares of 0,01 cent each	**1 990**	1 990
Treasury shares:		
9 256 908 ordinary shares (2005: 8 319 423 ordinary shares)	**(9 582)**	(5 688)

All issued shares are fully paid.

The unissued shares are controlled by the board of directors until the next annual general meeting, subject to the company's Articles of Association and the provisions of the Companies Act, 1973, as amended.

13. LONG-TERM LOANS

Landbank loans	**9 342**	20 251
Instalment sale agreements	**–**	155
Capitalised finance lease agreements	**2 638**	2 082
	11 980	22 488
Short-term portion carried over to current liabilities	**(2 967)**	(4 023)
	9 013	18 465

The Landbank loans are repayable in calculated annual instalments linked to the Landbank long-term loan rate and are secured as set out in note 4.

The capitalised finance lease agreements are repayable over terms ranging between five months and twenty nine months at interest rates linked to the prime lending rate and are secured by leased assets with a book value of R2,492 million (2005: R1,920 million)

Finance lease payments		
Net liability – 1 year	**1 504**	1 119
Minimum payments	**1 749**	1 296
Finance charges	**(245)**	(177)
Net liability – 2 years to 5 years	**1 134**	963
Minimum payments	**1 222**	1 037
Finance charges	**(88)**	(74)
	2 638	2 082

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000

14. POST-RETIREMENT MEDICAL BENEFITS

Balance beginning of period	**11 868**	10 062
Balance with acquisition of subsidiaries	**–**	2 046
Interest costs	**800**	1 279
Actuarial loss/(profit) (Refer note 38)	**2 483**	(343)
Contributions	**(1 002)**	(1 176)
	14 149	11 868
Short-term portion carried over to current liabilities	**(1 014)**	(953)
Balance end of period	**13 135**	10 915
Most important actuarial assumptions:		
Cost of medical inflation (%)	**7,80**	6,50
Discount rate (%)	**9,00**	8,50
Average retirement age (years)	**65**	63

15. ACCOUNTS PAYABLE

	R'000	R'000
Trade creditors	**221 018**	177 532
Other creditors	**42 395**	32 488
	263 413	210 020

16. SHORT-TERM LOANS

Kaap Agri A Limited	**9 197**	8 867
Kaap Agri B Limited	**7 980**	7 844
	17 177	16 711

The loans are unsecured, interest free and there are no specific repayment terms.

17. LANDBANK CASH CREDIT ACCOUNTS

LANDBANK CASH CREDIT ACCOUNTS	**326 676**	441 729

The loans are secured by:
- Guarantee provided by Kaap Agri Limited.
- A mortgage bond over erf 7371, Malmesbury, erf 13562, Bellville and erf 10614, Paarl to the amount of R110 million, refer note 4.
- A notarial collateral covering bond over Kaap Agri Bedryf Limited movable property which includes stock to the amount of R113,7 million, refer note 8.
- A contingent cession of trade debtors and production loans of Kaap Agri Bedryf Limited, refer note 9.

18. BANK OVERDRAFT

The bank overdraft facility is secured by:
- A reversionary cession of trade debtors and production loans of Kaap Agri Bedryf Limited as well as a limited guarantee by Kaap Agri Limited (limited to R62,2 million) for the facilities of Kaap Agri Bedryf Limited.
- A cession of trade debtors of Agriplas (Pty) Ltd as well as a limited guarantee by Kaap Agri Bedryf Limited (limited to R3 million) for the facilities of Agriplas (Pty) Ltd.

	GROUP 30/09/2006 R'000	30/09/2005 R'000
19. RELATED PARTY TRANSACTIONS		
The companies in the Group sell products in the normal course of business to directors on terms and conditions applicable to all customers.		
Transactions with directors and outstanding balances		
Sales	**28 734**	22 838
Purchases	**1 587**	1 704
Accounts receivable	**1 216**	3 441
Transactions with associated companies and outstanding balances		
Also refer to note 5.		
Sales	**74 502**	42 918
Purchases	**30 175**	22 496
Accounts receivable	**1 094**	1 766
Accounts payable	**1 122**	1 287

The relationships between the various companies in the Group are disclosed in annexure A.

Refer to note 16 for loans with related parties.

Refer to executive directors remuneration as disclosed in note 29 for key management compensation.

20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risks), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk
Foreign exchange risk:
The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk primarily arises from inventory and asset purchases in other countries. To manage their foreign exchange risk, the Group uses forward exchange contracts.

Cash flow and fair value interest rate risk:
The Group finances its operations through a combination of shareholders' funds and bank borrowings. The Group's interest rate exposure and the effective interest rates can be summarised as follows:

	At floating rate			
	Rate 2006 %	**Amount 2006 R'000**	Rate 2005 %	Amount 2005 R'000
Assets:				
Cash and cash equivalents	**3,40**	**24 586**	2,40	21 323
Liabilities:				
Instalment sale agreements	**–**	**–**	10,50	155
Capitalised finance lease agreements	**12,70**	**2 638**	10,50	2 082
Landbank long-term loans	**10,50**	**9 342**	9,50	20 251
Landbank cash credit accounts	**9,00**	**326 676**	8,00	441 729

The other financial instruments in the Group's balance sheet are not exposed to interest rates.

Price risk:
The Group is exposed to equity securities price risk because of investments held by the Group that are classified on the consolidated balance sheet as available-for-sale. The Group is not exposed to commodity price risk due to the Group's hedging policy.

Credit risk:
Potential concentrations of credit risk consist mainly within cash and cash equivalent investments, trade debtors and production loans. The Group limits its counter party exposures arising from its term deposits by only dealing with well-established financial institutions of high-quality credit standing. Trade debtors and production loans comprise of a large number of customers. Ongoing credit evaluations are performed on the financial position of these customers. Trade debtors and production loans are presented net of the provision for impairment. Interest on trade debtors and production loans is calculated on a base rate plus a factor for the risk associated with each customer. At 30 September 2006 the Group is of the opinion that there are no significant concentration of risk which had not been insured or adequately provided for.

20. FINANCIAL RISK MANAGEMENT *(continued)*

Liquidity risk:

In order to mitigate any liquidity risk that the Group may face, the Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity. The Group tends to have significant fluctuations in short-term borrowings due to seasonal factors. Consequently, Group policy requires that sufficient borrowing facilities are available to exceed projected peak borrowings.

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**573 657**	625 236
Net interest bearing debt	**(314 070)**	(442 894)
	259 587	182 342

Fair value estimation:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000
21. CONTINGENT LIABILITIES		
Guarantees for personal loans Kaap Agri Bedryf Limited guarantee certain loans of staff at ABSA Bank Limited. The company is of the opinion that no financial loss would occur, as the company are in the posession of guarantees from the staff.	**1 455**	970
Insurance claim A claim to the amount of R8 861 000 has been brought against Boland Agri (Pty) Ltd. The maximum liability, together with costs can be as much as R10 061 000. The Board is of the opinion that there are no grounds for the claim, and therefore the claim is disputed. The existence of the claim and the estimated financial implications, after tax, is only mentioned for the purpose of comprehensive reporting.	**7 150**	7 150
	8 605	8 120
Operating lease payments:		
Payable within one year	**5 740**	4 318
Payable between one and five years	**11 234**	9 349
Payable after five years	**3 018**	2 930
	19 992	16 597
22. CAPITAL COMMITMENTS		
Contracted	**2 615**	572
Not yet contracted	**11 000**	8 000
	13 615	8 572

These commitments have been approved by the Board. The commitments will be financed by own and borrowed funds.

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000

23. LONG-TERM INCENTIVE SCHEME

The Group operates an incentive scheme based on phantom shares. In terms of the scheme, phantom shares are allocated to senior management and executive directors at a value based on the bid price of the holding company's shares, as well as the price/earnings ratio of the industry. The calculated increase in the value of the phantom shares is paid as bonus over three, four and five years. Participants in this scheme must be employed by the Group at the date of payment. The accrued liabilities in terms of the scheme are provided for on a time basis against income. 2 878 025 (2005: Nil) phantom shares were allocated during the period at weighted calculated values of between R3,00 and R4,00 per share. R860 000 (2005: RNil) was provided for during the year against income and against accounts payable. This calculation is based on actual information at yearend and no assumptions were made.

24. REVENUE

	30/09/2006 R'000	30/09/2005 R'000
Supplying of requisites	**1 379 217**	1 195 775
Finance margin on direct transactions	**36 089**	25 824
	1 415 306	1 221 599

25. OTHER OPERATING INCOME

	30/09/2006 R'000	30/09/2005 R'000
Profit on sale of property, plant and equipment	**523**	3 285
Profit on sale of investments	**8 950**	564
Negative goodwill	**517**	–
Net foreign exchange profit from operations	**12**	109
Transport cost recovered	**3 571**	1 308
Rent received	**4 117**	5 012
State subsidy received	**434**	–
Bad debts recovered	**276**	1 090
Other income	**11 133**	26 933
	29 533	38 301

26. INTEREST RECEIVED

	30/09/2006 R'000	30/09/2005 R'000
Trade debtors and production loans	**52 647**	42 193
Other	**1 628**	2 159
	54 275	44 352

27. INVESTMENT INCOME

	30/09/2006 R'000	30/09/2005 R'000
Dividends received – unlisted	**1 558**	10 488

28. EXPENSES BY NATURE

	GROUP 30/09/2006 R'000	30/09/2005 R'000
Cost of products sold	**1 139 360**	970 439
– Cost of sales	**1 134 009**	970 439
– Realised SAFEX losses	**6 467**	–
– Realised SAFEX profits	**(1 116)**	–
Depreciation	**10 563**	9 013
– Properties: cost	**42**	–
– Properties: revaluation	**552**	1 427
– Grain silos	**2 138**	1 555
– Machinery and equipment	**2 028**	1 700
– Vehicles	**1 516**	895
– Furniture and office equipment	**2 623**	1 855
– Capitalised finance leased assets	**1 664**	1 581
Improvements on leased premises written off	**61**	119
Director's emoluments – Executive and non-executive	**9 139**	5 329
Staff costs	**152 465**	135 205
– Salaries, wages and bonusses	**135 213**	120 901
– Employer's contribution to pension fund (defined contribution plan)	**11 881**	11 367
– Employer's contribution to pension fund (defined benefit plan)	**113**	167
– Employer's contribution to medical benefits	**1 002**	1 176
– Increase in provision for post-retirement medical benefits	**2 312**	88
– Training expenses	**1 944**	1 506
Auditor's remuneration	**1 771**	1 488
– For audit	**1 479**	1 285
– Other services	**352**	203
– Overprovision previous year	**(60)**	–
Rent paid	**7 264**	7 279
– Buildings	**3 149**	4 130
– Vehicles	**1 803**	1 625
– Machinery and equipment	**2 312**	1 524
Other occupancy costs	**17 403**	23 228
Computer expenses	**6 213**	8 155
Marketing costs	**17 628**	19 947
Transport/distribution	**15 950**	17 670
Bad debts written off	**3 411**	5 057
Increase in provision for impairment of trade debtors	**1 678**	2 061
Other expenses	**15 155**	23 809
	1 398 061	1 228 799

	Number	
Number of employees in service at year end	**1 501**	1 356

The 2006 and 2005 income and expenditure is not directly comparable as the 2005 financial period consists out of 14 months of WPK Agriculture Limited and 8 months of Boland Agri (Pty) Ltd results while the 2006 financial period consists out of 12 months of the combined results of the above two entities.

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000

29. DIRECTORS' EMOLUMENTS

Paid to directors for:		
Executive directors – remuneration	**–**	–
– Salaries	**4 195**	3 277
– Performance bonus	**2 890**	783
– Provision for long-term incentive scheme	**675**	–
– Paid by subsidiary companies	**(7 760)**	(4 060)
Non-executive directors – remuneration	**–**	–
– Services as directors	**1 216**	1 106
– Other costs	**163**	163
– Paid by subsidiary companies	**(1 379)**	(1 269)
	–	–

30. FINANCE COSTS

Kaap Agri A Limited	**–**	628
Long-term loans	**1 579**	2 085
Finance lease obligations	**370**	385
Banks and other	**29 396**	30 947
	31 345	34 045

31. INCOME TAXATION

Tax expenditure:		
SA normal taxation current year	**18 019**	10 486
Deferred taxation current year	**(1 897)**	(1 808)
Taxation for the year	**16 122**	8 678
Calculated tax loss:		
Calculated tax loss available for utilisation against future taxable income	**12 082**	15 316
Utilised against deferred taxation	**(660)**	(6)
Net available for future utilisation	**11 422**	15 310
Tax relief calculated at current rates amounts to	**3 312**	4 440

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the statutory rate of 29% as follows:

	%	%
Statutory tax rate	**29,00**	29,00
Adjusted for:		
Non-taxable income	**(18,84)**	(21,96)
Temporary differences not provided for	**(0,34)**	0,11
Rate change – Deferred taxation	**–**	0,03
Capital profit	**(0,83)**	–
Utilisation of assessed losses not previously recognised	**(1,10)**	(1,12)
Assessed losses not recognised	**0,29**	0,14
Effective rate	**8,18**	6,20

	R'000	R'000
Calculated STC liability if the Group's reserves are declared as a dividend	**93 503**	75 378
Unutilised STC credits	**(9 413)**	(6 983)
Contingent liability	**84 090**	68 395

	GROUP	
	30/09/2006	30/09/2005
	R'000	R'000

32. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Profit attributable to equity holders of the Group	**180 908**	131 198
Reconciliation between earnings and headline earnings:		
Net adjustments after tax and minority interest		
Net profit attributable to ordinary shareholders	**180 908**	131 198
Net profit from sale of assets	**(523)**	(3 285)
Net profit from sale of investments	**(8 950)**	(564)
Negative goodwill	**(517)**	–
Headline earnings adjustment for associated company	**(17 897)**	(728)
	153 021	126 621
Taxation effect	**1 426**	604
Headline earnings	**154 447**	127 225
Weighted average shares issued ('000)	**19 902 549**	19 902 549
Weighted average linked units issued ('000)	**197 055**	197 055

Linked units represents the shareholding of the ultimate shareholders in and through the two holding companies.

Headline earnings per share (cent)	**0,78**	0,64
Headline earnings per linked unit (cent)	**78,38**	64,93

Diluted earnings per share is not disclosed, seeing as there is no potential dilutive instruments at balance sheet date.

	R'000	R'000

33. CASH GENERATED BY ACTIVITIES

Operating profit per income statement	**102 611**	85 941
Adjusted for:		
– Interest received	**(54 275)**	(44 352)
– Investment income	**(1 558)**	(10 488)
– Depreciation	**10 563**	9 013
– Profit on disposal of property, plant and equipment	**(523)**	(3 285)
– Profit on disposal of investments	**(8 950)**	(564)
– Cost on transfer of shares	**–**	492
– Increase in provisions	**2 695**	3 415
– Negative goodwill	**(517)**	–
– Improvements on leased premises written off	**61**	119
Operating profit before changes in operating capital	**50 107**	40 291
Changes in operating capital	**77 620**	(9 014)
Decrease/(increase) in inventory	**29 036**	(24 504)
Decrease/(increase) in accounts receivable	**(4 532)**	9 866
Increase in accounts payable	**53 116**	5 624
	127 727	31 277

	GROUP 30/09/2006 R'000	30/09/2005 R'000
34. RECONCILIATION OF NORMAL TAXES PAID		
Balance owing at the beginning of the period	**1 241**	–
Balance on acquisition of subsidiaries	**–**	(1 215)
Provision for the year debited to the income statement	**18 019**	10 486
Balance owing at the end of the period	**(10 495)**	(1 241)
	8 765	8 030
35. CASH FLOW FROM AMALGAMATION		
Non-current assets	**–**	(743 486)
Current assets	**–**	(769 867)
Non-current liabilities	**–**	137 005
Current liabilities	**–**	625 205
Net value of assets and liabilities	**–**	(751 143)
Shares issued	**–**	199 025
Cost on transfer of shares	**–**	(492)
Surplus on amalgamation (recognised directly against reserves)	**–**	552 610
	–	–
Cash and cash equivalents	**–**	9 719
	–	9 719
36. ACQUISITION OF OPERATIONS		
Non-current assets	**17 638**	–
Current assets	**29 976**	–
Value of assets	**47 614**	–
Cash and cash equivalents	**(37)**	–
	47 577	–

Refer to note 37.

37. BUSINESS COMBINATIONS

30 September 2006

On 1 May 2006 the Group obtained all the assets and certain liabilities of Namakwalandse Landboukoöperasie Limited. The acquired business contributed revenues of R36,3 million and realised a loss of R665 558 for the period from 1 May 2006 to 30 September 2006.

Details of assets acquired and goodwill are as follows:	
Purchase consideration:	
– Cash paid	**(47 614)**
– Direct costs relating to the acquisition	**(140)**
Fair value of assets acquired	**48 271**
Negative goodwill	**517**

The assets and liabilities at the date of acquisition can be summarised as follows:	**Fair value R'000**	**Book value before acquisition R'000**
Assets		
Property, plant and equipment	**19 918**	**17 632**
Available-for-sale investments	**6**	**6**
Inventory	**9 830**	**10 434**
Accounts receivable	**19 011**	**19 505**
Cash and cash equivalents	**37**	**37**
Liabilities		
Accounts payable	**(531)**	**–**
Net assets	**48 271**	**47 614**

37. BUSINESS COMBINATIONS *(continued)*

30 September 2005

On 31 January 2005 the trading companies of WPK and Boland Agri were sold to a new intermediate holding company, Kaap Agri Limited. In order to comply with the accounting standard IFRS 3 "Business combinations" an acquirer must be identified in the combination (amalgamation) of businesses. Based on net asset value of these two companies, WPK Agriculture Limited is deemed to be the acquirer and Boland Agri (Pty) Ltd the acquiree for purposes of IFRS 3.

The shares (100%) of Boland Agri (Pty) Ltd was acquired on 31 January 2005 at a fair value of R252 855 000. The core activities of the company are the supplying of farming requisites and packing materials through retail branches, processing of grain seed, handling of producers' grain products via silos and supplying of production loans to producers. A total of 7 259 504 000 ordinary shares of R0,0001 were issued at a premium of R0,0099 each to settle the purchase price.

The assets and liabilities of Boland Agri (Pty) Ltd at the date of acquisition can be summarised as follows:

	Fair value R'000	Book value before acquisition R'000
Assets		
Property, plant and equipment	**72 761**	**43 484**
Available-for-sale investments	**191 017**	**137 825**
Inventory	**93 608**	**104 269**
Accounts receivable	**298 522**	**299 926**
Income taxation	**1 789**	**3 166**
Cash and cash equivalents	**9 719**	**9 719**
Liabilities		
Long-term loans	**(77 414)**	**(76 688)**
Post-retirement medical benefits	**(2 046)**	**(2 046)**
Deferred taxation	**(5 229)**	**(1 441)**
Accounts payable	**(66 050)**	**(63 619)**
Landbank cash credit accounts	**(263 822)**	**(263 822)**
	252 855	**190 773**
Fair value of shares issued as purchase consideration	**(252 855)**	
Negative goodwill	**–**	

The net profit after tax of Boland Agri (Pty) Ltd for the period since the acquisition, as included in the consolidated net profit after tax of Kaap Agri Limited and its subsidiaries for the current period, amounts to R3,460 million. The revenue and net profit after tax of Boland Agri (Pty) Ltd for the period since the beginning of the current year until the acquisition by Kaap Agri Limited, amount to R339,661 million and R10,010 million respectively.

38. CHANGE IN ACCOUNTING ESTIMATE

During the current financial year there were changes in the most important actuarial assumptions used to calculate the post-retirement medical benefits. The changes in actuarial assumptions include the cost of medical inflation, the discount rates and the average retirement ages of employees. Refer to note 14. These changes in accounting estimates have the following impact on the actuarial loss for the current financial year.

	GROUP 30/09/2006 R'000	GROUP 30/09/2005 R'000
Actuarial loss	**2 483**	–
– Before changes in accounting estimates	**–**	–
– Effect of changes in accounting estimates	**2 483**	–

ANNEXURE A– INTERESTS IN SUBSIDIARIES

	Holding company Kaap Agri Limited			
	Number of issued shares		% shareholding	
Name of subsidiary	**2006**	2005	**2006**	2005
Kaap Agri Bedryf Limited	**155 153 321**	155 153 321	**100,00**	100,00
Eros Property (Pty) Ltd	**400**	400	**100,00**	100,00
WPK Industrial Investments Limited	**106 804 228**	106 804 228	**100,00**	100,00
Boland Agri (Pty) Ltd	**906 041**	906 041	**100,00**	100,00
Kaap Agri Makelaars (Pty) Ltd	**100**	100	**100,00**	100,00
Agri IT Limited	**6 010 000**	6 010 000	**100,00**	100,00
Kaap Agri Pakmateriaal Limited	**200 000**	200 000	**100,00**	100,00
Intech Irrigation Limited	**100**	100	**100,00**	100,00
Agriplas (Pty) Ltd	**7 000**	7 000	**100,00**	100,00

ANNEXURE B – INFORMATION ABOUT BUSINESS SEGMENTS FOR THE PERIOD ENDED 30 SEPTEMBER

Segment income and results

	GROUP			
	Segment income		**Segment results**	
	2006 12 months R'000	2005 14 months R'000	**2006 12 months R'000**	2005 14 months R'000
Trade	**1 057 826**	919 899	**51 343**	34 367
Mechanisation	**130 156**	108 637	**(2 492)**	(4 234)
Products and seed processing	**163 609**	112 111	**15 336**	3 380
Irrigation: manufacturing and wholesale	**51 336**	69 565	**1 082**	5 907
Insurance	**11 199**	10 776	**2 094**	1 492
	1 414 126	1 220 988		
Finance	**–**	–	**14**	(2 983)
Corporate	**1 180**	611	**2 331**	3 479
Investment income	**–**	–	**1 558**	10 488
Investment in associated companies	**–**	–	**125 764**	87 980
Total income	**1 415 306**	1 221 599		
Profit before taxation			**197 030**	139 876
Income taxation			**(16 122)**	(8 678)
Profit attributable to ordinary shareholders			**180 908**	131 198

Segment balance sheet information

	GROUP			
	Segment assets		**Segment liabilities**	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
Trade	**274 668**	213 624	**199 709**	153 254
Mechanisation	**49 708**	57 782	**15 438**	17 810
Products and seed processing	**78 429**	39 462	**23 085**	14 999
Irrigation: manufacturing and wholesale	**18 492**	17 012	**5 013**	4 585
Insurance	**71**	130	**908**	263
Finance	**491 722**	497 770	**326 676**	441 729
Corporate	**121 644**	175 369	**72 164**	59 984
Investments	**334**	7 926	**–**	–
Investment in associated companies	**671 242**	582 509	**–**	–
Deferred taxation	**1 289**	2 856	**9 903**	12 519
Post-retirement medical benefits	**–**	-	**14 149**	11 868
	1 707 599	1 594 440	**667 045**	717 011

Other segment information

	GROUP			
	Capital expenses		**Depreciation**	
	2006 12 months R'000	2005 14 months R'000	**2006 12 months R'000**	2005 14 months R'000
Trade	**4 274**	4 438	**2 064**	2 077
Mechanisation	**297**	477	**380**	368
Products and seed processing	**1 166**	1 040	**2 061**	1 874
Irrigation: manufacturing and wholesale	**768**	859	**1 019**	992
Insurance	**12**	16	**7**	7
Finance	**9**	2	**7**	10
Corporate	**3 004**	2 539	**5 025**	3 685
	9 530	9 371	**10 563**	9 013

ANNEXURE 2 – UNAUDITED INTERIM RESULTS OF KAAP AGRI AND ITS SUBSIDIARIES FOR THE 6 MONTHS ENDED 31 MARCH 2007

The unaudited consolidated interim results of Kaap Agri and its subsidiaries for the 6 months ended 31 March 2007 are set out below. The preparation of the historical financial information of Kaap Agri as set out in this Annexure 2 is the responsibility of the directors of Zeder.

The interim results of Kaap Agri and its subsidiaries as presented below have not been reviewed by the reporting accountants and auditors. The reason therefore is that the share exchange as contemplated in this circular results in Zeder increasing its minority interest in Kaap Agri to 21,81% and Kaap Agri increasing its interest in Pioneer, its most significant asset, by 5,84% to 27,81%. Accordingly, the share exchange does not result in a new or unfamiliar entity being introduced to Zeder shareholders. Furthermore, Pioneer is an unlisted entity that is not a subsidiary of Kaap Agri. Accordingly, the reporting accountants and auditors were not in a position to review Pioneer's financial information for the purposes of reviewing Kaap Agri's interim results.

REVIEW OF PROSPECTS AS AT 31 MARCH 2007

The prevailing climatic factors are normal and average harvests and returns are currently expected.

The income from operating activities is earned seasonally and although the trend will stay positive it is not expected that the current level of profits will be repeated over the next six months.

Pioneer Food Group Limited ("Pioneer Foods") is expecting that the trend of earnings for the whole year will not differ much from the first six months. Its board of directors is, however, positive that a new basis for long-term growth in earnings is presently established.

During the Annual General Meeting of Kaap Agri, the group announced that it wanted to amend and simplify its company structure and articles of association.

Kaap Agri Limited and its subsidiaries

BALANCE SHEET

	Note	**Unaudited 31 March 2007 R '000**	Unaudited 31 March 2006 R '000	Audited 30 September 2006 R '000
Assets				
Non-current assets				
Property, plant and equipment	2	**242 292**	223 150	240 489
Investment in associated company		**692 645**	599 443	671 242
Available-for-sale investments		**479**	7 857	334
Deferred taxation		**1 289**	2 879	1 289
		936 705	833 329	913 354
Current assets				
Inventory		**221 508**	201 462	219 412
Accounts receivable		**545 760**	577 614	536 660
Derivative financial instruments		**246**	–	13 252
Income tax		**–**	435	–
Cash and cash equivalents		**9 233**	11 372	24 921
		776 747	790 883	794 245
Total assets		**1 713 452**	1 624 212	1 707 599
Equity and liabilities				
Capital and reserves		**1 114 743**	949 422	1 040 554
Non-current liabilities				
Long-term loans		**10 706**	19 004	9 013
Post-retirement medical benefits		**13 152**	12 611	13 135
Deferred taxation		**9 773**	8 713	9 903
		33 631	40 328	32 051
Current liabilities				
Accounts payable		**212 460**	185 447	263 413
Derivative financial instruments		**1 555**	–	13 252
Short-term loans		**17 635**	16 890	17 177
Short-term portion of long-term loans		**1 001**	4 023	2 967
Short-term portion of post-retirement medical benefits		**1 076**	1 013	1 014
Landbank cash credit accounts		**313 943**	416 407	326 676
Income tax		**17 408**	10 682	10 495
		565 078	634 462	634 994
Total liabilities		**598 709**	674 790	667 045
Total equity and liabilities		**1 713 452**	1 624 212	1 707 599

Kaap Agri Limited and its subsidiaries

INCOME STATEMENT

	Unaudited six months to 31 March 2007 R'000	Unaudited six months to 31 March 2006 R'000	Audited twelve months to 30 September 2006 R'000
Revenue	**1 027 717**	827 003	1 415 306
Cost of sales	**(852 597)**	(675 628)	(1 149 765)
Gross profit	**175 120**	151 375	265 541
Operating profit before interest received	**59 536**	43 007	48 336
Interest received	**27 960**	26 209	54 275
Operating profit	**87 496**	69 216	102 611
Finance charges	**(16 674)**	(18 206)	(31 345)
Share in profit of associated company	**45 315**	48 941	125 764
Profit before taxation	**116 137**	99 951	197 030
Income tax	**(20 912)**	(13 805)	(16 122)
Profit attributable to ordinary shareholders	**95 225**	86 146	180 908
Earnings per share (cent)	**0,48**	0,43	0,91
Earnings per linked unit (cent)	**48,32**	43,72	91,81

Headline earnings reconciliation			
Profit attributable to ordinary shareholders	**95 225**	86 146	180 908
Profit from sale of investments and fixed assets	**(1 438)**	(74)	(9 473)
Negative goodwill	**–**	–	(517)
Headline earnings adjustment for associated company	**(871)**	(307)	(17 897)
Tax effect	**209**	11	1 426
Headline earnings attributable to ordinary shareholders	**93 125**	85 776	154 447
Weighted average shares issued ('000)	**19 902 549**	19 902 549	19 902 549
Weighted average linked units issued ('000)	**197 055**	197 055	197 055
Headline earnings per share (cent)	**0,47**	0,43	0,78
Headline earnings per linked unit (cent)	**47,26**	43,53	78,38

Kaap Agri Limited and its subsidiaries

STATEMENT OF CHANGES IN EQUITY

	Unaudited six months to 31 March 2007 R'000	Unaudited six months to 31 March 2006 R'000	Audited twelve months to 30 September 2006 R'000
Share capital and premium	**199 025**	199 025	199 025
Non-distributable reserves	**188 452**	187 588	188 613
Opening balance	**188 613**	187 588	187 588
Cash flow hedges	**–**	–	189
Reversed against fixed property	**(322)**	–	–
Surplus on re-measuring to fair value	**161**	–	75
Transfer reserves	**–**	–	761
Retained profit	**736 848**	568 497	662 498
Opening balance	**662 498**	496 504	496 504
Profit for the period	**95 225**	86 146	180 908
Dividend paid	**(20 875)**	(14 153)	(14 153)
Transfer reserves	**–**	–	(761)
Treasury shares	**(9 582)**	(5 688)	(9 582)
Opening balance	**(9 582)**	(5 688)	(5 688)
Shares acquired	**–**	–	(3 894)
Capital and reserves	**1 114 743**	949 422	1 040 554

Kaap Agri Limited and its subsidiaries

CASH FLOW STATEMENT

	Unaudited six months to 31 March 2007 R'000	Unaudited six months to 31 March 2006 R'000	Audited twelve months to 30 September 2006 R'000
Cash profit from operating activities	**55 863**	47 579	50 107
Changes in operating capital	**(52 325)**	(49 358)	77 620
Cash generated/(utilised) by operations	**3 538**	(1 779)	127 727
Dividends received	**23 913**	23 538	33 591
Interest received	**27 960**	26 209	54 275
Interest paid	**(16 674)**	(18 206)	(31 345)
Dividends paid	**(20 875)**	(14 153)	(14 153)
Normal taxation paid	**(14 129)**	(4 987)	(8 765)
Cash flow from operating activities	**3 733**	10 622	161 330
Cash flow from investment activities	**(6 415)**	3 746	(32 922)
Cash flow from financing activities	**(13 006)**	(24 604)	(125 095)
Net cash generated/(utilised)	**(15 688)**	(10 236)	3 313
Cash and cash equivalents at the beginning of the period	**24 921**	21 608	21 608
Cash and cash equivalents at the end of the period	**9 233**	11 372	24 921

Kaap Agri Limited and its subsidiaries

INFORMATION ABOUT BUSINESS SEGMENTS

Segment income and results

	Segment income			Segment results		
	Unaudited 6 months to 31 March 2007 R'000	Unaudited 6 months to 31 March 2006 R'000	Audited 12 months to 30 September 2006 R'000	**Unaudited 6 months to 31 March 2007 R'000**	Unaudited 6 months to 31 March 2006 R'000	Audited 12 months to 30 September 2006 R'000
Trade	**730 091**	618 232	1 057 826	**52 774**	42 687	51 343
Mechanisation	**53 133**	71 110	130 156	**(777)**	160	(2 492)
Products and seed processing	**207 339**	107 692	163 609	**15 309**	10 583	15 336
Irrigation: manufacturing and wholesale	**30 138**	24 095	51 336	**20**	243	1 082
Insurance	**6 258**	5 429	11 199	**1 295**	755	2 094
	1 026 959	826 558	1 414 126			
Finance	**–**	–	–	**113**	(784)	14
Corporate	**758**	445	1 180	**2 087**	(2 717)	2 331
Investment income	**–**	–	–	**1**	83	1 558
Investment in associated company	**–**	–	–	**45 315**	48 941	125 764
Total income	**1 027 717**	827 003	1 415 306			
Profit before taxation				**116 137**	99 951	197 030
Income tax				**(20 912)**	(13 805)	(16 122)
Profit attributable to ordinary shareholders				**95 225**	86 146	180 908

Segment balance sheet information

	Segment assets			Segment liabilities		
	Unaudited 31 March 2007 R'000	Unaudited 31 March 2006 R'000	Audited 30 September 2006 R'000	**Unaudited 31 March 2007 R'000**	Unaudited 31 March 2006 R'000	Audited 30 September 2006 R'000
Trade	**253 172**	211 815	274 668	**178 450**	163 103	199 709
Mechanisation	**39 674**	52 248	49 708	**892**	3 039	15 438
Products and seed processing	**80 356**	64 859	78 429	**9 076**	5 247	23 085
Irrigation: manufacturing and wholesale	**19 314**	18 264	18 492	**5 241**	2 265	5 013
Insurance	**88**	50	71	**733**	737	908
Finance	**532 212**	567 109	491 722	**313 943**	416 407	326 676
Corporate	**94 223**	99 688	121 644	**66 373**	61 655	72 164
Investments	**479**	7 857	334	–	–	–
Investment in associated company	**692 645**	599 443	671 242	–	–	–
Deferred taxation	**1 289**	2 879	1 289	**9 773**	8 713	9 903
Post-retirement medical benefits	**–**	–	–	**14 228**	13 624	14 149
	1 713 452	1 624 212	1 707 599	**598 709**	674 790	667 045

Other segment information

	Capital expenses			Depreciation		
	Unaudited 6 months to 31 March 2007 R'000	Unaudited 6 months to 31 March 2006 R'000	Audited 12 months to 30 September 2006 R'000	**Unaudited 6 months to 31 March 2007 R'000**	Unaudited 6 months to 31 March 2006 R'000	Audited 12 months to 30 September 2006 R'000
Trade	**6 506**	3 894	4 274	**1 064**	984	2 064
Mechanisation	**192**	102	297	**189**	186	380
Products and seed processing	**915**	764	1 166	**1 565**	1 197	2 061
Irrigation: manufacturing and wholesale	**37**	615	768	**510**	307	1 019
Insurance	**28**	11	12	**5**	3	7
Finance	**1**	9	9	**2**	4	7
Corporate	**1 727**	140	3 004	**2 378**	2 337	5 025
	9 406	5 535	9 530	**5 713**	5 018	10 563

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed Group interim financial statements for the six months to 31 March 2007 were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used to prepare the interim results are consistent with those applied in the previous period.

2. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31 March 2007 R'000	Unaudited 31 March 2006 R'000	Audited 30 September 2006 R'000
Carrying value beginning of period	**240 489**	226 825	226 825
Additions	**9 406**	5 535	30 223
Disposals	**(3 297)**	(4 236)	(6 458)
Profit on sale of fixed assets	**1 438**	74	523
Improvements to lease hold property written off	**(31)**	(30)	(61)
Depreciation	**(5 713)**	(5 018)	(10 563)
Carrying value end of period	**242 292**	223 150	240 489

ANNEXURE 3 – INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF KAAP AGRI AND ITS SUBSIDIARIES

"15 August 2007

The Directors
Zeder Investments Limited
1st Floor Ou Kollege
35 Kerk Street
Stellenbosch
7600

Dear Sirs,

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION OF KAAP AGRI LIMITED AND ITS SUBSIDIARIES ("KAAP AGRI")

1. Introduction

The board of directors of Kaap Agri ("the board") have resolved that Kaap Agri enters into an agreement in terms of which Kaap Agri (through a newly established holding company "Newco") will issue 42 350 272 new Newco ordinary shares with a par value of R0,01 each in exchange for Zeder Investments Limited ("Zeder") disposing of its 5,84% shareholding in Pioneer Foods Group Limited ("Pioneer") to Kaap Agri ("the share exchange").

At your request and for the purposes of the circular setting out the details of the share exchange to be issued to the shareholders of Zeder on or about 20 August 2007 ("the circular"), we present our report on the historical financial information of Kaap Agri presented in Annexure 1 of the circular, in compliance with the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

2. Responsibilities

The directors of Zeder are responsible for the preparation of the circular and all the information contained therein, including the financial information to which this reporting accountants' report relates, and the financial statements and financial information from which it has been extracted and prepared.

Our responsibility is to express an opinion on the historical financial information included in Annexure 1 to the circular, and to report our opinion to you.

3. Scope

We conducted our audit for the periods ended 30 September 2006 and 30 September 2005 in accordance with International Standards on Auditing and South African Auditing Standards respectively. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. Opinion

In our opinion, the financial information of Kaap Agri Limited and its subsidiaries present fairly, in all material respects, the financial position of the Group at 30 September 2006 and at 30 September 2005 and the results of its operations and cash flows for the periods then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Yours faithfully

PricewaterhouseCoopers Inc
Director: DG Malan
Registered Auditor

Zomerlust Estate
Berg River Boulevard
Paarl, 7620"

ANNEXURE 4 – *PRO FORMA* FINANCIAL INFORMATION RELATING TO ZEDER

The unaudited *pro forma* balance sheet and income statement of Zeder, based on Zeder's audited results for the 6 months ended 28 February 2007, pursuant to the implementation of the share exchange is set out below, the preparation of which is the responsibility of the directors of Zeder. The balance sheet and income statement have been prepared for illustrative purposes only, and, because of their nature, may not be a fair reflection of Zeder's financial position after the implementation of the share exchange nor the effect on Zeder's future earnings. The unaudited *pro forma* balance sheet and income statement should be read in conjunction with the independent reporting accountants report thereon as set out in Annexure 5 to this circular.

The unaudited *pro forma* balance sheet has been prepared on the assumption that the share exchange was effected on 28 February 2007.

	Audited Actual (1) R'm	Unaudited *pro forma* adjustments (2-4) R'm	Unaudited *pro forma* after the share exchange R'm
Assets			
Financial assets			
Equity securities	776 301	69 508	845 809
Receivables	219	–	219
Cash and cash equivalents	537 362	(30 957)	506 405
Total assets	**1 313 882**	**38 551**	**1 352 433**
Equity			
Share capital	5 713	–	5 713
Share premium	1 140 620	–	1 140 620
Retained earnings	136 525	41 181	177 706
Ordinary shareholders' funds	**1 282 858**	**41 181**	**1 324 039**
Liabilities			
Deferred income tax	18 461	(2 630)	15 831
Trade and other payables	7 148	–	7 148
Current income tax liabilities	5 415	–	5 415
Total liabilities	**31 024**	**(2 630)**	**28 394**
Total equity and liabilities	**1 313 882**	**38 551**	**1 352 433**
Net asset value per share (cents)	224,5		231,8
Net tangible asset value per share (cents)	224,5		231,8
Number of shares in issue ('millions)	571,3		571,3

Notes:

(1) *Extracted from the published audited financial results of Zeder for the six months ended 28 February 2007.*

(2) *The after tax carrying value of Zeder's investment in Pioneer as at 28 February 2007 amounting to R298,4 million has been excluded.*

(3) *The cash balance has been reduced by R31 million, being the consideration paid for 982 812 Pioneer shares subsequent to 28 February 2007.*

(4) *The additional 16,81% interest acquired in Kaap Agri amounting to R370,6 million has been included.*

The unaudited *pro forma* income statement for the six months ended 28 February 2007 has been prepared on the assumption that the share exchange was effected on 1 September 2006.

	Audited Actual R'000	Unaudited *pro forma* adjustments [(2-5)] R'000	Unaudited *pro forma* after the share exchange R'000
Income			
Investment income	30 648	(7 619)	23 029
Fair value gains and losses on financial instruments	137 064	(28 487)	108 577
Sundry income	215	-	215
Total income	**167 927**	**(36 106)**	**131 821**
Management fees – base fee	(7 514)	–	(7 514)
Results of operating activities	**160 413**	**(36 106)**	**124 307**
Finance costs	(12)	–	(12)
Share of profits of associate companies	–	20 759	20 759
Net profit before taxation	**160 401**	**(15 347)**	**145 054**
Taxation	(23 876)	4 497	(19 379)
Net profit attributable to ordinary shareholders	**136 525**	**(10 850)**	**125 675**
Earnings per share (cents)			
Basic	27,8		25,6
Headline	27,8		25,6
Weighted average number of shares in issue ('million)	490,5		490,5

Notes:

(1) *Extracted from the published audited financial results of Zeder for the 6 months ended 28 February 2007.*

(2) *The after tax fair value gains on Zeder's investments in Pioneer and Kaap Agri amounting to R15,5 million and R8,8 million respectively for the six months ended 28 February 2007 have been excluded.*

(3) *Interest income net of tax at 29% has been reduced by R0,9 million to take into account additional Pioneer shares acquired subsequent to 28 February 2007 and disposed of in terms of the share exchange.*

(4) *The dividends received from Pioneer and Kaap Agri of R6,4 million have been excluded.*

(5) *Equity accounted earnings of Zeder's effective 21,81% interest in Kaap Agri amounting to R20,8 million have been taken into account.*

ANNEXURE 5 – INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION RELATING TO ZEDER

"15 August 2007

The Directors
Zeder Investments Limited
1st Floor
Ou Kollege
35 Kerk Street
Stellenbosch
7600

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION RELATING TO ZEDER INVESTMENTS LIMITED ("ZEDER")

It is proposed that Zeder will dispose of its 5,84% shareholding in Pioneer Foods Group Limited ("Pioneer") to Kaap Agri Limited ("Kaap Agri") in exchange for an additional 16,81% shareholding in Kaap Agri on a 100 to 400 basis ("the share exchange").

We have performed our limited assurance engagement in respect of the *pro forma* financial information set out in paragraph 4 and Annexure 4 of the circular to Zeder shareholders, to be issued on or about 20 August 2007 ("the circular"), in connection with the share exchange. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the share exchange might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

Director's responsibility
The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Zeder; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility
Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed
Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Zeder, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors and management of the company in respect of the corporate action that is the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Zeder and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

COMPRESS PB3738

Conclusion
Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of Zeder, and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the section 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

JF Basson
Director: Transactions
PricewaterhouseCoopers Advisory Services (Proprietary) Limited

No 1 Waterhouse Place
Century City, 7441"