ZEDER

INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

REGISTRATION NUMBER: 2006/019240/06
JSE SHARE CODE: ZED
ISIN CODE: ZAE000088431
LEI CODE: 37890022AF5FD117D649

CONTENTS

CONSOLIDATED AND STANDALONE ANNUAL FINANCIAL STATEMENTS

These annual financial statements were compiled under the supervision of JH le Roux, financial director of the group and Chartered Accountant (SA), and audited by the group's external auditor PricewaterhouseCoopers Inc., as set out in the audit report on pages 8 to 13.

REPORT OF THE AUDIT AND RISK COMMITTEE

The Zeder Investments Limited ("Zeder") Audit and Risk Committee ("the committee") is an independent statutory committee appointed by the board of directors in terms of section 94 of the Companies Act of South Africa, 71 of 2008 (as amended) ("the Companies Act"). The committee also acts as the statutory audit committee of public company subsidiaries that are legally required to have such a committee.

The committee performed the following duties in respect of the year under review:

- Satisfied itself that the external auditor is independent of Zeder, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Limited Listings Requirements ("JSE Listings Requirements");
- Ensured that the appointment of the external auditor complied with the Companies Act and any other legislation relating to the appointment of an auditor;
- In consultation with management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2020 financial year;
- Approved the nature and extent of non-audit services that the external auditor may provide;
- Nominated for re-election at the annual general meeting, PricewaterhouseCoopers Inc. as the external audit firm;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the independent external auditor, that the risk management processes and systems of internal financial controls are effective and forms a basis for the preparation of reliable financial statements;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that Zeder be regarded as a going concern;
- Reviewed the formal policy and recommended changes to the ordinary dividend policy to the board of directors for approval;
- Reviewed the accounting policies and financial statements for the year ended 29 February 2020 and, based on the information provided to the committee, considers that the company and group complies, in all material respects, with the requirements of International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act; and the JSE Listings Requirements;
- Considered the JSE Limited's ("JSE") latest report on the proactive monitoring of financial statements for compliance with IFRS;
- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the Zeder financial director, as well as the group finance function, has the appropriate expertise and experience; and
- Undertook the prescribed functions in terms of section 94(7) of the Companies Act, on behalf of the subsidiary companies of the group.

PricewaterhouseCoopers Inc. has served as external auditor of Zeder Investments Limited for the past 14 years, while the designated external audit partner has served in such capacity for the past 5 years. The committee remains satisfied with the quality of the external audit performed by PricewaterhouseCoopers Inc., however, the potential early adoption of mandatory audit firm rotation, as set out in the rules of the Independent Regulatory Board of Auditors, is currently receiving the committee's attention.

RM Jansen
Chairman

29 May 2020
Stellenbosch

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal financial controls. Such controls provide assurance that the company and group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements have been prepared in accordance with the requirements of IFRS; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act of South Africa; and the JSE Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

The audit and risk committee meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the audit and risk committee.

The annual financial statements are prepared on the going-concern basis, since the directors have every reason to believe that the company and group have adequate resources to continue for the foreseeable future.

The annual financial statements set out on pages 4 to 95 were approved by the board of directors of Zeder Investments Limited and are signed on its behalf by:

Chris Otto
Chairman

N Celliers
Chief executive officer

JH le Roux
Financial director

29 May 2020
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act of South Africa and that all such returns are true, correct and up to date.

Zeder Corporate Services Proprietary Limited
Per: L van der Merwe
Company secretary

29 May 2020
Stellenbosch

DIRECTORS' REPORT

OVERVIEW

Zeder Investments Limited ("Zeder") is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors.

OPERATING RESULTS

- The operating results and state of affairs of the group and company are set out in the attached income statements and statements of financial position, comprehensive income, changes in equity and cash flows, as well as the segment report and the notes to the aforementioned.

Noteworthy transactions

- In line with the relevant announcements, circulars and shareholder approvals obtained, Zeder disposed of its entire interest in Pioneer Foods on 23 March 2020 for a total consideration of R6.41bn.

Sum-of-the-Parts ("SOTP")

- Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments, and internal valuations for unlisted investments, increased by 5.8% during the reporting period to R5.97 as at 29 February 2020.

Earnings performance

- *Recurring* headline earnings per share increased by 18.4% to 32.8 cents mainly due to improved performance from most of Zeder's underlying investee companies.
- Headline earnings per share decreased by 47.5% to 23.7 cents mainly due to the non-recurrence of the upward fair value adjustment of Capespan's investment in Joy Wing Mau prior to its disposal in the prior year.
- Attributable earnings per share increased by 532.7% to 32.9 cents mainly due to the reversal of the non-headline impairment charge recognised by Zeder on its associate investment in Pioneer Foods in the prior year, partly offset by impairments of non-financial assets.
- Profit for the year amounted to R599m (2019: R122m), while the earnings attributable to equity holders of the group from continued operations amounted to a loss of R234m (2019: profit of R374m).

STATED CAPITAL

No ordinary shares were issued or purchased and cancelled during the year under review and previous year.

Details regarding the authorised and issued share capital, as well as the treasury shares, are disclosed in note 14 to the annual financial statements.

DIVIDENDS

No final dividend was declared to the ordinary shareholder during the year under review (2019: 11 cents per share). However on 1 April 2020, the company declared a special dividend of 230 cents per share from income resources, as a result of the disposal of Pioneer Foods, which was paid on 28 April 2020. Following the significant special dividend, the directors have resolved to amend the Zeder dividend policy. Going forward the payment of dividends will be conditional on the group having sufficient reserves to fund its operations, investments and growth plans.

EVENTS SUBSEQUENT TO THE REPORTING DATE

During the year under review the Pepsico Inc. group made an offer to the Pioneer Foods ordinary shareholders to acquire all of Pioneer Foods' issued ordinary shares for a cash consideration of R110 per share. As at 29 February 2020, the company transferred its investment in Pioneer Foods (previously classified as an investment in associate) to non-current assets held for sale (refer notes 4.1 and 13.1). Subsequent to year-end, the Competition Commission Tribunal approval was obtained and all suspensive conditions were met.

Subsequent to year-end and out of the proceeds of the Pioneer Foods disposal, Zeder declared a special dividend of 230 cents per share (paid on 28 April 2020) and settled its redeemable preference share debt obligations in full.

As a result of the global coronavirus pandemic and corresponding international health and economic crises unfolding, South Africa, similar to many countries around the world, is locked-down in terms of strict regulations imposed by government. While the final outcome is unclear, it is anticipated that the negative economic impact in South Africa and around the world will be severe in the short- to medium term. While Zeder and its portfolio companies will not be immune to these challenges, many of the portfolio companies fall within the "essential services" classification under the current regulations and have been allowed to continue certain operations, albeit at significantly reduced demand conditions. In addition, the deliberate process over the past few years to strengthen balance sheets, reduce debt and preserve cash resources should assist Zeder during this crisis. Zeder currently has no debt and has cash resources available to assist portfolio companies during this time. The short- to medium term severity thereof and consequent impact on the profitability and valuation of our investments, however, remain uncertain.

Apart from the above, the directors are unaware of any matter or event which is material to the financial affairs of the group that have occurred between the end of the reporting year and the date of approval of the consolidated financial statements.

DIRECTORS' REPORT

SECRETARY

The secretary of the company is Zeder Corporate Services Proprietary Limited. The business and postal addresses are 2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600 and PO Box 7403, Stellenbosch, 7599 respectively.

AUDITOR

At the date of this report, PricewaterhouseCoopers Inc. held office in accordance with the Companies Act of South Africa.

TRANSFER SECRETARY

The transfer secretary of the company is Computershare Investor Services Proprietary Limited and its business and postal addresses are Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 and PO Box 61051, Marshalltown, 2107 respectively.

SPONSOR

The sponsor of the company is PSG Capital Proprietary Limited.

DIRECTORS

The directors of the company at the date of this report were:

Executive

N Celliers (Chief executive officer) (Appointed 23 July 2012)
JH le Roux (Financial director) (Appointed 8 September 2016)

Non-executive

WL Greeff (Appointed 21 May 2009)
PJ Mouton (Appointed 30 April 2012)

Independent non-executive

CA Otto (Chairman) (Appointed 21 August 2006)
GD Eksteen (Appointed 1 September 2009)
RM Jansen (Appointed 29 January 2019)
ASM Karaan (Appointed 6 April 2016)
N Mjoli-Mncube (Appointed 1 June 2016)

DIRECTORS' EMOLUMENTS

Directors' remuneration:

The table below provides information on the total remuneration of Zeder's executive directors:

Audited	Short-term remuneration Base salary Approved R'000	Deferred for 12 months[2] R'000	Prior year deferred paid R'000	Paid during the year[3] R'000	Long-term remuneration Non-cash gains from exercise of share options R'000	Total remuneration R'000
29 February 2020						
Executive						
N Celliers	8 289	(2 487)	2 323	8 125	1 368	9 493
JH le Roux	5 175	(1 553)	1 450	5 072	204	5 276
	13 464	**(4 040)**	**3 773**	**13 197**	**1 572**	**14 769**

DIRECTORS' REPORT

DIRECTORS' EMOLUMENTS continued

Directors' remuneration: continued

Audited	Short-term remuneration Base salary Approved R'000	Deferred for 12 months[2] R'000	Prior year deferred paid R'000	Paid during the year[3] R'000	Long-term remuneration Non-cash gains from exercise of share options R'000	Total remuneration R'000
28 February 2019						
Executive						
N Celliers	7 208	(2 162)	2 190	7 236	2 899	10 135
JH le Roux	4 500	(1 350)	1 208	4 358	47	4 405
	11 708	(3 512)	3 398	11 594	2 946	14 540

[2] *30% of the executive director's annual base salary was deferred for a period of 12 months, and is payable in monthly contributions in the ensuing year. The deferred payments carries interest at the SARS official rate to compensate for loss in time value of money and is subject to malus/clawback provisions which could lead to the repayment by the executive director of the deferred component of the salary amount received during the preceding 12 months. Included in the total cost-to-company, are minor deductions made to group life cover, membership to a retirement fund and membership to a medical aid scheme (where applicable).*

[3] *To help drive a long-term focus and decision-making with the ultimate objective of sustainable shareholder wealth creation, thereby better aligning the interests of management with those of shareholders and other stakeholders, the executives no longer qualify for short-term discretionary bonuses.*

The table below provides information on the total remuneration of Zeder's non-executive directors:

Audited	Total remuneration 2020 R'000	Total remuneration 2019 R'000
Non-executive		
GD Eksteen[5]	**595**	450
WL Greeff[4]		
RM Jansen[5]	**554**	
ASM Karaan	**330**	300
N Mjoli-Mncube	**440**	400
PJ Mouton[4]		
CA Otto[5,6]	**1 024**	500
	2 943	1 650

[4] *These directors do not receive any emoluments for services rendered to the company and only receive emoluments from PSG Corporate Services Proprietary Limited ("PSGCS") for services rendered to PSG Group Limited and its investee companies (including the Zeder group). The Zeder group pays a strategic fee to PSGCS for services rendered to the company, refer to note 28 to the annual financial statements.*

[5] *Independent board fees in total of R350 000 paid in October 2019 for the services rendered in relation to the disposal of Pioneer Foods shares was approved by the shareholders at the 30 September 2019 general meeting.*

[6] *In the previous year Mr CA Otto was appointed as the Chairman of the Zeder board of directors. Previously the Chairman's fee was included in the PSG Strategic Input Fee, therefore no Chairman's fee was approved by the shareholders at the 2018 AGM. At the 2019 AGM a fee of R450 000 was approved by the shareholders and the proportional amount of R112 500 was paid to Mr CA Otto in August 2019.*

Members of the Zeder Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises Messrs N Celliers (Chairman), JH le Roux (Financial director), WL Greeff and PJ Mouton. Messrs N Celliers and JH le Roux's remuneration is included above and the other Exco members' remuneration is disclosed in PSG Group Limited's annual report.

DIRECTORS' EMOLUMENTS continued

Directors' remuneration: continued

Equity-based remuneration:

The table below provides information on Zeder's executive directors' unvested share options:

Audited	Number of share options as at 28 Feb 2019	Number of share options during the year: Granted	Vested/ Exercised[7]	Forfeited[8]	Market price per share on vesting date R	Strike price per share R	Date granted	Number of share options as at 29 Feb 2020	Cost to participant at vesting price R	Market value to participant as at 29 Feb 2020 R	Unrealised gains to participant as at 29 Feb 2020 R
Zeder Investments Limited share options granted by the Zeder Group Share Incentive Trust											
N Celliers	1 248 474		(1 248 474)		4.52	4.10	28/02/2014[9]				
	262 646			(131 323)		7.71	28/02/2015	131 323			
	592 493			(197 497)		4.97	29/02/2016	394 996			
	1 792 402			(448 101)		7.29	28/02/2017	1 344 301			
	4 016 442					6.41	28/02/2018	4 016 442			
	6 468 828					4.36	28/02/2019	6 468 828			
		3 402 459				4.52	29/02/2020	3 402 459			
	14 381 285	3 402 459	(1 248 474)	(776 921)				15 758 349	–	–	–
JH le Roux	304 878		(304 878)		4.52	4.10	28/02/2014				
	64 850			(32 426)		7.71	28/02/2015	32 424			
	279 835			(93 278)		4.97	29/02/2016	186 557			
	1 787 037			(446 759)		7.29	28/02/2017	1 340 278			
	2 319 528					6.41	28/02/2018	2 319 528			
	3 503 451					4.36	28/02/2019	3 503 451			
		2 192 937				4.52	29/02/2020	2 192 937			
	8 259 579	2 192 937	(304 878)	(572 463)				9 575 175	–	–	–
Total	22 640 864	5 595 396	(1 553 352)	(1 349 384)				25 333 524	–	–	–
PSG Group Limited share options granted by the PSG Group Limited Supplementary Share Incentive Trust[10]											
N Celliers	2 026		(2 026)		186.60	83.23	28/02/2014				
	4 932		(2 467)		186.60	136.84	28/02/2015	2 465	337 311	459 969	122 658
	5 506		(1 835)		186.60	178.29	29/02/2016	3 671	654 503	685 009	30 506
	12 464	–	(6 328)	–				6 136	991 814	1 144 978	153 164
JH le Roux	2 600		(867)		186.60	178.29	29/02/2016	1 733	308 977	323 378	14 401
Total	15 064	–	(7 195)	–				7 869	1 300 791	1 468 356	167 565

[7] *The participants have not yet elected to exercise their right in terms of the provisions of the share incentive schemes to exercise their share options that became exercisable on 29 February 2020. Such right will be exercised within the 180-day exercise window. Share options exercised during the year represented the share options that became exercisable on 28 February 2019 and that were exercised within the approved exercise window.*

[8] *Share options forfeited during the year were with regards to share options that became exercisable on 28 February 2019, but due to the fact that it was out-of-the-money share options during the exercisable window, the participants opted not to exercise the share options.*

[9] *Included in the 28 February 2014 share option allocation is a once-off allocation of 4 500 000 Zeder Investments Limited share options, which was made to appropriately incentivise the aforementioned director. Retention of the director's services are considered key to Zeder Investments Limited's continued success. During the year under review, 25% (2019: 25%) of these share options vested.*

[10] *PSG Group Limited share options granted to participants, relate to the period prior to the Management Fee Internalisation transaction.*

DIRECTORS' SHAREHOLDING

Audited	Beneficial Direct	Beneficial Indirect	Non-beneficial Indirect	Total shareholding 2020 Number	Total shareholding 2020 %	Total shareholding 2019 Number	Total shareholding 2019 %
N Celliers		7 340 499		7 340 499	0.429	7 340 499	0.429
JH le Roux		1 045 838		1 045 838	0.061	1 045 838	0.061
GD Eksteen		6 427 512	506 073	6 933 585	0.405	6 933 585	0.405
WL Greeff		80 000		80 000	0.005	80 000	0.005
N Mjoli-Mncube	48 983			48 983	0.003	48 983	0.003
CA Otto			80 000	80 000	0.005	80 000	0.005
	48 983	14 893 849	586 073	15 528 905	0.908	15 528 905	0.908

All or part of the above shares, held by the executive directors, serve as security for loans granted to them with regards to the share options allocated to executive directors, in terms of a share incentive scheme or other loan funding, on or before 28 February 2018 (refer to note 28 to the annual financial statements).

There has been no changes in the shareholding of directors between year-end and the date of this report.

Also refer to Annexure C in the annual financial statements detailing the shareholder analysis.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Zeder Investments Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Zeder Investments Limited (the Company) and its subsidiaries (together the Group) as at 29 February 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Zeder Investments Limited's consolidated and separate financial statements set out on pages 14 to 94 comprise:

- the consolidated and separate statements of financial position as at 29 February 2020;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

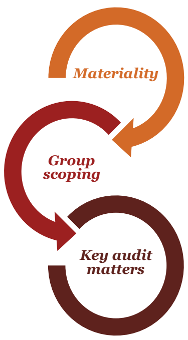
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Our audit approach

Overview



Overall group materiality

- R22.1 million, which represents 5% of consolidated profit before tax, after adjusting for the once-off impairments of associates and joint ventures, property, plant and equipment, intangible assets and goodwill and loan granted to associate.

Group audit scope

- We conducted an audit of the components that are financially significant components of the Group, which included specified procedures over the significant associates where the year-ends do not coincide with the Group. We also performed analytical review procedures over non-significant components.

Key audit matters

- Accounting for investment in ordinary shares of associates;
- Accounting for the investment in Pioneer Food Group Limited (Pioneer Foods), an associate, as held for sale;
- Adoption of IFRS 16: Leases; and
- Hyperinflation accounting and translation of Zimbabwe foreign operations.

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Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	**R22.1 million**
How we determined it	*5% of consolidated profit before tax, adjusted for the once-off impairments of associates and joint ventures, property, plant and equipment, intangible assets and goodwill and loan granted to associate.*
Rationale for the materiality benchmark applied	*We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Profit before tax was adjusted for the impairments of associates and joint ventures, property, plant and equipment, intangible assets and goodwill and loan granted to associate, which was considered as once-off non-recurring items in the current year. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We conducted an audit of the Company and all financially significant subsidiaries and associates of the Group. The Group audit team centrally performed audit procedures over the Group consolidation, performed specified procedures over the significant associates where the year-ends do not coincide with the Group and analytical review procedures over non-significant components in order to obtain sufficient audit evidence over the consolidated numbers. Throughout the audit we maintained continual interaction with the associates audit teams and involvement in their work.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the components by us, as the Group engagement team, and by component auditors from other PwC network firms and non-PwC firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidated financial statements

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>
Accounting for investments in ordinary shares of associates
Refer to the following sections in the consolidated financial statements that relate to this key audit matter:
Notes 3.4 and 28.2 of the accounting policies, and
Note 4.1 to the consolidated financial statements.
The group accounts for its investments in associates, which include investments in both listed and unlisted companies, by applying the equity method of accounting. Investments in associates include both listed and unlisted companies. The Group's share of the after-tax profits of equity accounted investments for the year ended 29 February 2020 was R501 million and the carrying value of the Group's equity accounted investments was R1 270 million at 29 February 2020.
As disclosed in Annexure B to the consolidated financial statements, some of these equity accounted investments have year-ends which do not coincide with that of the Group. These investments are equity accounted based on results for financial years ended within three months before the Group's financial year.
Any significant transactions that occur between the equity accounted investments' year-end and the Group's year-end are accounted for in the consolidated financial statements for the Group at year-end.
At each reporting date the Group determines whether there is any objective evidence that the investment in associate balance may be impaired. The carrying value of investments in ordinary shares of associates was reduced by an amount of R298 million relating mainly to the impairment of the Group's investment in Kaap Agri Limited and Quantum Food Holdings Limited. This was due to a decline in the JSE listed share prices for these investments.
The accounting for the Group's investments in ordinary shares of associates was considered to be a matter of most significance to our current year audit due to the magnitude of the carrying value of these investments including the corresponding impairment recognised and complexities in accounting for some of the equity accounted investments due to them having year-ends that do not coincide with that of the Group.
</td><td>
We obtained the equity accounted results and movements recorded by the Group and agreed them to the audited financial results of the associates. We evaluated the consistency of the associates' accounting policies to that of the Group. We noted no material inconsistencies.
We re-performed management's calculation of the effective interest in each of the equity accounted investments. We agreed the inputs to management's calculation to the number of shares held by the Group and the issued share capital of the investee company. We noted no material differences.
For investments which have year-ends that do not coincide with the Group, the following procedures were performed:
We read and examined minutes of board meetings, management accounts and held discussions with the Group's nominated directors in order to identify any significant or abnormal transactions that occurred since the associates' year-end to 29 February 2020, being the period not equity accounted by the Group, which could have had a material effect on the results and carrying value of the equity accounted investments at 29 February 2020. No adjustments other than those recorded by management were identified through our procedures performed.
For the impairments recognised:
We obtained management's impairment calculations and tested the mathematical accuracy thereof and noted no material exceptions.
We assessed the listed market price of the shares at the valuation date and agreed it to independent sources.
</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matters
Accounting for the investment in Pioneer Food Group Limited (Pioneer Foods), an associate, as held for sale Refer to the following sections in the consolidated financial statements that relate to this key audit matter: • Note 24 and 28.11 of the accounting policies, and • Note 13 to the consolidated financial statements. During the year under review, Pepsico made an offer to the Pioneer Foods ordinary shareholders (including the Group) to acquire all issued ordinary shares in Pioneer Foods for a cash consideration of R110 per share. The Group disposed of its investment in Pioneer Foods subsequent to year-end in terms of the aforementioned offer. The investment in Pioneer Foods has been presented in accordance with IFRS 5 – Non-Current Assets Classified as Held for Sale and Discontinued Operations ("IFRS 5"). As Pioneer Foods represents a separate major line of business, their results are presented as a discontinued operation in the consolidated income statement and related notes, including the restatement of the comparative financial information. The investment in Pioneer Foods in the consolidated statement of financial position is presented as non-current assets held for sale as at 29 February 2020. The accounting for the Group's investment in Pioneer Foods as held for sale was considered to be a matter of most significance to our current year audit due to the judgement applied in determining the timing of recognition and classification of the associate as held for sale.	Our audit procedures included the following: • We evaluated the presentation of the investment in Pioneer Foods in the consolidated financial statements as a non-current asset held for sale against the requirements of IFRS 5 in order to assess whether the requirements of IFRS 5 had been met. This included obtaining an in-depth understanding of the status of the sale as at 29 February 2020, and inspecting underlying documentation received from the directors in respect of the timing of recognition and classification as held for sale; • Making use of our accounting expertise, we evaluated the directors' analysis provided in relation to whether there is a high probability of sale of the investment in Pioneer Foods to assess whether the requirements of IFRS 5 had been met; • We assessed whether the investment in Pioneer Limited was measured at the lower of carrying value and fair value less costs to sell as required by IFRS 5 by performing an independent recalculation of the fair value less costs to sell. No material exceptions were noted.
Adoption of IFRS 16 – Leases Refer to the following sections in the consolidated financial statements that relate to this key audit matter: • Note 1.1, 21 and 28.10 of the accounting policies, and • Note 1.2 and 1.3 to the consolidated financial statements. IFRS 16 – Leases ("IFRS 16") was effective for the first time in the current financial year. The Group adopted the new standard using the modified retrospective approach. The impact of the IFRS 16 transition is reliant upon a number of key estimates and judgements, primarily applied in determining the appropriate discount rates (incremental borrowing rates) and the lease term for each lease. The lease term may include future lease terms for which the Group has extension options and which the Group is reasonably certain to exercise. On initial recognition, the Group recognised an increase in both the right-of-use assets and the lease liabilities, of R441 million and R641 million respectively. We considered the adoption of IFRS 16 to be a matter of most significance to the audit due to estimation and judgements applied in the transition.	The right-of-use assets and lease liabilities recognised for the Group are almost entirely attributable to subsidiaries audited by component audit teams. We centrally directed the work performed by component audit teams, which included examining working papers as considered necessary. We maintained continual interaction with the component audit teams, and involvement in their work. Our audit procedures included the following: • We assessed the discount rates used to calculate the lease obligation which included independently sourcing base rates for each lease origination date, linked to inter-bank rates. Adjustments made to the inter-bank rates to cater for lease terms were traced to independent sources. No material exceptions were noted; • We verified the accuracy of the underlying lease data on the IFRS 16 lease calculations obtained from management by agreeing a sample of leases to the original contract, and we checked the integrity and mathematical accuracy of these calculations for each lease tested through recalculation of the expected IFRS 16 adjustment. No material exceptions were noted; • We tested the completeness of the lease data by reconciling a sample of the Group's existing lease commitments to the lease data underpinning the IFRS 16 model. No material exceptions were noted; and • We evaluated the lease terms, including the renewal periods adjusted for by management on a lease by lease basis by inspecting the underlying contracts and assessing management's judgements for the lease periods applied in the lease calculation. No material exceptions were noted.

Key audit matters	How our audit addressed the key audit matters
Hyperinflation accounting and translation of Zimbabwe foreign operations	
Refer to the following sections in the consolidated financial statements that relate to this key audit matter: • Note 5.4 and 28.12 of the accounting policies, and • The impact on the consolidated financial statement line items affected has been included in each of the relevant notes to the consolidated financial statements. Zimbabwe's cumulative 3-year inflation rate has accelerated to 831.23% as at year-end as well as a significant deterioration of the interbank real time gross settlement dollar and Zimbabwe exchange rates. As a result, management evaluated and determined the economy of Zimbabwe to be hyperinflationary. For the purpose of the consolidated financial statements, the Group's subsidiaries in Zimbabwe applied the requirements of IAS 29 – Financial reporting in Hyperinflationary Economies("IAS 29"). A net monetary gain of R118 million was recognised in the consolidated income statement. In translating the Zimbabwean foreign operations to the Group's presentation currency, the directors calculated an implied exchange rate. The inputs considered in this estimate include; • The official exchange; and • Pricing of comparable seed products. The hyperinflationary adjustments and translation of Zimbabwe foreign operations were determined to be a matter of most significance to the audit due to the significance of the balances and transactions, and the complexity and subjectivity relating to the application of IAS 29 as well as the judgement applied in determining the implied exchange rate.	We obtained an understanding of the Group's process for identifying hyperinflationary economies and evaluated the Group's accounting policy in relation to hyperinflation. Our audit procedures included, among others: • We assessed and tested the indicators of hyperinflation on the Zimbabwe economy by assessing these to industry reports, noting no material exceptions; • We tested the accuracy of the hyperinflation computations prepared by management with reference to the economic indicators included, such as the inflation rate, cumulative inflation rate, consumer price indices from various sources. No material exceptions were noted; • We tested the source data used by agreeing it to underlying schedules. • We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data, noting no material exceptions; • We tested management's implied exchange rate from Zimbabwean dollar to South African rand by agreeing the inputs to underlying documentation such as official price lists of the company and competitors for seed products used in calculating the exchange rate, noting no material exceptions: and • We assessed whether disclosures in the consolidated financial statements appropriately reflected the effects of the adoption of IAS 29.

Separate financial statements

We have determined that there are no key audit matters in respect of the separate financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Zeder Investments Limited Annual Financial Statements for the year ended 29 February 2020", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Zeder Investments Limited Annual Report 2020", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Zeder Investments Limited for 14 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor

29 May 2020
Stellenbosch

STATEMENTS OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2020

		GROUP		COMPANY	
	Notes	2020 Rm	2019 Rm	2020 Rm	2019 Rm
ASSETS					
Non-current assets		**4 815**	9 492	**8 302**	8 292
Property, plant and equipment	1.1	**1 599**	1 699		
Right-of-use assets	1.2	**425**			
Intangible assets	2	**805**	669		
Biological assets (bearer plants)	9.1	**413**	426		
Biological assets (agricultural produce)	9.2	**15**	15		
Investment in subsidiary	3			**8 302**	8 292
Investment in ordinary shares of associates	4.1	**1 270**	6 270		
Loans to associates	4.2		166		
Investment in ordinary shares of joint ventures	5	**2**	21		
Equity securities	6	**31**	30		
Deferred income tax assets	16	**140**	74		
Employee benefits	7	**42**	43		
Loans and advances	8	**73**	79		
Current assets		**3 862**	3 300	**1**	1
Biological assets (agricultural produce)	9.2	**158**	151		
Derivative financial assets	18.1	**1**			
Loans to associates	4.2	**40**	6		
Loans and advances	8	**16**	16		
Trade and other receivables	11	**1 814**	1 416	**1**	1
Inventories	10	**1 413**	1 218		
Current income tax assets		**9**	60		
Cash, money market investments and other cash equivalents	12	**411**	433		
Non-current assets held for sale	13.1	**5 470**	1		
Total assets		**14 147**	12 793	**8 303**	8 293
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	14	**7 060**	7 060	**7 060**	7 060
Treasury shares		**(71)**	(72)		
Other reserves	15	**(737)**	(397)	**23**	13
Retained earnings		**1 722**	1 505	**(378)**	(186)
		7 974	8 096	**6 705**	6 887
Non-controlling interests		**344**	316		
Total equity		**8 318**	8 412	**6 705**	6 887
Non-current liabilities		**1 445**	2 101	**–**	–
Deferred income tax liabilities	16	**121**	93		
Borrowings	17	**646**	1 880		
Lease liabilities	1.3	**556**			
Derivative financial liabilities	18.2	**24**	25		
Employee benefits	7	**98**	103		
Current liabilities		**4 368**	2 280	**1 598**	1 406
Borrowings	17	**2 870**	1 192	**1 590**	1 401
Lease liabilities	1.3	**76**			
Derivative financial liabilities	18.2		1		
Trade and other payables	19	**1 309**	993	**8**	5
Employee benefits	7	**70**	63		
Current income tax liabilities		**43**	31		
Non-current liabilities held for sale	13.1	**16**			
Total liabilities		**5 829**	4 381	**1 598**	1 406
Total equity and liabilities		**14 147**	12 793	**8 303**	8 293

INCOME STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	GROUP 2020 Rm	GROUP 2019 Rm	COMPANY 2020 Rm	COMPANY 2019 Rm
Revenue	20	**7 492**	7 641		
Cost of sales	21	**(5 623)**	(6 154)		
Gross profit		**1 869**	1 487	**–**	–
Income					
Change in fair value of biological assets	9.2	**225**	194		
Investment income	22	**51**	90		
Net fair value gains	23	**79**	469		
Other operating income	24	**40**	34		
Total income		**395**	787	**–**	–
Expenses					
Marketing, administration and other expenses	25	**(2 078)**	(1 728)	**(4)**	(1)
Net monetary gain		**118**			
Total expenses		**(1 960)**	(1 728)	**(4)**	(1)
Net income from associates and joint ventures					
Share of profits of associates and joint ventures	4 & 5	**247**	319		
Impairment of associates	4 & 5	**(298)**	(31)		
Net (loss)/gain on dilution of interest in associates	4 & 5	**(1)**	7		
Net (loss)/income from associates and joint ventures		**(52)**	295	**–**	–
Profit/(loss) before finance costs and taxation		**252**	841	**(4)**	(1)
Finance costs	26	**(351)**	(324)		
(Loss)/profit before taxation		**(99)**	517	**(4)**	(1)
Taxation	27	**(97)**	(110)		
(Loss)/profit for the year from continued operations		**(196)**	407	**(4)**	(1)
Profit/(loss) for the year from discontinued operations	13.2	**795**	(285)		
Profit/(loss) for the year		**599**	122	**(4)**	(1)
Profit/(loss) attributable to:					
Owners of the parent		**561**	89	**(4)**	(1)
Continued operations		**(234)**	374	**(4)**	(1)
Discontinued operations		**795**	(285)		
Non-controlling interests from continued operations		**38**	33		
		599	122	**(4)**	(1)
Earnings per share (cents)	31				
Attributable – basic		**32.9**	5.2		
Continued operations		**(13.8)**	21.9		
Discontinued operations		**46.7**	(16.7)		
Attributable – diluted		**32.9**	3.8		
Continued operations		**(13.8)**	21.4		
Discontinued operations		**46.7**	(17.6)		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2020

	GROUP		COMPANY	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Profit/(loss) for the year	**599**	122	**(4)**	(1)
Continued operations	**(196)**	407	**(4)**	(1)
Discontinued operations	**795**	(285)		
Other comprehensive loss for the year, net of taxation	**(389)**	(90)	**–**	–
Items that may be reclassified to profit or loss				
Currency translation adjustments including hyperinflation	**(201)**	(48)		
Share of other comprehensive income of associates and joint ventures	**(188)**	(39)		
Items that may not be reclassified to profit or loss				
Losses from changes in financial and demographic assumptions of post-employment benefit obligations		(3)		
Total comprehensive income/(loss) for the year	**210**	32	**(4)**	(1)
Attributable to:				
Owners of the parent	**218**	11	**(4)**	(1)
Continued operations	**457**	27	**(4)**	(1)
Discontinued operations	**(239)**	(16)		
Non-controlling interests from continuing operations	**(8)**	21		
	210	32	**(4)**	(1)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2020

GROUP	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Non-controlling interests Rm	Total Rm
Balance at 1 March 2018	7 060	(73)	(348)	1 608	325	8 572
Balance at 28 February 2018 - previously reported	7 060	(73)	(348)	1 630	327	8 596
Adjustment due to initial application of IFRS 9				(22)	(2)	(24)
Total comprehensive (loss)/income	–	–	(76)	87	21	32
Profit for the year				89	33	122
Other comprehensive (loss)/income			(76)	(2)	(12)	(90)
Transactions with owners	–	1	27	(190)	(30)	(192)
Shares issued					11	11
Treasury shares sold		1				1
Share-based payment costs – employees			16		2	18
Transactions with non-controlling interests			15	(6)	(21)	(12)
Transfer between reserves			(4)	4		–
Dividends paid				(188)	(22)	(210)
Balance at 28 February 2019 - previously reported	7 060	(72)	(397)	1 505	316	8 412
Adjustment due to initial application of IFRS 16[1]				(178)	(5)	(183)
Balance at 28 February 2019	**7 060**	**(72)**	**(397)**	**1 327**	**311**	**8 229**
Total comprehensive (loss)/income	**–**	**–**	**(343)**	**561**	**(8)**	**210**
Profit for the year				**561**	**38**	**599**
Other comprehensive loss			**(343)**		**(46)**	**(389)**
Transactions with owners	**–**	**1**	**3**	**(166)**	**41**	**(121)**
Shares issued					**3**	**3**
Treasury shares sold		**1**				**1**
Share-based payment costs - employees			**33**		**1**	**34**
Subsidiaries acquired (note 30.3)					**66**	**66**
Transactions with non-controlling interests				**(8)**	**(12)**	**(20)**
Transfer between reserves			**(30)**	**30**		**–**
Dividends paid				**(188)**	**(17)**	**(205)**
Balance at 29 February 2020	**7 060**	**(71)**	**(737)**	**1 722**	**344**	**8 318**

[1] *Refer accounting policy note 1.1.*

COMPANY	Stated capital Rm	Other reserve[2] Rm	Retained earnings Rm	Total Rm
Balance at 1 March 2018	7 060	4	3	7 067
Loss and total comprehensive loss for the year			(1)	(1)
Share-based payment costs – employees		9		9
Dividend paid			(188)	(188)
Balance at 28 February 2019	**7 060**	**13**	**(186)**	**6 887**
Loss and total comprehensive loss for the year			**(4)**	**(4)**
Share-based payment costs – employees		**10**		**10**
Dividend paid			**(188)**	**(188)**
Balance at 29 February 2020	**7 060**	**23**	**(378)**	**6 705**

Final dividends per share[3]

- 2019: 11 cents (declared on 16 April 2019 and paid on 13 May 2019)
- 2020: no ordinary dividend declared; 230 cents special dividend (declared on 1 April 2020 and paid on 28 April 2020)

[2] *Comprise fully share-based payment reserve.*

[3] *Dividends are not accounted for until they have been approved by the company's board of directors.*

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	GROUP 2020 Rm	GROUP 2019 Rm	COMPANY 2020 Rm	COMPANY 2019 Rm
Cash flow from operating activities		**258**	(137)	**–**	–
Cash generated from operations	30.1	**337**	79		
Interest received		**48**	73		
Dividends received		**266**	312		
Interest paid		**(351)**	(317)		
Taxation paid	30.2	**(42)**	(284)		
Cash flow from investment activities		**(218)**	843	**–**	–
Acquisition of subsidiaries	30.3	**(32)**	(41)		
Proceeds from disposal of subsidiary/subsidiaries' operations	30.4	**53**	4		
Loans repaid by associates and joint ventures		**6**	7		
Loans granted to associates and joint ventures		**(15)**	(55)		
Additions to property, plant and equipment		**(202)**	(177)		
Proceeds from disposal of property, plant and equipment		**27**	19		
Additions to intangible assets		**(112)**	(116)		
Acquisition of equity securities			(1)		
Proceeds from disposal of equity securities		**6**	1 161		
Proceeds from sale of assets held for sale			7		
Loans and advances granted		**(8)**	(75)		
Repayment of loans and advances		**59**	110		
Cash flow from financing activities		**(33)**	(593)	**–**	–
Capital contributions by non-controlling interests			6		
Transactions with non-controlling interests		**(20)**	(11)		
Treasury shares sold		**1**	1		
Dividends paid to shareholders of the parent		**(188)**	(188)	**(188)**	(188)
Dividends paid to non-controlling interests		**(17)**	(22)		
Lease liabilities – principal portion		**(73)**			
Borrowings repaid	30.5	**(630)**	(1 030)	**(3)**	(2)
Borrowings drawn	30.5	**894**	651	**191**	190
Net increase/(decrease) in cash and cash equivalents		**7**	113	**–**	–
Cash and cash equivalents at beginning of year		**433**	326		
Exchange (losses)/gains on cash and cash equivalents including hyperinflation		**(29)**	(6)		
Cash and cash equivalents at end of year	12	**411**	433	**–**	–

ACCOUNTING POLICIES

FOR THE YEAR ENDED 29 FEBRUARY 2020

The principal accounting policies applied in the preparation of these consolidated and standalone financial statements are set out below. The accounting policies applied in the preparation of these financial statements are consistent in all material respects with those used in the prior financial year. However, the group adopted the various revisions to IFRS, refer accounting policies note 1, which were effective for its financial year ended 29 February 2020, but, these revisions have not resulted in material changes to the group's reported results or disclosures in these financial statements, except for the adoption of the new standard IFRS 16 *Leases*.

1. BASIS OF PREPARATION

The consolidated and standalone financial statements have been prepared on the going concern basis and in compliance with International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act of South Africa and the JSE Limited Listings Requirements. The financial statements have been prepared under the historical cost convention, as modified for the effects of inflation where entities operate in hyperinflationary economies, the revaluation of financial assets and liabilities (including derivative financial instruments), employee defined benefit assets and liabilities, and biological assets, as well as investments in associates and joint ventures being accounted for according to the equity method of accounting.

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 and standalone financial statements are disclosed in accounting policy note 28 below.

The Zimbabwean economy has been considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the group's subsidiaries in Zimbabwe have been expressed in terms of the measuring unit current at the reporting date.

1.1 Adoption of IFRS 16 *Leases* ("IFRS 16")

IFRS 16, adopted by the group effective 1 March 2019, is a new standard and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures ROU assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

Transition:

The group elected, as permitted by IFRS 16, not to restate comparative financial statements. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 March 2019.

The group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17 Leases:

- Applied the exemption not to recognise ROU assets and liabilities for leases with less than a 12-month lease term
- Low-value assets. All leases that meet the criteria of a lease of a low-value asset are accounted for on a straight-line basis over the lease term
- Use a single discount rate for a portfolio of leases with reasonably similar characteristics

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Extensions options:

Extension options are only included in the lease term if the lease is reasonably certain to be extended. Factors such as significant leasehold improvements, the importance of the underlying assets to the group's operations, and past practice within the group, were taken into account to determine reasonable certainty.

Impacts on the financial statements on transition:

On transition to IFRS 16, the group recognised the lease liabilities, at the present value of the remaining lease payments, discounting using the lessee's incremental borrowing rate at transition date, and the corresponding ROU assets was measured on a retrospective basis as if the new rules had always been applied.

The impact on transition is recognised below as at 1 March 2019:

	1 Mar 2019 Rm
Recognition of Right-of-use assets	441
Recognition of Lease liabilities	(641)
Derecognition of previously recognised straightlining lease liability	(2)
Deferred tax impact	38
Share of opening balance adjustment of retained earnings of associates and joint ventures on transition[1]	(19)
Adjustment due to initial application of IFRS 16 on 1 March 2019	(183)
Ordinary shareholders' equity	(178)
Non-controlling interests	(5)

1. BASIS OF PREPARATION continued

1.1 Adoption of IFRS 16 Leases ("IFRS 16") continued

[1] IFRS 16 also has an impact on the retained earnings opening balances of the group's underlying associates and joint ventures. The equity method of accounting applied in terms of IAS 28 *Investments in Associates and Joint Ventures* requires the group to account for its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Due to the aforementioned, an estimation calculation was performed on the adjustment due to the initial application of IFRS 16 on the underlying associates and joint ventures financial assets and liabilities.

Lease liability reconciliation as at 1 March 2019:

	1 Mar 2019 Rm
Non-cancellable operating lease commitments disclosed as at 28 February 2019	1 037
Less: lease payments associated with low-value items recognised on a straight-line basis as expense	(34)
Less: lease payment associated with short-term leases recognised on a straight-line basis as expense	(6)
Less: adjustments as a result of different treatment of lease extensions options and changes in the index	(91)
	906
Less: discounting effect using the incremental borrowing rate	(265)
Lease liability recognised at the date of transition	641

Also in relation to those leases under IFRS 16, the group recognised depreciation and finance costs, instead of operating lease expenses. During the year ended 29 February 2020, the group recognised R81m of depreciation in marketing, administration and other expenses and R64m of finance costs for the leases.

There were no significant impact on earnings for the year ended 29 February 2020 as a result of the adoption of IFRS 16.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

2.1 New standards, interpretations and amendments adopted by the group during the year

The following new standards, interpretations or amendments, which are relevant to the group's operations, became effective for application during the year:

- Amendments to IFRS 9 *Financial Instruments – Regarding prepayment features with negative compensation* (effective 1 January 2019)

  The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met.
- IFRS 16 *Leases* (effective 1 January 2019)

  This standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Refer to accounting policy note 1.1.
- Amendments to IAS 19 *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective 1 January 2019)

  The amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.
- Amendments to IAS 28 *Investments in associates and joint ventures – Long-term interest in Associates and Joint Ventures* (effective 1 January 2019)

  The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.
- IFRIC 23 *Uncertainty over Income Tax Treatments* (effective 1 January 2019)

  The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.
- Annual improvements cycle 2015–2017 (1 January 2019)

  Amendments to IFRS 3 *Business combination* – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- Amendments to IFRS 11 *Joint arrangements* – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  Amendments to IAS 12 *Income taxes* – The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

  Amendments to IAS 23 *Borrowing costs* – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS continued

2.2 New standards, interpretations and amendments not currently relevant to the group's operations

The following new standards, interpretations and amendments had no impact on the measurement of amounts or disclosures in the current or prior year:

- IFRS 17 *Insurance contracts* (effective 1 January 2023)[2]

  This standard replaces IFRS 4 *Insurance contracts*. IFRS 17 created one accounting model for all insurance contracts in the jurisdictions that apply IFRS. The framework requires an entity to measure insurance contracts using estimated and updates that reflects the timing of cash flows. Insurance contracts are required to recognise profits as services are delivered as opposed to on receipt of premiums.

2.3 New standards, interpretations and amendments that are not yet effective

The following new standards, interpretations and amendments have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2019 or later periods and have not been early adopted by the group:

- Amendments to IFRS 3 Business Combinations – Regarding the definition of a business (effective 1 January 2020)[1]

  These amendments: (a) clarified that a business must include substantive inputs and a process and must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.
- Amendments to IFRS 7 *Financial Instruments: Disclosures,* IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 January 2020)[2]

  Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.
- Amendments to IAS 1 *Presentation of Financial Statements – Definition of Material* (effective 1 January 2020)[1]

  The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
- Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective 1 January 2022)[1]

  Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors – Disclosure Initiative* (effective 1 January 2020)[1]

  The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

2.4 Effect of new standards, interpretations and amendments that are not yet effective

1 *Management has assessed the impact of these amendments on the reported results of the group and company and foresee only minor disclosure changes.*
2 *Management has assessed the impact of these amendments on the reported results of the group and company and foresee no impact on the measurement of amounts or disclosure.*

3. CONSOLIDATION

3.1 Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit and loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit and loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

3. CONSOLIDATION continued

3.1 Subsidiaries continued

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment, being the incremental costs relating to acquire the investment such as professional fees for legal services, transfer taxes and other transaction costs.

3.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.3 Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.4 Associates

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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, where appropriate.

The group's share of post-acquisition profit or loss is recognised in profit and loss, and its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as an impairment in profit and loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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.

Dilution gains and losses arising from investments in associates are recognised in profit and loss.

Loans to associates, not forming part of the group's investment in same, is classified as financial assets carried at amortised cost on the basis set out under the financial instruments accounting policy below.

3.5 Joint arrangements

In terms of IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

4. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (refer segment report). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

5. FOREIGN CURRENCY TRANSLATION

5.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which those entities operate ("functional currency"). The consolidated and separate financial statements are presented in South African rand, being the company's functional and presentation currency.

5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 profit and loss. Foreign exchange gains and losses are presented in profit and loss within "fair value gains and losses".

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instrument at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equity securities classified as at fair value through profit or loss, are recognised in profit and loss as part of "fair value gains and losses". Translation differences on non-monetary financial assets, such as equity securities classified at fair value through other comprehensive income, are included in other comprehensive income.

5.3 Foreign operations

The results and financial position of all group entities that have a functional currency different from the presentation currency and which do not operate in a hyperinflationary economy, are translated into the presentation currency as follows:

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

The results and the financial position of the group entities which are accounted for as entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the group are translated into the presentation currency of its immediate parent at the exchange rates ruling at the reporting date.

Group entities with functional currencies other than the presentation currency, mainly have the following functional currencies:

	2020		2019	
	Average rand per foreign currency unit	Closing rand per foreign currency unit	Average rand per foreign currency unit	Closing rand per foreign currency unit
British pound	**18.6**	**20.1**	17.8	18.7
Euro	**16.2**	**17.3**	15.8	16.0
Hong Kong dollar	**1.9**	**2.0**	1.7	1.8
Japanese yen	**0.1**	**0.1**	0.1	0.1
Mozambique new metical	**0.2**	**0.2**	0.2	0.2
United States dollar	**14.6**	**15.7**	13.5	14.1
Zambian kwacha	**0.9**	**0.9**	1.3	1.2
Zimbabwe dollar/Zimbabwe RTGS	**0.9**	**0.9**		5.4

5.4 Hyperinflation

Hyperinflation accounting requires transactions and balances of each reporting period presented to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the loss of purchasing power during the period. The group has elected to use the Zimbabwe Consumer Price Index ("CPI"), published by the Reserve Bank of Zimbabwe, as the measuring unit (or general price index) to restate amounts as CPI provides an observable indication of the change in the price of goods and services.

The results and the financial position, including comparative amounts, of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised in other comprehensive income as part of foreign currency translations for the current period.

5. FOREIGN CURRENCY TRANSLATION continued

5.4 Hyperinflation continued

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

At the end of the first period and in the subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item of property, plant and equipment.

Subsequent costs are included in the asset's carrying value 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 profit or loss during the period in which it is incurred.

As the functional currency of the group's subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, property, plant and equipment relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to accounting policy note 5.4).

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets, as follows:

Land and buildings	25 – 75 years
Motor vehicles	4 – 5 years
Plant	5 – 15 years
Office equipment (includes computer equipment)	3 – 10 years

Land is not depreciated, except for land held under leasehold rights, which is depreciated over the relevant leasehold term.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. The lease terms across the group typically range between two and 20 years, excluding renewal options.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

Gains and losses on disposals of property, plant and equipment are determined by comparing the asset's proceeds with its carrying value and are included in profit and loss.

7. INTANGIBLE ASSETS

7.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill on the acquisition of a subsidiary is reported in the statement of financial position as an intangible asset. Goodwill on the acquisition of a joint venture or associate is included in the respective investment's carrying amount. Goodwill is tested bi-annually for impairment and is 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 groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary, joint venture or associate at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisition is recognised as a gain on bargain purchase in profit or loss.

7.2 Trademarks

Acquired patents, trademarks and licences are shown at cost less accumulated amortisation and impairment losses. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

7. INTANGIBLE ASSETS continued

7.3 Customer lists

Acquired customer lists are shown at cost less accumulated amortisation and impairment losses. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

7.4 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when all of the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

7.5 Capitalised product development costs

Research costs undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred. Development costs are expensed when incurred, unless they result in projects that are technically and commercially feasible and the group has sufficient resources to complete development, in which event these development costs are capitalised and amortised over the estimated useful life of the project. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

As the functional currency of the group's subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, capitalised product development costs relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to accounting policy note 5.4).

7.6 Amortisation of intangible assets

Amortisation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets, as follows:

Capitalised product development costs	3 – 20 years
Customer lists	4 – 6 years
Trademarks	3 – 5 years
Computer software	5 – 15 years

8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are tested 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, being the higher of an asset's fair value less costs to sell and value-in-use.

For the purpose of assessing impairment, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely dependent on cash inflows of other assets or groups of assets (the cash-generating unit). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in profit or loss in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. In respect of other assets, reversal of impairment losses is recognised in profit or loss in the period in which the reversal is identified, to the extent that the asset is not increased to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

9. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include financial assets, consisting of equity securities, loans to associates and joint ventures, loans and advances, trade and other receivables, cash, money market investments and other cash equivalents, as well as financial liabilities, consisting of borrowings, derivative financial liabilities and trade and other payables.

There are group companies that are parties to derivative financial instruments that reduce exposure to financial risks. These instruments mainly comprise forward currency exchange contracts. Group companies do not apply hedge accounting and recognise changes in the fair value of these and other derivative instruments in profit or loss in the period in which they arise.

10. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 29 FEBRUARY 2020 **(CONTINUED)**

11. FINANCIAL ASSETS

The group classifies its financial assets in the following measurement categories: those to be measured at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

11.1 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the group has transferred substantially all the risks and rewards of ownership.

11.2 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) *At fair value through profit or loss*

- *Equity instruments at FVPL*

  The group classifies its financial assets as FVPL if the financial assets are equity investments that are held for trading or equity investments for which the entity has not elected to recognise FVOCI.

  The group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payment is established.

- *Money market funds at FVPL*

  The group classifies its investments in money market funds as FVPL, due to the underlying investments held by the money market funds that are periodically sold and thus the net asset value of the money market fund includes gains/losses from the sale of the underlying investments.

  The group subsequently measures all investments in money market funds at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Interest earned from such investments continue to be recognised as part of investment income in profit and loss.

(b) *At amortised cost*

- *Trade receivables*

  Trade receivables, measured in accordance with IFRS 9, are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The group and company applies the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for trade receivables.

- *Other financial assets at amortised cost*

  The group classifies its financial assets as at amortised cost only if both of the following criteria is met: the asset is held within a business model whose objective is to collect the contractual cash flows; and the contractual terms give rise to cash flows that are solely payments of principal and interest.

  Other financial assets at amortised cost include the following: other receivables, loans and advances and loans to associates and joint ventures and cash, money market investments and other cash equivalents.

  Other financial assets are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value. All other financial assets, those classified as at amortised cost, are carried at amortised cost using the effective-interest method.

  For cash and other cash equivalents, interest is based on prevailing market rates of the respective bank accounts in which the cash and other cash equivalents are domiciled.

11.3 Valuation techniques used to determine fair values

The fair value of financial assets carried at FVPL or FVOCI is determined using techniques as set out in note 32.5.

11.4 Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost under IFRS 9. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

11. FINANCIAL ASSETS continued

11.4 Impairment continued

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due criterion. The expected credit loss rates for trade receivables are mainly determined using a provision matrix. The provision matrix used is based on each individual company within the group's historical default rates observed over the expected life of the receivables, an equivalent credit rating and adjusted as appropriate for current observable data and forward-looking estimates relating to the individual company within the group.

For all other financial assets at amortised cost, the group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by: (a) a review of overdue amounts; (b) comparing the risk of default at the reporting date and at the date of initial recognition; and (c) an assessment of relevant historical and forward-looking quantitative and qualitative information. If the credit risk on the financial asset has not increased significantly since initial recognition, the group measures the loss allowance for that financial asset at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument if a default was to occur within 12 months of the reporting date.

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if the financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are classified as at fair value through profit or loss and are measured as set out below. Fair values of over-the-counter traded derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

12.1 Non-controlling interest put option liabilities

IFRS requires the group to account for written put options held by non-controlling shareholders of the group's subsidiaries. Such options provide them with the right to require the group to acquire their shareholding in the respective subsidiary. IFRS 9 requires that in the circumstances described above, the present value of the future redemption amount be reclassified from equity to financial liabilities and that the financial liability so reclassified subsequently be measured in accordance with IFRS 9. In accordance with IFRS 9, all subsequent changes in the fair value of the liability together with the related interest charges arising from present valuing the future liability, shall be recognised in profit or loss.

12.2 Derivative financial instruments and hedging activities

The group uses derivative financial instruments to hedge its exposure to foreign exchange risk arising from operational activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. Subsequent to initial recognition, derivatives are measured at fair value.

13. BIOLOGICAL ASSETS

13.1 Agricultural produce

Agricultural produce are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit or loss for the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs and incremental selling costs, including auctioneers' fees and commission paid to brokers and dealers. All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise. Refer note 9 for further details regarding the valuation of biological assets.

Agricultural produce is transferred at the prevailing fair value less cost to sell value to inventory upon harvest.

As the functional currency of the group's subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, agricultural produce relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to accounting policy note 5.4).

13.2 Bearer plants

Biological assets that meet the definition of bearer plants are measured at cost less accumulated depreciation and impairment losses. Bearer plants are measured at accumulated costs until maturity, similar to the accounting for a self-constructed item of property, plant and equipment.

Subsequent production and borrowing costs are included in the bearer plant's carrying value 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.

13. BIOLOGICAL ASSETS continued

13.2 Bearer plants continued

The lifespan of the bearer plant begins the day same is planted in the ground. Depreciation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets. The useful life is determined in collaboration with the technical department, and is as follows:

Apples	36 years
Pears	36 years
Oranges and lemons	30 years
Grapes	18 years

A distinction is made between non-bearing and partially-bearing bearer plants and when the transformation has been sustainably completed (i.e. full-bearing orchards/vineyards). In collaboration with the technical department, the bearer plants (i.e. orchards/vineyards) are deemed to be full bearing when they reach the following ages:

Apples	6 years
Pears	6 years
Oranges and lemons	7 years
Grapes	3 years

All costs relating to the development of an orchard/vineyard are capitalised to the respective orchard/block of vineyard planted. The establishment costs are allocated per orchard/block of vineyard based on establishment costs allocated per hectare.

Production costs, capital expenditure and borrowing costs are capitalised to the bearer plant until the plant has reached the age of full bearing. Income that is received related to the orchard/vineyard prior to it becoming full bearing is credited to the capitalised costs.

Depreciation in respect of orchards/vineyards is calculated from the date the orchard/vineyard reaches the state of full bearing and calculated by taking the cost per orchard/vineyard and dividing by the relevant remaining life.

All orchards/vineyards to be removed during a financial year will be deemed to be removed from the date the last crop was harvested from the orchard/vineyard. No depreciation will be charged from that date for the specific orchard that is to be removed. The value of the orchards/vineyards removed is the book value of the orchard/vineyard at the deemed date of removal.

14. INVENTORY

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and relevant selling expenses.

As the functional currency of the group's subsidiaries in Zimbabwe is the currency of a hyperinflationary economy, inventories relating to these subsidiaries is measured at the lower of the restated cost and net realisable value (refer to accounting policy note 5.4).

15. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position. For further information on the recognition of cash and cash equivalents, refer to accounting policy 11.2.

16. STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

16.1 Treasury shares

The cost of treasury shares acquired are debited to the treasury share reserve, and upon disposal of such shares, the reserve is credited with the weighted average calculated cost attributable to the shares disposed of.

Where any group company purchases the company's equity share capital (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects. Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from group profits for the year. The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

16.2 Share trust

Certain of the group's remuneration schemes are operated through the Zeder Group Share Incentive Trust. The share trust is considered to be a special-purpose entity controlled by the group and is therefore consolidated.

17. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities, classified as financial liabilities at amortised cost, include borrowings and trade and other payables.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities classified at fair value, that include derivative financial liabilities, are initially and subsequently recognised at fair value less transaction costs that are directly attributable to the raising of the funds, with any resultant gains and losses recognised in the profit and loss. The gain or loss recognised in the profit and loss incorporates any measurement gains or losses and interest expense on the financial liability.

17.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit and loss as finance cost.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest on borrowings directly relating to the acquisition, construction or production of qualifying assets is capitalised until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the group during the construction period. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

17.2 Trade and other payables

Trade and other payables are recognised initially at fair value, net of transaction costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method.

18. TAXATION

18.1 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax 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, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

As the functional currency of subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, deferred income tax relating to these subsidiaries is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their restated carrying amounts (refer to accounting policy note 5.4).

18. TAXATION continued

18.2 Dividend withholding tax

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. However, the group's share incentive trust (not being exempt from dividend withholding tax) may incur a dividend withholding tax expense on treasury shares held.

19. EMPLOYEE BENEFITS

The group operates various post-employment schemes, including both defined benefit and defined contribution pension and medical plans.

19.1 Retirement pension and medical plans

A defined contribution plan is a plan under which the group pays fixed contributions into a separate entity. 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 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 dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. 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 or medical obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

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.

19.2 Share-based compensation

Subsidiaries of the group operates equity-settled share-based payment schemes.

For the share-based payment schemes, the fair value of the employee services received in exchange for the grant of the scheme share options is recognised as an expense. The total amount to be expensed over the vesting periods, which are between four and five years, is determined by reference to the fair value of the scheme share options granted, excluding the impact of any non-market vesting conditions. For share options granted on or after 28 February 2018, the fair value included assumptions on market performance conditions. Non-market vesting conditions are included in assumptions concerning the number of scheme share options that are expected to become exercisable. Market performance conditions include assumptions with regards to the entity’s total shareholder return. At each reporting date, the entity revises its estimates of the number of scheme share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit and loss, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment expense is recognised in profit and loss and a share-based payment reserve is recognised in equity as part of other reserves and represents the fair value at grant date of the share options that will be delivered on vesting.

19.3 Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

19.4 Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

19.5 Profit sharing and bonus plans

The group recognises a liability and an expense for bonus plans and profit sharing, where contractually obliged, or where there is a past practice that has created a constructive obligation.

19. EMPLOYEE BENEFITS continued

19.6 Other short-term employee benefits

The cost of all other short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to wages, salaries and bonuses represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

20. PROVISIONS AND CONTINGENT LIABILITIES

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

20.2 Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

21. LEASES

21.1 After 1 March 2019

The group leases various land, property, equipment and vehicles.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of agricultural land and port facilities for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

21. LEASES continued

21.1 After 1 March 2019: continued

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer equipment and small items of office furniture.

21.2 Before 28 February 2019

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

22. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

23. REVENUE RECOGNITION

The group has adopted IFRS 15, which introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

23.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for goods sold and services rendered in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

It is the group's policy to recognise revenue from a contract with customers when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised at the amount of the transaction price that is allocated to that performance obligation excluding amounts collected on behalf of third parties. Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset or service refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. Refer note 20 for further detail on the recognition of revenue.

Royalty income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is recognised using the effective interest rate method and is included as part of investment income in profit and loss.

Dividend income is recognised when the right to receive payment is established and is included as part of investment income in profit and loss.

23.2 Disaggregation of revenue from contract with customers

The group's activities comprise the sale of agricultural produce (eg. grains, fruit, etc.), agricultural products (eg. seed, milled grains, etc.), logistics services (eg. port charges, shipping and related services, etc.) and royalty income received on the sale of internally generated agricultural seeds. Refer note 20 for further detail regarding the disaggregation of revenue from contracts with customers.

24. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

25. EARNINGS PER SHARE

25.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

25.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the dilutive earnings from the subsidiaries or associates due to the additional ordinary shares of that subsidiary or associates that would have been outstanding assuming the conversion of all dilutive potential ordinary shares of that subsidiary or associate by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

25.3 Headline and diluted headline earnings per share

Headline and diluted headline earnings per share are calculated on the same basis set out above and in accordance with The South African Institute of Chartered Accountants (SAICA) Circular 1/2019.

26. GOVERNMENT GRANTS

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions. Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit and loss on a straight-line basis over the expected useful lives of the related assets.

27. ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

28. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 values of assets and liabilities are addressed below.

28.1 Estimated impairment of goodwill

The group tests bi-annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on either value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates (see note 2 for further detail and disclosure of estimates used).

ACCOUNTING POLICIES

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

28. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES continued

28.2 Impairment of investment in associates and joint ventures

An impairment of associates and joint ventures is considered when the recoverable amount is below its carrying value. An impairment loss is recognised for the amount by which the investment in associated company's carrying amount exceeds its recoverable amount, being the higher of an asset's fair value less costs to sell and value in use. Refer to note 4.1.

In determination of whether there is objective evidence of impairment, the following factors may be considered: normal volatility in share price, the financial health of the investee, sector performance, changes in operational and financing cash flow.

28.3 Acquisition of associates

Details regarding significant new investments in associates acquired in the prior year are disclosed in note 4.1. Furthermore during the prior year, the group's interest in certain already existing associates were also increased. In accounting for these transactions management had to apply judgement in allocating the purchase price to the identifiable assets and liabilities of the associates acquired, or the portion acquired when an additional interest was acquired.

28.4 Recognition of intangible assets

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of intangible assets acquired through business combinations are determined by using a discounted cash flow valuation method. The discount rate is based on the long-term risk-free rate with risk premiums added for market and other company and asset specific risks. During the year under review, no businesses were acquired with intangible assets.

Trademarks and customers' lists acquired through business combinations or acquisitions are valued on acquisition using discounted cash flow methodology based on assumptions and estimates regarding future revenue growth, weighted cost of capital, marketing costs and other economic factors affecting the value in use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management.

The cost of the trademarks and customer lists are amortised over their estimated useful lives. The remaining useful lives of intangible assets are re-assessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

Product development costs are capitalised by the group when product projections indicates that the product would be a success and the cost can be reliably determined. The projections are based on the expected margin that would realise on the sale of the products in the future, the expected life cycle of the product, as well as the market share that the company expect to gain with the specific product.

If useful lives were increased/decreased by 10%, the intangible assets recognised would have been approximately R3m (2019: approximately R3m) higher/lower. Future profit margins used in determining customer contracts and relationships values were consistent with the margins applied in determining the fair value of the related investment.

Refer to the intangible asset accounting policy and note 2 for further detail.

28.5 Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated over their estimated useful lives to their estimated residual values. The remaining useful lives and residual values of property, plant and equipment are re-assessed annually. If the estimates of the remaining useful lives or residual values change, the remaining carrying values are depreciated prospectively, taking into account the revised estimates. Refer to the property, plant and equipment accounting policy and note 1 for further detail.

28.6 Fair value of biological assets

The fair value of these biological assets were determined using a discounted cash flow model, which incorporates significant variable inputs i.e. discount rate and useful life of the biological assets. Where an insignificant level of biological transformation had taken place since planting, the biological assets are valued at cost (refer note 9 for further details).

28.7 Money market funds

Cash and cash equivalents disclosed on the statement of financial position includes investments in money market funds, being short-term highly liquid investments with maturities of three months or less. Money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The classification of money market funds as cash equivalents is only judgemental for purposes of disclosure and judgement applied could not have any impact of disclosed amounts of assets or liabilities.

28.8 Recoverability of trade and other receivables

Each entity in the group makes assumptions on the recoverability of its financial assets. These instruments mainly cover trade and other receivables and production loans. From 1 March 2018, the group measures the loss allowance for trade receivables by applying the simplified approach, which is prescribed by IFRS 9 and in accordance with accounting policy note 11, using a provision matrix. Until 28 February 2018, where the recoverability of these instruments is considered to be doubtful, management applies judgement in the calculation of the amount to be impaired.

28.9 Deferred tax

Each group entity determines the recoverability of deferred tax assets and the recognition of estimated tax losses. The recognition is based on the entities' ability to utilise these losses based on expected future taxable earnings. Deferred tax assets in respect of tax losses set out in note 16.

28. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES continued

28.10 Adoption of IFRS 16 *Leases*

The group adopted the new standard using the modified retrospective approach. The impact of the IFRS 16 transition is reliant upon a number of key estimates and judgements, primarily applied in determining the appropriate discount rates (incremental borrowing rates) and the lease term for each lease. The lease term may include future lease terms for which the group has extension options and which the group is reasonably certain to exercise.

(a) *Incremental borrowing rates*

The present value of lease payments is determined by using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(b) *Estimating the lease term*

When the group has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice, any cost that will be incurred to change the asset if an option to extend is not taken and the importance of the underlying asset to the operations of the group, to help them determine the lease term.

28.11 Date of classifying investment in Pioneer Food Group Limited ("Pioneer Foods") as a Non-current assets held for sale and Discontinued operations in terms of IFRS 5 *Non-Current Assets Classified as Held for Sale and Discontinued Operations* ("IFRS 5")

As at 29 February 2020, the company transferred its investment in Pioneer Foods (previously classified as an investment in associate) to non-current assets held for sale (refer notes 4.1 and 13). The results of Pioneer Foods are presented as discontinued operations in the income statement and related notes, including the restatement of the comparative financial information.

During the year under review the Pepsico Inc group made an offer to the Pioneer Foods ordinary shareholders to acquire all of Pioneer Foods' issued ordinary shares for a cash consideration of R110 per share. General meetings of Zeder and Pioneer Foods shareholders were held on 30 September 2019 and 15 October 2019, respectively, and the required shareholder approvals were obtained to proceed with the transaction. However, despite of obtaining such shareholder approvals, the remained subject to various other significant suspensive conditions. These significant and highly uncertain suspensive conditions included, *inter alia*, relevant MAC clauses (i.e. Pioneer Foods profit warranties measured at each month-end), minority shareholder approvals and various competition commission approvals in numerous jurisdictions. Out of the numerous competition commission approvals required, the most significant one was in respect of South Africa, where the approval of the South African Competition Commission and Tribunal were critical for the transaction to be successfully concluded.

Subsequent to year-end, the Competition Commission Tribunal approval was obtained and all suspensive conditions were met and therefore the group could only reclassify Pioneer Foods as a non-current asset held for sale in terms of IFRS 5 on 29 February 2020.

28.12 Hyperinflation

The group has two subsidiaries which are incorporated in Zimbabwe, namely Klein Karoo Seed Marketing Zimbabwe (Pvt) Ltd ("KKSM Zimbabwe") and Agriseeds (Pvt) Ltd ("Agriseeds").

(a) *Application of hyperinflationary accounting*

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29"), applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019.

The group concurs with this classification, supported by the following factors:

- The significant deterioration of the interbank real time gross settlement ("RTGS") dollar and Zimbabwe dollar ("ZWL$") exchange rates, the official currencies adopted in Zimbabwe during the year.
- Based on the Reserve Bank of Zimbabwe ("RBZ") published Consumer Price Index ("CPI"), the cumulative three-year inflation rate was 831.23% as at 29 February 2020.

The general price index, as published by the RBZ, were used in adjusting the historical cost local currency results and financial positions of the group's Zimbabwean subsidiaries.

The adjustment factors used to restate the financial statements as 29 February 2020, using 2019 base year are as follows:

Date	Indices	Adjusting factor
29 February 2020	**563.9**	**1.0000**
28 February 2019	**98.4**	**5.7307**

28. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES continued

28.12 Hyperinflation continued

(b) *Exchange rate applied in translating the results, net assets and cash flows of the group's businesses in Zimbabwe*

During the prior reporting period:

Since the adoption of multiple currencies by the Zimbabwean government in 2009, entities in Zimbabwe were operating in a multi-currency regime. As a result of this regime, and prior to 1 October 2018, the US dollar was designated as the functional and presentation currency of KKSM Zimbabwe and Agriseeds. The group applied official average and closing US dollar ("USD") to rand ("ZAR") exchange rates during this period.

On 1 October 2018, following the directive issued by the RBZ, the RTGS dollar was adopted as the functional and presentation currency of KKSM Zimbabwe and Agriseeds. The application of the change in functional currency was applied prospectively from the beginning of the financial period and the prior year effect were considered immaterial.

During the current reporting period:

On 24 June 2019, the RBZ introduced statutory instrument 142 of 2019 resulting in the renaming of the RTGS dollar to the ZWL$ and resulting in the ZWL$ being the only form of legal tender in the country. The ZWL$ was therefore adopted as the functional and presentation currency of KKSM Zimbabwe and Agriseeds prospectively from this date.

Judgement was applied in the estimation and application of the ZWL$ to ZAR exchange rate. Management assessed that the official interbank exchange rate is not available for immediate settlement as shortages of foreign currency results in the official exchange rate not being liquid. An estimate of 1 ZWL to 0.85 ZAR was used as the exchange rate to translate the results, net assets and cash flows of the group's businesses in Zimbabwe during the current financial year. Inputs considered in this estimate include comparable prices of agronomy seeds produced in Zimbabwe which can be exported to South Africa, Zambia and other neighbouring Southern African countries. The closing ZWL$ to ZAR exchange rate was calculated using the official USD to ZAR exchange rate divided by the management estimated USD to ZWL$ exchange rate.

The results, net assets and cash flows of the group's businesses in Zimbabwe have been translated into the group's presentation currency at the closing rate in accordance with the hyperinflationary provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Sensitivity analysis

The table below illustrates the sensitivity of the income statement and statement of financial position to changes in the exchange rate. If the Old Mutual implied exchange rate was applied, with all other variables held constant, the impact in translating the income statement and statement of financial position would have been as follows:

	Exchange rate applied 1.0 ZWL$: 0.85 ZAR Rm	Old Mutual implied exchange rate[1] 1.0 ZWL$: 0.52 ZAR Rm
Impact on statement of financial position		
Current assets	**3 862**	**3 756**
Total assets	**14 147**	**14 028**
Current liabilities	**4 368**	**4 333**
Total liabilities	**5 829**	**5 785**
Impact on income statement		
Revenue	**7 492**	**7 375**
Net monetary gain	**118**	**73**
Loss for the year from continued operations	**(196)**	**(253)**
Loss attributable to owners of the parent from continued operations	**(234)**	**(285)**

[1] *Calculated by applying the Old Mutual implied rate of 1 USD to 28.23 ZWL$ (an average rate for February 2020 was used given the volatility of the rate). ZWL$ officially floats against other international currencies on the Interbank Foreign Exchange Market, on a willing seller-willing-buyer basis. However, a significant amount of transactions happen outside the official market, at an unofficial exchange rate. One of the few gauges of the Zimbabwe exchange rate is the so-called Old Mutual implied rate, a comparison of the price of shares of insurer Old Mutual Limited in London and Harare.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

1. PROPERTY, PLANT AND EQUIPMENT AND LEASES

1.1 Property, plant and equipment

GROUP	Land Rm	Buildings Rm	Vehicles, plant and equipment Rm	Office equipment Rm	Total Rm
At 29 February 2020					
Cost	**468**	**1 058**	**1 084**	**154**	**2 764**
Accumulated depreciation and impairment	**(117)**	**(318)**	**(627)**	**(103)**	**(1 165)**
	351	**740**	**457**	**51**	**1 599**
Reconciliation					
Balance at beginning of year	**396**	**762**	**507**	**34**	**1 699**
Transfers of existing finance leases in terms of IFRS16 (note 1.2)		**(1)**	**(22)**		**(23)**
Additions	**4**	**42**	**122**	**32**	**200**
Disposals	**(8)**	**(13)**	**(9)**	**(1)**	**(31)**
Transferred to assets held for sale	**(5)**	**(26)**	**(13)**	**(1)**	**(45)**
Depreciation	**(4)**	**(48)**	**(93)**	**(17)**	**(162)**
Impairment	**(73)**	**(10)**	**(31)**		**(114)**
Exchange rate movements including hyperinflation	**(2)**		**(17)**	**1**	**(18)**
Subsidiaries acquired	**46**	**48**	**16**	**3**	**113**
Subsidiaries sold	**(3)**	**(14)**	**(3)**		**(20)**
Balance at end of year	**351**	**740**	**457**	**51**	**1 599**
At 28 February 2019					
Cost	432	1 042	1 048	136	2 658
Accumulated depreciation and impairment	(36)	(280)	(541)	(102)	(959)
	396	762	507	34	1 699
Reconciliation					
Balance at beginning of year	358	751	483	34	1 626
Additions	2	66	107	15	190
Disposals	(4)	(17)	(3)		(24)
Transfers to non-current assets held for sale		(1)			(1)
Depreciation	(5)	(46)	(99)	(15)	(165)
Impairment		(13)			(13)
Exchange rate movements	25	6	11	(1)	41
Subsidiaries acquired	24	16	8	1	49
Subsidiaries sold	(4)				(4)
Balance at end of year	396	762	507	34	1 699

Details of land and buildings are available at the registered offices of the relevant group companies. Refer to note 17 for details regarding property, plant and equipment that serve as security for borrowings.

The current year impairment mainly relates to Agrivision Africa's fair value uplift on the initial take-on of land and buildings of the milling and farming operations.

The prior year impairment relates to the Northern Cape grape farms where over-capitalisation occurred on the improvements made to the packing infrastructures.

1. PROPERTY, PLANT AND EQUIPMENT continued

1.2 Right-of-use assets

GROUP	Land Rm	Buildings Rm	Vehicles, plant and equipment Rm	Office equipment Rm	Total Rm
At 29 February 2020					
Cost	52	406	54	2	514
Accumulated depreciation and impairment	(6)	(59)	(23)	(1)	(89)
	46	347	31	1	425
Reconciliation					
Adoption of IFRS 16	46	378	16	1	441
Transfers of existing finance leases in terms of IFRS16		1	22		23
New leases entered into		40	23	1	64
Completion/cancellation of leases			(1)		(1)
Transferred to assets held for sale		(8)	(7)		(15)
Depreciation	(5)	(56)	(19)	(1)	(81)
Exchange rate movements including hyperinflation	(1)		(1)		(2)
Other movements (including remeasurements)	6	(14)	(2)		(10)
Subsidiaries acquired		6			6
Balance at end of year	46	347	31	1	425

Lease agreements comprise of mainly of port facilities at various harbours, through The Logistics Group, and a farm and operations in Namibia, through Capespan.

1.3 Lease liabilities

GROUP	GROUP 2020 Rm
Current	76
Non-Current	556
Balance at end of year	632
Reconciliation	
Adoption of IFRS 16	641
Transfers of existing finance leases in terms of IFRS16	19
New leases entered into	63
Completion/cancellation of leases	(1)
Payments - principal portion	(73)
Payments - finance cost	(64)
Transferred to held for sale	(12)
Exchange rate movements including hyperinflation	(5)
Finance Cost	64
Other movements (including remeasurements)	(11)
Subsidiaries acquired	11
Balance at end of the year	632

2. INTANGIBLE ASSETS

GROUP	Capitalised product development costs Rm	Customer lists Rm	Trademarks, computer software and other Rm	Goodwill Rm	Total Rm
At 29 February 2020					
Cost	**640**	**32**	**100**	**935**	**1 707**
Accumulated amortisation and impairment	**(126)**	**(32)**	**(90)**	**(654)**	**(902)**
Balance at end of year	**514**	**–**	**10**	**281**	**805**
Reconciliation					
Balance at beginning of year	**416**		**49**	**204**	**669**
Additions	**111**		**22**		**133**
Disposals			**(26)**		**(26)**
Transferred to assets held for sale	**(101)**				**(101)**
Amortisation	**(28)**		**(5)**		**(33)**
Impairment			**(33)**	**(13)**	**(46)**
Exchange rate movements including hyperinflation	**19**		**(1)**	**(10)**	**8**
Subsidiaries acquired	**97**		**4**	**100**	**201**
Balance at end of year	**514**	**–**	**10**	**281**	**805**
At 28 February 2019					
Cost	525	33	115	204	877
Accumulated amortisation and impairment	(109)	(33)	(66)		(208)
Balance at end of year	416	–	49	204	669
Reconciliation					
Balance at beginning of year	304	1	58	243	606
Additions	123		3		126
Amortisation	(18)	(1)	(14)		(33)
Impairment	(1)		(1)	(64)	(66)
Exchange rate movement	8		3	17	28
Subsidiaries sold				8	8
Balance at end of year	416	–	49	204	669

The current year impairment relates mainly to goodwill on the investments in Contour Logistics (R10m) and Agriseeds (R3m) and to computer software in Capespan of R33m as a result of the restructure which occurred during the current financial year.

The prior year impairment relates to goodwill on the investment in Agrivision Africa of R49m, as a result of tough trading conditions in Zambia, goodwill on Klein Karoo Seed Marketing's subsidiary companies of R7m, due to a decline in recent performance, goodwill recognised on the acquired 52% in Sonkwasdrif Proprietary Limited of R8m due to it being a loss making entity, additional impairment on the computer software at the restructured United Kingdom operation and intellectual property at Klein Karoo Seed Marketing, where there is no foreseeable future commercialisation of the specific seed line.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Zaad Holdings Limited' general borrowings during the year, in this case 8.6% (2019: 8.98%). Included in additions to capitalised product development costs is R9m (2019: R8m) borrowing costs capitalised.

2. INTANGIBLE ASSETS continued

Included in intangible assets other than goodwill are the following significant intangible assets and their remaining amortisation periods:

GROUP	Remaining amortisation period 2020	Remaining amortisation period 2019	Carrying value 2020 Rm	Carrying value 2019 Rm
Zaad				
– Capitalised product development costs[1]	**3 - 20 years**	<7 years	**500**	416
Capespan				
– Software development		1 – 7 years		32
			500	448

[1] *Capitalised product development costs are internally generated and in respect of plant and seed breeding operations and generic crop protection chemical("CPC") registrations within the subsidiaries of Zaad Holdings Limited. With regards to plant and seed breeding operations, each product needs to go through its normal plant life cycle to generate seed, which can vary between 4 to 8 months. Some plants are seasonal and can only be grown once a year. Line development normally takes up to 7 cycles before a product can be released for commercial testing and future commercialisation. Included in cost under capitalised product development costs are intangibles in use amounting to R162m (2019: R139m) which are currently being amortised. With regards to CPC registrations, the Fertilizers, Farm Feeds, Seeds and Remedies Act 36 of 1947, its regulations (and associated guidelines) require that a generic CPC has to undergo field testing to determine whether it is as efficacious as a registered counterpart and that it does not cause undue harm to the crop. A generic CPC has to undergo field testing on 40% of the crops that appear on a registered counterparts label to determine whether it is as efficacious as a registered counterpart and that it does not cause undue harm to the crop. The testing requires 3 successful trials per crop in different climatic zones. Any CPC that has a withholding period of 7 days or less has to be tested on 40% of the relevant crops on the counterparts label for residues. Testing requires 5 successful trials. The purity of the concentrated active ingredient must meet international standards and this is achieved by analysing 5 separate batches. Local analysis by an approved laboratory is required if information is not supplied by the manufacturer. The CPC registration normally takes between 30 – 36 months and is renewable every 3 years. Included in cost under capitalised product development costs are intangibles in use amounting to R142m (2019: Rnil) which are currently being amortised.*

Goodwill allocation

Goodwill is allocated to cash-generating units ("CGUs"), being each operating subsidiary. A summary of the goodwill allocation is as follows:

GROUP	2020 Rm	2019 Rm
Zaad		
– Zaad (previously known as Agricol)	**52**	52
– Bakker Brothers (previously known as Klein Karoo Seed Marketing)	**67**	66
– GAP Chemicals	**89**	
– Farm-Ag International	**11**	
– Agriseeds		11
Agrivision Africa		
– Mkushi Estates		1
– Somawhe Estates	**49**	50
The Logistics Group		
– Contour Logistics		10
– Port Services	**13**	13
– The Logistic Company		1
	281	204

Goodwill is tested for impairment bi-annually by comparing the carrying value to the recoverable amount of the CGUs, being the higher of value-in-use and fair value less cost to sell. Therefore, should the recoverable amount exceed the carrying value, goodwill is considered adequately supported.

Zaad – Zaad (previously known as Agricol)

A definite value distinction can be made between earnings on own Intellectual Property ("IP") and earnings from the various seed trading operations. The IP operation commands a much higher profit margin and due to significant research and development costs and long development timeframes, also means a considerable higher barrier to entry. Fair value less cost to sell for the Zaad's CGU is determined using unobservable inputs (level 3), by applying price/earnings ratio of 14 to the Seed business and 8 to the Chemical business' *recurring* headline earnings of R120m and R43m respectively (2019: price/earnings ratio of 15.5 to *recurring* headline earnings of R131m). The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated between 7 to 9 (2019: 26.4), adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for the CGU, the recoverable amounts would still exceed the carrying value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

2. INTANGIBLE ASSETS continued

Zaad – Bakker Brothers (previously known as Klein Karoo Seed Marketing)

A definite value distinction can be made between earnings on own Intellectual Property ("IP") and earnings from the various seed trading operations. The IP operation commands a much higher profit margin and due to significant research and development costs and long development timeframes, also means a considerable higher barrier to entry. Fair value less cost to sell for the Bakker Brothers' CGU is determined using unobservable inputs (level 3), by applying a price/earnings ratio of 14 (2019: 14) to the *recurring* headline earnings of R25m (2019: R28m). The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated between 7 to 9 (2019: 26.4), adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for the CGU, the additional amount of goodwill impairment that would have been recognised would be R10m (2019: recoverable amounts would still exceed the carrying value).

Zaad – GAP Chemicals

The fair value less cost to sell of the CGU is determined using unobservable inputs (level 3), by applying price/earnings ratios to the various parts of the operations, equating to a price/earnings ratio of 8 to *recurring* headline earnings of R31m. The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated at 18.9, adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for the CGU, the additional amount of goodwill impairment that would have been recognised would be R20m

Zaad – Farm-Ag International

The fair value less cost to sell of the CGU is determined using unobservable inputs (level 3), by applying price/earnings ratios to the various parts of the operations, equating to a price/earnings ratio of 8 to *recurring* headline earnings of R12m. The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated at 18.9, adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for both CGU's, the recoverable amount would still exceed the carrying value.

Zaad – Agriseeds

The goodwill was impaired during the year (R3m, after accounting for exchange rate difference), due to the volatile economic environment of Zimbabwe. Fair value less cost to sell for the Agriseeds' CGU was determined during the prior year, using unobservable inputs (level 3), by applying a price/earnings ratio of 12 to the recurring headline earnings of R9m. The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated at 26.4, adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for both CGU's, the recoverable amounts would still exceed the carrying value.

Agrivision Africa – Farming operations

The fair value less cost to sell of Agrivision Africa's two farming CGUs, namely Mkushi Estates and Somawhe Estates, is determined based on the net realisable value of the underlying assets less 1% cost to sell, with reference to the fair value of land, buildings and other tangible assets (level 3 unobservable inputs). This was based mainly on a market-related valuation of all property, plant and equipment that was performed by an independent valuation specialist during the second half of the 2019 calendar year, at an average selling price between US$6 700 – US$7 600 per irrigated hectare of land (2019: US$6 178 – US$6 500 per irrigated hectare of land based on 2016 calendar year valuation). Had the price per irrigated hectare been adjusted downward by 10%, the recoverable amount would still exceed the carrying value.

The Logistics Group – Contour Logistics, Port Services & The Logistics Company

The value-in-use of Port Services and The Logistics Group (2019: included Contour Logistics) is determined using a discounted cash flow model, management-approved budgets and the key inputs. During the current year, the goodwill of Contour Logistics (R10m) was impaired due to the profitability of the company. Key inputs used for the discounted cash flow model, are as follows:

	2020	2019
Discount rate	**15.4%**	17.9%
Terminal growth rate	**1.0%**	2.0%
Tax rate	**28.0%**	28.0%

The directors are satisfied that the carrying value of goodwill is adequately supported.

For definition of *recurring* headline earnings, please refer to Annexure C.

	COMPANY	
	2020 Rm	2019 Rm
3. INVESTMENT IN SUBSIDIARY		
Unlisted shares at cost	**8 302**	8 292

The company holds 100% (2019: 100%) of the issued share capital of Zeder Financial Services Limited, who in turn holds the group's investments in the underlying subsidiaries and associates. Refer to Annexure A.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	GROUP 2020 Rm	GROUP 2019 Rm
4. INVESTMENT IN ASSOCIATES		
4.1 Investment in ordinary shares of associates		
– Listed	**911**	5 687
– Unlisted	**359**	583
	1 270	6 270
Reconciliation of investment in ordinary shares of associates:		
Balance at beginning of year	**6 251**	6 616
– Previously reported	**6 270**	6 619
– Adjustment due to initial application of IFRS 16 and IFRS 9[1,2]	**(19)**	(3)
Equity accounting		
– Share of profits of associates[3]	**501**	627
Continued operations	**237**	309
Discontinued operations (note 13.2)	**264**	318
– Dividends received	**(272)**	(308)
Continued operations	**(83)**	(95)
Discontinued operations (note 13.3)	**(189)**	(213)
– Share of other comprehensive income of associates	**(181)**	(29)
Reversal of impairment/(impairment) of associates[4]	**319**	(647)
Continued operations	**(298)**	(30)
Discontinued operations (note 13.2)	**617**	(617)
Gain on dilution[5,6]	**–**	21
Continued operations		7
Discontinued operations (note 13.2)		14
Loss on dilution[5,6]	**(87)**	–
Continued operations	**(1)**	
Discontinued operations (note 13.2)	**(86)**	
Transferred to assets held for sale[7]	**(5 158)**	
Subsidiaries aqcuired[8]	**4**	
Transfer to subsidiaries[8]	**(89)**	7
Exchange rate movement	**(18)**	(17)
Balance at end of year	**1 270**	6 270
Market value of listed investments	**911**	5 864

1 *During the current year, IFRS 16 Leases also has an impact on the retained earnings opening balances of the group's underlying associates and joint ventures. The equity method of accounting applied in terms of IAS 28 Investments in Associates and Joint Ventures requires the group to account for its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Due to the aforementioned, an estimation calculation was performed on the adjustment due to the initial application of IFRS 16 on the underlying associates and joint ventures financial assets and liabilities (refer accounting policy note 1.1).*

2 *During the prior year, IFRS 9 Financial Instruments also has an impact on the financial assets and liabilities of the group's underlying associates and joint ventures. The equity method of accounting applied in terms of IAS 28 Investments in Associates and Joint Ventures requires the group to account for its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Due to the aforementioned, an estimation calculation was performed on the adjustment due to the initial application of IFRS 9 on the underlying associates and joint ventures financial assets and liabilities.*

3 *Equity accounted earnings as per the income statement of R247m (2019: R319m) includes the equity accounted earnings from the investment in joint ventures of R10m (2019: R9m) (refer note 5.1) and exclude the equity accounted earnings from the investment in Pioneer Foods, now classified as a discontinued operation of R264m (2019: R318m) (refer note 13.2).*

4 *During the current year, the company reversed R617m of the impairment charge previously recognised on its interest in Pioneer Food Group Limited ("Pioneer Foods"), due to the subsequent recovery of its share price. This was off-set by impairment related to Kaap Agri Limited ("Kaap Agri") and Quantum Foods Holdings ("Quantum Foods") due to the recent drop in the JSE listed share price (2019: Pioneer Foods and Quantum Foods), as well as two other investments in associates, Goodview and Yuppa. Impairment of associates as per the income statement of R298m (2019: R31m) exclude the reversal of impairment from the investment in Pioneer Foods, now classified as a discontinued operation of R617m (2019: impairment of R617m) (refer note 13.2).*

5 *During the current year the group incurred a dilution loss on Kaap Agri due to the share buy-back process and the group's interest in Pioneer Foods and Quantum Foods due to the settlement of the BBBEE scheme and changes in shareholding in the management and other share incentive schemes. During the prior year the group incurred dilution gains on Pioneer Foods, Quantum Foods and Kaap Agri due to the share-buy-back within the underlying companies.*

6 *Net loss on dilution of interest in associates as per the income statement of R0.5m (2019: R7m) exclude the net loss on dilution of interest from the investment in Pioneer Foods, now classified as a discontinued operation of R856m (2019: gain of R14m) (refer note 13.2).*

4. INVESTMENT IN ASSOCIATES continued

[7] *As at 28 February 2020, the company transferred its investment in Pioneer Foods to non-current assets held for sale due to the offer received and approved by Pioneer Foods ordinary shareholders from the Pepsico Inc group to acquire all of Pioneer Foods issued ordinary shares at a cash consideration of R110 per share (refer note 13.1). During the year, the group, through Capespan, also transferred the investments in Goodview and Van Wylick to non-current assets held for sale.*

[8] *During the current year, the group, through Zaad, exercised its call option to acquire the remaining 50.3% shareholding, together with the shareholder claims, in the agricultural chemicals business, GAP Chemicals Proprietary Limited for R111m (refer note 30.3). During the prior year, the group, through Capespan acquired the remaining 52% interest in the pome farm, Sonkwasdrif for R1. Sonkwasdrif was carried at a negative value within associates.*

Further information

Refer to Annexure B for further details regarding the investment in associates.

		GROUP	
		2020 Rm	2019 Rm
4.2	**Loans to associates**		
	– Clean Air Nurseries Agri Global Proprietary Limited ("CAN-Agri")[9]		50
	– CAN-Agri[10]		17
	– GAP Chemicals Proprietary Limited ("GAP Chemicals")[11]		60
	– JWM Asia[12]	**30**	30
	– Tradekor Holdings Proprietary Limited ("Tradekor")[11]		6
	– DLF Seeds Proprietary Limited[11]	**4**	4
	– Hygrotech Zambia Limited[12]	**4**	4
	– Sorghum Solutions Africa Proprietary Limited[12]	**1**	1
	– Hoeveldrif Chemikaliee Proprietary Limited[12]	**1**	
		40	172
	Current	**40**	6
	Non-current		166
		40	172

[9] *This loan is unsecured, carries interest at prime plus 1% and is repayable in bi-annual instalments that commenced 15 January 2020. The first payments defaulted and therefore the loan balance is shown net of a provision for impairment of R51m (2019: Rnil).*

[10] *These loans are unsecured, carries interest at prime plus 1% and repayable in bi-annual instalments commencing after 31 May 2020. These loan balances are shown net of a provision for impairment of R38m (2019: Rnil).*

[11] *These loans are unsecured, carry interest at prime with no repayment terms, except for Tradekor loan that was repaid during the year. In the prior year, GAP Chemicals loan balance were shown net of a provision of impairment of R0.3m (adjustment due to initial application of IFRS 9). GAP Chemicals was transferred to investments in subsidiaries and consequently was the loan and provision for impairment was eliminated upon consolidation.*

[12] *These loans are unsecured, interest-free with no repayment terms.*

Loans granted to associates, being measured at amortised cost, are almost entirely fully performing, with only an insignificant amount of expected credit losses being provided for, except for the loans to CAN-Agri. Due to the start-up nature of CAN-Agri's business, its current and projected cash flow requirements and the default on the first few payments, the group impaired the loans in full.

		GROUP	
		2020 Rm	2019 Rm
5.	**INVESTMENT IN JOINT VENTURES**		
	Investment in ordinary shares of joint ventures		
	– Unlisted	**2**	21
	Reconciliation of investment in ordinary shares of joint ventures:		
	Balance at beginning of year	**21**	17
	Share of profits of joint ventures	**10**	9
	Share of other comprehensive income of joint ventures	**(6)**	(9)
	Transfer to subsidiaries	**(25)**	
	Exchange rate movement	**2**	4
	Balance at end of year	**2**	21
6.	**EQUITY SECURITIES**		
	At fair value through profit or loss		
	– Unlisted but quoted	**2**	1
	– Unquoted	**29**	29
		31	30

6. EQUITY SECURITIES continued

GROUP	Fair value through profit or loss Rm	Total Rm
Reconciliation of equity securities		
Balance at 1 March 2018	688	688
Additions	1	1
Disposals	(1 186)	(1 186)
Net fair value gains	473	473
Exchange rate movement	54	54
Balance at 28 February 2019	**30**	**30**
Disposals	**(6)**	**(6)**
Net fair value gains	**8**	**8**
Subsidiaries sold	**(1)**	**(1)**
Balance at 29 February 2020	**31**	**31**

During the prior year, the group, through Capespan Group Limited, disposed of its investment in the Joy Wing Mau Group ("JWM") in China for an aggregate purchase consideration of ¥566m, amounting to R1.18bn, at the exchange rate at the time.

As at 29 February 2020, R19m (2019: R19m) of the unquoted equity securities include advances which are linked to equity instruments. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying equity securities and the dividends received on these securities. The advances are impaired to the value of the underlying instruments should the market value of the instruments fall below the current carrying value of the advances (refer to note 32.5 for fair value disclosures).

7. EMPLOYEE BENEFITS

Assets and liabilities relating to the group's employee benefits can be summarised as follows:

	2020			2019		
GROUP	Assets Rm	Liabilities Rm	Net Rm	Assets Rm	Liabilities Rm	Net Rm
Short-term employee benefits						
Performance-based remuneration		**(44)**	**(44)**		(26)	(26)
Leave pay		**(24)**	**(24)**		(31)	(31)
Post-employment defined benefit plans	**42**	**(99)**	**(57)**	43	(103)	(60)
Termination employee benefits		**(1)**	**(1)**		(6)	(6)
	42	**(168)**	**(126)**	43	(166)	(123)
Non-current portion	**42**	**(98)**	**(56)**	43	(103)	(60)
Current portion		**(70)**	**(70)**		(63)	(63)

Short-term employment benefits

These benefits comprise performance-based bonus and leave pay accruals.

Post-employment defined benefit plans (Medical benefits)

The group, through Capespan Group Limited ("Capespan") and The Logistics Group Proprietary Limited ("TLG"), provides for post-employment medical aid benefits in respect of certain retired employees. This liability is for a relatively small group of staff and their dependants who were already retired from Outspan International Limited ("Outspan"), Unifruco Limited ("Unifruco") and International Harbour Services Proprietary Limited prior to the merger between Unifruco and Outspan in 1999 and the unbundling of the logistics division in 2019. To qualify for the scheme they had to be permanently employed, be a member of the company designated scheme at retirement and remain resident in South Africa until their retirement. The obligation was quantified by an independent actuary.

Post-employment defined benefit plans (Pension benefits)

The group, through Capespan, operates a number of externally funded defined benefit pension schemes across various countries. These schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the group.

The pension benefits can be divided into the following three plans: South African Co-operative Citrus Exchange ("SACCE"), Capespan Continent NV ("CCNV") and Capespan Germany GmbH ("CGG"). These schemes are all closed to new employees.

The accompanying disclosures relate to the group's most significant defined benefit pension schemes across the United Kingdom, continental Europe and South Africa.

7. EMPLOYEE BENEFITS continued

Actuarial valuations were carried out by independent actuaries for the various schemes using the projected unit credit method.

The respective employee defined benefit plan deficits can be analysed as follows:

GROUP	2020 Medical benefits Assets Rm	2020 Medical benefits Liabilities Rm	2020 Medical benefits Net Rm	2019 Medical benefits Asset Rm	2019 Medical benefits Liabilities Rm	2019 Medical benefits Net Rm
Present value of funded obligations		**(19)**	**(19)**		(24)	(24)
Opening balance		**(24)**	**(24)**		(25)	**(25)**
Interest expense		**(2)**	**(2)**		(2)	**(2)**
Gains from changes in financial and demographic assumptions		**5**	**5**		1	**1**
Employer contributions		**2**	**2**		2	**2**
Balance at end of year	**–**	**(19)**	**(19)**	–	(24)	(24)

GROUP	2020 Pension benefits Asset[1] Rm	2020 Pension benefits Liabilities Rm	2020 Pension benefits Net Rm	2019 Pension benefits Asset[1] Rm	2019 Pension benefits Liabilities Rm	2019 Pension benefits Net Rm
Fair value of plan assets	**42**		**42**	43		43
Present value of funded obligations		**(80)**	**(80)**		(79)	(79)
	42	**(80)**	**(38)**	43	(79)	(36)
Balance at beginning of year	**43**	**(79)**	**(36)**	39	(66)	(27)
Past service cost		**4**	**4**			–
Interest expense		**(9)**	**(9)**		(8)	(8)
Return on plan assets	**9**		**9**	8		8
Losses from changes in financial and demographic assumptions		**(9)**	**(9)**		(4)	(4)
Employer contributions		**1**	**1**			–
Exchange differences	**(10)**	**12**	**2**	(4)	(1)	(5)
Balance at end of year	**42**	**(80)**	**(38)**	43	(79)	(36)

[1] *For the CCNV pension benefits, the assets are represented by a reinsurance policy and there is no right for set-off.*

Principal actuarial assumptions at the reporting date (expressed as weighted averages) are presented below:

GROUP	Medical benefits	Pension benefits SACCE	Pension benefits CCNV	Pension benefits CGG
29 February 2020				
Discount rate	**8.5% - 8.6%**	**1.9%**	**0.5%**	**1.8%**
Future medical costs increases	**4.8% - 10.0%**			
Inflation		**2.5%**	**2.0%**	**2.2%**
28 February 2019				
Discount rate	9.3%	2.8%	1.0%	1.8%
Future salary increases			3.0%	
Future medical costs increases	10.0%			
Inflation		2.4%	2.0%	1.7%

7. EMPLOYEE BENEFITS continued

A sensitivity analysis for each significant actuarial assumption (i.e. what impact would a change in the actuarial assumption have on the net defined benefit obligation):

GROUP	Medical benefits			Pension benefits		
	Change in assumption	Increase Rm	Decrease Rm	Change in assumption	Increase Rm	Decrease Rm
29 February 2020						
Discount rate	**0.5%**	**1**	**(1)**	**0.1%**	**(24)**	**22**
Future salary increases				**0.5%**	**4**	**(3)**
Medical costs trend	**1.0%**	**1**	**(1)**			
Inflation				**0.5%**	**(10)**	**12**
Future mortality	**1 year**	**1**	**(1)**	**1 year**	**(21)**	**21**
28 February 2019						
Discount rate	0.5%	1	(1)	0.1%	(26)	26
Future salary increases				0.5%	4	(3)
Medical costs trend	1.0%	1	(2)			
Inflation				0.5%	(11)	15
Future mortality	1 year	1	(1)	1 year	(23)	23

The exposure to the group, through the Capespan and TLG medical benefits, is that the life expectancy of the beneficiaries exceeds the life expectancy applied by the actuaries or that the medical inflation exceeds the percentage provided for the valuation.

The group, through Capespan and TLG, reviewed the contributions and benefit structures of its medical schemes, to ensure that these are well positioned against steeply rising healthcare costs and to establish the existence and extent of any future obligations towards current retired employees.

The pension benefit plans exposes the group, through Capespan, to actuarial risks, such as longevity risks, currency risks, interest rate risks and market (investment) risk.

For the CCNV pension benefits, the pension assets are represented by a reinsurance policy. The insurance contracts in place are intended to fully cover the benefits as they are defined in the pension plans. Due to the nature of the coverage, there is no residing liability or risk, except if the insurer should no longer be able to perform its obligations. As long as Capespan pays the regular premium amount, the insurance will pay its contractual benefit to company.

Biometric risk relates to human life conditions, eg death, disability and longevity. In terms of the active and vested members, premature pensionable events and longevity risks are reinsured. Financial risk exists due to implemented reinsurance contracts and the employer is obliged to finance premiums.

The group is also exposed to providing the employee with pension capital at retirement based on a predetermined formula. The exposure exists due to the difference between the asset and the liability where investment returns are exposed to market volatility.

	GROUP	
	2020 Rm	2019 Rm
8. LOANS AND ADVANCES		
Secured loans	**77**	79
Unsecured loans	**12**	16
	89	95
Current	**16**	16
Non-current	**73**	79
	89	95

The secured loans has the following terms:

GROUP

Subsidiary	Counterparty	Security	Interest rate %	Repayment terms	2020 Rm	2019 Rm
Zaad	Seed Brothers	Bond over moveable property	Interest-free	Payable in 6 unequal payments	**28**	
Zaad	Zaad Holdings Limited ("Zaad") non-controlling shareholders	Zaad ordinary shares	Prime to SARS official interest rate	Five years from inception date	**27**	25
Zaad	Nichebrands Proprietary Limited	Guarantees and assets pledged	Interest-free	Fixed repayment schedule		17
Capespan	Capespan Group Limited ("Capespan") non-controlling shareholders and staff	Capespan and TLG ordinary shares	SARS official interest rate	Five years from inception date	**9**	32
TLG	The Logistics Group ("TLG") non-controlling shareholders	TLG and Capespan ordinary shares	SARS official interest rate	Five years from inception date	**9**	
Capespan	Valley Grain Inc	Property, plant and equipment	5.0%	Fixed repayment schedule		5
TLG	TLG empowerment loans	Lien on equipment	Interest-free	On demand	**4**	
					77	79

Unsecured loans and advances comprise mainly advance payments made for lease, office and other deposits.

During the year, R1m loss allowance was raised and R1.2m unused amounts from the previous year were reversed. The loss allowance at reporting date amounted to R0.2m (2019: R0.5m). During the previous year, R0.1m of the opening carrying value adjustment due to initial application of IFRS 9 of R0.6m were reversed.

Loans and advances, being measured at amortised cost, are almost entirely fully performing, with only an insignificant amount of loss allowance being provided.

		GROUP	
		2020 Rm	2019 Rm
9.	**BIOLOGICAL ASSETS**		
9.1	**Bearer plants[1]**		
	Orchards	**246**	239
	Vineyards	**167**	187
		413	426
	Reconciliation:		
	Balance at beginning of year	**426**	406
	Additions	**40**	44
	Disposals	**(7)**	(12)
	Depreciation	**(19)**	(21)
	Impairment	**(2)**	(1)
	Subsidiaries acquired		10
	Subsidiaries sold	**(25)**	
	Balance at end of year	**413**	426

[1] *Bearer plants are carried at cost less accumulated depreciation and impairment losses.*

		GROUP	
		2020 Rm	2019 Rm
9.2	**Biological assets – agricultural produce**		
	Non-current	**15**	15
	Current	**158**	151
		173	166
	Maize[2]	**26**	5
	Soya[2]	**33**	43
	Orchards[2]	**53**	45
	Vineyards[3]	**44**	54
	Timber[4]	**15**	15
	Sorghum and other[3]	**2**	4
		173	166
	Reconciliation:		
	Balance at beginning of year	**166**	152
	Additions	**175**	126
	Harvests	**(389)**	(311)
	Change in fair value of biological assets	**225**	194
	Exchange rate movements including hyperinflation		3
	Subsidiaries acquired		2
	Subsidiaries sold	**(4)**	
	Balance at end of year	**173**	166

[2] *These current biological assets are valued at cost, since an insignificant level of biological transformation has taken place since planting.*

[3] *These current biological assets, which comprise the fruit on the orchards, grapes on the vineyards, sorghum and other biological assets have been valued using the following assumptions and inputs:*

Valuation technique	*Recoverable value.*
Unobservable inputs	*Average sales price per carton and cartons per hectare.*
Range of inputs	*Average sales price of R123 (2019: R91) per carton and cartons per hectare of 2 800 (2019: 4 000).*
Relationship of inputs to fair value	*Increase in sales price or in number of cartons, results in an increase in the fair value.*

[4] *This non-current biological asset is valued using the discounted cash flow valuation model to consider the present value of the net cash flows expected to be generated. Inputs are determined using historical data and industry standards. Refer to table below for the key valuation inputs:*

Valuation technique	*Discounted cash flow valuation.*
Unobservable inputs	*Estimated future cash flows (based on volume, price and cost assumptions) and weighted average cost of capital.*
Range of inputs	*Volume of timber based on an average of 1 050 poles and 350 mature trees per hectare over the lifetime of the plantation, age of trees between 1-20 years; price per unit of R570 – R700 (2019: R570 – R700) with future increase of 3.5% p.a.; cost per unit of R300 with inflation rate of 6.5% p.a.; weighted average cost of capital of 20.66% (2019: 18.5%).*
Relationship of inputs to fair value	*In arriving at fair value, the estimated future cash flows are discounted using the weighted average cost of capital. Any change in the cash flows or the cost of capital would directly impact the fair value.*

9. BIOLOGICAL ASSETS continued

9.2 Biological assets – agricultural produce continued

The abovementioned fair value of agricultural produce has been calculated using unobservable inputs (level 3). The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of fair value assumption fluctuations, mainly driven by commodity prices. The analysis is based on the assumption that the fair value increase/decrease by 10% (2019: 10%) at the reporting date:

	2020		2019	
GROUP	10% increase Rm	10% decrease Rm	10% increase Rm	10% decrease Rm
Impact on post-tax profit	12	(12)	12	(12)

Biological assets comprised of the following:

	Included in carrying value at reporting date		Harvested crops during the year	
GROUP	2020 Hectares	2019 Hectares	2020 Cartons/Tons	2019 Cartons/Tons
Maize	1 750	420	3.1 mt	6.2 mt
Soya	5 037	6 283	13.3 mt	12.8 mt
Wheat		15	32.7 mt	26.4 mt
Apples and pears	563	568	1.1mc	1.2 mc
Citrus	278	287	0.4mc	0.5 mc
Grapes	287	952	2.8mc	2.8 mc
Timber plantations	887	887		

	GROUP	
	2020 Rm	2019 Rm
10. INVENTORIES		
Raw materials	154	123
Work in progress	100	14
Finished goods	1 159	1 081
	1 413	1 218

Inventory to the value of R12m (2019: R10m) was written off during the year.

Inventories recognised as an expense during the year amounted to R1.79bn (2019: R1.48bn) and were included in cost of sales.

Raw materials consist of packaging material, consumables, fertilizer and seeds held for planting on the farms, wheat and maize held for milling and other inputs. Work in progress consist of seeds in the cleaning process prior to packaging the finished product. Finished goods include fruit produced, packaged seeds ready for sale and milled wheat and maize packaged.

	GROUP		COMPANY	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
11. TRADE AND OTHER RECEIVABLES				
Trade receivables	1 626	1 108		
Loss allowance of trade receivables[1]	(108)	(49)		
Value added tax[2]	78	63		
Prepayments and sundry receivables[2]	218	294	1	1
	1 814	1 416	1	1

[1] *Refer note 32.3 for the reconciliation of the loss allowance.*

[2] *Total non-financial assets of R238m (2019: R160m) for the group and R0.4m (2019: R0.3m) for the company is included in above.*

	GROUP 2020 Rm	GROUP 2019 Rm
12. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS		
Bank balances	**329**	181
Money market fund	**82**	252
	411	433

The money market fund earned interest at money market rates during the year under review. Money market funds are invested in highly liquid instruments with a weighted average maturity of less than 90 days.

13. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATION

13.1 Non-current assets and liabilities held for sale

As at 29 February 2020, the non-current assets held for sale and discontinued operation comprise mainly of the investment in Pioneer Foods (associate) of R5.05bn as a result of the offer received from the Pepsico Inc. group to acquire all of Pioneer Foods issued ordinary shares at a cash consideration of R110 per share. The scheme of arrangement was approved by the Zeder and Pioneer Foods ordinary shareholders and subsequent to the reporting date, by the Competition Tribunal (refer note 4.1).

The remaining portion of the non-current assets/liabilities held for sale comprise of investments in associates held through Capespan (Goodview and Van Wylick) of R108m and other assets (R311m) and liabilities (R16m) of Zaad's investment in Klein Karoo Saad Bemarking, all of which are in the process of being sold.

In the prior year, it included property in Gauteng amounting to R0.6m, subsequently sold during the year.

Non-current assets and liabilities held for sale comprised of the following assets and liabilities:

	2020 Rm	2019 Rm
Non-current assets held for sale		
Property, plant and equipment	**45**	1
Right-of-use assets	**15**	
Intangible assets and goodwill	**101**	
Investment in associates	**5 158**	
Inventories	**151**	
	5 470	1
Non-current liabilities held for sale		
Lease liabilities	**(12)**	
Employee benefit liabilities	**(4)**	
	(16)	–
Reconciliation:		
Balance at beginning of year	**1**	7
Transfer from assets and liabilities	**5 454**	1
Disposed	**(1)**	(7)
Balance at end of year	**5 454**	1

13.2 Discontinued operations - Income statement

	2020 Rm	2019 Rm
Net income from associates and joint ventures		
Equity accounted earnings (note 4.1)	**264**	318
Reversal of/(impairment) of associates (note 4.1)	**617**	(617)
Net (loss)/profit on sale/dilution of interest (note 4.1)	**(86)**	14
Profit/(loss) for the year	**795**	(285)

13.2 Discontinued operations - Statement of cash flow

	2020 Rm	2019 Rm
Cash flow from operating activities (Annexure B)	**189**	213
Cash and cash equivalents at end of year	**189**	213

Non-headline items of the discontinued operations comprise mainly of the reversal of/(impairment) of associates and net (loss)/profit on sale/dilution of interest.

14. STATED CAPITAL

14.1 Ordinary shares

	GROUP 2020 Rm	GROUP 2019 Rm	COMPANY 2020 Rm	COMPANY 2019 Rm
Authorised				
3 000 000 000 (2019: 3 000 000 000) ordinary shares with no par value.				
Issued				
Balance at beginnings and end of year	**7 060**	7 060	**7 060**	7 060
Number of shares in issue ('000)				
In issue (gross of treasury shares)	**1 715 179**	1 715 179	**1 715 179**	1 715 179
Held by share incentive trust	**(5 001)**	(5 001)		
Held by executives through loan funding advanced	**(8 299)**	(8 299)		
In issue (net of treasury shares)	**1 701 879**	1 701 879	**1 715 179**	1 715 179

The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements.

No ordinary shares were issued or purchased and cancelled during the year under review (2019: nil).

Previously, a loan in the amount of R10 million was advanced to a company controlled by a director, in order to acquire 2 635 933 JSE-listed Zeder ordinary shares ("the Zeder shares"). The group acquired the loan, amounting to R13m, from PSG Corporate Services Proprietary Limited ("PSGCS") (an indirect subsidiary of the ultimate holding company, PSG Group Limited). In terms of accounting standards, the loans receivable were eliminated on consolidation, accounted for in terms of IFRS 2 *Share-based Payment* and the Zeder shares accounted for as treasury shares (refer note 28).

Previously, treasury shares, allocated to executive directors in terms of a share incentive scheme, were recognised on loans granted on or prior to 28 February 2018. In terms of accounting standards, the loans receivable were eliminated on consolidation, accounted for in terms of IFRS 2 *Share-based Payment* and the Zeder shares accounted for as treasury shares (refer note 28).

14.2 Cumulative, non-redeemable, non-participating preference shares

Authorised

250 000 000 (2019: 250 000 000) shares with no par value

14.3 Share incentive schemes

During the year, the company operated an equity-settled share incentive scheme by means of the Zeder Group Share Incentive Trust. In terms of the scheme, share options are granted to executive directors and other employees ("participants"). Subsidiaries also operate share option schemes on similar terms and include that of Agrivision Africa, Capespan Group Limited and The Logistics Group Proprietary Limited.

In terms of the aforementioned schemes, share options in respect of ordinary shares are allocated to participants on grant date at market prices. The settlement of the purchase consideration payable by the participants in terms of the shares options granted occurs upon exercise.

The total equity-settled share-based payment amounted to R34m (2019: R18m). This charge, net of the related tax effect, was recognised in the income statement and credited to other reserves (refer note 15) and non-controlling interests (refer to statement of changes in equity), respectively.

i) Share option scheme

The Zeder SIT currently holds 5 001 469 (2019: 5 001 469) ordinary shares, with 26 697 462 (2019: 24 139 026) share options having been allocated that are unvested and/or unexercised with a total strike consideration of R140m (2019: R131m).

The weighted average strike price of share options exercised in terms of this equity-settled share scheme during the year under review was R5.35 (2019: R4.46) per ordinary share.

The maximum number of ordinary shares which may be utilised in terms of the scheme is 173 051 465 shares, while the maximum number of shares that may be offered to any single participant is 34 610 293 shares. To date, 6 468 249 (2019: 4 914 897) shares have been exercised by way of the scheme and accordingly a further 166 583 216 (2019: 168 136 568) shares may be exercised in future by way of the scheme. To date, a maximum of 5 125 225 (2019: 3 876 751) shares have been exercised by any single participant and accordingly a maximum of 29 485 068 (2019: 30 733 542) shares may be exercised in future by any single participant of the scheme.

14. STATED CAPITAL continued

14.3 Share incentive schemes continued

Reconciliation of outstanding share options:	2020 Number	2019 Number
Number of share options allocated at beginning of the year	**24 139 026**	15 229 241
Number of share options exercised during the year	**(1 553 352)**	(1 586 313)
Number of share options forfeited during the year	**(2 131 215)**	(436 430)
Number of share options allocated during the year	**6 243 003**	10 932 528
Number of share options allocated at end of the year	**26 697 462**	24 139 026

Outstanding share options per tranche allocated:	Number of shares	Price R	Volatility %[1]	Dividend yield %	Risk-free rate %	Fair value R[2]
28 February 2015	**223 084**	7.71	28.60	0.50	6.80	2.27
29 February 2016	**581 553**	4.97	35.60	2.80	8.20	1.48
28 February 2017	**2 750 475**	7.29	27.38	1.48	7.46	1.99
28 February 2018	**6 426 185**	6.41	29.90	1.70	7.00	2.61
28 February 2019	**10 473 162**	4.36	30.20	2.55	7.28	1.80
29 February 2020	**6 243 003**	4.52	33.00		6.34	1.88
	26 697 462					

[1] *The expected price volatility is based on the one year historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.*
[2] *Due to a change in vesting conditions with regards to share options issued on or after 28 February 2018, the value of those options was calculated using a Binominal Model and a Black-Scholes model was used for share options issued before 28 February 2018.*

For options granted on or after 28 February 2018, 50% of the amount of options that will vest, depends on Zeder's total shareholder return ("TSR"), that includes share price growth and dividend returns. Once vested, the options remain exercisable for a period of 180 days.

Vesting of shares occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

14. STATED CAPITAL continued

14.3 Share incentive schemes continued

Analysis of outstanding scheme shares by financial year of maturity:	2020 Weighted average strike price (R)	2020 Number	2019 Weighted average strike price (R)	2019 Number
29 February 2020			6.04	6 102 448
28 February 2021	**5.90**	**8 469 672**	5.48	5 611 534
28 February 2022	**5.29**	**6 702 414**	5.51	5 304 910
28 February 2023	**4.97**	**5 785 586**	5.13	4 387 002
29 February 2024	**3.50**	**4 179 040**	4.36	2 733 132
28 February 2025	**4.52**	**1 560 750**		
		26 697 462		24 139 026

ii) Material subsidiary share incentive schemes

Agrivision Africa

During the year under review, 17 778 (2019: 28 695) share options were granted to participants at a total consideration of R3m (2019: R4m). Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of Agrivision Africa. The maximum number of shares which may be offered to participants is currently unlimited but based on a formula relating to remuneration.

Reconciliation of outstanding share options:	2020 Number	2019 Number
Number of share options allocated at beginning of the year	**88 580**	83 472
Number of share options forfeited during the year	**(26 055)**	(23 587)
Number of share options allocated during the year	**17 778**	28 695
Number of share options allocated at end of the year	**80 303**	88 580

Analysis of outstanding scheme shares by financial year of maturity:	2020 Weighted average strike price (USD)	2020 Number	2019 Weighted average strike price (USD)	2019 Number
2019/20			54.62	14 226
2020/21	**54.62**	**16 743**	54.62	20 181
2021/22	**51.53**	**25 211**	50.77	27 110
2022/23	**48.54**	**20 894**	48.65	17 498
2023/24	**44.82**	**12 963**	43.70	9 565
2024/25	**43.70**	**4 492**		
		80 303		88 580

Outstanding share options per trance allocated:	Number of shares	Price USD	Volatility %[3]	Risk-free rate %	Fair value USD[4]
1 January 2016	**17 620**	54.62	23.60	10.10	15.63
1 January 2017	**23 799**	54.62	27.30	11.10	9.61
1 January 2018	**25 403**	43.70	27.60	9.70	8.62
1 January 2019	**13 481**	43.70	29.50	13.00	9.79
	80 303				

[3] *The expected price volatility is based on the historic volatility of averages of companies operating in similar markets with publicly available information.*

[4] *The value of the options was calculated in USD, Agrivision's functional currency, using the Black-Scholes-Merton model.*

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FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

14. STATED CAPITAL continued

14.3 Share incentive schemes continued

Capespan Group Limited ("Capespan")

Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of Capespan. The maximum number of shares which may be offered to participants is 38 818 693. During the year under review, the Capespan Group Share Incentive Trust held 2 211 177 (2019: 2 211 177) ordinary shares in Capespan in order to assist in meeting its obligations in terms of the share options granted.

On 1 January 2019, the logistics division unbundled from Capespan, forming The Logistics Group Proprietary Limited ("TLG"). On that date, the share options scheme in Capespan was duplicated in TLG on as follows: for every 1 unvested Capespan share option previously held, the participant received 1 TLG share option; and the strike price of any unvested Capespan share options was adjusted downwards to accommodate the effect of the unbundling. All Capespan share options that vested on 1 January 2019 was issued at the reduced strike prices. The change was beneficial to the participants and IFRS 2 modification accounting was applied, in which the incremental fair value at the date of modification was recognised in addition to the grant-date fair value. All TLG options that vested on 1 January 2019 were waived by the participants of the scheme, in exchange for a cash settlement.

Subsequent to the unbundling of the Capespan share incentive scheme, all remaining Capespan share options were cancelled, with the exception of one member. 20 053 949 new share options were issued to certain active employees at revised terms, effective 4 January 2019.

Reconciliation of outstanding share options:	2020 Number	2019 Number
Number of share options allocated at beginning of the year	**17 777 222**	22 450 091
Number of share options allocated during the year	**20 053 949**	941 620
Number of share options vested during the year	**(6 415 464)**	(2 211 177)
Number of share options cancelled during the year	**(9 212 948)**	
Number of share options forfeited during the year	**(1 622 410)**	(3 403 312)
Number of share options allocated at end of the year	**20 580 349**	17 777 222

Analysis of outstanding scheme shares by financial year of maturity:	2020 Weighted average strike price (R)	2020 Number	2019 Weighted average strike price (R)	2019 Number
2019/20			3.59	6 415 464
2020/21	**0.03**	**3 063 550**	5.62	4 262 262
2021/22	**0.67**	**5 724 952**	5.81	3 738 242
2022/23	**0.60**	**5 541 847**	3.19	3 361 254
2023/24	**1.50**	**3 125 000**		
2024/25	**1.50**	**3 125 000**		
		20 580 349		17 777 222

Outstanding share options per tranche allocated:	Number of shares	Price R	Volatility %[5]	Dividend yield %	Risk-free rate %	Fair value R[6]
1 January 2015	**35 459**	2.19	29.0	6.1	6.80 - 7.30	0.72
1 January 2015	**263 158**	3.21	29.0	6.1	6.80 - 7.30	0.32
1 January 2016	**227 783**	3.24	32.5	4.5	7.90 - 8.70	1.42
1 January 2019	**164 981**	0.24	24.2	12.5	7.20	1.10
1 January 2019	**138 427**	2.05	24.2	12.5	7.17 -7.27	0.01
1 January 2019	**7 250 541**	(0.57)	24.2	12.5	7.17 -7.38	1.90
1 January 2019	**12 500 000**	1.50	24.2	12.5	7.27 -7.60	0.10
	20 580 349					

[5] *The expected price volatility is based on the historic volatility of averages of companies operating in similar markets with publicly available information.*
[6] *The fair value of the options was calculated using the Black-Scholes model.*

14. STATED CAPITAL continued

14.3 Share incentive schemes continued

The Logistics Group Proprietary Limited ("TLG")

Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of TLG. The maximum number of shares which may be offered to participants is 36 659 205.

During the aforementioned logistics division unbundling from Capespan, on 1 January 2019, the share options scheme of Capespan was duplicated in TLG as follows: for every 1 unvested Capespan share option previously held, the participant received 1 TLG share option; and the strike price of any unvested TLG share options was adjusted downwards to accommodate the effect of the unbundling.

Subsequent to the unbundling of the logistics division, all remaining TLG share options were cancelled and 26 965 598 new share options were issued to most of the active employees at revised terms, effective 4 January 2019.

Reconciliation of outstanding share options:	2020 Number
Number of share options due to unbundling	**1 659 005**
Number of share options allocated during the year	**26 965 598**
Number of share options cancelled during the year	**(1 659 005)**
Number of share options allocated at end of the year	**26 965 598**

Analysis of outstanding scheme shares by financial year of maturity:	2020 Weighted average strike price (R)	2020 Number
2020/21	**0.01**	**605 190**
2021/22	**2.50**	**6 901 761**
2022/23	**2.54**	**6 805 350**
2023/24	**2.73**	**6 326 648**
2024/25	**2.73**	**6 326 649**
		26 965 598

Outstanding share options per tranche allocated:	Number of shares	Price R	Volatility %[7]	Dividend yield %	Risk-free rate %	Fair value R[8]
1 January 2019	**30 077**	0.01	25.5	4.5	7.00	2.61
1 January 2019	**192 822**	0.07	25.5	4.5	7.00	2.49
1 January 2019	**1 436 106**	0.01	25.5	4.5	7.00	2.49
1 January 2019	**25 306 593**	2.73	25.5	4.5	7.00	0.52
	26 965 598					

[7] *The expected price volatility is based on the historic volatility of averages of companies operating in similar markets with publicly available information.*

[8] *The fair value of the options was calculated using the Black-Scholes model.*

15. OTHER RESERVES

GROUP	Foreign currency translation Rm	Share-based payment Rm	Other[1] Rm	Total Rm
Balance at 1 March 2018	(342)	22	(28)	(348)
Currency translation adjustments	(38)			(38)
Share of other comprehensive income of associates			(38)	(38)
Share-based payment costs – employees		17		17
Transfer between reserves		(4)	(1)	(5)
Transactions with non-controlling interests			15	15
Balance at 28 February 2019	**(380)**	**35**	**(52)**	**(397)**
Currency translation adjustments including hyperinflation	**(156)**			**(156)**
Share of other comprehensive income of associates			**(187)**	**(187)**
Share-based payment costs – employees		**33**		**33**
Transfer between reserves		**(31)**	**1**	**(30)**
Balance at 28 February 2020	**(536)**	**37**	**(238)**	**(737)**

[1] *Relates mainly to the group's share of other comprehensive income/(losses) accounted for by associates and the initial remeasurement of written put options held by non-controlling shareholders of a subsidiary.*

COMPANY

The company's other reserves comprise fully of share-based payment reserve.

	GROUP 2020 Rm	GROUP 2019 Rm
16. DEFERRED INCOME TAX		
Deferred income tax assets	**140**	74
Deferred income tax liabilities	**(121)**	(93)
Net deferred income tax liability	**19**	(19)
Deferred income tax assets		
To be recovered within 12 months	**9**	6
To be recovered after 12 months	**131**	68
	140	74
Deferred income tax liabilities		
To be recovered within 12 months	**(5)**	(16)
To be recovered after 12 months	**(116)**	(77)
	(121)	(93)

16. DEFERRED INCOME TAX continued

The movement in the net deferred tax liability were as follows:

GROUP	Provisions Rm	Lease liabilities Rm	Tax losses Rm	Unrealised profits Rm	Right-of-use assets Rm	Intangible assets and other differences Rm	Total Rm
Balance at 1 March 2018	19		144	(130)		(194)	(161)
Opening carrying value adjustment due to initial application of IFRS 9	4						4
Credited/(charged) to profit and loss	8		(36)	159		9	140
Charged to other comprehensive income				(1)		(1)	(2)
Subsidiaries acquired	1		8			(2)	7
Exchange rate movements	(5)		(1)	(12)		11	(7)
Balance at 28 February 2019	**27**	**–**	**115**	**16**	**–**	**(177)**	**(19)**
Opening carrying value adjustment due to initial application of IFRS 16		**48**			**(10)**		**38**
Credited/(charged) to profit and loss	**16**	**1**	**31**	**(7)**	**(1)**	**(3)**	**37**
Charged to other comprehensive income	**4**					**(7)**	**(3)**
Subsidiaries acquired	**1**	**3**		**(1)**	**(2)**	**(26)**	**(25)**
Subsidiaries sold	**1**		**(2)**				**(1)**
Exchange rate movements including hyperinflation	**(14)**	**(1)**	**(45)**	**(10)**		**62**	**(8)**
Balance at 28 February 2020	**35**	**51**	**99**	**(2)**	**(13)**	**(151)**	**19**

The deferred tax assets include a total amount of R13m (2019: R56m), R2m (2019: Rnil), R84m (2019: R57m) and R0.4m (2019: R3m) for Capespan Group Limited, The Logistics Group Proprietary Limited, Zaad Holdings Limited and Agrivision Africa, respectively, which relates to the carried forward tax losses of the underlying subsidiaries within the group. Deferred tax on tax losses are mainly only recognised on a subsidiaries' tax loss, when the underlying subsidiaries support a profit history of at least two years and then only will the group limit the recognition of a deferred tax asset to three years. The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries. The subsidiaries are expected to generate taxable income from financial year 2021 onwards which will reduce the tax loss. Most of the losses can be carried forward indefinitely and have no expiry date, except for losses within Agrivision Africa relating to Mpongwe Milling and within Zaad, amounting to R26m (2019: R111m) and R20m (2019: Rnil) respectively, that will expire from 2021 to 2025 and which was not provided for.

Deferred income tax on temporary differences relating to equity securities that are classified at fair value through profit or loss and available-for-sale, is calculated using South Africa's effective capital gains tax rate of 22.4% (2019: 22.4%). Deferred income tax was otherwise calculated on temporary differences using the applicable tax rate as per the tax jurisdiction it relates to.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are shown separately in the Statement of Financial Position but combined in the reconciliation to the net deferred tax balance.

17. BORROWINGS

	GROUP		COMPANY	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Non-current	**646**	1 880	**–**	–
Secured redeemable preference shares		1 500		
Secured loans	**437**	186		
Unsecured loans	**209**	194		
Current	**2 870**	1 192	**1 590**	1 401
Secured redeemable preference shares	**1 500**			
Secured loans	**118**	188		
Unsecured loans	**67**	35	**1 590**	1 401
Bank overdrafts	**1 185**	969		
Total	**3 516**	3 072	**1 590**	1 401

17. BORROWINGS continued

These borrowings have the following terms:

GROUP

Subsidiary	Counterparty	Security/ Overdraft facility	Interest rate %	Repayment terms	2020 Rm	2019 Rm
Secured redeemable preference shares						
Zeder	FirstRand Bank	Investments in associates of R6.99bn (2019: R5.50bn)	Fixed nominal annual dividend rate range between 7.73% and 8.11% compounded quarterly	Redeemable during Oct 2022, paid off subsequent to year-end (refer note 33)	**1 500**	1 500
Secured loans						
Capespan	ABSA instalment sale discounting facility	Property, plant and equipment of R22m	Prime - 1.85%	Monthly instalments		22
The Logistics Group	FNB	Property, plant and equipment of R0.2m	15.8%	60 monthly instalments	**18**	
Zaad	Standard Bank[1]	Shareholding in Zaad International as security	3M USD LIBOR + 4.3%	Overnight facility	**71**	72
Zaad	First National Bank	General covering mortgage bond over immovable property of R56m (2019: R52m)	Prime - 0.25%	Monthly instalments	**115**	90
Zaad	Gro Capital Afgri	Mortgage bond of R27m	Prime + 0.25%	Monthly instalments	**20**	22
Zaad	ABN Amro Bank[3]	Property, plant and equipment of EUR34m	2.15% – 1M EURIBOR	Monthly instalments	**42**	46
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	3M LIBOR + 5.95%	33 months	**143**	
Agrivision	African Agriculture and Trade Investment Fund[1]	Moveable and immovable property of USD30m	6M LIBOR + 7%	3 annual instalments from Oct 2021 - Oct 2023	**60**	60
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	3M LIBOR + 5.95%	Quarterly instalments Jul 2021 - Jul 2024	**60**	
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	LIBOR + 4.43% (2019: LIBOR + 2.95%)	Quarterly instalments by Sep 2022	**33**	15
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	3M LIBOR + 5.95%	Quarterly instalments by Sep 2022	**17**	
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	7.2%	Semi-annual instalments by Jun 2020	**7**	20
Agrivision	Standard Bank Isle of Man[1]	Mortgage asset debenture and insurance policies	6.6%	Repayable within one year		22
Sub-total					**2 086**	1 869

17. BORROWINGS continued

Subsidiary	Counterparty	Security/ Overdraft facility	Interest rate %	Repayment terms	2020 Rm	2019 Rm
Sub-total					**2 086**	**1 869**
Unsecured loans						
Capespan	HSBC	Unsecured	JIBAR + 2.8%	Repayable in 2020[2]		20
Capespan	ABSA	Unsecured	JIBAR + 2.3%	Quarterly instalments of 10 quarterly repayments[2]		150
Capespan	HSBC[3]	Unsecured	JIBAR + 2.3%	Quarterly instalments of R5m[2]		5
Capespan	Investec[3]	Unsecured	JIBAR + 2.2%	Full payment due by Mar 2020[2]		17
Capespan	HSBC	Unsecured	EURIBOR +2.2%	Quarterly payments	**7**	
The Logistics Group	Standard Bank	Unsecured	JIBAR	Lump sum payment at the end of the 5 years	**200**	
Zaad	Roodesen Beleggings Proprietary Limited	Unsecured	9%	Repayable with 12 months from demand	**9**	12
Zaad	Maingard Investment Trust	Unsecured	Prime	Repayable on demand	**23**	
Bank overdrafts						
Zeder	First National Bank	Facility of R100m	Prime			
Zaad	ABN Amro Bank[3]	Overdraft facility	2.2% - 1M EURIBOR		**72**	60
Zaad	First National Bank	Overdraft facility	Prime - 0.5% (2019: 10.3% - 10.9%)		**474**	423
Zaad	First National Bank[4]	Overdraft facility	13.3%			9
Zaad	ABSA Bank	Overdraft facility	Prime - 0.25% (2019: Prime - 0.75%)		**15**	15
Zaad	Standard Bank Mauritius[1]	Overdraft facility	3M USD LIBOR + 4.3%		**21**	22
Zaad	Land Bank	Overdraft facility	Prime - 0.25%		**141**	
Zaad	Short Term Direct Overdraft	Overdraft facility	Prime - 0.5%		**44**	
Zaad	First National Bank	Overdraft facility	Prime - 0.5%		**11**	
Capespan	CITI Bank[1]	Overdraft facility	7.8%			52
Capespan	HSBC[3]	Overdraft facility	1M EURIBOR plus 1%		**93**	80
Capespan	HSBC	Overdraft facility	JIBAR + 1.25%		**150**	
Capespan	HSBC[1]	Overdraft facility	LIBAAR + 1.75%		**26**	
Capespan	HSBC[1]	Overdraft facility	4.0%		**21**	
Capespan	Standard Bank	Overdraft facility	8.5%		**17**	
Agrivision	Standard Bank Mauritius & Zambia[1, 4]	Overdraft facility	3M LIBOR + 5.9%		**17**	200
Other insignificant borrowings					**89**	138
					3 516	3 072

1 *USD denominated loans/bank overdrafts and values represent the ZAR equivalent.*
2 *On a Capespan group level, these borrowings are secured by a guarantee from Capespan Group Limited.*
3 *EUR denominated loans/bank overdrafts and values represent the ZAR equivalent.*
4 *ZMW denominated bank overdrafts and values represent the ZAR equivalent.*

17. BORROWINGS continued

Effective interest rates

The effective interest rates applicable to significant borrowings range between 1% and 15.8% (2019: 1.8% and 13.3%).

COMPANY

The loans are unsecured, interest-free and have no fixed repayment terms.

As of 28 February 2018 the loan from Zeder Financial Services Limited ("ZFS") has been subordinated in favour of the creditors of the company. In terms of the subordination agreement ZFS may not demand repayment of the subordinated amount until such time that the company's assets, fairly valued, exceeds its liabilities.

	GROUP	
	2020 Rm	2019 Rm
18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES		
18.1 Derivative financial assets		
Forward currency exchange contracts	1	
18.2 Derivative financial liabilities		
Current	–	(1)
Forward currency exchange contracts		(1)
Non-current	(24)	(25)
Non-controlling interests' put option liabilities	(24)	(25)
	(24)	(26)

Written put options entered into with Zaad Holdings Limited non-controlling shareholders, which granted them the right to put their shareholding to the group at a fixed price/earnings multiple that was market-related at the date of issue. The put options become exercisable in September 2021. The carrying value at the reporting date represents the present value of the possible exercise price.

	GROUP		COMPANY	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
19. TRADE AND OTHER PAYABLES				
Trade payables[1]	1 085	974	8	5
Sundry payables	130	15		
Purchase consideration payable	94	4		
	1 309	993	8	5

[1] *Includes non-financial liabilities of R66m (2019: R20m) for the group.*

For the company, trade payables comprise mainly of unclaimed dividends payable.

	GROUP				
	Agricultural produce Rm	Agricultural products Rm	Logistical services Rm	Royalty income Rm	Total Rm
20. REVENUE					
29 February 2020					
Food, beverages and related services[1]	3 952				3 952
Logistical services[1]			937		937
Agri-inputs		2 105		8	2 113
Agri-production	238	252			490
	4 190	2 357	937	8	7 492

20. REVENUE continued

	GROUP				
	Agricultural produce Rm	Agricultural products Rm	Logistical services Rm	Royalty income Rm	Total Rm
28 February 2019					
Food, beverages and related services[1]	4 762				4 762
Logistical services[1]			837		837
Agri-inputs		1 632		4	1 636
Agri-production	198	208			406
	4 960	1 840	837	4	7 641

1 *Zeder has restated the 28 February 2019 segmental information to reflect the discontinued operations effect, as well as the Capespan unbundling of its logistical division in the prior year. The restatement had no impact on previously reported income statements and statements of financial position, comprehensive income, changes in equity and cash flows for the year then ended.*

Agricultural produce

The group, through Capespan and Agrivision Africa, harvest various fresh produce (mainly fruit and grains) in southern Africa and sell it at local and export markets. Sales are recognised upon collection or delivery of the produce to the customer and where there is no unfulfilled obligation that could affect the customer's acceptance of the produce. Delivery abroad occurs when the products have been shipped to the customer at a specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions, if any, have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. The standard payment terms are usually within 14 to 60 days from delivery and invoice date at a fixed price, except for consignment and minimum price guarantee deals that may contain variable consideration based on market prices available at that time.

Agricultural products

The group, through Zaad and Agrivision Africa, produce and sell various agricultural products (mainly a broad range of agricultural seeds and milled grains) in Africa, Europe and other international emerging markets. Sales are recognised upon collection or delivery of the produce to the customer and where there is no unfulfilled obligation that could affect the customer's acceptance of the produce. The standard payment terms are usually upfront upon collection or within 30 to 90 days from delivery and invoice date at a fixed price, and may include discounts, depending on the type of customer.

Logistics services

The group, through The Logistics Group (previously the logistics division within Capespan), owns and operates several strategic logistics and terminal assets in southern Africa and earn revenue from providing logistics services (eg port charges, shipping and related services). Revenue from providing logistics services is recognised in the accounting period in which the services are rendered. Handling revenue and storage revenue are billed and accrued separately. Handling revenue are accounted for as and when services are rendered and storage revenue are accounted for as storage days are satisfied. The standard payment terms are usually within 30 days from invoice date at a fixed price, depending on the type of customer.

Royalty income

The group, through Zaad, owns and develops a broad range of internally developed agricultural seeds in Africa, Europe and other international emerging markets. Revenue, in the aforementioned markets, is recognised once sales, which give rise to the royalty income, has been determined and verified on a monthly basis. The standard payment terms are usually within 30 days from invoice date at a fixed price, depending on the type of customer.

Revenue from other sources

Revenue from other sources comprise mainly investment income (note 22), and other operating income (note 24).

Interest income is recognised using the effective interest rate method and dividend income is recognised when the right to receive payment is established. Both are included as part of investment income in the income statement.

Other operating income comprise mainly of management and other fee income, profit on sale of property, plant and equipment and other assets, as well as other incidental income included in sundry income.

Financing components

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

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	GROUP 2020 Rm	GROUP 2019 Rm
21. COST OF SALES		
Changes in finished goods	**4 985**	5 755
Raw material and consumables used	**410**	346
Transportation expenses	**218**	43
Employment cost	**10**	10
	5 623	6 154
22. INVESTMENT INCOME		
Interest income earned using effective interest rate	**43**	66
Loans and advances	**19**	19
Trade and other receivables	**6**	6
Cash, money market investments and other cash equivalents	**18**	41
Interest income earned on "fair value through profit and loss"	**7**	18
Cash, money market investments and other cash equivalents	**7**	18
Dividend income	**1**	6
Equity securities held at fair value through profit or loss	**1**	6
	51	90
23. NET FAIR VALUE GAINS		
Unrealised net fair value (losses)/gains	**13**	2
Equity securities – at fair value through profit or loss	**9**	(1)
Gains on derivative financial instruments	**4**	3
Realised net fair value gains	**57**	474
Equity securities – at fair value through profit or loss	**(1)**	474
Net fair value gain resulting from disposal of subsidiary	**54**	
Net fair value gain resulting from step up of associate and joint venture to subsidiary	**4**	
Net foreign exchange losses	**9**	(7)
	79	469
24. OTHER OPERATING INCOME		
Management and other fee income	**2**	3
Profit on sale of property, plant and equipment	**8**	15
Profit on sale of subsidiary	**2**	
Government grant income		3
Rental income	**4**	4
Sundry income	**24**	9
	40	34

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FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

25. MARKETING, ADMINISTRATION AND OTHER EXPENSES

	GROUP		COMPANY	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Depreciation	262	185	–	–
– Land	4	5		
– Buildings	48	46		
– Vehicles, plant and equipment	93	99		
– Office equipment	17	15		
– Right-of-use asset	81			
– Biological assets (bearer plants)	19	20		
Amortisation of intangible assets	33	33		
Lease Expenses	30	149	–	–
- Lease expense in respect of low-value items	7	3		
- Lease expense in respect of short-term leases	23	40		
- Variable lease payments		106		
Auditors' remuneration	22	18	–	–
– Audit services – current year	17	15		
– Audit services – previous year	1	1		
– Other services	4	2		
Employee costs[1]	851	736	–	–
– Salaries, wages and allowances	779	682		
– Equity-settled share-based payment costs	34	18		
– Pension costs – defined contribution and benefit plans	26	28		
– Medical costs – defined contribution and benefit plans	12	8		
Impairment losses	298	75	–	–
– Property, plant and equipment	114	13		
– Biological assets (bearer plants)	2	1		
– Intangible assets	46	66		
– Loans to associates	89	1		
– Loans and advances	1			
– Trade and other receivables	46	(6)		
Loss on sale of property, plant and equipment	2	4		
Repairs, maintenance and vehicle costs	119	67		
Marketing and administration costs	43	50	4	1
– Marketing	38	49		
– Administration	5	1	4	1
Professional fees	71	45		
Insurance costs	33	24		
Communication costs	22	20		
Commission paid	46	26		
Research costs incurred	17	9		
Other costs	229	287		
	2 078	1 728	4	1

[1] *Refer to the directors' report for further information with regards to directors' emoluments.*

26. FINANCE COSTS

	Group 2020 Rm	Group 2019 Rm
Redeemable preference shares	**121**	113
Secured loans	**36**	42
Unsecured loans	**24**	57
Bank overdrafts	**91**	96
Trade and other payables	**2**	1
Employee benefits	**11**	11
Lease Liabilities	**64**	
Other	**2**	4
	351	324

27. TAXATION

	Group 2020 Rm	Group 2019 Rm	Company 2020 Rm	Company 2019 Rm
South Africa current taxation				
– Current year	**56**	120		
– Previous year	**8**	3		
South Africa deferred taxation				
– Current year	**(24)**	(13)		
Foreign current taxation				
– Current year	**70**	139		
– Previous year		(12)		
Foreign deferred taxation				
– Current year	**(13)**	(127)		
	97	**110**	**–**	**–**
Reconciliation of effective tax rate:	**%**	**%**	**%**	**%**
South African standard tax rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:				
– Non-taxable income	**(30.1)**	(4.0)		
– Non-deductible charges	**34.5**	134.1	**(28.0)**	(28.0)
– Net income from associates and joint ventures	**(16.5)**	(93.1)		
– Foreign tax rate differential	**(3.1)**	(7.5)		
– Capital gains tax rate differential	**(0.8)**	(24.9)		
– Special tax allowances	**(1.3)**	(2.1)		
– Deferred tax assets written off/not recognised	**6.8**	24.0		
– Effect of tax losses utilised	**(4.2)**	(5.7)		
– Prior period adjustments	**0.6**	(1.3)		
Effective tax rate for continued and discontinued operations	**13.9**	47.5	**–**	–
Tax charges relating to components of other comprehensive income	**Rm**	**Rm**	**Rm**	**Rm**
– Currency translation movements	**(7)**	(1)		
– Losses/(gains) from changes in financial and demographic assumptions of post-employment benefit obligations	**4**	1		
	(3)	–	**–**	–

Non-taxable income relates mainly to dividend income, while non-deductible charges relate mainly to impairment charges, share-based payment costs and preference share funding (i.e. preference dividends paid).

28. RELATED-PARTY TRANSACTIONS AND BALANCES

The following related parties were identified with which the company and/or group transacted during the year, and/or balances were outstanding at year-end:

Party	Relationship
PSG Group Limited ("PSG Group")	Ultimate holding company
Zeder Financial Services Limited ("ZFS")	Wholly-owned subsidiary
Zeder Corporate Services Proprietary Limited	Wholly-owned subsidiary of ZFS
Zeder Management Services Proprietary Limited	Wholly-owned subsidiary of ZFS
Zeder Africa Proprietary Limited ("ZA")	Wholly-owned subsidiary of ZFS
Zaad Holdings Limited	Subsidiary of ZFS
Capespan Group Limited	Subsidiary of ZFS
The Logistics Group Proprietary Limited	Subsidiary of ZFS
Agrivision Africa	Subsidiary of ZA
Pioneer Food Group Limited ("Pioneer Foods")	Associate of ZFS (refer note 13)
Kaap Agri Limited ("Kaap Agri")	Associate of ZFS
Quantum Foods Holdings Limited ("Quantum Foods")	Associate of ZFS
Clean Air Nurseries Agri Global Proprietary Limited ("CAN-Agri")	Associate of ZFS
PSG Corporate Services Proprietary Limited ("PSGCS")	Indirect subsidiary of PSG Group
PSG Fundco Proprietary Limited	Indirect subsidiary of PSG Group
PSG Online Securities Proprietary Limited	Indirect subsidiary of PSG Group
PSG Money Market Fund	Indirect subsidiary of PSG Group
Grayston Elliot Proprietary Limited	Indirect subsidiary of PSG Group
N Celliers and JH le Roux	Executive directors of the company

Related-party transactions during the year under review included dividends received from associates (refer note 22) and discontinued operations (note 13), various administration expenses and professional fees (refer note 25), interest income (refer note 22) and interest paid (refer note 26).

Included in the intergroup revenue are R8m (2019: R9m) goods sold to Kaap Agri and its subsidiaries, R4m (2019: R0.9m) goods sold to Pioneer Foods and its subsidiaries and R4m (2019: R3m) sold to Quantum Foods and its subsidiaries (refer note 20). Included in the intergroup cost of sales are R69m (2019: R65m) in respect of purchases from Kaap Agri and its subsidiaries, Rnil (2019: R11m) from Pioneer Foods and its subsidiaries (refer note 21). The group eliminated its portion of the unrealised profit and loss upon consolidation.

Included in the group's interest income is R7m (2019: R18m) received from PSG Money Market Fund.

Dividend income included in the group's investment in ordinary shares of associates (and those classified as discontinued operations) consist mainly of the following: R189m (2019: R213m) received from Pioneer Foods, R37m (2019: R35m) received from Kaap Agri and R20m (2019: R56m) received from Quantum Foods.

Included in the group's marketing, administration and other expenses is professional fees of R2m (2019: R0.2m) paid to PSG Capital (a division of PSGCS) and R0.8m (2019: R0.2m) paid to Grayston Elliot Proprietary Limited for corporate finance and tax services relating to acquisitions made and tax advice during the year. Also included in the group's marketing, administration and other expenses is R7m (2019: R7m) paid to PSGCS for strategic, payroll, IT services and rent.

Details of the audited directors' emoluments and shareholdings and the prescribed officers' remuneration are included in the directors' report.

As at 29 February 2020, R20m (2019: R21m) relates to loans, including accrued interest, granted to Mr N Celliers and R5m (2019: R5m) to Mr JH le Roux, both with regards to shares obtained through the vesting of Zeder ordinary shares previously allocated to Messrs N Celliers and JH le Roux, respectively, with the security value, based on the closing price as at 29 February 2020, of R20m (2019: R20m) and R4m (2019: R4m) respectively. The loans carry interest at the SARS' official interest rate (2019: SARS' official interest rate) and are repayable seven years from the respective date of advance. At the reporting date, 4 704 566 (2019: 4 704 566) and 1 045 838 (2019: 1 045 838) Zeder ordinary shares served as security for Mr N Celliers' loan and Mr JH le Roux's loan respectively. Previously, treasury shares were recognised on the loans granted on/before 28 February 2018. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 *Share-based Payment*. R2m (2019: R2m) were recognised during the year, through the group's profit and loss, for the above mentioned loans. The charges were calculated using a Binominal valuation model with the following inputs:

Price (R)	6.41
Volatility (%)	29.9
Dividend yield (%)	1.7
Risk-free rate (%)	7.0

28. RELATED-PARTY TRANSACTIONS AND BALANCES continued

During the previous year, Mr N Celliers fully settled a loan of R6m, including accrued interest, previously granted to him, with regards to shares obtained through the vesting of PSG Group share options previously allocated. The loan carried interest at the SARS' official interest rate and was repayable seven years from the respective date of advance. Previously, the equity securities that were recognised on the loans granted on/before 28 February 2018 in the prior year, were sold to settle the loan. In terms of the accounting standard, the loan receivable have been accounted for in terms of IFRS 2 *Share-based Payment*. R0.4m were recognised during the previous year, through the group's profit and loss, for the above mentioned loan, and released to reserves upon settlement of the loan. The charges were calculated using a Binominal valuation model with the following inputs:

Price (R)	236.13
Volatility (%)	33.8
Dividend yield (%)	2.0
Risk-free rate (%)	7.0

A loan in the amount of R13m was advanced to Mr N Celliers, with regards to his previous acquisition of 2 635 933 Zeder ordinary shares. The Zeder ordinary shares serve as security for the loan receivable, with the security value, based on the closing price as at 29 February 2020, of R11m (2019: R11m), carry interest at prime less 1% (2019: prime less 1%) and is repayable during the financial year ending 28 February 2021. At the reporting date, the loans' carrying value amounted to R11m (2019: R15m). In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 *Share-based Payment*, with the resultant charge to the group's profit and loss for the year, amounting to R0.3m (2019: R0.3m). The charge was calculated using a Black-Sholes valuation model with the following inputs:

Price (R)	5.76
Volatility (%)	26.2
Dividend yield (%)	1.2
Risk-free rate (%)	6.0

Included in trade and other receivables is an amount of R0.5m (2019: R0.2m) due by Kaap Agri, R0.3m (2019: R10m) due by Pioneer Foods and R94 000 (2019: R46 000) due by Quantum Foods (refer note 11) and included in trade and other payables is an amount payable of R40m (2019: R38m) to Kaap Agri, Rnil (2019: R2m) to Quantum Foods (refer note 19).

Refer to note 4.2 and note 5.2 for related-party balances outstanding at year-end with associates and joint ventures respectively.

Related-party balances outstanding at the reporting date included cash invested with the PSG Money Market Fund amounting to R82m (2019: R252m) (refer note 12).

	GROUP	
	2020 Rm	2019 Rm
29. OPERATING LEASE AND CAPITAL COMMITMENTS, SURETYSHIPS AND CONTINGENT LIABILITIES		
Operating lease commitments		
Land operating leases		
– Due within one year	**15**	6
– Due within one to five years	**67**	29
– Due after more than five years	**84**	55
	166	90
Buildings operating leases		
– Due within one year	**168**	107
– Due within one to five years	**659**	734
– Due after more than five years	**726**	26
	1 553	867
Vehicles, plant and equipment operating leases		
– Due within one year	**15**	6
– Due within one to five years	**19**	16
– Due after more than five years	**2**	
	36	22
Office equipment operating leases		
– Due within one year	**1**	18
– Due within one to five years	**1**	24
	2	42

29. OPERATING LEASE AND CAPITAL COMMITMENTS, SURETYSHIPS AND CONTINGENT LIABILITIES continued

	GROUP	
	2020 Rm	2019 Rm
Capital expenditure commitments		
Authorised but not yet contracted		
– Property, plant and equipment	**111**	101
– Intangible assets	**96**	82
– Biological assets	**43**	22
	250	205
Contracted		
– Property, plant and equipment	**9**	22

Suretyships and other contingent liabilities

Other contingent liabilities

The group did not have any material contingent liabilities at the reporting date.

The group is subject to litigation in the normal course of its business. Appropriate provisions are made when losses are expected to materialise. There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the group is aware, which may have a material effect on the financial position of the group.

	GROUP		COMPANY	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
30. NOTES TO THE STATEMENTS OF CASH FLOWS				
30.1 Cash generated from operations				
Profit/(loss) before taxation	**(99)**	517	**(4)**	(1)
Interest income	**(50)**	(84)		
Dividend income	**(1)**	(6)		
Finance costs	**351**	324		
Depreciation	**262**	186		
Amortisation	**33**	33		
Net profit on sale of property, plant and equipment	**(6)**	(11)		
Net (gain)/loss on dilution of interest in associate	**1**	(7)		
Net fair value gains	**(11)**	(425)		
Net profit on sale of interest in subsidiary company	**(2)**			
Net fair value gain resulting from disposal of subsidiary and step up of associate and joint venture to subsidiary	**(58)**			
Change in fair value of biological assets	**(225)**	(194)		
Impairments	**596**	111		
Share of profits of associates and joint ventures	**(247)**	(319)		
Equity-settled share-based payment costs	**34**	18		
Net harvest short-term biological assets	**98**	105		
Lease remeasurement	**(3)**			
Net monetary gain	**(70)**			
Non-cash translation movements	**(100)**	(23)		
Sub-total	**503**	225	**(4)**	(1)
Changes in working capital	**(166)**	(146)	**4**	1
(Increase)/decrease in trade and other receivables	**(148)**	(258)	**1**	(1)
Decrease in inventories	**280**	284		
Increase in biological assets	**(215)**	(167)		
Increase/(decrease) in trade and other payables	**(90)**	2	**3**	2
Increase/(decrease) in employee benefits payable	**7**	(7)		
	337	79	**–**	–

30. NOTES TO THE STATEMENTS OF CASH FLOWS continued

	GROUP		COMPANY	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
30.2 Taxation paid				
Charged to profit or loss	**(134)**	(250)		
Foreign currency translation differences including hyperinflationary effect	**22**			
Movement in net taxation liability	**70**	(34)		
	(42)	(284)	**–**	–

30.3 Subsidiaries acquired

2020 acquisitions

GAP Chemical Proprietary Limited ("GAP Chemicals")

On 1 September 2019 the group, through Zaad, exercised its call option to acquire the remaining 50.3% shareholding, together with the shareholder claims, in GAP Chemicals for a total consideration of R111m. The remaining portion of the purchase consideration and balance of the loan claim is payable in cash in or around May 2020 and included in Trade and other payables. GAP Chemicals is involved in the agricultural chemicals sector throughout Africa, offering complementary services to Zaad's existing operations and as a result goodwill of R89m arose in respect of expected synergies. Accounting for GAP Chemicals' business combination is still provisional.

Farm-Ag International Proprietary Limited ("Farm-Ag")

On 1 September 2019 the group, through Zaad, exercised its call option to acquire the remaining 50% shareholding in Farm-Ag for a total consideration of R32m. The remaining portion of the purchase consideration is payable in cash in or around May 2020 and included in Trade and other payables. Farm-Ag is involved in the agricultural chemicals sector throughout Africa, offering complementary services to Zaad's existing operations and as a result goodwill of R11m arose in respect of expected synergies. Accounting for Farm-Ag International's business combination is still provisional.

The expected synergies associated with the aforementioned business combinations include, inter alia, broadening the Zaad group's product range, cross selling a wider range of chemical products to existing clients of the Zaad group and vice versa, with both acquirees having a strong footprint in Africa which will allow Zaad to expand into new markets, as well as improved utilisation of the Zaad group's existing distribution network.

30. NOTES TO THE STATEMENTS OF CASH FLOWS continued

30.3 Subsidiaries acquired continued

The summarised assets and liabilities recognised at the acquisition date was:

GROUP	GAP Chemicals Rm	Farm-Ag Rm	Total Rm
Property, plant and equipment	46	67	113
Right-of-use assets	6		6
Intangible assets	101		101
Investment in ordinary shares of associates	4		4
Loans to associates	1		1
Investment in ordinary shares of joint ventures		2	2
Deferred income tax assets	9	1	10
Inventories	273	38	311
Trade and other receivables	353	205	558
Current income tax assets	7		7
Cash, money market investments and other cash equivalents	4	55	59
Deferred income tax liabilities	(25)	(10)	(35)
Borrowings	(294)	(12)	(306)
Lease liabilities	(11)		(11)
Trade and other payables	(351)	(221)	(572)
Current income tax liabilities		(3)	(3)
Total identifiable net assets	123	122	245
Transfer from investment in ordinary share of associates and joint ventures	(101)	(35)	(136)
Non-controlling interest		(66)	(66)
Goodwill recognised	89	11	100
Total consideration transferred	111	32	143
Cash consideration paid	(75)	(16)	(91)
Cash and cash equivalents acquired	4	55	59
Net cash flow for subsidiaries acquired	(71)	39	(32)

The aforementioned business combinations do not contain any contingent consideration or indemnification asset arrangements and the acquisition-related costs expensed were insignificant.

Had GAP Chemicals been consolidated with effect from 1 March 2019 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R387m and loss after tax of R8m.

Had Farm-Ag been consolidated with effect from 1 March 2019 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R262m and profit after tax of R10m.

2019 acquisitions

Hygrotech Proprietary Limited ("Hygrotech")

On 1 August 2018 the group, through Zaad Holdings Limited, acquired 100% interest in Hygrotech for a cash consideration of R44m. As reported in the condensed unaudited results for the six months, goodwill of R1m arose due to provisional accounting of the business combination. After finalising the accounting of the business combination, the identifiable net assets acquired increased with R1m, therefore reducing the goodwill previously recognised and in turn accounted for a gain on bargain purchase of R0.3m. Accounting for Hygrotech's business combination has now been finalised.

Sonkwasdrif Proprietary Limited ("Sonkwasdrif")

On 1 December 2018 the group, through Capespan Group Limited, acquired the remaining 52% interest in the pome farm Sonkwasdrif for a R1 purchase consideration. The goodwill arose due to the fact that the 48% investment in associate was carried at a negative carrying value due to previously recognised losses. This has been subsequently impaired. Previously Sonkwasdrif had a R250m facility with the Land Bank and the Capespan group provided surety for the associate's facility in a maximum amount of R123m. The facility and security were settled before the acquisition of Sonkwasdrif. Accounting for Sonkwasdrif's business combination has been finalised.

30. NOTES TO THE STATEMENTS OF CASH FLOWS continued

30.3 Subsidiaries acquired continued

The summarised assets and liabilities recognised at the respective acquisition dates were:

GROUP	Hygrotech Rm	Sonkwasdrif Rm	Total Rm
Property, plant and equipment	28	20	48
Biological assets (bearer plants)		10	10
Biological assets (agricultural produce)		2	2
Investment in preference shares of/loans granted to associates	3		3
Deferred income tax assets	7		7
Inventories	48		48
Trade and other receivables	40	1	41
Current income tax assets	1		1
Cash, money market investments and other cash equivalents	3		3
Borrowings	(69)	(31)	(100)
Trade and other payables	(17)	(17)	(34)
Total identifiable net assets	44	(15)	29
Transfer from investment in ordinary shares of associates		7	7
Goodwill recognised		8	8
Total consideration transferred	44	–	44
Cash consideration paid	(44)		(44)
Cash and cash equivalents acquired	3		3
Net cash flow for subsidiaries acquired	(41)	–	(41)

The aforementioned business combinations does not contain any contingent consideration or indemnification asset arrangements and the acquisition-related costs expensed were insignificant.

Had Hygrotech been consolidated with effect from 1 March 2018 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R118m and loss after tax of R12m.

Had Sonkwasdrif been consolidated with effect from 1 March 2018 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R10m and loss after tax of R6m.

30.4 Subsidiary/Subsidiaries' operations sold

2020 disposals

Aggrigate Investments Proprietary Limited ("Aggrigate")

On 1 August 2019, the group, through Capespan disposed of a Northern Cape grape farming subsidiary, Aggrigate for a purchase consideration of R36m.

Dormell Properties 485 Proprietary Limited ("Dormell")

On 1 August 2019, the group, through Capespan, disposed of a Northern Cape grape farming subsidiary, Dormell for a purchase consideration receivable of R17m.

Seed Brothers Proprietary Limited ("Seed Brothers")

On 1 September 2019, the group, through Zaad disposed of its shareholding in Seed Brothers for a purchase consideration of R101.

30. NOTES TO THE STATEMENTS OF CASH FLOWS continued

30.4 Subsidiary/Subsidiaries' operations sold continued

The summarised assets and liabilities effectively disposed of was:

GROUP	Aggrigate Rm	Dormell Rm	Seed Brothers Rm	Total Rm
Property, plant and equipment	14	6		20
Biological assets	18	11		29
Deferred income tax assets			2	2
Equity securities	1			1
Inventories	1		33	34
Trade and other receivables	1		1	2
Deferred tax liability	(1)			(1)
Borrowings			(36)	(36)
Total identifiable net assets	34	17	–	51
Profit on sale of subsidiaries	2			2
Net cash flow on disposal of subsidiaries	36	17	–	53

2019 disposals

Paternoster Pumphouse Proprietary Limited ("Paternoster Pumphouse")

During April 2018, Zeder Financial Services Limited, sold the 100% shareholding of Paternoster Pumphouse for a cash consideration of R4m.

The summarised assets and liabilities recognised at the disposal dates was:

GROUP	Paternoster Pumphouse Rm	Total Rm
Property, plant and equipment	4	4
Total identifiable net assets	4	4
Net cash flow on disposal of subsidiary	4	4

30.5 Borrowings reconciliation

GROUP	Opening carrying value Rm	Financing cash flows Borrowings repaid Rm	Borrowings drawn Rm	Business combination/ disposals Rm	Other changes[1] Rm	Closing carrying value Rm
29 February 2020						
Bank overdrafts	969	(182)	252	146		1 185
Redeemable preference shares	1 500					1 500
Unsecured loans	229	(314)	280	92	(11)	276
Secured loans	374	(134)	362	9	(56)	555
	3 072	(630)	894	247	(67)	3 516
28 February 2019						
Bank overdrafts	1 177	(325)	74	43		969
Redeemable preference shares	1 000		500			1 500
Unsecured loans	598	(400)	11	20		229
Secured loans	592	(305)	66	6	15	374
	3 367	(1 030)	651	69	15	3 072

[1] *Mainly accrued and unpaid finance costs and net of foreign currency exchange gains.*

30. NOTES TO THE STATEMENTS OF CASH FLOWS continued

30.5 Borrowings reconciliation continued

COMPANY	2020 Rm	2019 Rm
Opening carrying value	**1 401**	1 212
Borrowings repaid	**(3)**	(2)
Borrowings drawn	**191**	190
Other changes	**1**	1
Closing carrying value	**1 590**	1 401

GROUP	2020 Rm	2019 Rm
31. EARNINGS PER SHARE		
The calculation of earnings per share is based on the following:		
Profit attributable to equity holders of the company	**561**	89
Net fair value gain and profit resulting from disposal of subsidiary	**(54)**	–
– Gross	**(56)**	
– Non-controlling interests	**2**	
Net loss/(gain) on dilution of interest in associates	**1**	(7)
Impairment of associated companies	**295**	31
– Gross	**298**	31
– Non-controlling interests	**(3)**	
Net fair value gain resulting from step up of associate and joint venture to subsidiary	**(4)**	
Impairment of intangible assets and goodwill	**45**	65
– Gross	**46**	66
– Non-controlling interests	**(1)**	(1)
Net loss on sale and impairment of property, plant and equipment	**77**	3
– Gross	**108**	2
– Non-controlling interests	**(18)**	
– Tax effect	**(13)**	1
Impairment of biological assets	**2**	
Non-headline items of associates and joint ventures	**(7)**	
Non-headline items of discontinued operations	**(512)**	586
Headline earnings	**404**	767
The calculation of the weighted number of shares in issue is as follows:		
Weighted number of shares at beginning and end of year ('000)	**1 701 879**	1 701 879
Number of bonus element shares to be issued in terms of share incentive scheme ('000)	**176**	2 031
Diluted weighted number of shares at end of year ('000)	**1 702 055**	1 703 910

31. EARNINGS PER SHARE continued

GROUP	2020 Rm	2019 Rm
Basic		
Profit attributable to equity holders of the company	**561**	89
Continued operations	**(234)**	374
Discontinued operations	**795**	(285)
Headline earnings	**404**	767
Continued operations	**121**	466
Discontinued operations	**283**	301
Recurring headline earnings	**559**	471
Continued operations	**263**	177
Discontinued operations	**296**	294
Weighted number of shares at end of year ('000)	**1 701 879**	1 701 879
Attributable/basic earnings per share (cents)	**32.9**	5.2
Continued operations	**(13.8)**	21.9
Discontinued operations	**46.7**	(16.7)
Headline earnings per share (cents)	**23.7**	45.1
Continued operations	**7.1**	27.4
Discontinued operations	**16.6**	17.7
Recurring headline earnings per share (cents)	**32.8**	27.7
Continued operations	**15.4**	10.4
Discontinued operations	**17.4**	17.3
Diluted		
Diluted earnings and diluted headline earnings per share are calculated using earnings and headline earnings adjusted for the effect of all dilutive potential ordinary shares throughout the group, as well as by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares on a group level (arising from the share-based payment arrangements set out in notes 14). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined using the annual volume weighted average JSE-listed share price of the company's shares) based on the monetary value of the shares/share options granted to participants.		
Diluted earnings attributable to ordinary shareholders	**560**	65
Continued operations	**(235)**	366
Discontinued operations	**795**	(301)
Diluted headline earnings	**403**	743
Continued operations	**120**	458
Discontinued operations	**283**	285
Diluted weighted number of shares at end of year ('000)	**1 702 055**	1 703 910
Diluted attributable earnings per share (cents)	**32.9**	3.8
Continued operations	**(13.8)**	21.4
Discontinued operations	**46.7**	(17.6)
Diluted headline earnings per share (cents)	**23.7**	43.6
Continued operations	**7.1**	26.8
Discontinued operations	**16.6**	16.8

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow and fair value interest rate risk and foreign exchange risk), credit risk and liquidity 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.

Risk management is carried out by each major entity within the group under policies approved by the respective boards of directors. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Financial instruments are grouped into the classes set out below in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 *Financial Instruments – Disclosures.* The sensitivity analysis presented below are based on reasonable possible changes in market variables for equity prices, interest rates and foreign exchange rates for the group.

GROUP	At fair value through profit or loss Rm	At amortised cost Rm	Total Rm
29 February 2020			
Financial assets			
– Loans to associates		**40**	**40**
– Equity securities	**31**		**31**
– Loans and advances		**89**	**89**
– Trade and other receivables		**1 576**	**1 576**
– Derivative financial assets	**1**		**1**
– Cash, money market investments and other cash equivalents	**82**	**329**	**411**
	114	**2 034**	**2 148**
Financial liabilities			
– Borrowings		**3 516**	**3 516**
– Lease liabilities		**632**	**632**
– Derivative financial liabilities	**24**		**24**
– Trade and other payables		**1 243**	**1 243**
	24	**5 391**	**5 415**
28 February 2019			
Financial assets			
– Loans to associates		172	172
– Equity securities	30		30
– Loans and advances		95	95
– Trade and other receivables		1 256	1 256
– Cash, money market investments and other cash equivalents	252	181	433
	282	1 704	1 986
Financial liabilities			
– Borrowings		3 072	3 072
– Derivative financial liabilities	26		26
– Trade and other payables		973	973
	26	4 045	4 071

COMPANY

The company had no financial assets (2019: Rnil) at the reporting date. Borrowings and trade and other payables are classified as financial liabilities carried at amortised cost. The carrying amounts of financial assets and liabilities carried at amortised cost approximate their fair values.

32. FINANCIAL RISK MANAGEMENT continued

32.2 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates.

Price risk

The group is exposed to equity securities price risk because of investments held and classified on the statement of financial position as at fair value through profit or loss. The group manages price risk by investing in a portfolio of investments and monitoring equity securities' prices on a regular basis.

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2019: 20%) at the reporting date, with all other variables (e.g. effective tax rate) held constant.

	2020		2019	
GROUP	**20% increase Rm**	**20% decrease Rm**	**20% increase Rm**	**20% decrease Rm**
Impact on post-tax profit	**4**	**(4)**	5	(5)

The impact on post-tax other comprehensive income would have been insignificant.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing investments, receivables and borrowings, which expose the group to cash flow interest rate risk if it is a variable rate instrument, or to fair value interest rate risk if it is a fixed rate instrument.

The table below distinguish between i) floating and ii) fixed and non-interest bearing financial assets and liabilities:

GROUP	2020 Rm	2019 Rm
Loans to associates	**40**	172
Floating rate	**4**	137
Fixed rate (including interest-free)	**36**	35
Loans and advances	**89**	95
Floating rate	**51**	73
Fixed rate (including interest-free)	**38**	22
Trade and other receivables	**1 576**	1 256
Floating rate	**76**	49
Fixed rate (including interest-free)	**1 500**	1 207
Cash, money market investments and other cash equivalents	**411**	433
Floating rate	**395**	416
Fixed rate (including interest-free)	**16**	17
Borrowings	**(3 516)**	(3 072)
Floating rate	**(1 956)**	(1 469)
Fixed rate (including interest-free)	**(1 560)**	(1 603)
Trade and other payables	**(1 243)**	(973)
Floating rate	**(12)**	(11)
Fixed rate (including interest-free)	**(1 231)**	(962)
Total	**(2 643)**	(2 089)
Floating rate	**(1 442)**	(805)
Fixed rate	**(1 201)**	(1 284)

The group manages its cash flow interest rate risk by monitoring interest rates on a regular basis. Consideration is given to hedging options which will be utilised if viable.

32. FINANCIAL RISK MANAGEMENT continued

32.2 Market risk continued

COMPANY

The company had no exposure to interest rate risk.

The table below summarises the sensitivity of the group's post-tax net profit for the year to interest rate fluctuations. The analysis is based on the assumption that interest rates were 1% (2019: 1%) higher/lower for the full year, with all other variables (e.g. effective tax rate, interest carrying balances) held constant.

GROUP	2020 1% increase Rm	2020 1% decrease Rm	2019 1% increase Rm	2019 1% decrease Rm
Impact on post-tax profit	(20)	20	(9)	9

Foreign exchange risk

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Management monitors this exposure and cover is used where appropriate.

The group's financial assets and liabilities denominated in foreign currency are analysed in the following table:

GROUP	British pound sterling Rm	United States dollar Rm	Euro Rm	Australian dollar Rm	Chinese yuan renminbi Rm	Sub-total A Rm
At 29 February 2020						
Financial assets						
– Trade and other receivables	8	376	61			445
– Cash and cash equivalents	37	19	11			67
Financial liabilities						
– Borrowings		(9)				(9)
– Lease Liabilities		(3)				(3)
– Trade and other payables	(3)	(285)	(17)	(4)	(25)	(334)
Total	42	98	55	(4)	(25)	166

	Sub-total A Rm	Mozambique new metical Rm	Zambian kwacha Rm	Japanese Yen Rm	Hong Kong Dollar Rm	Sub-total B Rm
At 29 February 2020 (continued)						
Financial assets						
– Trade and other receivables	445	49	1			495
– Cash and cash equivalents	67	27	3	1	3	101
Financial liabilities						
– Borrowings	(9)	(19)				(28)
– Lease Liabilities	(3)					(3)
– Trade and other payables	(334)	(36)	(1)			(371)
Total	166	21	3	1	3	194

32. FINANCIAL RISK MANAGEMENT continued

32.2 Market risk continued

	Sub-total B Rm	Chilean Peso Rm	New Zealand Dollar Rm	Angolan Kwanza Rm	Total Rm
At 29 February 2020 (continued)					
Financial assets					
– Trade and other receivables	**495**			**39**	**534**
– Cash and cash equivalents	**101**	**1**		**56**	**158**
Financial liabilities					
– Borrowings	**(28)**			**(20)**	**(48)**
– Lease Liabilities	**(3)**				**(3)**
– Trade and other payables	**(371)**		**(1)**	**(19)**	**(391)**
Total	**194**	**1**	**(1)**	**56**	**250**

GROUP	British pound sterling Rm	United States dollar Rm	Euro Rm	Australian dollar Rm	Chinese yuan renminbi Rm	Sub-total A Rm
At 28 February 2019						
Financial assets						
– Trade and other receivables	59	201	143		2	405
– Cash and cash equivalents	35	28	43			106
Financial liabilities						
– Borrowings		(25)				(25)
– Trade and other payables	(4)	(120)	(17)	(2)	(34)	(177)
Total	90	84	169	(2)	(32)	309

	Sub-total A Rm	Mozambique new metical Rm	Zambian kwacha Rm	Malawi kwacha Rm	Total Rm
At 28 February 2019 (continued)					
Financial assets					
– Trade and other receivables	405	10	1		416
– Cash and cash equivalents	106	26	2		134
Financial liabilities					
– Borrowings	(25)				(25)
– Trade and other payables	(177)		(2)	(4)	(183)
Total	309	36	1	(4)	342

COMPANY

The company had no exposure to foreign exchange risk.

32. FINANCIAL RISK MANAGEMENT continued

32.2 Market risk continued

The group, through Capespan Group Limited and Zaad Holdings Limited, has entered into forward currency exchange contracts, which relate to specific foreign commitments not yet due and export earnings of which the proceeds have not yet been received. The carrying value of forward currency exchange contracts are set out in note 12. Details of forward currency exchange contracts outstanding at the reporting date are as follows:

GROUP	Foreign amount Rm	Average exchange rate	Rand exposure translated at closing rate Rm
2020			
Exports			
United States dollar	**3.0**	**14.6**	**40**
British pound sterling	**2.0**	**18.6**	**40**
Euro	**1.0**	**16.2**	**20**
			100
Imports			
United States dollar	**2.0**	**14.6**	**32**
Euro	**1.0**	**16.2**	**20**
			52
2019			
Exports			
United States dollar	1.6	14.3	23
Euro	0.7	16.3	11
			34
Imports			
United States dollar	0.6	14.4	10
British pound sterling	0.6	18.3	11
Euro	0.6	16.4	10
			31

32. FINANCIAL RISK MANAGEMENT continued

32.2 Market risk continued

The table below shows the sensitivity of post-tax profits of the group to a 20% (2019: 20%) appreciation/depreciation in the South African rand exchange rate at year-end, with all other variables (e.g. effective tax rate) held constant.

GROUP	2020 20% appreciation Rm	2020 20% depreciation Rm	2019 20% appreciation Rm	2019 20% depreciation Rm
Translation of financial assets/liabilities from transaction to functional currency				
Impact on post-tax profit				
United States dollar	**(5)**	**5**	(38)	38
Euro	**(4)**	**4**	1	(1)
Chinese yuan renminbi	**4**	**(4)**	5	(5)
New Zealand dollar			1	(1)
Australian dollar	**1**	**(1)**		
Angolan Kwanza	**(14)**	**14**		
Translation from functional to presentation currency				
Impact on post-tax profit				
British pound	**(9)**	**9**	(11)	11
United States dollar	**(6)**	**6**	39	(39)
Euro	**(13)**	**13**	(9)	9
Hong Kong dollar	**(5)**	**5**	(3)	3
Mozambique new metical	**6**	**(6)**	9	(9)
Zambian kwacha	**(2)**	**2**	(1)	1
Impact on post-tax other comprehensive income				
British pound	**9**	**(9)**	18	(18)
United States dollar	**(107)**	**107**	(37)	37
Euro	**(66)**	**66**	(28)	28
Mozambique new metical	**18**	**(18)**	4	(4)
Zambian kwacha	**(1)**	**1**	(4)	4
Zimbabwe dollar/Zimbabwe RTGS	**3**	**(3)**	8	(8)

32.3 Credit risk

Financial assets which potentially subject the group to credit risk, consist of loans to associates (refer note 4.2), loans and advances (refer note 8), derivative financial assets (refer note 18.1), other receivables (refer note 11) and cash and cash equivalents (refer note 12). Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit.

The following tables provide information regarding the aggregated credit risk exposure for the financial assets:

GROUP	Loans to associates Rm	Loans and advances Rm	Trade and other receivables Rm	Derivative financial assets Rm	Cash and cash equivalents Rm	Carrying value Rm
29 February 2020						
A Moody's					**3**	**3**
Aa Moody's			**119**		**7**	**126**
Aaa Moody's					**64**	**64**
B Moody's					**1**	**1**
Ba Moody's					**46**	**46**
Baa Moody's				**1**	**128**	**129**
Baa3 Moody's					**26**	**26**
BB+ Moody's					**16**	**16**
BBB- Moody's					**38**	**38**
Not rated	**40**	**89**	**1 457**		**82**	**1 668**
	40	**89**	**1 576**	**1**	**411**	**2 117**

32. FINANCIAL RISK MANAGEMENT continued

32.3 Credit risk continued

	Loans to associates Rm	Loans and advances Rm	Trade and other receivables Rm	Cash and cash equivalents Rm	Carrying value Rm
28 February 2019					
A Moody's				87	87
Aa Moody's			65		65
Aaa Moody's			2		2
B Moody's			2	36	38
Ba Moody's				24	24
Baa Moody's				1	1
Caa Moody's				30	30
Not rated	172	95	1 187	255	1 709
	172	95	1 256	433	1 956

The table below reflects the group's maximum exposure to credit risk (being carrying value) by class of asset:

GROUP	Carrying value Rm	Maximum exposure* Rm	Collateral fair value Rm	Description of collateral and other credit enhancements held
29 February 2020				
Loans to associates	**40**	**40**		
Loans and advances	**89**	**89**	**72**	**Assets pledged and cession of shares in underlying subsidiaries**
Trade and other receivables	**1 576**	**1 576**	**158**	**Credit guarantee insurance & lien on cargo**
Derivative financial assets	**1**	**1**		
Cash and cash equivalents	**411**	**411**		
	2 117	**2 117**	**230**	
28 February 2019				
Loans to associates	172	172		
Loans and advances	95	95	82	Guarantees & assets pledged and cession of shares in underlying subsidiaries
Trade and other receivables	1 256	1 256	68	Credit guarantee insurance
Cash and cash equivalents	433	433		
	1 956	1 956	150	

Loans to associates and joint ventures consist of secured and unsecured assets. There are no significant concentrations of credit risk. The group assesses all counterparties for creditworthiness before transacting, and monitors creditworthiness on a regular basis. Loans to associates and joint ventures are impaired by reference to the net asset value of the debtor and/or discounted cash flow calculations. There were no material impairments during the current or prior year in respect of loans to associates and joint ventures, except for the current year impairment on the CAN-Agri loan (refer note 4.2).

Loans and advances consist of secured and unsecured assets. There are no significant concentrations of credit risk. The group assesses all counterparties for creditworthiness before transacting, and monitors creditworthiness on a regular basis. There were no material impairments during the current or prior year in respect of loans and advances. Management demand collateral or other form of securitisation as they deem fit. Collateral includesmainly shares, guarantees and assets pledged (refer note 8).

Cash and cash equivalents' counterparties are limited to high-credit quality financial institutions. The unrated cash and cash equivalents relate to the group's investment in money market funds of which the underlying instruments are rated in terms of the Collective Investment Schemes Control Act. The mandate of the fund is to invest in cash deposits and highly liquid, fixed-interest securities with a weighted average maturity of less than 90 days. A spread of investments in top-quality financial instruments and institutions moderates the risk through diversification.

Cash and cash equivalents relate mainly to deposits held with the four traditional South African banks and/or their money market funds. Cash and cash equivalents are measured at amortised cost, except for the money market fund, carried at "fair value through profit and loss", fully performing and, considering forward-looking information, deemed fully recoverable. Accordingly, no expected credit losses have been provided for.

32. FINANCIAL RISK MANAGEMENT continued

32.3 Credit risk continued

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of receivables and, where appropriate, credit guarantee insurance cover is purchased. Risk control assess the credit quality of customers, taking into account its financial position, past experience and credit guarantee obtained. The utilisation of credit limits is regularly monitored.

The non-rated financial assets comprise mainly trade and other receivables. These balances mainly relate to Capespan, Zaad and The Logistics Group trade receivables. Capespan, Zaad and The Logistics Group perform ongoing credit evaluations regarding the financial condition of its trade receivables, and where appropriate, purchases credit guarantee insurance. Capespan's credit guarantee insurance is limited to an annual aggregate of R310m (2019: R508m), Zaad's credit guarantee insurance is limited to an annual aggregate of R108m (2019: R68m) and The Logistics Group's credit guarantee insurance is limited to an annual aggregate of R158m (2019: included under Capespan's credit guarantee insurance).

Refer the foreign exchange risk note where the receivables denominated in foreign currencies are disclosed. These receivables are susceptible to credit risk and the currency denominations provide an indication of their geographical area.

The unquoted equity securities are impaired to the value of the underlying instruments should the market value of the instruments fall below current carrying value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for most of the trade receivables. To measure the expected credit losses, each individual company's trade receivables have been grouped based on days past due criterion and shared credit risk characteristics. Examples of shared credit characteristics include, but is not limited to, size and type of customers (e.g. individuals, corporates, government), sales channels (e.g. own retail, through agents or agro-dealers), and type of market (e.g. local or foreign).

The expected credit loss rates for trade receivables are determined using a provision matrix. The provision matrix used is based on each individual company within the group's historical default rates observed over the expected life of the receivables, adjusted for factors that are specific to the debtor, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate. General economic conditions, eg. inflation, unemployment rates, weather conditions (e.g. drought), availability of and fluctuations in foreign currency, availability of natural resources (e.g. water and electricity) and global competition, or a combination thereof, were considered by each individual company.

The respective credit policies, including the setting of credit granting criteria, the terms granted to debtors and write-off policies, are set by each subsidiary's board of directors. These policies are set, taking into consideration the extensive diverse nature and geographical areas of the operating environment of each individual operating subsidiary and the general economic conditions of the markets the specific company trades in.

The table below sets out the group's trade receivables and the average expected loss rate applied to each ageing category:

GROUP	Current Rm	Past due on credit terms 0-30 days Rm	30-60 days Rm	60-90 days Rm	>90 days Rm	Total Rm
29 February 2020						
Gross carrying amount - trade receivable	**1 104**	**160**	**78**	**41**	**243**	**1 626**
Loss allowance	**(9)**	**(8)**	**(8)**	**(17)**	**(66)**	**(108)**
Expected loss rate (%)	**(0.8%)**	**(5.0%)**	**(10.3%)**	**(41.5%)**	**(27.2%)**	**(6.6%)**
Reconciliation:						
Opening balance	**(6)**	**(2)**	**(1)**	**(15)**	**(25)**	**(49)**
Charge to profit or loss						
In respect of financial assets originated during the year	**(3)**	**(5)**	**(6)**	**(2)**	**(28)**	**(44)**
In respect of financial assets originated during the prior years					**(2)**	**(2)**
Amounts written off					**15**	**15**
Subsidiaries acquired	**(1)**				**(28)**	**(29)**
Other movements	**1**	**(1)**	**(1)**		**2**	**1**
	(9)	**(8)**	**(8)**	**(17)**	**(66)**	**(108)**
28 February 2019						
Gross carrying amount - trade receivable	874	54	35	38	107	1 108
Loss allowance	(6)	(2)	(1)	(15)	(25)	(49)
Expected loss rate (%)	(0.7%)	(3.7%)	(2.9%)	(39.5%)	(23.4%)	(4.4%)

32. FINANCIAL RISK MANAGEMENT continued

32.3 Credit risk continued

The standard credit terms range between 14 and 180 days from invoice date, depending on the type of customer, and the outstanding accounts are considered to be past due if not settled within allocated credit terms. Outstanding accounts are considered to be credit impaired when there has been a deterioration in the customers' creditworthiness or if credit rating is not available, the ability to adhere to the allocated credit terms and when the prospect of recovery is in doubt. Outstanding accounts are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Amounts written off may still be subject to enforcement activities under each subsidiary's recovery procedures, taking into account legal advice where appropriate.

Changes to the consolidated expected loss rate during the year were mainly due to the increase of provision of loss allowance on specific/individual debtors considered by each individual company. It should be noted that there are foreign trade receivables included in these balances and that not all the changes in the South African economic conditions, would necessarily correlate with the South African general economic conditions, eg. deteoriation in the economic circumstances in Zimbabwe.

COMPANY

The company had no exposure to credit risk.

32.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group and standalone company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are available to meet future cash flow requirements and aims to maintain flexibility in funding by keeping committed credit lines available.

The tables below analyses the group companies' financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

GROUP	<1 year Rm	1-5 years Rm	>5 years Rm	Carrying value Rm
29 February 2020				
– Borrowings	**2 850**	**738**	**109**	**3 516**
– Lease Liabilities	**187**	**740**	**810**	**632**
– Derivative financial liabilities		**24**		**24**
– Trade and other payables	**1 243**			**1 243**
	4 280	**1 502**	**919**	**5 415**
28 February 2019				
– Borrowings	1 300	2 241	35	3 072
– Derivative financial liabilities	1	25		26
– Trade and other payables	973			973
	2 274	2 266	35	4 071

COMPANY

All financial liability balances are due within 12 months and thus the impact of discounting is not significant.

32.5 Fair value estimation

Financial assets and liabilities carried at fair value are disclosed by level of the following fair value measurement hierarchy:

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1 and comprise primarily JSE-listed equity securities classified as "fair value through profit and loss".

32. FINANCIAL RISK MANAGEMENT continued

32.5 Fair value estimation continued

Level 2

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter traded financial instruments. Since level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs in determining an instrument's fair value are observable, the instrument is included in level 2.

Valuation techniques used in determining the fair value of financial assets and liabilities classified as level 2, include:

Instrument	Valuation technique	Main unobservable inputs
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable - prices available publicly
Equity securities	Closing price on recognised over-the-counter platforms	Not applicable - prices available publicly

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

Certain equity securities included in level 3 of the fair value hierarchy as at the most recent reporting date consisted of the unquoted equity securities set out in note 6. The unquoted equity securities include advances which are linked to equity securities traded in over-the-counter markets. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying over-the-counter traded equity securities and the dividends received on these securities. The advances are carried at the fair value of the underlying over-the-counter traded equity securities. Based on the assumption that the over-the-counter prices of the traded equity securities were 20% (2019: 20%) higher/lower for the full year, the fair value would have been R4m (2019: R5m) higher/lower than the current fair value.

Other derivative liabilities included in level 3 relate to put options held by non-controlling interests against the group. These fair values are calculated by applying the contractually agreed price/earnings multiple to the relevant subsidiary's board-approved budgeted profits and discounting it at a market-related interest rate. Based on the assumption that the interest rates were 1% (2019: 1%) higher/lower for the full year, with all other variables (e.g. the relevant subsidiary's board-approved budgeted profits) held constant, the fair value would have been R0.7m (2019: R0.1m) higher/lower than the current fair value.

The fair value of financial assets and liabilities carried at amortised cost approximates their fair value.

The following financial assets and liabilities are measured at fair value:

GROUP	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
29 February 2020				
Assets				
Equity securities		**2**	**29**	**31**
Derivative financial assets		**1**		**1**
Money market fund – cash and cash equivalents	**82**			**82**
	82	**3**	**29**	**114**
Liabilities				
Derivative financial liabilities			**24**	**24**
28 February 2019				
Assets				
Equity securities		1	29	30
Money market fund – cash and cash equivalents	252			252
	252	1	29	282
Liabilities				
Derivative financial liabilities		1	25	26

Fair value movements in respect of aforementioned equity securities are considered to be "recurring", as defined by IFRS 13 *Fair Value Measurement*. Please find below the reconciliation in respect of movements in the carrying value of financial assets included in level 3 of the fair value hierarchy.

32. FINANCIAL RISK MANAGEMENT continued

32.5 Fair value estimation continued

GROUP	Level 3 2020 Rm	Level 3 2019 Rm
Reconciliation of financial assets:		
Opening balance	**29**	679
Disposal	**(6)**	(1 177)
Fair value gains	**7**	473
Exchange differences		54
Disposal of subsidiaries	**(1)**	
Closing balance	**29**	29
Reconciliation of financial liabilities:		
Opening balance	**25**	39
Disposals		(15)
Fair value gains	**(4)**	(3)
Finance costs	**3**	4
Closing balance	**24**	25

COMPANY

At the reporting date the company had no financial assets or liabilities measured at fair value.

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure effectively, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares, sell assets or increase/reduce debt.

Zeder Investments Limited's capital management is performed at a group level, giving consideration to, inter alia, the group's *sum-of-the-parts value*. When funding is required management will consider the various forms of paper available for issue taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider raising additional capital or utilising debt.

33. EVENTS SUBSEQUENT TO THE REPORTING DATE

During the year under review the Pepsico Inc group made an offer to the Pioneer Foods ordinary shareholders to acquire all of Pioneer Foods' issued ordinary shares for a cash consideration of R110 per share. As at 29 February 2020, the company transferred its investment in Pioneer Foods (previously classified as an investment in associate) to non-current assets held for sale (refer notes 4.1 and 13). Subsequent to year-end, the Competition Commission Tribunal approval was obtained and all suspensive conditions were met.

Subsequent to year-end and out of the proceeds of the Pioneer Foods disposal, Zeder declared a special dividend of 230 cents per share (paid on 28 April 2020) and settled it's redeemable preference share debt obligations in full.

As a result of the global coronavirus pandemic and corresponding international health and economic crises unfolding, South Africa, similar to many countries around the world, is locked-down in terms of strict regulations imposed by government. While the final outcome is unclear, it is anticipated that the negative economic impact in South Africa and around the world will be severe in the short- to medium term. While Zeder and its portfolio companies will not be immune to these challenges, many of the portfolio companies fall within the "essential services" classification under the current regulations and have been allowed to continue certain operations, albeit at significantly reduced demand conditions. In addition, the deliberate process over the past few years to strengthen balance sheets, reduce debt and preserve cash resources should assist Zeder during this crisis. The company currently has no external debt and has cash resources available to assist portfolio companies during this time. The short- to medium term severity thereof and consequent impact on the profitability and valuation of our investments, however, remain uncertain.

Apart from the above, the directors are unaware of any matter or event which is material to the financial affairs of the group that have occurred between the end of the reporting year and the date of approval of the consolidated financial statements.

ANNEXURE A – SIGNIFICANT SUBSIDIARIES

FOR THE YEAR ENDED 29 FEBRUARY 2020

Subsidiary	Country of incorporation[1]	Nature of business	Economic interest held directly or indirectly[2] 2020 %	Economic interest held directly or indirectly[2] 2019 %
Zeder Financial Services Limited	South Africa	Investment holding	**100.0**	100.0
Zaad Holdings Limited ("Zaad")	South Africa[3]	Specialist agricultural seed company	**95.7**	95.3
Capespan Group Limited ("Capespan")	South Africa[4]	Fruit marketing and farming	**96.7**	97.4
The Logistics Group Proprietary Limited ("TLG")[7]	South Africa[5]	Integrated logistics provider	**98.6**	97.4
Agrivision Africa ("Agrivision")	Mauritius[6]	Farming and milling operation	**56.0**	56.0

1 *Principle place of business is the country of incorporation, unless otherwise stated.*
2 *Economic interests equal voting rights.*
3 *Operating via subsidiaries in Southern Africa, Europe and the Middle East.*
4 *Operating via various subsidiaries throughout the world.*
5 *Operating via subsidiaries in Southern Africa.*
6 *Operating via subsidiaries in Zambia.*
7 *During the prior year Capespan unbundled its integrated logistics division and formed TLG. The fruit marketing & farming operations remain within Capespan.*

Subsidiary	Profit or loss attributable to non-controlling interests 2020 Rm	Profit or loss attributable to non-controlling interests 2019 Rm	Carrying value of non-controlling interests 2020 Rm	Carrying value of non-controlling interests 2019 Rm
Zaad	**28**	9	**148**	61
Capespan	**(4)**	30	**29**	46
TLG	**27**		**37**	38
Agrivision	**(13)**	(6)	**130**	171
Total	**38**	33	**344**	316

Subsidiary	Profitability (100%)					
	Profit from continuing operations 2020 Rm	Total comprehensive income for the year 2020 Rm	Revenue 2020 Rm	Profit from continuing operations 2019 Rm	Total comprehensive income for the year 2019 Rm	Revenue 2019 Rm
Zaad[8]	**214**	**105**	**2 113**	117	(67)	1 635
Capespan[9]	**1 023**	**974**	**3 951**	164	210	5 557
TLG[9]	**137**	**135**	**949**			
Agrivision[9]	**(32)**	**(51)**	**490**	(14)	(3)	406

Subsidiary	Dividends paid					
	To non-controlling interests 2020 Rm	To owners of the parent 2020 Rm	Total 2020 Rm	To non-controlling interests 2019 Rm	To owners of the parent 2019 Rm	Total 2019 Rm
Zaad[8]		**6**	**6**		6	6
Capespan[9]	**2**	**73**	**75**			–
TLG[9]			**–**			–
Agrivision[9]			**–**			–

ANNEXURE A – SIGNIFICANT SUBSIDIARIES

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

Subsidiary	Assets					
	Non-current 2020 Rm	Current 2020 Rm	Total 2020 Rm	Non-current 2019 Rm	Current 2019 Rm	Total 2019 Rm
Zaad[8]	**1 438**	**2 437**	**3 875**	1 196	1 514	2 710
Capespan[9]	**1 367**	**986**	**2 353**	1 456	898	2 354
TLG[9]	**921**	**286**	**1 207**	506	325	831
Agrivision[9]	**402**	**304**	**706**	536	236	772

Subsidiary	Liabilities					
	Non-current 2020 Rm	Current 2020 Rm	Total 2020 Rm	Non-current 2019 Rm	Current 2019 Rm	Total 2019 Rm
Zaad[8]	**501**	**1 737**	**2 238**	171	1 115	1 286
Capespan[9]	**214**	**625**	**839**	130	494	624
TLG[9]	**630**	**203**	**833**	186	297	483
Agrivision[9]	**286**	**124**	**410**	108	320	428

Additional summarised information:

Subsidiary	Other information (100%)					
	Recurring headline earnings 2020 Rm	EBIT 2020 Rm	EBITDA 2020 Rm	Recurring headline earnings 2019 Rm	EBIT 2019 Rm	EBITDA 2019 Rm
Zaad[8]	**169**	**358**	**421**	131	199	253
Capespan[9]	**(36)**	**(10)**	**72**	(146)	(125)	(53)
TLG[9]	**128**	**204**	**321**			
Agrivision (US$'000)[9]	**866**	**(1 815)**	**1 338**	(983)	(209)	3 373

Subsidiary	Cash flow information					
	Operating activities 2020 Rm	Investing activities 2020 Rm	Financing activities 2020 Rm	Operating activities 2019 Rm	Investing activities 2019 Rm	Financing activities 2019 Rm
Zaad[8]	**21**	**(238)**	**110**	(59)	(223)	262
Capespan[9]	**52**	**68**	**(291)**	(237)	1 013	(514)
TLG[9]	**187**	**(120)**	**(157)**			
Agrivision (US$'000)[9]	**1 271**	**(880)**	**12 699**	3 572	(1 260)	6 857

[8] *Represents the year ended 31 January 2020 (2019: 31 January 2019).*
[9] *Represents the year ended 31 December 2019 (2019: 31 December 2018).*

ANNEXURE A – SIGNIFICANT SUBSIDIARIES

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

Additional fair value information:

	Zaad		TLG	
Details of valuation inputs:	**Feb 20**	**Feb 19**	**Feb 20**	**Feb 19**
Total *SOTP value* (Rm)	**2 034**	2 235	**1 028**	978
Valuation information:				
IFRS 13 fair value hierarchy	Level 3		Level 3	
Valuation methodology	Price/earnings ratio's of underlying components		Price/earnings ratio's of underlying components	
Valuation inputs (100%):				
Price/earnings ratio (multiple)				
Seed business	**12 – 15**	13 – 16		
Chemical business	**6 – 10**	13 – 16		
Logistical business			**6 – 10**	6 – 10
Sensitivity of key inputs:				
Price/earnings ratio	R22m (2019: R20m) decrease per 1% decrease in price/earnings ratio.		R10m (2019: R10m) decrease per 1% decrease in price/earnings ratio.	

	Capespan		Agrivision Africa	
Details of valuation inputs:	**Feb 20**	**Feb 19**	**Feb 20**	**Feb 19**
Total *SOTP value* (Rm)	**999**	1 193	**242**	493
Valuation information:				
IFRS 13 fair value hierarchy	Level 3		Level 3	
Valuation methodology	*SOTP* based on adjusted net asset value of underlying farming operations, including price/earnings on other operations		*SOTP* based on adjusted net asset value of underlying farming operations	
Valuation inputs (100%):				
Net asset value				
South African farming assets (Rm)	**856**	1 054		
Non-South African farming and milling assets ($m)			**93**	97
Disposal value (Rm)				
Fruit operations held for sale	**125**			
Price/earnings ratio (multiple)				
Fruit operations[10]	**6 – 9**	6 – 9		
Sensitivity of key inputs:				
Net asset value	R8m (2019: R10m) decrease per 1% decrease in net asset value.		R2m (2019: R5m) decrease per 1% decrease in net asset value.	
Price/earnings ratio	R2m (2019: R2m) decrease per 1% decrease in price/earnings ratio.		n/a	

[10] *Included in 29 February 2020 value is associates valued at disposal value.*

ANNEXURE B – SIGNIFICANT ASSOCIATES

FOR THE YEAR ENDED 29 FEBRUARY 2020

Associate	Country of incorporation[1]	Nature of business	Economic interest held directly or indirectly[2] 2020 %	Economic interest held directly or indirectly[2] 2019 %
Pioneer Food Group Limited ("Pioneer Foods")[4]	South Africa[3]	Food and beverage company	**30.1**	31.0
Kaap Agri Limited ("Kaap Agri")	South Africa[3]	Retail and agricultural trade services group	**43.2**	43.0
Quantum Foods Holdings Limited ("Quantum Foods")	South Africa[3]	Integrated egg and boiler business	**32.1**	29.0
May Seed[4]	Turkey	Agricultural seed company	**35.0**	34.4

[1] *Principle place of business is the country of incorporation, unless otherwise stated.*
[2] *Economic interests equal voting rights, except for Pioneer Foods and Kaap Agri where voting interest amounts to 28.6% and 41.0% (2019: 27.1% and 41.1%), respectively.*
[3] *Operating via various subsidiaries throughout Southern Africa.*
[4] *As at 29 February 2020, Pioneer Foods was classified as a discontinued operation and transferred to non-current assets held for sale (refer note 4.1 and 13).*

Associate	Dividends received during the year 2020 Rm	Dividends received during the year 2019 Rm	Carrying value at year-end 2020 Rm	Carrying value at year-end 2019 Rm	Market value of quoted investments at year-end 2020 Rm	Market value of quoted investments at year-end 2019 Rm
Pioneer Foods	**189**	213		4 689		4 689
Kaap Agri	**37**	35	**723**	783	**723**	959
Quantum Foods	**20**	55	**188**	216	**188**	216
May Seed	**1**		**141**	146		
Other immaterial associated companies (aggregated)	**25**	5	**218**	436		
Total	**272**	308	**1 270**	6 270	**911**	5 864

Associate	Profitability (100%) Profit for the year 2020 Rm	Total comprehensive income for the year 2020 Rm	Revenue 2020 Rm	Profit for the year 2019 Rm	Total comprehensive income for the year 2019 Rm	Revenue 2019 Rm
Pioneer Foods[5]	**916**	**924**	**22 273**	1 077	1 101	20 152
Kaap Agri[5,6]	**281**	**283**	**8 452**	249	249	6 549
Quantum Foods[5]	**189**	**201**	**4 418**	362	331	4 122
May Seed[7]	**57**	**57**	**565**	53	52	516

Associate	Profitability (Group's interest) Profit for the year 2020 Rm	Total comprehensive income for the year 2020 Rm	Profit for the year 2019 Rm	Total comprehensive income for the year 2019 Rm
Pioneer Foods[5]	**272**	**264**	325	318
Kaap Agri[5,6]	**119**	**114**	108	104
Quantum Foods[5]	**55**	**55**	99	99
May Seed[7]	**20**	**20**	19	18

ANNEXURE B – SIGNIFICANT ASSOCIATES

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

	Other income statement line items (100%)							
Associate	Interest income 2020 Rm	Depreciation and amortisation 2020 Rm	Finance cost 2020 Rm	Income tax expense 2020 Rm	Interest income 2019 Rm	Depreciation and amortisation 2019 Rm	Finance cost 2019 Rm	Income tax expense 2019 Rm
Pioneer Foods[5]	**18**	**(467)**	**(200)**	**(302)**	17	(438)	(197)	(399)
Kaap Agri[5,6]	**126**	**(61)**	**(111)**	**(99)**	116	(51)	(83)	(96)
Quantum Foods[5]	**15**	**(73)**	**(4)**	**(67)**	25	(71)	(1)	(136)
May Seed[7]		**(29)**	**(25)**	**(16)**		(20)	(10)	(10)

	Assets							
Associate	Cash and cash equivalents 2020 Rm	Non-current 2020 Rm	Current 2020 Rm	Total excluding cash 2020 Rm	Cash and cash equivalents 2019 Rm	Non-current 2019 Rm	Current 2019 Rm	Total excluding cash 2019 Rm
Pioneer Foods[5]	**554**	**8 113**	**6 550**	**14 109**	1 129	7 953	6 588	13 412
Kaap Agri[5,6]	**46**	**1 786**	**3 002**	**4 742**	40	1 305	2 622	3 887
Quantum Foods[5]	**220**	**1 182**	**1 333**	**2 295**	422	1 092	1 423	2 093
May Seed[7]	**2**	**307**	**428**	**733**	4	329	610	935

	Liabilities					
Associate	Non-current 2020 Rm	Current 2020 Rm	Total 2020 Rm	Non-current 2019 Rm	Current 2019 Rm	Total 2019 Rm
Pioneer Foods[5]	**2 355**	**3 353**	**5 708**	2 396	3 730	6 126
Kaap Agri[5,6]	**206**	**2 655**	**2 861**	76	2 102	2 178
Quantum Foods[5]	**257**	**420**	**677**	234	426	660
May Seed[7]	**67**	**306**	**373**	64	432	496

5 *These figures are the latest published results publicly available for these companies for the year ended 30 September 2019 (2019: 30 September 2018).*
6 *Restated as per Kaap Agri Limited 30 September 2018 results.*
7 *These figures are the latest audited financial statements for this company for the year ended 31 August 2019 (2019: 31 August 2018)*

ANNEXURE B – SIGNIFICANT ASSOCIATES

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

Reconciliation of summarised financial information to carrying value of most significant investments:

	Pioneer Foods[8]		Kaap Agri[8,9]	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Total assets reported above	**14 663**	14 541	**4 788**	3 927
Total liabilities reported above	**(5 708)**	(6 126)	**(2 861)**	(2 178)
Net assets reported above	**8 955**	8 415	**1 927**	1 749
Non-controlling interests			**(100)**	
Equity attributable to owners of the parent	**8 955**	8 415	**1 827**	1 749
Group's economic interest in the associate (%)	**30.3**	31.0	**43.2**	43.0
Group's interest in equity attributable to owners of the parent	**2 711**	2 609	**789**	752
Deemed goodwill included in associates' carrying value (*net of impairment*)[9]	**2 340**	2 080	**(66)**	31
Transferred to non-current assets held for sale[10]	**(5 051)**			
Associates' carrying value at year-end	**–**	4 689	**723**	783

[8] *Amounts are most recently reported publicly available results as at 30 September 2019 (2019: 30 September 2018).*
[9] *Also include timing differences emanating from lag period accounting adjustments.*
[10] *As at 29 February 2020, Pioneer Foods was classified as a discontinued operation and transferred to non-current assets held for sale (refer note 4.1 and 13).*

Additional fair value information:

	Pioneer Foods		Kaap Agri		Quantum Foods	
Details of valuation inputs:	Feb 20	Feb 19	Feb 20	Feb 19	Feb 20	Feb 19
Total *SOTP value* (Rm)	**6 348**	4 689	**723**	959	**188**	216
Valuation information:						
IFRS 13 fair value hierarchy	Level 1		Level 1		Level 1	
Valuation methodology	JSE listed share price		JSE listed share price		JSE listed share price	
Valuation inputs:						
Closing price (Rps)	**108.97**	80.5	**23.82**	31.60	**3.05**	3.50

ANNEXURE C – SEGMENT REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020

The group is organised into five reportable segments, namely i) food, beverages and related services, ii) logistical services, iii) agri – related retail, trade and services, iv) agri – inputs and v) agri – production. The segments represent different sectors in the broad agribusiness industry.

Segments operate mainly in the Republic of South Africa, while some associates and subsidiaries operate elsewhere (refer Annexures A and B for further details). Additional geographical information has not been presented since same is not reviewed by the chief operating decision-maker ("CODM"), being the executive committee, nor is the information available and the cost to develop it would be excessive.

Headline earnings comprise *recurring* headline earnings and *non-recurring* headline items. *Recurring* headline earnings (being a measure of segment profit) is calculated on a see-through basis. The group's *recurring* headline earnings is the sum of its effective interest in the *recurring* headline earnings of each of its underlying investments. The result is that investments which the group do not equity account or consolidate in terms of accounting standards, are included in the calculation of *recurring* headline earnings.

Non-recurring headline items includes the elimination of equity securities' see-through *recurring* headline earnings not equity accounted, the related net fair value gains/losses and investment income (as recognised in the profit and loss). Associates' and subsidiaries' once-off gains/losses are excluded from *recurring* headline earnings and included in *non-recurring* headline items.

Segmental income comprises revenue and investment income, as per the income statement.

Sum-of-the-parts ("SOTP") is a valuation tool used to measure the group's performance. The *SOTP value* is calculated using the quoted market prices for all JSE-listed investments, and internal valuations for unlisted investments. These values will not necessarily correspond with the values per the statement of financial position since the latter are measured using the relevant accounting standards which include historical cost and the equity accounting method.

The CODM evaluates the following information to assess the segments' performance:

	GROUP						
***Recurring* headline earnings segmental analysis:**	**Food, beverages and related services[1] Rm**	**Logistical services[1] Rm**	**Agri-related retail, trade and services Rm**	**Agri-inputs Rm**	**Agri-production Rm**	**Unallocated (mainly head office) Rm**	**Total Rm**
29 February 2020							
Recurring headline earnings from investments	315	125	114	163	8	–	725
Continued operations	19	125	114	163	8		429
Discontinued operations	296						296
Net interest, taxation and other income and expenses						(166)	(166)
***Recurring* headline earnings**	315	125	114	163	8	(166)	559
Continued operations	19	125	114	163	8	(166)	263
Discontinued operations	296						296
Other *non-recurring* headline earnings[2]	(96)	(6)	7	24		(84)	(155)
Headline earnings	219	119	121	187	8	(250)	404
Continued operations	(64)	119	121	187	8	(250)	121
Discontinued operations	283						283
Non-headline items[3]	(46)	(9)	(1)		(24)	237	157
Attributable earnings	173	110	120	187	(16)	(13)	561
Continued operations	(91)	110	120	187	(16)	(544)	(234)
Discontinued operations	264					531	795

ANNEXURE C – SEGMENT REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

***Recurring* headline earnings segmental analysis:**	GROUP Food, beverages and related services[1] Rm	Logistical services[1] Rm	Agri-related retail, trade and services Rm	Agri-inputs Rm	Agri-production Rm	Unallocated (mainly head office) Rm	Total Rm
28 February 2019							
Recurring headline earnings from investments	250	122	115	124	(7)	–	604
Continued operations	(44)	122	115	124	(7)		310
Discontinued operations	294						294
Net interest, taxation and other income and expenses						(133)	(133)
***Recurring* headline earnings**	250	122	115	124	(7)	(133)	471
Continued operations	(44)	122	115	124	(7)	(133)	177
Discontinued operations	294						294
Other *non-recurring* headline earnings[2]	314		(10)	(6)		(2)	296
Headline earnings	564	122	105	118	(7)	(135)	767
Continued operations	263	122	105	118	(7)	(135)	466
Discontinued operations	301						301
Non-headline items[3]	6	(1)	1	(8)		(676)	(678)
Attributable earnings	570	121	106	110	(7)	(811)	89
Continued operations	252	121	106	110	(7)	(208)	374
Discontinued operations	318					(603)	(285)

GROUP	**2020**	**2019**
Earnings per share (cents)		
Recurring headline earnings per share	**32.8**	27.7
Continued operations	**15.4**	10.4
Discontinued operations	**17.4**	17.3

[1] *Zeder has restated the 28 February 2019 segmental information to reflect the discontinued operations effect, as well as the Capespan unbundling of its logistical division in the prior year. The restatement had no impact on previously reported income statements and statements of financial position, comprehensive income, changes in equity and cash flows for the year then ended.*

[2] *During the year,* non-recurring *items comprised mainly of the impairment of loans to associates and restructuring costs, countered by a net monetary gain due to Zimbabwe being classified as a hyperinflationary economy for the first time during the year. During the previous year,* non-recurring *items comprised mainly of the upward fair value adjustment reflecting the disposal value of Capespan's investment in Joy Wing Mau.*

[3] *During the year, non-headline items comprised mainly of the reversal of the prior year impairment charge recognised on its associate investment in Pioneer Foods, countered by its impairment on its investments in two associates, Quantum Foods and Kaap Agri due to the recent decline in their JSE listed share prices. Other impairments include impairments in other Capespan associates, goodwill from two subsidiaries and Agrivision Africa's fair value uplift on the initial take-on of property, plant and equipment of the milling and farming operations. The previous year non-headline mainly included the impaired its investments in two associates, Pioneer Foods and Quantum Foods due to the decline in their JSE listed share prices, as well as goodwill relating to the investment in Agrivision Africa as a result of tough trading conditions in Zambia.*

ANNEXURE C – SEGMENT REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

GROUP	2020 Rm	2019 Rm
***SOTP value* segmental analysis**		
Segments		
Food, beverages and related services[1]	**7 535**	6 098
Continued operations	**1 187**	1 409
Discontinued operations	**6 348**	4 689
Logistical services[1]	**1 028**	978
Agri-related retail, trade and services	**742**	978
Agri-inputs	**2 034**	2 235
Agri-production	**242**	493
Cash and cash equivalents	**83**	254
Debt funding	**(1 500)**	(1 500)
Other net assets	**40**	109
SOTP value	**10 204**	9 645
***SOTP value* per share (rand)**	**5.97**	5.64

[1] *Zeder has restated the 28 February 2019 segmental information to reflect the discontinued operations effect, as well as the Capespan unbundling of its logistical division in the prior year. The restatement had no impact on previously reported income statements and statements of financial position, comprehensive income, changes in equity and cash flows for the year then ended.*

For IFRS 13 *Fair Value* disclosure, please refer to additional information included with regards to significant subsidiaries and associates in Annexure A and B, respectively.

	2020 Rm	2019 Rm
(Loss)/profit before tax segment analysis		
Segments		
Food, beverages and related services[1]	**716**	640
Continued operations	**(79)**	925
Discontinued operations	**795**	(285)
Logistical services[1]	**179**	178
Agri-related retail, trade and services	**114**	104
Agri-inputs	**264**	131
Agri-production	**(48)**	(22)
Management fees and other income and expenses (including impairments)	**(529)**	(799)
Profit before tax	**696**	232
Less: Discontinued operations	**(795)**	285
(Loss)/profit before tax from continued operations	**(99)**	517

[1] *Zeder has restated the 28 February 2019 segmental information to reflect the discontinued operations effect, as well as the Capespan unbundling of its logistical division in the prior year. The restatement had no impact on previously reported income statements and statements of financial position, comprehensive income, changes in equity and cash flows for the year then ended.*

ANNEXURE C – SEGMENT REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2020 (CONTINUED)

GROUP	2020 Rm	2019 Rm
IFRS revenue (including revenue and investment income) segment analysis		
Food, beverages and related services[1]	**3 969**	4 796
Revenue	**3 952**	4 762
Investment income	**17**	34
Logistical services[1]	**939**	848
Revenue	**937**	837
Investment Income	**2**	11
Agri-inputs	**2 128**	1 652
Revenue	**2 113**	1 636
Investment income	**15**	16
Agri-production	**491**	407
Revenue	**490**	406
Investment income	**1**	1
Unallocated investment income (mainly head office interest income)	**16**	28
IFRS revenue	**7 543**	7 731

1 *Zeder has restated the 28 February 2019 segmental information to reflect the discontinued operations effect, as well as the Capespan unbundling of its logistical division in the prior year. The restatement had no impact on previously reported income statements and statements of financial position, comprehensive income, changes in equity and cash flows for the year then ended.*

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 29 FEBRUARY 2020

GROUP	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Range of shareholding				
1 – 20 000	7 792	74.4	36 052 165	2.2
20 001 – 50 000	1 114	10.6	36 598 486	2.1
50 001 – 100 000	641	6.1	46 814 152	2.7
100 001 – 500 000	704	6.7	154 040 399	9.0
500 001 – 1 000 000	117	1.1	80 954 242	4.7
Over 1 000 000	119	1.1	1 355 718 208	79.3
	10 487	100.0	1 710 177 652	100.0
Treasury shares				
– Employee share scheme	1		5 001 469	
	10 488		1 715 179 121	
Public and non-public shareholding				
Non-public				
– Directors[1]	6	0.1	15 528 905	0.9
– PSG Financial Services Limited	1		748 354 891	43.8
Public	10 480	99.9	946 293 856	55.3
	10 487	100.0	1 710 177 652	100.0
Major shareholders holding 5% or more of shares in issue *(net of treasury shares)* at 29 February 2020				
PSG Financial Services Limited (wholly-owned subsidiary of ultimate holding company, PSG Group Limited)			748 354 891	43.8
Public Investment Corporation (including Government Employees Pension Fund)[2]			147 987 389	8.7
Allan Gray Investment Management[2]			117 723 209	6.9
Coronation Asset Management Proprietary Limited[2]			104 279 819	6.1
			1 118 345 308	65.5

[1] *Refer to the directors' report for further details on the directors' shareholdings.*
[2] *The shareholding includes shares held directly or indirectly by the entity and/or its clients.*