THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis* to this cover page.

ACTION REQUIRED BY SHAREHOLDERS:

1. This entire Circular is important and should be read with particular attention to the section entitled "*Action required by Shareholders*", which commences on page 3.
2. If you are in any doubt as to what action to take in relation to this Circular, you should consult your Broker, CSDP, banker, accountant, attorney or other professional adviser immediately.
3. If you have disposed of all your Shares in Zeder, please forward this Circular and the attached Form of Proxy (*grey)* to the purchaser of such Shares or the Broker, CSDP, banker or other agent through whom the disposal was effected.

ZEDER INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/019240/06)
Share code: ZED, ISIN: ZAE000088431
LEI: 37890022AF5FD117D649
("**Zeder**")

CIRCULAR TO SHAREHOLDERS

Relating to:

- the approval in terms of the JSE Listings Requirements of the disposal by Zeder Financial Services, a wholly-owned Subsidiary of Zeder, of its shareholding in The Logistics Group to TLG MidCo, and entity ultimately controlled by investment funds, which funds are managed by AIIM, a wholly-owned Subsidiary of Old Mutual Alternative Investments;

and incorporating:

- the Notice of General Meeting;
- an electronic participation meeting guide; and
- the Form of Proxy *(grey)* in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-Name Registration only).

Transaction Adviser and Sponsor
PSG CAPITAL

Project Adviser
KHANDA CAPITAL

Legal Adviser
WEBBER WENTZEL in alliance with Linklaters

Independent Auditor for Zeder and Independent Reporting Accountant
Deloitte.

Independent Auditor for The Logistics Group and Independent Reporting Accountant
EY Building a better working world

Independent Reporting Accountant
KPMG

Independent Sponsor
UBS

Date of issue: Tuesday, 15 February 2022

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of Zeder and from the offices of PSG Capital, whose addresses are set out in the "Corporate Information" section of this Circular from Tuesday, 15 February 2022 until Tuesday, 15 March 2022 (both days inclusive). A copy of this Circular will also be available on Zeder's website (www.zeder.co.za).

IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 7 apply *mutatis mutandis* to this important legal notes section.

FORWARD-LOOKING STATEMENT DISCLAIMER

This Circular contains statements about Zeder that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "will", "outlook", "project" "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Zeder cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Zeder operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Zeder, as communicated in publicly available documents by Zeder, all of which estimates and assumptions, although Zeder believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Zeder or not currently considered material by Zeder.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Zeder not to develop as expected may emerge from time to time and it is not possible to predict all such factors. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Zeder has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

Any forward-looking statements have not been reviewed or reported on by the Independent Reporting Accountants.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

CORPORATE INFORMATION

Directors

CA Otto (Chairman) *#
JH le Roux (Chief Executive Officer and Financial Director)
WL Greeff *
PJ Mouton *
S Cassiem *#
NS Mjoli-Mncube *#

* non-executive
# independent

Date and place of incorporation

21 June 2006
Republic of South Africa

Company secretary and registered address

Zeder Corporate Services Proprietary Limited
(Registration number 2015/376259/07)
2nd Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box X9000, Saxonwold, 2132)

Legal Adviser

Webber Wentzel
90 Rivonia Road
Sandton, 2196
(PO Box 61771, Marshaltown, 2107)

Transaction Adviser and Sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and

2nd Floor, Building 3
11 Alice Lane
Sandhurst
Sandton, 2196
South Africa
(PO Box 650957, Benmore, 2010)

Project Adviser

Khanda Capital Proprietary Limited
(Registration number 2018/082102/07)
2nd Floor, Building 3
11 Alice Lane
Sandhurst
Sandton, 2196
South Africa
(PO Box 650957, Benmore, 2010)

Independent Auditor for Zeder and Independent Reporting Accountant

Deloitte & Touche
(Practice number 902276)
The Ridge, 6 Marina Road
Portswood District,
V&A Waterfront
Cape Town, 8000
(PO Box 578, Cape Town, 8000)

Independent Auditor for The Logistics Group and Independent Reporting Accountant

Ernst & Young Inc.
(Registration number 2005/002308/21)
3 Dock Road, Waterway House
V&A Waterfront
Cape Town, 8001
(PO Box 656, Cape Town, 8000)

Independent Reporting Accountant

KPMG Inc.
(Registration number 1999/021543/21)
The Halyard
4 Christiaan Barnard Street
Cape Town City Centre, 8000
(PO Box 4609, Cape Town, 8001)

Independent Sponsor

UBS South Africa Proprietary Limited
(Registration number 1995/011140/07)
144 Oxford Road
8th Floor South Wing
Melrose, Johannesburg 2196
(PO Box 522194, Saxonwold Rosebank, 2196)

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis*, unless the context clearly indicates otherwise, to this action required by Shareholders section and throughout this Circular.

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Shares in Zeder, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

Shareholders are advised that the General Meeting will be held in electronic format only.

Shareholders are invited to attend the General Meeting, convened in terms of the Notice of General Meeting, which will only be accessible through electronic participation, as permitted by the JSE Listings Requirements, the provisions of the Companies Act and the MOI, at 10:30 on Tuesday, 15 March 2022 or at any other adjourned or postponed time determined in accordance with the provisions of the Companies Act and the JSE Listings Requirements, at which General Meeting, Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting.

Shareholders are to connect to the General Meeting utilising the details set out in the "*Electronic Attendance and Participation*" section below.

1. **ELECTRONIC ATTENDANCE AND PARTICIPATION**

1.1 **Connecting to the General Meeting electronically**

1.1.1 The General Meeting will be held at 10:30 on Tuesday, 15 March 2022. Zeder has retained the services of Computershare (the Transfer Secretary) to host the General Meeting on an interactive platform, in order to facilitate electronic participation and voting by Shareholders.

1.1.2 In order to attend the General Meeting and participate electronically thereat, Shareholders must pre-register with the Transfer Secretaries by either:

1.1.2.1 registering online using the online registration portal at https://meetnow.global/za, by no later than 10:30 on Friday, 11 March 2022, for administrative purposes, in order for the Transfer Secretaries to arrange the participation of the Shareholder at the General Meeting and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the General Meeting by means of electronic participation. Shareholders may still register online to participate in and/or vote electronically at the General Meeting after this date, provided, however, that for those Shareholders to participate in and/or vote electronically at the General Meeting those Shareholders must be verified and registered (as required in terms of section 63(1) of the Companies Act by uploading their relevant verification documentation) before the commencement of the General Meeting; or

1.1.2.2 making a written application to so participate, by email to proxy@computershare.co.za, so as to be received by the Transfer Secretaries by no later than 10:30 on Friday, 11 March 2022, for administrative purposes, in order for the Transfer Secretaries to arrange such participation for the Shareholder and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the General Meeting by means of electronic participation. Shareholders may still register/apply to participate in and/or vote electronically at the General Meeting after this date, provided, however, that for those Shareholders to participate in and/or vote electronically at the General Meeting those Shareholders must be verified and registered (as required in terms of section 63(1) of the Companies Act by submitting their relevant verification documentation by post or by e-mail, as the case may be) before the commencement of the General Meeting.

1.1.3 Shareholders will thereafter be able to connect to the General Meeting through https://meetnow.global/za and following the relevant prompts. Shareholders are referred to the "Electronic Participation Meeting Guide" attached to the Notice of General Meeting for further instructions for electronic participation.

1.1.4 The Transfer Secretaries will by no later than 17:00 on Monday, 14 March 2022, notify eligible Shareholders of the invitation code through which eligible Shareholders can participate electronically in and/or vote at the General Meeting.

1.1.5 In-person registration of General Meeting participants will not be permitted.

1.1.6 Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of Zeder and/or Computershare. None of Zeder and/or Computershare and/or its service providers can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any such Shareholder from participating in and/or voting at the General Meeting.

1.2 **Electronic Voting at the General Meeting**

1.2.1 Shareholders connecting to the General Meeting electronically will be able to participate in the General Meeting. Voting will be conducted by poll and Shareholders will be able to cast their vote electronically at the General Meeting.

1.2.2 Shareholders are also encouraged to submit any questions to Zeder's Company Secretary prior to the General Meeting, by no later than 17:00 on Monday, 14 March 2022, at cosec@zeder.co.za. These questions will be addressed at the General Meeting.

1.2.3 All eligible Shareholders will be entitled to participate in the General Meeting and to vote (or abstain from voting) on the resolutions set out in the Notice of General Meeting.

2. IDENTIFICATION

2.1 In terms of section 63(1) of the Companies Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the Transfer Secretaries, as follows:

2.1.1 participants pre-registering to participate in the General Meeting using the online registration method contemplated in paragraph 1.1.2.1 above, by uploading the relevant documentation via the online registration portal; or

2.1.2 participants pre-registering to participate in the General Meeting by submitting the written application contemplated in paragraph 1.1.2.2 above, by submitting the relevant documentation by e-mail.

2.2 The Transfer Secretaries must be reasonably satisfied that the right of that person to attend, participate in and vote at the General Meeting as a Shareholder or a proxy or representative of a Shareholder, has been reasonably verified. Acceptable forms of identification include valid South African drivers' licenses, green barcoded identity documents or barcoded identification smart cards issued by the South African Department of Home Affairs and passports.

3. DEMATERIALISED SHAREHOLDERS <u>WHO ARE NOT OWN-NAME REGISTERED</u> DEMATERIALISED SHAREHOLDERS

3.1 **Voting at the General Meeting**

3.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

3.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.

3.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your Broker or CSDP.

3.1.4 **You must <u>not</u> complete the attached Form of Proxy (*grey*)**.

3.2 **Attendance and representation at the General Meeting**

3.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

3.2.1.1 participate electronically, speak and vote at the General Meeting; or

3.2.1.2 send a proxy to represent you at the General Meeting.

3.2.2 If you wish to electronically participate in the General Meeting in person, your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to participate electronically, speak and vote at the General Meeting. In order to attend the General Meeting electronically, you must pre-register with the Transfer Secretaries by following the procedure set out in paragraph 1 above and submit the letter of representation to the Transfer Secretaries, as follows:

3.2.2.1 participants pre-registering to participate in the General Meeting using the online registration method, by uploading the letter of representation via the online registration portal; or

3.2.2.2 participants pre-registering to participate in the General Meeting by submitting the written application, by submitting the letter of representation by e-mail.

3.2.3 You must also connect to the General Meeting electronically, as explained in paragraph 1 above.

4. **CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS <u>WHO ARE OWN-NAME REGISTERED</u> DEMATERIALISED SHAREHOLDERS**

4.1 **Voting and attendance at the General Meeting**

4.1.1 You may electronically attend the General Meeting (as explained in paragraph 1 above) and may vote (or abstain from voting) at the General Meeting. If you wish to be classified as attending the meeting electronically in person, you must pre-register with the Transfer Secretaries by following the procedure set out in paragraph 1 above. You must also connect to the General Meeting electronically, as explained in paragraph 1 above.

4.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by <u>completing the attached Form of Proxy (*grey*)</u> in accordance with the instructions contained therein and lodging it, posting it or sending it via e-mail to the Transfer Secretaries at the details below, to be received by them, for administrative purposes, by no later than 10:30 on Friday, 11 March 2022, provided that any Form of Proxy (*grey*) not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the General Meeting) at any time before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box X9000, Saxonwold, 2132)
Email: proxy@computershare.co.za

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 7 apply *mutatis mutandis* to these salient dates and times.

	2022
Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting on	Friday, 4 February
Circular incorporating the Notice of General Meeting and Form of Proxy *(grey)*, distributed to Shareholders on	Tuesday, 15 February
Announcement of distribution of Circular and Notice of General Meeting released on SENS on	Tuesday, 15 February
Announcement of distribution of Circular and Notice of General Meeting published in the South African press on	Wednesday, 16 February
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Tuesday, 1 March
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 4 March
For administrative reasons, Forms of Proxy (*grey*) in respect of the General Meeting to be received by the Transfer Secretaries by no later than 10:30 on	Friday, 11 March
Forms of Proxy (*grey*) not lodged with the Transfer Secretaries to be handed to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting on	Tuesday, 15 March
General Meeting held at 10:30 on	Tuesday, 15 March
Results of the General Meeting published on SENS on	Tuesday, 15 March
Results of the General Meeting published in the South African press on	Wednesday, 16 March

Notes:

1. The above dates and times are subject to amendment at the discretion of Zeder, with the approval of the JSE. Any such amendment will be released on SENS and published in the South African press.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades take place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 1 March 2022 will not be eligible to attend, participate in and vote at the General Meeting.
3. Dematerialised Shareholders, other than those with Own-name Registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements between them and their CSDP or Broker.
4. If the General Meeting is adjourned or postponed, the above dates and times will change, but Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement of the General Meeting.
5. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act, the Companies Regulations and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
6. All dates and times indicated above are South African Standard Time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

"Agrivision Africa"	Agrivision Africa (company number 092044 C1/GBC), a private company duly incorporated under the laws of the Republic of Mauritius, in which Zeder Africa holds 55.62% of the total issued share capital;
"AIIM"	African Infrastructure Investment Managers Proprietary Limited (registration number 2000/001435/07), a wholly-owned subsidiary of Old Mutual Alternative Investments Proprietary Limited;
"Announcement"	the announcement published by Zeder on SENS on Friday, 12 November 2021, in respect of the Disposal;
"Approaches"	the various approaches of third parties to Zeder, expressing an interest in acquiring certain identified Zeder investments, as set out in the Cautionary Announcements;
"Board" or "Directors"	the board of directors of Zeder from time to time, comprising, as at the Last Practicable Date, of those persons whose names appear in the "*Corporate Information*" section of this Circular;
"Broker"	any person registered as a "*broking member (equities)*" in accordance with the provisions of the Financial Markets Act;
"Business Day"	a day which is not a Saturday, Sunday or official public holiday in South Africa;
"Capespan" or "Capespan Group"	Capespan Group Proprietary Limited (registration number 2008/016971/07), formerly Capespan Group Limited, a private company incorporated under the laws of South Africa, in which Zeder Financial Services holds 87.15% of the total issued share capital;
"Cautionary Announcements"	Zeder's cautionary announcement dated 14 April 2021, advising that Zeder had received various Approaches, as subsequently renewed, most recently on 1 February 2022;
"Certificated Shareholders"	Shareholders who hold Certificated Shares;
"Certificated Shares"	Shares which have not yet been Dematerialised, title to which is represented by a share certificate or other Document of Title;
"Circular"	this bound document dated Tuesday, 15 February 2022 to Shareholders, including all annexures and enclosures hereto and incorporating the Notice of General Meeting and Form of Proxy (*grey*);
"Closing Date"	the 15th Business Day following the date on which the last of the conditions precedent to the Disposal is fulfilled or, where applicable, waived (to the extent legally permissible);
"Companies Act"	the Companies Act No. 71 of 2008, as amended;
"Companies Regulations"	the Companies Regulations, 2011, published in terms of section 223, and Item 14 of Schedule 5, of the Companies Act, as amended;
"Control"	"Control" bears the meaning ascribed to it in section 2(2) of the Companies Act and "Controlled" and "Controlling" shall have a corresponding meaning;

"CSDP"	a central securities depository participant registered in terms of the Financial Markets Act, with whom a beneficial holder of shares holds a dematerialised share account;
"Custody Agreement"	a custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on Zeder's uncertificated securities register administered by a CSDP or Broker on behalf of such Shareholder;
"Dematerialised Shareholders"	those Shareholders who hold Dematerialised Shares;
"Dematerialised Shares"	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"Disposal"	the disposal by Zeder Financial Services of the Disposal Shares to TLG MidCo on the terms set out in paragraph 4 of this Circular below;
"Disposal Consideration"	the total consideration due to Zeder in terms of the Disposal, being the consideration of up to a maximum of R1 571 467 181, subject to interest accruing for the benefit of Zeder Financial Services, to the extent the Disposal transaction closes after 31 March 2022;
"Disposal Shares"	362 380 031 ordinary shares constituting 98.22% of the issued share capital of The Logistics Group held by Zeder;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to Zeder;
"Earn-out Payments"	the earn-out payments up to a maximum of R217 905 184, where the timing of these are not yet determinable, payable in cash after the Closing Date and subject to the events described in paragraph 4.5.2 of the Circular;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012, as amended;
"Form of Proxy"	for purposes of the General Meeting, the form of proxy (*grey*) for use only by Certificated Shareholders and Own-name Registered Dematerialised Shareholders, enclosed herewith;
"General Meeting"	the general meeting of Shareholders to be held in electronic format only at 10:30 on Tuesday, 15 March 2022, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular, together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
"Group"	in relation to any person, that person and its Subsidiaries from time to time;
"Historical Financial Information of the TLG Unbundling Assets and Liabilities"	the historical financial information of the TLG Unbundling Assets and Liabilities comprising a net asset statement, the income and expenditure relating thereto, and the related notes and accounting policies, that were the subject of the TLG Unbundling as at and for the year ended 31 December 2018, and which have been extracted from the audited consolidated financial statements of Capespan for the same period;
"IFRS"	the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body as adopted or applied in South Africa;

"Independent Reporting Accountants"	the following independent reporting accountants - – Deloitte & Touche, being the independent auditor and independent reporting accountant for Zeder, in relation to the *pro forma* financial information set out in the Circular; – Ernst & Young Inc., being the independent auditor of The Logistics Group and the independent reporting accountant for Zeder in relation to historical financial information relating to The Logistics Group for the 10 months ended 31 December 2020 and year ended 31 December 2019, and the six-month period ended 30 June 2021; and – KPMG Inc., being the independent reporting accountant for Zeder in relation to the Historical Financial Information of the TLG Unbundling Assets and Liabilities, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa and which is licensed as an exchange in terms of the Financial Markets Act;
"JSE Listings Requirements"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"Kaap Agri"	Kaap Agri Limited (registration number 2011/113185/06), a public company incorporated under the laws of South Africa, the shares of which are listed on the main board of the JSE, in which Zeder Financial Services holds 42.20% of the total issued share capital;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, which date was Tuesday, 1 February 2022;
"MOI"	the memorandum of incorporation of Zeder;
"Notice of General Meeting"	the notice of the General Meeting of Shareholders, forming part of this Circular;
"Own-name Registration" or "Own-name Registered"	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"PSG Capital" or "Transaction Adviser and Sponsor"	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"PSG Financial Services"	PSG Financial Services Limited (registration number 1919/000478/06), a public company incorporated under the laws of South Africa, of which the entire issued ordinary share capital is held by PSG Group, and accordingly being a wholly- owned Subsidiary of PSG Group;
"PSG Group"	PSG Group Limited (registration number 1970/008484/06), a public company incorporated under the laws of South Africa, the shares of which are listed on the main board of the JSE;
"Rand" or "R"	South African Rand;
"Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
"SENS"	the Stock Exchange News Service of the JSE;

"Share Purchase Agreement"	the sale of shares agreement concluded by, *inter alios*, Zeder Financial Services, TLG Midco and TLG Acquisition Holdings, in terms of which Zeder Financial Services will sell the Disposal Shares to TLG Midco for the Disposal Consideration;
"Shares"	ordinary no par value shares in Zeder;
"Shareholders"	the registered holders of Shares;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
"Subsidiary"	a "subsidiary" as defined in the Companies Act, but also includes an entity incorporated outside South Africa which would, if incorporated in South Africa, be a "subsidiary" as defined in the Companies Act;
"The Logistics Group"	The Logistics Group Proprietary Limited (registration number 2015/376276/07), a private company incorporated under the laws of South Africa, Unit 45c, 2nd Floor, Building B, Cecilia Square, 100 Cecelia Street, Paarl, in which Zeder Financial Services holds 98.22% of the total issued share capital;
"TLG Acquisition Holdings"	TLG Acquisition Holdings Proprietary Limited, registration number 2021/950537/07, a private company incorporated under the laws of South Africa, the sole shareholder of TLG MidCo, ultimately controlled by investment funds, which funds are managed by AIIM;
"TLG MidCo"	TLG MidCo Proprietary Limited, registration number 2021/950600/07, a private company incorporated under the laws of South Africa, ultimately controlled by investment funds, which funds are managed by AIIM;
"TLG Unbundling"	on or about 2 January 2019, the logistics division of the Capespan Group, was essentially unbundled from the Capespan Group, following certain restructuring steps, which resulted in the current structure of The Logistics Group and its Subsidiaries;
"TLG Unbundling Assets and Liabilities"	the assets and liabilities relating to the logistics division of the Capespan Group that were unbundled in terms of the TLG Unbundling;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"Zaad Holdings"	Zaad Holdings Proprietary Limited (registration number 1991/000478/07), a public company incorporated under the laws of South Africa, in which Zeder Financial Services holds 95.71% of the total issued share capital;
"Zeder"	Zeder Investments Limited (registration number 2006/019240/06), a public company incorporated under the laws of South Africa, the issued ordinary shares of which are listed on the main board of the JSE;
"Zeder Africa"	Zeder Africa Proprietary Limited (registration number 2011/139959/07), a private company incorporated under the laws of South Africa, being a wholly-owned Subsidiary of Zeder Financial Services;

"Zeder Corporate Services"	Zeder Corporate Services Proprietary Limited (registration number 2015/376259/07), a private company incorporated under the laws of South Africa, being a wholly-owned Subsidiary of Zeder Financial Services, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"Zeder Financial Services"	Zeder Financial Services Limited (registration number 2010/006171/06), a public company incorporated under the laws of South Africa, being a wholly-owned Subsidiary of Zeder; and
"Zeder Group"	Zeder and its Subsidiaries from time to time.

ZEDER INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/019240/06)
Share code: ZED, ISIN: ZAE000088431
LEI: 37890022AF5FD117D649
("**Zeder**")

Directors of Zeder

CA Otto (Chairman) *#
JH le Roux (Chief Executive Officer and Financial Director)
WL Greeff *
PJ Mouton *
S Cassiem *#
NS Mjoli-Mncube *#

* Non-executive
# Independent

CIRCULAR TO SHAREHOLDERS

1. **INTRODUCTION AND PURPOSE OF THIS CIRCULAR**

1.1 Shareholders are referred to the Announcement, advising that Zeder, through its wholly-owned Subsidiary, Zeder Financial Services, entered into the Share Purchase Agreement with, *inter alios*, TLG Midco and TLG Acquisition Holdings in respect of the Disposal.

1.2 The Disposal constitutes a category 1 disposal for Zeder in terms of section 9 of the JSE Listings Requirements, as the value of the Disposal exceeds 30% of Zeder's market capitalisation, and therefore requires Shareholder approval by way of ordinary resolution as set out in the Notice of General Meeting.

1.3 The purpose of this Circular is to:

1.3.1 provide Shareholders with the relevant information relating to the Disposal, so as to enable Shareholders to make an informed decision in respect of the resolutions set out in the Notice of General Meeting enclosed with this Circular; and

1.3.2 convene the General Meeting of Shareholders in order to consider and, if deemed fit, approve, *inter alia*, the resolutions authorising the Disposal.

2. **RATIONALE FOR THE DISPOSAL**

2.1 The Disposal is consistent with Zeder's strategic review to unlock value to shareholders should the opportunity arise and pursuant to the evaluation of Approaches received by Zeder.

3. **THE BUSINESS AND PROSPECTS OF ZEDER AFTER THE DISPOSAL**

3.1 Zeder, which was listed on the JSE's main board in 2006, is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors.

3.2 Zeder's portfolio consists of strategic interests in leading companies that provide it with a diversified exposure across the agribusiness spectrum, ranging from agri-inputs to agri-retail while incorporating related logistical and enabling services. It assists with investment and investee strategies, while monitoring and overseeing optimal capital allocations to ensure sustainable investment returns, including capital appreciation. Zeder's underlying investments was valued at R6.1 billion on 31 August 2021, as per Zeder's unaudited results for the six months ended 31 August 2021.

3.3 Zeder remains focussed on growing its existing investments. Further to the Cautionary Announcements, Zeder is still considering other Approaches and continues to engage with various parties.

3.4 Zeder's portfolio includes the following material investments, as at the Last Practicable Date:

3.4.1 **The Logistics Group**

The Logistics Group, being the subject of the Disposal, is an asset-light business, operating strategic logistical and terminal assets in Southern Africa, whilst expanding its service offering and capabilities to a broader market base in Southern Africa. This includes, amongst others, strategic port and rail terminal services and warehousing facilities, stevedoring facilities and digital transport technology services.

The Logistics Group was unbundled from Capespan during 2019 and has since experienced solid growth over the past 3 years, off the back of a strong hard commodity cycle and improved agricultural conditions, which resulted in improved volumes through the various logistical assets.

3.4.2 **Zaad Holdings**

Zaad is positioned as a strategic holding company that invests and operates in the specialised agri-inputs industry with a focus on emerging markets, especially Africa. Through acquisitions and organic growth, it has aggregated and developed attractive businesses and currently owns, develops, imports and distributes a broad range of agricultural seeds in Africa, Europe and other international emerging markets.

In recent years, Zaad has added strategic plant nutrition and agri-chemicals to its portfolio to complement its product offering, particularly in emerging markets. Its portfolio of companies represents a proud history spanning more than 50 years and it exports to more than 100 countries. Zaad's portfolio and operating divisions combine relatively mature cash-generating activities on the one hand with significant research and development or green-fields investment on the other. This combination ensures a blended approach to earnings and cash generation in the short term with significant investment in growth for the longer term.

The specialised agri-inputs market, and particularly the proprietary hybrid seed segment, remains attractive and Zaad is well positioned to benefit from it.

3.4.3 **Capespan**

Capespan is an unlisted group with a history spanning more than 70 years. Capespan is a vertically integrated fruit producer with global marketing and sales capabilities that can service and supply growers and customers in key international markets.

The farming division has been established over the past nine years to complement the group's historical core fruit procurement and marketing activities. The objective of this division is to provide the group with primary production expertise and access to select fruit commodities during specific production periods as required to optimally service our customers around the world. The farming assets range from greenfield projects to large established commercial farming and packing enterprises and the group has positioned itself as a leading commercial grower in a relatively short period. The fruit division consists of fruit procurement and marketing teams across Europe, Asia, Africa and North America that procure fresh fruit from predominantly southern hemisphere producers to market and sell to predominantly formal retail customers in northern hemisphere markets.

3.4.4 **Kaap Agri**

With an agricultural foundation, Kaap Agri has mainly retail characteristics, which account for 80% of its revenue, augmented by a dedicated retail fuel strategy that is gaining momentum. It supplies a variety of products and services to the agri sector and the general public.

It has been in existence for more than 100 years and has more than 200 operating points throughout South Africa and Namibia. With its strategic footprint, infrastructure, facilities and client network, the group follows a differentiated market approach, bolstering the core retail business with financial, grain handling and agency services.

Kaap Agri is listed on the main board of the JSE and its results can be viewed at *www.kaapagri.co.za*.

3.4.5 **Agrivision Africa**

Agrivision Africa is a Mauritian-based investment company focussing on the grain value chain. Agrivision Africa currently owns and operates two large-scale commercial farming operations and a milling business, Mpongwe Milling, in Zambia.

It has developed extensive irrigated productive farmland since 2011 and is continuously evaluating expansion opportunities. After rapid expansion, the focus during the past years has been on achieving acceptable operational efficiencies, while navigating an extremely volatile and challenging phase in the macro and business cycle of Zambia.

4. TERMS OF THE DISPOSAL

4.1 Overview of the Disposal

As mentioned above, in terms of the Disposal, Zeder will dispose of all of its shares in The Logistics Group, comprising of 98.22% of the issued share capital in The Logistics Group, to TLG MidCo for the Disposal Consideration.

4.2 The Conditions Precedent to the Disposal

4.2.1 The Disposal is subject to the fulfilment of the following outstanding conditions precedent:

4.2.1.1 obtaining such requisite approvals and passing the resolutions required to approve the Disposal, in terms of the JSE Limited Listings Requirements and the provisions of the Companies Act;

4.2.1.2 the adoption of a new management incentive scheme for senior management of The Logistics Group;

4.2.1.3 the conclusion of transaction agreements required to give effect to The Logistics Group internal restructure steps which will be implemented immediately prior to, or after, the implementation of the Disposal;

4.2.1.4 the written consent from counterparties to certain material contracts (to the extent required) regarding the change in control of The Logistics Group pursuant to the implementation of the Disposal; and

4.2.1.5 the Disposal being unconditionally approved by the requisite competition authorities or conditionally approved on terms and conditions acceptable to the parties to the Share Purchase Agreement.

4.2.2 The conditions precedent to the Disposal must be fulfilled or waived, as the case may be, by no later than 31 March 2022, which date may be extended by the parties in writing.

4.3 **The implementation date of the Disposal**

Delivery and payment in respect of the Sale Shares will take place on the 15th Business Day following the date on which the last of the conditions precedent to the Disposal is fulfilled or, where applicable, waived (to the extent legally permissible).

4.4 **The Disposal Consideration and application of the proceeds from the Disposal**

4.4.1 The Disposal Consideration of R1 571 467 181 is based on a 100% equity valuation for The Logistics Group of R1 600 000 000. The Disposal Consideration comprises an initial disposal consideration for Zeder of R1 353 561 997, payable in cash on the Closing Date of the Disposal, and Earn-Out Payments totalling a maximum of R217 905 184, the timing of these are not yet determinable, payable in cash after the Closing Date and subject to the events described in paragraph 4.5.2.

4.4.2 As a result of limited opportunities in the sectors in which Zeder operates and to enable shareholders to participate in the windfall proceeds, Zeder intends to distribute the bulk of the Disposal Consideration to Shareholders once received, after payment of transaction costs and all directly-related obligations.

4.5 **Other significant terms of the Disposal**

4.5.1 As noted above, the Disposal Consideration is based on a 100% equity valuation of The Logistics Group, based on the financial accounts of The Logistics Group as at 30 June 2021 ("**Locked-Box Accounts**"). Accordingly, to the extent there is any expense, distribution, liability and the like which is, (i) not reflected in the Locked-Box Accounts; (ii) is not incurred in the ordinary course of business of The Logistics Group; and/or (iii) is not permitted as an agreed expense, distribution, liability and the like between the parties to the Share Purchase Agreement, such amount, once finally determined between such parties, shall reduce the Disposal Consideration ("**Leakage**"). Given the prevailing circumstances as at the Last Practicable Date it is not foreseen that any Leakage will be applicable.

4.5.2 The Earn-Out Payments are generally linked to certain extensions and/or renewals of agreements and the timing of these cannot be determined upfront even though they are not linked to any profit warranty. The aforementioned extensions and/or renewals of agreements have been estimated to be concluded during the next financial year, but there is no certainty regarding same.

4.5.3 Save as set out above, the Share Purchase Agreement contains representations, warranties, specific indemnities and undertakings by Zeder Financial Services in favour of TLG MidCo which are standard for a transaction of this nature.

4.6 **Classification of the Disposal**

4.6.1 As the value of the Disposal exceeds 30% of Zeder's market capitalisation as at the date of the signature of the Share Purchase Agreement, it meets the definition of a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements. As a result, the Disposal is required to be approved by an ordinary resolution of Shareholders, which will require the support of more than 50% of the votes exercised on it.

4.6.2 The Disposal is not made to a related party and there are accordingly no related party transaction implications in terms of the JSE Listings Requirements.

4.7 **Special arrangements, undertakings or agreements**

Save for the Share Purchase Agreement and the irrevocable undertaking by PSG Financial Services to vote in favour of the Disposal, there are no agreements, arrangements or understandings between TLG MidCo (or any person acting in concert with it) on the one hand and Zeder (or any person acting in concert with it), any of the Directors of Zeder, or any persons who were Directors of Zeder in the 12 months preceding the Disposal or (as far as Zeder is aware) with Shareholders or persons who were Shareholders in the 12 months preceding the Disposal, which has any connection with or dependence upon the Disposal.

5. **FINANCIAL INFORMATION**

5.1 **Historical financial information of The Logistics Group**

5.1.1 The historical financial information of The Logistics Group for the 10 months ended 31 December 2019 and year ended 31 December 2020 are annexed to this Circular as **Annexure 1**.

5.1.2 The condensed consolidated interim historical financial information of The Logistics Group for the six-month period ended 30 June 2021 are annexed to this Circular as **Annexure 2**.

5.1.3 The Independent Reporting Accountant's assurance report on the historical financial information of The Logistics Group for the 10 months ended 31 December 2019 and year ended 31 December 2020 is annexed to this Circular as **Annexure 3A**.

5.1.4 The Independent Reporting Accountant's review report on the condensed consolidated interim historical financial information of The Logistics Group for the six-month period ended 30 June 2021 is annexed to this Circular as **Annexure 3B**.

5.1.5 The historical financial information of TLG Unbundling Assets and Liabilities for the year ended 31 December 2018 are annexed to this Circular as **Annexure 4**.

5.1.6 The Independent Reporting Accountant's report on the historical financial information of TLG Unbundling Assets and Liabilities for the year ended 31 December 2018 are annexed to this Circular as **Annexure 5**.

5.1.7 Up until 2 January 2019, the TLG Unbundling Assets and Liabilities did not exist on a standalone basis, but the assets and liabilities and related revenue and expenditure streams referred to as the logistics division, were housed in various Subsidiaries of Capespan Group. No separate reviewed or audited annual financial statements for the logistics division were available for the year ended 31 December 2018. On or about 3 January 2019, the logistics division, was essentially unbundled from Capespan, following certain restructuring steps, which resulted in the current structure of The Logistics Group and its Subsidiaries. It is for this reason that the Historical Financial Information of the TLG Unbundling Assets and Liabilities as at 31 December 2018 and for the year then ended is different from that presented for 31 December 2019 and 31 December 2020.

5.1.8 Furthermore, The Logistics Group, which was a dormant entity prior to the TLG Unbundling, was used as the holding company to account for the TLG Unbundling for the 2-month period ended on 28 February 2019. The year end of The Logistics Group (the holding company) was then changed from 28 February to 31 December to align its year end with the year end of its Subsidiaries. Due to the year end change of The Logistics Group (the holding company), whilst the TLG Unbundling became effective on 2 January 2019, the annual financial statements for the 10-month period ended 31 December 2019 have been prepared on the basis that the financial performance from 2 January 2019 to 31 December 2019 are included. Accordingly, the 31 December 2019 consolidated financial results are comparative to the 31 December 2020 consolidated financial results.

5.1.9 Copies of the aforementioned historical financial information of The Logistics Group will also be available for inspection by Shareholders during normal business hours at the registered office of Zeder and at the offices of the Transaction Adviser and Sponsor from Tuesday, 15 February 2022 until Tuesday, 15 March 2022 (both days inclusive).

5.2 ***Pro forma* financial information of Zeder**

5.2.1 The *pro forma* financial information of the Disposal, as set out below, are the responsibility of the Directors. The *pro forma* financial information is presented in a manner that is consistent with the basis on which the historical financial information has been prepared and in terms of Zeder's accounting policies. The *pro forma* financial information has been presented for illustrative purposes only to show the *pro forma* financial effects of the Disposal and, because of their nature, may not fairly present Zeder's financial position or results of operations post the implementation of the Disposal.

5.2.2 The *pro forma* financial effects set out below should be read in conjunction with the *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement as set out in **Annexure 6** to this Circular, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 6**.

5.2.3 The Independent Reporting Accountant's report on the *pro forma* financial information of Zeder appears in **Annexure 7** to this Circular.

5.2.4 The table below sets out the *pro forma* financial effects of the Disposal, based on the published unaudited results of Zeder for the six months ended 31 August 2021 and on the assumption, for calculating the net asset value per Share and tangible asset value per Share, that the Disposal was effected on 31 August 2021. In respect of the attributable earnings per Share and headline earnings per Share it is assumed that the Disposal was effected on 1 March 2021.

	Zeder[1]	***Pro forma* after**[2]	***% change***
Net asset value per share (cents)	445.0	452.7	*1.7%*
Tangible asset value per share (cents)	445.0	452.7	*1.7%*
Basic headline earnings per share (cents)	31.4	36.8	*17.2%*
Basic attributable earnings per share (cents)	31.4	36.8	*17.2%*
Dilutive headline earnings per share (cents)	25.5	32.8	*28.6%*
Dilutive attributable earnings per share (cents)	25.5	32.8	*28.6%*
Weighted average number of shares in issue (m)	1 538	1 538	
Dilutive weighted average number of shares in issue (m)	1 546	1 546	

Notes and Assumptions:

1. The "*Zeder*" column has been extracted from the published unaudited results of Zeder for the six months ended 31 August 2021.
2. The "*Pro forma after*" column represents the *pro forma* financial effects after incorporating the detailed notes and assumptions to the *pro forma* financial information of Zeder as set out in **Annexure 6**.

6. INFORMATION RELATING TO ZEDER

6.1 Share capital

As at the Last Practicable Date, the authorised and issued Share capital of Zeder, prior to the implementation of the Disposal, was as follows, such share capital to remain unchanged as a result of the Disposal:

	Number of Shares	**Rm**
Authorised		
Ordinary shares with no par value	3 000 000 000	
Issued		
Ordinary shares with no par value (gross of treasury shares)	1 543 260 354	6 634
Shares held in treasury 1	(5 001 469)	(36)
Ordinary shares with no par value (net of treasury shares)	1 538 258 885	6 598

Note:

1 As at the Last Practicable Date, the Zeder Share Incentive Trust held 5 001 469 Shares in treasury.

6.2 **Major Shareholders and interests**

6.2.1 As far as Zeder is aware, as at the Last Practicable Date the following persons are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	Number of Shares held	Percentage of total issued share capital
PSG Group	748 354 891	48.49%
Public Investment Corporation[1]	142 320 366	9.22%
Coronation Asset Management Proprietary Limited[1]	82 325 598	5.33%
Total	973 000 855	63.04%

Notes:

1. The shareholding includes Shares held directly or indirectly by the entity and/or its clients.

6.2.2 There has been no change in the trading objectives of Zeder in the five years prior to the Last Practicable Date, nor in respect of any of its Subsidiaries, save for the change in control when Zeder acquired such companies as Subsidiaries.

6.3 **Material changes**

6.3.1 There have been no material changes in the financial or trading position of Zeder and The Logistics Group since the publication of the audited financial statements for the year ended 28 February 2021 and 31 December 2020, respectively, until the Last Practicable Date.

6.3.2 There have been no material changes in the financial or trading position of Zeder since the publication of the unaudited financial results for the six months ended 31 August 2021, until the Last Practicable Date.

6.4 **Material Borrowings**

6.4.1 Zeder does not have any material borrowings as at the Last Practicable Date.

6.4.2 The Disposal will not result in any change in the material borrowings of The Logistics Group.

6.5 **Material contracts**

6.5.1 Save for the Share Purchase Agreement, as far as the Board is aware, there have been no material contracts, entered into either verbally or in writing by The Logistics Group or its Subsidiaries, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by The Logistics Group and/or its Subsidiaries, within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to The Logistics Group and/or its Subsidiaries at the date of this Circular.

6.5.2 Save for the Share Purchase Agreement, there have been no material contracts, entered into either verbally or in writing by Zeder or its Subsidiaries, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by Zeder and/or its Subsidiaries, within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to Zeder and/or its Subsidiaries at the date of this Circular.

6.6 **Acquisition of material assets**

No material assets have been acquired by Zeder during the last three years preceding the date of this Circular.

7. INFORMATION RELATING TO DIRECTORS

7.1 Details of Directors

The full names, ages, business address and capacities of the Directors of Zeder are outlined below:

Full name	Age	Capacity	Business Address
Chris Adriaan Otto	72	Independent non-executive Chairman	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Johannes Hendrik le Roux	47	Chief Executive Officer and Financial Director	2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Wynand Louw Greeff	51	Non-executive Director	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Petrus Johannes Mouton	45	Non-executive Director	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Shameema Cassiem	51	Independent non-executive Director	19 Haroldene Road, Kenwyn, 7780
Nonhlanhla Sylvia Mjoli-Mncube	63	Independent non-executive Director	1570 High Street, Highgate Village, Dainfern, 2055

Notes:

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

7.2 Directors' Interests in the issued Shares of Zeder

7.2.1 The table below sets out the direct and indirect beneficial interests of the Directors (and their associates), including any directors who may have resigned during the past 18 months, in Zeder's issued share capital as at the Last Practicable Date:

Director	Direct Beneficial	Indirect Beneficial	Indirect Non-beneficial	Total	Percentage of total issued share capital
N Celliers[1]	–	–	–	–	–
JH le Roux	–	1 045 838	–	1 045 838	0.068%
CA Otto	–	–	80 000	80 000	0.005%
WL Greeff	–	80 000	–	80 000	0.005%
GD Eksteen[2]	–	6 427 512	506 073	6 933 585	0.449%
NS Mjoli-Mncube	48 983	–	–	48 983	0.003%
Total	48 983	7 553 350	586 073	8 188 406	0.531%

Notes:

1. Nr N Celliers resigned as chief executive officer, with effect from 1 October 2020.
2. Mr GD Eksteen has retired on 18 April 2021 and since sadly passed away.

7.2.2 There have been no dealings in respect of beneficial interest in or, holdings of Zeder in Shares by Directors (and their associates), including any directors who may have resigned during the past 18 months, over the six-month period commencing 1 August 2021, until the Last Practicable Date, other than set out below:

Director	**Date**	**Nature of transaction**	**Number of Shares disposed**	**Price per Share**
N Celliers	6 August 2021	Disposal of Shares by an associate of the director. On-market transaction. Indirect beneficial interest.	200 000	R3.09

7.3 **Directors' remuneration**

The remuneration of the Directors will not be varied as a result of the Disposal.

7.4 **Directors' Interests in the transaction**

Save for being a Shareholder of Zeder, no Director (including any person who may have resigned as a director within the past 18 months) has any material beneficial interest, directly or indirectly in the Disposal or in any transactions that were:

7.4.1 effected by Zeder during the current or immediately preceding financial year; or

7.4.2 during an earlier financial year and remain in any respect outstanding or unperformed.

7.5 **Service contracts of executive Directors**

7.5.1 Each of the executive Directors has concluded service contracts with terms and conditions that are standard for such appointments. None of the executive Directors' service contracts have been entered into in the three years preceding the Last Practicable Date.

7.5.2 No restraints of trade have been imposed by Zeder on any Directors in respect of the business conducted by Zeder and the contracts of all executive Directors are terminable on three months' notice.

7.5.3 The duration of each executive Director's appointment is determined by the service contracts referred to in paragraph 7.5.1 of this Circular above, whilst the duration of the appointment of non-executive Directors is determined by the MOI which is also available for inspection in terms of paragraph 15 of this Circular below.

8. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to the Zeder Group is sufficient for the Zeder Group's present working capital requirements and will, post-implementation of the Disposal be adequate for at least 12 months from the date of issue of this Circular.

9. LITIGATION STATEMENT

There are no material legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which Zeder is aware, which have or may have over the previous 12 months had a material effect on the financial position of the Zeder Group and The Logistics Group, respectively.

10. EXPENSES

10.1 The estimated costs of preparing and distributing this Circular, holding the General Meeting and implementing the Disposal, including the fees payable to professional advisers, are approximately R23 065 000, excluding Value Added Tax, and include the following:

		R
Transaction Adviser and Sponsor fees[1]	PSG Capital	R20 490 000
Project Adviser	Khanda Capital	R250 000
Independent Sponsor fees	UBS	R100 000
Legal fees	Webber Wentzel	R500 000
Printing, publication, distribution and advertising expenses	Ince	R505 000
JSE documentation and ruling fees	JSE	R75 000
Independent Auditors for Zeder and Independent Reporting Accountant	Deloitte & Touche	R110 000
Independent Auditors for The Logistics Group and Independent Reporting Accountant	Ernst & Young Inc.	R600 000
Independent Reporting Accountant	KPMG Inc.	R285 000
Contingency		R150 000
TOTAL		R23 065 000

Notes:

1. This fee includes the transaction advisory fee which is based on the Disposal Consideration being realised by Zeder as well as the sponsor fee.

10.2 Other than as set out above, Zeder has incurred no preliminary expenses in relation to the Disposal during the three years preceding this Circular.

11. GENERAL MEETING AND VOTING

11.1 The General Meeting will be held in electronic format only, at 10:30 on Tuesday, 15 March 2022, to consider and, if deemed fit, to pass, with or without modification, the requisite resolutions to give effect to the Disposal.

11.2 Full details of the actions required by Shareholders are set out in the "*Action required by Shareholders*" section of this Circular.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are listed in the "*Corporate Information*" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

13. OPINIONS AND BOARD'S RECOMMENDATION

13.1 The Board has considered the terms and conditions of the Disposal and the resolutions and is of the opinion that they are in the interests of Shareholders.

13.2 The Directors recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

13.3 The Directors, in their personal capacities, intend to vote the Shares held by them in favour of the resolutions to be proposed at the General Meeting.

14. **ADVISERS' CONSENTS**

Each of the advisers, whose name appears in the "*Corporate information*" section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of its names and, where applicable, to the inclusion of its reports in this Circular in the form and context in which they appear and has not withdrawn its consent prior to the publication of this Circular.

15. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Zeder, PSG Capital and at the Johannesburg office of PSG Capital from Tuesday, 15 February 2022 until Tuesday, 15 March 2022 (both days inclusive):

15.1 the MOI of Zeder and the memoranda of incorporation of its directly held Subsidiaries;

15.2 the historical financial information of The Logistics Group for the 10 months ended 31 December 2019 and year ended 31 December 2020 included in **Annexure 1**;

15.3 the condensed consolidated interim historical financial information of The Logistics Group for the six-month period ended 30 June 2021 included in **Annexure 2**;

15.4 the Independent Reporting Accountant's assurance report on the historical financial information of The Logistics Group for the 10 months ended 31 December 2019 and year ended 31 December 2020 is annexed to this Circular as **Annexure 3A**;

15.5 the Independent Reporting Accountant's review report on the condensed consolidated interim historical financial information of The Logistics Group for the six-month period ended 30 June 2021 is annexed to this Circular as **Annexure 3B**;

15.6 the historical financial information of TLG Unbundling Assets and Liabilities for the year ended 31 December 2018 included in **Annexure 4**;

15.7 the Independent Reporting Accountant's report on the historical financial information of TLG Unbundling Assets and Liabilities for the year ended 31 December 2018 included in **Annexure 5**;

15.8 the *pro forma* financial information of Zeder, as reproduced in **Annexure 6**;

15.9 the Independent Reporting Accountant's report on the *pro forma* financial information of Zeder, as reproduced in **Annexure 7**;

15.10 the written consents from each of the advisers referred to in paragraph 14; and

15.11 a copy of this Circular and all annexures hereto.

SIGNED ON MONDAY, 7 FEBRUARY 2022 BY CA OTTO ON BEHALF OF THE DIRECTORS OF ZEDER INVESTMENTS LIMITED IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

Chris Otto

CA Otto
Chairman of the Board

JH le Roux (Chief Executive Officer and Financial Director)
WL Greeff
PJ Mouton
S Cassiem
NS Mjoli-Mncube

HISTORICAL FINANCIAL INFORMATION OF THE LOGISTICS GROUP FOR THE 10 MONTHS ENDED 31 DECEMBER 2019 AND YEAR ENDED 31 DECEMBER 2020

Save as expressly provided to the contrary, the definitions and interpretations commencing on page 7 of the Circular apply, *mutatis mutandis*, to this Annexure 1.

BASIS OF PREPARATION

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of cash flows and the consolidated statements of changes in equity for the 10 months ended 31 December 2019 and year ended 31 December 2020, the consolidated statements of financial position as at 31 December 2019 and 31 December 2020, accounting policies and the notes thereto ("**Historical Financial Information**") have been extracted from the audited consolidated financial statements of The Logistics Group Proprietary Limited for the 10 months ended 31 December 2019 and year ended 31 December 2020 ("**Audited Financial Statements**"). The Audited Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by Financial Reporting Standards Council.

Furthermore, The Logistics Group, which was a dormant entity prior to the TLG Unbundling, was used as the holding company to account for the TLG Unbundling for the 2-month period ended on 28 February 2019. The year end of The Logistics Group (the holding company) was then changed from 28 February to 31 December to align its year end with the year end of its Subsidiaries. Due to the year end change of The Logistics Group (the holding company), whilst the TLG Unbundling became effective on 2 January 2019, the annual financial statements for the 10-month period ended 31 December 2019 have been prepared on the basis that the financial performance from 2 January 2019 to 31 December 2019 are included. Accordingly, the 31 December 2019 consolidated financial results are comparative to the 31 December 2020 consolidated financial results.

The Historical Financial Information of The Logistics Group Proprietary Limited was prepared in accordance with IFRS and the JSE Listings Requirements for the purpose of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The Historical Financial Information of The Logistics Group Proprietary Limited is denominated in South African Rands which is the functional currency of The Logistics Group Proprietary Limited.

The additional disclosure required in terms of paragraph 8.12 of the JSE Listings Requirements has been included in the Historical Financial Information of The Logistics Group Proprietary Limited.

The Audited Financial Statements have been audited by Ernst & Young Inc. and unqualified audit opinions have been issued thereon. Ernst and Young Inc. is the independent reporting accountant to The Logistics Group Proprietary Limited and has issued the reporting accountant's report on this Historical Financial Information of The Logistics Group Proprietary Limited which is included as **Annexure 3A** to this Circular.

The directors of The Logistics Group Proprietary Limited are responsible for the Historical Financial Information of The Logistics Group Proprietary Limited included in this Circular.

DIRECTORS' COMMENTARY

The Logistics Group has been able to continue to operate amidst unprecedented market conditions. The main income streams of the business entails an integrated logistics service offering in southern Africa with strategic port and warehousing assets in Cape Town, Durban, Port Elizabeth and Maputo. The group also owns a leading proprietary technology led logistical application and with its strategic capabilities, enables the group to offer a customer focused transport platform.

The strategic position of the group's assets on key trading corridors enabled growth in volumes, despite the tough economic conditions. Revenue has grown by 15.8% from the prior year. Gross profit grew by R57.3 million or 8.9% from the previous year, however, with a change in product mix the gross margin declined by 4% year on year.

Operating expenses have always been managed tightly and controlled well and thus increased by only 3.9% from the prior year. The group's operating profit as a result the above increased by 25.6% from the previous year.

Following on this positive earnings growth, cash flows from operating activities increased by R68.8 million, while total cash increased by R109.0 million year on year. The increase in cash and cash equivalents was the largest driver in the 16.7% growth in total assets of the group year on year.

The group's strategy remains to be customer focused, technology led and enabled by its capabilities.

Consolidated Statement of Financial Position as at 31 December 2020

	Notes	31 December 2020 R'000	31 December 2019 R'000
Assets			
Non-current assets			
Property, plant and equipment	3	383 991	375 993
Intangible assets	4	36 397	40 252
Right-of-use assets	5	368 450	302 467
Investments in associates	7	159 880	146 265
Loans receivable	8	11 323	12 694
Deferred tax	9	57 796	43 746
Prepayments	10	4 200	–
		1 022 037	**921 417**
Current assets			
Inventories	11	8 934	6 469
Loans receivable	8	3 833	7 740
Trade and other receivables	12	206 696	213 470
Contract assets	13	3 152	4 154
Current tax receivable		6 569	–
Cash and cash equivalents	14	157 566	53 087
		386 750	**284 920**
Non-current assets held for sale and assets of disposal groups	24	–	884
Total assets		**1 408 787**	**1 207 221**
Equity and liabilities			
Equity attributable to equity holders of parent			
Stated capital	15	1 777 509	1 777 509
Reserves	18	(9 283)	10 058
Accumulated loss		(1 326 465)	(1 463 118)
		441 761	324 449
Non-controlling interest		47 632	49 919
		489 393	**374 368**
Liabilities			
Non-current liabilities			
Borrowings	21	214 850	215 596
Lease liabilities	5	435 618	396 802
Retirement benefit obligation	19	3 243	3 121
Deferred income	20	6 349	–
Deferred tax	9	21 712	14 485
		681 772	**630 004**
Current liabilities			
Trade and other payables	22	112 309	122 833
Borrowings	21	3 650	2 641
Lease liabilities	5	72 783	38 141
Current tax payable	36	11 722	4 033
Provisions	23	37 158	35 201
		237 622	**202 849**
Total liabilities		**919 394**	**832 853**
Total equity and liabilities		**1 408 787**	**1 207 221**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Revenue	25	1 098 655	949 028
Cost of sales	26	(399 797)	(307 425)
Gross profit		**698 858**	**641 603**
Other income	27	11 701	5 586
Other operating gains/(losses)	28	546	(1 151)
Movement in credit loss allowances	29	(1 198)	(2 322)
Other operating expenses*		(471 720)	(454 066)
Operating profit	29	**238 187**	**189 650**
Investment income earned – effective rate interest	30	3 676	4 255
Finance costs	31	(67 976)	(65 184)
Income from equity accounted investments		47 615	50 602
Other non-operating gains/(losses)	32	(2 420)	–
Profit before taxation		**219 082**	**179 323**
Taxation	33	(53 146)	(41 966)
Profit for the year		**165 936**	**137 357**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset		(116)	(364)
Income tax relating to items that will not be reclassified		32	102
Withholding tax on undistributed reserves		(1 163)	–
Total items that will not be reclassified to profit or loss		**(1 247)**	**(262)**
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(28 756)	(3 368)
Other comprehensive income for the year net of taxation	34	**(30 003)**	**(3 630)**
Total comprehensive income (loss) for the year		**135 933**	**133 727**
Profit attributable to:			
Owners of the parent:			
From continuing operations		139 178	112 440
Non-controlling interest:			
From continuing operations		26 758	24 917
Total comprehensive income/(loss) attributable to:			
Owners of the parent		115 545	109 761
Non-controlling interest		20 388	23 966
		135 933	**133 727**

Consolidated Statement of Changes in Equity

	Stated capital R'000	Other reserves R'000	Accumu-lated loss R'000	Total attributable to equity holders of the group/company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2019	**1 777 509**	**4 733**	**(1 573 850)**	**208 392**	**40 842**	**249 234**
Profit for the year	–	–	112 440	112 440	24 917	137 357
Other comprehensive income	–	(2 417)	(1 708)	(4 125)	(951)	(5 076)
Total comprehensive income for the year	**–**	**(2 417)**	**110 732**	**108 315**	**23 966**	**132 281**
Share-based payments	–	7 742	–	7 742	–	7 742
Dividends declared	–	–	–	–	(14 889)	(14 889)
Balance at 1 January 2020	**1 777 509**	**10 058**	**(1 463 118)**	**324 449**	**49 919**	**374 368**
Profit for the year	–	–	139 178	139 178	26 758	165 936
Other comprehensive income	–	(22 386)	(1 247)	(23 633)	(6 370)	(30 003)
Total comprehensive income for the year	**–**	**(22 386)**	**137 931**	**115 545**	**20 388**	**135 933**
Share-based payments	–	3 045	–	3 045	–	3 045
Dividends declared	–	–	(1 278)	(1 278)	(22 675)	(23 953)
Total contributions by and distributions to owners of company recognised directly in equity	**–**	**3 045**	**(1 278)**	**1 767**	**(22 675)**	**(20 908)**
Balance at 31 December 2020	**1 777 509**	**(9 283)**	**(1 326 465)**	**441 761**	**47 632**	**489 393**
Notes	15	34	34			

Consolidated Statement of Cash Flows

	Notes	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Cash flows from operating activities			
Cash generated from operations	35	362 637	275 652
Interest received		3 676	4 030
Interest paid		(67 924)	(65 184)
Tax paid	36	(60 031)	(44 977)
Net cash from operating activities		**238 358**	**169 521**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(86 475)	(116 622)
Sale of property, plant and equipment	3	4 609	3 594
Purchase of other intangible assets	4	(2 267)	(2 835)
Sale of other intangible assets	4	–	81
Repayment of loans advanced		–	6 047
Advances of loans receivable at amortised cost		(2 492)	(4 067)
Receipts from loans receivable at amortised cost	8	7 770	3 046
Reclassifications		–	(9 490)
Dividends received		34 000	17 374
Net cash used in investing activities		**(44 855)**	**(102 872)**
Cash flows from financing activities			
Proceeds from borrowings	37	2 904	48 175
Repayment of borrowings	37	(2 641)	(35 000)
Payment on lease liabilities		(60 832)	(48 639)
Dividends paid		(23 954)	(121 473)
Net cash from financing activities		**(84 523)**	**(156 937)**
Total cash movement for the year		**108 980**	**(90 288)**
Cash at the beginning of the year		53 087	143 375
Effect of exchange rate movement on cash balances		(4 501)	–
Total cash at end of the year	14	**157 566**	**53 087**

1. **SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these historical financial statements are set out below.

1.1 **Basis of preparation**

The historical financial statements have been prepared on the going-concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these historical financial statements and the Companies Act of South Africa, as amended.

The historical financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group's presentation currency.

These accounting policies are consistent with the previous period.

1.2 **Consolidation**

Basis of consolidation

The historical financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the historical financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of historical subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. 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.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of historical financial statements required management to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification

The company is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the historical financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease in accordance with the accounting policy stated in note 1.8. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred. Refer to note 5 for further details regarding assumptions and carrying values of leased assets.

Impairment testing

The recoverable amounts of cash-generating units and non-financial assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets and/or intangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable or when it is a specific requirement of IFRS, for example goodwill. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives of property, plant and equipment

The company reviews on an annual basis whether residual values and useful lives need to be adjusted in accordance with the accounting policy stated in note 1.4. These annual reviews require the use of estimates and assumptions. The assumptions used are disclosed in accounting policy 1.4.

1.3 **Significant judgements and sources of estimation uncertainty (continued)**

Goodwill

Management reviews the valuation of goodwill on an annual basis, using the discounted cash flow model to determine the enterprise value of each cash-generating unit. Refer to note 4 for key assumptions applied during the year to determine the valuation of goodwill.

Key sources of estimation uncertainty

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Trade receivables

Forward-looking 'expected credit loss' (ECL) model – impairment of trade receivables.

The company assesses its trade receivables for impairment at the end of each reporting period in accordance with the accounting policy stated in note 1.6. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as per IFRS 9. Refer to note 12 for further details.

1.4 **Property, plant and equipment**

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

1.4 **Property, plant and equipment (continued)**

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average depreciation per annum
Land and buildings	Straight-line	50 years
Leasehold improvements	Straight-line	The shorter of the lease term or 50 years
Vehicles, plant and machinery	Straight-line	4 – 10 years
Office equipment	Straight-line	3 – 10 years
Computer equipment	Straight-line	3 – 7 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 **Intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

The cost of an intangible asset includes its purchase price and any directly attributable cost preparing the asset for intended use.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

1.5 **Intangible assets (continued)**

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation charge is recognised as an expense in profit or loss. The amortisation period and amortisation method applied to an intangible asset with a finite useful life are reviewed, and adjusted if necessary on an annual basis. These changes are accounted for as a change in estimate.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is included in profit or loss and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset at the date of derecognition.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

For all other intangible assets, amortisation is provided on a straight-line basis so as to write down the intangible assets, to their residual values as follows:

Item	**Depreciation method**	**Average depreciation per annum**
Intangible assets under development	Straight-line	3 – 10 years
Computer software	Straight-line	3 – 10 years

1.6 **Financial instruments**

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are debt instruments:

- *Amortised cost*

  This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or

- *Mandatorily at fair value through profit or loss*

  This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or

Financial liabilities:

- *Amortised cost*; or
- *Designated at fair value through profit or loss*

  This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss.

Note 42 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

1.6 **Financial instruments (continued)**

Loans receivable at amortised cost

Classification

Loans receivable (note 8) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 30).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

1.6 **Financial instruments (continued)**

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 29).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 42).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (refer to note 12).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 12.

Write-off policy

The group writes off a receivable 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. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

1.6 **Financial instruments (continued)**

Credit risk

Details of credit risk are included in the trade and other receivables note (note 12) and the financial instruments and risk management note (note 42).

Trade and other payables

Classification

Trade and other payables (note 22), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 31).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 42 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are stated at carrying amount which is initially recognised at fair value and subsequently measured at amortised cost.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.6 Financial instruments (continued)

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 **Leases**

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 29) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative standalone prices of the lease components and the aggregate standalone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 5 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the Statement of Financial Position.

1.8 **Leases (continued)**

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest paid (note 31).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of- use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.8 **Leases (continued)**

Company as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 27).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.9 **Inventories**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 **Impairment of non-financial assets**

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

1.10 **Impairment of non-financial assets (continued)**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.11 **Stated capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.12 **Employee benefits and employee benefit obligations**

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. A provision is made for the estimated liability for staff bonuses due as a result of meeting certain performance criteria by the employees up to the statement of financial position date.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. Accrued leave is measured as the amount that the group expects to pay as a result of unused entitlement that has accumulated to the employee at the statement of financial position date.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. A provision is made for the estimated liability for staff bonuses due as a result of meeting certain performance criteria by the employees up to the statement of financial position date.

Leave and bonus provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.12 **Employee benefits and employee benefit obligations (continued)**

Defined contribution plans

The group pays fixed contributions to managed provident funds on behalf of its employees. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The group has no further payment obligations once the contributions have been paid.

Defined benefit plans

Under the group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the group. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies. For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by management with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth and mortality. Discount rates are determined by reference to market yields at the end of the reporting periods on government bonds that have terms to maturity approximating to the terms of the related pension liability.

Past service costs are recognised immediately to the extent that the benefits are already vested.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

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. 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.

1.13 **Provisions and contingencies**

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

1.14 **Government grants**

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

1.15 **Revenue from contracts with customers and other revenue**

The group recognises revenue from the following major sources:

- Handling and storage revenue;
- Logistics services;
- Other services.

The company generates revenue primarily from logistical services.

Revenue from other services represents ancillary logistics services to customers.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognised over time as services are rendered and the related performance obligations are satisfied. Methods used to determine the amount of revenue over time include use of discharge or load totals for port handling activities and the passage of time for the storage of cargoes. No significant judgement is used to determine revenue measured over time.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

Logistics brokerage

Revenue is earned from logistical services provided to customers to facilitate the movement of their cargo in the supply chain. Revenue is earned as fixed agency fees per unit, or variable agency and finance fees as a percentage of disbursement outlay. Revenue also includes margin on certain disbursements e.g. transport and document costs, paid on behalf of the customer.

Rental income

Operating income comprises of short-term rentals and is recognised as income on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished.

Dividend income

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

1.16 **Borrowing costs**

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. Investment income earned on the temporary investment of specific borrowing spending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.17 **Translation of foreign currencies**

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous historical financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- 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;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.18 **Related parties**

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. The directors of the company are considered to be key management and consequently as related parties. Related party transactions and balances are disclosed in note 41.

1.19 **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".

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.

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.

Notes to the Historical Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
• Covid-19 – Related Rent Concessions – Amendment to IFRS 16	1 June 2020	The impact of the amendments is not material.
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020	The impact of the amendments is not material.
• Definition of a business – Amendments to IFRS 3	1 January 2020	The impact of the amendments is not material.
• Presentation of Financial Statements: Disclosure initiative	1 January 2020	The impact of the amendments is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	1 January 2020	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2021 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
• IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	108 251	(36 670)	71 581	97 256	(34 722)	62 534
Leasehold improvements	224 146	(131 298)	92 848	214 321	(118 410)	95 911
Vehicles, plant and machinery	368 895	(172 223)	196 672	349 465	(155 585)	193 880
Office equipment	7 750	(5 657)	2 093	8 223	(5 787)	2 436
Computer equipment	47 608	(26 811)	20 797	50 578	(29 346)	21 232
Total	**756 650**	**(372 659)**	**383 991**	**719 843**	**(343 850)**	**375 993**

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Transfers	Foreign exchange movements	Depreciation	Closing balance
Land and buildings	62 534	23 903	–	91	(6 560)	(8 387)	71 581
Leasehold improvements	95 911	10 585	(332)	–	–	(13 316)	92 848
Vehicles, plant and machinery	193 880	44 453	(3 354)	–	(7 348)	(30 959)	196 672
Office equipment	2 436	392	–	(91)	(63)	(581)	2 093
Computer equipment	21 232	7 142	(212)	4	(791)	(6 578)	20 797
	375 993	**86 475**	**(3 898)**	**4**	**(14 762)**	**(59 821)**	**383 991**

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Classified as held for sale	Transfers	Foreign exchange movements	Depreciation	Impairment loss	Closing balance
Land and buildings	62 412	6 474	–	–	(1 750)	2 006	(6 608)	–	62 534
Leasehold property	85 458	26 394	(5)	–	–	–	(15 936)	–	95 911
Vehicles, plant and machinery	159 751	69 269	(1 595)	(715)	1 817	(2 821)	(31 548)	(278)	193 880
Office equipment	1 502	1 385	(3)	(142)	120	324	(750)	–	2 436
Computer equipment	15 977	13 100	(125)	(24)	(183)	(2 289)	(5 224)	–	21 232
	325 100	**116 622**	**(1 728)**	**(881)**	**4**	**(2 780)**	**(60 066)**	**(278)**	**375 993**

The value of the land included in land and buildings is not material.

4. INTANGIBLE ASSETS

	2020			2019		
	Cost	Accumulated amortisation/ impairment	Carrying value	Cost	Accumulated amortisation/ impairment	Carrying value
Development costs i.r.o. internally generated intangible assets	–	–	–	21 522	(7 330)	14 192
Computer software	30 235	(14 259)	15 976	6 102	(2 883)	3 219
Goodwill	32 699	(12 278)	20 421	32 698	(9 857)	22 841
Total	**62 934**	**(26 537)**	**36 397**	**60 322**	**(20 070)**	**40 252**

Reconciliation of intangible assets – 2020

	Opening balance	Additions	Disposals	Transfers	Foreign exchange movements	Amortisation	Impairment loss	Closing balance
Development costs i.r.o. internally generated intangible assets	14 192	–	–	(14 192)	–	–	–	–
Computer software	3 219	2 288	(15)	14 192	1	(3 709)	–	15 976
Goodwill	22 841	–	–	–	–	–	(2 420)	20 421
	40 252	**2 288**	**(15)**	**–**	**1**	**(3 709)**	**(2 420)**	**36 397**

Reconciliation of intangible assets – 2019

	Opening balance	Additions	Disposals	Classified as held for sale	Transfers *	Amortisation	Impairment loss	Closing balance
Development costs i.r.o. internally generated intangible assets	–	1 091	(81)	–	16 187	(3 005)	–	14 192
Computer software	27 243	1 744	–	(3)	(24 752)	(1 013)	–	3 219
Goodwill	32 698	–	–	–	–	–	(9 857)	22 841
	59 941	**2 835**	**(81)**	**(3)**	**(8 565)**	**(4 018)**	**(9 857)**	**40 252**

*The transfers in 2019 relate to unbundling transactions incurred with the unbundling of the logistics division from the Capespan Group. On or about 2 January 2019, the logistics division of the Capespan Group, was essentially unbundled from the Capespan Group, following certain restructuring steps, which resulted in the current structure of The Logistics Group and its Subsidiaries.

4. **INTANGIBLE ASSETS (continued)**

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Businesses to which goodwill relates		
FPT Group Proprietary Limited	7 715	7 715
Port Stevedoring Proprietary Limited	12 706	12 706
TLC Transport division of The Logistic Company Proprietary Limited	–	2 332
The Logistic Company Proprietary Limited	–	88

Management applied a discounted cash flow model in order to estimate the value in use for purposes of determining whether the carrying value of goodwill is impaired at year end. This was compared to the carrying values of assets in the relevant cash-generating units.

The main assumptions used were the following:

- Cash flow estimates were based on the approved 2021 budgets adjusted for market related trends for periods from 2021 to 2025.
- Net realisable values of significant items of property plant and equipment were estimated by management.
- Projected cash flows were discounted at a rate which is the weighted average cost of capital before taxation for the company.

Key assumptions of goodwill balances:

	2020	2019
FPT Group Proprietary Limited		
Tax rate	28%	28%
Discount rate	13.3%	14%
Growth rate	2.2%	–%
Port Stevedoring Proprietary Limited		
Tax rate	28%	28%
Discount rate	15.0%	15.4%
Growth rate	4%	4%
Terminal growth rate	1%	1%
TLC Transport Division of The Logistic Company Proprietary Limited		
Tax rate	28%	28%
Discount rate	15.74%	16.4%
Growth rate	–%	22%
Terminal growth rate	–%	2%
The Logistic Company Proprietary Limited		
Tax rate	28%	28%
Discount rate	15.74%	16.4%
Growth rate	–%	22%
Terminal growth rate	–%	2%

4. **INTANGIBLE ASSETS (continued)**

The impairment in goodwill relates to The Logistic Company Proprietary Limited as well as the TLC Transport Division of the company. The enterprise value was very sensitive to changes in the cash flows forecasted and due to the fact that the future business plan was based on the addition of certain new key customers that was still pending at year-end, management made the decision to impair the goodwill of The Logistic Company Proprietary Limited. The growth rate and terminal growth rate relating to the TLC Transport Division of The Logistic Company Proprietary Limited and The Logistic Company Proprietary Limited was set as 0% as a conservative approach was followed in terms of the terminal and growth rates due to noted sensitivities in cash flows.

Sensitivity analysis

A sensitivity analysis was done on the two key drivers, to determine the effect on the impairment valuation.

Drivers:

- Risk-free rate.
- Average cost of finance.

The result of a 1% increase/decrease in both drivers has no impact on the outcome of the impairment calculation.

5. **LEASES**

The company leases several assets, including buildings and plant and machinery. The average lease term per category is as follows:

- Buildings: 14.4 years (2019: 2-20 years) with a remaining average lease term of 5.58 years.
- Plant and machinery: Five years (2019: 2-10 years) with a remaining average lease term of 4.25 years.
- Office equipment: Three years with a remaining average lease term of 2.42 years.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

	12 months ended 31 December 2020 R'000	**10 months ended 31 December 2019 R'000**
Buildings		
Opening balance at beginning of the year	297 299	318 020
Additions – new leases entered into	45 378	29 908
Modifications and remeasurements	21 451	(7 624)
Depreciation	(54 567)	(43 005)
Completion or cancellation of leases	(1 429)	–
Total buildings right-of-use asset	308 132	297 299
Vehicles, plant and machinery		
Opening balance at beginning of the year	4 436	–
Additions – new leases entered into	68 192	13 838
Modifications and remeasurements	(356)	3
Depreciation	(13 618)	(9 405)
Total vehicles, plant and equipment right-of-use asset	58 654	4 436
Office equipment		
Opening balance at beginning of the year	732	–
Additions – new leases entered into	1 582	388
Depreciation	(650)	(275)
Modifications and remeasurements	–	619
Total office equipment right-of-use asset	1 664	732
Total right-of use assets	**368 450**	**302 467**

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
5. LEASES (continued)		
Lease liabilities		
Opening balance at the beginning of the year	(434 943)	(452 378)
Additions – new leases entered into	(115 153)	(45 114)
Modifications and remeasurements	(20 955)	13 910
Payments – principal portion	60 832	48 639
Payments – finance costs	46 903	45 702
Notional interest expense on leases	(46 903)	(45 702)
Completion or cancellation of leases	1 818	–
Total lease liability	**(508 401)**	**(434 943)**
Non-current liabilities	(435 618)	(396 802)
Current liabilities	(72 783)	(38 141)
Total lease liability	**(508 401)**	**(434 943)**
The maturity analysis of lease liabilities is as follows:		
Year 1	(114 731)	(78 814)
Year 2	(116 334)	(79 874)
Year 3	(97 774)	(80 256)
Year 4	(95 532)	(78 364)
Year 5 and beyond	(238 065)	(309 850)
	(662 436)	(627 158)
Less finance charges component	154 035	192 215
	(508 401)	**(434 943)**

6. **INTEREST IN SUBSIDIARY**

Name of company	**Principal activity**
Material full subsidiaries:	
Port Stevedoring Proprietary Limited	Port services (Stevedoring)
The Logistic Company Proprietary Limited	Transport Brokering
TLG Holdings Proprietary Limited	Holding and treasury company
TLG South Africa Holdings Proprietary Limited	Holding company
Contour Logistics Proprietary Limited	Clearing and forwarding
Non-material full subsidiaries:	
FPT Mozambique Limitada	Port terminal operations
FPT Port Leasing Proprietary Limited	Port terminal operations
TLG Investments Proprietary Limited	Holding company
TLG Mozambique Limitada	Inland terminal
Mulungisi Investments Limited	Holding company
TLG Technology Proprietary Limited	Intellectual property
TLG Africa Railco Limited	Rail transport
TLG Corporate Services Proprietary Limited	Corporate services

6. **INTEREST IN SUBSIDIARY (continued)**

Country of incorporation and principle place of business

The country of incorporation and the principal place of business is considered to be South Africa in all cases except for the following entities:

- FPT Mozambique Limitada incorporated in and principal place of business in Mozambique.
- TLG Mozambique Limitada incorporated in and principal place of business in Mozambique.
- Mulungisi Investments Limited incorporated in and principal place of business in Mauritius.
- TLG Africa Railco Limited incorporated in and principal place of business in Mauritius.

Interest held by non-controlling interest

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company.

Subsidiary	Principal activity	Place of incorporation and business	NCI Interest 2020	NCI Interest 2019
Gestão de Terminais SA**	Inland terminal	Mozambique	55%	55%
Matola Cargo Terminal SA*	Customs terminal	Mozambique	10%	10%
TLG Empowerment Proprietary Limited **	Holding company	South Africa	51%	51%
FPT Group Proprietary Limited*	Port terminal operations	South Africa	13%	13%

* Effective shareholding with 0% (2019:0%) voting rights.
** Effective shareholding is less than 50% but control is given by means of the shareholders agreement.

TLG Empowerment Proprietary Limited and FPT Group Proprietary Limited are consolidated as wholly-owned subsidiaries and no non-controlling interest is recognised for either company.

Summarised Statement of Financial Position

	Gestão de Terminais SA		Matola Cargo Terminal SA	
	2020	**2019**	**2020**	**2019**
Assets				
Non-current assets	31 898	41 618	130 448	124 174
Current assets	36 398	31 827	37 120	41 636
Total assets	**68 296**	**73 445**	**167 568**	**165 810**
Liabilities				
Non-current liabilities	–	–	14 796	18 505
Current liabilities	7 578	5 681	36 591	25 734
Total liabilities	**7 578**	**5 681**	**51 387**	**44 239**
Total net assets (liabilities)	**60 718**	**67 764**	**116 181**	**121 571**
Carrying amount of non-controlling interest	37 011	38 759	10 621	11 160

Summarised Statement of Profit or Loss and other Comprehensive income

	Gestão de Terminais SA		Matola Cargo Terminal SA	
	2020	**2019**	**2020**	**2019**
Revenue	115 144	106 537	92 704	88 098
Profit/(loss)	43 920	42 656	26 026	14 566
Other comprehensive income	–	–	–	–
Total comprehensive income	43 920	42 656	26 026	14 566

7. **INVESTMENTS IN ASSOCIATES**

The following table lists all of the associates in the company:

Name of company	**% ownership interest 2020**	**% ownership interest 2019**	**Carrying amount 2020**	**Carrying amount 2019**
Tradekor Holdings Proprietary Limited and its subsidiaries	50,00%	50,00%	159 880	146 265
FM Solutions Proprietary Limited	49,00%	49,00%	–	–
			159 880	**146 265**

Tradekor Holdings Proprietary Limited is incorporated in South Africa. Their principle activities are mineral handling.

FM Solutions Proprietary Limited is incorporated in South Africa. Their principle activities are fuel managed solutions.

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	**Tradekor Holdings Proprietary Limited and its subsidiaries**	
	2020	**2019**
Revenue	2 803 827	2 672 563
Profit after tax	95 230	101 204
Other comprehensive income	–	–
Total comprehensive income	95 230	101 204
Share of profit accounted for	47 615	50 602

Summarised Statement of Financial Position	**Tradekor Holdings Proprietary Limited and its subsidiaries**	
	2020	**2019**
Assets		
Non-current	162 710	141 022
Current	384 717	343 310
Total assets	**547 427**	**484 332**
Liabilities		
Non-current	55 265	53 011
Current	267 938	234 327
Total liabilities	**323 203**	**287 338**
Total net assets	**224 224**	**196 994**

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the company and the associate.

The investment in FM Solutions Proprietary Limited has been fully impaired and therefore the summarised financial information is not disclosed.

Aggregated individually immaterial associates accounted for using the equity method		
Opening balance	146 265	119 084
Movement in loans to associates	–	(6 047)
Equity accounted profit	47 615	50 602
Dividends received	(34 000)	(17 374)
	159 880	**146 265**

8. **LOANS RECEIVABLE**

Loans receivable are presented as per categorisation in note 42, which is net of loss allowance, as follows:

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Secured loans	12 090	13 505
Unsecured loans	3 066	6 929
	15 156	**20 434**
Split between non-current and current portions		
Non-current assets	11 323	12 694
Current assets	3 833	7 740
	15 156	**20 434**

The loans bear interest at a rate linked to prime and are repayable as agreed upon by the parties.

Security pledged for loans

The shares of DI Ferreira held in The Logistics Group Proprietary Limited and shares held in a unitised Enterprise and Supplier Development Investment Fund is held as security for the secured loans.

Exposure to credit risk

Loans receivable inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained in all cases. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on 12-month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12-month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, as well as from economic reports, financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

8. **LOANS RECEIVABLE (CONTINUED)**

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans receivable by credit rating grade:

2020

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating	Basis of loss allowance	Gross carrying amount	Loss allowance	Amortised cost
Secured loans	N/a	N/a	Performing	12m ECL	12 090	–	12 090
Unsecured loans	N/a	N/a	Performing	12m ECL	3 066	–	3 066
					15 156	**–**	**15 156**

2019

Instrument	External credit rating (where applicable)	Rating agency	Internal credit rating	Basis of loss allowance	Gross Carrying amount	Amortised cost
Secured loans	N/a	N/a	Performing	12m ECL	13 505	13 505
Unsecured loans	N/a	N/a	Performing	12m ECL	6 929	6 929
					20 434	**20 434**

Fair value of loans receivable

The fair value of loans receivable approximates their carrying amounts.

9. DEFERRED TAX

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Deferred tax balance		
Property plant and equipment	(5 971)	(8 927)
Undistributed reserves of foreign subsidiaries	(10 943)	(9 894)
Right-of-use assets and lease liabilities	38 933	34 988
Provisions and other liabilities	10 146	10 958
Tax losses	3 919	2 136
Total deferred tax asset	**36 084**	**29 261**

The deferred tax asset and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(24 068)	(14 485)
Deferred tax asset	60 152	43 746
Total net deferred tax asset/(liability)	**36 084**	**29 261**
Reconciliation of deferred tax asset/(liability)		
At beginning of year	29 261	22 138
Temporary difference on property, plant and equipment	2 956	2 466
Temporary difference on undistributed reserves of foreign subsidiaries	(1 049)	(1 337)
Temporary difference on provisions and other liabilities	(812)	5 448
Temporary difference on tax losses available for offset	1 783	1 746
Temporary difference on right-of-use assets and lease liabilities	3 945	(1 200)
	36 084	**29 261**

10. PREPAYMENTS

Long-term portion of prepaid rental	4 200	–

During 2016, a prepayment to the value of R14 000 000 was made under the sub-lease agreement with FPT Port Leasing Proprietary Limited, with reference to the lease in Cape Town. This prepayment is for rental instalments over seven years.

The current portion of the prepaid rental is included under prepayments in trade and other receivables. Refer to note 12.

11. INVENTORIES

Work in progress	784	–
Finished goods	3 208	1 509
Raw materials	5 439	4 960
	9 431	6 469
Provision for obsolete stock	(497)	–
	8 934	**6 469**

The movement in the provision is accounted for in profit and loss.

Inventories are utilised as part of the rendering of services.

12. TRADE AND OTHER RECEIVABLES

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Financial instruments:		
Trade receivables – external	132 408	142 363
Loss allowance	(4 949)	(3 194)
Trade receivables at amortised cost	127 459	139 169
Sundry debtors	33 886	34 446
Non-financial instruments:		
Value added taxation	8 022	4 131
Foreign withholding taxes	712	–
Prepayments *	36 617	35 724
Total trade and other receivables	**206 696**	**213 470**
Split between non-current and current portions		
Current assets	206 696	213 470

*Prepayments includes prepaid rent for January 2021 as well as the current portion of prepaid rental referred to in note 10.

Sundry debtors includes recoverable accounts for disbursement costs relating to services not yet rendered.

Categorisation of trade and other receivables		
At amortised cost*	161 345	173 615
Non-financial instruments	45 351	39 855
	206 696	**213 470**

*Contract assets have been reclassified from the prior year trade and other receivables at amortised cost. Refer to note 40.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by management. The exposure to credit risk and the creditworthiness of customers is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. The average credit period on trade receivables is 30 to 90 days (2019: 30 to 90 days).

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities. The credit risk on other receivables is deemed to be negligible due to the inherent nature thereof.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The loss allowance provision is determined as follows:

	2020	2020	2019	2019
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 0.03% (2019: 0.13%)	107 021	(29)	106 340	(135)
Less than 30 days past due: 0.11% (2019: 1.31%)	12 204	(14)	18 581	(243)
More than 30 days, less than 60 days: 6.94% (2019: 13.99%)	4 379	(304)	5 617	(786)
60 – 90 days past due: 28.34% (2019: 12.97%)	3 410	(966)	10 799	(1 401)
More than 90 days past due: 55.02% (2019: 61.33%)	5 394	(2 968)	1 026	(629)
Additional specific provision	–	(668)	–	–
	132 408	**(4 949)**	**142 363**	**(3 194)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Opening balance in accordance with IFRS 9	**(3 194)**	**–**
Provision raised on trade receivables	(2 333)	(3 147)
Provisions reversed on settled trade receivables	586	1
Amounts written off	(8)	(48)
Closing balance	**(4 949)**	**(3 194)**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

13. **CONTRACT ASSETS**

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Contract assets	3 152	4 154
Summary of contract assets		
Contract asset – Income accrual	3 152	4 154
Split between non-current and current portions		
Current assets	3 152	4 154

Contract assets are recognised to the extent that performance obligations have been performed by the company and that revenue has been recognised in accordance with IFRS 15 Revenue, but for which the company's right to consideration is not yet unconditional. When the right to consideration becomes unconditional, the contract asset is transferred to trade receivables.

Exposure to credit risk

Contract assets inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by management. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

14. **CASH AND CASH EQUIVALENTS**

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Cash and cash equivalents consist of:		
Cash on hand	18	–
Bank balances	24 059	53 087
Short-term deposits	1 569	–
Deposits – Money Market Account	139 301	–
Bank overdraft	(7 381)	–
	157 566	**53 087**

15. **STATED CAPITAL**

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Authorised		
1 000 001 000 (2019: 1 000 000 000) Ordinary shares with no par value		
36 659 196 (2019: 36 659 196) A Ordinary shares with no par value		
During the year, 916 480 A Ordinary shares were converted into 916 480 Ordinary shares with no par value. A total of 102 Ordinary shares were repurchased from Capespan Group Holdings Proprietary Limited.		
Reconciliation of number of shares issued:		
Ordinary shares	366 592 055	366 592 055
Conversion of A Ordinary Shares to Ordinary shares	916 480	–
Repurchase of shares	(102)	–
	367 508 433	**366 592 055**
Reconciliation of number of A Ordinary shares issued, but not fully paid		
Reported as at the beginning of the year	36 659 196	36 659 196
Conversion of A Ordinary Shares to Ordinary shares	(916 480)	–
	35 742 716	**36 659 196**
Issued		
Ordinary shares at no par value	1 773 609	1 773 509
A Ordinary Shares at no par value	3 900	4 000
	1 777 509	**1 777 509**

16. **SHARE-BASED PAYMENT RESERVE**

The Logistics Group Share Options		
Outstanding at the beginning of the year	9 005	1 013
Share-based payments expense	5 782	7 992
Realised against reserve	(2 736)	–
Outstanding at the end of the year	**12 051**	**9 005**

The share-based payment reserve relates to the share-based payment scheme of The Logistics Group Proprietary Limited issued to certain employees of the company. Refer to note 17 for further details of the share incentive scheme.

Outstanding options	**Exercise date within one year**	**Exercise date from two to five years**	**Total**
Options with exercise price of R Nil	1 466 183	–	1 466 183
Options with exercise price of R0.07	192 822	–	192 822
Options with exercise price of R2.73	25 306 593	–	25 306 593
Options with exercise price of R2.78	–	915 675	915 675

17. **SHARE INCENTIVE SCHEME**

During the year, the Group operated an equity-settled share incentive scheme, being the share option scheme. In terms of the scheme, share options are granted to executive directors and other employees ("participants").

The maximum number of ordinary shares which may be offered in terms of the scheme is 36 659 205 shares, while the maximum number of shares that may be offered to any single participant is 18 329 602 shares. To date, nil (2019: nil) shares have been exercised by way of the scheme and accordingly a further 36 659 205 (2019: 36 659 205) shares may be exercised in future by way of the scheme. To date, a maximum of nil (2019: nil) shares have been exercised by any single participant and accordingly a further 18 329 602 (2019: 18 329 602) shares may be exercised in future by any single participant of the scheme.

During the year, 915 675 (2019: 26 965 598) share options were granted to participants at a total consideration of R2 545 576 (2019: R69 087 000). Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of The Logistics Group Proprietary Limited.

Black-Scholes valuation methodology used to value options. The expected price volatility is based on the historic volatility averages of companies operating in similar markets with publicly available information.

Share-based payment agreements	**Allocation 1**	**Allocation 2**	**Allocation 3**	**Allocation 4**	**Allocation 5**
Grant date	1/01/2019	1/01/2019	1/01/2019	1/01/2019	1/01/2020
Number of shares	30 077	192 822	1 436 106	25 306 593	915 675
Exercise price	–	0.07	–	2.73	2.78
Volatility (%)	25.6	25.5	25.5	25.5	33.4
Dividend yield (%)	4.5	4.5	4.5	4.5	5.1
Risk-free rate (%)	7.0	7.0	7.0	7.0	6.7
Fair value of option (R)	2.61	2.49	2.49	0.52	0.61

2020 Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:	**Weighted average exercise price in R**	**Options 2020**
Outstanding at the beginning of the period	2.73	26 965 598
Granted during the period	2.78	915 675
Outstanding at the end of the period	**2.73**	**27 881 273**

2019 Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:	**Weighted average exercise price in R**	**Options 2019**
Outstanding at the beginning of the period	–	1 659 005
Forfeited during the period		(1 659 005)
Granted during the period	2.73	26 965 598
Outstanding at the end of the period	**2.73**	**26 965 598**

Refer to note 16 for movement in the share-based payments reserve.

The vesting date of the options are as follows:

- 25% of the options on the second anniversary of the grant date.
- 25% of the options on the third anniversary of the grant date.
- 25% of the options on the fourth anniversary of the grant date.
- 25% of the options on the fifth anniversary of the grant date.

An option must be exercised within 90 days from the applicable vesting date, after which date it will automatically lapse.

18. **RESERVES**

The total reserves consist of the following:

	2020	2019
Foreign currency translation reserve	(30 610)	(8 223)
Share-based payment reserve	12 051	9 005
Other reserves	9 276	9 276
	(9 283)	**10 058**

Other reserves consists of legal reserves of R5 281 659 as required by the Companies Act of Mozambique for entities registered in the country and non-distributable reserves of R3 994 064.

19. **RETIREMENT BENEFIT OBLIGATION**

Defined benefit plan

The group provides for post-employment medical aid benefits in respect of three retired employees. This liability is for a relatively small group of staff and their dependants who are already retired from FPT Group Proprietary Limited prior to the merger between Unifruco and Outspan, and were on the Unifruco medical aid scheme as at December 1998.

To qualify for the scheme, former employees had to be permanently employed, be a member of the group's designated scheme at retirement and remain a resident in South Africa until their retirement. An independent external actuarial valuation was performed at 31 December 2020 indicating the year-end obligation to be R3 243 000 (2019: R3 121 000).

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(3 243)	(3 121)
Movements for the year		
Opening balance	3 121	2 787
Net expense recognised in profit or loss and other comprehensive income	122	334
Defined benefit obligation at 31 December	**3 243**	**3 121**
Net expense recognised in profit or loss		
Net expense recognised in profit or loss and other comprehensive income	122	334
Key assumptions used		
Assumptions used on last valuation on 31 December 2020.		
Average life expectancies: 1 male (2019: 1 male), average age of 80 years	7.3	7.7
Average life expectancies: 2 females (2019: 2 females), average age of 83 years	7,5	8.0
Discount rates used	8.36%	8.52%
Medical cost trend rates	10.00%	10.00%

As a result of the review, the annual medical contributions for retired employees have been capped at the current nominal amount at 1 January 2001. The capping was based on the medical scheme contribution levels of the Fedhealth Ultima 300 Scheme.

19. **RETIREMENT BENEFIT OBLIGATION (CONTINUED)**

From 2008, the valuations are based on the assumptions that the subsidy level is adjusted as follows:

- The cost per annum of the basic medical aid scheme is deemed to be equivalent to the level of the contributions per annum to Fedhealth Maxima Basis Scheme excluding savings – referred to as the basic cost under the medical aid in the valuation;
- The basic cost will increase each year by the assumed rate of healthcare inflation which was estimated at 10% (2019: 10%) per annum in the latest valuation; and
- Currently for each pensioner, the subsidy is less than the basic cost. When the basic cost exceeds the current subsidy the employer subsidy becomes the basic cost.

If the medical cost rate assumed in the actuarial valuation of the defined benefit obligations varied by +/- 1%, this would have altered the company's defined benefit schemes as follows:

	2020		**2019**	
Defined benefit obligation for medical cost	**Increase**	**Decrease**	**Increase**	**Decrease**
Healthcare inflation rate 1% change	(226 000)	204 000	(227 000)	204 000
Discount rate 0.5% change	113 000	(121 000)	113 000	(121 000)

20. **DEFERRED INCOME**

Deferred income relates to the MCEP grant received from the Department of Trade and Industry in 2015 (R1 521 786) and 2016 (R12 424 817). Deferred income is recognised in income over the expected useful lives of the asset linked to the grant.

The current portion of deferred income is included under trade and other payables in note 22.

	12 months ended 31 December 2020 R'000	**10 months ended 31 December 2019 R'000**
Non-current liability	6 349	–

21. **BORROWINGS**

Held at amortised cost		
Standard Bank Limited	200 000	200 000
The unsecured loan bears interest at a variable rate linked to Jibar and is repayable at the end of the five-year term.		
First National Bank Limited	18 500	18 237
The secured loan is denominated in Meticals and bears interest at a variable rate linked to prime of 13.65% (2019: 15.75%) and is repayable within five years. The loan is secured against charge on the forklifts.		
	218 500	**218 237**
Split between non-current and current portions		
Non-current liabilities	214 850	215 596
Current liabilities	3 650	2 641
	218 500	**218 237**

Refer to note 37 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 42 Financial instruments and financial risk management for the fair value of borrowings.

22. TRADE AND OTHER PAYABLES

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Financial instruments:		
Trade payables	65 010	65 002
Other payables	8 482	7 237
Income received in advance	1 842	–
Non-financial instruments:		
Accruals	33 669	37 961
Deferred income*	893	9 148
Value-added taxation	2 413	2 924
Other payables	–	561
	112 309	**122 833**

* The non-current portion of deferred income is included under Deferred income in note 20.

Other payables include payroll related payables.

Categorisation of trade and other payables

Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	75 334	72 239
Non-financial instruments	36 975	50 594
	112 309	**122 833**

Exposure to financial risk

Refer to note 42 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

23. PROVISIONS

	Opening balance	Additions	Utilised during the year	Total
Reconciliation of provisions – 2020				
Leave and incentive provisions	20 309	24 275	(20 309)	24 275
Other provisions	4 892	–	(2 009)	2 883
Provision for insurance excesses	10 000	–	–	10 000
	35 201	**24 275**	**(22 318)**	**37 158**

Reconciliation of provisions – 2019

	Opening balance	Additions	Total
Leave and incentive provisions	14 914	5 395	20 309
Other provisions	2 503	2 389	4 892
Provision for insurance excesses	7 500	2 500	10 000
	24 917	**10 284**	**35 201**

Other provisions

Other provisions relate to possible legal claims from shipping companies regarding damages and a rates and taxes dispute with the lessor of a building for which the outcome is uncertain.

Provision for insurance excesses

The provision for insurance excesses relates to an uncertain timing for an insurable incident.

Leave and incentive provisions

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to statement of financial position date.

A provision is made for the estimated liability for staff bonuses due as a result of meeting certain performance criteria by the employees up to the statement of financial position date.

24. ASSETS HELD FOR SALE

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Assets and liabilities		
Non-current assets held for sale		
Property, plant and equipment	–	881
Intangible assets	–	3
	–	**884**

25. REVENUE

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Revenue from contracts with customers		
Rendering of services	1 020 747	949 028
Sale of goods	9 789	–
Revenue – Sundry	8 064	–
Discount allowed	(310)	–
	1 038 290	**949 028**
Revenue other than from contracts with customers		
Short-term rental income	60 365	–
	1 098 655	**949 028**
Disaggregation of revenue from contracts with customers		
The company disaggregates revenue from customers as follows:		
Sale of goods		
Sale of goods – Mozambique	9 789	–
Rendering of services		
Logistics services – Mozambique	198 211	
Logistics services – South Africa	822 536	949 028
	1 020 747	**949 028**
Other revenue		
Sundry revenue	8 064	
Discount allowed	(310)	–
	7 754	**–**
Total revenue from contracts with customers	**1 038 290**	**949 028**
Timing of revenue recognition		
At a point in time		
Sale of goods	9 789	–
Over time		
Logistics services	1 028 501	949 028
Total revenue from contracts with customers	**1 038 290**	**949 028**

26. COST OF SALES

Rendering of services	399 797	307 425
	399 797	**307 425**

27. OTHER INCOME

Management fees received	319	1 200
Rental income	–	30
Recoveries	7 177	4
Property related other income items	802	1 867
Other income	3 403	2 485
	11 701	**5 586**

28. OTHER OPERATING GAINS (LOSSES)

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Foreign exchange gains/(losses)		
Net foreign exchange gains/(losses)	1 574	(1 151)
Restructuring costs		
Restructuring costs	(1 028)	–
Total other operating gains/(losses)	**546**	**(1 151)**

29. OPERATING PROFIT/(LOSS)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration – external		
Audit fees	1 941	2 260
Auditor's remuneration – internal	**346**	**410**
Leases		
Rental cancellation and concessions		
Lease cancellation – Land and buildings	(655)	–
Lease concession – Plant and equipment	(5 517)	–
Lease concession – Other	(23)	–
	(6 195)	**–**
Variable lease payments	443	–
Short-term leases	908	3 375
Leases of low value assets *	2 204	756

* Leases of low value assets are short term in nature.

Depreciation and amortisation		
Depreciation of property, plant and equipment	59 820	60 066
Depreciation of right-of-use assets	68 835	52 685
Amortisation of intangible assets	3 709	4 018
Total depreciation and amortisation included in operating expenses	**132 364**	**116 769**
Impairment losses/(reversal)		
Property, plant and equipment	–	278
Intangible assets	–	9 857
	–	**10 135**
Movement in credit loss allowances		
Trade and other receivables	1 198	2 322
Other		
Administration and management fees – related party	–	2 208
Administration and management fees – third party	4 167	3 565
Advertising	579	1 052
Consulting and professional fees	12 282	7 327
Employee costs	181 574	175 159
Information technology costs	14 804	10 856
Insurance	12 745	10 082
Municipal expenses	37 431	–
Repairs and maintenance	18 172	74 497
Telephone and fax	3 162	4 625

30. INVESTMENT INCOME

		12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Interest income			
Investments in financial assets:			
Interest received		3 676	4 255

31. FINANCE COSTS

Intergroup interest paid		–	8 304
Long-term borrowings		19 336	10 923
Bank overdraft		211	10
Notional interest on lease liabilities*		46 903	45 702
South African Revenue Services		1 036	–
Employee benefit provisions		–	245
Other interest paid		490	–
Total finance costs		**67 976**	**65 184**

* Interest accrued excluded in the cash flow statement.

32. OTHER NON-OPERATING GAINS/(LOSSES)

Impairment losses			
Goodwill	4	(2 420)	–

33. TAXATION

Major components of the tax expense			
Current			
Local income tax – current period		37 884	29 493
Local income tax – recognised in current tax for prior periods		229	1
Foreign income tax or withholding tax – current period		23 038	20 959
		61 151	**50 453**
Deferred			
Deferred tax – Local		(7 837)	(8 336)
Deferred tax – Foreign		(168)	(151)
		(8 005)	**(8 487)**
		53 146	**41 966**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense.			
Accounting profit		219 082	179 323
Tax at the applicable tax rate of 28% (2019: 28%)		61 343	50 210
Tax effect of adjustments on taxable income			
Non-taxable income		(1 308)	(923)
Non-deductable charges		3 596	5 556
Share of profits of associates		(13 332)	(14 169)
Foreign tax rate differential		2 226	2 787
Special tax allowances		(901)	(646)
Prior year adjustments		28	1
Deferred tax assets not raised in respect of assessed losses		981	193
Assessed losses utilised for which no deferred tax assets were raised		(568)	(1 043)
Other		1 081	–
		53 146	**41 966**

34. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income – 2020

	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
Items that will not be reclassified to profit/(loss)					
Remeasurements on net defined benefit liability	(116)	32	(84)	–	(84)
Withholding tax on undistributed reserves	(1 163)	–	(1 163)	–	(1 163)
	(1 279)	**32**	**(1 247)**	**–**	**(1 247)**
Items that may be reclassified to profit/(loss)					
Exchange differences on translating foreign operations					
Exchange differences arising during the year	(28 756)	–	(28 756)	6 370	(22 386)
Total	**(30 035)**	**32**	**(30 003)**	**6 370**	**(23 633)**

Components of other comprehensive income – 2019

	Gross	Tax	Net before non-controlling interest	Non-controlling interest	Net
Items that will not be reclassified to profit/(loss)					
Remeasurements on net defined benefit liability					
Remeasurements on net defined benefit liability	(364)	102	(262)	–	(262)
	(364)	**102**	**(262)**	**–**	**(262)**
Items that may be reclassified to profit/(loss)					
Exchange differences arising during the year	(3 368)	–	(3 368)	951	(2 417)
Total	**(3 732)**	**102**	**(3 630)**	**951**	**(2 679)**

35. CASH GENERATED FROM OPERATIONS

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Profit before taxation	219 082	179 323
Adjustments for:		
Depreciation and amortisation	132 364	116 769
(Gains)/losses on foreign exchange	(1 574)	1 151
Income from equity accounted investments	(47 615)	(50 602)
Interest income	(3 676)	(4 255)
Finance costs	67 976	65 184
Impairment of goodwill	2 420	–
Remeasurement adjustment on right-of-use asset and lease liability	–	–
Cancellation of and concessions on leases	(6 194)	–
Profit on sale of property, plant and equipment	(711)	(1 867)
Profit on termination of lease	(91)	–
Share-based payments realised against reserve	(2 782)	–
Non-cash share-based payment expenses	5 782	8 513
Intercompany management fees	(1 356)	(117)
Prepayments	(4 200)	–
Deferred income	6 349	–
Changes in working capital:		
Inventories	(2 465)	(2 971)
Trade and other receivables	6 774	(32 876)
Contract assets	1 002	(4 154)
Other provisions	1 957	10 284
Trade and other payables	(10 527)	(14 459)
Employee benefit obligations	122	5 729
	362 637	**275 652**

36. TAX PAID

Balance at beginning of the year	(4 033)	(953)
Current tax for the year recognised in profit or loss	(61 151)	(50 453)
Interest accruals	–	2 396
Balance at end of the year	5 153	4 033
	(60 031)	**(44 977)**

37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities – 2020

	Notes	Opening balance	New leases	Other non-cash movements*	Total non-cash movements	Cash flows	Closing balance
Borrowings	21	218 237	–	–	–	263	218 500
Lease liabilities	5	434 943	115 153	19 137	134 290	(60 832)	508 401
Total liabilities from financing activities		**653 180**	**115 153**	**19 137**	**134 290**	**(60 569)**	**726 901**

Reconciliation of liabilities arising from financing activities – 2019

	Notes	Opening balance	Other non-cash movements*	Total non-cash movements	Cash flows	Closing balance
Borrowings	21	205 062	–	–	13 175	218 237
Lease liabilities	5	452 378	31 204	31 204	(48 639)	434 943
Total liabilities from financing activities		**657 440**	**31 204**	**31 204**	**(35 464)**	**653 180**

Non-cash movement in lease liabilities relates to modifications, remeasurements and completion or cancellation of leases.

38. COMMITMENTS

Authorised capital expenditure

Capital expenditure authorised by directors

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Contracted for	5 871	6 983
Not contracted for	16 755	10 863

This committed expenditure relates to property, plant and equipment and intangible assets.

39. CONTINGENCIES

No contingent liabilities existed at 31 December 2020 that would have a material effect on the results of the financial statements as set out or the continued existence of the company as a going-concern.

40. COMPARATIVE FIGURES

The previous reporting period is 10 months and the current reporting period is 12 months therefore comparative amounts are not comparable to the current balances.

Contract assets were erroneously included as part of trade receivables in the 2019 financial statements. The amounts receivable that met the definition of contract assets were therefore restated in accordance with IAS 8.

Administrative and other operating expenses were reclassified to align group companies disclosure to the reporting of the group.

40. **COMPARATIVE FIGURES (CONTINUED)**

The effects of the reclassification are as follows:

Statement of Financial Position	2019	Reclassification	2019 Adjusted
Trade and other receivables	217 624	(4 154)	213 470
Contract assets	–	4 154	4 154
	217 624	**–**	**217 624**
Profit or loss			
Administrative expenses	(43 791)	43 791	–
Other operating expenses	(412 597)	(41 469)	(454 066)
Movement in credit loss allowances	–	(2 322)	(2 322)
	(456 388)	**–**	**(456 388)**

41. **RELATED PARTIES**

Relationships

Ultimate holding company	PSG Group Limited
Holding company	Zeder Financial Services Limited
Subsidiaries	Port Stevedoring Proprietary Limited TLG Corporate Services Proprietary Limited TLG Empowerment Holdings Proprietary Limited TLG Holdings Proprietary Limited TLG Investments Proprietary Limited Contour Logistics Proprietary Limited The Logistic Company Proprietary Limited TLG South Africa Holdings Proprietary Limited FPT Group Proprietary Limited FPT Port Leasing Proprietary Limited TLG Mozambique Limitada TLG Technology Proprietary Limited FPT Mozambique Limitada TLG Africa Railco Limited Mulungisi Investments Limited Matola Cargo Terminal Limitada Gestão de Terminais, SA
Associates	Tradekor Holdings Proprietary Limited Tradekor PE Proprietary Limited FM Solutions Proprietary Limited
Group companies	Capespan Corporate Services Proprietary Limited Capespan South Africa Proprietary Limited Capespan Proprietary Limited Energy Partners HVAC and R Proprietary Limited Grayston Elliot Proprietary Limited Zeder Investments Limited Zeder Corporate Services Proprietary Limited Agricol Proprietary Limited DLF Seeds Proprietary Limited JWM Asia SA Proprietary Limited JWM Asia (Hong Kong) Limited Pioneer Foods Limited PSG Corporate Services Proprietary Limited
Directors	Refer to the directors' report

41. RELATED PARTIES (CONTINUED)

	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
Related party balances		
Amounts included in trade receivables (trade payables) regarding related parties		
Agricol Proprietary Limited	21	–
Capespan Corporate Services Proprietary Limited	–	(22)
Capespan South Africa Proprietary Limited	12 041	13 375
Capespan South Africa Proprietary Limited	(1 610)	(1 922)
DLF Seeds Proprietary Limited	750	1 297
Energy Partners HVAC and R Proprietary Limited	–	(24)
Grayston Elliot Proprietary Limited	(44)	–
JWM Asia SA Proprietary Limited	–	7
Pioneer Foods Limited	–	329
Tradekor Holdings Proprietary Limited	11 264	4 108
Tradekor Holdings Proprietary Limited	(2)	(400)
	22 420	**16 748**
Related party transactions		
Interest expense to (received from) related parties		
Capespan Proprietary Limited	–	8 116
Capespan Proprietary Limited	–	(1 740)
Capespan Corporate Services Proprietary Limited	–	188
(Sales to)/purchases from related parties		
Agricol Proprietary Limited	(3)	–
Capespan South Africa Proprietary Limited	2	149
Capespan South Africa Proprietary Limited	(11 371)	(11 507)
DLF Seeds Proprietary Limited	(60)	(23)
Energy Partners HVAC and R Proprietary Limited	362	3 293
JWM Asia (Hong Kong) Limited	(26)	(10)
JWM Asia SA Proprietary Limited	(77)	(156)
Pioneer Food Limited	–	(4 088)
Tradekor Holdings Proprietary Limited	(103 534)	(79 407)
Tradekor Holdings Proprietary Limited	2 582	2 673
Dividends to/(from) related parties		
Tradekor Holdings Proprietary Limited	–	(17 374)
Expenses to (income from) related parties		
Capespan Corporate Services Proprietary Limited	138	–
Capespan South Africa Proprietary Limited	–	225
Energy Partners HVAC and R Proprietary Limited	349	–
Grayston Elliot Proprietary Limited	145	264
PSG Corporate Services Proprietary Limited	319	1 019
Tradekor Holdings Proprietary Limited	(648)	–
Zeder Corporate Services Proprietary Limited	741	–
Zeder Financial Services Limited	–	700

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Financial assets
2020

	Notes	Fair value through profit or loss – Designated	Amortised cost	Total	Fair value
Loans receivable	8	1 966	13 190	15 156	15 156
Trade and other receivables	12	–	161 345	161 345	161 345
Cash and cash equivalents	14	–	157 566	157 566	157 566
		1 966	**332 101**	**334 067**	**334 067**

2019

	Notes	Fair value through profit or loss – Designated	Amortised cost	Total	Fair value
Loans receivable	8	1 949	18 485	20 434	20 434
Trade and other receivables	12	–	173 615	173 615	173 615
Cash and cash equivalents	14	–	53 087	53 087	53 087
		1 949	**245 187**	**247 136**	**247 136**

Financial liabilities
2020

	Notes	Amortised cost	Total	Fair value
Borrowings	21	218 500	218 500	218 500
Trade and other payables	22	75 334	75 334	75 334
		293 834	**293 834**	**293 834**

2019

	Notes	Amortised cost	Total	Fair value
Borrowings	21	218 237	218 237	218 237
Trade and other payables	22	72 239	72 239	72 239
		290 476	**290 476**	**290 476**

Pre-tax gains and losses on financial instruments
Gains and losses on financial assets
2020

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Interest income	30	3 676	3 676
Movement in credit loss allowances	29	(1 198)	(1 198)
Net gains		**2 478**	**2 478**

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2019

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Interest income	30	4 255	4 255
Movement in credit loss allowances	29	(2 322)	(2 322)
Net gains		**1 933**	**1 933**

Gains and losses on financial liabilities

2020

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	31	(20 037)	(20 037)

2019

	Notes	Amortised cost	Total
Recognised in profit or loss:			
Finance costs	31	(19 482)	(19 482)

Capital risk 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 for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on financial assets, mainly attributable to trade and other receivables presented in note 12 and cash and cash equivalents presented in note 14. The company sets credit limits on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. In addition, the overseas customers would normally be required to transact with the group by letter of credit in order to minimise the group's credit risk exposure.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

42. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

Management apply the principle that if a financial asset's credit risk is low at year-end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12-month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references, etc. In any event, if amounts are 90 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivables and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward-looking, macroeconomic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

			2020			**2019**	
	Notes	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost/fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost/fair value**
Loans receivable	8	15 156	–	15 156	20 434	–	20 434
Trade and other receivables*	12	166 294	(4 949)	161 345	176 809	(3 194)	173 615
Contract assets	13	–	–	–	4 154	–	4 154
Cash and cash equivalents	14	157 548	–	157 548	53 087	–	53 087
		338 998	**(4 949)**	**334 049**	**254 484**	**(3 194)**	**251 290**

* The gross carrying amount of trade and other receivables only presented financial instruments as per IFRS 9 and exclude non-financial instruments as presented in note 12.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

42. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Contractual Cash flow	Carrying amount
2020						
Non-current liabilities						
Borrowings *	21	–	224 496	–	224 496	214 850
Lease liabilities	5	–	390 300	157 405	547 705	435 618
Current liabilities						
Trade and other payables	22	75 334	–	–	75 334	75 334
Borrowings	21	31 864	–	–	31 864	3 650
Lease liabilities	5	114 731	–	–	114 731	72 783
Bank overdraft	14	7 381	–	–	7 381	7 381
		229 310	**614 796**	**157 405**	**1 001 511**	**809 616**

		Less than 1 year	2 to 5 years	Over 5 years	Contractual Cash flow	Carrying amount
2019						
Non-current liabilities						
Borrowings *	21	–	278 765	–	278 765	215 596
Lease liabilities	5	–	611 185	703 076	1 314 261	396 802
Current liabilities						
Trade and other payables	22	72 239	–	–	72 239	72 239
Borrowings	21	24 113	–	–	24 113	2 641
Lease liabilities	5	148 990	–	–	148 990	38 141
		245 342	**889 950**	**703 076**	**1 838 368**	**725 419**

* The borrowings bear interest at South African Jibar rate/Mozambique prime lending rate and is payable at the discretion of management but not later than the maturity date of 31 December 2023.

Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Meticals. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Foreign currency exposure at the end of the reporting period

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

42. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

	Notes	12 months ended 31 December 2020 R'000	10 months ended 31 December 2019 R'000
US Dollar exposure:			
Non-current assets:			
Loans receivable	8	92	–
Current assets:			
Trade and other receivables	12	1 032	1 089
Cash and cash equivalents	14	308	808
Current liabilities:			
Trade and other payables	22	(747)	(737)
Net US Dollar exposure		**685**	**1 160**
Meticals exposure:			
Non-current assets:			
Loans receivable	8	23 372	–
Current assets:			
Trade and other receivables	12	51 225	48 645
Cash and cash equivalents	14	20 615	27 348
Non-current liabilities:			
Borrowings	21	(41 858)	(18 505)
Current liabilities:			
Trade and other payables	22	(44 852)	(36 463)
Net Meticals exposure		**8 502**	**21 025**
Net exposure to foreign currency in Rand		**9 187**	**22 185**

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	2020	2019	2019
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on post-tax profit: Translation of financial and insurance assets/liabilities from transactional to functional currency				
US Dollar: 20% (2019: 20%)	(12 728)	12 728	5 738	(5 738)
Mozambique Meticals: 20% (2019: 20%)	1 727	(1 727)	–	–
	(11 001)	**11 001**	**5 738**	**(5 738)**
Impact on post-tax profit: Translation from functional to presentation currency				
US Dollar: 20% (2019: 20%)	2 170	(2 170)	190	(190)
Mozambique Meticals: 20% (2019: 20%)	14 445	(14 445)	(7 850)	7 850
	16 615	**(16 615)**	**(7 660)**	**7 660**
	5 614	**(5 614)**	**(1 922)**	**1 922**

42. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk. The company is exposed to interest rate risk due to cash and cash equivalents and loans to and from related parties.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020	**2020**	**2019**	**2019**
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Floating rate financial assets and liabilities: 1% change	716	(716)	(916)	916
Fixed rate and non-interest bearing financial assets and liabilities: 1% change	179	(179)	278	(278)
	895	**(895)**	**(638)**	**638**

43. **GOING-CONCERN**

The directors believe that the group and company has adequate financial resources to continue in operation for the foreseeable future and accordingly the historical annual financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may negatively affect the group.

The historical financial statements have been prepared on the basis of accounting policies applicable to a going-concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

44. **EVENTS AFTER THE REPORTING PERIOD**

The directors are not aware of any matter or circumstance arising since the end of the financial year which is material to the results as disclosed in these financial statements.

45. **DIRECTORS' EMOLUMENTS**

	Salary	**Company contributions**	**Performance related**	**Share options**	**Total**
12 months ended 31 December 2020 (R'000)					
AJ Van Zyl	1 620	363	1 226	960	4 169
MA Potgieter	1 994	403	1 688	–	4 085
WF Potgieter	1 988	398	1 258	–	3 644
	5 602	**1 164**	**4 172**	**960**	**11 898**
10 months ended 31 December 2019 (R'000)					
AJ Van Zyl	1 571	369	400	602	2 942
MA Potgieter	1 771	429	–	–	2 200
WF Potgieter	1 811	389	–	–	2 200
DI Ferreira	2 381	451	–	1 608	4 440
	7 534	**1 638**	**400**	**2 210**	**11 782**

CONDENSED CONSOLIDATED INTERIM HISTORICAL FINANCIAL INFORMATION OF THE LOGISTICS GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Save as expressly provided to the contrary, the definitions and interpretations commencing on page 7 of the Circular apply mutatis mutandis to this Annexure 2.

BASIS OF PREPARATION

The interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021 and interim condensed consolidated statement of financial position as at 30 June 2021, and the notes thereto ("**Interim Historical Financial Information**") have been extracted from the reviewed special purpose condensed consolidated financial statements of The Logistics Group Proprietary Limited for the six-month period ended 30 June 2021 ("**Interim Financial Statements**"). The Interim Financial Statements were prepared in accordance with Section 8.7 of the JSE Listings Requirements. The JSE Listings Requirements require the interim financial statements to be prepared using the International Financial Reporting Standard IAS 34: *Interim Financial Reporting (but excluding comparatives)* and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Interim Historical Financial Information of The Logistics Group Proprietary Limited was prepared for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraphs 8.12 of the JSE Listings Requirements has been included in the Interim Historical Financial Information of The Logistics Group Proprietary Limited.

The Interim Financial Statements have been reviewed by Ernst and Young Inc. in accordance with ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* and an unqualified review conclusion has been reached.

Ernst and Young Inc. is the independent reporting accountant to The Logistics Group Proprietary Limited and has issued the reporting accountant's report on this Interim Historical Financial Information of The Logistics Group Proprietary Limited which is included as **Annexure 2** to this Circular.

The directors of The Logistics Group Proprietary Limited are responsible for the Interim Historical Financial Information of The Logistics Group Proprietary Limited included in this Circular.

DIRECTORS' COMMENTARY

The Logistics Group has been able to continue to operate amidst unprecedented market conditions. The main income streams of the business entails an integrated logistics service offering in southern Africa with strategic port and warehousing assets in Cape Town, Durban, Port Elizabeth and Maputo. The group also owns a leading proprietary technology led logistical application and with its strategic capabilities, enables the group to offer a customer focussed transport platform.

The strategic position of the group's assets on key trading corridors enabled growth in volumes, despite the tough economic conditions. Revenue for the six-months ended were R819 million and gross profit for the period was R382 million (46%) is consistent with the business model and product mix for this period. The increased revenue for the 6 months ended June 2021 in relation to the full year revenue for the period ended December 2020 was attributable to increased fuel sale volumes reported from The Logistics Company (Pty) Ltd. The sale of fuel volumes have increased due to customers buying more bulk fuel as operations at mines normalised and the customer base expanded.

The company recorded an operating profit of R149 million after deducting, amongst other cost, staff cost of R89 million, depreciation and amortisation of R68 million (inclusive of IFRS 16 depreciation).

Non-current assets have decreased by R9 million mainly due to an increase in Property, Plant and Equipment of R33 million, a decrease in Investments in Associates of R16 million mainly due to ordinary dividends received from the associate and a decrease in Right-of-use assets of R22 million.

Net working capital increased by R31 million due to the trading activity and the nature of the accounts receivable/payable balances in terms of timing of sales and procurement activities and the subsequent collections and payments.

The cash flow decreased by R62 million driven by the movement in working capital and the impact of dividends declared and distributed.

In addition, the Ressano Garcia terminal in Southern Mozambique was opened and this new facility will now also contribute to The Logistics Groups' performance going forward. Ressano Garcia will be a key asset in the Mozambiquan trade corridor and management is exploring similar other exciting growth initiatives.

The July 2021 unrests in KZN caused disruptions and delays at the groups' Durban port operations, but these were fortunately of a short-term nature and have since normalised.

Consolidated Statement of Financial Position as at 30 June 2021

	Notes	30 June 2021 R '000
Assets		
Non-Current Assets		
Property, plant and equipment	2	417 195
Intangible assets	3	33 416
Right-of-use assets	4	346 121
Investments in associates		144 129
Loans receivable		9 724
Deferred tax		58 597
Prepayments		3 850
		1 013 032
Current Assets		
Inventories		13 982
Loans receivable		5 114
Trade and other receivables		251 196
Contract assets		15 035
Current tax receivable		10 437
Cash and cash equivalents		98 324
		394 088
Total Assets		**1 407 120**
Equity and Liabilities		
Equity Attributable to Equity Holders of Parent		
Stated capital	5	1 779 210
Reserves		5 302
Accumulated loss		(1 258 427)
		526 085
Non-controlling interest		42 446
		568 531
Liabilities		
Non-Current Liabilities		
Borrowings		189 801
Lease liabilities	4	409 453
Retirement benefit obligation		3 243
Deferred income		4 158
Deferred tax		17 566
		624 221
Current Liabilities		
Trade and other payables		83 733
Borrowings		4 303
Lease liabilities	4	77 613
Current tax payable		20 668
Provisions		28 051
		214 368
Total Liabilities		**838 589**
Total Equity and Liabilities		**1 407 120**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended 30 June 2021 R '000
Revenue	6	819 044
Cost of sales		(437 338)
Gross profit		**381 706**
Other income		5 445
Other operating gains/(losses)		2 256
Movement in credit loss allowances		(4 636)
Other operating expenses		(235 725)
Operating profit		**149 046**
Investment income earned – effective rate interest		2 429
Finance costs		(31 196)
Income from equity accounted investments		26 400
Other non-operating gains/(losses)		3 533
Profit before taxation		**150 212**
Taxation		(35 614)
Profit for the period		**114 598**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Withholding tax on undistributed reserves		4 593
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations		24 477
Other comprehensive income for the period net of taxation		**29 070**
Total comprehensive income for the period		**143 668**
Profit attributable to:		
Owners of the parent		98 945
Non-controlling interest		15 653
		114 598
Total comprehensive income attributable to:		
Owners of the parent		120 977
Non-controlling interest		22 691
		143 668

Consolidated Statement of Changes in Equity

	Stated capital R '000	Other reserves R '000	Accumulated loss R '000	Total attributable to equity holders of the group/ company R '000	Non-controlling interest R '000	Total equity R '000
Balance at 01 January 2021	**1 777 509**	**(9 283)**	**(1 326 465)**	**441 761**	**47 632**	**489 393**
Profit for the period	–	–	98 945	98 945	15 653	114 598
Other comprehensive income	–	17 439	4 593	22 032	7 038	29 070
Total comprehensive income for the period	**–**	**17 439**	**103 538**	**120 977**	**22 691**	**143 668**
Issue of shares	1 701	–	–	1 701	–	1 701
Share options exercised	–	(4 578)	–	(4 578)	–	(4 578)
Share based payments	–	2 296	–	2 296	–	2 296
Dividends declared	–	–	(35 500)	(35 500)	(27 877)	(63 377)
Share based payment on disposal of subsidiary	–	(572)	–	(572)	–	(572)
Total contributions by and distributions to owners of company recognised directly in equity	**1 701**	**(2 854)**	**(35 500)**	**(36 653)**	**(27 877)**	**(64 530)**
Balance at 30 June 2021	**1 779 210**	**5 302**	**(1 258 427)**	**526 085**	**42 446**	**568 531**
Notes	5					

Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2021 R '000
Cash flows from operating activities		
Cash generated from operations		114 230
Interest received		2 429
Interest paid		(31 196)
Tax paid		(27 572)
Net cash from operating activities		**57 891**
Cash flows from investing activities		
Purchase of property, plant and equipment	2	(53 246)
Sale of property, plant and equipment	2	12 961
Purchase of other intangible assets	3	(776)
Sale of businesses		4 447
Proceeds from disposal of other asset		175
Dividends received		42 151
Net cash used in investing activities		**5 712**
Cash flows from financing activities		
Repayment of borrowings		(26 921)
Payment on lease liabilities		(35 477)
Dividends paid		(63 377)
Net cash from financing activities		**(125 775)**
Total cash movement for the period		**(62 172)**
Cash at the beginning of the period		157 566
Effect of exchange rate movement on cash balances		2 930
Total cash at end of the period		**98 324**

1. **SIGNIFICANT ACCOUNTING POLICIES**

1.1 **Basis of preparation**

The Interim Historical Financial Information of The Logistics Group Proprietary Limited has been prepared in accordance with IAS 34: *Interim Financial Reporting* (but excluding comparatives) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The same accounting policies, presentation and methods of computation have been followed in these condensed historical financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2020.

2. **PROPERTY, PLANT AND EQUIPMENT**

	2021		
	Cost	**Accumulated depreciation**	**Carrying value**
Land and buildings	141 215	(46 063)	95 152
Leasehold improvements	227 228	(138 226)	89 002
Vehicles, plant and machinery	393 604	(184 271)	209 333
Office equipment	7 616	(5 419)	2 197
Computer equipment	51 570	(30 059)	21 511
Total	**821 233**	**(404 038)**	**417 195**

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposals	Disposal of subsidiary	Transfers	Foreign exchange movements	Depreciation	Closing balance
Land and buildings	71 581	17 530	–	–	339	9 843	(4 141)	95 152
Leasehold improvements	92 848	3 082	–	–	–	–	(6 928)	89 002
Vehicles, plant and machinery	196 672	30 640	(9 439)	(419)	(230)	8 657	(16 548)	209 333
Office equipment	2 093	701	(29)	(228)	(131)	73	(282)	2 197
Computer equipment	20 797	2 663	(99)	(908)	1 314	1 181	(3 437)	21 511
	383 991	**54 616**	**(9 567)**	**(1 555)**	**1 292**	**19 754**	**(31 336)**	**417 195**

The value of the land included in land and buildings is not material.

3. INTANGIBLE ASSETS

	2021		
	Cost	**Accumulated amortisation/ impairment**	**Carrying value**
Computer software	27 141	(14 146)	12 995
Goodwill	32 699	(12 278)	20 421
Total	**59 840**	**(26 424)**	**33 416**

Reconciliation of intangible assets – 2021

	Opening balance	Additions	Disposals	Disposal of subsidiary	Transfers	Amortisation	Closing balance
Computer software	15 976	830	(14)	(447)	(1 292)	(2 058)	12 995
Goodwill	20 421	–	–	–	–	–	20 421
	36 397	**830**	**(14)**	**(447)**	**(1 292)**	**(2 058)**	**33 416**

4. LEASES

The company leases several assets, including buildings and plant and machinery. The average lease term per category is as follows:

- Buildings: 14.4 years with a remaining average lease term of 5.58 years.
- Plant and machinery: 5 years with a remaining average lease term of 4.25 years.
- Office equipment: 3 years with a remaining average lease term of 2.42 years.

4. **LEASES (continued)**

Details pertaining to leasing arrangements, where the company is lessee are presented below:

	Six months ended 30 June 2021 R '000
Net carrying amounts of right-of-use assets	
Buildings	
Opening balance at beginning of the year	308 132
Additions – new leases entered into	348
Modifications and remeasurements	12 382
Depreciation	(27 733)
Disposal of subsidiary	(3 041)
Total buildings right-of-use asset	290 088
Vehicles, plant and machinery	
Opening balance at beginning of the year	58 654
Additions – new leases entered into	5 047
Completion or cancellation of leases	(691)
Depreciation	(6 268)
Modifications and remeasurements	(1 732)
Total vehicles, plant and equipment right-of-use asset	55 010
Office equipment	
Opening balance at beginning of the year	1 664
Depreciation	(381)
Completion or cancellation of leases	(41)
Disposal of subsidiary	(219)
Total office equipment right-of-use asset	1 023
Total right-of use assets	**346 121**
Lease Liabilities	
Opening balance at the beginning of the year	(508 401)
Additions – new leases entered into	(5 395)
Remeasurements	(10 967)
Payments – principal portion	33 034
Payments – finance costs	23 914
Notional interest expense on leases	(23 914)
Completion or cancellation of leases	807
Disposal of subsidiary	3 856
Total Lease Liability	**(487 066)**
Non-current liabilities	(409 453)
Current liabilities	(77 613)
Total Lease Liability	**(487 066)**

5. **STATED CAPITAL**

	Six months ended 30 June 2021 R '000
Authorised	
1 000 001 000 Ordinary shares with no par value	
36 659 196 A Ordinary shares with no par value	

During the year 916 480 A Ordinary shares were converted into 916 480 Ordinary shares with no par value.

Reconciliation of number of shares issued:	
Ordinary shares	367 508 433
Conversion of Ordinary A Shares to Ordinary shares	916 480
Share options exercised	534 781
	368 959 694
Reconciliation of number of A Ordinary shares issued, but not fully paid	
Reported as at the beginning of the year	35 742 716
Conversion of A Ordinary Shares to Ordinary shares	(916 480)
	34 826 236
Issued	
Ordinary shares at no par value	1 775 410
A Ordinary Shares at no par value	3 800
	1 779 210

6. **REVENUE**

	Six months ended 30 June 2021 R '000
Revenue from contracts with customers	
Rendering of services	779 687
Sale of goods	4 822
Revenue – Sundry	4 254
	788 763
Revenue other than from contracts with customers	
Short term rental income	30 281
	819 044

	Six months ended 30 June 2021 R '000
6. REVENUE (continued)	
Disaggregation of revenue from contracts with customers	
The company disaggregates revenue from customers as follows:	
Timing of revenue recognition	
At a point in time	
Sale of goods – Mozambique	4 822
Over time	
Logistics services – Mozambique	93 654
Logistics services – Mauritius	119
Logistics services – Namibia	3 390
Logistics services – South Africa	682 524
Sundry revenue – South Africa	4 254
Total revenue from contracts with customers	**788 763**

7. **RELATED PARTIES**

Related-party transactions similar to those disclosed in the historical annual financial statements for the year ended 31 December 2020 took place during the period under review.

The following is an extract containing the balances and transactions with related parties that have been material in the past:

	Six months ended 30 June 2021 R '000
Related party balances	
Amounts included in trade receivables (trade payables) regarding related parties	
Capespan South Africa Proprietary Limited	1 453
Tradekor Holdings Proprietary Limited	16 009
Tradekor Holdings Proprietary Limited	(577)
	16 885
Related party transactions	
(Sales to) purchases from related parties	
Capespan South Africa Proprietary Limited	(2 892)
Tradekor Holdings Proprietary Limited	(117 276)
Tradekor Holdings Proprietary Limited	1 416

8. **GOING CONCERN**

On 23 March 2020 President Cyril Ramaphosa announced that a national lockdown would be implemented from 26 March 2020 in response to the COVID-19 outbreak in South Africa. On 23 April 2020 the President announced that the lockdown would be indefinitely extended under varying restriction levels until the pandemic is under control. As the operations of the group was deemed to be an essential service, there was no business interruption which negatively affected the group due to the lockdown restrictions.

Next to measures taken to preserve the health and safety of the employees, the Company will prioritize cash management and is taking measures to optimize working capital. The directors are not aware of any material adverse effects on the condensed consolidated interim historical financial statements as a result of the COVID-19 outbreak.

8. **GOING CONCERN (continued)**

The directors believe that the group and company has adequate financial resources to continue in operation for the foreseeable future and accordingly the condensed consolidated interim historical financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may negatively affect the group.

The condensed consolidated interim historical financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

9. **EVENTS AFTER THE REPORTING PERIOD**

The directors are not aware of any matter or circumstance arising since the end of the financial year which is material to the results as disclosed in these financial statements.

10. **CAPITAL COMMITMENTS, CONTINGENCIES AND SURETYSHIPS**

Capital commitments, contingencies and suretyships similar to those disclosed in the historical annual financial statements for the year ended 31 December 2020 remained in effect during the period under review.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE LOGISTICS GROUP FOR THE 10 MONTHS ENDED 31 DECEMBER 2019 AND YEAR ENDED 31 DECEMBER 2020

The definitions and interpretations commencing on page 7 of this Circular do not apply to this Annexure 3A

To the Directors of The Logistics Group (Proprietary) Limited

At your request, we present our Independent Reporting Accountant's Assurance Report on the consolidated historical financial information of The Logistics Group (Proprietary) Limited ("**TLG**" or the "**Company**"), and its subsidiaries (collectively, the "**Group**"), for the 10-month period ended 31 December 2019 and the year ended 31 December 2020 (the "**Historical Financial Information**") for inclusion in **Annexure 1** on pages 23 to 78 of the circular to be issued by Zeder to be dated on or about 15 February 2022 ("**Circular**") by the directors.

This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the "**JSE**") (the "**JSE Listings Requirements**") and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Reporting Accountant and the Independent Auditor of The Logistics Group (Proprietary) Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Reporting Accountant's Assurance Report on the Historical Financial Information

Opinion

We have audited the Historical Financial Information of the Group, which comprises of the consolidated statements of financial position as at 31 December 2019 and 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the 10-month period ended 31 December 2019 and year ended 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies, as presented in **Annexure 1** on pages 23 to 78 of the Circular.

In our opinion, the Historical Financial Information, as presented in **Annexure 1** on pages 23 to 78 of the Circular, presents fairly, in all material respects, for the purpose of the Circular, the consolidated financial position of TLG as at 31 December 2019 and 31 December 2020 and its consolidated financial performance and consolidated cash flows for the 10-month period 31 December 2019 and year ended 31 December 2020, in accordance with International Financial Reporting Standards, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Basis for Opinion

Part A – For the 10-month period ended 31 December 2019

We conducted our audit for the 10-month period ended 31 December 2019 in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the *Independent Reporting Accountant's Responsibilities for the Historical Financial Information* section of our report. We are independent of the Group and Company 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 of the Group and Company and in South Africa. We have fulfilled our other ethical requirements, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the Group and Company and 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*

(“**IESBA code**”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*, respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Part B – For the year ended 31 December 2020

We conducted our audit for the year ended 31 December 2020 in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Independent Reporting Accountant’s Responsibilities for the Historical Financial Information* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and Company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors of Zeder Investments Limited are responsible for the other information contained in this Circular. The other information comprises the information included in the document titled ‘Zeder Investments Limited – Circular to Shareholders’. The other information does not include the Historical Financial Information and our Independent Reporting Accountant’s Assurance report thereon.

Our opinion on the Historical Financial Information does not cover the other information contained in this Circular and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Historical Financial Information, our responsibility is to read the other information contained in this Circular and, in doing so, consider whether the other information is materially inconsistent with the Historical Financial Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 of The Logistics Group (Proprietary) Limited for the Historical Financial Information

The directors of The Logistics Group (Proprietary) Limited are responsible for the compilation of the Historical Financial Information as presented in **Annexure 1** on pages 23 to 78 of the Circular in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Historical Financial Information in accordance with IFRS, the requirements of the Companies Act of South Africa and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information, the directors are responsible for assessing the Group and 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 Company or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant’s Responsibilities for the Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an Independent Reporting Accountant’s Assurance 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 this Historical Financial Information.

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

- Identify and assess the risks of material misstatement of the Historical Financial Information, 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 and 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 and 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 Independent Reporting Accountant's assurance report to the related disclosures in the Historical Financial Information 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 Independent Reporting Accountant's Assurance report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information, including the disclosures, and whether the Historical Financial Information represents 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 Historical Financial Information. 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 the 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, actions taken to eliminate threats or safeguards applied.

Ernst & Young Inc.
Director: Pierre du Plessis CA(SA)
Registered Auditor

Cape Town
7 February 2022

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM HISTORICAL FINANCIAL INFORMATION OF THE LOGISTICS GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

The definitions and interpretations commencing on page 7 of this Circular do not apply to this Annexure 3B

To the Directors of The Logistics Group (Proprietary) Limited

At your request, we present our Independent Reporting Accountant's review report on the interim condensed consolidated historical financial information of The Logistics Group (Proprietary) Limited (the "**Company**"), and its subsidiaries (collectively, the "**Group**") as at and for the six months ended 30 June 2021 (the "**Interim Historical Financial Information**") for inclusion in **Annexure 2** on pages 79 to 90 of the circular to be issued by Zeder to be dated on or about 15 February 2022 ("**Circular**").

This report is required for the purposes of complying with Section 8.7 of the Listings Requirements of the JSE Limited ("**JSE**") (the "**JSE Listings Requirements**") and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Reporting Accountant and Independent Auditor of The Logistic Group (Proprietary) Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Independent Reporting Accountant's Review Report on the Interim Historical Financial Information

We have reviewed the Interim Historical Financial Information of the Company which comprise the interim condensed consolidated statement of financial position as at 30 June 2021 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes, as presented in **Annexure 2** to the Circular.

Responsibility of the directors

The directors of the Company are responsible for the compilation of the Interim Historical Financial Information included in **Annexure 2** on pages 79 to 90 of the Circular in accordance with the requirements of the JSE Listings Requirements. The directors are also responsible for the preparation and presentation of these Interim Historical Financial Information, in accordance with section 8.7 of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the Interim Historical Financial Information that is free from material misstatements, whether due to fraud or error.

Those charged with governance at the Company and Group are responsible for overseeing the process to compile the Interim Historical Financial Information.

Responsibility of the Independent Reporting Accountant on the Interim Historical Financial Information

Our responsibility is to express a conclusion on the Interim Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Historical Financial Information is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the Interim Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Interim Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Historical Financial Information, as set out in **Annexure 2** to the Circular, is not prepared, in all material respects, in accordance with the Section 8.7 of the JSE Listings Requirements.

Basis of Accounting

Without modifying our conclusion, we draw attention to the basis of preparation to the Interim Historical Financial Information, which describes the basis of accounting. The Interim Historical Financial Information is prepared for inclusion in **Annexure 2** to the circular for the purposes of complying with Section 8.7 of the JSE Listings Requirements. As a result, the Interim Historical Financial Information may not be suitable for another purpose.

Ernst & Young Inc.
Director: Pierre du Plessis CA(SA)
Registered Auditor

Cape Town
7 February 2022

HISTORICAL FINANCIAL INFORMATION OF THE TLG UNBUNDLING ASSETS AND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 2018

The definitions commencing on page 7 of the Circular apply mutatis mutandis to this Report of Historical Financial Information of the TLG Unbundling Assets and Liabilities.

BACKGROUND

Zeder, through its wholly-owned Subsidiary, Zeder Financial Services, has entered into the Share Purchase Agreement with, *inter alios*, TLG Midco and TLG Acquisition Holdings in respect of the disposal of The Logistics Group (Pty) Limited.

The Disposal is in line with Zeder's strategic review and pursuant to the evaluation of Approaches received on various portfolio assets. The disposal is part of a value-unlock initiative to maximise value for Shareholders.

Up until 2 January 2019, the TLG Group business did not exist on a stand-alone basis, but the assets and liabilities and related revenue and expenditure streams comprising the logistics division, and referred to as the TLG Unbundling Assets and Liabilities, were housed in various subsidiaries of Capespan Group Proprietary Limited ("**Capespan Group**"). No separate reviewed or audited financial statements for the TLG Unbundling Assets and Liabilities are available for the financial year ended 31 December 2018. On or about 3 January 2019, the TLG Unbundling Assets and Liabilities, were unbundled from the Capespan Group, following certain restructuring steps which resulted in the current structure of the TLG Group of companies.

BASIS OF PREPARATION

The historical financial information of TLG Unbundling Assets and Liabilities comprises of the net asset statement and the statement of income and expenditure and a summary of significant accounting policies and the notes thereto as at and for the year ended 31 December 2018 ("**Historical Financial Information of TLG Unbundling Assets and Liabilities**").

The Historical Financial Information of TLG Unbundling Assets and Liabilities is prepared in accordance with the accounting policies noted in the Historical Financial Information of the TLG Unbundling Assets and Liabilities, for the purposes of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements and for no other purpose.

The Historical Financial Information of the Historical Financial Information of the TLG Unbundling Assets and Liabilities complies, where applicable, with the requirements of paragraphs 8.11 and 8.12 of the JSE Listings Requirements.

KPMG Inc. is the independent reporting accountant to Zeder and has issued a reporting accountant's report on this Report of Historical Financial Information of TLG Unbundling Assets and Liabilities included in the Circular. KPMG Inc.'s unmodified reporting accountant's report is attached as **Annexure 4** to the Circular.

The directors of Zeder are responsible for the Historical Financial Information of TLG Unbundling Assets and Liabilities.

DIRECTORS' COMMENTARY

The net asset statement reflects the assets and liabilities that are the subject of TLG Unbundling. The revenue and expenditure are the historical income and expenditure generated by the assets prior to the TLG Unbundling.

The main income streams of the business entail an integrated logistics service offering in southern Africa with strategic port and warehousing assets in Cape Town, Durban, Port Elizabeth and Maputo.

Revenue of R794 million and a gross margin of 71.8% was achieved for the financial year ended 31 December 2018.

Total operating expenses of R343 million were incurred. Expenditure has been managed tightly and was well controlled. The Group's operating margin was 28.5%.

As at 31 December 2018, total assets were R715 million and total liabilities amounted to R153 million.

The Group's strategy is to be customer focused, technology led and enabled by its capabilities.

STATEMENT OF INCOME AND EXPENDITURE

for the year ended 31 December 2018

	Notes	Group 2018 R'000
Revenue	2	794 131
Cost of sales and distribution expenses	*3*	(223 847)
Gross profit		**570 284**
Operating expenses	*3*	(343 248)
Impairment of receivables	*3*	(923)
Earnings before interest, taxation, depreciation and amortisation		**226 113**
Depreciation and amortisation expenses	*3*	(61 267)
Operating profit		**164 846**
Financial income	*4.1*	8 794
Financial expenses	*4.2*	(15 238)
Share of profits of associates	*10.1*	34 608
Profit before non-recurring items and taxation		**193 010**
Non-recurring income	*5.1*	1 205
Non-recurring expense	*5.2*	(15 994)
Profit before taxation		**178 221**
Taxation	*6*	(45 828)
Profit for the year		**132 393**
Profit attributable to:		
Owners of the parent		108 747
Non-controlling interest		23 646
Profit for the year		**132 393**

NET ASSET STATEMENT

as at 31 December 2018

	Notes	Group 2018 R'000
Non-current assets		**503 054**
Property, plant and equipment	7	323 001
Intangible assets	8	27 243
Goodwill	9	32 609
Investment in associate	10.1	113 037
Loans to associate	10.2	1 206
Loans and receivables	11	5 364
Deferred tax assets	12	594
Current assets		**211 529**
Inventories	13	3 486
Current income tax assets		9 392
Loans to associate	10.2	4 841
Trade and other receivables	14	159 883
Cash and cash equivalents	15	33 927
Total assets		**714 583**
Non-current liabilities		**15 819**
Interest-bearing borrowings	16	22
Deferred income – government grants	17	6 924
Deferred tax liabilities	12	6 086
Post-retirement medical aid benefits	18.1	2 787
Current liabilities		**137 232**
Short term employee benefits	18.2	11 941
Interest-bearing borrowings	16	42
Current income tax liabilities		18 899
Trade and other payables	19	95 489
Provisions	20	10 861
Total liabilities		**153 051**
Net asset value		**561 532**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

1. **SIGNIFICANT ACCOUNTING POLICIES**

1.1 **Basis of preparation**

The Historical Financial Information of the TLG Unbundling Assets and Liabilities comprises of the net asset statement and the statement of income and expenditure and a summary of significant accounting policies and the notes thereto as at and for the year ended 31 December 2018.

The Historical Financial Information of The TLG Unbundling Assets and Liabilities is prepared in accordance with the accounting policies noted in the financial statements, for the purposes of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements and for no other purpose.

The Historical Financial Information of The TLG Unbundling Assets and Liabilities complies, where applicable, with the requirements of paragraphs 8.11 and 8.12 of the JSE Listings Requirements.

KPMG Inc. is the independent reporting accountant to Zeder and has issued a reporting accountant's report on this Report of Historical Financial Information of The TLG Unbundling Assets and Liabilities included in the Circular. KPMG Inc.'s unmodified reporting accountant's report is attached as **Annexure 5** to the Circular.

The directors of Zeder are responsible for the Historical Financial Information of The Logistics Group unbundled from the Capespan Group.

The accounting policies set out in the Report of Historical Financial Information of TLG Unbundling Assets and Liabilities are the historical accounting policies of Capespan Group Limited, which are aligned with the accounting policies of Zeder, and referred to as the Group for purposes of the accounting policies and notes to the Historical Financial Information of TLG Unbundling Assets and Liabilities.

1.2 **Basis of consolidation**

The Historical Financial Information of TLG Unbundling Assets and Liabilities has been extracted from the consolidated financial statements of the Capespan Group as at and for the year ended 31 December 2018. As The Logistics Group was not yet structured or consolidated separately as at 31 December 2018, these financial statements comprise the TLG Unbundling Assets and Liabilities that were the subject of the TLG Unbundling by the Capespan Group on 2 January 2019, and which comprise the businesses that was the logistics division and is now The Logistics Group.

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. Acquisition-related costs are expensed as incurred.

Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group. Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements, except to the extent that they provide evidence of impairment.

A listing of the principal subsidiaries that form part of the TSL Unbundled Assets and Liabilities is set out in **Annexure 1**.

1.3 **Property, plant and equipment**

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure incurred to replace part of an item of property, plant and equipment is capitalised if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure, including repairs and maintenance, are recognised in profit or loss as an expense is incurred.

Costs associated with the acquisition and installation of off-the-shelf and certain purpose-written software are capitalised. Such assets are amortised using the amortisation methods and periods applicable to computer equipment, from the date of commissioning.

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of Group borrowings was utilised.

Gains and losses on the disposal of property, plant and equipment are taken to profit or loss. Gains and losses on disposals are determined by comparing the net proceeds received with the carrying amount of the item.

Depreciation

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets. Freehold land is not depreciated. Leasehold improvements are depreciated over the shorter of the useful lives and term of the lease.

The estimated useful lives of items of property, plant and equipment are:

Leasehold improvements	5 – 20 years
Plant and machinery	5 – 10 years
Motor vehicles	4 – 5 years
Office equipment, furniture and fittings	3 – 10 years
Computer equipment	3 – 7 years

The residual value of assets and useful lives of assets are reassessed annually.

1.4 **Inventories**

Cost is determined on a standard cost basis, which approximates actual costs, on the first-in, first-out method. Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Consignment inventory is not recognised in the statement of net assets on the basis that the risks and rewards of ownership remain with the supplier until the inventory is sold.

1.5 **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

1.6 **Intangible assets (other than goodwill)**

Intangible assets (other than goodwill) are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. Expenditure on internally generated development activity is capitalised if the product or process is technically and commercially feasible, the Group has sufficient resources to complete development, the Group has intention to complete and use or sell it, it is probable that future economic benefits relating to the asset will flow to the Group and the cost can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation of intangible assets with a finite useful life is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets. Goodwill and intangibles with indefinite useful lives are not amortised but tested for impairment annually.

The estimated useful lives of intangible assets with finite lives are as follows:

Software development	3 – 10 years
Leasehold rights	5 – 10 years (over the period of the lease)

Amortisation methods, residual values and remaining useful lives of intangible assets with finite useful lives are reassessed annually.

Research and 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.

1.7 **Investment in associates**

An associate is an entity in which the Group has a long-term interest of between 20% and 50% and over which the Group exercises significant influence, but not control, over the financial and operating policies. If the holding of interest is less than 20%, the investor will be presumed not to have significant influence unless significant influence can be demonstrated through one or more of the following ways: representation on the board of directors, participation in the policy making process, material transactions between the investor and investee, interchange of management personnel and the provision of essential technical information. Investments in associate companies are accounted for in the Group financial statements initially at cost and subsequently using the equity method from the date significant influence commences to the date significant influence ceases. An investment in an associate company is derecognised when the Group loses significant influence. The cost, accumulated reserves and any foreign currency translation reserve is derecognised at the date significant influence is lost.

Any retained interest in the company is remeasured at fair value and classified as an asset available for sale. Equity accounted income represents the Group's proportionate share of profits or losses of associates and the share of taxation thereon.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. When the net assets attributable to the Group change due to a dilution of shareholding, the change in net assets is recognised directly in equity.

The Group's interest in associated companies is carried in the net asset statement at an amount that reflects its share of the net assets and the carrying value of goodwill on acquisition. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. Where necessary the accounting policies of the associates are changed to ensure consistency with the policies adopted by the Group.

1.8 **Impairment of assets**

Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories (which are carried lower of cost and net realisable value) and deferred tax assets (which are recognised based on recoverability), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such an indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill, the goodwill is allocated to cash-generating units on a reasonable and consistent basis. Where appropriate, corporate assets are also allocated to cash-generating units on a reasonable and consistent basis. The recoverable amount of the cash-generating unit (including an allocation of goodwill and corporate assets) is assessed with reference to the future cash flows of the cash-generating unit. Where an impairment is identified for a cash-generating unit, the impairment is applied first to the goodwill allocated to the cash-generating unit and then to other assets on a pro rata basis comprising the cash-generating unit provided that each identifiable asset is not reduced to below its recoverable amount.

Recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or cash-generating units.

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment losses

Impairment losses recognised in prior years are assessed at each reporting date for any indicators that the losses have decreased or no longer exist. Reversal of impairment losses recognised in prior years are recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased, either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded in profit or loss. An impairment loss in respect of goodwill is never reversed.

Financial assets

At each reporting date, an assessment is made as to whether objective evidence exists that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

1.9 Foreign currencies

Functional and presentation currency

All items in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The Group's consolidated financial statements are presented in Rands, which is the Group's presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies at the reporting date are translated at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African Rand at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to South African Rand at the average exchange rate for the financial period. This component of equity is released to profit or loss upon disposal (in part or in full) of the foreign operation and the related amount in the Foreign Currency Translation Reserve (FCTR) is transferred to profit or loss.

1.10 Financial income

Financial income comprises interest income. Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

1.11 Financial expenses

Financial expenses comprise interest payable on borrowings calculated using the effective interest method and unwinding of the discount on provisions and long-term employee benefits.

Borrowing costs are capitalised in line with the accounting policy outlined under property, plant and equipment.

1.12 Taxation

Taxation on profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss.

Current tax is the expected tax payable on the income tax for the year, using tax rates and laws that have been enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on all temporary differences between the tax base of an asset or liability and its net asset statement carrying amount. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised in the foreseeable future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Provision for taxes, which could arise on the remittance of retained earnings, principally relating to subsidiaries, is only made where there is a current intention to remit such earnings. Provision for tax that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

1.13 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the net asset statement at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the net asset statement as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under other income in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.14 **Employee benefits**

Short-term employee benefits

The cost of all 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, bonuses and annual leave 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.

Defined contribution plans

The Group provides defined contribution funds for employees. Current contributions to these funds are charged against income when incurred. Retirement surpluses of defined contribution funds are not recognised in profit or loss.

Medical funds

Medical aid costs are recognised as an expense in the period during which the employees render services to the Group.

Post-retirement medical aid benefits

The Group provides for post-retirement medical costs of certain retired employees. Current contributions to these funds are charged against the provision for post-retirement medical costs when incurred. The unwinding of interest and current service costs are recognised in profit or loss. The calculation is performed by a qualified actuary every year using the projected unit credit method. Actuarial gains and losses on defined benefit plans are recognised in other comprehensive income.

Equity-settled share-based payments

The Capespan Group operates an equity-settled share incentive scheme. For the share incentive schemes, the fair value of the employee services received in exchange for the grant of the schemes shares/share options, less the amount paid by the employee, is recognised as an expense. The total amount to be expensed over the vesting period, which is between one and five years, is determined by reference to the fair value of the scheme's shares/share options granted, excluding the impact of any non-market vesting conditions.

At each reporting date, the Group revises its estimates of the number of scheme shares/share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or 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 company accounts for the cancellation or settlement of the grant and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

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

1.15 **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.16 **Government grants**

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.17 **Financial instruments**

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9.

Classifications which are adopted by the Group are as follows:

Financial assets which are debt instruments:

Amortised cost

This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

Financial liabilities:

Amounts carried at amortised cost.

Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Loans receivable at amortised cost

Classification

Loans receivable have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured at initial recognition at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method and is included in profit or loss in finance income. The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.

If a loan was not purchased or originally credit-impaired, but it has subsequently become credit- impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account.

Trade and other receivables

Classification

Trade and other receivables excluding VAT, deposits and prepayments, are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner as their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding on specified dates. The Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. Trade receivables are measured at initial recognition at fair value plus transaction costs, if any, and are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans. The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL). Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Measurement and recognition of expected credit losses

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade receivables in totality.

Write off policy

The Group writes off a receivable when there is an indication 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. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other payables

Classification

Trade and other payables presented, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Loans and borrowings

Classification

Loans and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the obligation, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

If loans and borrowings contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is initially recognised at fair value and subsequently measured at amortised cost.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.18 **Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

1.19 **Change in accounting policy**

Application of IFRS 15 Revenue from contracts with customers for the year ended 31 December 2018.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application. IFRS 15 applies to contracts to deliver goods or services to a customer and provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contracts and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, the Group is required to identify all performance obligations in their contracts with customers. Performance obligations are promises to transfer goods or services to a customer.

The standard requires that when a performance obligation is satisfied at a point in time, then the entity recognises revenue at the point in time at which it transfers control of the good or service to the customer. An entity has control of a good or service when it has the ability to direct the use of, and obtain substantially all of the remaining benefits from the good or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Implementation of IFRS 15 did not have a significant impact on the Group's financial statements.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance to IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from logistics revenue includes port charges, shipping and related services.

Application of IFRS 9 Financial Instruments for the year ended 31 December 2018

Initial recognition

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Application of new and revised International Financial Reporting Standards

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs.

IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for:

- the classification and measurement of financial assets and financial liabilities;
- impairment for financial assets; and
- general hedge accounting.

The new hedge accounting and changes in the fair value of foreign exchange forward contracts rules had no impact on the group as the group currently does not hedge.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. This impacts the value of the Group's current receivables impairment provision as the impairment provision is calculated according to the new ECL method.

The new standard also introduced expanded disclosure requirements and changes in presentation. These were incorporated in the relevant standards.

Classification and measurement of financial assets

The date of initial application is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparatives in relation to instruments that have not been derecognised as at 1 January 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 January 2018 and amounted to Rnil.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt instruments that are subsequently measured at amortised cost are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The directors reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has no significant impact on the Group's financial assets as regards to their classification and measurement.

Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Classification and measurement of financial liabilities

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

The application of IFRS 9 has had no impact as the Group do not have any general hedges.

2. **REVENUE**

Revenue streams

The Group generated revenue from the sale of port charges, shipping and related services.

Disaggregation of revenue from contracts with customers:

In the following table below, revenue from contracts with customers is disaggregated per revenue stream.

	Group 2018 R'000
Port charges, shipping and related services	794 131
	794 131

Logistical services

The division, owns and operates several strategic logistics and terminal assets in Southern Africa and earn revenue from providing logistics services (e.g. 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 is accounted for as and when services are rendered and storage revenue is 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.

3. **COST OF SALES, DISTRIBUTION AND ADMINISTRATION EXPENSES**

	Group 2018 R'000
Cost of sales and distribution expenses	223 847
Operating expenses	343 248
Depreciation and amortisation expenses	61 267
Impairment of trade receivables	923
	629 285
The above costs are stated after:	
Depreciation	54 694
Leasehold improvements	19 418
Plant and machinery	25 810
Motor vehicles	3 238
Office equipment, furniture and fittings	526
Computer equipment	5 702
Amortisation of intangible assets	6 573
Impairment of trade receivables	923
Employee costs	136 501
Lease expense	103 718
Equity-settled share based payment	157

4. FINANCIAL INCOME/EXPENSES

4.1 FINANCIAL INCOME

	Group 2018 R'000
Interest income	**8 794**

4.2 FINANCIAL EXPENSES

Interest expense	**15 238**

5. NON-RECURRING INCOME/EXPENSES

5.1 NON-RECURRING INCOME

Profit on sale of property, plant and equipment	1 154
Reversal of impairment of tax assets	51
	1 205

5.2 NON-RECURRING EXPENSE

Provision for insurance excesses	7 500
Loss on sale of property, plant and equipment	2 902
Restructuring costs	4 326
Other sundry items	1 266
	15 994

6. TAXATION

Income tax	46 984
– Current year	44 259
– Prior year	2 725
Deferred taxation	(3 259)
Withholding taxes	2 103
Total tax expense	**45 828**
Comprising	
– Local taxation	22 427
– Foreign taxes	21 298
– Foreign withholding taxes	2 103
	45 828
Reconciliation of taxation rates	%
Taxation as a percentage of profit before taxation and share of profits of associates	32
Tax effect of:	
– Current tax underprovision	(2)
– Withholding taxes	(1)
– Other	(1)
Standard tax rate	**28**

7. PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements	147 870
Plant and machinery	143 652
Motor vehicles	14 444
Office equipment, furniture and fittings	1 401
Computer equipment	15 634
	323 001

8. **INTANGIBLE ASSETS**

	Group 2018 R'000
Software development	18 012
Leasehold rights	9 231
	27 243

Software development is amortised over an expected useful life of three to seven years. In accordance with the Group's accounting policy, an impairment test was performed on the carrying value of intangible assets with finite useful lives.

Leasehold rights are amortised over their expected useful lives with the balance tested for impairment where indicators of impairment exist.

9. **GOODWILL**

Businesses/cash generating units to which goodwill relates:

FPT Group (Pty) Ltd	10 046
Port Services (Pty) Ltd	12 706
Contour Logistics (Pty) Ltd	9 857
Carrying value at the end of the year	**32 609**

Following impairment testing of the goodwill and review of the business operations, no impairment was necessary.

Methods of impairment

A standard methodology of impairment testing of goodwill i.e. "discounted cash flow model" to each applicable business was performed which includes:

- Cash flow projections for a 5 year forecast horizon including a terminal value.
- Cash flows were discounted at an appropriate discount rate,
- Growth in perpetuity of cash flows beyond the 5 year horizon was estimated at 2%.

Key assumptions applied in determining the value-in-use

Growth rate	4% – 5%
Terminal growth rate	2%
Tax rate	28% – 32%
Discount rate	15.3% – 17.5%

10. **INVESTMENT IN AND LOANS TO ASSOCIATES**

10.1 **INVESTMENT IN ASSOCIATE**

Tradekor Holdings (Pty) Ltd and its subsidiaries	113 037

Impairment testing was conducted on the associate company.

The Group holds 50% of the company's issued shares. Tradekor Holdings (Pty) Ltd's principal place of business is in Port Elizabeth. Their principal activities are mineral handling.

Financial position of associate company:

Non-current assets	99 091
Current assets	348 097
Non-current liabilities	20 849
Current liabilities	295 080
Revenue	2 359 678
Share of profit accounted for	34 608

10.2 LOANS TO ASSOCIATE

	Group 2018 R'000
Tradekor Holdings (Pty) Ltd – term loan	3 421
The unsecured term loan bears interest at prime less 0.5% per annum and have quarterly repayments of R315,000, last of which will take place on 30 September 2021.	
Tradekor Holdings (Pty) Ltd – shareholders loan	2 626
The loan is unsecured, bears interest at prime and is repayable monthly over 36 months.	
	6 047
Split between non-current and current portions	
Non-current assets	1 206
Current assets	4 841
	6 047

11. LOANS AND RECEIVABLES

Receivables	10 024
Current portion of receivables (refer note 14)	(4 660)
	5 364

12. DEFERRED TAX ASSETS AND LIABILITIES

	ASSET 2018 R'000	LIABILITY 2018 R'000	NET 2018 R'000
Balance at the end of the year	(594)	6 086	**5 492**

13. INVENTORIES

Consumables	**3 486**

14. TRADE AND OTHER RECEIVABLES

	Group 2018 R'000
Trade receivables	72 887
Impairment	(872)
Other receivables	55 968
Pre-payments and VAT (non-financial)	27 240
Current portion of other receivables (refer note 11)	4 660
	159 883

15. CASH AND CASH EQUIVALENTS

Balances with banks	**33 927**

16. INTEREST-BEARING BORROWINGS

Finance lease: Nedbank	64
Current portion of finance lease	(42)
	22

The secured loan is repayable in equal monthly instalments of R3 841 for the next 18 months and has an interest rate of 10.75% per annum.

17. **DEFERRED INCOME**

	Group 2018 R'000
Deferred grant received from Department of Trade and Industry	9 157
Current portion included in trade and other payables (refer note 19)	(2 233)
	6 924

Deferred income relates to the MCEP grant received from the Department of Trade and Industry. Deferred income is recognised in income over the expected useful lives of the asset linked to the grant.

18. **EMPLOYEE BENEFITS**

18.1 **POST-RETIREMENT MEDICAL AID BENEFITS**

Liability provided at reporting date	**2 787**

The Group 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 dependents who were already retired from International Harbour Services (Proprietary) Limited. To qualify for the scheme, they had to be permanently employed, be a member of the group designated scheme at retirement and remain resident in South Africa until their retirement. The obligation was quantified by an independent actuary as at 31 December 2018.

18.2 **SHORT-TERM EMPLOYEE BENEFITS**

Personnel costs and incentives	5 354
Leave pay and other	6 587
	11 941

19. **TRADE AND OTHER PAYABLES**

Trade payables due to associate	6 528
Trade payables	40 236
Current portion of deferred grant received from Department of Trade and Industry (refer note 17)	2 233
Non-trade payables and accrued expenses	46 492
	95 489

20. **PROVISIONS**

Provision for insurance excesses	7 500
Other provisions	3 361
	10 861

The provision for insurance excesses relates to an uncertain timing for an insurable incident to occur that will trigger the excess in terms of the insurance policy.

Other provisions relate to legal claims, rates and taxes.

21. **CONTINGENT LIABILITIES**

Contingent liabilities at the reporting date, not otherwise provided for in these financial statements, arising from:

On 18 February 2016 a summons was served on the FPT (Group) Ltd by an external party relating to damages claimed on an alleged incident that occurred on 28 February 2014, amounting to R1,5 million. The Group defended the claim successfully post the date of these financial statements.

During the 2017 year, FPT Group (Pty) Limited was served with a summons by a service provider for alleged damages suffered in cancellation of a contract between the group and the service provider, amounting to R12 million. The Group defended the claim successfully post the date of these financial statements.

22. **ACCOUNTING ESTIMATES AND JUDGEMENTS**

Management lists below the Group's main judgements and estimates used in the preparation of these financial statements.

Goodwill

In determining whether to impair goodwill, assumptions are made on the future performance and growth of the cash-generating unit. In addition, the Group makes assumptions on the operational horizon over which estimated performance is calculated and discounts this performance using a comparable discount rate. Estimates are performed using a range of the key assumptions to obtain a reasonable estimate of the entities recoverable amount (refer note 9).

Deferred tax

In the Group, each 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 estimated losses based on expected future taxable earnings.

Financial instruments

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. Where the recoverability of these instruments is considered to be doubtful management applies judgement in the calculation of the amount to be impaired.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Consignment inventory is not recognised in the net asset statement on the basis that the risks and rewards of ownership remain with the supplier until the inventory is sold.

23. **STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED**
IFRS 16 LEASES

IFRS 16, published in January 2016, introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exceptions for short-term leases and leases of low-value items. IFRS 16 replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. It includes more disclosures for both lessees and lessors. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 16 on or before the date of initial application of IFRS 16.

Impact

Management has reviewed all of the Group's leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the group's operating leases and the anticipated effect of the new statement is disclosed below.

The Group expects to recognise right-of-use assets of approximately R309,7 million on 1 January 2019 and lease liabilities of R443,5 million, with the difference recognised in retained earnings.

Mandatory application date/ Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

24. **GOING CONCERN**

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

25. **POST BALANCE SHEET EVENTS**

During January 2019, the Group through its rationalisation plan, finalised the process of unbundling the TLG Unbundling Assets and Liabilities. The TLG Unbundling Assets and Liabilities, which formed part of The Logistics Group post the TLG Unbundling, would no longer form part of the Capespan Group effective 2 January 2019. No other events occurred between 31 December 2018 and the date the directors approved the financial statements of Capespan Group Limited as at and for the year ended 31 December 2018 that would have a material impact on the results as disclosed in the Report of Historical Financial Information of the TLG Unbundling Assets and Liabilities.

ANNEXURE 1: SUBSIDIARY COMPANIES OF CAPESPAN GROUP LIMITED

Company name	**Country of incorporation**	**2018 %**	**Nature of operations**
Contour Logistics (Pty) Ltd	South Africa	100	Logistics operations
FPT Empowerment Holdings (Pty) Ltd	South Africa	49	Holding company
FPT Group (Pty) Ltd	South Africa	74*	Port terminal operations
FPT Holdings (Pty) Ltd	South Africa	100	Holding company
FPT Mozambique Lda	Mozambique	100	Port terminal operations
FPT Port Leasing (Pty) Ltd	South Africa	100	Port terminal operations
Gestão de Terminais, SA	Mozambique	45*	Customs terminal
Matola Cargo Terminal Sarl	Mozambique	90	Inland terminal
Port Services (Pty) Ltd	South Africa	100	Port Services (stevedoring)
The Logistics Group (Pty) Ltd	South Africa	100	Holding company

** Effective shareholding*

ANNEXURE 2: ASSOCIATE COMPANIES OF CAPESPAN GROUP LIMITED

As at 31 December 2018

Company name	Tradekor Holdings (Pty) Ltd
Country of incorporation	South Africa
Nature of operations	Minerals handling
Holding at year-end	50%
Shares at cost (R'000)	60 000
Loans to/(from) (R'000)	6 047
Accumulated reserves (R'000)	53 037
Carrying value (R'000)	113 037
Profit (R'000)	34 608

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TLG UNBUNDLING ASSETS AND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 2018

To the Directors of Zeder Investments Limited

The definitions and interpretations commencing on page 7 of the circular to Zeder Investments Limited ("**Zeder**") shareholders ("**Circular**") to which this report relates apply *mutatis mutandis* to this independent reporting accountant's review report (**Annexure 5**) on the historical financial information of The Logistics Group ("**TLG**") Unbundling Assets and Liabilities ("**TLG Unbundling Assets and Liabilities**").

Introduction

We have reviewed the historical financial information of TLG Unbundling Assets and Liabilities, comprising of the net asset statement as at 31 December 2018, the statement of income and expenditure for the year ended 31 December 2018, a summary of significant accounting policies and notes thereto, (collectively "**Historical Financial Information**"), as presented in **Annexure 4** to this Circular. The Historical Financial Information has been prepared in accordance with the Basis of Preparation, included in the Report of Historical Financial Information of TLG Unbundling Assets and Liabilities for the year ended 31 December 2018 ("**Report of Historical Financial Information**").

Directors' Responsibilities for the Historical Financial Information

The directors of Zeder ("**Directors**") are responsible for the preparation of the Historical Financial Information. The Directors are responsible for the compilation, contents and preparation of the Circular including the Historical Financial Information prepared in accordance with the Basis of Preparation included therein, and as presented in **Annexure 4** to this Circular, and for determining that the Basis of Preparation is acceptable in the circumstances.

KPMG Inc. is the independent reporting accountant to TLG Unbundling Assets and Liabilities.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information

Our responsibility is to express a review conclusion on the Historical Financial Information prepared in accordance with the Basis of Preparation as presented in **Annexure 4** to this Circular. We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* **("ISRE 2410")** read together with ISA 800 (Revised), *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks* ("**ISA 800"**).

A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the Historical Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information, as presented in **Annexure 4** to the Circular, is not prepared, in all material respects, in accordance with the Basis of Preparation included therein.

Emphasis of Matter – Basis of Preparation

We draw attention to the Basis of Preparation included in the Historical Financial Information, as presented in **Annexure 4** to the Circular, and which describes the Basis of Preparation, including the approach to and the purpose for preparing the Historical Financial Information. Our conclusion is not modified in respect of this matter.

Purpose of this Report

This Report has been prepared for the purpose of satisfying the requirement of paragraph 8.45(a) of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
Registered Auditor

Per I Engels
Director
Chartered Accountant (SA)
Registered Auditor
7 February 2022

4 Christiaan Barnard Street
Foreshore
Cape Town
8000

PRO FORMA FINANCIAL INFORMATION OF ZEDER

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis* to this Annexure 6.

The *pro forma* financial information of Zeder is set out below. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement of Zeder have been prepared for illustrative purposes only to show the *pro forma* financial effects of the Disposal. Due to the nature of the *pro forma* financial information, the *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement may not fairly present Zeder's financial position or results of operations post the implementation of the Disposal.

The *pro forma* financial information is presented in a manner that is consistent with the accounting policies of Zeder, IFRS and the basis on which the historical financial information has been prepared. The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements and in compliance with the SAICA Guide on *pro forma* Financial Information. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated income statement as set out below should be read in conjunction with the report of the Independent Reporting Accountants which is included as **Annexure 7** to this Circular.

The Directors are responsible for the preparation of the *pro forma* financial information.

It has been assumed for the purposes of the *pro forma* financial effects that the Disposal took place with effect from 1 March 2021 for purposes of the *pro forma* consolidated income statement and on 31 August 2021 for purposes of the *pro forma* consolidated statement of financial position.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2021

		Zeder[1] **Rm**	**Disposal[2]** **Rm**	***Pro forma*** **after[3]** **Rm**
Assets				
Investments	2.1	6 122	(1 430)	4 692
Loans and advances		323	–	323
Proceeds from disposal of investment subject to earn-out payments	2.2	–	218	218
Trade and other receivables		8	–	8
Current income tax assets		3	–	3
Cash, money market investments and other cash equivalents	2.3, 2.4, 2.5	476	1 330	1 806
Total assets		**6 932**	**118**	**7 050**
Equity and liabilities				
Ordinary shareholders' equity	2.1 – 2.5	6 844	118	6 962
Total equity		6 844	118	6 962
Deferred income tax liabilities		3	–	3
Employee benefits		2	–	2
Trade and other payables		83	–	83
Total liabilities		88	–	88
Total equity and liabilities		**6 932**	**118**	**7 050**
Number of shares in issue (m)		1 543	–	1 543
Number of shares in issue (net of treasury shares) (m)		1 538	–	1 538
Net asset value per share (cents)		445.0	7.7	452.7
Tangible asset value per share (cents)		445.0	7.7	452.7

Notes and assumptions:

1. Extracted, without adjustment, from the unaudited results of Zeder for the six months ended 31 August 2021.
2. The implementation of the Disposal results in the following:
   - 2.1 Derecognition of the Disposal Shares at its carrying value of R1.430 billion as at 31 August 2021, and the difference between the Disposal Consideration to be received and the carrying amount, to be recognised in fair value gains through profit or loss.
   - 2.2 Proceeds from disposal of investment subject to earn-out payments comprising Earn-out Payments totalling R218 million, payable in cash after the Closing Date, assuming that the Conditions Precedent, as stated in paragraph 4.2 to this Circular, is not yet fulfilled at the time of posting the Circular. Earn-out Payments, as stated in paragraph 4.4.1 to this Circular, together with the initial disposal consideration of R1.353 billion, form part of the Disposal Consideration of R1,571 billion. The Earn-Out Payments are generally linked to certain extensions and/or renewals of agreements and the timing of these cannot be determined upfront even though they are not linked to any profit warranty. Such extensions and/or renewals of agreements have been estimated to be concluded during the next financial year.
   - 2.3 Cash inflow comprising the initial disposal consideration to be received of R1.353 billion payable in cash on the Closing Date of the Disposal in respect of the Disposal Shares. The initial disposal consideration, as stated in paragraph 4.4.1 to this Circular, together with the Earn-out Payments of R218 million, form part of the Disposal Consideration of R1,571 billion.
   - 2.4 Transaction costs of R23 million (excluding value-added tax) assumed paid from cash and cash equivalents.
   - 2.5 No recognition of capital gains tax paid, as a result of the capital loss being utilised.
3. Represents the *pro forma* financial effects after incorporating the adjustments for the Disposal set out above.

   Apart from above *pro forma* financial effects, no material event occurred between the date of approval of these unaudited results of Zeder for the six months ended 31 August 2021 and the Last Practicable Date, that require adjustment to the *pro forma* financial information.

   The *pro forma* financial information does not include the financial effect of the intended application of the Disposal Consideration received from the Disposal, as stated in paragraph 4.4.2 to this Circular.

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 AUGUST 2021

		Zeder[4] Rm	Disposal[5] Rm	*Pro forma* after[8] Rm
Net fair value gain/(loss) on investments	5.1, 5.3	398	141	539
Investment income	5.4	116	(35)	81
Income				
Other operating income		2	–	2
Total income		2	–	2
Expenses				
Marketing, administration and other expenses	5.2	(24)	(23)	(47)
Total expenses		(24)	(23)	(47)
Profit before taxation		492	83	575
Taxation	5.5	(9)	–	(9)
Profit for the period attributable to owners of the parent	6, 7	**483**	**83**	**566**
EARNINGS PER SHARE AND NUMBER OF SHARES IN ISSUE				
Basic headline earnings		483	83	566
Basic attributable earnings		483	83	566
Dilutive headline earnings	5.6	395	113	508
Dilutive attributable earnings	5.6	395	113	508
Weighted average number of shares in issue (m)		1 538	–	1 538
Dilutive weighted average number of shares in issue (m)		1 546	–	1 546
Basic headline earnings per share (cents)		31.4	5.4	36.8
Basic attributable earnings per share (cents)		31.4	5.4	36.8
Dilutive headline earnings per share (cents)		25.5	7.3	32.8
Dilutive attributable earnings per share (cents)		25.5	7.3	32.8

Notes and assumptions:

4. Extracted, without adjustment, from the unaudited results of Zeder for the six months ended 31 August 2021.
5. The implementation of the Disposal results in the following:
   5.1 Fair value gain on sale of the Disposal Shares with reference to the Disposal Consideration to be received of R1,571 billion and the carrying value of R1,325 billion.
   5.2 Transaction costs of R23 million (excluding value-added tax) being expensed and treated as non-deductible for income tax purposes.
   5.3 Zeder's net fair value gain on investment of R105 million in respect of the Disposal Shares being derecognised with effect from 1 March 2021.
   5.4 Dividend income of R35 million being derecognised in respect of the Disposal Shares.
   5.5 No recognition of capital gains tax, as a result of the capital loss being utilised.
   5.6 Dilutive headline and attributable earnings of R30 million, based on the dilution effect of all of The Logistics Group's in-the-money share options applied to The Logistics Group *Sum-of-the-Parts value*. Zeder had no non-headline items during the six months ended 31 August 2021.
6. Zeder had no other comprehensive income during the six months ended 31 August 2021, therefore no separate *pro forma* consolidated statement of comprehensive income was prepared.
7. As a result that Zeder had no non-headline items during the six months ended 31 August 2021 and no *pro forma* financial effects on non-headline items, the headline earnings is equal to the attributable earnings, therefore no separate *pro forma* reconciliation of headline earnings was prepared.
8. Represents the *pro forma* financial effects after incorporating the adjustments for the Disposal set out above.

   All adjustments, except for the fair value gain from the sale of the Disposal Shares, net of once-off transaction costs, are expected to have a continuing effect on the income statement.

   The *pro forma* financial information does not include interest calculated on the Disposal Consideration received from the Disposal, as Zeder has the discretion over how to use positive cash balances and is not expected to have a continuing effect on Zeder as per the intended application as stated in paragraph 4.4.2 to this Circular.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF ZEDER

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis* to this Annexure 7.

To the Directors
Zeder Investments Limited
2nd Floor, Ou Kollege
35 Kerk Street
Stellenbosch
7600

Dear Sirs/Madam

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Zeder Investments Limited ("**Zeder**" or the "**Company**") by the directors presented in the circular to shareholders to be dated on or about Tuesday, 15 February 2022 ("**the Circular**"). The pro forma financial information, as set out in **Annexure 6** of the Circular, consists of the *pro forma* effects of the disposal of Zeder's investment in The Logistics Group Proprietary Limited, the *pro forma* consolidated statement of financial position of Zeder as at 31 August 2021, the *pro forma* consolidated income statement and the pro forma consolidated statement of comprehensive income for the period ended 31 August 2021 and related notes (the "***Pro Forma* Financial Information**"). The pro forma financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements and described in paragraph 5.2 and Annexure 6 of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraphs 1 and 4 of the Circular, on the Company's financial position as at 31 August 2021, and the Company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 March 2021 and for the period then ended. As part of this process, information about the company's financial performance has been extracted by the directors from the company's unaudited interim results for the six-month period ended 31 August 2021 issued on 6 October 2021.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 5.2 and **Annexure 6** of the Circular.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro form*a financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 5.2 and **Annexure 6** of the Circular.

Deloitte & Touche

Registered Auditor
Per JHW de Kock
Partner
7 February 2022

Deloitte &Touche
The Ridge, 6 Marina Road
Portswood District, V&A Waterfront
Cape Town
8000

ZEDER INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2006/019240/06)
Share code: ZED, ISIN Number: ZAE000088431
LEI: 37890022AF5FD117D649
("**Zeder**")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached, shall bear the same meanings where used in this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders will be held and conducted entirely by electronic communication, at 10:30 on Tuesday, 15 March 2022, to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder.

Notes:

– *For ordinary resolution Number 1 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on such resolution.*

– *For ordinary resolution Number 2 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on such resolution.*

1. **ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DISPOSAL IN TERMS OF THE JSE LISTINGS REQUIREMENTS**

   "**RESOLVED AS AN ORDINARY RESOLUTION** that the Disposal in terms of which Zeder will dispose of the Disposal Shares to TLG MidCo for the Disposal Consideration, be and is hereby approved in terms of the JSE Listings Requirements."

   Reason for and effect of ordinary resolution Number 1

   The reason for ordinary resolution Number 1 is that the Disposal meets the definition of a category 1 disposal as contemplated in terms of section 9 of the JSE Listings Requirements and, accordingly, requires Shareholder approval by way of an ordinary resolution.

   The effect of ordinary resolution Number 1, if passed, will be to grant the necessary approval of the Disposal in terms of the JSE Listings Requirements.

2. **ORDINARY RESOLUTION NUMBER 2 – DIRECTORS' AUTHORITY**

   "**RESOLVED AS AN ORDINARY RESOLUTION** that any Director of Zeder be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to give effect to the resolutions set out in this Notice of General Meeting and anything already done, any documents already signed and action already taken in this respect be and is hereby ratified."

   Reason for and effect of ordinary resolution Number 2

   The reason for and, if passed, the effect of ordinary resolution Number 2 is, and will be, to authorise each Director of Zeder to do all such things and sign all such documents as are deemed necessary or desirable to implement the resolutions set out in the Notice of General Meeting.

RECORD DATES, VOTING AND PROXIES

1. The date on which Shareholders must be recorded in the Register for purposes of being entitled to receive this Notice of General Meeting is Friday, 4 February 2022.

2. The date on which Shareholders must be recorded in the Register for purposes of being entitled to participate electronically and vote at the General Meeting, is Friday, 4 March 2022. The last day to trade in order to be entitled to attend and vote at the General Meeting, is Tuesday, 1 March 2022.
3. In terms of section 63(1) of the Companies Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the Transfer Secretaries, as follows:
   3.1 participants pre-registering to participate in the General Meeting using the online registration method, by uploading the relevant documentation via the online registration portal; or
   3.2 participants pre-registering to participate in the General Meeting by submitting the written application, by submitting the relevant documentation by e-mail.
4. The Transfer Secretaries must be reasonably satisfied that the right of that person to participate in, speak and vote at the General Meeting as a Shareholder, as proxy or as a representative of a Shareholder, has been reasonably verified. Accepted forms of identification include South African drivers' licenses, green barcoded identity documents or barcoded identification smart cards issued by the South African Department of Home Affairs, as well as passports.
5. A Shareholder entitled to participate electronically and vote at the General Meeting is entitled to appoint one or more proxies to participate, speak and vote in his/her stead. A proxy need not be a Shareholder of Zeder. A Form of Proxy (*grey*), which sets out the relevant instructions for its completion, is attached to this Circular for use by Certificated Shareholders and Dematerialised Shareholders with Own name Registration who wish to be represented at the General Meeting. Completion of the Form of Proxy (*grey*) will not preclude such Shareholder from participating electronically and voting (to the exclusion of that Shareholder's proxy) at the General Meeting.
6. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries, at the addresses given below, to be received by them preferably by no later than 10:30 on Friday, 11 March 2022, for administrative purposes, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the General Meeting) at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.
7. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders who wish to participate electronically in the General Meeting, will need to request their CSDP or Broker to provide them with the necessary letter of representation in terms of their Custody Agreement entered into between such Shareholder and the CSDP or Broker.
8. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders who do not wish to participate electronically in the General Meeting but who wish to be represented at the General Meeting, must advise their CSDP or Broker of their voting instructions in terms of the Custody Agreement entered into between themselves and the CSDP or Broker in the manner and time stipulated therein.
9. Shareholders participating electronically, or represented by proxy or authorised representative shall on a poll have one vote in respect of each Share held.

ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

1. In order to attend at the General Meeting and participate electronically thereat, Shareholders must pre-register with the Transfer Secretaries by either:
   1.1 registering online using the online registration portal at https://meetnow.global/za, by no later than 10:30 on Friday, 11 March 2022, for administrative purposes, in order for the Transfer Secretaries to arrange the participation of the Shareholder at the General Meeting and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the General Meeting by means of electronic participation. Shareholders may still register online to participate in and/or vote electronically at the General Meeting after this date, provided, however, that for those Shareholders to participate in and/or vote electronically at the General Meeting those Shareholders must be verified and registered (as required in terms of section 63(1) of the Companies Act by uploading their relevant verification documentation) before the commencement of the General Meeting; or
   1.2 making a written application to so participate, by email to proxy@computershare.co.za, so as to be received by the Transfer Secretaries, for administrative purposes only, by no later than 10:30 on Friday, 11 March 2022, in order for the Transfer Secretaries to arrange such participation for the Shareholder and for the Transfer Secretaries to provide the Shareholder with the details as to how

to access the General Meeting by means of electronic participation. Shareholders may still register/apply to participate in and/or vote electronically at the General Meeting after this date, provided, however, that those Shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting.

2. Shareholders will thereafter be required to connect to the General Meeting through https://meetnow.global/za and following the relevant prompts. Shareholders are referred to the "Electronic Participation Meeting Guide" attached to this Notice of General Meeting for further instructions relating to the electronic participation.

3. The Transfer Secretaries will by no later than 17:00 on Monday, 14 March 2022 notify eligible Shareholders of the invitation code through which eligible Shareholders can participate electronically in and/or vote at the General Meeting.

4. In-person registration of General Meeting participants will not be permitted.

5. Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of Zeder and/or the Transfer Secretaries. None of Zeder and/or the Transfer Secretaries and/or service providers can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any such Shareholder from participating in and/or voting at the General Meeting.

6. **Electronic voting at the General Meeting**

   6.1 Shareholders connecting to the General Meeting electronically will be able to participate in the General Meeting. Voting will be conducted by poll and Shareholders will be able to cast their vote electronically at the General Meeting.

   6.2 Shareholders are also encouraged to submit any questions to Zeder's Company Secretary prior to the General Meeting, by no later than 17:00 on Monday, 14 March 2022, at cosec@zeder.co.za. These questions will be addressed at the General Meeting.

   6.3 All eligible Shareholders will be entitled to participate electronically in the General Meeting and to vote (or abstain from voting) on the resolutions proposed at the General Meeting.

SIGNED ON MONDAY, 7 FEBRUARY 2022 BY CA OTTO ON BEHALF OF THE DIRECTORS OF ZEDER INVESTMENTS LIMITED IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

Chris Otto

Chairman of the Board

Registered Office

2nd Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)
cosec@zeder.co.za

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank
Johannesburg, 2196
(PO Box X9000, Saxonwold, 2132)
proxy@computershare.co.za

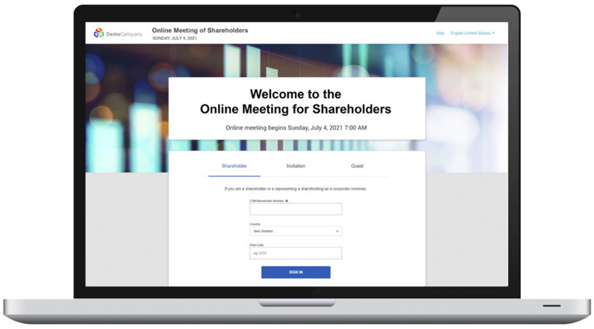
HOW TO PARTICIPATE IN VIRTUAL/HYBRID MEETINGS

Attending the meeting online

Our online meeting provides you the opportunity to participate online using your smartphone, tablet or computer.

If you choose to attend online you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.



Visit https://meetnow.global/ZA

Access

Access the online meeting at https://meetnow.global/ZA, select the applicable meeting from the drop down option. Click 'JOIN MEETING NOW'.

If you are a shareholder:
Select 'Shareholder' on the login screen and enter the applicable information as per your invitation. Accept the Terms and Conditions and click Continue.

If you are a guest:
Select Guest on the login screen. As a guest, you will be prompted to complete all the relevant fields including title, first name, last name and email address.

Please note, guests will not be able to ask questions or vote at the meeting.

If you are a proxy holder:
You will receive an email invitation the day before the meeting to access the online meeting. Click on the link in the invitation to access the meeting.

Contact

If you have any issues accessing the website please email proxy@computershare.co.za.

Navigation

When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions, and view meeting materials in the documents folder. The image highlighted blue indicates the page you have active.

The webcast will appear and begin automatically once the meeting has started.

Voting

Resolutions will be put forward once voting is declared open by the Chair. Once the voting has opened, the resolution and voting options will appear.

To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the green tick appears. To change your vote, select 'Change Your Vote'.

Q&A

Any eligible shareholder/proxy attending the meeting remotely is eligible to ask a question.

Select the Q&A tab and type your question into the box at the bottom of the screen and press 'Send'.

ZEDER INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2006/019240/06)
Share code: ZED, ISIN Number: ZAE000088431
LEI: 37890022AF5FD117D649
("**Zeder**")

FORM OF PROXY ONLY FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN-NAME" REGISTRATION

All terms defined in the Circular, to which this Form of Proxy is attached, shall bear the same meanings when used in this Form of Proxy.

I/We (Full name in print)

of (address)

Telephone: (work) area code ( ) Telephone: (home) area code ( )

Cell phone number: E-mail address:

being the holder of Shares in Zeder, hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the chairman of the General Meeting,

as my/our proxy to attend, speak and vote for me/us at the General Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	For*	**Against***	**Abstain***
Ordinary resolution Number 1 Approval of the Disposal in terms of the JSE Listings Requirements			
Ordinary resolution Number 2 Authorisation of directors			

* *One vote per Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Shares held by them. If the Form of Proxy is returned without an indication as to how the proxy should vote on any particular matter, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes, provided that if the proxy is the chairman of the General Meeting, he shall be deemed to be instructed to vote in favour of the resolutions set out above, in respect of all Shares held by the Shareholder.*

Signed at: on 2022

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Telephone number Cellphone number

Assisted by me (where applicable)

Full name

Capacity

Signature

Please read the notes on the reverse side hereof.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- *A Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a Shareholders' meeting on behalf of such Shareholder.*
- *A Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder.*
- *A proxy may delegate his authority to act on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy.*
- *Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any of such Shareholder's rights as a Shareholder.*
- *Any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.*
- *If an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.*
- *A proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.*
- *If the instrument appointing a proxy or proxies has been delivered by a Shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a Shareholder must be delivered by such company to:*
  - *the relevant Shareholder; or*
  - *the proxy or proxies, if the relevant Shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.*

Notes:

1. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a Shareholder) to attend, speak and vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "*the chairman of the General Meeting*" but the Shareholder must initial any such deletion. The person whose name stands first on this Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of an "X" should the Shareholder wish the proxy to exercise all of its votes or the relevant number of votes exercisable by the Shareholder and its proxy in the relevant boxes provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any proxy to vote or abstain from voting at the General Meeting as such proxy deems fit, in respect of all of the Shares concerned.
4. When there are joint registered holders of any Shares, any one of such persons may vote at the General Meeting in respect of such Shares as if he/she is solely entitled thereto, but, if more than one of such joint holders are present or represented at any General Meeting, that one of the said persons whose name stands first in the Register in respect of such Shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder, in whose name any Shares are registered, shall be deemed joint holders thereof.
5. Forms of proxy must be completed and lodged at or posted to the Transfer Secretaries (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132), or emailed to proxy@computershare.co.za so as to be received by the Transfer Secretaries, for administrative purposes, by not later than 10:30 on Friday, 11 March 2022, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be emailed to the Transfer Secretaries (who will provide same to the chairman of the General Meeting), at any time before the appointed proxy exercises any Shareholder rights at the General Meeting.
6. Any alteration or correction made to this Form of Proxy must be initialled by the signatory(ies).
7. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting
8. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from connecting electronically to the General Meeting and speaking and voting electronically thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
9. The chairman of the General Meeting may accept or reject any Form of Proxy not completed and/or received in accordance with these notes or with the MOI.
10. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been previously recorded by Zeder or the Transfer Secretaries or waived by the chairman of the General Meeting.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been previously recorded by Zeder or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own Shares with Own-Name Registration and who wish to participate in the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the Custody Agreement between the Shareholder and such Shareholder's CSDP or Broker.
13. This Form of Proxy shall be valid at any resumption of an adjourned General Meeting to which it relates, although this Form of Proxy shall not be used at the resumption of an adjourned General Meeting if it could not have been legally used at the General Meeting from which it was adjourned. This Form of Proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, provided that no notification in writing of such death, revocation or transfer as aforesaid shall have been received timeously by the Transfer Secretaries.
15. Any proxy appointed pursuant to this Form of Proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this Form of Proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.